

**Better
Together**

Gulf & Fraser™
Interior Savings

Supplemental Information Package

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

In addition to this Supplemental Information Package, voting instructions were included in the Members Guide mailing, and are also available at www.togetherwearebetter.ca

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Mr. Brian Harris
Chief Executive Officer
Interior Savings Credit Union

File No.: 71500-10-X027514
71500-10-X020264
Ref. No.: SR047689

Messrs. Bill Kiss and Jeff Shewfelt
Co-Chief Executive Officers
Gulf and Fraser Fishermen's Credit Union

29 September 2023

Dear Messrs. Harris, Kiss and Shewfelt:

Re: Application for Consent to Proposed Amalgamation of Gulf and Fraser Fishermen's Credit Union and Interior Savings Credit Union

The Superintendent of Financial Institutions has provided consent to the proposed Amalgamation Agreement between Gulf and Fraser Fishermen's Credit Union and Interior Savings Credit Union pursuant to section 20 of the *Credit Union Incorporation Act* and section 3(d) of the *Transfer of Powers and Duties (Financial Institutions) Regulation* to the *Financial Institutions Act* on September 28, 2023.

Regards,



Priti Prasad Hambrook
Manager, Approvals

pc: Robert Shirra, Board Chair, Interior Savings Credit Union
Floyd Yamamoto, Board Chair, Gulf and Fraser Fishermen's Credit Union

Questions and Additional Information

Thank you for taking the time to read through the Guide to Understanding the Proposed Merger and this Supplemental Information Package. 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 or connect with us through the following methods:



Interior Savings Credit Union

Phone: 1-855-220-2580

Email: bettertogether@interiorsavings.com



Gulf and Fraser Fishermen's Credit Union

Phone: 604-419-8888

Email: bettertogether@gulfandfraser.com

Alternatives Considered

Both credit unions explored several options for a path forward.

Status Quo

Within the past two years, both credit unions have merged with like-minded credit unions. Gulf & Fraser merged with four different credit unions and Interior Savings merged with two. Prior to these mergers, the credit unions have independently been successful in pursuing organic growth and have been able to make an acceptable level of investment to support this growth path. Maintaining a stand-alone approach would mean that the credit unions would remain concentrated in their respective market areas. The credit unions would need to rely on collaboration with other meaningful partners to pursue effective economies of scale. While this option is the least disruptive to operations and employees, it was not seen as an ideal option in the long term for the following reasons:

- Limits the opportunity for growth and ability to service members throughout the province.
- Limits the ability to attract and retain employees who may wish to work in different areas of the province.
- Limits the ability to further expand lending and deposit portfolios.
- While the credit unions are strong, they may not grow fast enough to achieve the scale to meet increased regulatory demands and improve their ability to invest enough in digital transformation to meet the ever-increasing demands of members and potential members.

Collaboration, Partnerships, and Joint Ventures

Collaboration, partnerships, and joint ventures have played an important role in the credit union system for much of its history. These collaborative efforts have had varying levels of success and may have served their purpose at the time. The reality is that collaboration is difficult. Credit unions vary in size, and culture, have different priorities, have different levels of financial performance, and must be mindful of their local landscape and economy. Collaboration fails to address the need to consolidate infrastructures to achieve significant efficiencies that can be recognized in perpetuity. Gaining true efficiencies through collaboration is becoming increasingly challenging and, in many instances, cost prohibitive.

Federal Continuance

Federal continuance was considered by both credit unions to be the most complex and expensive option. While having access to a national market may present the greatest opportunity for long-term benefit it also presents the biggest risk. Given the cost, complexity, and competitive environment on a national scale this option is typically only feasible for very large credit unions and both credit unions did not consider themselves large enough to pursue this alternative.

Other Merger Partners

Following recent successful mergers by both credit unions, consideration was given to other potential merger partners across the province. However, timing must be right for both parties. At the same time, there was interest expressed by other smaller credit unions in the province to merge with Gulf & Fraser and Interior Savings. Although beneficial, both credit unions recognized that in order to meet the demands of the future, the next merger partner had to be larger in size in order to build resources for the future.

Further, both credit unions feel there is an opportunity to create a provincial credit union with values and a governance structure that would maintain the community focus and localness which is true to credit union roots. This led to some exploratory conversations and ultimately Interior Savings and Gulf & Fraser found each other as the best match for creating a new vision together. An amalgamation approach was chosen based upon legal and accounting advice, and the desire to seek the most effective method to complete a merger of equals. Members of each of Interior Savings and Gulf & Fraser will become members of the merged credit union (the “**Merged Credit Union**”).

Financial Update

As part of our Application for Consent to the BC Financial Services Authority, a business case was provided on April 14, 2023 supporting the financial projections of the Merged Credit Union which was included in the Members Guide. Subsequent to the business case submission, the Canadian economic environment has continued to shift with persistent inflation resulting in the Bank of Canada increasing its target overnight rate further from 4.50% to 5.00% currently. This has resulted in increasing the steepness of an inverted yield curve (where short term interest rates are higher than long term interest rates) that is forecasted to have an adverse impact of compressing Financial Margin, thereby reducing the pace of loan and deposit growth and lowering Return on Assets (ROA) as compared to the original business case projections. Nonetheless, the Merged Credit Union is still forecasted to have a positive upward trending Return on Assets (ROA) each year while benefiting from the increase in scale and expectation to generate greater operating income for the Merged Credit Union.

Updated financial projections of the Merged Credit Union's balance sheet, income statement, and key ratios are provided below.

Balance Sheet (\$ 000's)	Year 1	Year 2	Year 3	Year 4	Year 5	5 Yr CAGR*
Total Loans	7,350,931	7,606,804	7,900,980	8,212,223	8,567,190	3.80%
Total Deposits	7,577,626	7,838,632	8,142,774	8,464,307	8,831,171	3.78%
Total Capital	490,509	524,319	579,015	636,982	696,593	7.39%
Total Assets	8,479,964	8,777,893	9,139,524	9,521,208	9,950,515	3.97%
Total Assets Under Administration**	10,145,415	10,502,850	10,926,366	11,372,411	11,868,653	3.91%

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

Income Statement (\$ 000's)	Year 1	Year 2	Year 3	Year 4	Year 5
Financial margin	126,158	161,317	193,182	201,222	209,682
Loan loss provision	844	718	826	874	997
Non-interest income	41,561	43,349	45,076	46,956	48,981
Non-interest expense	161,819	165,732	169,124	171,747	176,026
Operating income	5,055	38,215	68,308	75,558	81,639

Key performance ratios	Year 1	Year 2	Year 3	Year 4	Year 5
Capital Adequacy	14.64%	14.87%	15.50%	16.10%	16.60%
Liquidity	11.22%	11.30%	11.68%	12.04%	12.34%
Return on assets	0.06%	0.44%	0.76%	0.81%	0.84%
Expense ratio	1.94%	1.92%	1.89%	1.84%	1.81%
Operating efficiency	96.48%	80.98%	70.98%	69.20%	68.05%

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.

Board and Executive Biographies

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.

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

Doug Sweeting, Board Chair

Doug has over 40 years of experience in the financial service industry, working with insurance companies, credit unions, securities dealers, and a bank. He has owned several insurance agencies and developed wealth management divisions for BC credit unions. He is actively involved with non-profit organizations and is currently a member of the board for the Canadian Cancer Society, BCY division.

Rob Shirra, Vice-Chair

Rob is a community-minded business executive with a strong commitment to the credit union system. From 1983–2017, he owned a successful management consulting company and worked with many large-scale national and international clients. In 2015 he was awarded the ICD.D designation from the Institute of Corporate Directors. More recently, in 2022, Mr. Shirra completed his ACCUD (Accredited Canadian Credit Union Director) certification. Prior to moving to the Okanagan, he served on the Board of another large BC credit union, where he chaired their Investment & Lending committee. Since 1988 he has been a director on several other industry and community boards.

Linda Archer, Director

Linda has extensive experience in the cooperative system, business operations and governance. Through her work with the City of Vancouver as well as over 20 years in the credit union system, Linda has held senior leadership positions in human resources, marketing, operational consulting and member relations. Linda has completed formal governance training through the Institute of Corporate Directors and has facilitated credit union governance education for Canadian Credit Unions, as well as developed and facilitated cooperative and credit union governance education as an international development volunteer, primarily in Africa. Linda is a recipient of the BC Credit Union Foundation's Distinguished Service Award and has been a frequent speaker locally, nationally and internationally through the World Council of Credit Unions.

Karri Brinnen, Director

Karri is an accomplished entrepreneur, a self-employed bookkeeper and brings strong experience in governance to the board. She previously worked at Interior Savings as the Senior Governance Coordinator and Executive Assistant to the CEO & Board of Directors. As a governance specialist, Karri was a founding member of the BC Credit Union Governance Professionals Group as well as a past member of Governance Professionals of Canada and has completed Levels A & B of the Credit Union Director Achievement Program. From 2019–2022, Karri served on the Board of Habitat for Humanity Okanagan where she held the position of Vice-Chair (2021–2022) and Chair of the Audit & Finance Committee.

Christine Dacre, Director

Christine is a Chartered Professional Accountant with over 15 years in executive and senior level financial positions. She has significant experience in finance, strategic planning, corporate leadership, risk management, internal controls, human resource processes and information technology. She is a resident of New Westminster, with an interest in the community. She was on the board of the New Westminster Victims Assistance Association from 2009–2014 and is currently on the board of the New Westminster Police Department. Christine is very familiar with Gulf & Fraser and the credit union system as she was a previous board member from 1992 to 2007. Her belief is that a credit union is a part of the community it serves.

Daniel Drexler, Director

Daniel Drexler is a community-minded professional with a well-rounded background in municipal government, economic development and information technology. Daniel works for the City of Grand Forks as Corporate Officer & Manager of Information Technology where he manages information technology assets and is responsible for all legislative and corporate functions. An active volunteer in the Boundary region, Daniel served as a board member of Community Futures Boundary for five years. Daniel was honoured as Volunteer of the Year by Community Futures Boundary in 2013. Daniel also spent two years as a board member of the Grand Forks Chamber of Commerce, and he served on the Grand Forks District Savings Credit Union Board for 7 years prior to its merger with Gulf & Fraser, when he joined the Board of Gulf & Fraser.

Elmer Epp, Director

Elmer's membership in Interior Savings goes back over 40 years. He has also been a member of Interior Savings' Board for 20+ years, including serving as the Chair from 1998 to April 2020. From 2013–2019 he served on the Board of Central 1 Credit Union, which represents all the Credit Unions in BC and most of the Credit Unions in Ontario. While at Central 1 he served as Chair of the Legislative Affairs Committee. Mr. Epp has been a lawyer for 40 years, specializing in corporate and commercial law. He is now retired giving him more time to dedicate to his position on the Board of the Merged Credit Union.

Reg Foot, Director

Reg has been employed for over 20 years as a Sales Manager at Carrier Lumber in Prince George. He has a passion for the co-operative system and was a Board member of Spruce Credit Union for over 10 years with the last two as the Board Chair. Reg is a graduate of the Credit Union Director Achievement (CUDA) program and holds a diploma in Marketing Management. He is also the owner/operator of a water ski school that has been in operation for over 30 years.

Nate Hampson, Director

Nathan was born, raised, and has lived in Abbotsford his entire life. He and his wife, Maja, are the proud parents of two young children. He has worked in the technology industry for 15 years. In that time, he has built a successful consultancy firm that has helped hundreds of businesses build strategy and cope with change around technology and digital transformation. This includes businesses and not-for-profits in the medical, legal, financial, education, agriculture, manufacturing, and various other sectors.

He is passionate about building sustainable organizations that provide a social good. He is excited about cooperative values and the alternative vision they provide: to build a strong, healthy, and socially beneficial financial institution whose duty is first and foremost to its members.

Tracey Scott, Director

Tracey has been in the construction industry for over 30 years, starting in the field by swinging a hammer, and then moving on to various sectors as Production & Logistics Manager, Business Owner, and ultimately her current role as Project Manager with Quantum Properties. Born and raised in Abbotsford/Mission, Tracey became a member of Matsqui Credit Union in 1976 and is a strong believer in the cooperative principals of the credit union. The importance of putting members first and providing support to the communities where our members live, work and play are paramount to Tracey's values.

Bruce Tisdale, Director

Bruce is a Chartered Professional Accountant with an extensive background in senior school district business administration. He also provides consulting services to school districts and works with the Ministry of Education. Bruce has served on various provincial committees in areas such as labour relations, technology, shared services, and finance. He continues to serve as a mentor to administration professionals new to the education sector. He is currently employed as a Secretary Treasurer for a smaller school district in the Okanagan. He and his family have been involved with credit unions for more than fifty years.

Lee Varseveld, Director

Lee first became a member of Gulf & Fraser in the 1980s as a salmon and herring fisherman. Since fishing, Lee has enjoyed a long and rewarding career in the marine insurance industry as an employee of Pacific Coast Fishermen's Mutual Marine Insurance Company – a membership-driven Mutual. Lee is a Chartered Insurance Professional and currently serves as General Manager of Pacific Coast Fishermen's Mutual Marine Insurance Company reporting to its Board of Directors. Since joining the Gulf & Fraser Board in 2014, Lee has served on every committee of the Board and currently serves as Chair for the Investment & Lending Committee. Lee continues a path of life-long learning to strengthen his contribution to the continued success of the credit union and holds the designation of Certified Credit Union Director.

Bill Wilby, Director

Bill is an experienced credit union board director who is passionate about cooperative organizations and their potential to enhance the lives of members and communities. Bill's hometown is Alert Bay, but Bill and his wife Sandra have lived in the Grand Forks area for the last 40 years. Bill has served a combined twelve years as a credit union director at two credit unions, Grand Forks District Savings Credit Union and Stabilization Central Credit Union. Bill has been the chair of credit union peer group three, the chair of the local Agricultural Society and volunteers for the local food co-op. Bill is an Accredited Canadian Credit Union Director (ACCUD), a Certified Credit Union Director (CCD I & II) and holds many certificates related to governance and co-ops.

Tracey Wolsey

Tracey is an energy industry executive committed to the north. Born and raised in northeast BC, Tracey continues to reside in the Fort St. John area with her husband and extended family after retiring from a long and productive career with Suncor Energy from 1998–2021. Her post secondary education includes a Bachelor of Arts degree in Political Science from the University of Calgary, a Master's degree from the University of Northern British Columbia and a leadership program at Harvard. She has received several awards including Suncor President's Operational Excellence Awards and a BC 'Outstanding Resources Woman of Honor' award.

Executive

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

The initial executive team of the Merged Credit Union is as follows:

Brian Harris, CEO

Born and raised in British Columbia, with a career that has taken him across the globe, Brian has over 20 years of experience leading financial services companies through significant growth while helping them adapt to an unprecedented pace of change.

Prior to joining Interior Savings, Brian was Chief Product Officer at Nets, a leading payments provider based in the Nordics, where he and his team helped revolutionize the consumer and small business digital experience for more than 150 European financial institutions. With a deeply held belief in the importance of purpose in business, a member-centric approach and a strong track record of inspiring engaged and high performing teams, Brian is well-positioned to lead the Merged Credit Union through this period of change and growth.

Mary Lynn Baker, Chief Integration Officer

Mary Lynn joined Gulf & Fraser as Chief Information Officer in August 2021, following the successful merger with Aldergrove Credit Union. She began her career in the financial services industry in 1996 and has held various roles and responsibilities over the years.

Mary Lynn has been responsible for leading the management and execution of the credit union's network, security, and operational systems. She develops strategies to foster organizational efficiencies; innovation and creativity in the planning, design and implementation of operational processes and procedures; as well as technology standards and solutions, ensuring initiatives and procedures related to the delivery of these services strategically align with the credit union objectives.

Nelson Sandhu, Chief Member Experience Officer

Nelson has been with Gulf & Fraser since 2007. He has over 20 years of experience in the financial services industry, including international work experience. Throughout his career, Nelson has held many roles including Branch Manager, Regional Manager, and Vice President of Member Experience. Nelson currently serves as the Chief Experience & Innovation Officer. He oversees multiple functions including commercial, retail and business banking, the contact centre, broker services, mobile service delivery, digital transformation and property and premises.

Nelson is a certified global Behavioural Scientist and holds a Master's Degree in Behavioural Science from the London School of Economics, a Master's in Business Administration from the Ivey School of Business and a Master's Diploma in Strategy and Innovation from the University of Oxford. In 2022 he completed the INSEAD International Directors Program at in Singapore.

Nelson has held positions within the Finance Mentorship Program at the Sauder School of Business, UBC where he mentors business students. He is a former faculty member at the School of Business at Kwantlen Polytechnic University. He currently serves on the advisory board of Mobetize, a local fintech company that delivers modern digital banking applications. Additionally, he is an advisory board member of Theory+Practice, a global data and artificial intelligence firm based in Vancouver.

Karen Hawes, Chief Relationship Officer

Karen has over 30 years' experience in the credit union industry and 15 years of executive leadership in human resources, communication, and technology. Karen started her career working for financial institutions in the UK and, upon joining Interior Savings in 1995, Karen began as a teller and progressed through the business to regional manager prior to beginning her work in human resources and technology.

Karen currently serves as Chief Culture and Technology Officer at Interior Savings where she is responsible and accountable for the overall planning, management and control of human resources, communications, information systems, privacy, processes, policies and procedures. Accomplished in all areas of human resources, Karen holds a business degree from England, has completed advanced education including coaching and change management through Queens University and recently completed her Strategic Innovation certification through Stanford.

Through the years, Karen has been very active in building partnerships and representing Interior Savings and the credit union system at regional, provincial and national levels. A leader and advocate for community development, Karen has served on numerous non-profit and professional boards including Kelowna Chamber of Commerce, BC Chamber of Commerce, the Canadian Chamber of Commerce, Accelerate Okanagan and Do Some Good.

Ron Lee, Chief Financial Officer

Ron Lee has over 25 years of combined financial expertise in public practice and industry. He has been with Gulf & Fraser since 2001, progressing from Controller to Associate Vice President, Finance to his current position as Chief Financial Officer.

In his role, Ron sets the strategic direction of the organization, and he oversees the accounting, compliance, financial planning & analysis and treasury functions of the credit union. Ron also participates on a number of regulatory working groups with the BC Financial Services Authority (BCFSA), Canadian Credit Union Association (CCUA) and the Credit Union Deposit Insurance Corporation (CUDIC) to ensure ongoing confidence and stability in the BC Credit Union system while maintaining a framework that allows credit unions to thrive and serve their members effectively.

Ron is a Chartered Professional Accountant (CPA, CA) and holds a Bachelor of Commerce from the University of British Columbia.

Scott Betts, Chief Risk Officer

Scott has been with Gulf & Fraser since 2018, transitioning to Chief Risk Officer in 2021. In his role, he oversees a team of professionals who collectively manage credit risk management and approvals, collections, enterprise risk management activities, compliance, fraud, and organization-wide policy management and development. Scott plays a key oversight role in risk and policy changes as the organization works through multiple mergers and integrations.

Within BC's financial system, Scott serves on working committees to establish guidelines and set high standards for delivering financial services in a manner that puts the consumer first and demands accountability from financial institutions. He has collaborated on a number of impactful projects—establishing the nationwide Market Code of Conduct, restructuring Canada's Central Bank protocols for managing liquidity, and establishing vendor management standards, among other initiatives.

Scott holds an Executive Master of Business Administration from Simon Fraser University and a Bachelor of Commerce from the University of Victoria.

Chief Business Innovation Officer

Vacant

Chief Technology and Data Officer

Vacant

Chief People and Culture Officer

Vacant

AMALGAMATION AGREEMENT

THIS AGREEMENT is made effective as of the ___ day of _____, 2023 (the “**Effective Date**”),

BETWEEN:

GULF AND FRASER FISHERMEN’S CREDIT UNION,
a credit union under the laws of the Province of British Columbia having
its head office at 401 - 7300 Edmonds Street, Burnaby, British Columbia,
V3N 0G8

(“**Gulf & Fraser**”)

AND:

INTERIOR SAVINGS CREDIT UNION,
a credit union under the laws of the Province of British Columbia having
its head office at 300 – 678 Bernard Avenue, Kelowna, British
Columbia, V1Y 6P3

(“**ISCU**” and, collectively with Gulf & Fraser, the “**Credit Unions**”)

WHEREAS the Credit Unions wish to combine their respective operations by way of amalgamation, which is intended to enhance the value proposition for their respective members;

AND WHEREAS the Credit Unions have made full disclosure to one another of their respective assets and liabilities, which will become the assets and liabilities of the Amalgamated Credit Union (as hereinafter defined);

AND WHEREAS the Credit Unions have obtained the requisite consents and approvals for the amalgamation of the Credit Unions in accordance with the provisions of Section 20 of the *Credit Union Incorporation Act* (British Columbia);

AND WHEREAS the Credit Unions have received Competition Act Approval (as hereinafter defined) in respect of the transactions contemplated by this Agreement;

AND WHEREAS the Credit Unions intend to amalgamate in accordance with the provisions of Section 20 of the *Credit Union Incorporation Act* (British Columbia), and in accordance with subsection 87(1) of the *Income Tax Act* (Canada), Section 271 of the *Excise Tax Act* (Canada) and the terms and conditions of this Agreement.

NOW THEREFORE in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Credit Unions agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 Definitions

In this Agreement, the following terms shall have the meanings set forth below:

- (a) “**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to “**control**” another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term “**controlled**” shall have a similar meaning;
- (b) “**Agreement**” means this amalgamation agreement, including the schedules hereto, and all amendments made in writing by the Credit Unions, and “**herein**”, “**hereto**”, “**hereof**” and similar expressions mean and refer to this Agreement and not to any particular article, section, subsection or Schedule;
- (c) “**Amalgamated Credit Union**” means the credit union resulting from the amalgamation of Gulf & Fraser and ISCU;
- (d) “**Amalgamation**” means the amalgamation of Gulf & Fraser and ISCU pursuant to Section 20 of the CUIA and the terms and conditions of this Agreement;
- (e) “**Applicable Law**” in respect of any Person, property, transaction or event, means all present laws, statutes, regulations, treaties, judgments and decrees applicable to that Person, property, transaction or event, including all applicable regulatory requirements and other requirements, rules, orders, directives and policies of any Governmental Authority having the force of law over that Person, property, transaction or event;
- (f) “**Approvals**” includes approvals, certificates, authorizations, consents, franchises, permits, grants, licences, notifications, privileges, rights, orders, judgments, rulings, directives, ordinances, decrees, registrations and filings binding upon a Credit Union or its operations or property required from any Person (other than a Credit Union hereto), including any Governmental Authority;
- (g) “**ARC**” means an advance ruling certificate issued under subsection 102(1) of the Competition Act in respect of the transactions contemplated by this Agreement;
- (h) “**Assets**” means, in respect of a Person: (i) all personal property of any nature and kind legally or beneficially owned by the Person or leased, operated, managed or controlled by the Person; (ii) any real property which such Person owns, leases, operates, manages or controls in any manner, and includes all land, buildings, structures, installations and fixtures, relating thereto; and (iii) all Intellectual Property of such Person;
- (i) “**BCFSA**” means the BC Financial Services Authority;
- (j) “**Business Day**” means any day, other than a Saturday or a Sunday, or statutory holiday, in British Columbia, Canada;

- (k) “**Closing**” means the completion of the Amalgamation in accordance with this Agreement;
- (l) “**Closing Date**” means January 1, 2024, or such other date specified by the Superintendent as the effective date of the Amalgamation and set out in the certificate of amalgamation issued by the Registrar pursuant to Section 20(7)(b) of the CUIA;
- (m) “**Collective Agreement**” has the meaning ascribed to that term in Schedule 5.5;
- (n) “**Commissioner**” means the Commissioner of Competition appointed pursuant to subsection 7(1) of the Competition Act;
- (o) “**Competition Act**” means the *Competition Act* (Canada);
- (p) “**Competition Act Approval**” means any of:
 - (i) the issuance of an ARC;
 - (ii) the Credit Unions have provided the notice required under Section 114 of the Competition Act to the Commissioner with respect to the transactions contemplated by this Agreement and the applicable waiting period under Section 123 of the Competition Act has expired or has been terminated in accordance with the Competition Act; or
 - (iii) the obligation to give the requisite notice under Section 114 of the Competition Act has been waived pursuant to subsection 113(c) of the Competition Act,

and, in the case of (ii) or (iii), the Commissioner shall have advised the Credit Unions in writing that the Commissioner does not, at that time, intend to make an application to the competition tribunal under Section 92 of the Competition Act for an order in respect of the transactions contemplated by this Agreement, and such advice has not been rescinded prior to the Effective Date;
- (q) “**Constating Documents**” means, as applicable with respect to a Credit Union or a Subsidiary of a Credit Union, its Rules, common bond, certificate of incorporation, continuance or amalgamation, constitution or other similar document, and all unanimous shareholder agreements, other shareholder agreements, disclosure statements and similar arrangements applicable to the entity’s shares, all as amended and as in effect from time to time, and includes, without limitation, all documents for establishment and incorporation as required for a credit union by the CUIA, as applicable;
- (r) “**Contract**” means any contract, agreement, lease, license, arrangement, commitment, letter of intent, memorandum of understanding, heads of agreement, promise, obligation, right, instrument, document, or other similar understanding, whether written or oral;
- (s) “**Credit Union Employee Plans**” has the meaning ascribed to that term in Section 4.1(n);
- (t) “**Credit Union Financial Statements**” means a Credit Union’s audited financial statements as at and for the fiscal year ended December 31, 2022, and all internal interim (unaudited) statements for the period ending on ♦, 2023;

- (u) “**CUIA**” means the *Credit Union Incorporation Act* (British Columbia);
- (v) “**Effective Time**” means 12:01 a.m. (PST) on the Closing Date;
- (w) “**Encumbrance**” means any lien, pledge, hypothecation, charge, mortgage, deed of trust, security interest, encumbrance, restriction, equitable interest, claim, easement, right-of-way, servitude, right of possession, lease tenancy, Contract, encroachment, burden, intrusion, covenant, infringement, interference, option, pre-emptive rights or right of first refusal;
- (x) “**Enforcement Exceptions**” means limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other similar Applicable Law affecting the enforcement of the rights of creditors and others and, to the extent equitable remedies such as specific performance and injunctions are only available, at the discretion of the court from which they are sought;
- (y) “**Excess Membership Shares**” has the meaning ascribed to that term in Schedule 3.1;
- (z) “**Gulf & Fraser Financial Statements**” has the meaning ascribed to that term in Section 4.1(i)(i);
- (aa) “**Gulf & Fraser Member**” means a person who has been admitted to membership in Gulf & Fraser and whose name is entered in its register of members, but does not include a person who is an auxiliary member;
- (bb) “**Governmental Authority**” means any applicable domestic or foreign government, including any federal, provincial, state, territorial, local or municipal government, and any governmental agency or department, tribunal, board, commission, court or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government, as well as any arbitrator, arbitration tribunal or other tribunal or any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing and shall, for the purposes of this Agreement, include the Superintendent and BCFSAs;
- (cc) “**IFRS**” has the meaning ascribed to that term in Section 1.5;
- (dd) “**Intellectual Property**” means, in respect of a Person, any and all names, business names, trade names, brand names, patents, designs (including industrial design rights), copyrights, trademarks and trade names, business processes, formulae, know-how, trade secrets and confidential information, integrated circuit topographies, computer programs, source code and documentation (whether in paper, electronic or other format), and all other analogous intellectual property or intangible proprietary rights, which may subsist anywhere in the world, whether registered or unregistered, including all applications for registration of same, registrations where available of any such intellectual property rights at either a national, regional or international level, all rights to file such applications and continuations, derivations or divisions thereof, and all reissues and re-examinations of any such registrations;
- (ee) “**ISCU Financial Statements**” has the meaning ascribed to that term in Section 4.1(i)(ii);

- (ff) “**ISCU Member**” means a person who has been admitted to membership in ISCU and whose name is entered in its register of members, but does not include a person who is an auxiliary member;
- (gg) “**Liability**” means any debt, obligation, duty or liability of any nature (including, without limitation, strict liability arising under Applicable Law and any unknown, undisclosed, unfixed, un-liquidated, unsecured, un-matured, unaccrued, unasserted, contingent, conditional, inchoate, implied, vicarious, joint, several or secondary liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet;
- (hh) “**Material Adverse Effect**” means, in respect of each Credit Union and its Subsidiaries, taken as a whole, a change or effect in the condition (financial or otherwise) of the Assets, Liabilities, rights, operations, business (but for certainty excluding prospects) of such Credit Union and its Subsidiaries, taken as a whole, which change (or effect), individually or in the aggregate, could reasonably be expected to be materially adverse to the condition (financial or otherwise), Assets, Liabilities, rights, operations or business of such Credit Union and its Subsidiaries, taken as a whole, or ability to carry out the transactions contemplated by this Agreement, including any change or effect caused by, arising from, or relating to acts of terrorism or war (whether or not declared), or by interruption of utilities or other public or commercial products or services which materially impair the ability of such Credit Union and its Subsidiaries, taken as a whole, to conduct its operations (which shall include without limitation the Credit Union’s ability to maintain its capital and liquidity ratios above the minimum requirements imposed by BCFSA and/or the Credit Union being able to maintain Stage – 0 ISR (Intervention Stage Rating) with BCFSA) except on a temporary basis; *provided*, however, that changes to general economic or other conditions affecting the financial markets generally, or financial institutions, specifically, will not constitute a “**Material Adverse Effect**” for purposes of this Agreement unless and only to the extent such changes have a materially disproportionate adverse effect on such Credit Union and its Subsidiaries, taken as a whole, relative to the adverse effect that such changes have on other Persons in the same industry;
- (ii) “**Material Contract**” means, in respect of each Credit Union and its Subsidiaries, any Contract:
- (i) involving one-time payments in excess of \$1,000,000;
 - (ii) involving aggregate annual payments in excess of \$1,000,000 during the past twelve (12) months or anticipated to be paid within the next twelve (12) months;
 - (iii) involving or evidencing indebtedness by way of loan, sale of debt securities, purchase money obligations, conditional sale, guarantee or otherwise, excluding trade payables incurred in the Ordinary Course of Business;
 - (iv) involving the acquisition or licensing of any material technology or other Intellectual Property that has a one-time payment or aggregate annual payments in excess of \$250,000, other than licenses for mass market software;
 - (v) involving commitments to purchase securities or an interest in any Person or undertaking;

- (vi) the absence, breach, termination or repudiation of which has, or could reasonably be expected to have, a Material Adverse Effect;
- (vii) which is a lease of real property; or
- (viii) which restricts in any way the scope of the Credit Union's business or activities;
- (jj) "**Members**" means, collectively, the Gulf & Fraser Members and the ISCU Members, and "**Member**" means any one of them as the context requires;
- (kk) "**Ordinary Course of Business**" means the ordinary course of business consistent with past custom and practice (including with respect to quantity, quality and frequency);
- (ll) "**Permitted Encumbrances**" means:
 - (i) easements, rights of way, servitude, and similar rights in land for sewers, drains, gas and oil pipelines, gas and water mains, telephone or cable television conduits;
 - (ii) rights reserved to or vested in any Governmental Authority by the term of any lease, license, franchise, grant or permit pursuant to Applicable Law;
 - (iii) liens for Taxes which are not yet due and payable;
 - (iv) liens incurred, created and granted in the Ordinary Course of Business to a public utility, municipality or Governmental Authority;
 - (v) rights of lessors, including purchase money security interests, under equipment leases in respect of office equipment and other minor equipment entered into in the Ordinary Course of Business;
 - (vi) any privilege in favour of any lessor, licensor or permitter for rent to become due or for other obligations or acts, the performance of which is required under Contracts so long as the payment of such or the performance of such other obligation or act is not delinquent as at the Closing Date; and
 - (vii) those Encumbrances, if any, disclosed in writing by a Credit Union to the other Credit Union;
- (mm) "**Person**" means any natural person, sole proprietorship, partnership, limited partnership, corporation, trust, joint venture, Governmental Authority or incorporated or unincorporated entity or association of any nature;
- (nn) "**Redemption Value**" has the meaning ascribed to that term in Section 3.1(b);
- (oo) "**Registrar**" has the meaning ascribed to that term in the CUIA;
- (pp) "**Representative**" means, with respect to a Credit Union, any of its Affiliates and any of its or their respective directors, officers, employees, consultants, financial advisers, legal counsel, accountants and other agents, advisers or representatives of that Credit Union;
- (qq) "**Rules**" means the rules of a Credit Union pursuant to Section 7 of the CUIA;

- (rr) “**Shareholder**” means a person recorded in the records of Gulf & Fraser or ISCU as the owner of a share or shares of Gulf & Fraser or ISCU, as applicable, whether or not a member of Gulf & Fraser or ISCU, as applicable;
- (ss) “**Special Resolution**” means, in respect of a Credit Union, a resolution passed by the requisite approval of the Members of such Credit Union, in accordance with the CUIA;
- (tt) “**Subsidiary**” means:
 - (i) when used to describe a relationship with a Credit Union, a “subsidiary” as defined in Section 2.1 of the CUIA;
 - (ii) with respect to a corporation, a “subsidiary” as defined in the *Business Corporations Act* (British Columbia) and any partnership, joint venture or other Person which is controlled by the corporation or any Subsidiary of the corporation; and
 - (iii) with respect to any other Person, any other Person which is controlled by such Person or any Subsidiary of such Person;

For purposes of paragraphs (ii) and (iii) above, a Person “**controls**” another Person if that Person directly or indirectly possesses the power to direct or cause the direction of the management and policies of that other Person, whether through ownership of securities, by Contract or otherwise and “**controlled by**” and “**under common control with**” have similar meanings;

- (uu) “**Superintendent**” means the Superintendent of Financial Institutions appointed under the *Financial Institutions Act* (British Columbia);
- (vv) “**Taxes**” means all present and future taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges of any nature imposed by any Governmental Authority including income, capital (including large corporations), withholding, consumption, sales, use, transfer, goods and services or other value-added, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, health, education, business, school, property, local improvement, development, education development and occupation taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and charges, together with all fines, interest, penalties on or in respect of, or *in lieu of* or for non-collection of, those taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges; and
- (ww) “**Tax Return**” means, in respect of any Person, any return, declaration, report, estimate, information return, form, statement, election or other document required to be prepared or filed by or with respect to such Person or their business pursuant to Applicable Law in respect of any Taxes, events or reporting requirements.

All other capitalized terms used herein shall, for the purposes of this Agreement and all instruments, certificates and other documents delivered by the Credit Unions pursuant to or in connection with this Agreement (including, for certainty, communications between the Credit Unions), have the meanings attributed to them throughout this Agreement unless something in the subject matter or context is inconsistent therewith.

1.2 Schedules

The following Schedules are attached to and form part of this Agreement:

Schedule 3.1	–	Share Exchange
Schedule 3.5(a)	–	Proposed Directors
Schedule 3.5(b)	–	Proposed Senior Officers
Schedule 3.6	–	Amalgamated Credit Union Rules
Schedule 5.2	–	Intended Products & Services
Schedule 5.4	–	Amalgamated Credit Union Constitution
Schedule 5.5	–	Employment Matters

Any reference to a Schedule to this Agreement shall be deemed to be a reference to, and shall incorporate by reference all matters contained in such Schedule.

1.3 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Credit Union is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles or to International Financial Reporting Standards (“IFRS”), such reference shall be deemed to be the generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada or any successor entity thereto (and, where applicable, as modified by the guidelines of BCFSAs), both applicable as at the date on which any calculation or determination is required to be made in accordance with generally accepted accounting principles, and in respect of each Credit Union applied in a manner consistent with the Credit Union’s past practice. Accounting terms used but not otherwise defined in this Agreement shall, if defined under IFRS, have the meanings ascribed thereto under IFRS or, where not defined under IFRS, shall be interpreted in accordance with IFRS.

1.6 Statutory References

Any reference to a statute or regulatory instrument shall be deemed to include a reference to such statute or regulatory instrument and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulatory instrument that may be passed which has the effect of supplementing or superseding the statute or regulatory instrument so referred to or the regulations made pursuant thereto.

1.7 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Agreement.

1.8 Number and Gender

Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

1.9 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

1.10 Time of the Essence

Time shall be of the essence in this Agreement.

1.11 Governing Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Credit Unions shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and each Credit Union irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such Province and all courts competent to hear appeals therefrom.

ARTICLE 2 – PROCEDURES

2.1 Submission to the Superintendent

Promptly following the Effective Date, and in any case not later than five (5) days thereafter, the Credit Unions each covenant and agree to cause to be delivered to the Superintendent the following documents:

- (a) three executed copies of this Agreement; and
- (b) three certified copies of the Special Resolutions of the Members of each of the Credit Unions approving this Agreement in accordance with Section 20(4) of the CUIA.

2.2 Submission to the Registrar

If so directed by the Superintendent, as soon as feasible after the Credit Unions receive approval from the Superintendent of the documents referred to in Section 2.1 hereof, the Credit Unions shall file the copies of such documents as approved by the Superintendent with the Registrar.

2.3 Additional Documents to be Delivered by the Credit Unions

Prior to the Closing Date, at the reasonable request of a Credit Union, the other Credit Union will promptly execute and deliver, or cause to be executed and delivered, to the requesting Credit Union, such instruments of assignment, transfer, assumption, Approvals and other similar instruments in addition to those required by this Agreement, in form and substance satisfactory to the requesting Credit Union, acting reasonably, as the requesting Credit Union may deem necessary or desirable, in its reasonable discretion, to carry out or implement any provision of this Agreement.

ARTICLE 3 – THE AMALGAMATION

3.1 Shares

- (a) At the Effective Time, the issued shares of Gulf & Fraser and ISCU will be exchanged for shares of the Amalgamated Credit Union as set forth in Schedule 3.1 hereof. No unissued shares of the Credit Unions will be exchanged for shares of the Amalgamated Credit Union.
- (b) As the Membership Equity Shares of ISCU and the Class “A” Membership Equity Shares are, pursuant to the Rules of the applicable Credit Union, to be purchased or redeemed at an amount equal to the sum of the par value of each such equity share (\$1.00), plus any dividends declared but unpaid thereon (the “**Redemption Value**”), a willing purchaser acting in good faith and at arm’s length in the open market would only pay the Redemption Value for a Membership Equity Share of ISCU or a Class “A” Membership Equity Share of Gulf & Fraser. Accordingly, the Credit Unions have determined for the purposes of this Agreement and Sections 20(2)(a)(ix) and 24 of the CUIA, to the extent applicable, that the fair market value of each Membership Equity Share of ISCU and each Class “A” Membership Equity Share is the Redemption Value of the share.

3.2 Date of Effect of Amalgamation

The Amalgamation shall become effective at the Effective Time.

3.3 Amalgamated Credit Union Name

The legal name of the Amalgamated Credit Union upon the Closing shall be “Beem Credit Union”.

3.4 Registered Office/Head Office

- (a) The registered office of the Amalgamated Credit Union shall initially be located at 300 – 678 Bernard Avenue, Kelowna, British Columbia, V1Y 6P3. The head office of the Amalgamated Credit Union shall initially be located at the same address.
- (b) Head office functions and all non-member facing positions of the Amalgamated Credit Union will be administered on a distributed work force model, so that the Amalgamated Credit Union will have employees in the communities it serves. The Amalgamated Credit Union will encourage remote working, multiple office locations and other solutions for such purpose; provided, however, that the Amalgamated Credit Union may vary the distributed work force model after the Closing Date to better suit the members and the communities that the Amalgamated Credit Union serves or for other reasons unrelated to the Amalgamation.

3.5 Directors/Senior Officers

- (a) The board of directors of the Amalgamated Credit Union shall initially consist of fourteen (14) directors. The first directors of the Amalgamated Credit Union shall be the individuals whose names, prescribed addresses and terms appear in Schedule 3.5(a).
- (b) The initial Chief Executive Officer and all other initial members of the senior executive leadership team of the Amalgamated Credit Union shall be those individuals whose names and prescribed addresses appear in Schedule 3.5(b).

3.6 Amalgamated Credit Union Rules

The Rules of the Amalgamated Credit Union shall be the Rules set out in Schedule 3.6 of this Agreement.

3.7 Insurance

- (a) The Credit Unions agree that the Amalgamated Credit Union will maintain in effect without any reduction in scope or coverage for ten (10) years from the Closing Date customary policies of directors' and officers' liability insurance providing protection comparable to the most favourable protection provided by the respective policies maintained by the Credit Unions as are in effect immediately prior to the Closing Date and providing coverage on a "trailing" or "run-off" basis for all present and former directors and officers of the Credit Unions with respect to claims arising from facts or events which occurred prior to the Closing Date.
- (b) The Credit Unions agree that all rights to indemnification or exculpation now existing in favour of present and former officers and directors of each of the Credit Unions shall survive the Amalgamation and shall continue in full force and effect for a period of not less than ten (10) years from the Closing Date.

ARTICLE 4 – REPRESENTATIONS AND WARRANTIES

4.1 Mutual Representations and Warranties

Gulf & Fraser makes the following representations and warranties to ISCU (in respect of itself) and ISCU makes the following representations and warranties to Gulf & Fraser (in respect of itself) with each Credit Union acknowledging that the other Credit Union is entering into this Agreement in reliance upon such representations and warranties:

- (a) Organization and Qualification. The Credit Union is a credit union duly created, amalgamated or continued, validly existing and in good standing under the laws of the Province of British Columbia and has the requisite corporate power and authority to own its properties as now owned and to carry on its business as it is being conducted as at the Effective Date. The Credit Union is duly registered to do business and is in good standing in each jurisdiction in which the character of its Assets, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not, taken as a whole, have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union. Copies of the Constatting Documents of the Credit Union together with all amendments to date have been provided to the other Credit Union and are accurate and complete as of the Effective Date.

- (b) Authority Relative to this Agreement. The Credit Union has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the participation by the Credit Union in the transactions contemplated hereby have been duly authorized by the Credit Union's board of directors and no other corporate proceedings on the part of the Credit Union are necessary to authorize this Agreement or the commitments contemplated hereby. This Agreement has been duly executed and delivered by the Credit Union and constitutes a legal, valid and binding obligation of the Credit Union enforceable against the Credit Union in accordance with its terms, subject to Enforcement Exceptions.
- (c) No Violations; Absence of Defaults and Conflicts.
- (i) Neither the Credit Union nor any of its Subsidiaries are in violation of their Constatng Documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any Contract, Encumbrance or in respect of any Liability to which the Credit Union or any of its Subsidiaries are a party or to which any of them, or any of their respective Assets, may be subject or by which the Credit Union or any of its Subsidiaries are bound, except for such defaults which, taken as a whole, would not have a Material Adverse Effect on such Credit Union or any of its Subsidiaries.
- (ii) Neither the execution and delivery of this Agreement by the Credit Union nor the consummation of the transactions contemplated by this Agreement nor compliance by the Credit Union with any of the provisions hereof will violate, conflict with, or result in a breach of any provision of, require any Approval (other than as contemplated herein) or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under or in respect of, or result in the creation of any Encumbrance upon any of the Assets of the Credit Union or any of its Subsidiaries or cause any Liability to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of:
- (A) its Constatng Documents (in each case, excluding, such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances which, or any Approvals or notices which if not given or received, would not, taken as a whole, have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union);
- (B) any Contract, Encumbrance or Liability to which the Credit Union or any of its Subsidiaries are a party or to which any of them, or any of their respective Assets, may be subject or by which the Credit Union or any of its Subsidiaries are bound (in each case, excluding, such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances which, or any Approvals or notices which if not given or received, would not, taken as a whole, have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union);
- (C) subject to compliance with the statutes and regulations referred to in (iii) below, violate any Applicable Law in relation to the Credit Union or any of its Subsidiaries or any of its Assets (excluding such violations which

would not, taken as a whole, have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union); or

- (D) cause the suspension or revocation of any Approval currently in effect which would have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union.
- (iii) Other than in connection with or in compliance with the provisions of Applicable Law (including the provisions of the CUIA and any other Applicable Law that regulates the amalgamation of the Credit Union under the CUIA, competition, antitrust, and investment and the requirements of the CUIA in relation to the consummation of the Amalgamation and as may be otherwise set out in this Agreement):
 - (A) there is no material legal impediment to the Credit Union's consummation of the transactions contemplated hereby; and
 - (B) no filing or registration with, or Approval of, any Governmental Authority is required of the Credit Union in connection with the consummation of the transactions, except for such filings or registrations which, if not made, or for such Approvals which, if not received, would not, taken as a whole, have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union, or significantly impede the ability of the Credit Union to consummate the transactions.
- (d) Litigation. Except as disclosed in writing to the other Credit Union, there are no actions, suits, proceedings or investigations by any Person pending or, to the knowledge of the Credit Union, threatened, affecting or that would reasonably be expected to affect the Credit Union or any of its Subsidiaries or that would reasonably be expected to affect any of its Assets at law or equity or before or by any Governmental Authorities which in each case involves a possibility of any judgment, order or decision of a Governmental Authority against or Liability of the Credit Union or any of its Subsidiaries which, if successful, would have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union. Neither the Credit Union nor its Subsidiaries are subject to any outstanding order, writ, injunction or decree that has had or would have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union, or would significantly impede the ability of the Credit Union to consummate the transactions contemplated herein.
- (e) Capitalization. All outstanding shares of each Credit Union have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.
- (f) Non-Competition Agreements. Except as disclosed in writing to the other Credit Union, neither the Credit Union nor any of its Subsidiaries are a party to or bound by any non-competition agreement or any other agreement or obligation which purports to limit the manner or the localities in which all or any material portion of the business of the Credit Union or its Subsidiaries is or is reasonably expected to be conducted which, taken as a whole, would result in a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union.

- (g) Filings. Other than the filings contemplated by this Agreement in respect of the transactions contemplated hereby, the Credit Union has filed all documents required to be filed by it with applicable Governmental Authorities, other than any documents, which, taken as a whole, would not result in a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union.
- (h) Tax Matters.
- (i) The Credit Union and each of its Subsidiaries have filed all Tax Returns required to be filed by the Credit Union and each of its Subsidiaries in all applicable jurisdictions and have paid all Taxes (including all levies, assessments, reassessments, penalties, interest and fines) due and payable by each of them up to the Closing except for any Taxes, which if not paid would not reasonably be expected to have a Material Adverse Effect on the Credit Union, or, following Closing, the Amalgamated Credit Union.
- (ii) There are no actions, suits, assessments, reassessments or other proceedings or investigations or claims in progress, pending or, to the best of the knowledge of the Credit Union, threatened against the Credit Union or any of its Subsidiaries in respect of any Taxes, governmental charges or assessments which, if successful, would have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union.
- (iii) The Credit Union and each of its Subsidiaries have withheld or collected from each payment made to each of its employees, the amount of all Taxes required to be withheld or collected therefrom, and have paid the same to the proper Tax authority.
- (i) Financial Statements. As of their respective dates:
- (i) in respect of Gulf & Fraser: (A) Gulf & Fraser's audited financial statements as at and for the fiscal year ended December 31, 2022 and all internal interim (unaudited) statements as at the period ending on October 31, 2023 (the "**Gulf & Fraser Financial Statements**"); and (B) Gulf & Fraser's annual report to its members in respect of the fiscal year completed on December 31, 2022;
- (ii) in respect of ISCU: (A) ISCU's audited financial statements as at and for the fiscal year ended December 31, 2022 and all internal interim (unaudited) statements as at the period ending on October 31, 2023 (the "**ISCU Financial Statements**"); and (B) ISCU's annual report to its members in respect of the fiscal year completed on December 31, 2022;

did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, were not misleading and complied in all material respects with all Applicable Law, except for where such untruth, omission or non-compliance, taken as a whole, would not result in a Material Adverse Effect on the Credit Union, or following Closing, the Amalgamated Credit Union. The Credit Union Financial Statements and all financial statements of a Credit Union's Subsidiaries included or incorporated by reference in such forms, statements and other documents were prepared in accordance with IFRS except: (A) as disclosed in writing by the

applicable Credit Union to the other Credit Union; (B) as otherwise indicated in such financial statements and the notes thereto; (C) in the case of audited statements, as otherwise indicated in the related report of the Credit Union's independent auditors; or (D) in the case of unaudited interim statements, with respect to normal year end adjustments. The Credit Union Financial Statements and all financial statements of the Credit Union and its Subsidiaries included or incorporated in such forms, statements and other documents fairly present the consolidated financial position, results of operations and changes in financial position of the Credit Union and its Subsidiaries as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments) and reflect appropriate and adequate reserves in respect of contingent Liabilities, if any, of the Credit Union and its Subsidiaries on a consolidated basis.

- (j) Absence of Undisclosed Liabilities. Except as disclosed in the Gulf & Fraser Financial Statements or the ISCU Financial Statements, as applicable, the Credit Union and its Subsidiaries have no material Liabilities of any nature, other than Liabilities incurred since the date of the Gulf & Fraser Financial Statements or the ISCU Financial Statements, as applicable, in the Ordinary Course of Business.
- (k) Title. The Credit Union and its Subsidiaries, in all material respects, have good and sufficient title to their respective Assets, free and clear of any Encumbrances other than Permitted Encumbrances.
- (l) Material Contracts. A correct and complete copy of each Material Contract has been disclosed by each Credit Union to the other Credit Union. Each such Material Contract is in full force and effect, unamended, and constitutes a valid and binding obligation of all parties thereto, subject to Enforcement Exceptions. Except as otherwise disclosed in writing to the other Credit Union, the Credit Union and/or its Subsidiaries, as applicable, have in all material respects performed the obligations required to be performed by it and are not in material default or alleged to be in material default under any Material Contract. Except as otherwise disclosed in writing to the other Credit Union, there exists no event or condition which, after notice or lapse of time, or both, could constitute a material default by the Credit Union or any of its Subsidiaries to any Material Contract. Neither the Credit Union nor its Subsidiaries have received any notice terminating or threatening to terminate any Material Contract.
- (m) Employment Agreements and Collective Agreements.
 - (i) Except as has been disclosed in writing to the other Credit Union, neither the Credit Union nor any of its Subsidiaries is a party to, or engaged in, any negotiations with respect to any employment Contract with any employee or any written or oral Contract, arrangement or understanding, providing for severance, termination or change of control payments to an employee; *provided* that, severance or termination payments made to non-officer employees in the Ordinary Course of Business shall not be subject to the foregoing.
 - (ii) Except as has been disclosed in writing to the other Credit Union, neither the Credit Union nor any of its Subsidiaries is a party to, nor engaged in, any negotiations with respect to any collective bargaining or union Contract, or any actual or threatened application for certification or bargaining rights or letter of understanding, with respect to any current or former Credit Union employee.

- (iii) To the knowledge of the Credit Union, there is no labour strike, dispute, lock-out work slowdown or stoppage pending or involving or, to the knowledge of the Credit Union, threatened against the Credit Union or any of its Subsidiaries.
- (iv) Neither the Credit Union nor any of its Subsidiaries have engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of the Credit Union, threatened against the Credit Union or any of its Subsidiaries.
- (v) The Credit Union and each of its Subsidiaries are in compliance with all terms and conditions of employment and all Applicable Laws respecting employment, in all material respects, including pay equity, human rights, privacy, employment standards, worker's compensation and occupational health and safety, and there are no outstanding actual or threatened claims, complaints, investigations or orders under any such Applicable Law, other than as in the aggregate do not have a Material Adverse Effect on the Credit Union or, following Closing, the Amalgamated Credit Union.
- (vi) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, and other employee benefits in respect of employees of the Credit Union and all of its Subsidiaries which are attributable to the period before the Effective Date have been paid or are accurately reflected in the books and records of the Credit Union or its Subsidiaries, as applicable.
- (vii) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by the Credit Union or any of its Subsidiaries pursuant to any workers' compensation legislation and the Credit Union has not been reassessed in any material respect under such legislation and, to the knowledge of the Credit Union, no audit of the Credit Union is currently being performed pursuant to any applicable worker's compensation legislation.
- (n) Employee Benefit Plans. The Credit Union has made available to the other Credit Union true, complete and correct copies of each material health, medical, dental, welfare, supplemental unemployment benefit, bonus, option, insurance, incentive, incentive compensation, deferred compensation, disability, pension, retirement or supplemental retirement plan and each other material employee or director compensation or benefit plan, Contract or arrangement for the benefit of directors or former directors of the Credit Union and/or its Subsidiaries, consultants or former consultants of the Credit Union and/or its Subsidiaries, or employees or former employees of the Credit Union and/or its Subsidiaries, which are maintained by, contributed to, or binding upon the Credit Union or any Subsidiaries thereof or in respect of which the Credit Union or any Subsidiaries thereof have any Liability (the "**Credit Union Employee Plans**"), and, in all material respects:
 - (i) each Credit Union Employee Plan has been maintained and administered in material compliance with its terms and is funded in accordance with Applicable Law;
 - (ii) all required material employer contributions under any such plans have been made in accordance with the terms thereof;

- (iii) each Credit Union Employee Plan that is required or intended to be qualified under Applicable Law or registered or approved by a Governmental Authority has been so qualified, registered or approved by the appropriate Governmental Authority, and nothing has occurred since the date of the last qualification, registration or approval that would have a Material Adverse Effect, or cause the appropriate Governmental Authority to revoke such qualification, registration or approval; and
- (iv) all material contributions, reserves or premium payments required to be made to the Credit Union Employee Plans have been made or accrued for in the books and records of the Credit Union.
- (o) Compliance with Laws. The Credit Union and its Subsidiaries have complied with and are not in violation of any Applicable Laws which, if not complied with or in violation of, and taken as a whole, would have a Material Adverse Effect on the Credit Union or its Subsidiaries, or, following Closing, the Amalgamated Credit Union.
- (p) Shares.
 - (i) In respect of Gulf & Fraser:
 - (A) Gulf & Fraser has no issued and outstanding equity shares other than Class “A” Membership Equity Shares, which have been issued to each member of Gulf & Fraser at an issue price of \$1.00 each;
 - (B) there are no issued and outstanding Class “B” Equity Shares, Class “C” Equity Shares or Class “D” Non-Equity Shares of Gulf & Fraser.
 - (ii) In respect of ISCU:
 - (A) ISCU has no issued and outstanding equity shares other than Membership Equity Shares, which have been issued to each member of ISCU at an issue price of \$1.00 each;
 - (B) there are no issued and outstanding Investment Equity Shares or Non-Equity Shares of ISCU.
- (q) Dividends. Except as disclosed in writing to the other Credit Union on or before the Effective Date, there are no declared and unpaid dividends on any of the Credit Union’s shares and there are no unpaid bonuses, interest refunds or patronage refunds owing to holders of any of the Credit Union’s shares.
- (r) Disclosure. To the knowledge of the Credit Union, the Credit Union has not withheld from the other Credit Union any material information or documents concerning the Credit Union or any of its Subsidiaries or their respective material Assets or Liabilities during the course of the other Credit Union’s review of the Credit Union and its Assets. No representation or warranty contained in this Agreement or other disclosure document provided or to be provided to the other Credit Union pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the statements herein or therein not misleading.

4.2 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall expire and be terminated on the Closing Date.

ARTICLE 5– AMALGAMATED CREDIT UNION

5.1 Business Proposed to be Carried On

The business proposed to be carried on by the Amalgamated Credit Union is that of deposit business and trust business.

5.2 Products and Services Intended to be Offered

- (a) All products and services currently offered by the respective Credit Unions are expected to form part of the Amalgamated Credit Union's mix of product and services. At the time of Closing, no new products or services (that are not already being offered or provided by Gulf & Fraser or ISCU) will be introduced and no existing products or services will be discontinued, other than the natural expiration of the normal life cycle of certain products offered by either of the Credit Unions in the Ordinary Course of Business.
- (b) Schedule 5.2 hereof sets forth a list of major lines of business intended to be offered by the Amalgamated Credit Union, which, as noted above, is consistent with the lines of business being offered by either, or both, of the Credit Unions immediately prior to the Amalgamation.

5.3 Common Bond of Membership

The Amalgamated Credit Union will not have a common bond of membership.

5.4 Constitution

The constitution of the Amalgamated Credit Union is as set forth in Schedule 5.4 hereto.

5.5 Employees

The Credit Unions hereby agree on various employment matters as set out in Schedule 5.5 hereto.

5.6 Branches

Subject to factors outside of its control, the Amalgamated Credit Union will continue operating the existing branches of Gulf & Fraser and ISCU. It is presently not intended that there will be any branch closures or reduction of hours for the existing branches of either of the Credit Unions that are a direct result of the Amalgamation; provided, however, that the Amalgamated Credit Union may change or re-locate branch operations or otherwise vary the current hours or business after the Closing Date to better suit the members and the communities that the Amalgamated Credit Union serves or for other reasons unrelated to the Amalgamation.

5.7 Community Contributions

Both of the Credit Unions have a history of supporting their respective communities in the form of donations, grants, bursaries, scholarships and other community contributions and commitments. It is intended that the Amalgamated Credit Union will continue making community contributions which reflect the Amalgamated Credit Union's philosophies and capital management policies, as such philosophies and policies may evolve over time. In addition, the Amalgamated Credit Union will recognize the community contribution commitments that the Credit Unions have made to the legacy credit unions with whom they have merged as at the Closing Date.

ARTICLE 6 – GENERAL

6.1 Disclosure

If, on or before the Closing Date, any new or conflicting material information about a Credit Union or its business from that previously disclosed to the other Credit Union comes to the attention of the disclosing Credit Union, the disclosing Credit Union shall provide such new or conflicting material information to the other Credit Union as soon as reasonably possible thereafter.

6.2 Amendment

No amendment of any provision of this Agreement shall be binding on a Credit Union unless consented to in writing by such Credit Union.

6.3 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by hand-delivery. Any such notice shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notices and other communications shall be addressed as follows:

- (a) to Gulf & Fraser:

Gulf and Fraser Fishermen's Credit Union
401 - 7300 Edmonds Street
Burnaby, British Columbia V3N 0G8

Attention: Co-Chief Executive Officers

- (b) to ISCU:

Interior Savings Credit Union
300 – 678 Bernard Avenue
Kelowna, British Columbia V1Y 6P3

Attention: Chief Executive Officer

Either Credit Union may change its address for service from time to time by giving not less than ten (10) calendar days' notice to the other Credit Union in accordance with the foregoing, and any subsequent notice will be sent to the Credit Union at its changed address.

6.4 Assignment

Neither Credit Union may assign this Agreement or any of its rights, interests or obligations under this Agreement (whether by operation of law or otherwise).

6.5 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the Credit Unions and their respective successors and permitted assigns.

6.6 Waiver and Modification

The Credit Unions may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them in this Agreement or in any document to be delivered pursuant to this Agreement and may waive or consent to the modification of any of the covenants in this Agreement contained for their respective benefit or waive or consent to the modification of any of the obligations of the other Credit Union in this Agreement; *provided*, however, that any such waiver or consent, to be effective, must be in writing executed by the Credit Union granting such waiver or consent. No omission, delay or failure to exercise any right or power, or any waiver by any Credit Union hereto of any breach or default, whether expressed or implied, or any failure to insist upon strict compliance with any provision of this Agreement, shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

6.7 Specific Performance

The Credit Unions agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any covenants or obligations are not performed by the Credit Unions or their Representatives in accordance with their specific terms or are otherwise breached. It is accordingly agreed that each Credit Union shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or to otherwise obtain specific performance of any such provisions, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

6.8 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Agreement, or otherwise in accordance with the direction of BCFSA, in each case without any further act or formality, each of the Credit Unions shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, Contracts, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document, evidence or perform the transactions or events set out herein and intent of this Agreement.

6.9 Survival

The Credit Unions agree that all covenants and agreements under this Agreement which are to be performed after the Closing shall survive the consummation of the transactions contemplated herein and shall be binding upon the Amalgamated Credit Union thereafter.

6.10 Counterparts

This Agreement may be executed in any number of counterparts, by facsimile and by electronic means in portable document format, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to be executed as of the Effective Date.

***** THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY *****

IN WITNESS WHEREOF this Agreement has been executed by the Credit Unions with effect as of the Effective Date.

GULF AND FRASER FISHERMEN'S CREDIT UNION

By: _____
Name:
Title:

By: _____
Name:
Title:

INTERIOR SAVINGS CREDIT UNION

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule 3.1 – Share Exchange

At the Effective Time, the issued shares of each of the Credit Unions will be exchanged for shares of the Amalgamated Credit Union as follows:

1. Membership Shares

- (a) subject to paragraphs (c) and (d) below, each issued Class “A” Membership Equity Share of Gulf & Fraser will be exchanged for one fully paid Class “A” Membership Equity Share of the Amalgamated Credit Union, up to a maximum of 1,000 Class “A” Membership Equity Shares of the Amalgamated Credit Union per Shareholder;
- (b) subject to paragraphs (c) and (d) below, each issued Membership Equity Share of ISCU will be exchanged for one fully paid Class “A” Membership Equity Share of the Amalgamated Credit Union, up to a maximum of 1,000 Class “A” Membership Equity Shares of the Amalgamated Credit Union per Shareholder;
- (c) if any Shareholder of Gulf & Fraser or ISCU holds more than 1,000 membership shares of Gulf & Fraser or ISCU or any Shareholder who is a Shareholder of both Gulf & Fraser and ISCU would hold more than 1,000 Class “A” Membership Equity Shares of the Amalgamated Credit Union after the share exchange described in paragraphs (a) and (b) above, the membership shares in excess of 1,000, either in one Credit Union or a Shareholder’s combined membership shares in Gulf & Fraser and ISCU (in either case, the “**Excess Membership Shares**”), shall not be exchanged for Class “A” Membership Equity Shares of the Amalgamated Credit Union. In such case, an amount of \$1.00 shall be made available for each of the Excess Membership Shares which are not exchanged for Class “A” Membership Equity Shares of the Amalgamated Credit Union by: (A) depositing such amount in the demand deposit account held with the Amalgamated Credit Union which is in the name of the Shareholder of the Excess Membership Shares not exchanged; or (B) if the Shareholder does not hold a demand deposit account with the Amalgamated Credit Union, by mailing to the Shareholder’s last-known address with Gulf & Fraser or ISCU, as applicable, such amount in the form of an official cheque payable to the Shareholder of the Excess Membership Shares not exchanged; and
- (d) for any Class “A” Membership Equity Shares of Gulf & Fraser or Membership Equity Shares of ISCU which are jointly held by two or more Shareholders, such Class “A” Membership Equity Shares of Gulf & Fraser or Membership Equity Shares of ISCU, as applicable, will be exchanged for an equivalent number of fully paid, jointly held Class “A” Membership Equity Shares of the Amalgamated Credit Union; provided, however, that nothing in this Schedule shall permit a Shareholder to hold more than 1,000 Class “A” Membership Equity Shares of the Amalgamated Credit Union, regardless of whether such shares are held jointly or solely in the name of the Shareholder. After the share exchange contemplated in paragraphs (a) and (b) above, each joint holder of jointly held Class “A” Membership Equity Shares of the Amalgamated Credit Union shall become a member of the Amalgamated Credit Union in the Shareholder’s own right, provided that the Shareholder holds at least five Class “A” Membership Equity Shares of the Amalgamated Credit Union.

2. **Fractional Shares**

Where the exchange of shares pursuant to this Schedule 3.1 would lead to the issuance of fractional shares, the Amalgamated Credit Union will round down the shares exchanged in a manner that results in an exchange of non-fractional (*i.e.*, whole) shares. The Amalgamated Credit Union will make available the amount of the fractional shares of the Amalgamated Credit Union which have not been exchanged for shares of the Amalgamated Credit Union as a result of such rounding down by: (a) depositing such amount in the demand deposit account held with the Amalgamated Credit Union which is in the name of the Shareholder of the fractional share not exchanged; or (b) if the Shareholder does not hold a demand deposit account with the Amalgamated Credit Union, by mailing to the Shareholder's last-known address with Gulf & Fraser or ISCU, as applicable, such amount in the form of an official cheque payable to the Shareholder of the fractional share not exchanged.

Schedule 3.5(a) – Proposed Directors

The following individuals will be the initial directors of the Amalgamated Credit Union for an initial term of office as indicated below:

Amalgamating Credit Union	Director	Prescribed Address	Term Expiry
Gulf and Fraser Fishermen's Credit Union	Daniel Drexler	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2025
	Lee Varseveld	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2025
	Bill Wilby	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2026
	Tracey Scott	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2026
	Linda Archer	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2026
	Doug Sweeting (Chair)	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2027
	Nate Hampson	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2027
	Christine Dacre	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2027
Interior Savings Credit Union	Reg Foot	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2025
	Karri Brinnen	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2025
	Tracey Wolsey	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2026
	Rob Shirra (Vice Chair)	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2027
	Elmer Epp	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2027
	Bruce Tisdale	300-678 Bernard Ave, Kelowna BC V1Y 6P3	2027

If any of the proposed directors listed above become unwilling or unable to act in the designated capacity prior to the Effective Date, this Schedule will be revised and an updated list of the initial directors for the Amalgamated Credit Union will be provided to the Superintendent prior to, or together with, the delivery of executed copies of this Agreement to the Superintendent.

Schedule 3.5(b) – Proposed Senior Officers

The following individuals will be the initial senior officers of the Amalgamated Credit Union:

Name	Position	Prescribed Address
Brian Harris	Chief Executive Officer	300-678 Bernard Ave, Kelowna BC V1Y 6P3
Jeff Shewfelt	Special Advisor to the CEO	300-678 Bernard Ave, Kelowna BC V1Y 6P3
Bill Kiss	Special Advisor to the CEO	300-678 Bernard Ave, Kelowna BC V1Y 6P3
Mary Lynn Baker	Chief Integration Officer	300-678 Bernard Ave, Kelowna BC V1Y 6P3
Nelson Sandhu	Chief Member Experience Officer	300-678 Bernard Ave, Kelowna BC V1Y 6P3
Karen Hawes	Chief Relationship Officer	300-678 Bernard Ave, Kelowna BC V1Y 6P3
Ron Lee	Chief Financial Officer	300-678 Bernard Ave, Kelowna BC V1Y 6P3
Scott Betts	Chief Risk Officer	300-678 Bernard Ave, Kelowna BC V1Y 6P3

If any of the proposed senior officers listed above become unwilling or unable to act in the designated capacity prior to the Effective Date, this Schedule will be revised and an updated list of the initial senior officers for the Amalgamated Credit Union will be provided to the Superintendent prior to, or together with, the delivery of executed copies of this Agreement to the Superintendent.

Schedule 3.6 – Amalgamated Credit Union Rules

See attached.

Schedule 5.2 – Intended Products & Services

Below is a list of the products and services intended to be offered to members of the Amalgamated Credit Union by the Amalgamated Credit Union, either directly or through Subsidiaries of the Amalgamated Credit Union:

- Consumer Banking and Personal Banking
- Commercial Services and Small Business Banking
- Wealth Management
- Leasing (Automobile and Equipment)

Schedule 5.4 – Amalgamated Credit Union Constitution

CONSTITUTION

Credit Union Incorporation Act
(Section 6)

1. The name of the credit union is Beem Credit Union.
2. The authorized capital of the credit union shall be an unlimited number of shares divided into such classes and designated with such par value or without par value and with such rights and restrictions among classes as set out in the Rules of the credit union.

Schedule 5.5 – Employment Matters

The Credit Unions acknowledge and agree that the employees of each of the Credit Unions are a key component of the Amalgamation and further agree as follows:

1. On the Closing Date, the Amalgamated Credit Union shall assume the employment obligations of each of the Credit Unions for all employees of each of the Credit Unions. Without limiting the generality of the foregoing:
 - (a) the Amalgamated Credit Union shall recognize the length of service for all employees of each of the Credit Unions for all matters for which length of service is relevant; and
 - (b) on and after the Closing Date, the Amalgamated Credit Union shall assume all obligations and liabilities of the Credit Unions under the following agreements:
 - (i) any collective agreement between Gulf & Fraser and a trade union and any collective agreement between ISCU and a trade union (each, a “**Collective Agreement**”); and
 - (ii) any Contracts between either of the Credit Unions and non-unionized employees of such Credit Union in place as of the Closing Date.

2. Integration of the employees of the Credit Unions shall be guided by the following general principles:
 - (a) there will be no layoffs as a direct result of the Amalgamation. Subject to normal attrition or the decision by an employee not to continue with the Amalgamated Credit Union, each employee of the Credit Unions will be offered employment with the Amalgamated Credit Union and will be assigned to a position which aligns to the employee’s skill sets;
 - (b) if the position of an employee of Gulf & Fraser or ISCU is eliminated as a direct result of the Amalgamation, the Amalgamated Credit Union will make reasonable efforts to transition such employee to an alternate position with the Amalgamated Credit Union or a Subsidiary of the Amalgamated Credit Union;
 - (c) unionized employees shall receive the salary, vacation, retirement programs, benefits and job grades as prescribed under the applicable Collective Agreement or its successor, renewal or replacement agreement; and
 - (d) the terms and conditions of employment for non-unionized employees (including, without limitation, salary, vacation, retirement programs and benefits) will be, in the aggregate, materially as favourable and, in any event, not materially less advantageous than the terms and conditions under which the employee was employed immediately preceding the Closing Date.

BEEM CREDIT UNION

RULES

DRAFT dated: September 25, 2023

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BEEM CREDIT UNION

RULES

1. INTERPRETATION

1.1. **Definitions.** In these Rules, unless the subject or context otherwise requires:

- (a) **"Affiliate"** means a corporation that is affiliated with another corporation within the meaning of the legislation pursuant to which the first mentioned corporation is incorporated, continued, amalgamated or otherwise recognized;
- (b) **"Amalgamating Credit Unions"** means Gulf and Fraser Fishermen's Credit Union and Interior Savings Credit Union;
- (c) **"Auxiliary Member"** means a person who holds equity shares in the Credit Union, but is not a member of the Credit Union;
- (d) **"Board"** means the board of directors of the Credit Union;
- (e) **"Board Chair"** means the chair of the Board;
- (f) **"Board Committee"** means a committee of individuals appointed or elected by the Board pursuant to these Rules;
- (g) **"Communities"** has the meaning given to that term in Rule 13.1 and **"Community"** means one of the Communities;
- (h) **"Community Council"** means a group of Community Representatives who represent a specific Community;
- (i) **"Community Representative"** means an individual who is appointed or elected to a Community Council pursuant to Rule 13 and **"Community Representatives"** means more than one Community Representative;
- (j) **"Credit Union"** means Beem Credit Union;
- (k) **"Credit Union Incorporation Act"** means the *Credit Union Incorporation Act* (British Columbia) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (l) **"Director"** means a director of the Credit Union for the time being and **"Directors"** means more than one Director;
- (m) **"Director Qualification Policy"** has the meaning given to that term in Rule 9.6;
- (n) **"Election Committee"** means the committee, appointed by the Board from time to time, which is charged with the conduct of the election of Directors;

- (o) **“Election Guidelines”** means the method and manner in which candidates are permitted to campaign for election as may be established by the Election Committee from time to time;
- (p) **“Electronic Meeting”** means a Fully Electronic Meeting or a Partially Electronic Meeting;
- (q) **“Electronic Transactions Act”** means the *Electronic Transactions Act* (British Columbia) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (r) **“Financial Institutions Act”** means the *Financial Institutions Act* (British Columbia) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (s) **“Fully Electronic Meeting”** means a meeting in which persons are entitled to participate solely by telephone or other communications medium, as set out in the notice for the meeting, if all persons attending the meeting are able to participate in it, whether by telephone or other communications medium;
- (t) **“Junior Member”** means a member who is under 19 years of age;
- (u) **“Initial Directors”** has the meaning given to that term in Rule 7.1;
- (v) **“Legacy Credit Union”** means each of the Amalgamating Credit Unions and Aldergrove Credit Union, Grand Forks District Savings Credit Union, North Peace Savings and Credit Union and Spruce Credit Union;
- (w) **“Member in Good Standing”** means a member, including a Junior Member, who at the date on which good standing is determined:
 - (i) has purchased, paid for and holds the number of Class “A” Membership Equity Shares required by these Rules to be a member; and
 - (ii) is not more than 90 days delinquent in any obligation to the Credit Union;
- (x) **“Ordinary Resolution”** means a resolution passed by the members of the Credit Union in a general meeting by a simple majority of the votes cast by members;
- (y) **“Partially Electronic Meeting”** means a meeting in which persons are entitled to participate in person or by telephone or other communications medium, as set out in the notice for the meeting, if all persons attending the meeting are able to participate in it, whether by telephone, by other communications medium or in person;
- (z) **“Securities Transfer Act”** means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (aa) **“Special Resolution”** means a resolution in respect of which notice has been given as required under the *Credit Union Incorporation Act* and under these Rules and that is passed by a majority of not less than two-thirds of the votes cast by members who are

entitled to vote and who do so by the methods specified by the *Credit Union Incorporation Act* and under these Rules;

(bb) **“Superintendent”** means the Superintendent of Financial Institutions under the *Financial Institutions Act*; and

(cc) **“Vice-Chair”** means the vice-chair of the Board.

1.2. **Other Meanings.** The meaning of any words or phrases defined in the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Electronic Transactions Act* will, if not inconsistent with the subject or context, have the same meaning in these Rules.

1.3. **Application of Legislation.** These Rules must be read and applied in conjunction with the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Electronic Transactions Act*. Except where such legislation states that the rules of a credit union may provide otherwise, any applicable provision of such legislation that is inconsistent with these Rules shall prevail.

2. MEMBERSHIP

2.1. **Application for Membership.** Every application for membership shall be in writing and shall be accompanied by payment in full of the purchase price of the number of Class “A” Membership Equity Shares required to be held by a member under these Rules.

2.2. **Membership Share Requirements.** As a condition of admission as a member, a person is required to subscribe and pay for at least five Class “A” Membership Equity Shares.

2.3. **Permitted Number of Class “A” Membership Equity Shares.** At the discretion of the Board, members may be permitted to subscribe and pay for Class “A” Membership Equity Shares in excess of five, but not in excess of 1,000.

2.4. **Increase in Membership Share Requirements.** The Board may, by resolution, determine that the number of Class “A” Membership Equity Shares required to be owned by a member or a certain type of member (such as, for example, a type of member who is not an individual) shall be increased, provided that:

(a) the Board may not determine that the total number of Class “A” Membership Equity Shares required to be owned by a member shall exceed 1,000 Class “A” Membership Equity Shares;

(b) on any one occasion, the Board may not determine to increase the number of Class “A” Membership Equity Shares required to be owned by more than 25 Class “A” Membership Equity Shares;

(c) a determination by the Board pursuant to this Rule may be made no more frequently than once per financial year;

(d) a subsequent determination by the Board shall not be made to have effect within six months of the last such determination; and

- (e) subject to Rule 2.7, a determination by the Board pursuant to this Rule 2.4 shall not be effective until the expiration of not less than 90 days after notice of a determination is deemed to have been received by the members.
- 2.5. **Credit Union May Transfer Deposits or Shares to Purchase Membership Shares.** If a member does not hold the required number of Class “A” Membership Equity Shares under Rule 2.2 or Rule 2.4 (in the latter case, on expiration of the period of notice described in Rule 2.4), the Credit Union may apply any money on deposit and interest thereon or invested in shares of the Credit Union from any other class of shares and dividends credited thereon in the name of the member to the purchase of sufficient Class “A” Membership Equity Shares in the name of the member so that the member will hold the number of Class “A” Membership Equity Shares required by Rule 2.2 or Rule 2.4, as applicable.
- 2.6. **Termination of Membership for Insufficient Share Holdings.** If a member does not hold the required number of Class “A” Membership Equity Shares and the member has insufficient monies on deposit or invested in other shares to permit the purchase of sufficient Class “A” Membership Equity Shares pursuant to Rule 2.5, the member shall immediately cease to be a member of the Credit Union in accordance with the *Credit Union Incorporation Act*.
- 2.7. **Membership Share Requirements After Notice is Given.** A person who becomes a member of the Credit Union at any time after notice is given under Rule 2.4 shall, as a condition of membership, subscribe and fully pay for the increased number of Class “A” Membership Equity Shares required to be held by a member in accordance with such notice.
- 2.8. **Junior Members.**
- (a) A Junior Member is not entitled to vote, be a Director or be a member of a committee of the Credit Union.
 - (b) A Junior Member becomes a member with full membership rights and obligations on reaching 19 years of age.
- 2.9. **Auxiliary Members.** An Auxiliary Member is not entitled to be a Director or be a member of a Board Committee and, except as expressly provided otherwise in the *Credit Union Incorporation Act*, an Auxiliary Member is not entitled to vote.
- 2.10. **Withdrawal or Termination of Membership.** A member may withdraw from membership, and membership of any member may be terminated, in accordance with the *Credit Union Incorporation Act*.
- 3. SHARES**
- 3.1. **Classes of Shares.** The shares of the Credit Union are divided into three classes of shares designated as Class “A” Membership Equity Shares, Class “B” Investment Equity Shares and Class “C” Investment Equity Shares, each class consisting of an unlimited number of shares.
- 3.2. **Par Value.** All shares have a par value of \$1.00 each.

- 3.3. **No Guarantee.** Money invested in equity shares together with dividends thereon will not be guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation of British Columbia.
- 3.4. **Class “A” Membership Equity Shares.** Class “A” Membership Equity Shares shall have attached thereto the following rights and restrictions:
- (a) ownership, assignment, transfer and issue of Class “A” Membership Equity Shares is limited as set out in the *Credit Union Incorporation Act*;
 - (b) subject to the *Credit Union Incorporation Act*, the Credit Union shall redeem all of the Class “A” Membership Equity Shares held by a member upon the happening of any of the following events:
 - (i) the termination by the Credit Union of the membership of the member;
 - (ii) the member withdrawing from membership in the Credit Union;
 - (iii) the member is a natural person and dies, subject to Rule 3.10 and subject to any contrary intention of the personal representative of the deceased member to transfer the shares to a person entitled to hold them pursuant to the *Credit Union Incorporation Act* and these Rules;
 - (iv) the member is a partnership or unincorporated association which dissolves; or
 - (v) the member is a society, corporation or any other legal entity and is dissolved, wound-up or otherwise ceases to exist;
- provided, however, that the Credit Union may require evidence as to the events described in this Rule 3.4(b) before redeeming Class “A” Membership Equity Shares;
- (c) subject to the *Credit Union Incorporation Act*, the Credit Union may redeem the Class “A” Membership Equity Shares held by a member on such terms and conditions and at such times as the Board, in its discretion, resolves;
 - (d) notwithstanding any other provision of this Rule 3.4, but subject to the *Credit Union Incorporation Act*, the amount of Class “A” Membership Equity Shares that the Credit Union may be required to redeem in any financial year is limited to 10% of the amount of Class “A” Membership Equity Shares issued and outstanding on the last day of the immediately preceding financial year; and
 - (e) any redemption, purchase, assignment or transfer of Class “A” Membership Equity Shares shall be at par value plus any dividends declared but unpaid thereon.
- 3.5. **Class “B” Investment Equity Shares.** Class “B” Investment Equity Shares shall have attached thereto the following rights and restrictions:
- (a) Class “B” Investment Equity Shares may only be issued to a member of the Credit Union;

- (b) the Credit Union may redeem any Class “B” Investment Equity Shares on such terms and conditions and at such times as the Board, in its discretion, resolves; and
 - (c) any redemption or purchase of Class “B” Investment Equity Shares shall be at par value plus any dividends declared but unpaid thereon.
- 3.6. **Class “C” Investment Equity Shares.** Class “C” Investment Equity Shares shall have attached thereto the following rights and restrictions:
- (a) Class “C” Investment Equity Shares may only be issued to a member of the Credit Union;
 - (b) the Credit Union may redeem any Class “C” Investment Equity Shares on such terms and conditions and at such times as the Board, in its discretion, resolves; and
 - (c) any redemption or purchase of Class “C” Investment Equity Shares shall be at par value plus any dividends declared but unpaid thereon.
- 3.7. **Distribution on Wind-Up.** Subject to the *Credit Union Incorporation Act*, each class of equity shares shall rank rateably with all other classes of equity shares in the event of liquidation, dissolution or winding up of the Credit Union or any other distribution of assets of the Credit Union among the holders of its shares for the purpose of winding up its affairs, whether voluntary or involuntary.
- 3.8. **Minimum and Maximum Number of Shares to be Held.** Subject to the *Credit Union Incorporation Act* and these Rules, the Board may from time to time, by resolution, determine the minimum and maximum number of shares, of any class or in total, in the Credit Union permitted to be purchased and held by any member or Auxiliary Member and all terms and conditions attaching to any application for shares in the Credit Union including the maximum number of applications permitted by a member and the minimum or maximum number of shares required for each application.
- 3.9. **Policies for Purchase, Payment, Redemption and Ownership of Shares.** Subject to the provisions of the *Credit Union Incorporation Act* that specify the minimum number of membership shares for which a member must subscribe and pay, the Board may establish policies to waive or delay purchase, payment, redemption and ownership in whole or in part of equity shares as required by these Rules.
- 3.10. **Joint Ownership.**
- (a) If, prior to the amalgamation of the Amalgamating Credit Unions, equity shares of an Amalgamating Credit Union were held jointly, the holders may continue to jointly hold the equity shares of the Credit Union for which the shares of the Amalgamating Credit Union were exchanged on the amalgamation of the Amalgamating Credit Unions.
 - (b) Except as contemplated in Rule 3.10(a), the Credit Union will not issue jointly held shares and every share in the Credit Union may only be issued in the name of one member or shareholder, as the case may be.

- (c) Each joint holder of Class "A" Membership Equity Shares must hold the minimum number of Class "A" Membership Equity Shares required by these Rules to be a member for each joint holder to be a voting member, otherwise only the first person named on the membership shall be entitled to vote in respect of such jointly held shares.
 - (d) Only the first person named on the register of members and auxiliary members for jointly held equity shares other than Class "A" Membership Equity Shares shall be entitled to vote in respect of such jointly held shares.
 - (e) All jointly held equity shares will carry the right of survivorship unless a contrary statement, in writing, is given to the Credit Union and signed by all parties jointly holding the shares.
 - (f) Subject to the *Credit Union Incorporation Act*, the Credit Union will not be required to redeem any equity share that is held jointly with a right of survivorship, until the death of the last joint holder.
- 3.11. **Share Certificates.** The Credit Union will issue share certificates for equity shares other than Class "A" Membership Equity Shares. Each share certificate issued for equity shares must conspicuously state on its face the words "NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION".
- 3.12. **Form of Share Certificate.** Every share certificate issued by the Credit Union will be in such form as the Board approves and will comply with the *Credit Union Incorporation Act*.
- 3.13. **Replacement of Share Certificates.** If any share certificate is worn out or defaced, then, on production of that certificate to the Credit Union, the certificate may be cancelled and a new certificate issued in place of that certificate; and if any share certificate is lost or destroyed, then, subject to the *Securities Transfer Act*, on proof of the loss or destruction to the satisfaction of the Board and on giving such indemnity as the Board deems adequate, a new certificate in place of the lost or destroyed certificate will be issued to the party entitled to it.
- 3.14. **Delivery of Share Certificates.** A share certificate registered in the names of two or more persons will be delivered to the person first named on the register of members and auxiliary members.
- 3.15. **Resolution of the Board to Redeem or Purchase Shares.** Subject to the *Credit Union Incorporation Act* and these Rules, the Credit Union may, by Board resolution, redeem or purchase any of its shares on such terms and conditions and at such times as the Board determines.
- 3.16. **Manner of Redemption or Purchase.** If the Credit Union proposes, at its option, to redeem or purchase some but not all of the shares of any class, the Board may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed or purchased will be selected.
- 3.17. **Transfer Subject to Consent of the Board.** No equity shares will be transferred without the previous consent of the Board expressed by a Board resolution, and the Board will not be required to give any reason for refusing to consent to any such proposed transfer.

- 3.18. **Effective Date of Transfer.** No transfer or assignment of equity shares is effective until the register of members and auxiliary members of the Credit Union is completed, indicating the transfer or assignment.
- 3.19. **Instrument of Transfer Required.** No transfer of equity shares will be registered unless a proper instrument of transfer has been delivered to the Credit Union, but an instrument of transfer is not required for the Credit Union to register a transmission of shares in compliance with the *Credit Union Incorporation Act*.
- 3.20. **Transfer Registration.** Subject to the *Credit Union Incorporation Act*, its constitution, and these Rules, the Credit Union will, on application of the transferor or transferee of an equity share, enter the name of the transferee on its register of members and auxiliary members.
- 3.21. **Form of Instrument of Transfer.** The instrument of transfer of any equity share will be in the form, if any, on the back of the Credit Union's share certificates or any other form that the Board approves.
- 3.22. **One Class per Transfer Instrument.** If the Board so requires, each instrument of transfer will be in respect of only one class of shares.
- 3.23. **Presentation of Instrument of Transfer and Share Certificate.** Every instrument of transfer will be executed by the transferor and left at the registered office of the Credit Union for registration, together with the share certificate, if any, for the shares to be transferred and such other evidence, if any, as the Board may require to provide the title of the transferor or the transferor's right to transfer the shares. All instruments of transfer which are registered will be retained by the Credit Union but any instrument of transfer that the Board declines to register will be returned to the person depositing the same, together with the share certificate which accompanied the same when tendered for registration.
- 3.24. **Authorization to Transfer.** The signature of the registered owner of any equity shares or of the registered owner's duly authorized attorney on the instrument of transfer constitutes an authority to the Credit Union to register the shares specified in the instrument of transfer in the name of the person named in that instrument as transferee.
- 3.25. **Credit Union Not Required to Inquire into Title.** Neither the Credit Union nor any Director, officer or agent is required to inquire into the title of the transferee of those equity shares to be transferred or is liable to the registered or any intermediate owner of those shares, for registering the transfer.
- 3.26. **Transfer on Death or Bankruptcy.** Subject to these Rules, the *Credit Union Incorporation Act* and the *Securities Transfer Act*, a person who becomes entitled to an equity share as a result of the death or bankruptcy of any member or Auxiliary Member, on producing the evidence required by the *Credit Union Incorporation Act* and the *Securities Transfer Act*, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute, on producing such evidence as the Board deems sufficient that the person is so entitled, may be registered as holder of the share or may transfer the share to a person entitled by these Rules and the *Credit Union Incorporation Act* to hold such share.

- 3.27. **Commissions and Discounts.** Subject to the provisions of the *Financial Institutions Act* and the *Credit Union Incorporation Act*, the Credit Union, or the Board on behalf of the Credit Union, may pay a commission or allow a discount to any person in consideration of that person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Credit Union, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any such shares, provided that the rate of the commission and discount will not in the aggregate exceed the amount permitted by the *Credit Union Incorporation Act*.
- 3.28. **Dividends.** Subject to these Rules and the *Credit Union Incorporation Act*:
- (a) the Board, at its discretion, may set terms and conditions for entitlement to dividends for each class of shares, may declare dividends on any class of shares in such amounts and at such times as from time to time determined, and may declare different rates of dividends for different classes of shares;
 - (b) any entitlement to dividends in respect of any class of equity shares shall be non-cumulative;
 - (c) dividends, patronage refunds or bonuses declared, if any, at the discretion of the Board may be paid as an allocation of equity shares, provided that if any such allocation would result in a person holding more equity shares of a particular class than a person is permitted to subscribe for or hold under these Rules or the *Credit Union Incorporation Act*, the Board may credit the excess or any part of that excess to the person's account.
- 3.29. **Participation Programs.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board may develop and offer such participation programs as the Board deems in the best interest of the Credit Union.

4. DEPOSITS

- 4.1. **Deposit Forms.** The Board may determine the forms by which a person may place monies on deposit and withdraw monies on deposit or request redemption of shares, and the Board may, by resolution, delegate the power to make such determinations.
- 4.2. **Interest.** Interest on deposits, in the absence of an express contract or agreement, will be paid or credited at times, intervals and in a manner determined by the Board, and the Board may, by resolution, delegate the power to make such determinations.

5. LOANS

- 5.1. **Board Will Determine Terms of Loans.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board will determine the terms and conditions of loans as to interest and other charges, terms of repayment and security, and the Board may, by resolution, delegate the power to make loans and such determinations.

6. BORROWING

- 6.1. **Borrowing Permitted.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board may raise and borrow money for the purposes of the Credit Union upon such terms and conditions as to interest, time, repayment and security as it determines by Board resolution.

7. COMPOSITION OF BOARD OF DIRECTORS

- 7.1. **Initial Directors.** The initial Directors of the Credit Union and their respective terms of office will be as set out in the amalgamation agreement dated as of XXX 2023, between the Amalgamating Credit Unions (the “**Initial Directors**”). The term of office of an Initial Director as outlined in the amalgamation agreement shall be included when calculating the total number of terms the Initial Director may serve in accordance with Rule 9.4(h).
- 7.2. **Size of Board of Directors.** The number of Directors of the Credit Union will be determined from time to time by the Board, but shall be no fewer than nine and no more than 18. If the members have been notified that an election is to take place, the Board may not change the number of Directors until the results of that election have been determined and the newly elected Directors have taken office.
- 7.3. **Regional Representation.** The Board may, but shall not be obligated, to require from time to time that a certain number of Directors be residents of any region specified by resolution of the Board. Irrespective of any residency requirements, all Directors shall, notwithstanding anything else contained in these Rules, be representatives of, and elected by all members of the Credit Union. Any such residency requirements may be modified by the Board in its discretion including, without limitation, reducing or increasing the number of Directors required to be residents of a specific region. The Board may, in its discretion, determine from time to time the criteria for determining residency for the purposes of this Rule.
- 7.4. **Capacity of Board if a Vacancy.** If the number of Directors in office is less than the required number set by the Board under Rule 7.2, as a result of death, resignation, disqualification or removal from office or by failure to elect or appoint a Director under these Rules, the remaining Directors, except as provided elsewhere in these Rules, will have all of the power of the Board until the vacancy or vacancies have been filled by appointment or election.
- 7.5. **Appointment to Fill Vacancy.** Where a casual vacancy occurs among the Directors or, for any reason, the office of Director is not filled in an election, the remaining Directors may appoint a person to fill the vacancy who:
- (a) meets the eligibility requirements as set out in these Rules; and
 - (b) if the casual vacancy relates to one of the Initial Directors, was a former director of the same Legacy Credit Union of which the vacating Director was a former director.

In the case of an appointment to fill a vacancy of one of the Initial Directors, the person appointed to fill the vacancy shall hold office for the remaining term of the vacating Director. In any other case, a person so appointed shall hold office until the close of the next annual general meeting.

- 7.6. **Number of Directors Less than Quorum.** Where the number of Directors is reduced below the number set by or under these Rules as the necessary quorum for Directors, the continuing Directors may act for the purpose of filling vacancies up to that number, or of summoning a general meeting of the Credit Union, but for no other purpose.

8. BOARD UPON MERGER

- 8.1. **Additional Directors.** If the Credit Union enters into an asset transfer agreement to acquire all or substantially all of the assets of another credit union (the “**transferring credit union**”) in accordance with the *Credit Union Incorporation Act*, the Board may appoint as additional Directors of the Credit Union any or all of the persons who were directors of the transferring credit union at the effective date of the asset transfer and designate the term of office of each such person appointed as a Director. Directors appointed under this Rule 8.1 shall be in addition to the number of Directors set by the Board under Rule 7.2.
- 8.2. **Vacancies After Merger.** When the term of office of a person appointed as a Director pursuant to Rule 8.1 has expired or where the position becomes vacant prior to the expiration of the term of office, no vacancy will be deemed to exist and the number of Directors shall be deemed to have been reduced accordingly.
- 8.3. **Casual Vacancy.** Notwithstanding Rule 8.2, if a casual vacancy occurs in relation to a Director appointed pursuant to Rule 8.1 before the expiry of the Director’s term of office as a result of death, resignation, disqualification or removal from office, the Board may appoint a person who is eligible under Rule 8.1 to fill such vacancy. The person appointed to fill the vacancy shall hold office for the remaining term of the vacating Director.
- 8.4. **General Eligibility.** When the term of office of a person appointed as a Director pursuant to Rule 8.1 expires or in the event of such person otherwise ceasing to be a Director, such person shall be eligible as a candidate for election or appointment to fill any other vacancy in the Board provided that such person is not otherwise disqualified by these Rules from being a Director.

9. ELECTION, APPOINTMENT AND REMOVAL OF DIRECTORS

- 9.1. **Director Elections to be Held.** Each year, Directors will be elected to replace those whose terms expire and a Director whose term expires is eligible for re-election, subject to Rule 9.4(h).
- 9.2. **Length of Term.** Except where a person is appointed under Rule 7.5 or 8.3 to fill the unexpired portion of a term and subject to the provisions of Rules 7.1, 8.1 and 9.7, each person elected as a Director will hold office for a term expiring at the close of the third annual general meeting after the Director has taken office. Notwithstanding the foregoing, if, for any reason, the terms of the remaining Directors will not allow for the expiry of a balanced number of the Directors’ terms at each successive annual general meeting, the Board may, by resolution, determine the lengths of terms to be served by Directors elected in subsequent elections in such a manner that the Board may return as soon as is practicably possible to a balanced cycle of Directors’ terms expiring at each successive annual general meeting.
- 9.3. **Eligibility to Act as a Director.** In order to be eligible to stand for election or be appointed as a Director, a person must, for at least one year prior to the date of the person’s nomination for election or at least one year prior to the appointment being made:

- (a) have been a Member in Good Standing of the Credit Union;
- (b) have been a member in good standing of an Amalgamating Credit Union; or
- (c) have been a member in good standing of another credit union of which all or substantially all of the assets have been purchased by the Credit Union;

provided, however, if a candidate is nominated by the Election Committee or appointed as a Director by the Board, the eligibility requirement stated in this Rule may be waived by the Election Committee or the Board, as the case may be, but the candidate must become a member of the Credit Union prior to taking office as a Director and otherwise not be disqualified by these Rules from being a Director.

9.4. **Disqualification.** No person is eligible to become or continue as a Director if the person:

- (a) is disqualified from becoming or acting as a director pursuant to the *Financial Institutions Act* or the *Credit Union Incorporation Act*;
- (b) is or becomes an employee of the Credit Union or any of its subsidiaries or Affiliates;
- (c) was an employee of a credit union (including, but not limited to, the Credit Union) or any subsidiary or Affiliate of a credit union at any time during the three-year period prior to the date that nominations for the office of Director under these Rules closed or, in the case of appointment, during the two-year period prior to the date of appointment;
- (d) is a spouse, parent or child of any person referred to in Rule 9.4(b) or (c);
- (e) is an employee, officer or director of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution or another credit union (other than a director of a central credit union) or a subsidiary or Affiliate of any of them except where that person has been requested or authorized in writing by the Board to serve as a director of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution, other credit union or a subsidiary or Affiliate of any of them;
- (f) is the spouse of any person referred to in Rule 9.4(e);
- (g) is or has been removed at any time within the previous five years from the position of Director by the Board in accordance with Rule 9.7; or
- (h) has served four terms as a Director, whether served consecutively or non-consecutively, provided that if a person is appointed:
 - (i) to fill a vacancy pursuant to Rule 7.5 or 8.3, the time served as a Director during such appointment shall not be included when calculating the total number of terms the Director may serve; or

- (ii) as an additional Director pursuant to Rule 8.1, the time served as a Director during such appointment shall be included when calculating the total number of terms the Director may serve.

9.5. **Residency Requirement.** If, pursuant to Rule 7.3, the Board has required that a certain number of Directors be resident of a specific region, a person must be resident in such region, in accordance with the criteria established by the Board, on the date of nomination for election or appointment as a Director in order to be eligible to stand for election or be appointed as a Director for such position or positions. If a Director changes residency after election or appointment, that Director shall not, for that reason only, be disqualified from serving the balance of the Director's term of office.

9.6. **Director Qualification Policy.** The Board will, at least annually, determine the required and necessary skills, experience, personal attributes and other criteria of candidates for election or appointment as a Director that are directly aligned to the Credit Union's strategic plan and to its needs for risk oversight, taking into account the background of existing Directors and the specific ongoing needs of the Credit Union and establish a transparent and independent evaluation process to compare candidates to the necessary skills and qualities (the "**Director Qualification Policy**"). The Board shall take an active role in ensuring candidates with the necessary skills and qualities as outlined in the Director Qualification Policy are recruited.

9.7. **Removal of Directors.** A person may be removed as a Director by a Board resolution passed by not less than two-thirds of the remaining Directors if that Director:

- (a) has failed, without being excused for reasonable circumstances by the Board Chair (or, in the case of the Board Chair, the Vice-Chair), to attend:
 - (i) three consecutive regular meetings of the Board;
 - (ii) three consecutive regular meetings of a Board Committee to which the Director has been appointed or elected; or
 - (iii) more than a total of four regular meetings of the Board and any Board Committee to which the Director has been appointed or elected in any financial year;
- (b) ceases to be a Member in Good Standing;
- (c) owns or controls a 50% or greater interest in an incorporated or unincorporated entity which is more than 90 days delinquent in any obligation to the Credit Union;
- (d) has breached these Rules or the Election Guidelines when the Director was a candidate for election as a Director;
- (e) has breached the conflict of interest policy, the code of conduct & ethics or the code of performance standards for Directors, adopted by the Board from time to time; or
- (f) has breached the confidentiality of any proceedings, deliberations or information of the Board;

in each case, as may be determined by the resolution of the remaining Directors. At least seven days prior to the meeting at which the removal of a Director is to be considered, the secretary will provide such Director with notice of the meeting and the grounds for considering the Director's removal. The Director may appear and make submissions at the meeting prior to the Board voting on the Board resolution for the Director's removal.

10. NOMINATIONS

10.1. **Election Committee.** At least 120 days before an annual general meeting, the Board will appoint an Election Committee of not less than three individuals who are members of the Credit Union, but not Junior Members. Appointees to the Election Committee may, but need not be, Directors, provided that no Director standing for office in the election may serve on the Election Committee. The Election Committee will be charged with the conduct of the election of Directors and will be responsible for:

- (a) evaluating candidates based on, and in accordance with, the Director Qualification Policy and any residency requirements established by the Board pursuant to Rule 7.3;
- (b) identifying, recruiting and, if considered appropriate by the Election Committee, endorsing or recommending candidates for election as Directors who have the qualifications outlined in the Director Qualification Policy;
- (c) preparing for delivery to the members the notice of election required by Rule 11.4;
- (d) monitoring the conduct of candidates during the election process and, if a candidate has campaigned in any method or manner in contravention of the Election Guidelines, addressing the contravention in accordance with Rule 10.11; and
- (e) conducting the nomination and election of Directors in accordance with these Rules.

10.2. **Nominations.** At least 90 days before an annual general meeting, the Election Committee will, if an election is to be held:

- (a) notify members of the Credit Union that an election of Directors is to take place, specifying the number of positions to be filled and, to the extent applicable, the regions in which candidates must be resident in order to be eligible for election;
- (b) communicate to members in a clear manner the necessary skills and qualities of candidates for election as a Director and the evaluation process for assessing whether a candidate possesses such skills and qualities; and
- (c) invite the submission to it, in writing, the names of proposed candidates, prior to the date on which nominations close, which will be specified in the notice and be a date not less than 30 days from the date of the notice.

10.3. **Number of Nominations per Member.** No member, unless they are a member of the Election Committee, may nominate more than one candidate to stand for election each year.

- 10.4. **Candidate Declaration.** Every candidate for election or appointment as a Director will file with the Election Committee, in the case of election, or with the Board, in the case of appointment, in forms prescribed by the Board a written declaration stating that the candidate:
- (a) is not disqualified under Rules 9.3 or 9.4 to act as a Director;
 - (b) is willing to stand for election or be appointed, and if elected or appointed, to serve as a Director;
 - (c) if elected or appointed, will comply with the provisions of these Rules, the *Credit Union Incorporation Act* and the *Financial Institutions Act*;
 - (d) if elected or appointed, will comply with the conflict of interest policy, the code of conduct & ethics and the code of performance standards for Directors, adopted by the Board from time to time; and
 - (e) in the case of an election, will comply with these Rules and the Election Guidelines with respect to the conduct of the election.
- 10.5. **Candidate Interview.** Before the name of a member is placed in nomination as a candidate for election as a Director, that member must attend an interview with the Election Committee, at the time and place (if any) specified by the Election Committee, unless the requirement to attend such interview has been waived by the Election Committee.
- 10.6. **Acceptance of Nominations.** The Election Committee will examine each nomination received and determine whether the nomination complies with the *Credit Union Incorporation Act*, the *Financial Institutions Act*, these Rules, any residency requirements established by the Board pursuant to Rule 7.3, and the Director Qualification Policy, and will accept each nomination of a member qualified to be a candidate whose nomination is in order and reject each nomination which is not in order or that does not comply and notify each candidate accordingly, and promptly after the date on which nominations close:
- (a) place into nomination the names of all qualified candidates nominated by the Election Committee and all qualified candidates nominated in writing by at least three Members in Good Standing of the Credit Union;
 - (b) inform each candidate of the provisions of these Rules and the Election Guidelines with respect to the conduct of the election and provide to each candidate a copy of these Rules and the Election Guidelines; and
 - (c) request that each candidate complete the personal information return required to be submitted to the Superintendent pursuant to the *Financial Institutions Act*.
- 10.7. **Conflicts of Interest.** At the time of nomination, every nominated candidate will make a statement of all known conflicts of interest between the candidate and the Credit Union in a form as prescribed by the Election Committee.
- 10.8. **Election Guidelines.** The Election Committee may, from time to time, determine the Election Guidelines.

- 10.9. **Candidate Information Sessions.** A candidate must attend at least one of the information sessions held for candidates, unless the requirement to attend an information session has been waived by the Election Committee. If a candidate fails, without being excused for reasonable circumstances by the Election Committee, to attend at least one of the required information sessions, the candidate will be disqualified from the election then in progress and be deemed ineligible to serve as a Director for such election.
- 10.10. **Rejection of Candidacy.** If the Election Committee resolves that a member's nomination information is false, incomplete or misleading in any material respect or that the candidacy is frivolous, vexatious or for the purpose of harming the Credit Union, the Election Committee may reject the member's candidacy.
- 10.11. **Disqualification.** If, in the opinion of the Election Committee, a candidate or person representing the candidate campaigns in any method or manner in contravention of the Election Guidelines, the Election Committee will contact the candidate to request the candidate comply with the Election Guidelines. If the candidate fails to comply immediately with such request, the Election Committee may make a determination as to whether the candidate should be disqualified. The candidate shall be given at least three business days' written notice of the proposed disqualification, together with a summary of the conduct on the part of the candidate (or the candidate's representative) giving rise to the proposed disqualification, and the candidate will have three business days to provide a written response to the conduct allegations. The Election Committee may thereupon address the issue of the candidate's disqualification as it deems appropriate, and in particular, the Election Committee may impose conditions on the continued candidacy or disqualify the candidate from the election. If the Election Committee decides to disqualify the candidate, the Election Committee will give written notice of such disqualification specifying the reasons for disqualification to the candidate within three business days of disqualification. If a candidate has been disqualified, no vote cast in favour of that candidate will be counted in the tally of ballots, but the ballots will not otherwise be deemed to be void with respect to votes for other candidates on the ballots. The decision of the Election Committee will be final, conclusive and binding on the candidate.
- 10.12. **Acclamation.**
- (a) If the number of qualified persons nominated for the election is equal to the number of positions to be filled, those persons will be declared elected by acclamation.
 - (b) If the number of qualified persons nominated for the election to be held is less than the number of positions to be filled, the persons so nominated will be declared elected by acclamation. The Board may appoint members to the remaining position(s) and advise the members at the annual general meeting of such appointment(s).
 - (c) Where any offices of Directors being filled are for different lengths of terms and the offices are filled by an election by acclamation, the term of each person declared elected by acclamation will be decided by lot by the Board.
- 10.13. **If Election Required.** If the number of qualified persons nominated for the election exceeds the number of offices to be filled, the election process described in Rule 11 will apply.

11. ELECTION PROCESS

- 11.1. **Method of Voting.** Subject to the *Credit Union Incorporation Act* and the *Electronic Transactions Act*, the Board shall determine the method of voting in an election of Directors, which may include voting by:
- (a) mail ballot;
 - (b) ballot at a branch office;
 - (c) electronic means; or
 - (d) any combination of the above methods of voting.
- 11.2. **Returning Officer.** The Board may appoint a returning officer for an election. The returning officer may, but need not be, a member of the Credit Union, but the returning officer will not be a Director. Where a returning officer is appointed, the returning officer will be appointed at least 60 days prior to the date on which voting in an election is to commence.
- 11.3. **Resources for Elections.** The Election Committee and the returning officer, if any, may engage such other resource persons as the Board and the Election Committee or returning officer may agree are required to conduct the election in a proper manner.
- 11.4. **Notice of Election to Members.** Where an election is to be held, the Election Committee will provide, at least 30 days before the annual general meeting, to all members of the Credit Union entitled to vote:
- (a) a list of each of the candidates for election;
 - (b) such information regarding the candidates as may be determined by the Election Committee in its sole discretion and instructions on how additional information regarding the candidates for election may be obtained;
 - (c) if the Election Committee chooses to endorse or recommend a candidate or candidates, an indication of which candidate or candidates the Election Committee endorses or recommends;
 - (d) clear and precise instructions for voting;
 - (e) notice of the dates and times during which voting in the election will take place;
 - (f) a list of conditions under which members will be eligible to vote in the election;
 - (g) a ballot by electronic or non-electronic means, listing the names of the candidates in an order chosen by lot by the Election Committee; and
 - (h) if the Board has determined that voting may be conducted by mail ballot or by ballot at a branch office and ballots are provided solely by electronic means, advice of the right of each member to:

- (i) if voting may be conducted by mail ballot, request in writing, by telephone or in person at a branch of the Credit Union, not less than 10 days prior to the close of voting, that a non-electronic ballot be provided to the member by mail, which ballot may then be cast by mail; or
- (ii) if voting may be conducted by ballot at a branch office, request in person at a branch of the Credit Union, prior to the close of voting, that a non-electronic ballot be made available to the member, which ballot may then be cast at a branch of the Credit Union.

11.5. **Non-Electronic Ballots.** If the Election Committee decides to provide ballots by non-electronic means with the notice of election or if a member requests a ballot under Rule 11.4(h), the Election Committee will provide with the notice of election or to the member, as the case may be:

- (a) a ballot listing the names of all candidates in the order chosen by lot by the Election Committee;
- (b) one or more envelopes, which may be included as part of the ballot and bearing the address of the Credit Union or the returning officer, which envelope(s) will allow for verification of the voting member, and provide for confidentiality of voting; and
- (c) clear instructions for casting the ballot and return of the ballot, whether by mail or drop-off at a branch of the Credit Union, which will specify the day by which the ballot must be received by the Credit Union or the returning officer in order for the ballot to be considered returned and properly cast.

11.6. **Close of Voting.** No ballot will be counted in the election unless:

- (a) if a mail ballot, the ballot is post-marked no later than the last day of the election as stated in the notice of the election and the ballot is actually received by the Credit Union or the returning officer before the close of business of the Credit Union on the fifth business day following the last day of the election as stated in the notice of election; or
- (b) if a ballot dropped-off at a branch, the ballot is actually received by the Credit Union or the returning officer before the close of business of the Credit Union on the last day of the election as stated in the notice of election; and
- (c) if a ballot cast by electronic means, the ballot is actually received by the Credit Union or the returning officer before 11:59 p.m. on the last day of the election as stated in the notice of election.

11.7. **Multiple Ballots.** If a member casts more than one ballot in an election, all of the ballots cast by the member will be void and none of them will be counted in the tally of ballots; provided, however, if one of the ballots is an electronic ballot and the other ballot is a non-electronic ballot, the electronic ballot will be counted in the tally of ballots and the non-electronic ballot will not be counted.

- 11.8. **Validity of Ballots.** A ballot must contain votes for the number of persons to be elected and a ballot indicating another intention is void; provided, however, no member may cast more than one vote for a candidate.
- 11.9. **Voting, Counting and Announcement of Results.** The returning officer or, if there is no returning officer, the Election Committee, will supervise the election and:
- (a) may require a member to provide proof of membership and a declaration that the member has not previously cast a ballot in the election then in progress;
 - (b) will arrange for receipt of all ballots returned by any method or combination of methods as determined by the Board, and, after the close of voting, will cause a tally to be made of all such ballots, in a manner that ensures the confidentiality of voting;
 - (c) will determine whether a ballot is to be accepted or rejected and such determination is final and not open to review;
 - (d) will, as soon as practicable following the close of voting, communicate the results of the election (including the number of votes received by each candidate) to the chair of the Election Committee or, if there is no returning officer, to the Board, following which the Board Chair (or another Director designated by the Board if the Board Chair is a candidate in the election) and the chief executive officer of the Credit Union will communicate such information to each of the candidates for election; and
 - (e) will announce the results of the election to the membership at the next annual general meeting following completion of voting or, if the election results with respect to the election are not determined by the close of the annual general meeting, then as soon thereafter as the results are determined.
- 11.10. **Posting of Results.** A listing of the candidates and the number of votes received by each candidate from highest to lowest shall be posted on the website of the Credit Union on the next business day following the annual general meeting (or, if the election results are not determined by the close of the annual general meeting, then as soon thereafter as the results are determined) and shall remain posted on the website for at least 10 business days.
- 11.11. **Varying Terms.** Subject to Rule 11.12, where any offices of Directors being filled at any election are for different lengths of terms, the term of each person will be determined in proportion to the number of votes received, the person receiving the greatest number of votes to hold office for the longest term.
- 11.12. **Ties.** In any election, if there are two or more persons having an equal number of votes, the successful candidates or the lengths of terms of office, as the case may be, will be decided by lot by the Election Committee.
- 11.13. **Recounts.** If the margin for the least successful elected candidate or candidates in the election is less than 20 votes in excess of the most successful of the unelected candidates in that election, a recount of votes cast at such election may be held, provided that:

- (a) such recount shall have been initiated by any unsuccessful candidate within the 20 vote margin by notice in writing delivered to the head office of the Credit Union (for the attention of the chair of the Election Committee) within five business days from the date upon which the election results were communicated to the unsuccessful candidate in accordance with Rule 11.9(d);
- (b) no recount will be initiated for any purpose other than determining the successful candidate(s) for election and only the votes (including those contained in any spoiled or rejected ballots) affecting those candidates whose election may be in doubt shall be considered (i.e., the votes of any candidate or candidates who have been elected or have failed to be elected by a margin of less than 20 votes); and
- (c) if the length of term of office of any candidate shall incidentally be affected by any such recount, such length of term of office shall be determined by such recount.

11.14. **Recount Procedure.** If a recount shall have been initiated in accordance with Rule 11.13, the chair of the Election Committee shall, within five business days after receipt of such written notice requesting a recount, direct the returning officer, or if there is no returning officer, the Election Committee (as it was comprised at the time of the election) to conduct the recount tally. The returning officer or, if there is no returning officer, the Election Committee, shall conduct and determine the required recount within 10 business days of the date the request was received by the returning officer or the Election Committee (as the case may be) to conduct a recount, and the result of any such recount shall be final, conclusive and binding on all persons involved in that election or affected thereby. In conducting such recount, the returning officer or, if there is no returning officer, the Election Committee shall:

- (a) notify every candidate concerned in the election of the time, date and place of the recount;
- (b) permit every candidate concerned in the election to attend the recount, either in person or by scrutineer appointed in writing by the candidate to attend on the candidate's behalf;
- (c) in considering the validity of any ballot, be bound by the voting instructions previously prescribed for the election by the Election Committee;
- (d) in the event of a tie resulting from any such recount, determine the successful candidate by lot; and
- (e) submit a final report to the chair of the Election Committee or, if there is no returning officer, to the Board Chair, within five days after making the final determination.

11.15. **Posting of Recount Results.** If, as a result of any such recount, there is a change in the successful candidates for election, or any change in the length of term of office of any elected candidate, the fact of such result and the number of votes received by each candidate from highest to lowest, as confirmed pursuant to the recount, will be posted on the website of the Credit Union and will remain posted for at least 10 business days after the chair of the Election Committee or the Board has received the final report from the returning officer or the Election Committee, as the case may be.

- 11.16. **When Directors Take Office.** Subject to the *Financial Institutions Act*, a person elected as a Director will take office at the close of the annual general meeting next following the person's election or, if the election results with respect to the election of that person are not determined by the close of the annual general meeting, then as soon thereafter as the results are determined provided that, for the purpose of determining that person's length of term, the person shall be deemed to have taken office at the close of the annual general meeting.

12. PROCEEDINGS OF THE BOARD

- 12.1. **Frequency of Meetings.** The Board will meet as needed and at least once each quarter.
- 12.2. **Place of Meetings.** Unless not reasonably practical and convenient, the place of in person meetings of the Board will rotate between the different geographic regions served by the Credit Union.
- 12.3. **Calling Meetings.** The Board Chair may call a meeting of the Board at any time and will within 14 days of receipt of written request of three Directors call a meeting of the Board.
- 12.4. **Notice of Meetings.** At least 24 hours' notice will be given of meetings of the Board by personal delivery, mail, telephone, email or any other electronic means, but a Director may waive notice of any past or present meeting of the Board. Attendance at a meeting shall be deemed to be a waiver of such notice. It will not be necessary to give notice of a meeting of the Board to any Director if such meeting is to be held immediately following a general meeting at which such Director has taken office or is the meeting at which such Director is appointed. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any Directors will not invalidate the proceedings of that meeting, except where a quorum as set out in Rule 12.5 is not met.
- 12.5. **Quorum.** A quorum of a meeting of the Board consists of a majority of the Directors. A lesser number may adjourn from time to time until a quorum is obtained.
- 12.6. **Director with Conflict Counted in Quorum.** A Director who is interested, directly or indirectly, in a proposed contract or transaction with the Credit Union may be counted for the purposes of the quorum required by Rule 12.5.
- 12.7. **Board Officers and Statutory Committees.** At the first meeting of the Board following each annual general meeting, the Board will elect from among themselves a Board Chair and a Vice-Chair and appoint or elect such additional officers from among themselves as they consider necessary. At such meeting, the Board will also appoint or elect such Board Committees as may be required by the *Credit Union Incorporation Act* and the *Financial Institutions Act*, provided that the composition of such Board Committees shall be consistent with the requirements of the *Credit Union Incorporation Act* and the *Financial Institutions Act*, as applicable.
- 12.8. **Appointment of Officers and Employees.** The Board will appoint the president, the chief executive officer and the secretary, and may appoint or authorize the appointment of such additional officers and employees as may be required for the proper operation of the Credit Union.

- 12.9. **Duties of Board Chair.** The Board Chair will preside at each meeting of the Board and perform such other duties as may be required of the Board Chair under these Rules and, subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act* and these Rules, as may be determined by the Board from time to time.
- 12.10. **Duties of Vice-Chair.** If the Board Chair is absent or is unable for any reason to act, the Vice-Chair or such other Director as may be designated by the Board will discharge the duties of the Board Chair. If, after the election of the Board Chair under Rule 12.7, the office of the Board Chair becomes vacant, the Board will meet within 30 days of such vacancy to elect a new Board Chair and, if applicable, a new Vice-Chair.
- 12.11. **Rules of Order.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board may adopt rules of order for its conduct, but if no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" will be used.
- 12.12. **Meetings by Telecommunications.** A meeting of the Board or of a Board Committee may be held by telephone or other communications medium if all Directors or Board Committee members attending the meeting are able to participate in it, whether by telephone, by other communications medium or in person, provided that, in the case of an in person meeting or Partially Electronic Meeting of the Board, a majority of the Directors participating in the meeting are in British Columbia at the time of the meeting. A Director or Board Committee member who participates in the meeting in accordance with this Rule will be deemed to be present at the meeting and counted in the quorum for such meeting.
- 12.13. **Delegation of Powers.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board may delegate any of its powers to:
- (a) committees consisting of not fewer than three individuals who are such persons as the Board may think fit; and
 - (b) such officer or officers as the Board thinks fit;
- and may from time to time revoke any such delegations.
- 12.14. **Terms of Reference.** Subject to the *Financial Institutions Act*, any Board Committee will, in the exercise of the powers delegated to it, conform to any terms and conditions that may from time to time be imposed upon it by the Board.
- 12.15. **Quorum for Board Committee.** A majority of the members of a Board Committee will constitute a quorum.
- 12.16. **Role of Board Chair on Board Committees as Ex Officio Member.** Where the Board Chair serves as a member of a Board Committee solely on an *ex officio* basis, the Board Chair will not be counted in determining the quorum for the Board Committee and will not have a vote at meetings of that Board Committee, unless otherwise stated in the terms of reference adopted by the Board for such Board Committee.

- 12.17. **Consent Resolution.** A Board resolution or a Board Committee resolution, whether or not in counterpart, may be passed without a meeting if all the Directors or the members of the Board Committee, as the case may be, consent to the resolution in writing.
- 12.18. **Remuneration of Directors.** The remuneration, if any, of the Directors in relation to their service as Directors may be established, from time to time, by the Board.
- 12.19. **Indemnification of Directors.** Subject to the limitations contained in the *Financial Institutions Act*, the Credit Union will indemnify:
- (a) each director and officer of the Credit Union;
 - (b) each former director and officer of the Credit Union; and
 - (c) each individual who acts or who has acted at the request of the Credit Union as a director or officer of a corporation of which the Credit Union is or was a member or creditor;

against all costs, charges and expenses, including any amount paid to settle any action or proceeding or satisfy any judgment, reasonably incurred for any civil, criminal or administrative action or proceeding, whether threatened, pending, continuing or completed, to which the director or officer is made a party by reason of being or having been a director or officer of the Credit Union or the corporation, if:

- (d) the director or officer acted honestly and in good faith with a view to the best interests of the Credit Union or the corporation, as the case may be; and
- (e) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer had reasonable grounds for believing that the conduct was lawful.

Subject to applicable laws, if the director or officer is required to include in income or in the income of that individual's estate, any payment made under this indemnification for the purpose of determining income tax payable by the director or officer, the Credit Union will pay an amount by way of indemnity that will fully indemnify for the amount of all liabilities described in this Rule 12.19 and all income taxes payable as a result of the receipt of the indemnity payment.

13. COMMUNITIES AND COMMUNITY COUNCILS

- 13.1. **Communities.** On or before December 31, 2025, the Board shall by resolution establish two or more communities under these Rules ("**Communities**") and determine the criteria upon which a person will be deemed to be part of each such Community. The Communities shall be based upon geographic area or affinity-based connection, such as a common bond of religious interest, ethnic interest, social interest, occupation, employment or community.
- 13.2. **Modifications.** From time to time, the Board may by resolution passed by not less than two-thirds of the Directors:
- (a) modify or expand the composition of any Community or the criteria upon which a person will be deemed to be part of such Community;

- (b) create one or more new Communities and determine the criteria upon which a person will be deemed to be part of each such new Community; or
 - (c) reduce the number of Communities, provided that, after establishment of the initial Communities under Rule 13.1, there must at all times be at least two Communities.
- 13.3. **Community Councils.** There shall be one Community Council for each Community and each Community Council shall be comprised of at least three Community Representatives. Community Representatives shall be elected or appointed for a term of office of one year or such other term as may be determined by the Board.
- 13.4. **Chair.** The Board will annually appoint a chair for each Community Council from among the Community Representatives on the Community Council.
- 13.5. **Terms of Reference.** A Community Council must, in the exercise of its activities, conform to any terms and conditions that may from time to time be imposed upon it by the Board.
- 13.6. **Appointment or Election.** The Board may determine, at its discretion, to:
- (a) appoint Community Representatives to a Community Council; or
 - (b) permit the members of the Credit Union who are a part of the Community which is represented by a Community Council to elect its Community Representatives,
- in each case, where such Community Representatives are eligible to be elected or appointed to the Community Council in accordance with these Rules. If the Board determines to conduct an election of Community Representatives to Community Councils, the Board shall determine the method and manner of voting.
- 13.7. **Eligibility.** In order to be eligible to be elected or appointed to a Community Council, a person must:
- (a) not be a Director;
 - (b) not then be serving on another Community Council, unless the Board determines that such person may serve on more than one Community Council;
 - (c) be a part of the Community which is represented by the Community Council to which the person is elected or appointed, in accordance with the criteria established by the Board;
 - (d) be a Member in Good Standing or, prior to the person's election or appointment to a Community Council, become a member of the Credit Union; and
 - (e) meet such other eligibility or qualification requirements for election or appointment to Community Councils as may be determined by the Board from time to time.
- 13.8. **Removal.** A person may be removed as a Community Representative by a Board resolution passed by not less than two-thirds of the Directors.

- 13.9. **Affiliation.** Whenever it is necessary to determine whether a person is part of a Community for the purpose of eligibility to serve as a Community Representative for a Community Council or to vote in an election of a Community Representative to a Community Council, the Board shall make the determination and the decision of the Board shall be final and conclusive.
- 13.10. **Purpose.** It is intended that Community Councils will allow for Communities to have input into the recruitment, development and succession of the Board, and provide feedback to the Board in relation to the needs of the various Communities and ways that the Credit Union can serve or better serve the Communities and the membership of the Credit Union as a whole. Each Community Council will report to the Board at least annually.
- 13.11. **Recruitment Committee.** The Board will appoint the chair of each Community Council to a director recruitment committee, which shall be responsible to identify, recruit and recommend to the Election Committee potential candidates for election or appointment to the Board. The director recruitment committee shall seek candidates who possess the required and necessary skills, experience, personal attributes and other criteria of candidates for election to the Board as outlined in the Director Qualification Policy.

14. GENERAL MEETINGS

- 14.1. **Date of Annual General Meeting.** The annual general meeting of the Credit Union will be held on the day, hour and, if applicable, place to be fixed by the Board and will be convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.
- 14.2. **Other General Meetings.** Other general meetings may be convened by the Board and held in accordance with the provisions of the *Credit Union Incorporation Act*.
- 14.3. **Multiple Locations.** General meetings, including the annual general meeting, may be convened by holding two or more meetings at different times and, if applicable, different places, which meetings together will constitute a single meeting, if convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.
- 14.4. **Electronic Meetings.** The Credit Union may hold a general meeting in person, by a Partially Electronic Meeting or by a Fully Electronic Meeting, as determined by the Board, if convened and held in accordance with the provisions of the *Credit Union Incorporation Act*. If a general meeting is an Electronic Meeting, the notice must contain instructions for attending and participating in the meeting by telephone or other communications medium, including, if applicable, instructions for voting at the meeting.
- 14.5. **Class Meetings.** Any meeting of holders of any class of shares may be convened by the Board and the provisions of these Rules with respect to general meetings will be applicable to such meetings of holders of any class of shares, except as specifically provided in these Rules and unless the subject or context requires otherwise.
- 14.6. **Rules of Order.** Subject to the *Credit Union Incorporation Act*, a general meeting may adopt rules of order for its conduct, but if no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" will be used.

14.7. **Quorum.**

- (a) At a general meeting of the Credit Union, 25 members will constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.
- (b) If a general meeting is held at different times and, if applicable, different places, the quorum for such meeting will be a combined total of 25 members, but a lesser number may adjourn from time to time until a quorum is obtained.
- (c) At any meeting of holders of any class of shares other than a general meeting of members, the quorum for such meeting will be such person or persons holding not less than 10% of the aggregate amount paid up on such class of shares.

14.8. **Order of Business.** Business to be conducted at an annual general meeting shall be such business as may be required by the *Credit Union Incorporation Act* or these Rules, and such other business as may be determined by the Board.

14.9. **Ordinary Resolutions.** In order for an Ordinary Resolution or other matter which is proposed by a member of the Credit Union to be eligible for consideration at an annual general meeting, it must be submitted to the Credit Union in advance in accordance with the *Credit Union Incorporation Act*, provided, however, this Rule 14.9 does not apply to Ordinary Resolutions or other matters invited by the Board Chair at an annual general meeting.

14.10. **Permitted Attendees.** The only persons entitled to be present at a general meeting will be:

- (a) those entitled to vote;
- (b) the Directors;
- (c) the auditor of the Credit Union; and
- (d) others who, although not entitled to vote, are entitled or required under any provision of the *Credit Union Incorporation Act*, the *Financial Institutions Act* or these Rules to be present at the meeting.

Any other person may be admitted only on the invitation of the Board or with the consent of the meeting.

14.11. **Membership Declaration.** Each person desiring to cast a vote on any issue at a general meeting will, on request, present evidence of age, identity and membership and a declaration that the member has not previously voted on the issue then being considered.

14.12. **Board Chair.** The Board Chair will chair general meetings of the Credit Union. If the Board Chair is absent or is unable for any reason to act, the Vice-Chair or such other Director as may be designated by the Board will discharge the duties of the Board Chair.

14.13. **Decorum.** At a general meeting, the Board Chair may refuse entry to, or request removal of, any individual the Board Chair determines, in the Board Chair's sole discretion, is acting in an abusive, hostile, bullying, harassing or disruptive manner or has persistently failed to comply with

directions or orders of the Board Chair. If the meeting is an Electronic Meeting, the Board Chair may, in the Board Chair's sole discretion, elect to mute such individual or request that the individual disconnect or be disconnected from the meeting.

- 14.14. **Method of Voting.** Subject to the *Credit Union Incorporation Act* and these Rules, voting at a general meeting of the Credit Union will be by show of hands, unless the Board Chair determines to permit voting by a written vote or electronic means and such means are made available.

15. SPECIAL RESOLUTIONS

- 15.1. **Special Resolution Required.** Subject to the *Credit Union Incorporation Act*, the Credit Union may alter its constitution or these Rules by Special Resolution from time to time.

- 15.2. **Method of Voting.** Subject to the *Credit Union Incorporation Act* and the *Electronic Transactions Act*, the Board shall determine the method of voting on a Special Resolution, which may include voting by:

- (a) mail ballot;
- (b) ballot at a branch office;
- (c) electronic means; or
- (d) any combination of the above methods of voting.

- 15.3. **Returning Officer.** The Board may appoint a returning officer for a vote on a Special Resolution. The returning officer may, but need not be, a member of the Credit Union, but the returning officer will not be a Director. Where a returning officer is appointed, the returning officer will be appointed at least 60 days prior to the date on which voting on the resolution is to commence.

- 15.4. **Resources for Vote.** The Board and the returning officer, if any, may engage such other resource persons as the Board and the returning officer may agree are required to conduct the vote in a proper manner.

- 15.5. **Notice of Resolution.** At least 18 days before the last day of voting permitted under Rule 15.5(c), the Board will provide to each eligible member entitled to vote on a Special Resolution:

- (a) the wording of the proposed Special Resolution or, if the Special Resolution is lengthy, a summary description of the change or action proposed to be made by the Special Resolution accompanied by instructions for how to access the wording of the Special Resolution by electronic means (including, but not limited to, on the website of the Credit Union) and in any branch of the Credit Union;
- (b) clear and precise instructions for voting;
- (c) notice of the dates and times during which voting on the Special Resolution will take place;
- (d) a ballot by electronic or non-electronic means; and

- (e) if the Board has determined that voting may be conducted by mail ballot or by ballot at a branch office and ballots are provided solely by electronic means, advice of the right of each member to:
 - (i) if voting may be conducted by mail ballot, request in writing, by telephone or in person at a branch of the Credit Union, not less than 10 days prior to the close of voting, that a non-electronic ballot be provided to the member by mail, which ballot may then be cast by mail; or
 - (ii) if voting may be conducted by ballot at a branch office, request in person at a branch of the Credit Union, prior to the close of voting, that a non-electronic ballot be made available to the member, which ballot may then be cast at a branch of the Credit Union.
- 15.6. **Non-Electronic Ballots.** If the Board decides to provide ballots by non-electronic means with the notice of the Special Resolution or if a member requests a ballot under Rule 15.5(e), the Board will provide with the notice of Special Resolution or to the member, as the case may be:
- (a) a ballot, which includes a space to enable the member to indicate whether the member is in favour of or opposed to the Special Resolution;
 - (b) one or more envelopes, which may be included as part of the ballot and bearing the address of the Credit Union or the returning officer, which envelope(s) will allow for verification of the voting member, and provide for confidentiality of voting; and
 - (c) clear instructions for casting the ballot and return of the ballot, whether by mail or drop-off at a branch of the Credit Union , which will specify the day by which the ballot must be received by the Credit Union or the returning officer in order for the ballot to be considered returned and properly cast.
- 15.7. **Close of Voting.** No ballot will be counted for the vote on the Special Resolution unless:
- (a) if a mail ballot, the ballot is post-marked no later than the last day of voting as stated in the notice of resolution and the ballot is actually received by the Credit Union or the returning officer before the close of business of the Credit Union on the fifth business day following the last day of voting as stated in the notice of resolution;
 - (b) if a ballot dropped-off at a branch, the ballot is actually received by the Credit Union or the returning officer before the close of business of the Credit Union on the last day of voting as stated in the notice of resolution; and
 - (c) if a ballot cast by electronic means, the ballot is actually received by the Credit Union or the returning officer before 11:59 p.m. on the last day of voting as stated in the notice of resolution.
- 15.8. **Multiple Ballots.** If a member casts more than one ballot on a Special Resolution, all of the ballots cast by the member will be void and none of them will be counted in the tally of ballots; provided, however, if one of the ballots is an electronic ballot and the other ballot is a non-electronic ballot,

the electronic ballot will be counted in the tally of ballots and the non-electronic ballot will not be counted.

- 15.9. **Voting and Counting of Ballots.** The returning officer or, if there is no returning officer, the Board, will supervise the vote and:
- (a) may require a member to provide proof of membership and a declaration that the member has not previously cast a ballot on the Special Resolution then being considered;
 - (b) will arrange for receipt of all ballots returned by any method or combination of methods as determined by the Board and, after the close of voting, will cause a tally to be made of all such ballots, in a manner that ensures the confidentiality of voting;
 - (c) will determine whether a ballot is to be accepted or rejected and such determination is final and not open to review; and
 - (d) will communicate the results of the vote on the Special Resolution to the Board Chair within seven days of the tally of the ballots.
- 15.10. **Results.** The Board will announce the results of the vote on a Special Resolution to the members within 60 days of the last day of voting as stated in the notice of resolution. Until such time, the Board will keep the results confidential.
- 15.11. **Filing with Superintendent.** The Credit Union will file with the Superintendent every Special Resolution passed by its members.
- 15.12. **Separate Resolutions.** The provisions of these Rules and of the *Credit Union Incorporation Act* relating to notice of and voting on Special Resolutions shall apply, with the necessary changes and so far as are applicable, to separate resolutions of the holders of any class of equity shares, other than the Class "A" Membership Equity Shares.

16. VOTING

- 16.1. **Voting Eligibility for Election or Special Resolution.** To be eligible to vote in an election or on a Special Resolution a person must:
- (a) have been a Member in Good Standing, other than a Junior Member, on the day which is 90 days prior to the commencement of voting; or
 - (b) have been a member, other than a Junior Member, of another credit union, of which all or substantially all of the assets have been purchased by the Credit Union, on the day which is 90 days prior to the commencement of voting.
- 16.2. **Voting Eligibility at General Meetings.** To be eligible to vote at a general meeting of the Credit Union, a person must:
- (a) have been a Member in Good Standing, other than a Junior Member, on the day which is 60 days prior to the date the general meeting is to be held; or

- (b) have been a member, other than a Junior Member, of another credit union, of which all or substantially all of the assets have been purchased by the Credit Union, on the day which is 60 days prior to the date the general meeting is to be held.
- 16.3. **Number of Votes.** Subject to the *Credit Union Incorporation Act* and these Rules, no member has more than one vote on a resolution or in an election of Directors and no Auxiliary Member has more than one vote on a separate resolution.
- 16.4. **Voting by Non-Individual Members.** A member of the Credit Union who is not an individual or an unincorporated association may be represented and vote at meetings of the Credit Union by an individual who:
 - (a) is not a member; and
 - (b) by written authorization deposited with the Credit Union, is authorized to vote at the meeting on behalf of the member.
- 16.5. **Voting by Unincorporated Associations.** A member of the Credit Union who is an unincorporated association may be represented and vote at meetings of the Credit Union by an individual who:
 - (a) is a member of the Credit Union; and
 - (b) by written authorization deposited with the Credit Union, is authorized to vote at the meeting on behalf of the unincorporated association.
- 16.6. **No Proxy Voting.** Except as contemplated in Rules 16.4 and 16.5, no member or Auxiliary Member may vote by proxy.
- 17. **NOTICES**
- 17.1. **Notice of General Meeting and Special Resolutions.** Subject to the *Credit Union Incorporation Act* and these Rules, the Board will give at least 18 days' notice of each general meeting and each Special Resolution to each member of the Credit Union and to the Superintendent.
- 17.2. **Deemed Date of Delivery.** If a notice, statement or report is sent by post, service or delivery of it is deemed to be effected by properly addressing, prepaying and mailing the notice, and the service or delivery is deemed to have been effected five days, Saturdays, Sundays and holidays excepted, following the date of mailing.
- 17.3. **Accidental Omission.** Where a call for nominations or notice of an election, meeting or resolution of the Credit Union is received generally by members of the Credit Union, the accidental omission to give the call for nominations or notice to any member or the non-receipt thereof by any member will not invalidate the election, resolution passed or proceedings taken at the meeting.
- 17.4. **Members Occupying Same Home.** If a member consents in writing to the giving of notice of elections, general meetings and Special Resolutions to another member who occupies the same home as the member, notice to that other member is effective notice to the person consenting.

- 17.5. **Junior Members.** The Credit Union need not give notice of an election, a general meeting or a Special Resolution to a Junior Member.
- 17.6. **Electronic Communications.** Subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Electronic Transactions Act*, unless these Rules expressly provide otherwise:
- (a) where those Rules require the use of documents that are “**written**”, “**in writing**” and other similar words, the Board may in its discretion permit the use of documents in such electronic forms as the Board considers desirable in the circumstances, provided that such electronic documents are accessible in a manner useable for subsequent reference;
 - (b) where these Rules, the *Credit Union Incorporation Act* or the *Financial Institutions Act* require the provision or delivery of documents, the Board may in its discretion permit the provision or delivery of such documents in such electronic form and by such electronic means (including, without limitation, making such electronic documents accessible to the intended recipient by attaching such document to the member’s regular statement) as the Board considers desirable in the circumstances, provided that such electronic documents are accessible by the recipient in a manner useable for subsequent reference and capable of being retained by the recipient in a manner useable for subsequent reference; and
 - (c) for the purposes of this Rule 17.6, “**document**” includes, without limitation, notices, instruments, resolutions, ballots and financial statements.

18. SEAL

- 18.1. **Seal Optional.** The Credit Union may have a corporate seal.
- 18.2. **Custody of Seal.** If the Credit Union has a corporate seal, the Board will provide for its safe custody at the registered office of the Credit Union or such other place as the Board determines it will be kept for safekeeping and will provide for its use.