2025 ANNUAL REPORT

Pathwise
Credit Union

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Pathwise
Credit Union

OUR STORY

HELPING MEMBERS ACHIEVE FINANCIAL SUCCESS

Formerly Auto Workers Community Credit Union (AWCCU), Pathwise first opened its doors on April 2, 1938, offering savings and loan services to 29 members. As Oshawa has grown, we've expanded to help strengthen the community. In 2020 Auto Workers unveiled its new name and branding as Pathwise Credit Union!

For 87 years, our credit union has proudly supported the financial needs of our members, and community of Durham Region. We continue with our mission to help our members on their path to financial success.

LEARN MORE AT PATHWISE.CA

VISION

Empower our members to achieve their financial goals, provide excellent service, and support the community through sustainable financial solutions.

MISSION

People helping people find their path to financial success.

VALUES

- Recognize and meet people where they are.
- Encourage open and transparent conversations.
- Act with integrity.
- Commit to community-based decisions.
- Humanize banking.

BOARD CHAIR'S MESSAGE

Greetings fellow Pathwise Members -

It is my privilege to provide this annual update as Board Chair on behalf of your Board of Directors.

Our year in 2025 included change and faster-than-expected growth for Pathwise Credit Union, as reflected in the financial summary later in this report. Growth can be beneficial - it must also be managed responsibly and sustainably. In 2025, your Board of Directors stepped in and acted decisively to address the issues that emerged from this rapid growth. In the spirit and duty of transparency, this growth placed pressure on margins, resulting in a modest year-end loss.

Due to many years of sound oversight and healthy retained earnings, the effect of this is primarily limited to a slight reduction to our capital level: an impact of less than 1.5%.

Our priority continues to be protecting the long-term interests of Members and the strength and stability of our credit union, and despite the dynamic operating environment, Pathwise remains financially strong, well-capitalized, and in a solid position.

We are also grateful to our Interim CEO Ian Thomas, who has been providing stability and continuity while a rigorous CEO recruitment process takes place. Ian comes to us through a unique and values-aligned arrangement: he is seconded to Pathwise from Beem Credit Union in British Columbia, and this has been a fine cross-nation example of the co-operative principle of "Co-operation among Co-operatives" in action!

To our employees, thank you. Your dedication and service-minded work, week in and week out, are at the

heart of why Pathwise Credit Union exists - for the financial health of our Members. You all make it happen!

As I have been in the Board Chair position since 2022 and our by-laws require a "passing of the torch" after a defined term, I'd like to make a final note that it has been a pleasure and honour to serve in this responsibility and I extend my thanks to my fellow Directors for their support and commitment over these years.

I look forward to stepping back into a Director role and continuing the work of advancing our credit union with my Board colleagues, our employees, and you, our Members!

In the spirit of co-operation,

Derek Giberson
Board Chair

CEO'S MESSAGE

Dear Members,

It is a privilege to serve Pathwise Credit Union at this important moment in our journey. For more than 87 years, we've leaned into our values of cooperation, integrity, and community-based decision-making to serve our members, working families and the Oshawa community. These values run deep, and they continue to ground us as we move through a period of transition and look toward the future with renewed focus.

Navigating Change Together

2025 was a year of change, bringing challenges as well as new opportunities. Like many households and businesses across Ontario, our credit union has been navigating a fast-changing environment, along with an internal transition of our own. These shifts have brought both change and challenge, but they have also clarified what matters most: steady stewardship, clear priorities, and an unwavering commitment to our members. While the challenges are real, so is our resolve.

Throughout these challenges, we've kept our focus on the experiences that matter most to you - the everyday moments when you ask questions, seek advice, or look to us to help plan for what comes next. We know you expect convenience, value, trusted guidance, and genuine care. Whether you are using our mobile platform, visiting the branch, or connecting with our Member Contact Centre, we are working to better meet your evolving needs. Your feedback continues to shape our decisions, and your voice plays a significant role in how we set our priorities.

These everyday interactions - the conversations, the questions, the solutions we work through together - are what it means to humanize banking. They remind us why our work matters and why staying connected to member needs will always be at the heart of everything we do.

A Strong Foundation for Tomorrow

I am pleased to share that despite the uncertainties of this past year, Pathwise remains well positioned for the future. Our focus is on strengthening financial performance, improving efficiency, and delivering products and services that support members today and tomorrow. We are making targeted investments in technology, in our people, and in our community to ensure we continue our long tradition of excellent service, sound financial advice, and the ability to serve members when and where they choose.

As we look ahead, our priorities are clear:

- Continue strategic investments in technology that drive innovation, build capacity and deliver convenience and excellence for our members
- Invest in our people to ensure we have the skills and capabilities required to deliver on our strategy
- Deepen our commitment to community and cooperative values

Transitions often mark the beginning of renewal. And while this past year brought change, it also brought clarity. With the dedication of our employees, the guidance of our Board, and the trust you place in us, we are building a stronger, more resilient Pathwise Credit Union - one that will continue to support you with confidence, clarity, and care. Thank you for your continued confidence, your trust, and your membership in Pathwise Credit Union.

Warm regards,

Ian Thomas
Chief Executive Officer (interim)
Pathwise Credit Union

BOARD OF DIRECTORS 2025-2026

DEREK GIBERSON
Board Chair

RON BEACOCK
Vice Chair
Governance Chair
Audit Committee
Nomination Committee

ELISABETE FERREIRA
Corporate Secretary
Governance Committee
Nomination Committee
Risk Committee

SHAYN BALLAGH
Audit Chair
Risk Committee

TED PAULSEN
Risk Chair
Governance Committee

BRADLEY PHILLIPS
Nomination Chair
Audit Committee
Governance Committee

Michael Melnichuk
Audit Committee
Risk Committee

Chris Lazure
Governance Committee
Nomination Committee
Risk Committee

Rajeeve Perera
Audit Committee
Risk Committee

Tanya Laschuk
Governance Committee
Risk Committee

SENIOR LEADERSHIP TEAM

IAN THOMAS
Interim Chief Executive Officer

AMANDA CARTMILL
Director of Operations

DAVID VINK
Director of Commercial Services

HIRA KHAN
Regional Branch Manager

JORDAN SAUNDERS
Regional Sales Manager

LORNE BISSOON
Human Resources Manager

LUCIA TAYLOR
Credit & Risk Manager

OSMANVALLI MAMDANI
Controller and Strategic Planning

AUDIT COMMITTEE REPORT

The Audit Committee of Pathwise Credit Union is a standing committee of the Board of Directors operating in accordance with the Credit Unions and Caisse Populaires Act, 2020.

The Committee was elected in April 2025 and, during 2025–2026 consisted of Shayn Ballagh (Committee Chair), Bradley Phillips, Ron Beacock, Michael Melnichuk, Suresh Kumar, Rajeeve Perera, and Derek Giberson.

Highlights from the Audit Committee this past year include:

- Held five (5) meetings.
- Reviewed the Credit Union's quarterly financial statements, including associated notes and schedules.
- Monitored compliance with IFRS, capital reserve requirements, liquidity standards, and interest rate risk requirements, as well as applicable legislative and regulatory obligations.
- Reviewed policies, procedures, and internal controls related to legislative and regulatory compliance.
- In accordance with regulatory requirements, the Audit Committee:
    - Engaged Tinkham LLP as external auditor.
    - Engaged PRA Canada, now part of BDO Canada LLP, as internal auditor.
- The Committee:
    - Approved the annual internal audit plan.
    - Met quarterly with the internal auditor to review audit findings, recommendations, and material internal control matters.
    - Monitored management's responses to internal audit findings to ensure appropriate and timely implementation.
- Committee served as the primary liaison between the Board of Directors and the external auditor by:
    - Reviewing the terms of engagement and scope of the

annual audit.

- o Reviewing the Auditor's Management Letter and the Credit Union's yearend financial statements.
- o Hosting a meeting with the external auditor attended by the Audit Committee to review the yearend financial statements.

- Based on its work, the Committee reported to and made recommendations to the Board of Directors regarding:
  - o Policy matters.
  - o Internal controls.
  - o Legal and regulatory compliance.
  - o Compliance with the Credit Unions and Caisse Populaires Act, 2020 and the Financial Services Regulatory Authority of Ontario.
  - o Followup on all recommendations to ensure implementation.

- The Committee is pleased to report that:
  - o All aspects of its annual mandate have been fulfilled.
  - o All significant recommendations have been implemented or are in the process of implementation.
  - o The Committee is not aware of any matters requiring disclosure under the Credit Unions and Caisse Populaires Act, 2020.

Respectfully submitted,

Shayn Ballagh,

Audit Committee Chair
Committee Members: Bradley Phillips, Ron Beacock, Michael Melnichuk, Rajeeve Perera, and Derek Giberson.

INDEPENDENT AUDITOR REPORT

To the Members of
PATHWISE CREDIT UNION LIMITED

Opinion
The summary financial statements, which comprise the summary statement of financial position as at December 31, 2025 and the summary statement of comprehensive income for the year then ended, and note to the summary financial statements, are derived from the audited financial statements of Pathwise Credit Union Limited for the year ended December 31, 2025.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements on the basis described in the note to the summary financial statements.

Summary Financial Statements
The summary financial statements do not contain all 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 audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon
We expressed an unmodified audit opinion on the audited financial statements in our report dated March 30, 2026.

Management's Responsibility for the Summary Financial Statements
Management is responsible for the preparation of the summary financial statements on the basis described in the note to the summary financial statements.

Auditor's Responsibility
Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, Engagements to Report on Summary Financial
Statements.

TORONTO, Ontario
March 30,2026

Licensed Public Accountants

SUMMARY STATEMENT OF FINANCIAL POSITION

PATHWISE CREDIT UNION LIMITED
SummaryStatementofFinancialPosition

As at December 31	***2025***	2024
Assets		
Cash	***$ 49,371,079***	$ 10,917,727
Investments	***32,482,609***	34,130,888
Loans and advances to members	***454,083,938***	369,435,422
Other assets	***2,398,714***	1,777,946
Pension asset	***5,233,900***	3,973,800
Property and equipment	***3,027,745***	3,477,279
	$ 546,597,985	$ 423,713,062
Liabilities and Members' Equity		
Liabilities		
Accounts payable and other liabilities	***$ 3,026,918***	$ 1,601,274
Obligation for post-employment benefits other than pensions	***2,692,900***	2,715,700
Mortgage securitization liabilities	***39,473,778***	34,414,588
Members' deposits	***463,359,876***	349,300,397
Members' share capital	***2,042,829***	2,151,489
Accrued member interest, dividends and patronage return	***7,124,110***	4,910,637
	517,720,411	395,094,085
Members' equity		
Members' share capital	***5,322,151***	5,613,040
Retained earnings	***24,259,877***	24,637,479
Accumulated other comprehensive loss	***(704,454)***	(1,631,542)
	28,877,574	28,618,977
	$ 546,597,985	$ 423,713,062

On behalf of the Board:

_____ Director

Shayn Ballagh _____ Director

A full set of audited financial statements is available from the Credit Union.

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

PATHWISE CREDIT UNION LIMITED
Summary Statement of Comprehensive Income

Year ended December 31		***2025***		2024
Financial income Loan interest				
Investment income and dividends	***$***	***20,017,791***	$	16,047,142
		1,669,421		2,071,393
		21,687,212		18,118,535
Financial expense				
Interest on members' deposits, dividends and patronage return		***11,736,851***		8,556,180
Interest on external borrowings and securitization liabilities		***1,385,598***		997,825
Provision for impairment losses on member loans		***100,000***		-
		13,222,449		9,554,005
Financial margin		***8,464,763***		8,564,530
Other income		***1,499,062***		1,315,303
Operating expenses		***10,064,451***		9,031,631
Net income (loss) before income taxes		***(100,626)***		848,202
Provision for income taxes		***63,608***		108,747
Net income (loss) for the year		***(164,234)***		739,455
Total other comprehensive income		***927,088***		1,422,082
Net comprehensive income for the year	***$***	***762,854***	$	2,161,537

A full set of audited financial statements is available from the Credit Union.

NOTES TO THE SUMMARY 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, 2025 and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be included to ensure they are consistent in all material respects with, or represent a fair summary of, the audited financial statements.

Management prepared these summary financial statements using the following criteria:

(a) The summary financial statements include a statement for each statement in the audited financial statements, except the statement of members' equity and statement of cash flows, which can be obtained from the complete set of 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 statement dealing with matters having pervasive or otherwise significant effect on the summary financial statements.

A full set of audited financial statements is available from the Credit Union.

COMMUNITY ENGAGEMENT

OSHAWA CHAMBER CHALLENGE
June 5, 2025

Sponsored an event to help raise funds for children who cannot afford to participate in sports.

AUTISM ANGELS 8TH ANNUAL WALK
May 5, 2025

Sponsored to help raise awareness and support youth navigating autism.

ONTARIO CREDIT UNION FOUNDATION
September 26, 2025

Partnered to financially support the next generation of leaders pursuing post-secondary education. Our 2025 bursary recipients were Sarah and Zayne.

BACK DOOR MISSION
October 8, 2025

Sponsored and participated to raise awareness and funds for individuals in need.

ONTARIO YOUNG LEADERS CONFERENCE
November 3, 2025

Sponsored to empower young leaders to grow, connect, and make an impact.

QUEEN ELIZABETH PUBLIC SCHOOL
December 3, 2025

Delivered financial literacy sessions to Grade 7 and 8 students.

SALVATION ARMY ANGEL TREE PROGRAM
December 12, 2025

Fundraised toys to support children during the holiday season.

DURHAM ALLIANCE OUTREACH
December 19, 2025

Fundraised food donations to support LGBTQ2+ individuals in need.

STAFF MESSAGE

AT PATHWISE CREDIT UNION, OUR MEMBERS ARE AT THE HEART OF EVERYTHING WE DO.

Over the past year, it has been our privilege to support our members, their families and local businesses across our community as they worked toward their financial goals and navigated important life milestones. From home ownership and business growth to everyday financial decisions and planning for the future, we are grateful for the trust you place in our team. Thank you for putting your trust in Pathwise.

As staff, we are continually inspired by the relationships we build with our members and by the strength and diversity of the communities we serve. Your confidence in Pathwise motivates us each day to listen carefully, serve thoughtfully, and continually look for ways to better support your financial well-being.

Pathwise was founded on the belief that financial services should be personal, community-focused, and grounded in relationships. As a member-owned financial cooperative, we remain committed to those principles by providing responsible financial stewardship, meaningful service, and support that helps our members and communities thrive.

On behalf of the entire Pathwise team, thank you for your trust and loyalty. It is a privilege to serve you.

We look forward to continue building stronger financial futures and stronger communities together.

With sincere appreciation,
The Staff of Pathwise Credit Union

NOTES

CONTACT

Oshawa
322 King Street West,
Oshawa, ON L1J 2J9

Bowmanville
221 King Street East
Bowmanville, ON L1C 1P7

T: 905.728.5187
TF: 1.800.268.8771
information@pathwise.ca
www.pathwise.ca