

# Improving Lives. Strengthening Communities.

2024  
Annual  
Report

PenFinancial  
Credit Union

# Table of Contents

ABOUT		COMMUNITY	
Land Acknowledgement	3	Our Members	16
Who We Are	4	Our People	17
2024 by the Numbers	5	Truly Local Commitment	18
Message from the CEO	6		
GOVERNANCE		FINANCIALS	
Report from the Board Chair	10	Independent Auditors Report	22
Board of Directors	12	Summary Statement of Financial Position	24
Report from the Audit and Risk Committee	14	Summary Statement of Comprehensive Income	25
Report from the Governance and Human Resources Committee	15	Summary Statement of Changes in Members' Equity	26
		Summary Statement of Cash Flows	27

## Land Acknowledgement

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 has been helping Niagara grow for over 60 years. With almost 20,000 Members, and a rich history, our roots are firmly planted and our future is strong. As a values-driven co-operative we believe the prosperity of our members and our community go hand in hand.

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.

## OUR VALUES

### Accountability

We willingly accept responsibility for our actions.

### Integrity

We develop trusting relationships and maintain the highest ethical standards.

### Inclusivity

We value diversity and treat everyone fairly and equally.

### Respect

We build mutual respect through honest and authentic relationships



## DIFFERENT WHERE IT COUNTS

PenFinancial Credit Union offers the same services as banks, but we do it with a different set of values. We reinvest in our local community by providing loans and mortgages to your friends and neighbours, and we support local organizations and events. Together we keep our communities strong and sustainable.

# 2024 by the Numbers



**19,202**  
Members

**+706**  
New Members



**107**  
Employees



**\$797.18M**  
Total assets



**\$974.20M**  
Assets under management



**\$606,805**  
Net income (after tax)



**5.00%**  
Dividend on Niagara Shares



**\$177.03M**  
Wealth assets



**6.73%**  
Leverage ratio



**14.14%**  
Risk weighted capital ratio



Over  
**\$171M**  
in lending to businesses

For more information, refer to the Financials section beginning on page 21.

# A Message from Our Chief Executive Officer



SHARI SEKEL,  
CHIEF EXECUTIVE OFFICER

When I joined our Credit Union as a young member in 1985, no one could have predicted that – nearly 40 years later – I would be granted the opportunity to lead PenFinancial as its CEO. I was honoured and humbled when your Board of Directors offered me this position in early 2024 following the retirement of our previous CEO, Theresa Bird. My roots in the credit union system and – more specifically – in PenFinancial run very deep and I believe strongly in the important role that credit unions play in our communities. At PenFinancial, we live our purpose of “improving lives and strengthening communities” every single day.

## Landscape

In 2024, 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 continued to squeeze margins, prompting credit unions to seek alternative revenue streams and opportunities for cost optimization, while continuing to meet the evolving expectations of members, staff, and regulators.

At PenFinancial, the landscape was also unprecedented as we regrouped following the Board’s decision to conclude merger discussions early in the year. This was closely followed by changes within our Board of Directors at the April 2024 AGM, including the appointment of a new Board Chair and the retirement of our CEO.

The 2024/2025 Board quickly prioritized the hiring of a new CEO (resulting in my appointment), hiring for

three vacancies in the PenFi Senior Leadership Team (SLT) and embarked upon Phase 1 of a new strategic plan which resulted in four “High Priority Items” (HPIs) for focus through to the end of 2025. The resulting – and still ongoing – flurry of activity required the PenFi team to quickly mobilize to act upon the Board’s direction while continuing to deliver high-quality service and advice to our members.

In this report, I’m pleased to provide highlights of our PenFi team’s collective accomplishments for 2024 and a brief summary of the Board’s established HPIs for late 2024 / 2025.

## Accomplishments

### Financial

The Board-approved 2024 Business Plan / Budget forecasted slim financial margins as COVID-era 5-year fixed-rate mortgages remained on the books at very low interest rates while shorter-term GICs had already re-priced into higher-rate instruments.

Multi-year projections demonstrated that margins would improve beginning in 2025 with the re-pricing of COVID-era mortgages at higher interest rates and the re-pricing of more recent GICs at lower interest rates but, in the meantime, 2024 lived up to the expectations of squeezed margins coupled with the impact of high inflation on operating expenses.

Through strong commercial loan growth and timely, nimble decision-making, we were able to realize actual financial margin of 1.77% which was ahead of the 1.76% projected in the Board-approved annual budget. Similarly, we achieved a favourable variance on non-interest income driven by strength in commercial loan fees, wealth income and credit card revenues. In 2024, we hit milestone thresholds with our wealth income surpassing \$1 million and our credit card revenue exceeding \$100,000 for the first time in PenFi history! Overall, we achieved a much higher after-tax net income than budgeted despite several unexpected board-approved one-time costs incurred in the year.

## Risk

We are pleased to report that all of the Credit Union’s regulatory capital ratios remain well above both policy and regulatory minimums. As part of our commitment to ensure the long-term sustainability of the mix of capital, the Board chose to pay the 2024 Niagara Shares dividends in cash in January 2025 – rather than in additional shares as has been the approach in prior years. In a year with lower-than-usual net income, it is prudent to avoid unnecessary growth in share capital which would have increased the relative proportion of capital held as shares vs. retained earnings.

Liquidity remains in a strong position and regulatory ratios are above required minimums. Similarly, structural risk ratios at year-end also remain within Board-set policy limits. Delinquency levels in both the retail and commercial lending portfolios remain below the most recently reported sector averages signaling a healthy loan book.

Also, PenFinancial continues to lead peers in cyber security best practices earning a very strong score of 4.12 (out of 5) from the PRA IT Security Assessment which compares favourably against the credit union peer average of 3.66 and the PRA client benchmark of 3.40 for 2024. In support of member data protection, we deployed enhanced multi-factor authentication and data masking in our online banking platform over the past year. We also optimized our ATM fleet – which included replacing three units with new technology.

## Member satisfaction

We are proud to report that our primary measure of member satisfaction (the Customer Experience Composite Analyses, or CECA) increased once again in 2024 by +0.51 to 87.98 points. This score is a reflection of the high levels of confidence, satisfaction, championship and loyalty that our members have in their Truly Local credit union. This score remains well above both the credit union sector average (+9.51) and the financial services sector average (+11.33).

In 2024, we undertook several important operational initiatives to support our members. We held our first (but definitely not last!) estate planning seminar in St. Catharines, continued to support our growing commercial members by leading our first commercial lending syndication, improved e-transfer functionality for online banking, and removed an impressive 3,000+ hours of administration from our retail branches to create more time and space for branch staff to build even more meaningful relationships with our members. We’re also proud to report that our Truly Local Contact Centre continues to exceed expectations and offers members another way to connect with PenFinancial with an incredible 92.3% call answer rate.

## Employee engagement

Our team of dedicated staff is what makes PenFi tick! We are proud to report that our employee engagement score remains in the “Healthy” range despite a year filled with change. We’ve focused on improving communication across our team with monthly “All-Hands Calls” paired with leadership branch visits. We launched our first PenFi Book Club and held a PenFi Olympics event last summer promoting and recognizing staff volunteerism in our communities. We also held our annual employee development day – the one special time per year when we all get to connect with one another in person and build on our PenFi culture and values.

**We are proud to report that our member satisfaction score remains well above both the credit union sector average and the financial services sector average.**



In 2024, we hit milestone thresholds with our wealth income surpassing \$1 million and our credit card revenue exceeding \$100,000 for the first time in PenFi history!

Community support

The PenFi team achieved 90% participation in our Truly Local Ambassador program with an increase in employee volunteer hours of +106% over 2023. Our Truly Local Commitment to our communities is something that comes through as very important in our member satisfaction and employee engagement surveys. Together, we supported over 80 local organizations through our Truly Local Grant Program, branch-led fundraisers and other community-focused initiatives. We also served as presenting sponsor for key community events including GNCC International Women’s Day, GNCC State of the Region, Prom Project from the Education Foundation of Niagara, Mother Earth Day with The City of Niagara Falls, and Walk a Mile in Her Shoes supporting Gillian’s Place. Finally,

we also partnered with the Fort Erie Native Friendship Centre to apply for and receive a \$25,000 EQ Bank Empowering Your Community Grant that directly supports the important initiatives of the Centre.

High Priority Items (HPIs)

In July 2024, the Board approved four strategic areas of focus as direction for management over the remainder of 2024 and fiscal year 2025. The Board identified the expected outcomes from these areas of focus to include improved profitability, continued relevance to our members, enhanced resilience, and regulatory compliance. The approved HPIs are:

HPI 1 – Stabilize Board and Senior Leadership Team (SLT)

Following changes to the Board at the April 2024 AGM and the hiring of a new CEO, this HPI outlined a need for focus on onboarding the elected and appointed directors, ensuring clarity of roles and responsibilities between Board and SLT, committing to a strategic planning process with a longer time horizon, filling the vacant SLT roles and creating an emergency succession plan for key leadership positions, reviewing the existing Enterprise Risk Management (ERM) practice, and reviewing the existing internal audit practice.

HPI 2 – Collaborate with like-minded partners

The Board’s objective with this HPI is to identify areas of opportunity for enhanced collaboration across the credit union network and with other potential partners. The work will include open-minded exploration and conversations with credit union CEOs and Board Chairs to understand opportunities, pain points, and readiness for collaboration.

HPI 3 – Acquire and grow members

Similar to other credit unions, the average age of PenFinancial’s members has risen, suggesting the need to attract younger members. This focus area will consider opportunities for both acquisition of new members and the deepening of relationships with existing member groups, starting by identifying the areas with the highest short-term potential. Identifying the highest potential groups to start with allowed us to focus resources, deepen our understanding of these members, and create a compelling story to attract and retain business.

HPI 4 – Diversify revenue

Improving our profitability can be influenced in several ways, starting inside our own walls to deep dive into our products and services to understand their effectiveness, and identify opportunities to improve efficiencies, generate additional revenue, or adjust our product offering to better meet the changing expectations of our members. We are also completing additional work to enhance our wealth strategy, and develop profitability modeling to support data-informed decision making.

Looking Forward

As we have moved into 2025, the PenFi team remains laser-focused on the Board-approved HPIs and engaged in the next round of long-term strategic planning discussion coming up in 2025 Q2. We have doubled-down on our commitment to our members and our staff – you will be able to see and hear the results over the weeks and months to come! Thank you for your membership.

Shari Sekel  
Chief Executive Officer

Together, we supported over 80 local organizations through our Truly Local Grant Program, branch-led fundraisers, and other community-focused initiatives.





# | Report from the Board Chair

Your Board of Directors continues to provide governance oversight to the Credit Union and work with FSRA, our provincial regulator, to ensure we are operating within their Risk-Based Supervisory Framework.

The responsibilities of your Board as described by our regulator include:

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



N. REG SONNENBERG,  
CHAIR, BOARD OF  
DIRECTORS

When you read these responsibilities, you soon realize, there is a lot of work involved in fulfilling them. It is important for you, the member/owner of PenFinancial Credit Union to understand how your Board is completing these responsibilities. I will explain.

1. After the 2023/2024 Board decided to discontinue the merger conversations with Mainstreet Credit Union that were started in 2023, the current2024/2025 Board set its sights on determining the strategic direction for the future. This became a two-phase process. The first phase was to focus on high-priority items over a

short-term period in order to provide immediate direction for the Credit Union and set the stage for a long-term second phase of the strategic planning process. This was accomplished in the form of an 18-month plan which takes us to the end of 2025. The second phase of the process began with preliminary discussions in November 2024 and will include an intensive planning session in June 2025 which will have the task of looking out toward the next 3 years. Your Board is currently monitoring the progress of Phase 1 in order to utilize this information when we meet for Phase 2 of the process.

2. During the execution phase of the 18-month plan,your Board also approved the annual Business Plan for the fiscal year 2025.
3. Understanding the complexities of a growing Credit Union, the Board undertook the task of reviewing all of our current policies with the aim of ensuring clear delineation of the duties and responsibilities of the Board and Management. This review is now nearly complete and the Board has directed Management to create a plan to operationalize the new suite of governing policies.
4. Your Board has commenced work to ensure alignment between PenFinancial’s risk appetite, ERM program, policies and reporting which will continue into mid-2025.
5. At the beginning of the 2024/2025 Board year, there were several key Management positions vacant. Your Board instructed Management to fill these positions as soon as possible to stabilize the Credit Union’s operations. This has been completed and our senior leadership team has the right people in place for all key positions.
6. As part of its commitment to operational resiliency,your Board requested a complete succession plan for key Management positions and we received,reviewed and approved this mid-2024.
7. Your Board, during their regular meetings, received and reviewed reports from Management regarding the performance of the Credit Union, the progression phase 1 of the Strategic Plan and Business Plan.
8. At the request of the Board, the Audit & Risk Committee completed a review of the Internal Audit process and conducted a formal request-for-proposal (RFP) process which resulted in a new Internal Audit service provider for 2025 – MNP LLP. This was a long process and the Committee did a lot of work in completing this important task.
9. During the regular and special Board meetings, the Board received, reviewed and approved reports and recommendations from the Audit & Risk Committee,the Governance & HR Committee and the Nominating Committee.
10. Your Board also received, reviewed and approved reports from Management regarding our Truly Local Commitment community outreach program. We are pleased with the results from our member survey sand look to these reports for ways to improve our offerings to you our member/owners.

We have had a busy year in 2024 and I do not believe 2025 will be any different.

On behalf of the Board of Directors, I thank you, the members/owners of PenFinancial Credit Union for your loyalty and commitment to ensure we are successful.

I also want to sincerely thank our staff. Our PenFi team is one mighty hard-working family of people dedicated to making sure the members are well looked after and to a culture of continuous improvement upon what they do for you, our members.

Respectfully submitted.

A handwritten signature in black ink, appearing to read 'N. Reg Sonnenberg'.

N. Reg Sonnenberg  
Chair, Board of Directors

By focusing on leadership stability, strategic planning, and member service, we are building a solid foundation for success.

| Board of Directors



N. Reg Sonnenberg  
Board Chair



Elizabeth Grimmond  
Board Vice-Chair



Angie Walker  
Chair of Audit and Risk Committee



Laurie Ryan-Hill  
Chair of Governance and Human Resources Committee



Ivan David Chamberlain



Grace Pang



Kirbi Simpson



Rick Tabaka



David Tsang



Chris Walsh

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 2024, this included 50% of Directors who identify as female, and 50% 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.

| 2024 Meeting attendance

	Board Meetings Attended	Committee Meetings Attended*	Honorarium Paid	Direct Fees (Extra Meetings)	Total	Place of Residence
N. Reg Sonnenberg Board Chair	6/6	5/5	\$22,691.69	\$2,887.50	\$25,579.19	Niagara Falls
Elizabeth Grimmond Board Vice-Chair & Chair, Nominating Committee	15/15	7/7	\$12,017.50	\$3,387.50	\$15,405.00	Niagara Falls
Angie Walker Chair of Audit and Risk Committee	15/15	7/7	\$12,742.47	\$3,387.50	\$16,129.97	Fonthill
Laurie Ryan-Hill Chair of Governance and Human Resources Committee	13/15	6/6	\$9,891.66	\$2,412.50	\$12,304.16	St. Catharines
Ivan David Chamberlain	14/15	6/7	\$8,849.97	\$3,450.00	\$12,299.97	St. Catharines
Grace Pang	6/7	6/6	\$5,183.31	\$1,837.50	\$7,020.81	Welland
Kirbi Simpson	14/15	6/6	\$10,544.56	\$2,100.00	\$12,644.56	Wainfleet
Rick Tabaka	6/6	4/4	\$5,279.19	\$2,012.50	\$7,291.69	Niagara Falls
David Tsang	4/6	3/4	\$5,279.19	\$1,887.50	\$7,166.69	Welland
Chris Walsh	6/6	4/5	\$8,823.78	\$3,537.50	\$12,361.28	Niagara Falls
Evan Acs (Term expired April 2024)	6/8	1/1	\$3,544.59	\$1,087.50	\$4,634.09	St. Catharines
Peter Coughlin (Term expired April 2024)	7/8	1/1	\$3,161.07	\$675.00	\$3,836.07	St. Catharines
Ryan D'Sa (Resigned April 2024)	9/9	1/1	\$4,445.41	\$637.50	\$5,082.91	St. Catharines
Steve Gandour (Resigned April 2024)	9/9	1/1	\$4,073.34	\$1,837.50	\$5,910.84	Dunnville
Sandy Henderson (Resigned April 2024)	5/8	1/1	\$4,875.84	\$1,762.50	\$6,638.34	St. Catharines
Dave Teutenberg (Resigned November 2024)	5/6	6/6	\$5,279.19	\$1,537.50	\$6,816.69	Niagara Falls

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

2024 Board Expenses

- Total honorarium paid — \$126,682.76
- Total expenses paid including education, conferences and other related expenses — \$60,176.18
- Total additional meeting compensation paid — \$34,437.50
- Total Board expenses — \$221,296.44



# | 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 (ERM) Framework and PenFinancial’s risk management activities, as they relate to the categories of credit risk, market risk, and operational 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 am incredibly proud to report that the PenFinancial Audit and Risk Committee has demonstrated unwavering dedication in fulfilling its responsibilities under Section 104 of the Act and Section 36 of Ontario Regulation 105/22. The volume and complexity of work undertaken this year were significant, requiring diligent oversight, careful analysis, and a strong commitment to governance excellence. I am pleased to confirm that all regulatory requirements have been met, and there are no matters requiring disclosure to the members pursuant to the Act or Regulations.

This Committee has worked tirelessly throughout the year, navigating an extensive and evolving regulatory landscape with precision and professionalism. The commitment shown by each member in executing our mandate has been truly commendable. With regular meetings and a detailed checklist guiding our efforts,

we have ensured a thorough and methodical approach to our responsibilities. Some key accomplishments include:

- Appointment of Internal Auditor MNP LLP, ensuring a smooth transition and a strengthened approach to internal audit and risk management;
- Review and approval of the annual internal audit objectives, plans, and priorities, including a comprehensive review of audit reports and Management’s responses;
- Oversight of the transition process from Jones and O’Connell LLP to MNP LLP, ensuring alignment with PenFinancial’s strategic audit expectations and regulatory standards;
- Ongoing review and refinement of the redesigned internal audit scorecard, a valuable tool that enables year-over-year progress tracking and continuous improvement;
- Appointment of External Auditors, KPMG LLP, reinforcing the integrity and independence of our external audit process;
- Assessment of the effectiveness of the External Auditors, ensuring full compliance with their obligations and reporting their findings to the Board;
- Receipt and review of the results of the 2024 fiscal year, affirming the financial health and transparency of the organization; and
- Comprehensive review and enhancement of the Enterprise Risk Management (ERM) Framework, strengthening our ability to proactively identify, assess, and mitigate key risks in a rapidly changing financial environment.

I would like to extend my deepest gratitude to this Committee for its dedication, diligence, and perseverance in tackling the many challenges and responsibilities we faced this year. The volume of work undertaken has been substantial, and the collaborative effort between the Committee and PenFinancial’s Management team has been instrumental in meeting our objectives. I am incredibly appreciative of the commitment and expertise each member has contributed, ensuring we continue to uphold the highest standards of governance, risk management, and financial oversight.

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 2024, 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 (Kirbi Simpson, Grace Pang, David Chamberlain and Reg Sonnenberg) 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



## Our Members

True to our mission of **building authentic relationships and providing targeted services**, the PenFinancial team remained committed to delivering outstanding member service throughout 2024. This dedication has yielded impressive results, with 9 out of 10 surveyed members expressing overall satisfaction and nearly 90% confident that PenFinancial can meet their needs.

For the first time in 2024, we also gauged members' levels of trust in PenFinancial—a key indicator of loyalty. We are proud to share that our members are nearly twice as likely to “completely trust” PenFinancial and our financial advisors compared to the general industry.

Estate planning continues to be a priority, and in 2024, we further supported our members and their families by providing compassionate guidance through a dedicated Estate Specialist, specialized back-office support, and comprehensive resources.

## What kind of tomorrow are you building for your loved ones?

When it comes to estate planning you deserve peace of mind.

Make sure **your future** is figured out.



### STAYING CONNECTED



**9,000**

Member Care calls made



Over

**27,000**

incoming calls answered in the Contact Centre



More than

**1.8M**

Point of Sale transactions



**280,000**

e-Transfer transactions

### LEADING WITH ADVICE



**100%**

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



**345**

Financial plans created or updated using Naviplan



**1,403**

Life Event Conversations completed



**245**

Estates closed

## Our People

At PenFinancial, our employees' wellbeing isn't just a goal—it's a core value that shapes everything we do. From investing in continuous learning and fostering a highly engaged workforce, we believe that happy, fulfilled employees are the foundation of exceptional member experiences. When our people thrive, so do our members.



### Employee Engagement

We continue to maintain healthy employee engagement and a dedicated workforce.

- 90% of employees participated in a Truly Local Ambassador activity.
- Employee engagement scores remained in the “Healthy” range with a 93% survey completion rate.
- Average length of service for all employees is **9 years**.
- Approximately 8% of employees celebrated 20+ years of service in 2024.



### Diversity, Equity and Inclusion (DEI)

We are proud of the steps we have taken to date to ensure a diverse and inclusive workplace. In 2024, we started to create awareness on DEI specifically on Pride Month, Summer Olympics, and National Truth and Reconciliation Day.



- 14% of employees are Boomers ages 60-69
- 29% of employees are Gen X, ages 44-59
- 47% of employees are Millennials, ages 28-43
- 10% of employees are Gen Z, ages 13-27



- 50% of Leadership roles are filled by women.
- 41% of our management roles are filled by women



### Employee Growth

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.

- 12 temporary positions offered employees growth opportunities
- 10 permanent promotions were given to employees in recognition of their growth
- 42% of open roles were filled internally
  - 13 employees filled open roles in 2024
  - Compared to 9 in 2023



### Employee Wellbeing

We continue to support employees and encourage wellbeing through a variety of ways, including comprehensive benefits, Employee Assistance Programs, and paid wellness days.

- A formal orientation is now provided to all new hires on the Employee and Family Assistance Program (EFAP) via TELUS Health
- Added a Health and Wellness Room to our Welland offices
- To provide added flexibility to employees, many roles are now supported through hybrid working arrangements



# | Our Truly Local Commitment

PenFinancial is proudly demonstrating a *Truly Local Commitment* by contributing a substantial portion of our pre-tax profits through our TLC investment program. This initiative supports local charities and non-profits as we work together to tackle key challenges such as health and wellness, poverty, education access, and environmental sustainability.

Since 2014, we've contributed almost \$1.59 million towards enriching and strengthening our communities.



## Ken Janzen Truly Local Ambassador Award

Our employees are the best, and we're so proud to shine a light on this year's Truly Local Ambassador Award winner, Darren DiMarco.

Earlier this fall, Darren was selected by his peers to receive the Ken Janzen Truly Local Ambassador Award. This recognition is awarded to an employee of PenFinancial who goes above and beyond through their personal contribution of volunteering their time to a charity or non-profit in the Niagara or Haldimand regions. The recognition includes a donation of \$2,000 in the winner's name to a charity or charities of their choice.

Darren is involved in many community initiatives and chose to split his donation between Julia's Hope Cup (\$1,000), Hotel Dieu Shaver (\$500) and Plymouth Public School's Breakfast Program (\$500). Darren is deeply committed to his community and proud to support Welland, the city he was born and raised in. Julia's Hope Cup is a perfect fit for his passion for both Welland and hockey. Having gone to Notre Dame High School with Julia, this event holds a special place for him. After participating last year, he's excited to join again and support such a great cause.

## ANOTHER TRULY LOCAL YEAR TO CELEBRATE!

2024 has been an even more remarkable year for us, filled with an incredible array of community events, fundraisers, runs, bike rides, and so much more! We are thrilled to have helped even more people and initiatives, further strengthening our communities and continuing to work alongside fantastic partners and non-profits across Niagara and Haldimand.

This year, we took things a step further with our **PenFinancial Truly Local Grant Program**, now in its second year. We were able to award a total of SIX grants to local non-profit organizations, helping them make a lasting impact.

We are beyond proud of the difference we've made in 2024, and it's all thanks to the unwavering generosity of people like YOU, as well as our dedicated community partners. Here's a glimpse of some of the amazing things we've accomplished together this year.

Visit [PenFinancial.com/TLC](https://PenFinancial.com/TLC) to learn more about how we're improving lives and strengthening communities.



## COMMUNITY SPOTLIGHT: Fort Erie Native Friendship Centre

It's an honour to recognize the Fort Erie Native Friendship Centre, who received a \$25,000 grant from EQ Bank's Empowering Your Community grant program. PenFinancial applied for the grant on behalf of FENFC's Grow Program, which received a Truly Local Grant of \$8,000 in 2023.

The \$25,000 will enable the Fort Erie Native Friendship Centre to expand the scope of the Grow program, reaching more participants and enhancing the resources available to them. This funding will provide garden beds, accessible pathways and beds, a seed library, Indigenous guest speakers and workshops, and a student part-time job to learn about gardening, sustainability, and Indigenous Resurgence and Resilience.



## | Truly Local Commitment – By the Numbers

Over  
**2,500**

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

**80+**

Local organizations served – our staff members have volunteered their time with over 80 non-profit and community organizations in Niagara, Haldimand and the surrounding area.

Over  
**\$19,000**

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!

Over  
**\$6,000**

in additional donations raised through Branch fundraisers. Our PenFi branches actively participate in a variety of community building events and fundraisers all year round.

**\$66,000**  
in corporate sponsorships  
and donations

**\$11,500+**  
in bursaries

**\$25,000+**  
in Truly Local Grant  
Funding



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

Since then we've avoided

**634 tonnes** of CO<sub>2</sub>e.

That's equivalent to:

**64,957,362** smartphone charges

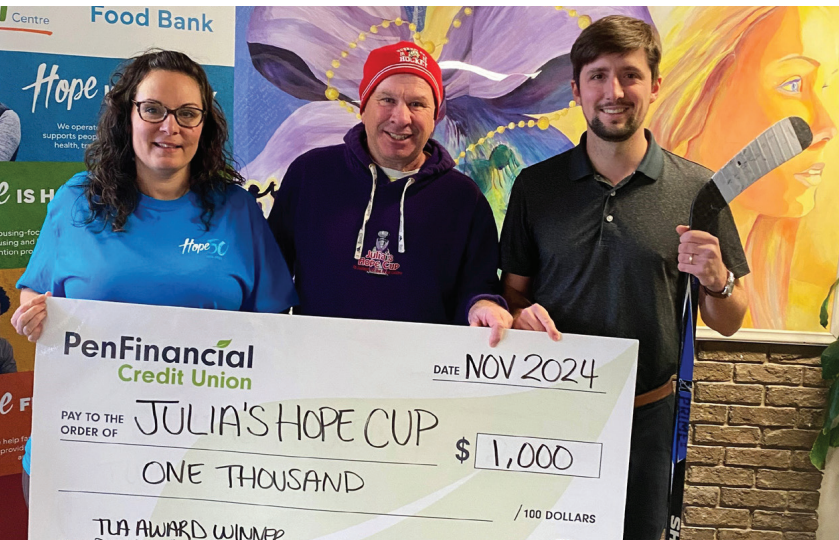
**20,239** lightbulbs switched to LEDs



**8,811** tree seedlings  
growing for 10 years

Certified  
  
Corporation

**As a proud B Corp  
we're committed to  
using business as a  
force for good.**





# | Truly Local Grant Program

In 2023 we launched our new Truly Local Grant Program with \$25,000 in grants to help support project-based initiatives in our communities.

Our recipients submitted proposals for projects and programs that provide a direct benefit to the Niagara and Haldimand communities, and align with one or more of the following UN Sustainable Development Goals.

-  NO  
POVERTY
-  ZERO  
HUNGER
-  GOOD HEALTH  
& WELLBEING



## Our 2024 Truly Local Grant Recipients

**\$10,000** to Open Arms Mission.  
The funds will go towards their Food Rescue Project, which ‘rescues’ surplus food and distributes to those struggling with food security in the Welland community.

**\$6,500** to Positive Living Niagara.  
The funds will go towards the Migrant Agricultural Workers (MAW) Mobile Health and Wellness Clinics in South Niagara.

**\$2,500** to Comfort Bears.  
The funds will go towards the purchase of comfort bears and kits for youth experiencing trauma, crisis, or medical treatments in Niagara.

**\$2,000** to Welland Legion.  
The funds will go towards their Christmas for Veterans program, which provides 20 Welland veterans with a \$100 gift card of their choosing.

**\$2,000** to Strong Fort Erie Neighbourhoods.  
The funds will go towards their Post Holiday Emergency Food Boost program, which will provide a variety of nutritious food items to 400+ neighbours after the holidays.

**\$2,000** to Bethlehem Housing & Support Services. The funds will go towards the purchase of a new stand up freezer, which will help bring more nutritious, culturally relevant food to their residents.



# | 2024 Financials





**KPMG LLP**

Commerce Place  
21 King Street West, Suite 700  
Hamilton, ON L8P 4W7  
Canada  
Telephone 905 523 8200  
Fax 905 523 2222

**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, 2024
- 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, 2024 (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 26, 2025, we expressed an unqualified opinion on the audited financial statements.



Page 2

***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.

***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 26, 2025



PenFinancial Credit Union Limited  
Summary Statement of Financial Position

December 31, 2024, with comparative information for 2023

Assets	2024	2023
Cash	\$ 20,580,877	\$ 27,588,558
Investments	33,070,774	31,262,504
Income taxes receivable	143,196	587,236
Loans to members	731,065,035	702,476,402
Other assets	1,147,153	1,067,047
Deferred income taxes receivable	32,210	–
Investment in joint venture	77,487	77,487
Property and equipment	10,984,378	11,581,532
Intangible assets	73,234	130,474
	\$ 797,175,344	\$ 774,771,240
Liabilities		
Deposits from members	\$ 654,473,182	\$ 656,056,085
Other liabilities	6,654,967	7,784,124
Mortgage securitization liabilities	79,733,244	55,369,106
Deferred income tax liability	–	49,552
Membership shares	192,020	197,260
	741,053,413	719,456,127
Members’ Equity		
Class B special shares	29,469,324	27,787,299
Retained earnings	26,652,607	27,527,814
	56,121,931	55,315,113
	\$ 797,175,344	\$ 774,771,240

See accompanying note to summary financial statements.

PenFinancial Credit Union Limited  
Summary Statement of Comprehensive Income

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Interest income	\$ 33,697,419	\$ 30,147,818
Investment income	1,807,868	2,272,806
	35,505,287	32,420,624
Interest expense	19,289,873	16,394,775
Other interest expense	2,207,867	1,223,665
	21,497,740	17,618,440
Net interest income	14,007,547	14,802,184
Provision for impaired loans	(434,156)	(83,924)
Net interest margin	13,573,391	14,718,260
Net (loss) gain from other financial instruments carried at fair value through profit or loss	(1,069)	861
Other income	4,343,087	3,878,059
Total operating income	17,915,409	18,597,180
Deposit insurance premium	508,169	521,307
General and administrative	5,036,167	4,817,378
Occupancy	1,594,747	1,638,154
Personnel expenses	10,346,576	9,966,032
Total operating expenses	17,485,659	16,942,871
Income before income taxes	429,750	1,654,309
Income tax recovery	(177,055)	(9,327)
Net income and comprehensive income	\$ 606,805	\$ 1,663,636

See accompanying note to summary financial statements.

**PenFinancial Credit Union Limited**  
**Summary Statement of Changes in Members' Equity**

Year ended December 31, 2024, with comparative information for 2023

	Class B Special Shares	Retained Earnings	Total
As at January 1, 2023	\$ 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	<b>\$ 27,787,299</b>	<b>\$ 27,527,814</b>	<b>\$ 55,315,113</b>
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	<b>\$ 29,469,324</b>	<b>\$ 26,652,607</b>	<b>\$ 56,121,931</b>

See accompanying note to summary financial statements.

**PenFinancial Credit Union Limited**  
**Summary Statement of Cash Flows**

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Net income	<b>\$ 606,805</b>	\$ 1,663,636
Items not involving cash:		
Provision for impaired loans	<b>434,156</b>	83,924
Interest income	<b>(33,697,419)</b>	(30,147,818)
Interest expense	<b>19,289,873</b>	16,394,775
Depreciation and amortization	<b>959,714</b>	1,003,450
Net loss (gain) from other financial instruments carried at fair value through profit or loss	<b>1,069</b>	(861)
Loss on sale of property and equipment	<b>32,956</b>	–
Income tax recovery	<b>(177,055)</b>	(9,327)
	<b>(12,549,901)</b>	<b>(11,012,221)</b>
Change in operating assets/liabilities:		
Change in loans to members	<b>(29,011,393)</b>	(25,422,757)
Change in deposits from members	<b>(2,155,286)</b>	3,176,338
Change in other assets and liabilities	<b>(1,076,917)</b>	1,033,927
	<b>(44,793,497)</b>	<b>(32,224,713)</b>
Interest received	<b>33,686,023</b>	29,799,308
Interest paid	<b>(18,717,490)</b>	(12,763,850)
Income tax refund (paid)	<b>538,333</b>	(537,083)
	<b>(29,286,631)</b>	<b>(15,726,338)</b>
Investing:		
Net change in investments	<b>(1,809,339)</b>	18,939,390
Purchase of intangible assets	–	(24,533)
Purchase of property and equipment	<b>(338,276)</b>	(369,618)
Proceeds received on disposal of property and equipment	–	3,722
	<b>(2,147,615)</b>	<b>18,548,961</b>
Financing:		
Proceeds from securitization of mortgages	<b>31,759,078</b>	12,491,186
Repayment of mortgage securitization liabilities	<b>(7,394,940)</b>	(9,265,848)
Redemption of membership shares – net	<b>(5,240)</b>	(6,840)
Issuance of Class B shares – net	<b>1,682,537</b>	1,076,581
Redemption of Class B shares	<b>(512)</b>	–
Dividends on Class B shares	<b>(1,482,012)</b>	(1,635,856)
Repayment of lease liabilities	<b>(132,346)</b>	(133,137)
	<b>24,426,565</b>	<b>2,526,086</b>
(Decrease) increase in cash	<b>(7,007,681)</b>	5,348,709
Cash, beginning of year	<b>27,588,558</b>	22,239,849
Cash, end of year	<b>\$ 20,580,877</b>	<b>\$ 27,588,558</b>

See accompanying note to summary financial statements.



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, 2024 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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