



2022 ANNUAL REPORT

Helping Members
Achieve Financial
Success



Letter from our CEO

Dear Members,

I am proud to share with you the accomplishments of our organization over the past year. We have worked tirelessly to rebuild our core strengths, utilize tools to support the member experience, increase accountability, creating structure and stability for our team, and build a community strategy that aligns with our brand. These are critical activities that will help support our existing members and attract the member of the future.

This year we celebrate a significant milestone in our existence and evolution. As we look back 85 years to the start of our organization, I am reminded that we were an important part of this community, and I am proud to say that this is still true today.

It is amazing to see Durham Region growing and evolving like never before and this truly is a great opportunity for Pathwise moving forward. The past couple of years was a challenging and unique time for the world and this holds true for Pathwise

as well. During this time the dependency on strong communication, digital and partnerships became increasingly more relevant. The acceleration of technology and the investments needed to meet the demands of our members has increased. We need to be there for our members 24/7 with our products, services and advice. This is an area we are investing in and making a top priority in 2023.

The evolution of banking and business in general has been fast-tracked by COVID and this has made all organizations look at how they operate and how they need to evolve. Leadership has been working with the Board to develop strategies that balances and supports our traditional banking offerings with the needs and wants of our next generation of members. As we adapt, you can be assured that our focus continues to be on our members, our future members and our community. Our goal is to make a difference in the lives of our members and our community, and we are confident that the investments we are making will provide for this.

I also want to personally recognize that we can do better. It is critical for us to spend more time listening to and understanding the challenges and feedback our members have for us. Recently, I have had the opportunity to talk with many of our members about their experiences at Pathwise and the feedback has been invaluable. We will continue listening and building your feedback into our plans. I am proud to say that we are reaching out to our members to have more feedback through our website and in focus groups on a quarterly basis. These conversations will help us to better understand members' points of view and help to keep you informed about some of the projects we are investing in to build a better experience for our members.



Bob Ferris, CEO



In 2023, we will be making significant investments in new state of the art ATM's, a new phone system to support our call center, and a new application for online account opening and online loan and mortgage applications. We recognize that members want access to their banking services at all hours of the day and these enhancements will help improve that. As well, we are working on the member experience behind the scenes to better train our employees and enhance service standards to build more consistency in your experience. We have heard from our members about areas of concern such as our hours of operation, call centre experience, product packages and the interest rate structure on savings accounts and I will commit to you that enhancements are coming in all of these areas in 2023.

As we look at the financial performance of Pathwise, I am proud to say that we have once again been able to pay a dividend on both our patronage share investments and our investment shares this year.

We were able to increase our retained earnings in 2022 by almost \$730k and improve our capital ratio to 7.38%, which is well above the regulatory minimums. The aging demographics of our membership is evident in the declines of our loan portfolio and member account balances by over \$13 million. This is most of the reason for our drop in total assets of approximately \$17.7 million. With our membership base aging and shrinking, inflation still above acceptable levels and the future direction of banking becoming more digital, we need to become more efficient and focused on balancing the way we manage our finances and invest for the future. We need

new members, and we need to be more digitally savvy as an organization, while still meeting the needs of our current members. We are proud to say that we have managed to keep our operational cost increases below 5% in 2022 and in 2023 we anticipate our operational expenses to increase only slightly by approximately 1%. These levels are well below Canadian inflationary levels of 6.3% in 2022 and an anticipated level of 3% on 2023. In order to maintain these types of levels, we need to change trajectories and start to grow our business. This is a big part of our focus for the second half of 2023.

I want to thank our entire membership, the Board, our employees, and our community partners for believing in Pathwise and for supporting us. I am excited for 2023 and I look forward to hearing from you and sharing our success in 2023 and beyond, with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Ferris', written in a cursive style.

Bob Ferris

At Pathwise Credit Union, our goal is to always provide the best solutions to our members. We want our members to have a consistent, hassle-free experience when they come to us. Our commitment is to always put our members first and provide them with the most competitive options, best advice and resources available to reach their financial goals.

We believe that every member deserves personalized service and innovative products that put them on the path to financial success. We understand that everyone's financial situation is unique, and we are committed to helping each member find the right solutions for their individual needs.



Derek Giberson,
Board Chair



From our Board Chair

Dear Members of Pathwise Credit Union,

The past year has been an extraordinary time of transition at Pathwise Credit Union as we moved forward from the COVID pandemic of the past couple of years. The world has changed forever due to the pandemic, and the way our credit union does business is evolving rapidly. We have adapted and learned a great deal through this journey that will help us build a strong organization in the future. Although it has not always been a smooth ride during this difficult time, we want to thank you for your patience and support. More than ever, we are committed to our vision of ensuring that all our members are on their path to financial success.

This year marks a significant milestone for Pathwise Credit Union as we look back at the founding of our organization 85 years ago. Despite ever-changing landscapes and circumstances since our inception, Pathwise has remained an important part of this community. Today, the Durham Region is transforming faster than ever before, providing great opportunities for Pathwise to build our brand and attract the next generation of members. We are well positioned and have the financial strength to make strategic investments in technology and people to support our growth and meet the needs of our community and members.

Introducing the Pathwise brand to our community was stalled during the pandemic, but we have ambitious plans to re-energize and connect with our community to build our brand in 2023. To achieve this goal, we have been working with leadership to create a strategy that balances traditional banking offerings with current trends in technology, all while keeping our members' needs at the forefront of everything we do. Our focus on new technology, training, and community will play a large part in our plans for 2023. Our goal remains the same: to make a difference in our members and our community now and in the future.

In 2023, we have strengthened our governance by adding an Associate Director role and modernizing our bylaws to meet new regulatory requirements.

Earlier this year, we announced with great sadness the passing of Francine Saunders, a valuable Director of the Pathwise Credit Union Board. Francine was an integral part of our organization for many years, and her profound influence and contributions to our credit union governance will be deeply missed. Her unique perspective and valuable insights will be remembered by all of us who had the privilege of working with her. We extend our heartfelt condolences to her family and loved ones during this difficult time.

On behalf of the Board, I would also like to express our gratitude to the employees for their dedication and adaptability over the past few years. We would also like to thank our membership for their trust and support over the years, specifically in 2022. Looking ahead, we are committed to building our relationship with members and making a difference on your path to financial success!

Sincerely,

Derek Giberson
Chair, Board of Directors

Audit Committee Report

The Audit and Operational Risk Committee of Pathwise Credit Union is a committee of the Board of Directors and operates under the Credit Unions and Caisse Populaires Act, 2020.

The committee was elected annually in April and in 2022-2023 consisted of: Ted Paulsen, Committee Chair, Derek Giberson, Chair of the Board, Ron Beacock, Doug Sanders, Arnold DeMan, and Elisabete Ferreira.

- Holding five (5) meetings during the year.
- Reviewed the quarterly Financial Statements of the Credit Union and the associated notes and schedules prepared in accordance with International Financial Reporting Standards and ensured continued compliance with the capital & liquidity requirements of the Credit Union Caisses Populaire Act of 2020, and Government Regulators.

- Pathwise Credit Union has two auditing firms as required by legislation. Tinkham LLP is the external auditor and PRA Canada is the internal auditor.
- The Audit and Operational Risk Committee worked with our internal auditors (PRA) to develop an audit plan for the year. The Committee met quarterly with the internal auditor (PRA) to discuss audit findings and recommendations as well to review all material internal control issues and recommendations. The committee monitored management's response to all internal audit recommendations.
- Reviewed all of the Policies and Procedures and controls of the Credit Union which relate to legislative compliance.
- Tinkham LLP, the External Auditor, audits the financial statements and reports to the Audit and Operational Risk Committee. The Committee served as the principle communication link between the External Auditor and the Board of Directors and in particular reviews the terms of engagement, the

“ The Audit Committee is pleased to report to the Membership that all aspects of the Committee’s annual mandate have been achieved and that all significant recommendations of the Committee have either been implemented or are in the process of being implemented.

Ted Paulsen

Audit & Operational Risk Committee Chair

scope of the annual audit, the Auditors reporting letters and the Credit Union's Financial Statements. We also hosted a meeting with our External Auditor at which the whole Board of Directors were present to review and approve the year-end audited Financial Statements.

- Based on its findings, the Audit and Operational Risk Committee reports to and makes recommendations to the Board of Directors with respect to the matters outlined regarding policy, internal controls, legal actions, compliance with the Credit Union Caisses Populaires Act, 2020 and Financial Services Regulatory Authority Ontario. The committee follows up on all issues to ensure that all of our recommendations are implemented.
- The Audit and Operational Risk Committee is pleased to report to the Membership that all aspects of the Committee's annual mandate have been achieved and that all significant recommendations of the Committee have either been implemented or are in the process of being implemented. The Audit committee is not aware of any other matters that are required to be disclosed as per Credit Unions and Caisse Populaires Act, 2020.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ted Paulsen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ted Paulsen
Audit & Operational Risk Committee Chair

Ron Beacock, Arnold DeMan, Doug Sanders,
Elisabete Ferreira and Derek Giberson

2022 Board of Directors



Arnold

Audit, Credit + Market Risk



Derek

Board Chair



Doug

Audit, Nomination



Elisabete

Audit, Credit + Market, Governance, Nomination



John

Vice Chair, Governance



Mike

Credit + Market Risk, Nomination



Ron

Corporate Secretary, Audit, Governance, Nomination



Ted

Audit, Governance

IN MEMORIAM

Francine Saunders

We are saddened to have lost our beloved Board of Director, Francine Saunders who served diligently for several years as a board member.

Ms. Saunders was a devoted supporter of the credit union and her commitment to the community will be remembered for many years to come. She made invaluable contributions that had a lasting impact across our organization.

We thank Ms. Saunders for her countless contributions throughout the years, and join together to remember her unwavering enthusiasm, loyalty and vision that enabled the credit union to serve many more people within our community.



Leadership Team



Bob | CEO



John | CFO



Christine
People & Culture Leader



David
Director, Commercial Services



Dolly
Director, Marketing & Community Impact



Hira
Director, Sales & Member Experience



Ken
Director, Credit & Enterprise Risk Management



Leanne
Director, Digital & Projects



Linda
People & Culture Leader



Ruthann
Director, Accounting

Independent Auditor Report

Summary Financial Statements

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, 2022 and the summary statement of comprehensive income for the year then ended are derived from the audited financial statements of Pathwise Credit Union Limited for the year ended December 31, 2022.

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 February 28, 2023.

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.



Tinkham LLP
Licensed Public Accountants

OUR SUMMARY STATEMENT OF Financial Position

As at December 31

2022

2021

ASSETS

Cash & cash equivalents	\$ 7,531,987	\$ 10,216,984
Investments	29,023,040	35,332,969
Loans & advances to members	335,135,205	343,308,097
Pension asset	2,599,600	1,998,500
Other assets	2,133,770	2,762,559
Property & Equipment	4,104,589	4,593,201
Total Assets	\$ 380,528,191	\$ 398,212,310

LIABILITIES, MEMBER ENTITLEMENTS & MEMBERS' EQUITY

Liabilities

Accounts payable & accrued liabilities	\$ 2,015,762	\$ 3,148,987
Obligation for post-employment benefits other than pensions	3,078,500	3,734,300
Mortgage securitization liabilities	8,811,491	12,334,106
	13,905,753	19,217,393

Member Entitlements

Members' accounts & deposits	335,491,108	348,738,093
Members' share capital	2,299,556	2,492,251
Accrued member interest, dividends & patronage return	1,395,806	1,362,167
	339,186,470	352,592,511

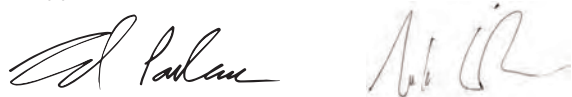
Members' Equity

Members' share capital	7,656,400	8,005,730
Retained earnings	23,236,383	22,507,132
Accumulated other comprehensive loss	(3,456,815)	(4,110,456)
	27,435,968	26,402,406

Total Liabilities, Member Entitlements & Members' Equity	\$380,528,191	\$398,212,310
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A full set of audited financial statements is available from the Credit Union.

Approved on behalf of the Board:




OUR SUMMARY STATEMENT OF
Comprehensive Income

Year ended December 31

2022

2021

Financial Income

Loan interest	12,233,047	12,285,199
Investment interest and dividends	654,599	370,515
	12,887,646	12,655,714

Financial expense

Interest on members' accounts, deposits, and external borrowings	3,343,529	4,006,141
Provision for impairment losses on member loans	3,686	-
	3,347,215	4,006,141
Financial margin	9,540,431	8,649,573
Other income	1,672,246	1,909,628
Operating expenses	10,323,298	9,194,255

Net income before member distributions and provision for income taxes	889,379	1,364,946
Provision for (recovery of) income taxes	(3,856)	312,270
Net income for the year	893,235	1,052,676
Other comprehensive income (net)	653,641	1,511,622
Net comprehensive income for the year	1,546,876	2,564,298

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, 2022 and December 31, 2021 and for the years 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;
- (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.



Durham
Greener
Homes



Pathwise
Credit Union

DURHAM GREENER HOMES

Home Energy Retrofit Program

Pathwise is proud to support the Durham Greener Homes, Home Energy retrofit program.

The Home Energy Retrofit program aims to help homeowners in reducing their energy usage and costs. It offers an energy assessment to identify the areas where they can save on energy costs and recommends upgrades to their insulation, heating, cooling, and other systems.

The program operates by providing homeowners access to a network of contractors who can help make these upgrades. Incentives are also available to assist homeowners with the implementation costs. Aside from cost savings, homeowners can also help reduce greenhouse gas emissions and promote sustainability in their community.

The program provides a roadmap and ongoing support to guide homeowners through the process of making energy-efficient upgrades. It's a great opportunity for homeowners to take a step towards a brighter and greener future.

It's worth noting that Pathwise Credit Union is one of two financial institutions directly involved in the Durham Greener Homes program, as part of our efforts to support sustainable initiatives in our community. By partnering with Durham Region we are able to provide access to valuable resources and support for our member homeowners looking to reduce their environmental impact. We are committed to creating positive change and promoting sustainability in the communities we serve.



2022-2023 Retirees

Thank you for your dedication to Pathwise!

Linda Foston

37 Years of Service

Gerri Lucas

36 Years of Service





PATHWISE COMMUNITY **Earth Day 2022**

Earth Day 2022 at Pathwise was a success in so many ways!

The day started with Pathwise Team Members writing their own eco-pledge or eco-tips on our communal SDG Board. From there 23 volunteers took 30 minutes from their workdays to clean up trash on and around our branch property! Not only were we able to collectively submit 14.5 volunteer hours that better our community, in total we collected over 15 bags of garbage!

The sunshine combined with the smiles and laughs, made it a great opportunity for our team to connect with each other in a safe and meaningful way. It was a hands-on experience to show the importance of incorporating SDG #13 Climate Change, into our daily practices and operations.

The events of the day really put into perspective just how important it is for us all to be responsible for how we dispose of our waste and more importantly, limit our overall waste consumption. It left our team feeling accomplished and inspired to continue to do good within our communities!

TOP- Illustrations by Griffen Ramesh, an 11-year-old artist. He created two drawings featuring Nicole, our Community Impact Business Partner, as a green global initiatives champion, and Marlene, our Learning and Development Business Partner, as a coach.

BOTTOM LEFT - Lauren S. was so thankful for the opportunity participate in an Earth Day event that we at Pathwise organized! She also appreciated us putting the SDGs in practice and valuing what they bring to our organization.



EVERY CHILD MATTERS

DIVERSITY, EQUITY AND INCLUSION

TRUTH & RECONCILIATION

On Truth and Reconciliation day, Pathwise employees came together to paint rocks with messages of remembrance. This annual event serves as a reminder of the importance of reconciliation with Indigenous communities, and encourages reflection, learning, and public dialogue on the relationship between Indigenous and non-Indigenous peoples. The painted rocks acted as a tangible representation of our commitment to this mission, reminding everyone to keep striving for a better future. Pathwise is proud to support Indigenous communities, and we will continue to take action towards reconciliation in the future.





NOW AVAILABLE

2-Step Verification

Pathwise Credit Union Rolls Out 2-Step Verification for Member Accounts

Pathwise rolled out a 2-step verification process for all members. The new process is designed to ensure the safety and security of member accounts, protecting them from potential fraudulent activity and keeping their information secure.

Two-step verification, also known as two-factor authentication, requires users to provide two forms of identification to access their accounts. This process adds an extra layer of security, as it verifies the user's identity beyond just a password. The additional step can be a text message verification code or an emailed code for the user to input.

We want to also highlight the importance of setting up unique passwords for each account and not sharing this information with anyone, including friends or family members. Even something as simple as allowing someone to borrow your phone for a few minutes could result in unauthorized access to your account if you are already logged in.

In today's digital age, it's more important than ever to take steps to protect your financial information. With Pathwise Credit Union's 2-step verification process, members can rest assured that their accounts are secure and their information is protected.

“ I strongly recommend everyone set up Two-Step Verification to ensure their online safety. This small extra step can make a big difference in protecting your personal and financial information from fraudsters.

Leanne McKay

Director, Digital & Projects





TOP - Pathwise Credit Union sponsoring the Bowmanville Ribfest. This amazing community event raises funds on behalf of the Rotary Club of Bowmanville.

RIGHT - At Pathwise, we are committed to promoting diversity, equity, and inclusion within our workplace. See our Oshawa and Bowmanville teams wearing their pink shirts to stand against bullying.



Pathwise Credit Union WON for BEST Credit Union across the Durham Region.

Pathwise Credit Union won several awards in Durham Region's Annual Oshawa/Whitby & Clarington This Week Newspapers Readers Choice Awards for best Credit Union in 2022!



85 Years Of Serving Our Members

Formerly Auto Workers Credit Union (AWCU), 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 85 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

