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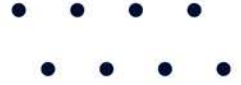
# ANNUAL REPORT

HELPING MEMBERS ACHIEVE  
FINANCIAL SUCCESS





# LETTER FROM OUR CEO



Dear Members,

In the face of 2023's economic challenges, our journey together has highlighted the resilience and unity of our employees, members, and our community. Last year, we also celebrated a significant milestone - 85 years of service, reflecting Pathwise Credit Union's enduring commitment to our members and the community at large.

As we express our gratitude and appreciation to Bob Ferris, our outgoing CEO, for his leadership, I step in as your new CEO with a deep sense of responsibility and a commitment to continue to further enhance the legacy of our credit union. I would like to take the opportunity to extend my sincere thanks to the Board of Directors for their confidence and support in entrusting me with the responsibility for the stewardship of Pathwise Credit Union. My focus will be on continuing our growth through strategic improvements in processes, compliance, performance development, and brand enhancement.

Financially, our goals are clear: boost profitability, reverse declining asset trends, and invest in technology and key roles to support our growth. Our team remains our greatest asset; we are dedicated to enhancing resource allocation, fostering accountability, developing our talent, and strengthening leadership.

While the economic environment was filled with uncertainty and many challenges in 2023, we were able to successfully manage our business operations and were able to increase our retained earnings by approximately \$845K and improve our Tier 1 Capital Ratio to 18.33%, maintaining a level well above the minimum regulatory levels. Prudent cost containment measures resulted in 2023 operational costs being 5.2% lower than in 2022.

**As a result, we were happy to be able to pay a dividend on both our Patronage and Investment shares that was significantly higher than in the prior year.**





Member experience and operational efficiency are paramount. We are committed to focusing more on member needs, ensuring consistent experiences, and utilizing technology to improve access and engagement. Our connection to the Durham community remains strong, with ongoing efforts to welcome newcomers and build partnerships. To succeed on this front, we will continue with the initiatives started in 2023 of investing in new technology, such as the introduction of new state of the art ATM's, enhanced online banking platform and new online account opening applications.

We will also continue to actively engage with our members to gain a better understanding and appreciation of their needs, as we did in 2023, through the use of targeted focus group sessions.

Looking ahead to 2024 and beyond, I am optimistic about our collective potential. Together, let us seize the future with unity and determination, as we focus on continuing to build the enduring legacy of our credit union. There is no end to what we can accomplish together!

Warm regards,



**John Guido**  
*Chief Executive Officer*

# 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.



**VISION  
MISSION  
VALUES**

# OUR STORY

Pathwise Credit Union was founded as Auto Workers Credit Union (AWCU) in 1938 to provide financial support to autoworkers in the Oshawa community who were being turned away by big banks for loans. The credit union started with just 29 members and offered savings and loan services, becoming an integral part of the community that has continued to thrive over the years.

As Oshawa grew and evolved, so did Pathwise, expanding its services to become the fifth-largest credit union in Ontario with \$63 million in assets by 1978. Even with its name and branding changes, the credit union remains committed to supporting the financial needs of its members, offering innovative services, exceptional member service, and personalized advice to help members achieve their financial goals.

Over 85 years later, Pathwise Credit Union stands as a testament to the belief that people helping people can make a significant difference in creating a better community.

1938 — 2020 — 2024





# FROM OUR BOARD CHAIR

On behalf of your Pathwise Board of Directors, it's my pleasure to provide an annual update and greetings to our members!

In the fast-changing world of financial services – digital is ever-evolving, the regulatory environment complex, with our region growing rapidly – our role as a Board remains, at its core, that it has always been: to provide prudent oversight of the Credit Union on your behalf. We're members, too.

One of the big themes that came through in 2023 was adaptation. Understanding that there is change around us is only a first step and identifying ways we will need to adapt comes next. We're grateful to Pathwise employees for their ongoing work to not only serve members every day but for their contributions on the adaptation front – internal digital transformations, changing ways of addressing member needs, and building forward for Pathwise Credit Union's future.

Finally, I'd like to welcome John Guido into the role of CEO, which he stepped into back in November. John is a familiar and trusted leader – he was our CFO prior to this, with many years and broad experience in financial services. We also extend our thanks and best wishes to previous CEO Bob Ferris who led us through important work last year.

As a co-operative financial institution, we remain committed to our mission to support our members' financial well-being!



**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 in April and in 2023-2024 consisted of: Ted Paulsen, Committee Chair, Ron Beacock, Shayn Ballagh, Suresh Kumar, Arnold DeMan, Elisabete Ferreira

Highlights from the Audit and Operational Risk Committee for the year included:

- Holding five (5) meetings during the year.
- Reviewing the quarterly Financial Statements of the Credit Union and the associated notes and schedules monitoring the results of compliance with the International Financial Reporting Standards 9 (IFRS9), Capital Reserve requirements, liquidity and interest rate risk requirements as outlined by the Credit Union Caisse Populaire Act of 2020, and Government Regulators.
- Reviewing all of the Policies and Procedures and controls of the Credit Union which relate to legislative compliance.
- Engaging two auditing firms as required by regulation. Tinkham LLP, the external auditor and PRA Canada, 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 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.
- 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 scope of the annual audit, the Auditors Management Letter 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 the year-end 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.

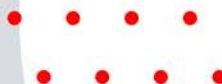
Respectfully submitted,



**Ted Paulsen**

*Audit & Operational Risk  
Committee Chair*

Committee Members: Ron Beacock, Shayn Ballagh,  
Suresh Kumar, Arnold DeMan, Elisabete Ferreira



# 2023 BOARD OF DIRECTORS



**DEREK G.**

BOARD CHAIR



**ARNOLD D.**

AUDIT & OPERATIONS COMMITTEE  
CREDIT & MARKET RISK COMMITTEE



**ELISABETE F.**

**NOMINATION COMMITTEE (CHAIR)**  
AUDIT & OPERATIONS COMMITTEE  
CREDIT & MARKET RISK COMMITTEE  
GOVERNANCE & PEOPLE AND  
CULTURE COMMITTEE



**MIKE M.**

**VICE CHAIR**  
**GOVERNANCE & PEOPLE AND**  
**CULTURE COMMITTEE - CHAIR**  
NOMINATION COMMITTEE



**RON B.**

CORPORATE SECRETARY  
**CREDIT & MARKET RISK (CHAIR)**  
AUDIT & OPERATIONS COMMITTEE  
GOVERNANCE & PEOPLE AND  
CULTURE COMMITTEE



**SHAYN B.**

AUDIT & OPERATIONS COMMITTEE  
GOVERNANCE & PEOPLE AND  
CULTURE COMMITTEE



**SURESH K.**

AUDIT & OPERATIONS COMMITTEE  
NOMINATION COMMITTEE



**TED P.**

**AUDIT & OPERATIONS COMMITTEE**  
**- CHAIR**  
CREDIT & MARKET RISK COMMITTEE



# SENIOR LEADERSHIP TEAM



**JOHN G.**  
CHIEF EXECUTIVE OFFICER



**ALKA N.**  
COMMERCIAL SERVICES MANAGER



**AMANDA C.**  
OPERATIONS MANAGER



**DAVID V.**  
DIRECTOR, COMMERCIAL SERVICES



**DOLLY S.**  
DIRECTOR, MARKETING & COMMUNITY IMPACT



**HIRA K.**  
DIRECTOR, SALES & MEMBER EXPERIENCE



**KEN C.**  
DIRECTOR, CREDIT & ENTERPRISE RISK MANAGEMENT



**LINDA R.**  
DIRECTOR, PEOPLE & CULTURE



**RUTHANN P.**  
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, 2023 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, 2023.

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 6, 2024.

### **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.





# OUR SUMMARY STATEMENT OF FINANCIAL POSITION

As at December 31	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 15,857,242	\$ 7,531,987
Investments	30,137,862	29,023,040
Loans and advances to members	331,766,023	335,135,205
Pension asset	2,875,000	2,599,600
Other assets	1,854,641	2,133,770
Property and equipment	3,789,715	4,104,589
	<b>\$ 386,280,483</b>	<b>\$ 380,528,191</b>
<b>Liabilities, Member Entitlements and Members' Equity</b>		
<b>Liabilities</b>		
Accounts payable and other liabilities	\$ 1,343,194	\$ 2,015,762
Obligation for post-employment benefits other than pensions	3,220,000	3,078,500
Mortgage securitization liabilities	6,850,048	8,811,491
	<b>11,413,242</b>	<b>13,905,753</b>
<b>Member entitlements</b>		
Members' accounts and deposits	341,154,926	335,491,108
Members' share capital	2,243,189	2,299,556
Accrued member interest, dividends and patronage return	4,003,059	1,395,806
	<b>347,401,174</b>	<b>339,186,470</b>
<b>Members' equity</b>		
Members' share capital	6,438,664	7,656,400
Retained earnings	24,081,027	23,236,383
Accumulated other comprehensive loss	(3,053,624)	(3,456,815)
	<b>27,466,067</b>	<b>27,435,968</b>
	<b>\$ 386,280,483</b>	<b>\$ 380,528,191</b>

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	2023	2022
Financial income		
Loan interest	\$ 14,159,135	\$ 12,233,047
Investment income and dividends	1,484,701	654,599
	15,643,836	12,887,646
Financial expense		
Interest on members' accounts and deposits and external borrowings	6,329,394	3,343,529
Provision for impairment losses on member loans	-	3,686
	6,329,394	3,347,215
Financial margin	9,314,442	9,540,431
Other income	1,134,984	1,672,246
Operating expenses	9,146,991	10,323,298
Net income before provision for income taxes	1,302,435	889,379
Provision for (recovery of) income taxes	220,204	(3,856)
Net income for the year	1,082,231	893,235
Other comprehensive income (net)	403,191	653,641
Net comprehensive income for the year	\$ 1,485,422	\$ 1,546,876

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, 2023 and December 31, 2022 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 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





## Thank you for your dedication to Pathwise

- Michelle Alston** | 33 years of service
- Sandra Anderson** | 33 years of service
- Nicki Cavallari** | 32 years of service
- Brando Defilippis** | 33 years of service
- Janet McGill** | 32 years of service



# 2023 RETIREEES



2023 | FOCUS GROUP

# INSIGHTS DRIVING MEMBER EXPERIENCE

In 2023, Pathwise Credit Union set out to better understand and cater to its varied member base through targeted focus groups. These discussions spanned retirees, families, small business owners, and GM workers, leading to actionable insights for improved service delivery.

- **Retirees highlighted the need for personalized services.**
- **Families emphasized the importance of seamless omni-channel engagement.**
- **Small business owners sought customized banking solutions and greater service visibility.**
- **GM workers' feedback inspired a focus on enhancing financial literacy.**

For retirees, the emphasis was on personalized easy to access services. As a result, ATM upgrades were implemented for easier access, and financial literacy seminars are in the planning stages for 2024. Families highlighted the need for omni-channel engagement, prompting Pathwise to enhance its digital and in-branch advisory services. Small business owners called for tailored banking solutions and better visibility of services. In response, Pathwise optimized its digital platforms and introduced a Commercial Services Manager to better serve the business community. Insights from GM workers led to an initiative focusing on financial literacy for 2024.

These sessions have been instrumental in shaping Pathwise Credit Union's commitment to enhancing banking experiences, fostering long-term relationships, and driving sustainable growth. By addressing the specific needs of different member segments, Pathwise is not just offering banking services; it is building connections and reinforcing its role as a trusted financial partner.





# 2023 EVENTS & AWARDS



2023 | COMMUNITY EVENTS AND AWARDS

# LONGEVITY & BUSINESS SUCCESS

**Pathwise Credit Union, a cornerstone of the Durham Region's financial landscape, has reached a remarkable milestone, celebrating 85 years of unwavering service and community support.**

This significant anniversary was further highlighted by the prestigious **Longevity Award** bestowed upon Pathwise by the Clarington Board of Trade, recognizing the institution's enduring presence and its substantial contributions to the local economy and community wellbeing.

Founded on principles of mutual aid and cooperative finance, Pathwise has evolved from its modest beginnings to become a key player in the region's financial sector, consistently adapting to meet the changing needs of its members while maintaining its core values of integrity, community, and service. This dedication to excellence and longevity was also acknowledged in 2023 when Pathwise was honoured in the **Excellence in Business** award category as a finalist by the Greater Oshawa Chamber of Commerce. This recognition underscores Pathwise's role not only as a financial institution but as a pillar of stability and progress within the community.

As Pathwise celebrates 85 years of service, it reflects on a journey marked by resilience, innovation, and a deep-seated commitment to its members. These accolades from the Clarington and Oshawa Boards of Trade are a testament to Pathwise's enduring legacy and its vital role in shaping the economic and social fabric of the Durham Region. Looking ahead, Pathwise remains committed to fostering financial wellness, supporting local development, and continuing its legacy of excellence for many more years to come.



**1938-2023**  
**85 YEARS**



# 2023 TEAM EVENTS





# 2023 WEDDINGS BABIES & GOOD BYES



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