

**Better  
Together**

Gulf & Fraser™  
Interior Savings



## Members Guide

**Understanding the Proposed Merger between  
Interior Savings Credit Union and Gulf and Fraser  
Fishermen's Credit Union.**



# A letter to our members

Guided by a shared people–helping–people philosophy, for the past eight decades, Interior Savings Credit Union (“**Interior Savings**”) and Gulf and Fraser Fishermen’s Credit Union (“**Gulf & Fraser**”) have proudly served members across the province of BC while also working to build strong and resilient local communities.

Each of our credit unions was founded by a small group of local residents and business people who had a vision for a different kind of financial institution, one that would be driven by cooperative values and would put people before profits. Through decades of change and growth, both Interior Savings and Gulf & Fraser have held steadfast to those founding principles. We continue in our commitment to help members through life’s hardships and challenges while also empowering them to reach their goals and achieve their dreams.

Today, while our commitment to members and communities remains as true as it was 80 years ago, the environment we’re operating in is changing. Regulatory requirements, increased member expectations, competition for business, the evolution of technology and the financial services industry itself are calling on credit unions to adapt and evolve to continue providing the best products, services, and advice to members, meaningful investment in our communities and an exciting and fulfilling workplace for employees.

It is the belief of both our Boards and management teams that together, we are better. By combining our teams and our assets to form a province–wide credit union, we will have the potential to do even more for our members – greater choice in products and services, improved technology, and a larger branch network – while also having more to invest in our communities and more opportunity for growth and development of our people. It is anticipated that the Merged Credit Union will achieve this while still maintaining the personalized service, professional financial advice, and the local feel our members expect.

As members, you are owners, not just customers. All members have an equal say in how their credit union operates – and members can voice their opinions and vote on the issues that matter to you. The decision to merge is no different, and this Guide provides the information you need to make an informed decision when it comes time to vote.

In addition to reviewing this Guide, we encourage you to take the time to consider what is being proposed by our Boards, and to visit [www.togetherwearebetter.ca](http://www.togetherwearebetter.ca) or any Interior Savings or Gulf & Fraser branch for more information and to access a copy of our Supplemental Information Package which provides additional detail in respect of the Proposed Merger.

Thank you for doing your part as our members to enable the legacies of Interior Savings and Gulf & Fraser to remain strong and relevant for years to come, and to ensure the Merged Credit Union can continue to support our members with a “people–helping–people” philosophy while making meaningful investments in our communities.

**Rob Shirra**



Board Chair  
Interior Savings

**Floyd Yamamoto**



President and Board Chair  
Gulf & Fraser

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# Preface

Before you dive into the details, please review the following information which will help you to understand the legal terms that are referenced throughout this Guide.

Interior Savings Credit Union (referred to in this Guide as “**Interior Savings**”) and Gulf and Fraser Fishermen’s Credit Union (referred to in this Guide as “**Gulf & Fraser**”) are proposing to merge. The merger will be structured as an amalgamation under Section 20 of the Credit Union Incorporation Act (BC) whereby Interior Savings and Gulf & Fraser will enter into an amalgamation agreement (referred to in this Guide as the “**Amalgamation Agreement**”) to combine their respective operations and continue as one credit union (referred to in this guide as the “**Proposed Merger**”).

Throughout this Guide, the merged entity will be referred to as the “**Merged Credit Union**”. Members of Interior Savings and members of Gulf & Fraser are being asked to vote on the Proposed Merger.

Keep reading to learn about how the Proposed Merger may impact Interior Savings and Gulf & Fraser members, employees and communities. In addition, the notice of special resolution, instructions on how to cast your vote on the Proposed Merger and details of upcoming member information sessions have been mailed to each member along with this Guide and can also be found at [www.togetherwearebetter.ca](http://www.togetherwearebetter.ca).

## Notices of special resolution

Each of Gulf & Fraser and Interior Savings is seeking your approval on a special resolution to approve the Amalgamation Agreement, which sets out the terms and conditions of the Proposed Merger. In this Guide, you will find the information you need to make an informed decision with respect to the special resolution.

Please refer to the notice of special resolution and voting insert found at [www.togetherwearebetter.ca](http://www.togetherwearebetter.ca) and included with this Guide for the wording of the special resolution and more information relating to the voting process, including when the vote will occur.

Imagine a future together with unlimited possibilities where we thrive financially and personally.



# Shared vision for the future

Better Together – it's not just a slogan. After years of collaboration, we know that collectively we can do more for our future when we come together. The first of its kind province-wide credit union will embody all the core values of its founding legacy credit unions and carry on these values to enhance our people-helping-people philosophy in our local communities across the Province.

Every one of Interior Savings' and Gulf & Fraser's combined 162,000 members have the potential to reach their financial goals with access to financial education, trusted advice, and the right banking tools. Every member can expect a personalized banking experience and more ways and places to connect with us, whether they choose to bank from the comfort of their own home, or from one of our over 50 locations that span the province.

Employees are empowered to grow their careers through education, training, enhanced experiences and new career opportunities, including positions with the Merged Credit Union that did not previously exist with Interior Savings or Gulf & Fraser. Employees feel a healthy balance of being fulfilled and challenged by their role because they believe in and live by our shared cooperative values, and they are committed to delivering on our promise to provide personalized service, professional financial advice, and an exceptional member experience.

Giving back to the communities in which we operate will remain a key priority for the Merged Credit Union. Communities can thrive through our active involvement and investment in people and programs, including local and meaningful events and activities unique to our diverse communities. We know when our communities succeed, we all succeed.

Our people-helping-people philosophy ensures our members' deposits are invested locally to help build stronger, more caring, and resilient communities that we can all enjoy for generations to come. The credit union and cooperative spirit will continue to live strong in everything we will do.

The Proposed Merger would create a network of branches along with insurance offices, from downtown Vancouver, through the Lower Mainland and Fraser Valley, into the Interior including the Okanagan, Thompson and Boundary, and into Northern BC, including the Prince George and the North Peace region, offering members of the Merged Credit Union personal, business, commercial, insurance and wealth management solutions and advice. The Merged Credit Union will leverage the collective strengths of Interior Savings and Gulf & Fraser to provide greater opportunities for employees, members, and communities, and better prepare for the future.

# Benefits to members, employees and our communities

By coming together, it is expected that the Merged Credit Union can leverage the collective strengths of Interior Savings and Gulf & Fraser to provide greater opportunities for employees, members and communities in a model that would maintain the local presence that is so valued. The Merged Credit Union is anticipated to have the resources and capital to invest even more in members, local businesses, and community in a way that neither credit union could do on its own.

## What members and employees are seeking:

- Competitive products and services
- Added convenience and digital options
- More personalized advice and solutions
- More branch locations across the Province
- More support for businesses with larger lending capabilities
- More support for community
- An exciting place to work with opportunities to grow one's career

With greater resources, it is expected that the Merged Credit Union will have the ability to invest in an enhanced member experience, with more choice and improved systems. Many employees place increasing value on working for a purpose-driven organization, and the ability to do even greater good in the community, which we expect the Merged Credit Union will be able to offer.

## Member benefits

**The Merged Credit Union expects to provide the following opportunities and benefits to its members:**

- **Digital investment** – Leverage the current digital investments made by both credit unions, develop a strong roadmap for the digital future and be able to invest more in digital solutions.
- **Expanded geographic footprint** – With members across the Province migrating for retirement, remote work, and work life balance, the Proposed Merger will lead to a greater network of branches benefiting members who reside, or regularly travel across the Province for work, school, and pleasure.
- **Innovative products and services** – The resources and ability to implement modern, more competitive and innovative products and services to meet the ever-evolving needs of members and appeal to the next generation of members.
- **Larger lending caps and limits** – Increased caps and limits will directly benefit business members with higher lending needs or retail members who wish to purchase property in an appreciating real estate market.
- **Enhanced cybersecurity** – Financial resources to invest in a stronger cybersecurity posture than Interior Savings or Gulf & Fraser could invest in alone.



*“Together, we can ensure our members receive the service and experience they deserve, with a wider branch network and digital options that will meet their evolving needs, all while maintaining local decision making and keeping our members’ money working where they call home.”*

– Rob Shirra, Board Chair of Interior Savings



## Employee benefits

*“Employees are the heartbeat of our credit unions and our communities. They represent our future. By coming together, we can leverage our collective strengths to provide greater opportunities for employees, members and communities.”*

– Floyd Yamamoto, President and Board Chair, Gulf & Fraser

The goal at both Interior Savings and Gulf & Fraser has always been to create an exciting and dynamic workplace where employees learn and grow their careers. Through the Proposed Merger, there will be opportunities for all employees. As a province-wide credit union that combines an exceptional digital offering with the welcoming personal service for which credit unions are known, it is expected that the Merged Credit Union will create excitement and become an employer of choice, retaining and attracting dedicated and purpose-driven employees.

### **The Merged Credit Union will provide the following opportunities and employee benefits:**

- **Enhanced career paths** – An organizational structure that will provide increased career development opportunities and be increasingly attractive to employees who are committed to building their knowledge, skills, abilities, and careers.
- **More specialized roles and increased learning and development** – Greater variety of job roles which is expected to include bringing more specialized roles in-house rather than contracting those roles externally. Likewise, the dedication to training and development and the investment in technology, risk management, specialized roles, and back-office support will create further opportunities for employees to deepen their skills in their chosen career path.
- **Greater choice on location and mobility** – With geographical spread, there may be more opportunities for flexibility and mobility to live and work across the Province.

## Community benefits

Both credit unions have long been important contributors to their respective communities. With a shared belief that building strong communities extends far beyond writing cheques, both Interior Savings and Gulf & Fraser have employee volunteer programs in addition to numerous grants and sponsorship programs. With community commitment remaining a focus, the Merged Credit Union will continue to offer a robust community investment program and it is anticipated to see a boost due to the collective financial strength of the Merged Credit Union. By coming together, total community investment is anticipated to be \$8.95 million over 5 years, which includes an incremental benefit of \$850,000 over 5 years. This means more support for and investment in local communities.

## Credit Union System Benefits

As co-operatives, credit unions in BC work together and depend on one another in many ways. Combining forces is expected to result in a stronger and more resilient credit union which is positive for the entire credit union system.

# Interior Savings and Gulf & Fraser at a glance

Gulf & Fraser’s history extends back to 1940, when a group of BC fishermen incorporated the North Arm Fisherman’s Credit Union. Since that time, Gulf & Fraser has gone through exceptional organic growth, along with a series of mergers and name changes, further diversifying the Gulf & Fraser membership all across the Province. Throughout it all, Gulf & Fraser remains true to its roots, positively impacting its local communities. For over 80 years, Gulf & Fraser has been committed to empowering communities through local collaboration, financial wellness education, and reliable advice and service.

Interior Savings was founded in 1939 by a group of 20 people who, with \$96.50 in deposits, put into motion a vision for a financial institution that would put people first and help the local economy thrive. In the eight decades that followed, Interior Savings held fast to that member and community centric approach as it grew through several mergers to what it is today. From its humble roots in 1939 to its operations today, community and member wellbeing remains core to Interior Savings’ purpose which can be seen in its programs, the way in which the credit union shows up in the community, and right through to its tagline of local money for local good.

**At a glance** \*As at July 1, 2023

	Interior Savings	Gulf & Fraser
Founded in	1939	1940
Location founded	Kelowna, BC	Vancouver, BC
# of credit unions that make up the credit union today	12+	40+
# of members (approximately)	90,000	72,000
# of employees (including subsidiaries)	600+	450+
# of branch locations	25	30 (including 2 new branches announced)
# of insurance locations	15	0
Total assets under administration, including wealth management assets (approximately)	\$4.5 billion	\$5.6 billion
Products and services offered	<ul style="list-style-type: none"> <li>• Personal banking</li> <li>• Commercial banking</li> <li>• Financial planning and advice</li> <li>• Mutual funds and securities investments<sup>1</sup></li> <li>• Personal and commercial insurance services<sup>2</sup></li> <li>• Life insurance<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Personal banking</li> <li>• Commercial banking</li> <li>• Financial planning and advice</li> <li>• Mutual funds and securities investments<sup>1</sup></li> <li>• Life insurance<sup>4</sup></li> </ul>

<sup>1</sup>Mutual funds are offered through Qtrade Asset Management (a tradename of Credential Asset Management Inc). Mutual funds and other securities are offered through Qtrade Advisor, a division of Credential Qtrade Securities Inc.

<sup>2</sup>Offered through Interior Savings Insurance Services Inc.

<sup>3</sup>Offered through Interior Savings Estate Planning Inc.

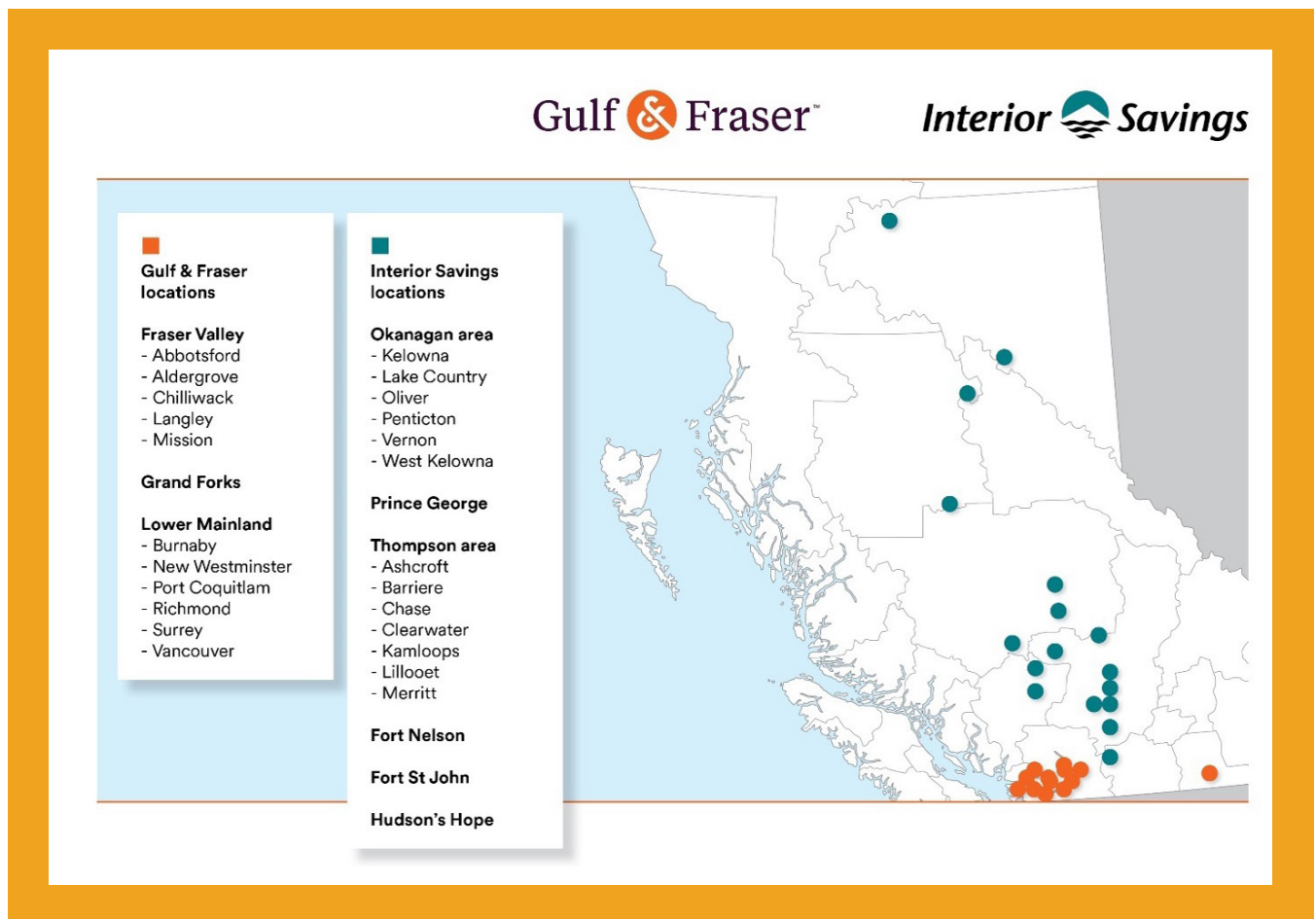
<sup>4</sup>Offered through Gulf and Fraser Insurance Services Ltd.

## Better together

Both Interior Savings and Gulf & Fraser have more than 80 years of historical presence providing essential banking services to people in the local business, farming, forestry, and fishing communities who had previously struggled to receive the services they need from the banks.

Today, Interior Savings and Gulf & Fraser continue to provide quality services, and to serve as a trusted financial resource for individuals like you, families, local businesses and community organizations, within their respective and growing market areas. Today, the credit unions are thriving cooperatives because of the trusted relationships they have built by always placing their members' needs first, and their deep commitment to building strong and healthy communities. The cooperative values the credit unions were built upon remain true and strong today for each credit union and the Merged Credit Union will continue to uphold these values.

As a result of the Proposed Merger, the Merged Credit Union will have a network of 55 locations across the Province to continue to serve members wherever they are.





# Structure and method of the merger

The method of the merger was jointly decided on by both Boards of Directors. They agreed that an amalgamation was the most practical way to merge. With combined total assets under administration of approximately \$10.1 billion, the Merged Credit Union will operate under the legal name of Beem Credit Union, while retaining the individual trade names of Interior Savings, Gulf & Fraser, GFCU Savings and North Peace Savings in the near term. In the years ahead, the Merged Credit Union will explore a brand refresh that continues to recognize the distinctness of each region while coming together under one brand. This will be important as members will eventually be able to do their banking at any branch of the Merged Credit Union. The merger between Interior Savings and Gulf & Fraser will happen by way of an amalgamation, which means the two credit unions (and their respective businesses) will continue as one credit union, the Merged Credit Union.

Below is a summary of the key provisions of the Amalgamation Agreement which represents highlights of the full agreement. For the full Amalgamation Agreement, refer to the information and materials, including the Supplemental Information Package, available at [www.togetherwearebetter.ca](http://www.togetherwearebetter.ca). A printed copy is also available at any Interior Savings or Gulf & Fraser branch.

Key Provision	Section	Summary
Parties	N/A	Gulf & Fraser and Interior Savings will merge to form the Merged Credit Union
Closing date	1.1(l)	January 1, 2024 (or another date as may be specified by the Superintendent of Financial Institutions). The Closing Date is the date that Gulf & Fraser and Interior Savings legally merge to form the Merged Credit Union
Subject conditions	2.1 and Recitals	Several conditions must be met prior to the completion of the merger. These include, among others, the filing of the Amalgamation Agreement with the Superintendent and obtaining all necessary approvals under the Competition Act (Canada)
Membership	3.1	Each member of Gulf & Fraser or Interior Savings will continue to be a member of the Merged Credit Union
Membership shares	3.1	Each Class "A" Membership Equity Share of Gulf & Fraser and each Membership Equity Share of Interior Savings will be exchanged for one Class "A" Membership Equity Share of the Merged Credit Union to a maximum of 1,000 shares
Excess membership shares	3.1	If a member of Gulf & Fraser or Interior Savings holds more than 1,000 membership shares of Gulf & Fraser or Interior Savings or, upon the merger occurring, a member of the Merged Credit Union will hold more than 1,000 membership shares of the Merged Credit Union, the excess shares will not be exchanged, but the member will receive \$1.00 for each share over 1,000
Jointly held membership equity shares	3.1	Each jointly held Class "A" Membership Equity Share of Gulf & Fraser and each jointly held Membership Equity Share of Interior Savings will be exchanged for one jointly held Class "A" Membership Equity Share of the Merged Credit Union. Shares will continue to be jointly held following the merger.
Name	3.3	The name of the Merged Credit Union will be "Beem Credit Union"
Head office	3.4	The head office of the Merged Credit Union will be located at the head office of Interior Savings in Kelowna. Head office functions and all non-member-facing positions of the Merged Credit Union will be administered on a distributed work force model, so that the Merged Credit Union will have employees in the communities it serves.

Key Provision	Section	Summary
		The Board of Directors of the Merged Credit Union will initially have 14 directors. The Board will be comprised of eight current directors of Gulf & Fraser (including former directors of Aldergrove Credit Union and Grand Forks District Savings Credit Union) and six current directors of Interior Savings (including former directors of Spruce Credit Union and North Peace Savings and Credit Union).
Governance	3.5(a)	Four directors will be appointed for a one-year term, four directors will be appointed for a two-year term and six directors (three each from Gulf & Fraser and Interior Savings) will be appointed for a three-year term.  The initial Chair of the Board of Directors of the Merged Credit Union will be an individual who was a director of Gulf & Fraser immediately before the merger and the initial Vice Chair will be an individual who was a director of Interior Savings immediately before the merger.
Leadership	3.5(b)	The current Chief Executive Officer of Interior Savings will act as the Chief Executive Officer of the Merged Credit Union. The current Co-Chief Executive Officers of Gulf & Fraser will serve as Special Advisors to the Chief Executive Officer during the merger transition and integration.
Rules	3.6	The Merged Credit Union will adopt a new set of Rules, which will apply to the members of Gulf & Fraser and Interior Savings once the merger occurs. A full copy of the Rules is included in Schedule 3.6 to the Amalgamation Agreement.
Representations and warranties	4.1	Each of Gulf & Fraser and Interior Savings will make a number of representations and warranties to the other party as are customary in a transaction of this type.
Covenants/ agreements	5	Gulf & Fraser and Interior Savings have agreed to a number of promises in the Amalgamation Agreement about how the Merged Credit Union will honour the terms and conditions of the merger agreed to by Gulf & Fraser and Interior Savings.
Business to be carried on	5.1	The business proposed to be carried on by the Merged Credit Union is that of deposit business and trust business.
Services	5.2	The Merged Credit Union will offer a full range of banking services for individuals, businesses and not-for-profit organizations, as more particularly described in Schedule 5.2 to the Amalgamation Agreement. It is not anticipated that any existing products or services of Gulf & Fraser or Interior Savings will be discontinued because of the merger.
Common bond	5.3	The Merged Credit Union will not have a common bond of membership.
Constitution	5.4	The Merged Credit Union will adopt a new Constitution, as set out in Schedule 5.4 to the Amalgamation Agreement.
Employees	5.5	It is intended that all employees of Gulf & Fraser and Interior Savings will get a job with the Merged Credit Union. Unionized employees will receive the salary as prescribed under their existing Collective Agreement. No non-unionized employee will see a reduction in monthly salary or wages as a result of the merger. Length of service entitlements of employees of Gulf & Fraser and Interior Savings will be recognized by the Merged Credit Union.
Branch operations	5.6	There will be no branch closures or reduction in the hours of operation of the Gulf & Fraser or Interior Savings branches as a direct result of the merger. The Merged Credit Union may change or re-locate branch operations or vary the hours of operation of the branches after the merger to better suit the members of such branch and the communities that the branch serves.
Community contributions	5.7	It is intended that the Merged Credit Union will continue to make community contributions in a manner which reflects the Merged Credit Union's philosophies and capital management policies. In addition, the Merged Credit Union will recognize the community contribution commitments that Gulf & Fraser and Interior Savings have made to the legacy credit unions with whom they have merged.

# Why merge now

Interior Savings and Gulf & Fraser have independently enjoyed success for many years. However, today's increasingly complex and competitive landscape continues to create heightened pressures for credit unions to explore new ways of working together and creating value for members, employees and communities.

Gulf & Fraser and Interior Savings believe now is the right time to come together because they truly are better together. In changing times, having the voice and the financial resources to make necessary investments is paramount to ensuring each credit union can adapt and remain financially strong for its' members, employees, and communities for years to come. To ensure the prosperity and the legacy of the credit unions for generations, the Boards of Interior Savings and Gulf & Fraser decided that both credit unions will be better together, and merging is the best option.

## Drivers of change

### Economic and regulatory drivers

Over the past several years, the Canadian and global economies have experienced dramatic change and volatility. Regulatory expectations and requirements continue to increase in complexity and breadth and the evolving compliance space must be met with greater sophistication. With increasing regulatory requirements, the costs to BC credit unions continues to rise. Financial services are complex, as we saw with the recent banking turmoil in the United States. Proper regulation in financial services is important. Canada has always had a strong regulatory environment, and as complexity increases so do regulatory expectations, which credit unions must be prepared for.

### Competitive and digital landscape

The financial services industry is undergoing significant digital transformation around the world. In North America, digital giants such as Google, Apple, Facebook, and Amazon are disrupting many industries, including banking, and in the process, are redefining consumer expectations. Keeping up with the latest and most innovative products and services requires investment into technology and specialized skills.

Credit unions across the country are preparing for the Canadian Government to introduce legislation around consumer directed finance (previously referred to as open banking), which will give consumers more choice in financial services while removing barriers to international players. With the benefit of increased scale, the Merged Credit Union can better prepare for the future than either Interior Savings or Gulf & Fraser can individually, as it will have the resources and be able to afford the investments that will be required.

### Consumer behaviours, expectations and the workforce of the future

Consumers have become accustomed to and expect companies to deliver an easy and personalized experience, whenever and wherever is convenient for them. Members and employees continue to migrate throughout the Province. The Proposed Merger is expected to improve service to members and give employees an opportunity to work from wherever they call home, which is becoming increasingly important.



The COVID-19 pandemic was, in part, the catalyst for some significant changes in the labour markets, the effects of which are being seen across the Province when it comes to attracting and retaining the desired skills to run a credit union effectively. Merging will allow Interior Savings and Gulf & Fraser to share valuable resources and skill sets to continue to effectively serve members while ensuring the sound management and governance of the Merged Credit Union.

### Sustainability

Consumers are becoming more concerned about environmental and societal issues, and increasingly they are expecting companies, including credit unions, to play a role in solving these issues. Consumers expect Environmental, Social and Governance (ESG) measures and practices to drive behaviours of companies and the banking industry. From our founding roots that provided banking services to those being left behind by the big banks, to being the first of Canadian financial institutions to lend to women in their own names, to being the first to offer Registered Education Savings Plans, credit unions have a long history of leading positive change. By joining together, Interior Savings and Gulf & Fraser will have more resources and a greater voice to lead the way and continue to advocate for positive change.

## Alternatives Considered

The Boards of both credit unions looked at alternative options to the Proposed Merger and concluded that those alternatives did not provide greater member, employee, and community benefits than the Proposed Merger. These alternatives included: Status quo, collaboration, partnerships and joint ventures, federal continuance, and other merger partners. For a brief description of each of the alternatives considered by the Boards of Directors, please refer to the Supplemental Information Package available at any Interior Savings or Gulf & Fraser branch or online at [www.togetherwearebetter.ca](http://www.togetherwearebetter.ca).

# Risks of the merger

Interior Savings and Gulf & Fraser have assessed the risks of the Proposed Merger and concluded that the benefits outweigh the risks. The table below outlines some potential risks to the Proposed Merger, along with how the risks will be managed and mitigated.

Potential Risk	Description	Risk Management and Mitigation Approach
Due diligence	It is possible that pertinent details (ex: undisclosed liabilities) exist and the other credit union is unaware of this.	The due diligence process was extremely fulsome and involved outside legal, accounting and tax expertise to assist with the review and interpretation of findings. In addition to the due diligence investigations, the Amalgamation Agreement requires each credit union to make representations as to the accuracy and completeness of information supplied during this process.
Cultural alignment	Risks associated with integrating two corporate cultures.	The focus for the Proposed Merger is to build for the future, based on the future vision of the Merged Credit Union. Experienced third parties were engaged to support the development of a new governance model, creation of a new brand architecture and framework, new organizational design and compensation model, and a framework to establish the future information architecture – all of which will support the culture of the Merged Credit Union.
Employee engagement and change management	Employees could have a negative reaction to the uncertainty and potential impact of the Proposed Merger.	Both credit unions are committed to consistently engaging and openly communicating with employees through established channels, providing opportunities to ask questions and provide feedback. Surveys, meetings and open dialogue are also utilized to understand employee sentiment and address concerns.
Membership approval	A condition of the Proposed Merger is the approval of the requisite majority of members of Gulf & Fraser and Interior Savings. If the Proposed Merger is not approved, the credibility and standing of each of the credit unions may be impacted.	<p>After a thorough review of the opportunity, both credit union Boards voted unanimously in favour of the Proposed Merger for the benefits it offers to members, employees, and the community.</p> <p>The parties are committed to engaging with members through ongoing communications, and offering opportunities for feedback and two-way dialogue, to ensure the benefits of the Proposed Merger are widely communicated and understood.</p>
Labour relations	There are two different unions and four collective bargaining units between the two credit unions. If the unions, and their represented employees, perceive they will be disadvantaged through the Proposed Merger, they may vote against the Proposed Merger.	The spirit of the Proposed Merger is that unionized employees will not be materially impacted by the Proposed Merger. There has been open communication that there will be no job loss as a direct result of the Proposed Merger. Open and ongoing communication as well as bargaining early are risk mitigation steps to ensure there is clarity around employee impact.
Operational impacts	Risk of merger activities impacting business operations and member service.	To help mitigate this risk, the project has been adequately resourced with a strong team and they adhere to project management best practices. This cross-functional team is focused on addressing any potential member impacts and their experience.
Technology and systems integration	Risks associated with operating, integrating, and running multiple systems and platforms during integration.	Aligning systems as early as possible after a merger is one of the ways to reduce the risks associated with multiple systems. For future system integrations, plans will be developed and sequenced to minimize disruption to employees and members, with the support of experienced external expertise.

Potential Risk	Description	Risk Management and Mitigation Approach
Cost of integration	Risk of integration costs exceeding forecasts.	The overall financial modelling for the Merged Credit Union is conservative. In addition, the business case for the Proposed Merger includes significant technology investment. Planning, budgeting, business cases and project oversight are all risk management practices that will be in place to ensure expenditures are managed and desired outcomes are achieved.
Synergies fail to materialize	Historically not all credit unions have achieved the desired synergies.	The goal of this Proposed Merger is to increase scale to create additional opportunities and to provide a stronger credit union for members, employees and the community. The credit unions have worked collaboratively to create strong plans, exploring potential areas of concern early so they can be adequately addressed.
Brand identity and community connection	Risk of lost goodwill, brand identity and community connection.	<p>Both credit unions have established brands in their respective markets and have a strong commitment to local communities. With an aim to maintain community connection and goodwill, while also leveraging the brand equity of each credit union, early in the merger process consultants were hired to assist in defining: a governance structure; brand architecture and framework; and a new name that would represent the Merged Credit Union.</p> <p>In each of these processes, ongoing stakeholder engagement has included participation from directors, employees, and members as well as others in the financial services system.</p> <p>Community connection and community giving will remain a core principle of the Merged Credit Union which will help mitigate any risks in this area.</p>
Multiple concurrent mergers	Mergers can be disruptive, expensive and result in organizations not focusing on other strategic priorities.	Both credit unions agree that completing key system integrations early and aligning the organizations as quickly as possible is important. To do this without disrupting the entire organization, resources will be strategically added to support this.

## Merged Credit Union goals

By combining our operations, Interior Savings and Gulf & Fraser will unite current and future members, employees and communities across the Province and will be there for members – now and into the future – when, how, and where they need us.

### The Merged Credit Union:

- Seeks to deliver personalized advice and service to members whether they choose to bank in branch, or through the various on-the-go banking options such as mobile and online banking, or mobile wallets. The Merged Credit Union will continue to enhance services over time through continued investment in technology that will make banking easier for members, helping them achieve financial wellbeing.
- Will be collectively strong, with a network of branches that spans the Province to provide greater opportunities for employees, members and communities in a model that would maintain the local presence that is so valued.
- Will be able to do more together while also maintaining that local voice and community connection, enhancing collaboration with other credit unions and ensuring the financial wellness of current and future members across the Province.

- Will build strong and more resilient communities through increased funding and stronger relationships. The ability to support our collective communities will see a boost due to the collective financial strength of the Merged Credit Union. To deliver on this commitment, the Merged Credit Union commits to allocating \$8.95 million over the next five years to support the local communities in which the Merged Credit Union operates. This is more than either Gulf & Fraser or Interior Savings could do on its own.
- Will be an active participant in the cooperative system — ensuring that fellow like-minded credit unions get the support they need through ongoing involvement, collaboration, leadership, and strategic alliances when opportunities present themselves.

## History and background of merger discussions

Interior Savings and Gulf & Fraser share a history of collaboration and cooperation. Both credit unions have long been actively involved in the credit union system. Their collective contributions of leadership, capital, time and resources have played an instrumental role in building the programs that many credit unions continue to benefit from today. Working alongside each other in this manner has demonstrated how much they share similar cooperative values and synergies.

Formal merger discussions began in mid-2022 following each of the credit union’s individual strategic planning sessions in the Spring. The following is a timeline of events that led to the submission of an Application for Consent to the BC Financial Services Authority (BCFSA):





# Merger and integration costs

The credit unions recognize the risks inherent in the Proposed Merger and subsequent integration. With proper planning, effective mitigation strategies, and a strong financial forecast, Interior Savings and Gulf & Fraser believe the financial impact of the Proposed Merger can be managed with success.

It is important to recognize that the Proposed Merger itself will come with considerable operational costs, such as harmonization of employee salaries and benefits, enhancements in technology and digital channels, integration of key systems and contractual obligations, implementation of a new brand along with corresponding premises updates, and merger related costs. Below is a summary of the costs directly attributable to the Proposed Merger over the five-year period following the Proposed Merger:

Merger and integration costs (\$ 000's)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Governance	195	52	52	78	104	481
Human resources & culture	6,841	5,381	3,302	2,093	2,124	19,741
Information technology, data architecture & information security	642	2,223	2,723	2,822	2,300	10,710
Enterprise risk & compliance	-	95	95	96	90	376
Credit - retail & commercial	30	154	544	522	423	1,673
Premises & facilities management	110	881	1,021	780	778	3,570
Accounting & financial reporting	-	100	50	50	50	250
Marketing, brand, communication & community involvement	475	975	525	525	150	2,650
Wealth Management & insurance subsidiaries	105	192	196	199	203	895
Products & services	250	250	550	50	50	1,150
Merger related costs	200	-	-	-	-	200
<b>Total merger and integration costs</b>	<b>8,848</b>	<b>10,303</b>	<b>9,058</b>	<b>7,215</b>	<b>6,272</b>	<b>41,696</b>

**Note:** All merger and integration costs are reflected in the Financial Summary component noted in the next section.

## Management incentives and severance costs related to the Proposed Merger

Built into the financial model, established by the credit unions to evaluate the integration costs and synergies of the Proposed Merger, are estimates of management incentives and severance costs for executive members of the credit unions' senior management teams, offset against anticipated synergies realized in salaries and benefits reductions over time. The financial model identified one time severance and retention costs of \$3.2 million earmarked in Year 1 offset by cumulative salaries

and benefits reductions with respect to executives of \$12.3 million over the five-year projection horizon. Severance costs include certain executives exercising their change of control agreements whose roles may overlap or be deemed redundant. Both credit unions have change of control agreements with the executive members of their senior leadership team that are consistent with industry practice in merger situations. Retention costs are necessitated by the need to retain key personnel during the integration effort of a larger and more complex merger.

## Financial summary

Comprehensive and detailed financial analysis and modelling were completed as part of the due diligence and pre-merger processes. The Merged Credit Union's projected financial results outline a strong foundation for future growth. The financial model was developed on a conservative basis and represents five-year financial projections for the balance sheet, income statement and key ratios of the Merged Credit Union.

Through the Proposed Merger, a compelling financial business case illustrates the opportunity for more success together than either credit union could achieve on its own on a status quo basis. The Merged Credit Union expects to benefit from economies of scale, more robust asset growth, and improved profitability and cost efficiencies. When considering the Proposed Merger and integration costs of approximately \$41.7 million and the \$44.6 million in synergies and benefits to be realized by the Merged Credit Union, an operating income benefit of approximately \$2.9 million is projected over the five-year period. It is noteworthy that merger and integration costs are generally one time in nature while many of the synergies and benefits will continue in perpetuity, so the economic benefit is expected to be greater than presented. Key highlights of the Merged Credit Union's balance sheet, income statement, and key ratios are provided below.<sup>5</sup>

Balance Sheet (\$ 000's)	Year 1	Year 2	Year 3	Year 4	Year 5	5 Yr CAGR*
Total loans	7,450,651	7,806,244	8,100,420	8,411,663	8,766,630	4.28%
Total deposits	7,849,326	8,122,559	8,440,897	8,777,336	9,161,417	3.82%
Total capital	510,832	564,238	639,187	717,640	799,204	10.27%
Total assets	8,771,988	9,101,739	9,497,819	9,914,896	10,383,371	4.20%
Total assets under administration**	10,437,439	10,826,696	11,284,661	11,766,099	12,301,509	4.10%

\*Compound Annual Growth Rate

\*\*Comprised of Total Assets, syndicated & Canada Emergency Business Account (CEBA) loans and investment portfolios and mutual funds (at market value)

Income Statement (\$ 000's)	Year 1	Year 2	Year 3	Year 4	Year 5
Financial margin	148,038	186,638	221,519	230,762	240,953
Loan loss provision	1,124	998	826	874	997
Non-interest income	43,018	44,917	46,430	48,442	50,611
Non-interest expense	161,923	165,946	169,346	171,978	176,267
Operating income	28,009	64,611	97,777	106,352	114,300

Key Performance Ratios	Year 1	Year 2	Year 3	Year 4	Year 5
Capital adequacy	14.85%	15.23%	16.26%	17.25%	18.12%
Liquidity	13.21%	12.40%	13.10%	13.77%	14.39%
Return on assets	0.33%	0.72%	1.05%	1.10%	1.13%
Expense ratio	1.88%	1.86%	1.82%	1.77%	1.74%
Operating efficiency	84.75%	71.67%	63.20%	61.60%	60.46%

For modeling purposes, the projections are based on a five-year horizon noted as Year 1 to Year 5. The date of the Proposed Merger is planned for January 1, 2024, but could be a later date as determined by the BC Financial Services Authority.

It is important to note that this financial model is not intended to reflect a full strategic plan, operating plan, tactical plan, or the possibility of potential associated revenue uplift according to the Merged Credit Union's strategy. As part of integration planning, the management and Board of Directors of the Merged Credit Union will develop a more detailed strategic plan, supported by a comprehensive operating plan that reflects the needs of the business.

<sup>5</sup> The highlights of the Merged Credit Union's balance sheet, income statement and key ratios provided below do not incorporate North Peace Savings and Credit Union's financials. However, the credit unions have determined that the inclusion of North Peace Savings and Credit Union financials would not amount to any significant changes to the figures noted below.





# How the merged credit union will operate

## Name

With a vision to create a province-wide credit union that is different from anything else that exists today, the Merged Credit Union requires a brand and name that is reflective of this vision. There is an opportunity to clarify and amplify the Merged Credit Union's identity and role within BC's credit union system for a broad range of stakeholders, including employees, members, and the public, among others.

Both credit unions value the rich histories reflected in their current names. It was determined that the heritage brands of the credit unions would be maintained for a period of time. After this time, the Merged Credit Union would transition to a single brand, reflective of the Merged Credit Union's legal name, Beem Credit Union.

## Start date and administration office

The Proposed Merger is set to be effective January 1, 2024, subject to membership approval. The head office will be the current head office of Interior Savings, located in Kelowna.

## Products and services

As Interior Savings and Gulf & Fraser currently offer complementary services and product options, after the Proposed Merger, the Merged Credit Union will offer a very similar array of options to members. Immediately following the proposed merger, members will continue with the products and services currently offered at each credit union. From personal and business banking services, to commercial and wealth management services, over time, members can expect to benefit upon completion of the Proposed Merger. All deposits will continue to be insured by the Credit Union Deposit Insurance Corporation (CUDIC). Over time, driven by the benefits of scale, the Merged Credit Union will be able to offer even more choice in products and services and an enhanced digital experience. Refer to the Benefits section in this Guide to learn more.

## Better ways to serve you

The Merged Credit Union will have over 162,000 members, 55 locations and approximately \$10.1 billion in total assets under administration. The Merged Credit Union will provide a full range of personal and business banking, investment, and insurance solutions to its members. With a continued and combined desire for educating and empowering members to achieve their financial goals, the Merged Credit Union will focus on providing advice tailored uniquely for each member.

# Merged credit union leadership

With a strong vision in place, an organizational structure was needed that considers the future values and aspirations of the Merged Credit Union. A capable leadership team will build a strong credit union that is ready for the future and evolves the business in this changing environment.

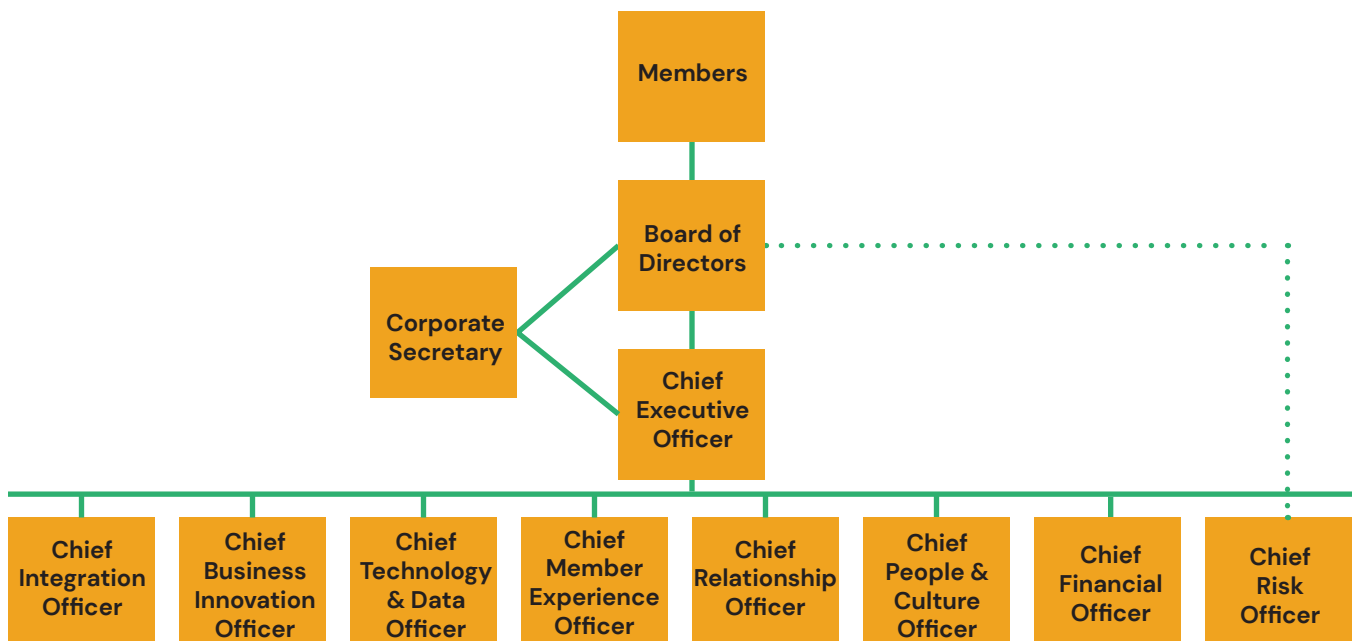
Brian Harris, CEO of Interior Savings, will be the CEO of the Merged Credit Union. Bill Kiss and Jeff Shewfelt, Co-CEOs of Gulf & Fraser, will serve as Special Advisors to the CEO during the merger transition and integration and will remain with the Merged Credit Union for a period of time, playing a vital role in leading and supporting integration initiatives. Following this short transition and integration period, Bill and Jeff will retire.

An eight-person executive team under the CEO will serve as the foundation of the Merged Credit Union's leadership. The following individuals will form the initial Executive Team of the Merged Credit Union. Interior Savings and Gulf & Fraser will actively recruit for any vacant executive positions in advance of the Proposed Merger.

- Chief Integration Officer – Mary Lynn Baker
- Chief Business and Innovation Officer – Vacant
- Chief Technology and Data Officer – Vacant
- Chief Member Experience Officer – Nelson Sandhu
- Chief Relationship Officer – Karen Hawes
- Chief People and Culture Officer – Vacant
- Chief Financial Officer – Ron Lee
- Chief Risk Officer – Scott Betts

The executive organizational structure is established based on a future vision of being nimble, responsive to market needs, enabling people, and delivering on core capabilities.

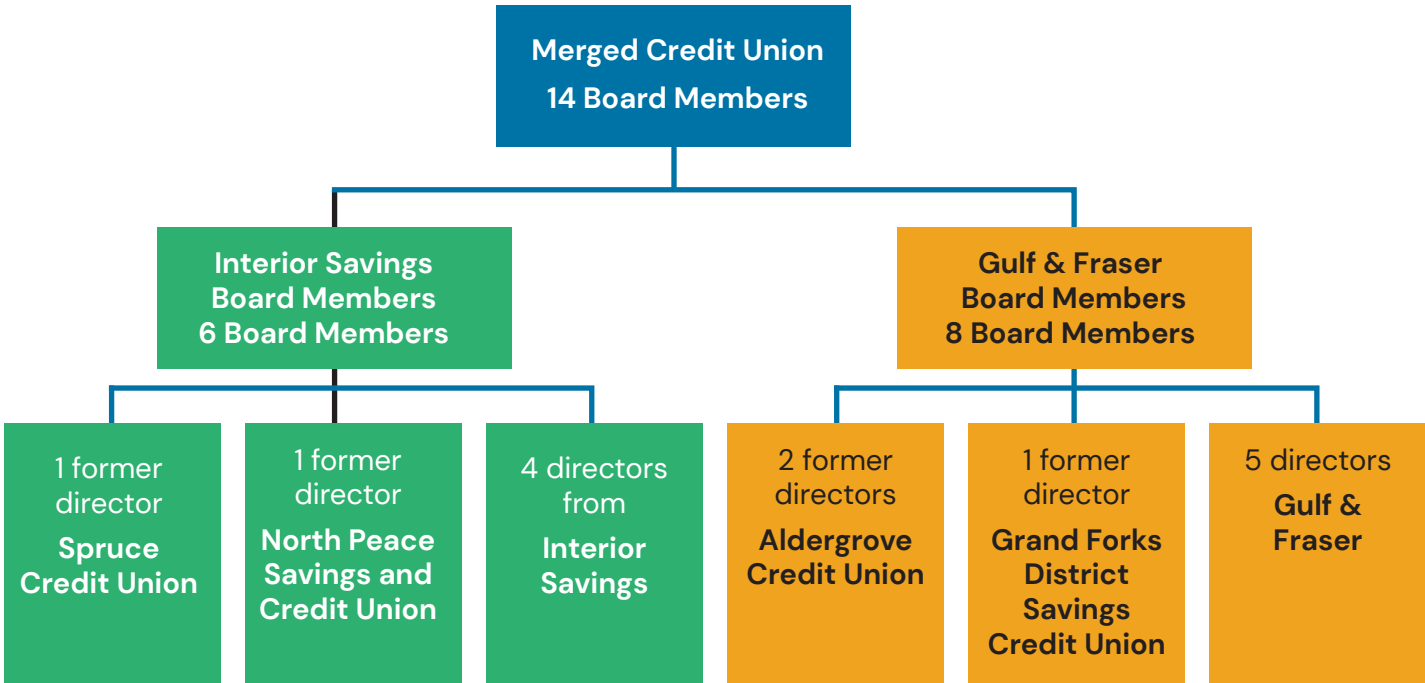
For executive biographies, please refer to the Supplemental Information Package found at [www.togetherwearebetter.ca](http://www.togetherwearebetter.ca) or available at any Interior Savings or Gulf & Fraser branch.



# Governance structure

## Board of Directors

The initial Board of Directors of the Merged Credit Union will consist of 14 directors. Representation on this inaugural Board ensures that commitments from previous mergers completed by Interior Savings and Gulf & Fraser with respect to Board representation are respected. Although the Rules of the Merged Credit Union allow for up to 18 directors, the ideal size of the Board is a lower number of directors. Board terms have been staggered to help achieve this reduction while also ensuring that there is representation from both Interior Savings and Gulf & Fraser (along with the legacy credit unions previously acquired by Interior Savings or Gulf & Fraser). The initial Board composition will be accomplished by assigning four directors with a one-year term; four directors with a two-year term; and six directors (three each from Interior Savings and Gulf & Fraser) with a three-year term.



The following individuals will form the initial Board of Directors of the Merged Credit Union:

Amalgamating Credit Union	Director Name	Term Expiry
<b>Gulf and Fraser Fishermen's Credit Union</b>	Daniel Drexler (former Director of Grand Forks District Savings Credit Union)	2025
	Lee Varseveld	2025
	Linda Archer	2026
	Tracey Scott <sup>6</sup>	2026
	Bill Wilby <sup>7</sup>	2026
	Christine Dacre	2027
	Nate Hampson (former Director of Aldergrove Credit Union)	2027
	Doug Sweeting, Board Chair (former Director of Aldergrove Credit Union)	2027
	Karri Brinnen	2025
<b>Interior Savings Credit Union</b>	Reg Foot (former Director of Spruce Credit Union)	2025
	Tracey Wolsey (former Director of North Peace Savings and Credit Union)	2026
	Elmer Epp	2027
	Rob Shirra, Vice Chair	2027
	Bruce Tisdale	2027

<sup>6</sup>Tracey Scott was formerly a director of Aldergrove Credit Union. Tracey Scott was elected to the Gulf & Fraser Board of Directors by the members of Gulf & Fraser in April, 2023.

<sup>7</sup>Bill Wilby is also a former director of Grand Forks District Savings Credit Union. Bill Wilby was elected to the Gulf & Fraser Board of Directors in April, 2023.

If any of the proposed directors listed above become unwilling or unable to act as a director of the Merged Credit Union prior to the effective date of the Proposed Merger, an updated list of the initial Directors of the Merged Credit Union will be made available at [www.togetherwearebetter.ca](http://www.togetherwearebetter.ca).

For Director biographies, please refer to the Supplemental Information Package found at [www.togetherwearebetter.ca](http://www.togetherwearebetter.ca) or available at any Interior Savings or Gulf & Fraser branch.

### Future Vision of Governance

One of the guiding principles for this merger was to do more for members, to provide increased career growth and development opportunities for employees and to ensure the Merged Credit Union can maintain and grow the strong community connection that has led to each credit union's success. The Merged Credit Union's ability to do so starts with governance.

The aim is to become a truly province-wide credit union with a governance model that maintains community-driven leadership and decision-making. Upon merging, the Board of Directors of the Merged Credit Union will include representation from both credit unions and by December 31, 2025, the Merged Credit Union intends to establish two community impact councils with a vision to establish additional community impact councils over time. Those councils would report to the Board and provide input on community investment, help to engage communities, and raise the profile of the credit union in their respective communities. Appointees to the community impact councils will also serve on a director recruitment committee and make recommendations to the Board about possible candidates for director elections. The role of the community councils will be to engage with communities and members throughout the region in partnership with regional management, to advance the community economic development and member engagement policies and plans.

# Cautionary note regarding forward looking statements

This Guide to Understanding the Proposed Merger contains forward-looking statements and information. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “potential”, “pro forma” and similar expressions are intended to identify forward-looking statements or information. Forward-looking information presented in such statements or disclosures may, among other things, relate to: (i) the anticipated benefits from the Proposed Merger; (ii) the expected completion and implementation date of the Proposed Merger; (iii) certain operational and financial information; (iv) the nature of the Merged Credit Union’s operations following the Proposed Merger; (v) sources of income; (vi) forecasts of capital expenditures, including general and administrative expenses; (vii) anticipated income taxes; (viii) business outlook following the Proposed Merger; (ix) plans and objectives of management for future operations; (x) forecast cost savings; and (xi) anticipated operational and financial performance.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Interior Savings and Gulf & Fraser, as applicable, including information obtained from third party industry analysts and other third-party sources.

The assumptions and factors include, but are not limited to:

- The approval of the Amalgamation Agreement by Interior Savings and Gulf & Fraser members;
- Satisfaction of the other conditions for completion of the Proposed Merger, including the receipt of all required regulatory and third-party approvals to complete the Proposed Merger;
- The completion of the Proposed Merger;
- No material changes in the legislative and operating framework for the business of Interior Savings or Gulf & Fraser, as applicable;
- No material adverse changes in the business of either or both of Interior Savings or Gulf & Fraser; and
- No significant events occurring outside the ordinary course of business of Interior Savings and Gulf & Fraser, as applicable, such as a natural disaster or other calamity.

The forward-looking information contained in statements or disclosures in this Guide is based (in whole or in part) upon factors which may cause actual results, performance or achievements of Interior Savings, Gulf & Fraser or the Merged Credit Union, as applicable, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While Interior Savings and Gulf & Fraser do not know what impact any of those differences may have on their respective businesses or the business of the Merged Credit Union, results of operations and financial conditions may be materially adversely affected.

You are further cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

You are cautioned that the foregoing list is not exhaustive. Readers should carefully review and consider the risk factors described under “Risks of the merger” and other risks described elsewhere in this Guide.

The forward-looking statements and information contained in this Guide are made as of the date hereof and Interior Savings and Gulf & Fraser undertake no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained in this Guide, Interior Savings and Gulf & Fraser members should not place undue reliance on forward-looking statements or disclosures. The forward-looking information and statements contained in this Guide are expressly qualified in their entirety by this cautionary statement.

## Questions and additional information

Thank you for taking the time to read through this Guide to Understanding the Proposed Merger. We trust that you have the information you need to make an informed decision on your vote. It is our hope that you voice your opinion by casting your vote. With your approval of the Proposed Merger, we will have the necessary resources to remain as your trusted local cooperative for generations to come.

We welcome your feedback about the Proposed Merger. If you have any feedback or questions about the Proposed Merger or the voting process, or would like more details, please visit [www.togetherwearebetter.ca](http://www.togetherwearebetter.ca) or connect with us through the following methods:



### Interior Savings Credit Union

Phone: 1-855-220-2580

Email: [bettertogether@interiorsavings.com](mailto:bettertogether@interiorsavings.com)



### Gulf and Fraser Fishermen's Credit Union

Phone: 604-419-8888

Email: [bettertogether@gulfandfraser.com](mailto:bettertogether@gulfandfraser.com)

**Better  
Together**

Gulf & Fraser™  
*Interior Savings*