

Peninsula Community Federal Credit Union ANNUAL REPORT



We Listen, We Serve, We Educate, We Care... *Always!*

2025



CHAIRMAN'S REPORT



A strong foundation to build a bright future.

As Peninsula Community Federal Credit Union marked its 90th anniversary in 2025, the Board focused on the path to our centennial. Reaching 100 years is a rare achievement — reflecting disciplined governance, financial strength, and the enduring trust of our member owners. We enter our tenth decade on a strong and stable foundation, with a clear sense of purpose and a high degree of confidence in the future.

The Board of Directors made strategic investments to modernize the Credit Union's core processing system and digital banking platforms, to align them with our long-term strategic needs. This transformation represents a significant step forward in strengthening our infrastructure, enhancing financial security, and enhancing the member experience. These new systems will launch on July 13, 2026.

The upgraded platform is built on a member-centric architecture that provides a unified view of each member relationship. Our team will deliver more efficient service, deeper insight, and more personalized financial support for you, our members.

The enhanced digital experience is designed to be consistent, secure, and accessible across devices — whether accessing accounts from a smartphone on the go or a computer at home. Improvements include faster authentication, more accurate expense categorization, and expanded accessibility features such as adaptable display settings, high-contrast viewing options, and dyslexia-friendly fonts.

These enhancements reflect our commitment to ensuring all members can confidently and comfortably manage their financial lives.

As part of this transition, updated login credentials will be needed to further strengthen account security. Clear guidance and dedicated support will be provided to ensure a smooth and secure transition for all members.

Looking ahead, the Board of Directors is leveraging this modernized foundation to advance a comprehensive payments strategy. This will allow real-time fund transfers, expanded person-to-person payment capabilities, and readiness for emerging payment technologies. These investments position the Credit Union to adapt thoughtfully and responsibly as the payments landscape continues to evolve.

In an environment defined by rapid technological change and economic uncertainty, the Board remains focused on responsible oversight, risk management, and long-term sustainability. We maintain active engagement with executive leadership to ensure the Credit Union continues to deliver sound financial guidance, operational excellence, and a consistently high level of service.

Peninsula Community Federal Credit Union remains, above all, a trusted financial partner — one where members can confidently entrust their hard-earned resources. Our commitment is enduring: to listen, to serve, to educate, and to support our members today and for generations to come.

Sincerely,

John Bolender
Chair, Board of Directors



PRESIDENT'S REPORT



Grounded in our past. Growing a future together.

Peninsula Credit Union exists because of people — most importantly, our 21,500 members. Our membership continues to grow at twice the rate of other credit unions across the five counties we serve. Nearly 7% of our members are Hispanic, and these relationships are, on average, nine years younger than the rest of our membership. Hispanic membership growth is critical to our future.

Our members continue to show their trust through our annual Net Promoter Score (NPS) survey. In 2025, our NPS increased from 60.5 to 66.5. This score is well above the “excellent” benchmark of 50 and moving closer to 70, which is considered “world class.” This improvement tells us we are making meaningful progress in reducing frustration and improving your experience.

Your credit union also finished the year in a strong financial position. Net income reached 139% of plan, and net worth increased to a record 11.33%. Loans to members grew by 2.3%, and deposits increased by a healthy 3.9%.

These results are possible because we focus on creating an inclusive and supportive environment for both members and team members. Our team works hard to understand what is happening in your financial life and to help you build a stable future.

Our communities recognized this commitment again in 2025. Peninsula Credit Union was named Business of the Year by the Shelton Mason Chamber, an honor no other financial institution has received since we last earned it in 2014. Our Belfair Branch Manager was named Member of the Year by the North Mason Chamber. In addition, the Puget Sound Business Journal recognized our Marketing Director and our HR and

Development Administrator as 40 Under 40 professionals to watch in both 2025 and 2026. These honors reflect the dedication of team members who are deeply engaged throughout our communities—from Shelton to Poulsbo and Port Orchard to Belfair.

Our commitment to our communities is about people — you, our members, and the team members who serve you. Your financial well being matters to us, no matter your background or credit history. You are not a number. You are a member.

Looking ahead, we are preparing for an important change. On July 13, 2026, we will convert to a new digital banking platform and core processing system. These tools will allow us to better serve you and focus more fully on your financial needs.

Beginning in April, we will share more details about the new PCU Digital experience launching in July. You will need new digital banking login information, but many things will stay the same, including your debit card, direct deposits, and bill pay payees.

Through this transition and beyond, you can count on the same great team and the same strong, dependable credit union. We look forward to supporting you — not just during this upgrade, but for many years to come.

Sincerely,

Jim Morrell
President & CEO



SUPERVISORY REPORT



Sound operations and solid financial statements.

The Credit Union's Supervisory Committee works on the members' behalf to ensure that the highest degree of integrity is maintained by the credit union.

Controls are in place to ensure that your Credit Union conducts its operations and activities in a safe and sound manner. These controls provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records are maintained.

The Supervisory Committee, with the help of our Internal Auditor, ensures this safety and soundness is maintained through internal and with the help of third party auditors.

The National Credit Union Administration (NCUA) serves as the Credit Union's regulatory. In January 2025, the NCUA conducted an examination for the period April 1, 2023 - September 30, 2024. The NCUA continues to find your Credit Union to be fundamentally sound.

During 2025, the Supervisory Committee worked with Baker Tilly, U.S., LLC, to audit the Credit Union's financial statements. These included the statements of financial condition as of March 31, 2025 and 2024 and related income statements, as well as comprehensive income, changes in members' equity and cash flows for the years then ended, and finally, the related notes to the financial statements.

Baker Tilly's opinion concluded these financial statements present fairly, in all material respects, the financial position of the Credit Union.

Audits by other third parties were also conducted throughout the year related to Bank Secrecy Act, allowance for loan and lease loss, ACH activity, data and network security, internal and external network vulnerability, and social engineering.

All audits found no significant deficiencies or material weaknesses.

Our Internal Auditor also conducted 23 internal audits over the course of the year. These confirmed appropriate operations for such areas such as lending, collections and delinquencies, wire transfers, new account processes, digital banking, and branch audits for all our locations.

The Supervisory Committee's summary of the past year is that the Credit Union is operating in a safe and sound manner.

Respectfully,

Mendy Harlow
Supervisory Committee



HISPANIC ADVISORY COMMITTEE REPORT



Juntos Avanzamos – Advancing Together.

In 2025, Peninsula Credit Union strengthened our commitment to inclusive growth through the work of our new Hispanic Advisory Council. Formed in late 2024, the Council met three times during the year, providing insight and guidance to support Hispanic initiatives.

Council members affirmed the need for culturally and linguistically responsive services as Hispanic membership continues to grow, skew younger, and reflect significant linguistic diversity. Through empathy mapping discussions, the Council highlighted key challenges — including language access, documentation barriers, and reliance on cash-based transactions — alongside strong community assets such as family-centered values, entrepreneurship, and relationship-based trust.

These insights informed the development of an internal persona named **LUPE** (Latinos Uniting People and

Education), who is now used to guide strategy, service design, and staff engagement. The Council's work continues to help Peninsula Credit Union adapt services, build trust, and expand equitable access to financial well-being.

Looking ahead to 2026, Peninsula Credit Union will build on this work by activating the LUPE persona across strategy and service design, expanding culturally responsive access, supporting members through system transitions, strengthening community partnerships, and sustaining advisory engagement to advance equitable financial well being.

Respectfully,

Claudia Suategui
Hispanic Advisory Committee



COMMUNITY IMPACT REPORT



Inclusion in action, for 90 years and counting.

In 2025, Peninsula Credit Union's community impact showed up in both milestone celebrations and everyday acts of service. As we marked 90 years of service since 1935, we used the year not just to look back, but to demonstrate what local, member-owned banking looks like in practice today: listening first, solving real problems, and staying deeply connected to the communities it serves. Peninsula's public community involvement reporting highlights 800 volunteer hours, \$22,225 donated, and 29 organizations supported, alongside ongoing efforts such as branch events, food drives, volunteer service, and Peninsula Education Grants for local educators.

One of the year's most significant public milestones was our celebration of our *Juntos Avanzamos* designation, which had been earned in 2024 and formally celebrated in September 2025. At community event in Shelton, we brought together more than 200 community members, families, business leaders, and partners to celebrate three milestones at once: our 90th anniversary, Hispanic Heritage Month, and the formal presentation of our *Juntos Avanzamos* designation.

Inclusiv, the national organization that awarded the designation, describes *Juntos Avanzamos* as "recognizing credit unions committed to serving and empowering Hispanic and immigrant communities through affordable products, bilingual support, and

culturally relevant services." Public coverage of our celebration highlighted our commitment to ITIN-friendly access and broader financial inclusion across Mason, Kitsap, Jefferson, Clallam, and Grays Harbor counties.

Our impact in 2025 also showed up in how we responded when members faced financial instability. During the October government shutdown, Peninsula publicly promoted crisis response tools including fee-waived Skip A Pay options for affected members, emergency financial counseling, and no-fee Visa cash advances. This support translated into real relief for members when paychecks were interrupted and financial stress spiked. That combination of practical emergency options and people-first guidance reflects the values we emphasize daily: small enough to care, big enough to help, and committed to community well-being over profit.

Taken together, 2025 was a year in which Peninsula Credit Union demonstrated that community impact is not one program or one event, but a pattern of service: investing in educators, showing up for local causes, expanding inclusive access, celebrating community identity, and helping members navigate both milestones and crises with dignity. That is what it means to be grounded in the past while growing a future together.



800

Hours Volunteered



\$22,225

Dollars Donated



29

Organizations Supported

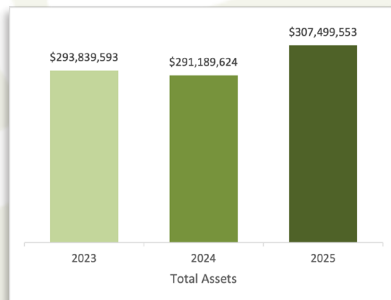
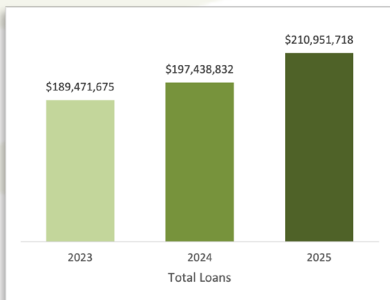
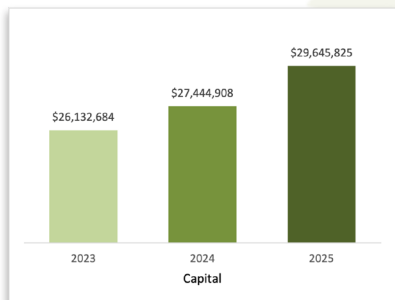
Financial Summary

Statement of Financial Condition

	2024	2025	Change
Assets			
Cash on Hand and on Deposit	\$24,440,083	\$32,059,991	\$7,619,908
Loans	\$197,438,832	\$210,951,718	\$13,512,886
Allowance for Loan Loss	(\$2,203,017)	(\$2,592,818)	(\$389,801)
Investments	\$58,542,602	\$52,825,125	(\$5,717,477)
Land, Building, Fixed Assets	\$2,980,942	\$2,838,112	(\$142,830)
Other Assets	\$9,990,182	\$11,417,425	\$1,427,243
Total Assets	\$291,189,624	\$307,499,553	\$16,309,929
Liabilities			
Shares Held by Members	\$259,029,072	\$269,132,304	\$10,103,232
Other Liabilities	\$2,191,357	\$4,607,315	\$2,415,958
Notes Payable	\$4,900,000	\$4,900,000	\$0
Total Liabilities	\$266,120,429	\$278,639,619	\$12,519,190
Equity			
Regular Reserve	\$368,501	\$368,501	\$0
Undivided Earnings	\$27,076,407	\$29,277,324	\$2,200,917
Unrealized Gain (Loss) On Investments	(\$2,375,713)	(\$785,891)	\$1,589,822
Total Equity	\$25,069,195	\$28,859,934	\$3,790,739
Total Liabilities & Equity	\$291,189,624	\$307,499,553	\$16,309,929

Statement of Earnings

	2024	2025	Change
Income			
Loan Interest Income	\$11,516,419	\$12,917,789	\$1,401,370
Income from Investments	\$2,358,692	\$2,402,974	\$44,282
Other Income	\$3,537,436	\$3,575,538	\$38,102
Total Income	\$17,412,547	\$18,896,301	\$1,483,754
Expense			
Operating Expense	\$12,860,696	\$14,093,303	\$1,232,607
Interest on Borrowed Money	\$12,510	\$25,155	\$12,645
Total Expenses	\$12,873,206	\$14,118,458	\$1,245,252
Net Income	\$4,539,341	\$4,777,843	\$238,502
Distribution of Net Income			
Dividends to Members	\$3,227,117	\$2,576,924	(\$650,193)
To Reserves	\$1,312,224	\$2,200,919	\$888,695
Total Distribution	\$4,539,341	\$4,777,843	\$238,502



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BELFAIR

23550 NE State Route 3
Belfair, WA 98528

Monday - Thursday
Lobby 9:00 - 5:00
Drive-up 9:00 - 5:30

Friday
Lobby 9:00 - 5:30
Drive-up 9:00 - 6:00

PORT ORCHARD

1081 Bethel Ave.
Port Orchard, WA 98366

Monday - Thursday
Lobby 9:00 - 5:30
Drive-up 9:00 - 5:30

Friday
Lobby 9:00 - 5:30
Drive-up 9:00 - 6:00

POULSBO

21505 Market Pl NW
Suite 109
Poulsbo, WA 98370

Monday - Friday
Lobby 10:00 - 5:00

PORT TOWNSEND

1250 W Sims Way
Port Townsend, WA 98368

Monday - Friday
Lobby 9:00 - 5:30

360-426-1601

800-426-1601 toll free