



Strong Roots to Bold Horizons

2025 Annual Report



Our Journey to Reconciliation

Libro Credit Union is a financial cooperative that operates on the traditional territories of many Indigenous Nations including the Attawandaron, the Haudenosaunee, the Anishinaabeg, and the Lūnaapéewak peoples. Our head office is located on the traditional lands of the Chippewas of the Thames First Nation, Oneida Nation of the Thames, and Munsee-Delaware Nation, in the area known today as London.

With our expanded footprint, following our merger with Kawartha Credit Union,* we acknowledge that Kawartha's regional office is located in Nogojiwanong on Treaty 20 land, in the traditional territory of the Michi Saagiig and Chippewa Nations known as the Williams Treaty First Nations.

We express our gratitude to all Indigenous Peoples who have cared for these lands since time immemorial and who continue to live in, contribute to, and steward the communities where we operate. We recognize the ongoing presence and contributions of First Nations, Métis, Inuit, and other Indigenous peoples across Ontario.

Libro is committed to acknowledging and appreciating Indigenous Peoples' historic and ongoing relationships with these lands. We aspire to be a strong ally, advancing the Truth and Reconciliation Commission Calls to Action through meaningful learning, respectful relationship building, and continuous action across our organization.

**Now operating as Kawartha Financial Services, a division of Libro Credit Union.*

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Note: Owners are now members! Throughout this report, you'll notice an update in how we reference Owners. We now refer to our Owners as members. Same great benefits, just a different name.



FROM OUR CEO

Momentum for the Future

Libro Credit Union is proudly 100% Canadian, locally owned, and built to serve our members — the people and businesses who shape communities across Ontario. With more than 80 years of cooperative banking experience, we are grounded by our strong roots — a commitment to financial well-being, trusted relationships, and long-term sustainability. These roots are the foundation that empowers us to look confidently toward bold horizons.

We draw inspiration from everyone who is part of Libro — including more than 20,000 local businesses — knowing that entrepreneurs remain the backbone of Canada's economy. The communities we serve continue to need courageous leadership and purpose-driven organizations that show up when it matters most. Throughout economic uncertainty and times of change, Libro has always been a partner with members, demonstrating resilience and a deep commitment to doing what's right.

In 2025, we welcomed 7,775 new members and achieved record growth and financial results. This success fueled continued purposeful impact in our communities, including \$1.2 million in combined financial support. We further made intentional investments in key strategic advancements across technology, data, payments, and products to ensure we are relevant in the future.

A historic highlight and milestone was celebrating the successful merger with Kawartha Credit Union, approved through an overwhelmingly positive member vote. This milestone demonstrated cooperative strength and a shared vision. By uniting two organizations with strong regional legacies, we expanded our impact, strengthened our capabilities, and extended our collective roots across a broader landscape of communities who believe in values-based banking.

The world continues to shift at a rapid pace — geo-political tensions, changing economic factors, technological advances, and consumer behaviours — reshaping expectations for financial services. At Libro, we know success comes with embracing change with purpose and clarity. In 2025, we continued to be



guided by our Purpose and focused on delivering on our Enterprise Strategy, charting a bold path forward — one that connects our deep roots with the horizons ahead, ensuring Libro remains a strong, relevant, and purpose-driven financial institution for generations to come. The recent merger with Kawartha supports this.

Our strategy leverages a strong foundation — our Purpose, cooperative values, dedication to local businesses, and commitment to expert financial coaching. We're investing in innovation, strengthening relationships, and continuing the community-centered approach that sets Libro apart. By staying true to who we are while embracing what's possible, we are positioning ourselves to thrive in an ever-changing world.

2025 was a remarkable year, defined by momentum, connection, growth, and strategic progress. Thank you to our members, our Board of Directors, our staff, and our communities for your trust, support, and partnership. Together, we are building something truly remarkable — rooted in our history, strengthened in unity, and inspired by bold horizons ahead. We remain ready and relevant. Let's roll.

A stylized, handwritten signature in black ink, consisting of a large, sweeping 'S' followed by a smaller 'G' and a dot.

Shawn Good
President & CEO

FROM OUR CHAIR

Our Credit Union Strength

Libro's strength has always come from its people — our members, staff, and communities. These relationships form our strong roots and ground us in our cooperative purpose. As a credit union, we exist for more than simply financial success; we exist to create positive impact, shared prosperity, and a future where our members and communities grow, and where we grow with them.

In early 2025, we took a thoughtful and future-focused look at our governance structure to ensure Libro is ready for the opportunities ahead. This work became especially important as we moved forward with the merger with Kawartha Credit Union, approved by members through a one member-one vote process. This decision demonstrated cooperative strength, member trust, and governance that prepares us for the bold horizons to come. Strong governance reinforces accountability, strengthens confidence, and ensures we remain agile, transparent, and member-focused as the financial industry evolves.

Libro's purpose is embedded in everything we do, showing up in tangible ways that strengthen financial well-being across our communities. Our commitment is reflected in strategic sponsorships and grants that support local businesses, entrepreneurs, and organizations making a real difference. As a leader in values-based banking, we champion responsible and sustainable finance. Our staff engage wholeheartedly in the communities we serve — through work, volunteerism, and local initiatives — building meaningful relationships. These efforts reflect our long-term vision, ensuring that as the world changes, we grow together and create lasting impact.

Libro has always stood apart as a financial institution deeply rooted in its communities. Our members value this connection. Their loyalty, passion, and belief in our cooperative model help drive growth and deepen engagement — ensuring Libro remains a leading, values-driven financial institution. Through active dialogue, strategic planning, and responsible stewardship, we are strengthening the foundation that will support Libro's success for decades to come.



On behalf of the Board of Directors, I thank our members for your trust and participation. Your voice shapes our future, and together, we are building something truly powerful.

There's never been a better time to access the expert financial coaching Libro provides. By staying focused on financial well-being, we put people and communities first as we build our success together, guided by strong roots and inspired by bold horizons.

A handwritten signature in black ink, appearing to read 'G. Vanderwyst'.

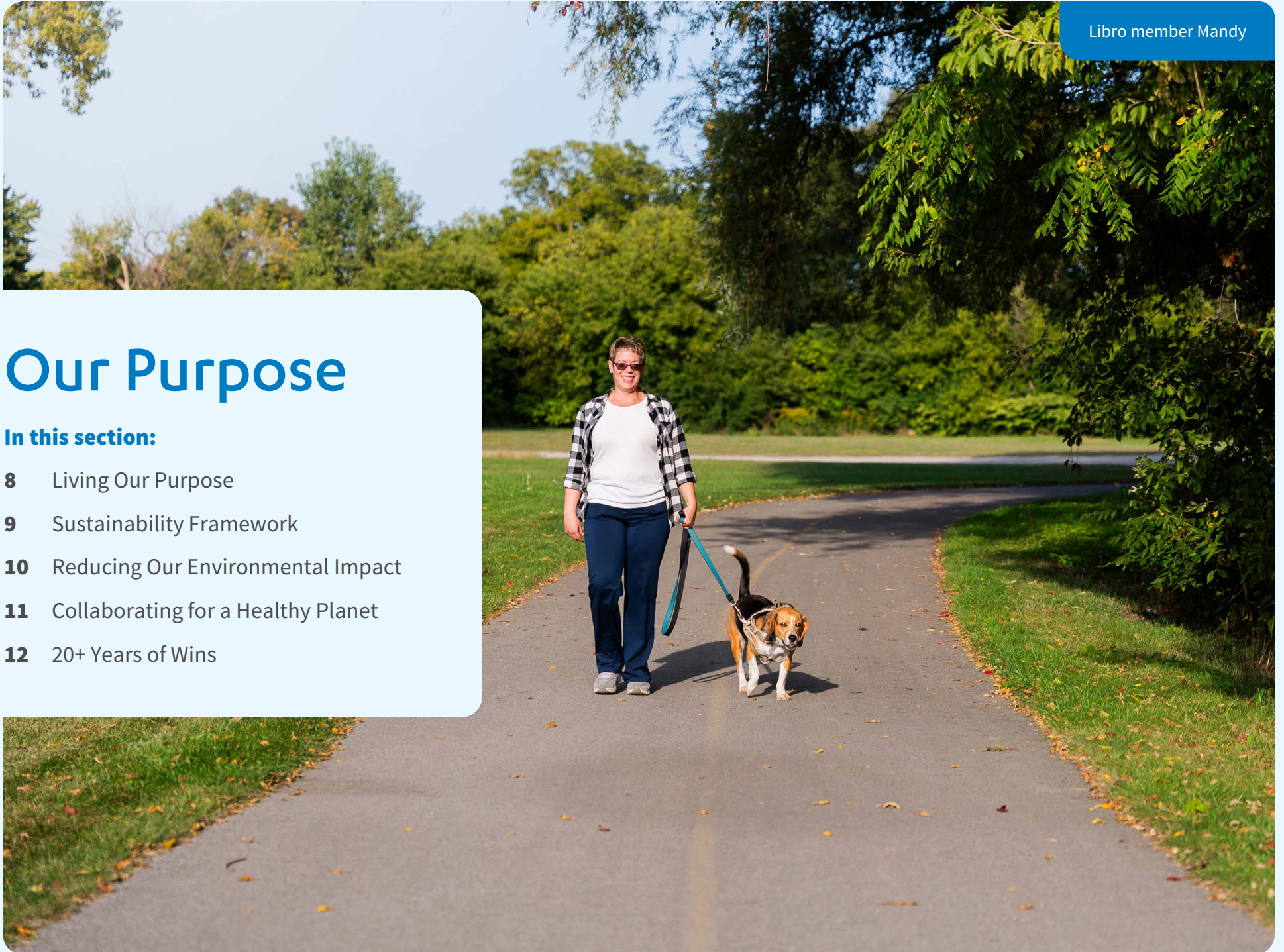
Garrett Vanderwyst

Chair, Board of Directors, Libro Credit Union

Our Purpose

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- 10** Reducing Our Environmental Impact
- 11** Collaborating for a Healthy Planet
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OUR PURPOSE

Libro strengthens financial well-being for a better tomorrow

We believe that financial well-being:

- Enables people to live their most fulfilled lives and empowers businesses.
- Leads to sustainable economic growth and contributes to the vitality of communities.
- Interconnects with a healthy planet.

And this is how, together, we shape a better tomorrow.



OUR PURPOSE

Living Our Purpose

Purpose in Action — Yesterday, Today, and Tomorrow

An organization's purpose is its DNA, why it was formed and why it exists today. Over 80 years ago, the legacy credit unions that make up Libro today were formed to solve practical financial well-being challenges for members and communities — access to credit, participation in the local economy through local financial services products, and the ability to engage in a cooperative banking structure where they were known and understood. Libro's Purpose, focused on strengthening financial well-being, continues that rich legacy today. The needs have changed, but there are still real financial well-being barriers and challenges to solve on behalf of our members, businesses, and communities.

Our Courage In Action strategy is bringing our Purpose to life every day as our teams interact with 120,000 members in communities across Ontario. We are focused on bringing a values-based cooperative banking approach to help our members manage their credit and save for life events, and on providing real solutions for business owners. Our financial results get re-invested back into supporting our communities, and fund intentional development of new strategic partnerships, platforms, products, and advice channels for tomorrow.

Canadian Purpose Economy Project and B Corp

We are strong supporters of the Canadian Purpose Economy Project and firmly believe business success extends beyond profit. Guided by our Purpose to strengthen financial well-being for a better tomorrow, we use our business as a force for good.

We have cultivated a brand that deeply resonates with members, our dedicated team of employees, and the communities we proudly serve.



Libro Coach Anmol

As a certified B Corp™, we're part of a global community of businesses committed to high standards of social and environmental impact. We're evaluated on how our operations and business model affect workers, communities, the environment, and customers, helping us stay accountable, measure our progress, and live our values every day.

In 2025, we achieved B Corp™ recertification, demonstrating our continued commitment to strong social and environmental performance. More than a milestone, recertification recognizes our purpose-driven impact and the value we create for members, employees, and communities, while supporting sustainable, long-term growth for Libro.

Sustainability Framework

In 2025, we developed a framework to articulate our Environmental, Social, and Governance (ESG) commitments and priorities. This framework is rooted in our Purpose and will help us integrate ESG considerations into future decision-making, as well as better measure and report on our sustainability performance.

The framework was informed by multiple inputs, including a materiality assessment conducted in 2023, with insights from both internal and external stakeholders, including our members.

With this foundation in place, we will continue to advance our sustainability strategy to create long-term value for our members, employees, and communities, while supporting sustainable growth for Libro.



E

Contribute to a healthy planet.

- Reduce our environmental impact and strengthen the culture of sustainability across Libro.
- Support our members in achieving their sustainability goals and finance solutions that enable the transition to a low-carbon economy.



S

Strengthen financial well-being for our members, employees and communities.

- Empower our members with trusted advice, products, and services that fit their needs — contributing to financial confidence, access, and inclusion.
- Champion employee well-being, fair treatment, and opportunities for all.
- Support local businesses and invest in initiatives that advance financial well-being within the community.



G

Earn and maintain the trust of our members.

- Act with integrity by upholding strong regulatory compliance, effective risk management, data privacy, and ethical business practices.
- Maintain high standards of Board leadership by fostering diversity, deepening governance expertise, and supporting ongoing ESG learning.

OUR PURPOSE

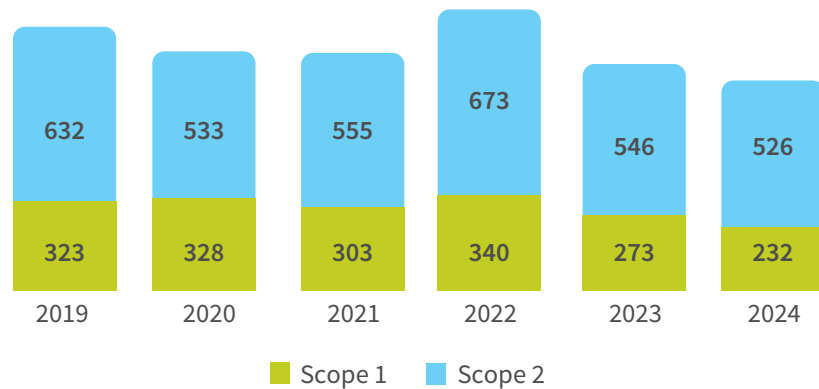
Reducing our Environmental Impact

Libro is committed to understanding and reducing our environmental impact, through our day-to-day operations and activities. Emissions from our operations are calculated in accordance with the Greenhouse Gas Protocol (“GHG Protocol”), which was created to provide a comprehensive, global standardized framework for measuring and managing emissions to enable greenhouse gas reductions.

In 2024, we set reduction targets for our facility and location-based emissions (Scope 1 and 2 emissions), reinforcing our dedication to responsible business practices. Our goal is to reduce these emissions by 45% by 2030 from our 2019 baseline. To date, we have achieved a reduction of 21%, demonstrating steady progress. We recognize that these reductions are an important part of our role in protecting the communities we serve and the environment in which we operate.

Absolute GHG Emissions from Libro Operations (Scope 1 and 2)

Based on 2024 year end.



Our approach prioritizes energy-efficient projects and employee education before considering carbon offsets. Thoughtful branch upgrades, such as the implementation of LED lighting and flexible work arrangements, have contributed to measurable reductions in emissions. Additionally, employee education has played a crucial role in fostering awareness and driving sustainable choices across our operations.

Scope 3 Emissions

Scope 3 emissions include indirect emissions such as employee commuting and financed emissions, which consist of those Greenhouse Gas Protocol (GHG) emissions that we can attribute to our lending activities.

Libro is a member of the Partnership for Carbon Accounting Financials (PCAF) and uses their standard as the basis for calculating financed emissions. We have measured our financed emissions for three out of the seven asset classes outlined in the Partnership for Carbon Accounting Financials (PCAF). The three asset classes of residential mortgages, business loans and commercial real estate represent the majority of our lending, with opportunity to expand into further asset classes as we continue to collect better data and mature in our climate journey.



21%
Reduced Emissions

OUR PURPOSE

Collaborating for a Healthy Planet

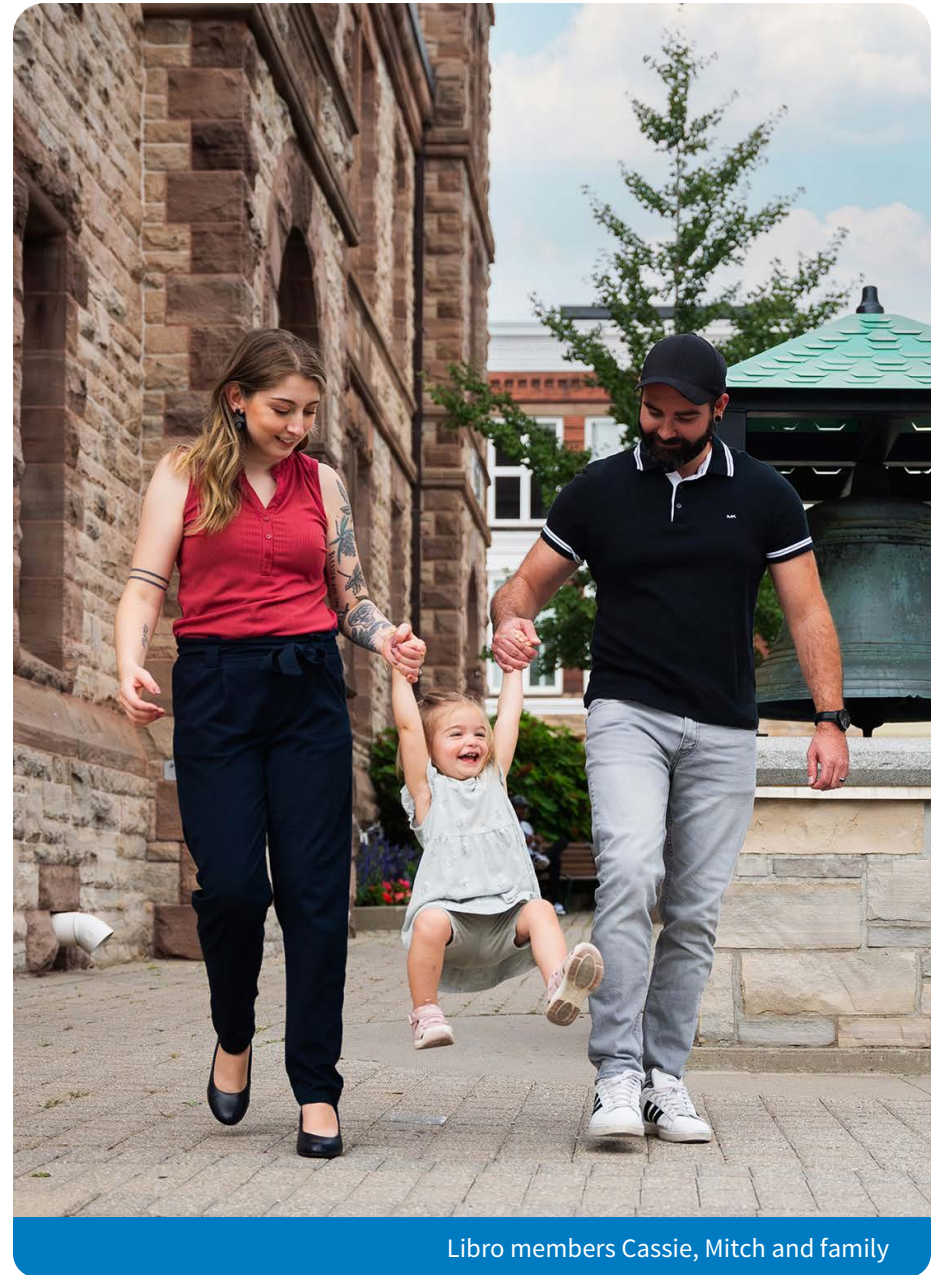
We believe that financial well-being is interconnected with a healthy planet. Strengthening financial well-being in our communities will include education and intentional collaboration.

In 2025, we continued our efforts and impact as we released a full learning module on climate change for all Libro staff. Through the Canadian Credit Union Association (CCUA), we shared this module to support other credit unions in Canada to build their own climate change e-learning, accelerating knowledge on how credit unions can partake in climate action.

We once again partnered with the Canada Climate Law Initiative (CCLI) to provide our Board of Directors with updated climate risk training, further enhancing their capacity to govern over this important topic.

We also participated in multiple Earth Day events across the regions we serve, engaging with communities, and reinforcing our commitment to environmental responsibility. Additionally, Libro staff participated in an Earth Day Challenge where they shared their personal reflections on sustainability and how they are contributing to a healthy planet.

In 2025, we contributed to the Ausable Bayfield Conservation Authority to support their youth climate and financial literacy action plan initiative. This initiative is focused on equipping students in elementary and secondary schools with both financial and environmental skills by integrating climate change mitigation strategies with financial planning and agricultural education. This type of initiative strongly aligns with Libro's purpose. Libro remains dedicated to empowering our members and communities with the knowledge and resources to embrace sustainability, ensuring a better future for all.



Libro members Cassie, Mitch and family

OUR PURPOSE

20+ Years of Wins

At Libro Credit Union, we're proud of the work we do, and so are others! Here's a small sampling of the many accolades we received in 2025.

Ipsos Financial Services Awards

In 2025, we celebrated 21 consecutive years of Canadian credit unions winning the Ipsos Financial Service Excellence award for Customer Service Excellence among all financial institutions. This remarkable achievement underscores our unwavering commitment to providing exceptional service to our members. The recognition from Ipsos is particularly meaningful as it is based on feedback from our members, reflecting their trust and satisfaction with the services we provide.

This year, Canada's credit unions were also honored in several other categories. These accolades highlight the diverse and high-quality services we offer, including:

- Branch Service Excellence
- Values My Business
- Online Banking Excellence
- ATM Banking Excellence
- Live Agent Telephone Banking

This recognition showcases the hard work and dedication of everyone involved in the credit union system and reflects our collective commitment to supporting members' financial well-being. We are incredibly proud of this legacy of excellence and remain dedicated to maintaining the high standards that have earned us this prestigious recognition year after year.

Awards in Communications

Libro was recognized by the International Association of Business Communicators (IABC) with two Awards of Excellence for recent communications in the categories of Change Communication and Internal Communication. Libro's Change Communication also received the Best of the Best award. These awards showcased strong professional standards and meaningful outcomes linked to business goals.

In addition, Libro won a national Silver Leaf Award. Canada's communication professionals set a high standard, and the Silver Leaf Award is a testament to Libro's exceptional talent and strategic vision. This recognition places Libro among the best in the industry when it comes to communications.



2025 Excellence in Governance Award

Libro was the proud winner of the Strategy & Risk Management Award by the Governance Professionals of Canada. This award acknowledged the important impact of the work involved in implementing the Governance model changes as well as our enterprise strategy of Courage in Action.

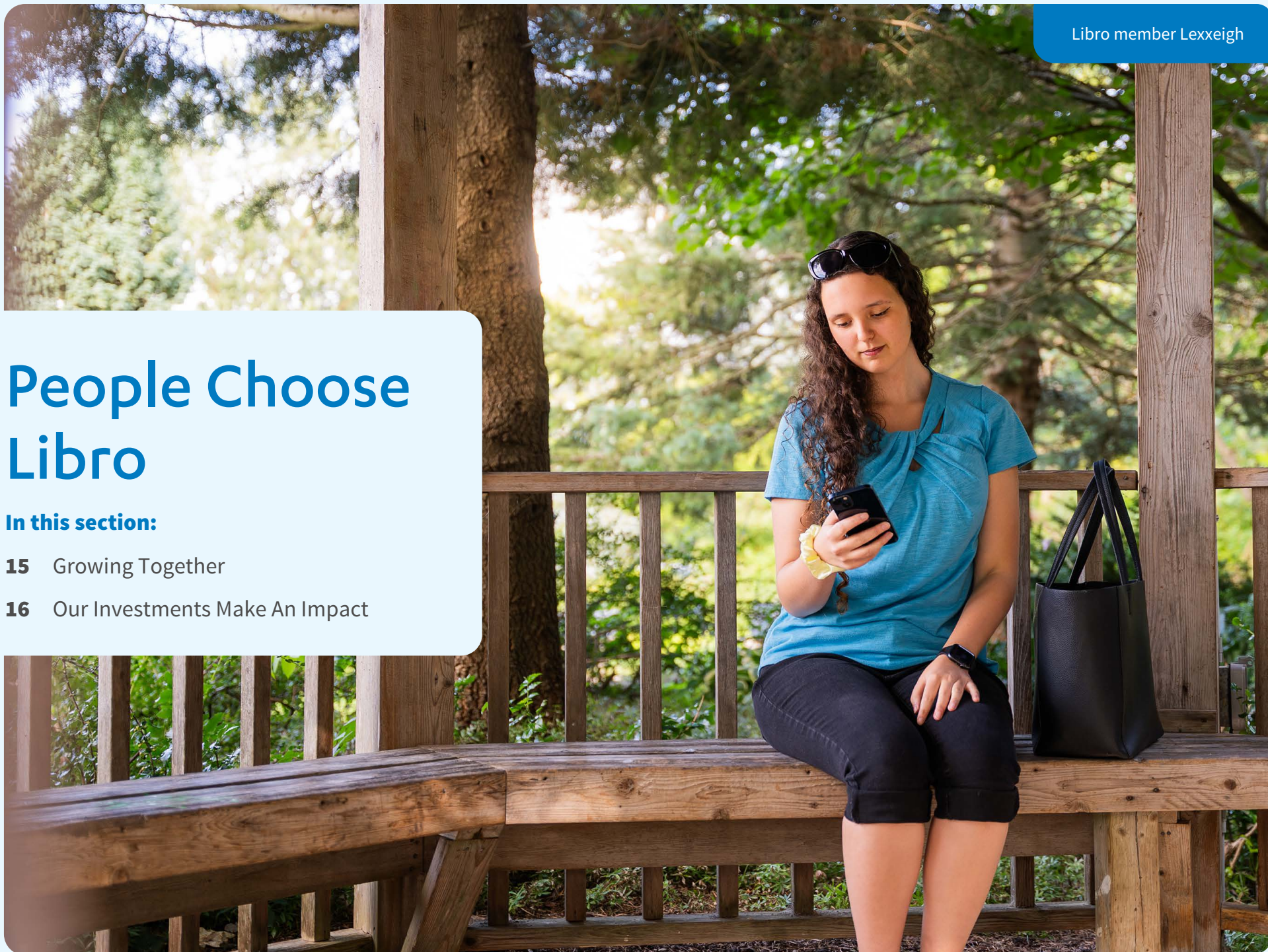
Excellence in Wealth and Protection Solutions

For six consecutive years, the Wealth Management team at Libro has received the Practice Standards Recognition Award through Aviso Wealth, which celebrates wealth teams across Canada who consistently champion excellence in wealth management. The multi-year award speaks to the commitment Libro Advisors have made to providing holistic financial planning expertise, supporting the financial well-being of our members.

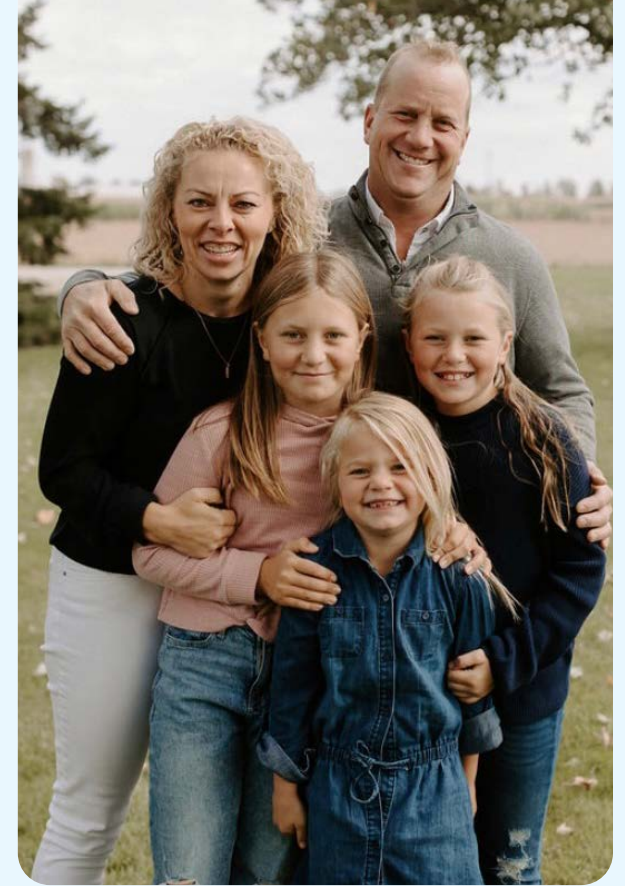
People Choose Libro

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Libro member Jeff, owner of Jeg's, and family



MEMBER HIGHLIGHT

Jeff's Everything Garage

What started as a hobby, fixing cars with his dad, grew into Jeff's Everything Garage (Jeg's), a thriving business in Watford, Ontario. For owner Jeff, it's more than a business — it's a way to support local community, sponsoring local sports teams, road races, providing food for local schools — something Jeff and his family care deeply about.

In addition to Jeg's and Watford Carquest Auto Parts, Jeff has a love of agriculture — something he also enjoys with his dad and family. This love led Jeff and his family back to the country where they bought a farm, supported by a loan from Libro.

Choosing Libro was a natural choice for Jeff. He's been a lifelong member with deep family roots going back to his grandfather, who served on the Board

during the credit union's early origins. Today, Jeff works closely with his Libro Coach, and appreciates that he can walk into his local Libro branch anytime, where they know him by name. For Jeff, Libro is a trusted partner, helping him confidently manage all of his financial needs.

Jeff's key to business success includes surrounding himself with a strong support system. Libro is proud to be part of the team supporting Jeg's, and the over 20,000 businesses who put their trust in Libro. As a credit union owned by the people we serve, we believe in strengthening communities by backing entrepreneurs who bring fresh ideas to life.

PEOPLE CHOOSE LIBRO

Growing Together

Every year, more individuals and businesses choose to bank with Libro, and in 2025, we proudly welcomed more than 7,700 new members. With every single member who joins us, we grow stronger, expanding our ability to create positive impact in our communities and work toward our Vision of thriving communities and a prosperous future for all.

We're especially excited to see more local business members and entrepreneurs banking with Libro. With more than 20,000 businesses and organizations now part of our credit union, we remain committed to supporting their growth, helping them build financial resilience, and creating opportunities for success.

To every Libro member: thank you. Your choice to bank with a purpose-driven financial institution makes a difference. And if you're looking for a financial partner that shares your values and invests in your community, we'd love to welcome you to Libro.



Libro member Phillip Hazzard, Hazzard Homes and Libro Coach Sarah



122,275
Total Members
December 31, 2025



7,775
New Members
in 2025



20,181
Businesses and other
organizations bank with Libro



4.4/5
Member
Satisfaction

Together, Our Investments Make an Impact

Investing responsibly, growing stronger

Libro was the first Canadian credit union to provide access to new mutual fund accounts exclusively through responsible investing options through Aviso Wealth — an achievement we're proud of. Since 2021, we've partnered with NEI Investments via Aviso Wealth to ensure members can grow their wealth while making a positive impact.

Over the past year, we've continued expanding responsible investing choices, and the response has been overwhelmingly positive. More members are choosing to invest in a way that aligns with their values, confident that they can achieve strong financial returns while supporting a better future.

When Libro members invest, their collective contributions — whether large or small — achieve far more than any individual effort could alone.

Today, more than 56% of Libro's mutual fund assets offered through Aviso Wealth are considered responsible investments by the Responsible Investment Association Canada.

Here are some examples of the impact we make, in partnership with members.

Environmental Leaders Fund

With a total portfolio of \$1.45 billion, this fund invests globally in companies developing innovative solutions to environmental challenges. Based on 2024 data, the positive impact of these investments include:

- Removing the equivalent of 58,000 cars from the road
- Providing, saving, or treating water consumption for 332,050 households
- Generating renewable energy equivalent to the electricity consumption of 2,900 households
- Recovering materials or treating waste equivalent to the consumption of 73,950 households

Note: These equivalencies are for illustrative purposes only. Comparisons have been standardized to the USA.

NEI Global Sustainable Balanced Fund — Fixed Income Sleeve

This fund is designed for investors focused on addressing housing challenges and supporting environmental and social goals. Examples of projects and technologies funded include:

- Residential solar installations
- Renewable energy generation and production
- Landfill gas capture and renewable biogas
- Affordable educational products
- Financing alternatives for graduate students

Together, we drive sustainable growth, create positive change for people and the planet, and help members achieve financial goals, all while pursuing competitive returns.

Mutual funds and other securities are offered through Aviso Wealth, a division of Aviso Financial Inc. Aviso Financial Inc. and Northwest & Ethical Investments L.P. are all wholly owned subsidiaries of Aviso Wealth Inc. NEI Investments is a registered trademark of Northwest & Ethical Investments L.P.

Libro Coach Prema and member Lisa, owner of Resolute Wellness

Supporting Each Other

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MEMBER HIGHLIGHT

Jenna and Adam

It's a family affair for Jenna and Adam — a relationship with Libro rooted over three decades. For both, the journey began at home. Jenna's mom worked at the credit union, making Libro the natural place for Jenna to open her first account. Adam's path was similar. Although he held an account elsewhere, it was his mom who suggested he visit Libro for his very first loan as a teenager. That loan, taken out to buy his car, became the beginning of a lifelong relationship.

Over the years, they've built both their personal and business banking relationship with Libro. What keeps them with Libro is not just family connections, it's the relationship itself. Jenna and Adam value that they can reach out to their Coach anytime to ask questions and seek their advice — something they feel is a real asset. From their first interaction, their Coach took the time to get to know them as people, understand their goals and truly

partner with them — supporting them, guiding them, and standing with them every step of the way.

“Coaching and collaborating with Jenna and Adam has truly been a pleasure and always feels meaningful and rewarding,” says Laura Fieder, Senior Relationship Manager and Coach at Libro. “They're both deeply rooted in community and consistently demonstrate similar values we share at Libro, particularly around supporting financial well-being.”

Today, it's a full circle moment. The family legacy continues through their children, who are already building their own relationships with Libro, carrying forward the same trust, connection, and shared values that began a generation before.

SUPPORTING EACH OTHER

Building Relationships

Every new member, every business that chooses Libro, strengthens our foundation as a financial institution, allowing us to create even greater impact together. Our ability to invest in communities, support local businesses, and champion financial well-being is made possible by the trust members place in us.

With more than 80 years of building strong relationships and a solid foundation, we continue to grow alongside the people and businesses we serve. Our success is rooted in partnership, and together, we're shaping a resilient, values-driven financial future.

In 2025, doing business with Libro continues to make us stronger as a financial institution, allowing us to achieve great things together. Our success is deeply rooted in the trust and loyalty of our members, which has been cultivated over more than 80 years. This trust forms the bedrock of Libro and the relationships we foster with those we support.



Libro member Kennedy

Libro Connect

Throughout 2025, our team at Libro Connect maintained an average call response time of 1 minute, 21 seconds. We're proud to say that at Libro, we pick up the phone!



1 minute 21 seconds

Average Call Response Time



103,393

Calls Handled

an increase of more than 8.5% over 2024



23,607

Incoming Electronic Messages Answered

At Libro, when you call us, you get through to a real human in the local area because we're a local business, too. Our dedicated Coaches at Libro Connect take pride in treating people like people. Despite a high volume of incoming calls and messages, Libro Connect keeps up an impressively low average response time, and they've been doing it for years.

SUPPORTING EACH OTHER

In-Person Connection

Libro is committed to maintaining vibrant and welcoming spaces that support members and communities. In 2025, we continued our investment in physical locations, completing significant renovations at Strathroy Branch and London North Branch. We also relocated ATMs in Clinton, Exeter and Kingsville.

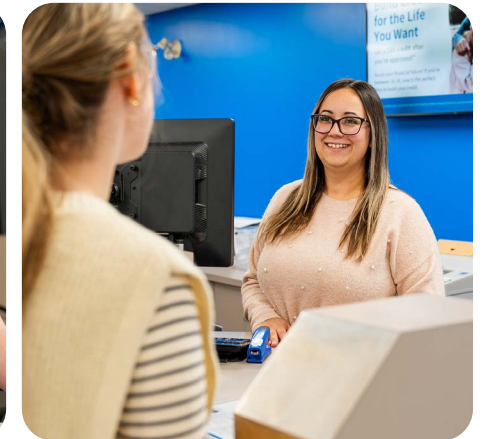
We know members want seamless and accessible digital services, and we all recognize the enduring value of in-person connections. Libro locations are evolving to meet the changing needs of members, reflecting how they interact with us today and how they will in the future.

Over the years, credit union branches have traditionally been seen as transaction hubs. However, with ongoing changes in members' needs, Libro is reimagining the role of our spaces. Our physical locations now focus on:

Welcoming New Members: Our branches serve as a first point of connection, where we can introduce new members to Libro's purpose-driven approach and discuss how we support financial well-being.

Providing In-Person Coaching: While digital tools offer convenience, many members prefer face-to-face discussions when making significant financial decisions, such as home purchases, investment planning, and business growth strategies. Libro coaches are more mobile than ever, but our branches remain an essential gathering place for these conversations.

Our ongoing renovation cycle ensures that all Libro locations meet the high standards expected by our members and communities. Each renovation is designed with the future in mind — incorporating flexibility, adaptability, and modern functionality — so that we can continue to evolve in step with the needs of those we serve.

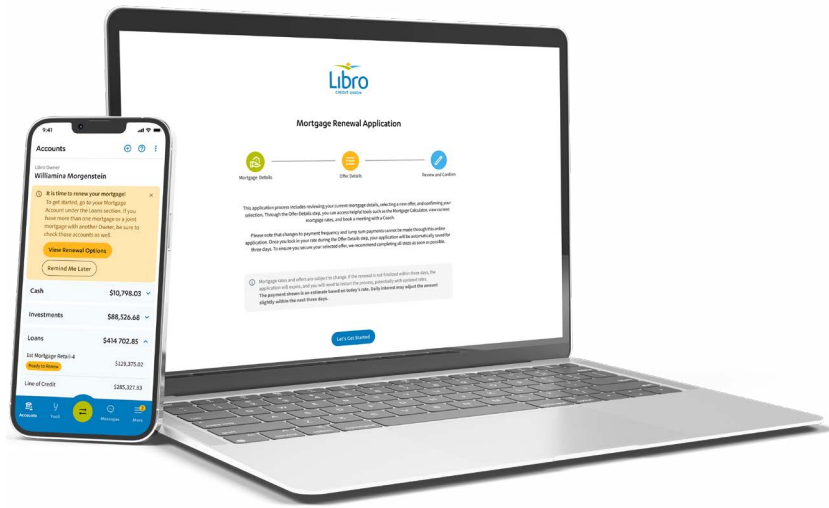


Future-Ready Digital Banking

We're dedicated to offering the seamless digital services Libro members expect and deserve. Throughout 2025, we've taken exciting steps forward, ensuring we — and you — are ready for the future. Together, we're growing financial well-being with innovative solutions and enhancements that make banking even better.

Online Mortgage Renewals

Launched in late 2025, qualified members can now renew their mortgage through their online or mobile banking — in just a few clicks. This newly designed feature gives members the ability to renew their mortgage quickly and conveniently, right at their fingertips, directly within Libro's redesigned Online Banking experience, launched in 2024.



Future Readiness

As we prepare for Consumer Driven Banking (often referred to as Open Banking), we've implemented new login technology for online banking built on modern OAuth standards. This new foundation strengthens security today and enables ongoing enhancements over time — such as new authentication options like passkeys, more modern multi-factor authentication, and improved self-serve account support, while setting us up to be ready for Consumer Driven Banking. This new login technology enabled Libro to implement and test our first Consumer Driven Banking-aligned use case: Interac® Verification Service.

Interac® Verification Service

Libro launched Interac® Verification Service (IVS), giving members a secure, digital-first way to verify their identity instantly when signing up for eligible services online. Using their trusted Libro online banking login, members can confirm their identity and, with explicit consent, securely share the required information without paperwork or in-person visits. This milestone marks a significant advancement in Libro's digital transformation journey and reinforces its role as a trusted, forward-looking financial partner for individuals and small businesses across southwestern Ontario.

Continuous Enhancements

At Libro, we continuously invest into our technology foundation and digital future. In 2025, we delivered numerous behind-the-scenes improvements and fixes across our digital channels to improve stability, strengthen member experience, and ensure we're ready for the future.

SUPPORTING EACH OTHER

Community Impact

We know that people talk about Libro and community impact in the same breath, and we're proud to channel investment into worthy causes year-round. At Libro, we believe that when our communities succeed, we all succeed.

Since 2015, Libro Credit Union has directed **over \$15 million** toward community impact through grants, partnerships, sponsorships, scholarships, and donations.

Here are some of the ways we made an impact as a purpose-driven financial institution with deep roots in its communities.

Community Grants & Impact Partnerships

Through our Annual Grants and Impact Partnerships Program, Libro supports organizations focused on strengthening the financial well-being of individuals and businesses while helping to build resilient, sustainable communities.

In 2025, we funded community organizations that support entrepreneurs in starting or growing their businesses, enable people to access meaningful work, and expand financial knowledge and skills.



43

Organizations Supported



\$830,774

Total Funding



Adventure4Change: Scaling Basadi Sewing, Annual Grant Recipient



Six Nations Polytechnic: Overcoming Barriers to Employment, Annual Grant Recipient



YQGgreen Expo, Sponsorship Recipient



Raam, London Student Award Recipient

Sponsorships

Libro sponsors organizations and initiatives that strengthen the vitality of our communities and foster meaningful connections with people and businesses throughout the region.



143

Organizations Supported



\$367,841

Total Funding

Student Awards

Libro's Student Awards Program supports youth financial well-being. Award recipients demonstrate a strong commitment to their local communities through volunteerism, while maintaining high academic performance. Each student receives a \$2,000 scholarship and a financial coaching session to help set them up for future success.



33 Youth

Received a Scholarship



\$66,000

Total Investment

In 2025, Libro's total community investment reached over \$1.2 million, supporting 180 organizations and 33 students — fostering vibrant, resilient, and sustainable communities through our grants, partnerships, sponsorships and scholarships.

PARTNERSHIP HIGHLIGHT

London Small Business Centre

Fostering growth and innovation in the food and beverage sector

Ontario's food and beverage manufacturing sector plays a vital role in our local and regional economy. Recognizing the importance of this sector, Libro partnered with the **London Small Business Centre** to support entrepreneurs through the **Foodpreneur Advantage program**, a regional collaboration of Small Business Enterprise Centres working together to strengthen Southwestern Ontario's agrifood ecosystem.

From 2021 to 2025, Libro contributed **\$160,000** to this program, supporting entrepreneurs starting or expanding food and beverage businesses gain access to practical training, mentoring, coaching, and tools designed to help them succeed. We are proud of the program's strong results and its continued impact on local businesses, job creation, and economic growth.

Impact since inception (April 2021 – March 2025):

- **258** food and beverage businesses launched or expanded
- **278** new jobs created
- **74** early growth businesses supported through an accelerator program to scale consumer packaged goods ventures
- **More than 1,500** people participated in training to help start and grow food related businesses

Building on this success, in 2025, Libro and the London Small Business Centre entered into a new partnership to continue supporting local entrepreneurs through the Go To Market Incubator Program, helping businesses bring products to market and scale sustainably.



Cedar Valley Selections, Foodpreneur Advantage program participant



Forest City Microgreens, Foodpreneur Advantage program participant

Investing in People

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INVESTING IN PEOPLE

Investment in Employees

At Libro, we continue to prioritize continuous learning as a cornerstone of personal and professional growth. In 2025, 780 staff actively participated in training and development initiatives, completing over 14,000 courses and dedicating nearly 15,000 paid hours to enhancing their skills and knowledge. On average, each team member engaged in more than 19 hours of training, with a training investment of \$1,060 per employee.

A key highlight in 2025 was the **development of six new Learning Academies**, designed to support and provide structured, role-specific development. These initiatives reflect our ongoing commitment to building a knowledgeable, skilled, and confident team — one that is fully equipped to serve members and strengthen the communities we support.

We Pay a Living Wage

Libro Credit Union is proud to be a certified Living Wage Employer and an active supporter of the Ontario Living Wage Network. We ensure that all our employees receive at least the living wage rate of \$24.60, as determined for the Grey Bruce Perth Huron Simcoe region. A living wage reflects the hourly amount a worker needs to cover basic expenses and participate fully in their community. We encourage other employers to join this movement, recognizing that fair compensation is essential for the well-being of individuals and communities.



794

Employees at Libro



35%

of staff have more than 10 years of service



70%

of Libro staff identify as women

Training by the Numbers



780 Staff

Participated in Training



14,072

Courses Completed



19 Hours

of training per staff member (on average)



14,998

Total paid training hours



\$827,026

Total amount invested in training

INVESTING IN PEOPLE

Strong Governance, Empowered Members

As a purpose-driven, member-owned cooperative, Libro values strong governance, transparency and accountability. In 2025, Libro was recognized for our strong governance by the Governance Professionals of Canada.

When you join Libro, you become a member, giving you a voice in how we do business and how we positively impact the communities where you live, work, and play.

Governance Model and Member Engagement

In April 2025, Libro transitioned to a direct member voting model, replacing the previous structure that relied on Owner Representatives and Regional Councils. This change enables members to participate directly in key governance decisions, strengthening transparency, accountability, and inclusiveness.

At the last Annual General Meeting, Owner Representatives voted in favour of the move to direct member voting, resulting in a super majority, reflecting strong support for a more direct and modern approach to cooperative governance.

Later in the year, thousands of members and shareholders participated in voting related to the amalgamation with Kawartha Credit Union. Results demonstrated broad confidence across Libro's membership and investor groups:

- Members: 90% in favour
- Profit Shareholders: 88.7% in favour
- Investment Shareholders: 96.3% in favour

To further strengthen engagement under the new governance model, Libro is launching Member Insight Groups focused on:

- Director recruitment and nomination
- Governance engagement
- Agri-business perspectives
- Member voice

These groups are designed to provide structured, diverse input into governance and strategic discussions, helping the Board and management remain closely connected to member needs and expectations.

Libro Board of Directors

The Libro Board of Directors helps guide the credit union as it continues to grow and change. The Board's role is to make sure decisions are made in the best interests of members, both today and in the future.

The Board sets direction for the organization and keeps watch over how Libro is performing, how risks are managed, and how rules and regulations are followed. Directors bring different skills and experience to support decisions related to finances, technology, people and culture, and how Libro supports its communities. They meet regularly, serve on committees, and work closely with management to stay informed and provide oversight.

The next elections for Board of Directors positions will be held in March 2027.

Board Retirements

In 2025, we recognized the dedicated service of Michael Campbell, Dan Gemus, and Ronda Stewart for their meaningful contribution to Libro. We thank each of them for their leadership, commitment, and service to the credit union and its members.



45%
Directors in 2025
who identify as women

2025 Board of Directors



Garrett Vanderwyst
Board Chair

First Elected: 2020



Ronda Stewart
Board Vice Chair

First Elected: 2022

Committee Service:

- People & Governance, Vice Chair
- Director Recruitment



Elizabeth Baldwin
Director

First Elected: 2024

Committee Service:

- Risk & Credit, Vice Chair
- Director Recruitment

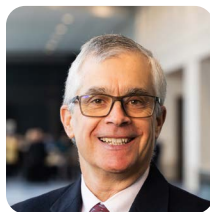


David Billson
Director

First Elected: 2024

Committee Service:

- People & Governance
- Director Recruitment, Chair



Jeff Brown
Director

First Elected: 2023

Committee Service:

- Audit & Finance
- Pension



Michael Campbell
Director

First Elected: 2025

Committee Service:

- People & Governance
- Risk & Credit



Jacquie Davison
Director

First Elected: 2014

Committee Service:

- Audit & Finance, Chair
- Pension, Vice-Chair



Alan DeVillaer
Director

First Elected: 2017

Committee Service:

- Risk & Credit, Chair



Dan Gemus
Director

First Elected: 2024

Committee Service:

- Audit & Finance
- Director Recruitment



Jacqueline Peterson
Director

First Elected: 2025

Committee Service:

- Audit & Finance, Chair
- Risk & Credit



Jodi Simpson
Director

First Elected: 2020

Committee Service:

- People & Governance, Chair
- Pension

Libro members Rick and Fran, owners of Caps Off Brewing Co.

Financial Highlights

In this section:

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- 31 Become a Libro Member Today
- 32 Management Discussion and Analysis





FINANCIAL HIGHLIGHTS

Driving our Strategy Forward

At Libro, 2025 marks a bold step forward as we embrace the opportunities made possible by our strategy. It was a strong financial year, with \$667 million of loan growth supported by over \$60 million of profit before taxes and profit sharing. With a clear focus on strengthening relationships, supporting local prosperity, and driving innovation, we are well-positioned to navigate the evolving economic landscape.

By deepening partnerships, enhancing our financial coaching, and staying true to our commitment to members, we continue to create long-term value. Our dedication to the communities we serve remains a cornerstone of our approach — ensuring financial well-being for all.

With our strong roots in place and our strategy guiding us, we look ahead with confidence, ready to transform challenges into opportunities and empower members to thrive. Refer to the Management Discussion and Analysis for a deeper look at Libro's financials.

\$6.8 Billion

Total Assets

\$8.7 Billion

Total Assets Under Management

\$60.1 Million

Net income before taxes
and profit sharing (a record year!)

\$10.9 Million

Class I Investment Shares Dividends

\$5.8 Million

Class P Profit Sharing and Dividends

68.7%

Efficiency Ratio

68 Basis Points

Return on Average Assets

13.9%

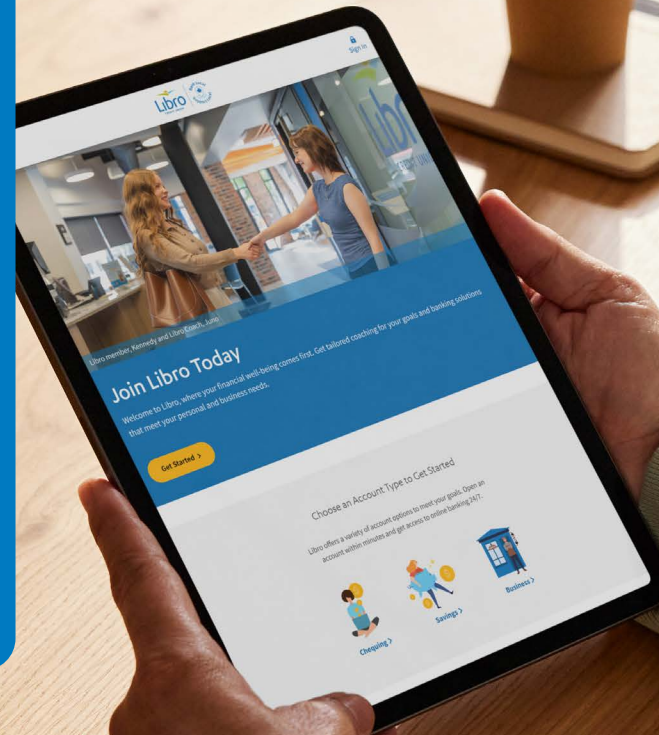
Capital Ratio

Become a Libro member today

At Libro Credit Union, we are passionate about making a difference. Our mission is to grow our credit union to enhance the financial well-being of individuals, communities, and businesses. We achieve this by building strong relationships with Libro members every year.

We invite you to join Libro. If you are already a member, thank you for your trust and support. Please help us spread the word about our work and recommend Libro to your friends and neighbours. If you are considering joining, we would love to chat with you. Find out what a values-based financial institution can do for you.

[Open Account >](#)



Management Discussion and Analysis

A Deeper Look at Libro

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- 33** Financial Performance Summary
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2025 Financial Overview

This financial overview is provided to support interpretation of Libro's financial results and should be read in conjunction with the 2025 audited financial statements. This overview may include forward looking statements, which inherently contain management assumptions, estimates, and forecasts.

\$6.8 Billion

Total Assets | Growth of 9%

\$8.7 Billion

Total Assets Under Management | Growth of 11%

\$60.1 Million

Operating Income | Increase of 111%

2025 was a strong financial year, marked by significant earnings growth, continued balance sheet expansion and a solid improvement in overall financial performance. Libro surpassed budgeted growth and income metrics, while maintaining strong capital and stable liquidity levels. Libro maintained strong margins despite continued competitive pressure and economic uncertainty. Libro ended the year with \$8.7 billion assets under management.

Reflecting on growth in 2025, Libro reached a total year-end portfolio of \$14.1 billion. Portfolio represents the total of all on-balance sheet loans and deposits as well as loans and funds under administration. In 2025, Libro experienced strong loan growth. On balance sheet loans grew 12.2%, an increase from the 4.5% growth we experienced in 2024. Deposits grew 6.3% in 2025 compared to 4.2% in 2024.

Libro ended the year with \$60.1 million operating income (net income before distributions and tax) compared to the prior year of \$28.6 million. This year Libro experienced a \$26.7 million increase in net interest margin. Non-interest income increased \$13.1 million over prior year because of a focused effort to diversify income, including through providing wealth and insurance services to our members. In addition, there was \$2.8 million of unrealized losses on the valuation of interest rate swaps compared to losses of \$7.5 million in the prior year. Increases in non-interest expenses were \$7.8 million and the provision for credit losses increased \$331 thousand over 2024.

The Financial Performance Summary provides more detailed analysis.

Financial Performance Summary

Net Interest Income

Net interest income is the largest component of revenue for Libro. It represents interest earned from members on loans and our investment portfolio, less interest paid to members on their deposits and investment shares, and interest paid on debt obligations, including securitization financing costs. Libro's average prime rate was 4.90% for the year compared to 6.75% in 2024. Net Interest income continues to be strong given the current economic environment. In 2025, interest rates declined earlier than anticipated though expectations for future reductions diminished as the year progressed. Combined with strong loan growth these conditions supported a stronger margin.

Interest income increased \$3.1 million, or 1% to \$312 million primarily driven by strong loan growth. Interest expenses decreased by \$23.6 million, or 14%, reflecting slower deposit growth and therefore reduced interest paid on member deposits driving the need to supplement with alternative funding sources.

Non-Interest Income

Non interest income is generated from a diversified set of sources, including service fees, wealth and insurance commissions, credit card and foreign exchange activity, income from property, and fair value adjustments on interest rate swap agreements. Total non interest income increased by \$13.1 million, or 61%, to \$34.6 million in 2025, reflecting strong growth in Aviso Wealth and insurance commissions and loan application fee revenue. The year also included a \$2.8 million unrealized loss on the valuation of interest rate swaps, an improvement from the \$7.5 million loss recorded in 2024. The accounting treatment for interest rate swaps contributes to some volatility in earnings each year with the mismatch in timing of the valuation gains/losses and the receipt of the cash flows.

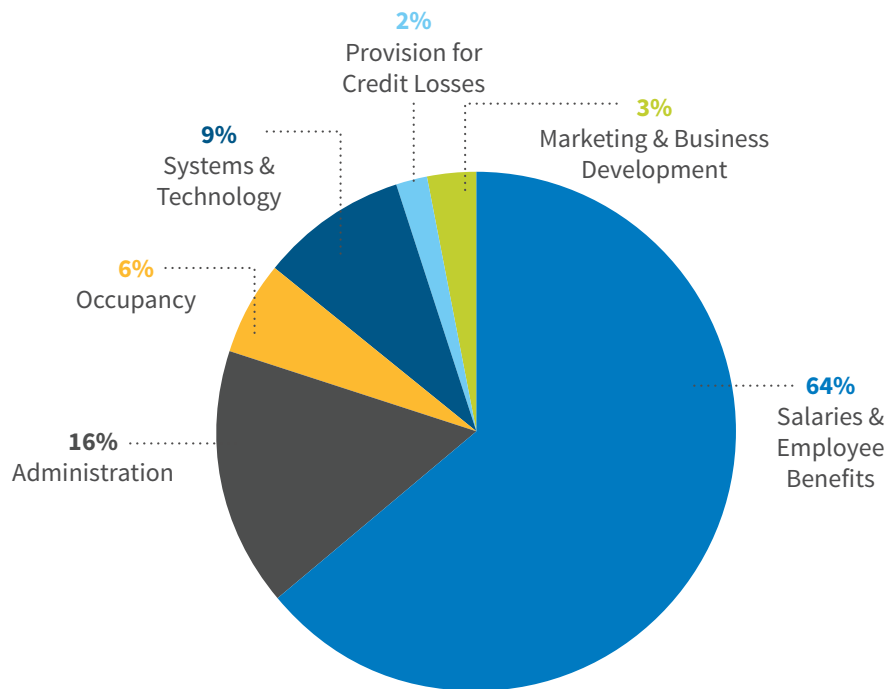
Credit Loss Provision

The provision for credit losses represents management's best estimate of potential loss during the year. In accordance with IFRS 9 Financial Instruments, Libro uses a data model with various inputs including historical loan data, industry data, and forward-looking macro-economic assumptions to calculate the allowance for impaired loans. Libro also considers management's assessment of watch list accounts, delinquencies, and relevant market information in the assessment of expected credit losses.

The provision for credit losses expense in 2025 was \$2.7 million. The provision is affected by changes in our expected credit loss balance at year-end and net losses experienced in the year. The expense in 2025 increased \$331 thousand from 2024 as a result of an overall increase in the expected credit loss balance and relatively low write-offs.

Operating Expenses

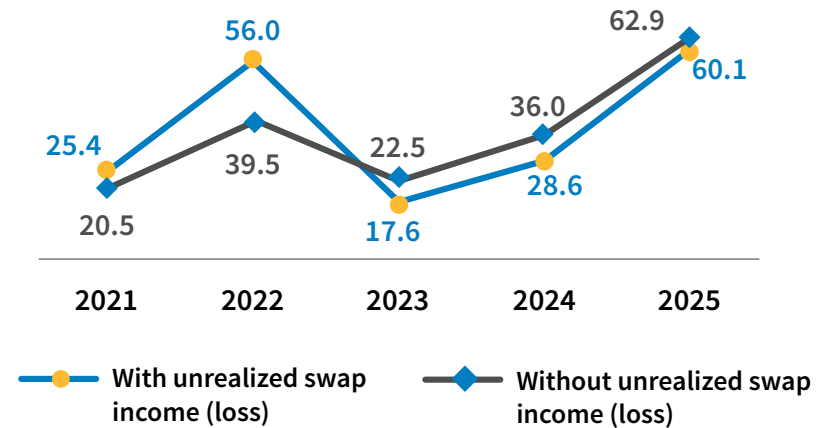
Operating expenses in 2025 were \$138.1 million, an increase of 6% over 2024. Throughout the year, we continued our commitment to investing in strategic initiatives that position Libro for future growth and success. Libro's largest operating expense continues to be the ongoing investments in our employees of \$90.1 million, including competitive salaries and commitment to paying a Living Wage, providing comprehensive benefits and pension, and training programs dedicated to helping staff deliver the best service for members. Excluding payroll-related costs, general and administrative expenses, systems and technology, and occupancy costs remained relatively stable on a year-over-year basis, increasing by \$1.3 million.



Net Income

Net income (before profit sharing and taxes) was \$60.1 million, more than double the income in 2024. Internally, Libro reviews this figure net of unrealized gains and losses on interest rate swaps due to its volatility. A second line on the graph below shows income before profit sharing and tax without the unrealized gains and losses on interest rate swaps.

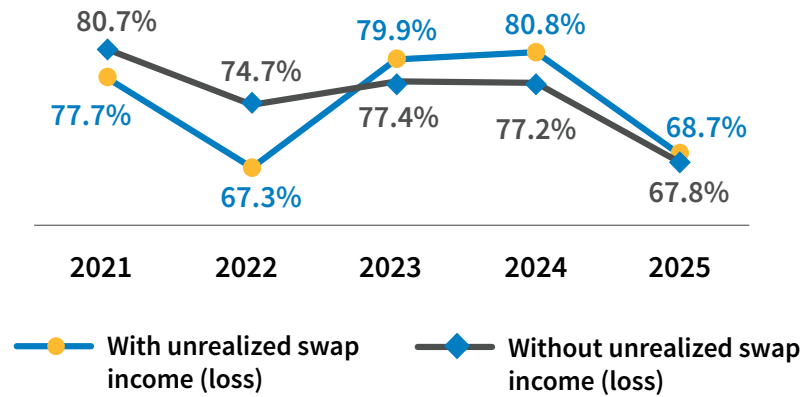
NET INCOME (before profit sharing and tax)
In Millions



Efficiency

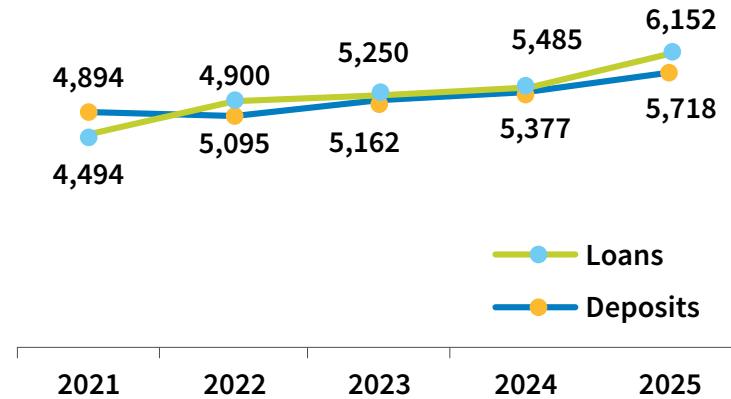
The efficiency ratio is calculated by dividing operating expenses by revenue and represents how many cents it costs to earn one dollar of revenue. A lower ratio indicates a more efficient business operation. In 2025, efficiency was 68.7% compared to 80.8% in 2024. This ratio is inclusive of the non-operating losses on interest rate swaps mentioned above. A second line on the graph (see next page) shows this ratio excluding the unrealized gains and losses each year. Libro continues to focus on improving efficiency of core operations by growing organically and gaining the benefits of our scale.

EFFICIENCY



Deposits grew \$341 million, or 6% in 2025, an increase from the \$214 million of growth in deposits in 2024.

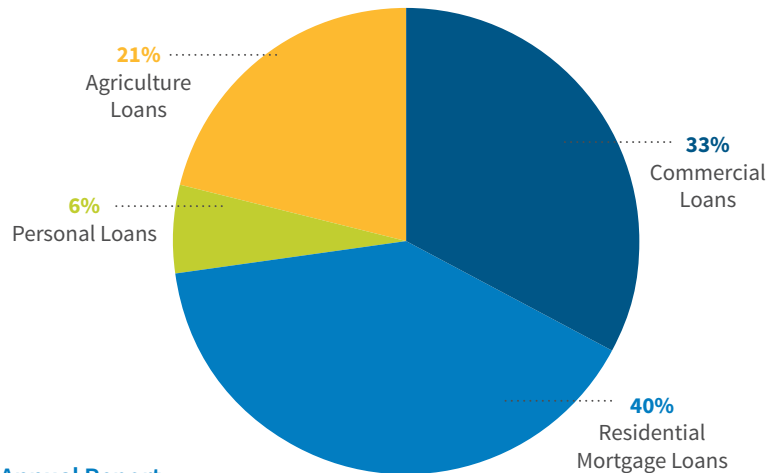
DEPOSITS & LOANS In Millions



Financial Position Summary

In 2025, Libro had unbalanced growth with loan growth outpacing deposit growth. On-balance sheet assets grew to \$6.81 billion from \$6.23 billion in the prior year. This was driven by increased loans to members, which grew by \$667 million, a 12% growth rate and deposit growth was \$340.8 million or 6%. To support the loan growth, alternate funding sources such as borrowings, securitization, and broker deposits were used to manage liquidity. Loan growth was driven by commercial and retail loans, with commercial loans growing 18%, retail mortgages growing 11%, personal loans growing 10%, and agriculture loans growing 6%.

LOANS TO OWNERS BY CLASS % of total loans



Securitization

Libro securitizes a portion of its loan volumes through Canada Mortgage and Housing Corporation sponsored programs. This is used by Libro to access cost-effective funding to supplement growth and manage liquidity. At the end of 2025, Libro had liabilities associated with securitized consumer mortgage loans of \$288 million, an increase from 2024 balance of \$196 million.

Assets Under Management

Libro's off-balance sheet assets include the wealth portfolio, which is comprised largely of mutual fund assets held by members. Member balances at December 31, 2025, were \$1.8 billion up from \$1.5 billion in 2024. Mutual funds are impacted by market volatility.

Total assets under administration were \$8.7 billion at December 31, 2025, up 11% over the previous year.

Capital and Liquidity Management

Capital Management

Libro's capital management objectives are twofold: maintain appropriate capital levels to ensure compliance with regulatory requirements under current and projected economic conditions and provide an appropriate cushion to ensure its ongoing stability. The principles and key elements of Libro's capital management framework are outlined in the Board Capital Management Policy.

Capital Management

Libro is required to comply with the capital requirements outlined in Credit Unions and Caisses Populaires Act and Ontario Regulation 105/22 (together the "Act"). The Act sets minimum capital requirements for credit unions in Ontario. Libro also must comply with the Capital Adequacy Rule ("Capital Rule") issued by the Financial Services Regulator Authority of Ontario ("FSRA"). This Rule provides detailed guidance on the calculation of each capital metric, sets regulatory minimums for each metric, and establishes capital management requirements. A summary of these ratios and minimums is included in Note 12[a] of Libro's audited financial statements.

Libro's Capital Position

Libro's regulatory capital ratios remain strong and above the requirements of the Act. At December 31, 2025, Libro's capital leverage ratio remained at 8.92%, consistent with 2024, and in excess of the 3.00% required in the Act. Libro's risk weighted capital adequacy ratio was 13.90%, compared to 14.28% at the end of 2024, and in excess of the 8.0% required in the Act. In addition, Libro's complied with all other ratios required in the Capital Rule Total regulatory capital at the end of 2025 was \$641 million compared to \$588 million at the end of 2024. The increased capital is a result of earnings in the year, while other capital components remained relatively consistent with the prior year.

CAPITAL (\$000)	2025	2024	2023
Retained Earnings Ratio	6.25%	5.92%	5.71%
Leverage Ratio	8.92%	8.92%	8.79%
Total Capital Ratio	13.90%	14.28%	14.17%
Total Tier 1 Capital	607,770	555,835	526,188
Total Tier 2 Capital	33,020	32,333	30,460
Total Regulatory Capital	640,790	588,168	556,648

Internal Capital Adequacy Assessment Process

Libro annually performs an Internal Capital Adequacy Assessment Process (ICAAP), in line with Financial Services Regulatory Authority (FSRA) requirements. The ICAAP ensures Libro has adequate capital in relation to its risk profile, has a strategy for maintaining its capital levels, and develops and employs appropriate risk management techniques. Libro's ICAAP naturally aligns with the strategic planning process and the Enterprise Risk Management (ERM) program to ensure that enough capital is set aside for ongoing operations, future development, and any key risks that may materialize. Libro's growth projections, current asset-liability management risk measurement techniques, and the capital impact from various stress testing scenarios have been utilized to determine capital requirements.

Liquidity Management

Libro carefully manages its liquidity to ensure members' requirements are always met. By ensuring that sufficient, readily accessible or liquid assets are available, Libro can meet member demand for withdrawals and deposit redemptions, fund loans and sustain business operations. Libro must meet the liquidity requirements outlined in the Act and the related liquidity requirement regulations, including FSRA's Liquidity Adequacy Rule ("Liquidity Rule"), which provides calculation details of liquidity ratios, minimum requirements for each ratio, and establishes standards for liquidity management for Ontario credit unions. The Liquidity Rule outlines 3 key ratios for monitoring liquidity:

- Liquidity coverage ratio ("LCR") calculated as high-quality liquid assets as a percentage of net cash outflows
- Net stable funding ratio ("NSFR") calculated as available stable funding as a percentage of total required stable funding
- Net cumulative cash flow ("NCCF") calculated as total cash inflows less total cash outflows

In addition to the measurements outlined above, Libro monitors daily liquidity using a simple liquidity ratio. Liquidity remained stable and compliant with regulatory requirements but fell below the internal target range as loan growth significantly outpaced deposit growth. Liquidity was effectively managed through alternate funding sources such as borrowings, securitization, and broker deposits.

LIQUIDITY	2025	2024	2023
Liquidity Coverage Ratio	175%	576%	618%
Net Stable Funding Ratio	143%	135%	132%
Net Cumulative Cash Flow	5 months	11 months	12 months

Libro continues to participate in securitization programs issuing mortgage-backed securities and participating in the Canada Mortgage Bond program. This is used by the credit union to access cost-effective funding and to manage liquidity risk, credit risk and interest rate risk.

Libro maintains a borrowing facility with Central 1 Credit Union. Libro can draw on these facilities as required to finance operations. Our core facilities provide borrowing capacity of \$155 million CAD and \$3 million USD. As at year-end, balances used were \$90 million.

Enterprise Risk Management

Overview

Libro recognizes that managing risk, not avoiding risk, is required to operate a successful financial institution. We consider risks from the perspective of living our values and fulfilling business objectives as expressed through the strategic business plan. Libro’s Board of Directors and all employees are responsible for ensuring the risks to which we are exposed are aligned to the Board-approved risk appetite. A clear risk appetite enables Libro to make better strategic and tactical decisions on a risk-reward basis with consideration for its capacity to manage associated risks. Libro uses its Enterprise Risk Management (ERM) and Risk Appetite Framework to consider risk in decision-making and ensure the risk exposures for Libro are mitigated effectively.

Risk Principles & Culture

Libro’s risk-management culture is embedded throughout the organization with all employees accountable for making decisions in the best interest of Libro members as a whole. Business decisions are made at all levels of the organization, and every team member has a role in managing risk within Libro’s risk appetite, including identification, communication, and escalation of risk concerns.

Risk Governance Model

Libro operates within a Three Lines of Defence model to help provide a consistent, transparent, and clearly documented allocation of accountabilities and segregation of functional responsibilities. This segregation of responsibility helps to establish a robust control framework and encourages the continuous improvement of risk management at Libro.

1. Libro’s business units form the First Line of Defence, performing daily risk management activities.
2. Risk and compliance functions form the Second Line of Defence, providing oversight and offering independent, effective challenge to first line risk management actions.
3. Internal Audit forms the Third Line of Defence, providing independent, objective assurance to the Board of Directors.

Risk governance also includes determining an appropriate organizational structure and clearly defining authority and responsibility for risk decisions.

Risk Appetite Framework

Libro’s Risk Appetite Framework consists of the Risk Appetite Statement, key risk metrics and corporate policies and guidelines, including the related limits, concentration levels and controls defined therein. Libro’s risk appetite defines the amount of risk that Libro is willing to assume given our guiding principles and capital capacity, and thus supports sound business initiatives, appropriate returns and targeted growth. This safeguards that risks incurred in pursuit of Libro’s strategic objectives are understood and actively managed on an ongoing basis to remain within our risk appetite.

Credit Risk

Credit risk is defined as the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with contractual terms and arises from the credit union's direct lending, trading, investment and hedging activities. Granting loans to members is one of the credit union's primary sources of income and Libro grants credit through consideration of a member's credit history, character, collateral, and capacity for debt. Members' financial situations are monitored through the life of the loan and all current receivables are expected to be collected. Debt that appears to be in arrears is impaired to the extent that a loss is expected.

Libro uses internal risk scoring measures to assess the credit quality of commercial and agricultural borrowers. These measures are derived from the underlying credit experience, collateral, management expertise, and other objective financial measures. Credit quality of retail borrowers is measured in part by a standardized credit rating system, which considers payment history, current debt, age of accounts, type of credit and credit enquiries.

To manage credit risk, Libro secures collateral against all types of loans. In the event a member is unwilling or unable to meet their obligations as a borrower, security is liquidated to repay the obligation to Libro. Collateral is taken on each loan funded with regard to the members' overall credit worthiness including credit history, character, capacity for debt, and type of loan granted.

Operational Risk

Operational risk is inherent in all business activities. Although operational risk can never be eliminated, member value can be preserved and enhanced by managing, mitigating and, in some cases, insuring against operational risk. We purchase insurance in such amounts and in such areas as to provide protection against unexpected material loss and where insurance is required by regulatory requirement, or contractual agreement.

Libro has an operational risk framework, which includes identification, measurement, monitoring, and risk control/mitigation elements. A variety of underlying processes and controls have been developed as part of this framework. These include risk and control self-assessments, business contingency plans, event and fraud management, vendor management, outsourcing, and third-party risk management. The various processes included in the operational risk framework are at different stages of development. Our approach is to continuously improve each in a way that supports business activities while also meeting external requirements. Regular reporting of relevant operational risk events and management activities and

processes is channeled via the Enterprise Risk Management Committee to the Risk and Credit Committee of the Board.

Liquidity Risk

Liquidity risk is defined as the risk that the credit union will be unable to pay obligations when they fall due or become unable to repay depositors when funds are withdrawn or become unable to meet commitments to lend money. Libro manages liquidity risk within Board Policy limits to ensure the credit union has sufficient liquidity to meet its obligations. This is managed by monitoring cash flows and cash forecasts, maintaining a portfolio of high-quality liquid financial assets, monitoring and managing the remaining contractual term to maturity of its loan and deposit portfolios, and maintaining access to credit facilities. Libro achieves this through a combination of active management of organic balance sheet growth, borrowing, whole loan sales, syndications loan securitization and broker deposits.

Market Risk

Market risk is defined as the risk that the credit union's ability to meet business objectives will be adversely affected by volatility in market rates. Libro manages market risk using earnings at risk approach. The primary objective of this approach is to maximize earnings on a consistent basis while minimizing reductions to net income resulting from changes in future interest rates.

Libro uses income simulation modeling to measure exposure to changes in interest rates over short-term periods. Earnings at risk is calculated by forecasting the net interest margin for the next 12-month period using most likely assumptions. Most likely assumptions include management's best estimates for planned growth rates and the use of future interest rates. Planned growth rates are recorded at the start of the fiscal period as initially set out in the budget and modified to actual experience through the fiscal period. Future interest rates on new business and product renewals are determined using the future interest rates derived mathematically based on the term structure of interest rates. The impacts of rate shock scenarios are measured against the most likely forecast ("MLF") as defined above. The resulting change in the forecast because of interest rate shocks is then compared to the MLF to determine the earnings at risk amount. Maximum change limits under these interest rate scenarios have been set out by the Board of Directors. These scenarios are based on hypothetical simulations assuming the markets are shocked with 100 or 200 basis point volatility. At the current time, Libro complies with all limits set by the Board Policy.

2026 Economic Outlook and Looking Ahead

The Bank of Canada regularly publishes its economic projections, providing insights into the anticipated economic landscape. These projections are essential for understanding the potential impacts of the changing economic conditions on various sectors, including the banking sector, business members, and individual consumers. In 2026, key sources of uncertainty remain the upcoming review of the Canada-U.S.-Mexico Agreement (CUSMA), ongoing geopolitical tension, low population growth, and adoption of artificial intelligence, which could materially affect the economic outlook, Canadian monetary policy, the Canadian dollar, and other drivers of the economic projections.

The Canadian economy is adjusting to U.S. tariffs on several industries that have led to a fall in demand for Canadian goods and a decline in business investment, with the biggest drop in spending in industrial machinery and equipment. The labour market continues to be weak due to slowing demand and low population growth, especially in those industries impacted by tariffs. The reconfiguration of global trade and domestic production is also leading to higher costs and continues to put some upward pressure on inflation.

Based on the Monetary Policy Report released in January 2026, the Bank of Canada is projecting economic growth to rise 1.1% in 2026. Inflation is projected to remain close to the 2% target throughout 2026. The structural adjustment and the weakness in demand are expected to lead to a period of slow growth in household incomes, which are expected to weigh on household spending in 2026.

Libro's results and operations have been and will continue to be impacted by the uncertain macroeconomic environment. For the banking sector, moderate economic growth and stable inflation are favourable conditions. It is anticipated in 2026 that we will continue to experience elevated competition in the financial services sector for retail banking products including mortgages and deposits, continuing to put pressure on rates, retention, and growth.

Libro may experience moderate growth, strong margin driven by loan repricing, a highly competitive environment, elevated operating expenses and higher provision for credit losses given increased challenges for members to pay loans.