



Let's power the future for all of us

Your voice matters.

Vote **YES** and help shape a
stronger credit union for all of us.

Your guide to the proposed continuance and merger of
Prospera, Coast Capital and Sunshine Coast credit unions.

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Important facts about the proposed transaction

The proposed continuance and merger brings together Prospera and Sunshine Coast—two provincial credit unions—with Coast Capital, a federally regulated credit union, to create Canada’s largest national purpose-driven federal credit union. Currently, Prospera and Sunshine Coast are regulated by provincial statutes in British Columbia (BC) and the BC Financial Services Authority (BCFSA). As provincial credit unions, Prospera and Sunshine Coast can currently only conduct core business within BC.

Federal credit unions, like Coast Capital, are governed by federal legislation known as the *Bank Act* and applicable regulations and guidelines. This is the same federal legislation that governs banks in Canada. Federal credit unions are prudentially regulated by the Office of the Superintendent of Financial Institutions (OSFI). Canada’s financial system is regarded as one of the safest and strongest in the world. The federal regulatory framework and supervision play an important role in promoting and contributing to financial stability and public confidence and, in particular, supporting depositors to have confidence their deposits are safe.

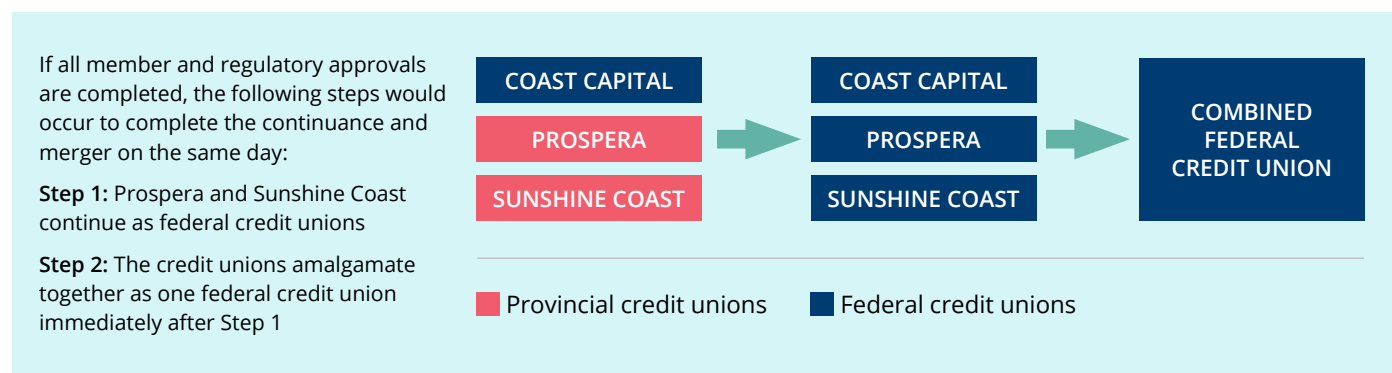
Provincial credit union deposits in BC are currently covered by the deposit guarantee provided by the Credit Union Deposit Insurance Corporation of British Columbia (CUDIC). Deposits with federal credit unions are insured by the Canada Deposit

Insurance Corporation (CDIC), which is the same deposit insurer that covers eligible deposits at Canada’s largest banks. For more information about the difference between CDIC and CUDIC, please see page 19.

The continuance and merger process

In order to complete a merger with Coast Capital (which is already a federal credit union), Prospera and Sunshine Coast must each first continue federally for the sole purpose of completing the merger with Coast Capital, ultimately forming one combined federal credit union. Throughout this guide when we refer to the ‘proposed continuance and merger’ we are referring to both of these steps.

Prospera and Sunshine Coast members will be asked to vote on both steps together, being: (i) the federal continuance of their credit union to transition to become a federal credit union for the purpose of amalgamation; and (ii) the immediate amalgamation with each other and Coast Capital to form one federal credit union. It’s important to note that neither provincial credit union is applying for continuance to transition to be a federal credit union on a stand-alone basis. Additionally, the continuance of each of Prospera and Sunshine Coast would only occur if the amalgamation is approved by the federal Minister of Finance.



Throughout this guide, you’ll find more information about the continuance and merger process, what it means to be a federal credit union and how it differs from being a provincial credit union.

How to use this member guide

As a credit union member, your voice matters. You have the opportunity to help decide whether Prospera, Coast Capital, and Sunshine Coast credit unions should come together to form a combined federal credit union.

Reading this guide will help you to:

- Discover the many ways this proposed continuance and merger will benefit our members, employees and communities and strengthen cooperative banking in Canada
- Learn more about the challenges and opportunities that led our Boards of Directors and management teams to explore and ultimately recommend this proposed continuance and merger
- Find out how you can be part of this pivotal moment in your credit union's history
- Understand how to vote and feel confident in voting YES to our proposed continuance and merger

Learn more at powerthefuture.ca

Powerthefuture.ca is a website dedicated to providing information for members about the proposed continuance and merger. Here you'll find all the details you need to know, how to vote and much more. This site is your go-to for staying engaged and informed in this exciting moment in the history of our credit unions.

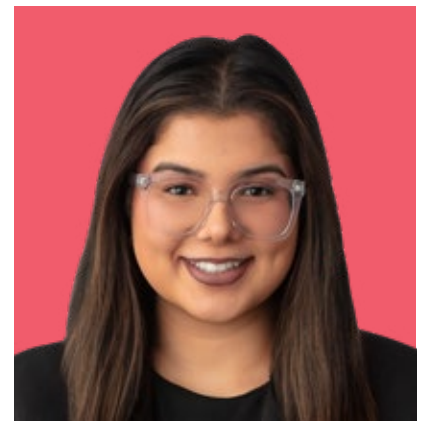
Save the date

Prospera members are invited to attend a Special General Meeting where we will announce the results of the Prospera vote regarding the federal continuance and merger, and next steps. The meeting will be held in person at the Civic Hotel. You can find out more about this meeting and how to cast your vote on pages 23-27 of this guide.

Prospera Special General Meeting

July 8, 2025, at 1 pm PT

Civic Hotel, 13475 Central Avenue, Surrey, BC



Your voice matters, and we encourage you to vote. When you do, you're helping shape the future of your credit union—and supporting your community. For every vote cast, we'll donate \$1 to Special Olympics BC, up to a total of \$25,000.

Letter to members

As a credit union, our purpose is to build the financial prosperity of our members, enabling thriving local enterprises, financially empowered people and vibrant, healthy communities. We remain unwavering in our commitment to doing what is right for our members, our employees and the local communities we serve.

Dear Members,

We're excited to share our proposed plans to continue federally and merge with Coast Capital and Sunshine Coast credit unions. Together, we share a vision of creating Canada's largest national purpose-driven federal credit union with the combined strength to do more for our members, employees and communities.

Every decision we make is made with you—and your future—in mind. Prospera's elected Board of Directors and management team have reviewed the benefits of this proposed continuance and merger—and the risks of not merging—and unanimously **recommend you vote YES** on this historic opportunity.

More for members

The financial landscape is changing, meaning we need to change, too. This continuance and merger would create a combined federal credit union and allow us to do more for our members. More competitive products and services, more locations to serve you, enhanced in-branch and digital banking services—all while continuing to deliver the same friendly personalized advice and specialized care you've come to expect from Prospera.

Pooling our resources will help us keep pace with increasingly complex regulatory requirements, cybersecurity safeguards, competitive pressures and constantly evolving technologies that help make banking convenient, effortless and secure. It will also allow us to invest more in innovation to ensure we can continue to anticipate and meet our members' needs.

Growing our Local Good™ in communities

We believe local banking means so much more than just banking. We remain committed to making a positive impact in our own backyard and a real difference in our community. This federal continuance and merger will not change that—it will allow us to deepen and expand the support we provide to our local communities.

Why merge now and become a federal credit union

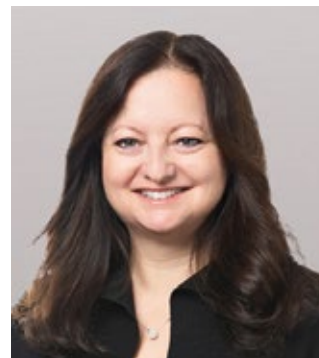
Financial well-being has always been top of mind for us—both for our members and for our business. We have continuously made adjustments to ensure that we can provide the best service possible as our members and employees navigate the rising cost of living, as well as the financial pressures of daily life and business sustainability.

This continuance and merger will allow us to be more resilient than ever by allowing us to gain scale, which brings with it the ability to accelerate investment in technological innovation, offering a compelling alternative to the big banks. United, we can build a better tomorrow by providing Canadians with greater choice in banking and a trusted financial partner that truly has their best interests at heart.

Let's power the future for all of us

By coming together, we'll strengthen our ability to make a meaningful impact on the lives of members, employees and communities and build resilience for cooperative banking in Canada. We're moving ahead at a time when we all need it the most.

As a credit union member, you play an important role in making our vision a reality. Your support will help all of our members, employees and communities thrive like never before. Vote YES and let's power the future for all of us.



Gina Arsens
Chair, Prospera Board
of Directors



Gavin Toy
President & CEO

Let's power the future for all of us

For more than 80 years, Prospera, Coast Capital and Sunshine Coast credit unions have worked to improve the financial well-being of our members, provide rewarding careers for our employees and uplift the local communities we serve. Built on a proud legacy of people helping people, we've earned your trust by keeping your best interests at heart and helping you achieve your goals with impactful financial solutions and personalized advice. Together, we aim to do even more—shaping a stronger future for all of us to succeed.

The financial world is changing rapidly through economic shifts, member and regulatory expectations, digital innovation and growing competition, so we're embracing a bold new chapter. On April 3, 2025, Prospera, Coast Capital and Sunshine Coast credit unions announced plans to merge to create a national, purpose-driven federal credit union that is better positioned to meet your evolving needs and to help you thrive—today and in the future.

By combining our strengths and resources, we'll be able to scale our operations and unlock new opportunities to support you, our members, even better with competitive, personalized financial solutions. We firmly believe that this proposed continuance and merger will allow us to enhance our investments in more modern technology, offer more innovative products and services and have broader reach to support your banking, business and wealth management needs.

We also remain deeply committed to our local communities. With more than 70 branches across BC and a team of 2,500 professionals, we'll expand access to our services while maintaining the same local, friendly team you know and trust. And, we expect to create an even greater positive impact by maintaining and deepening community support and investments.

We're dedicated to our credit union roots, and that will never change. Through this proposed continuance and merger, we're excited to form a strong, national cooperative alternative to the big banks, offering Canadians greater choice in banking.

The Boards of Directors of all three credit unions are proud to unanimously support the proposed continuance and merger, believing wholeheartedly in the benefits it will bring for our members, our employees, and our communities. Together, we'll build on our shared legacy—and power the future for all of us.



Our vision for the future

Prospera, Coast Capital, and Sunshine Coast are purpose-driven credit unions that share a bold vision: to help people and communities thrive. We're each already deeply invested in the success of our members and grounded in our cooperative roots. By coming together, we'll build on that strong foundation—with the strength and scale to accelerate investments in a broader range of products, services, expertise and digital tools to meet our members' evolving needs. As a combined federal credit union, we'll be able to grow with personal and business members as they move

beyond BC. We'll offer a strong alternative to the big banks—giving Canadians more choice, more access and more value in how they bank, while setting the stage for future credit union partnerships.

The combined federal credit union will bring together the best of our individual organizations. By harnessing our collective strengths and shared resources, we'll deliver greater impact for our members, employees and communities—today and for generations to come. Together, we're building a credit union that powers the future for all of us.

Who we are at-a-glance*

coastcapital



Founding year	1940	1943	1941
Headquarters	Surrey	Surrey	Gibsons
Number of branches	45	24	3
Total members	600,000	115,000	16,900
Total employees	1,815	715	103
Areas served	Lower Mainland, Fraser Valley, Okanagan, Vancouver Island	Lower Mainland, Fraser Valley, Okanagan	Lower Sunshine Coast
Assets under administration	\$28.1 billion	\$9.3 billion	\$1.2 billion
Lines of business	Personal, Business, Wealth, Leasing	Personal, Business, Wealth, Leasing	Personal, Business, Wealth

*As of December 31, 2024. Visit prospera.ca, coastcapitalsavings.com, or sunshineccu.com to learn more about our credit unions.

Benefits of the continuance and merger

We're proud of our strong, cooperative credit union roots, and that will never change. We were built by members, for members, and we'll always have your best interests at heart. Becoming a federal credit union includes many benefits such as further protecting members' interests through stringent regulatory oversight, diversifying markets to reduce the impact of regional economic downturns and extending banking services beyond BC's borders to existing and new members.

Together, the combined federal credit union will have the scale and strength to deliver greater benefits for our members, employees, communities and the credit union sector while building resilience for the future.

Better for members

In a rapidly evolving world, we know our members need a trusted financial partner who is invested in their success and can meet their changing needs quickly. Our members deserve impactful financial solutions, personalized advice and a seamless banking experience—whether you're walking in, calling in or connecting with us online.

Here's how a combined credit union will help **power the future for our members:**

"I want access to more **competitive products** and better services."

- Increased ability for more competitive products and innovative financial solutions to help you achieve your personal and business banking goals and dreams
 - Improved member experience, with more personalized advice and specialized expertise that prioritizes your best interests
-

"I want **enhanced investments** in innovation and digital banking technology."

- Access to an award-winning digital banking platform
 - Ability to speed up and increase investments in online and mobile banking tools, significantly improving your day-to-day digital banking experience and ensuring seamless and secure access
-

"I want **more branches** to bank at."

- Expanded branch network, with more than 70 locations across the Lower Mainland, Fraser Valley, Okanagan, Lower Sunshine Coast and Vancouver Island
 - Continued commitment to serving all of the existing communities where we currently operate
-

"I believe that credit unions deliver value through their **local knowledge and expertise.**"

- The Prospera brand and team you trust will continue to serve you, ensuring a consistent experience and minimized member disruptions
 - Staying local at heart, while expanding our reach with the ability to support your personal or business banking needs beyond BC borders
 - Ability to take on larger commercial lending opportunities as a result of our increased scale and federal regulation
-

"I believe that credit unions represent a thriving, sustainable and **compelling alternative** to the big banks!"

- A stronger credit union that is member-focused, values-based and purpose-driven
 - Strengthens cooperative banking in Canada through a compelling member-owned alternative to the big banks, giving Canadians greater choice in banking
-

*Let's power investment
for all of us*



Better for employees

As credit unions, our employees are at the centre of how we serve you each and every day. They build strong, lasting relationships with our members to better understand your needs and goals, and help you achieve financial success. They also contribute to our local communities, and as volunteers at Prospera-sponsored events, charities and member movie nights.



We know that having highly engaged employees is key to our success, and also translates into better member service. That's why employee well-being has always been, and remains, a top priority. In fact, Prospera has consistently been designated a

Great Place to Work, including as one of the "Best Workplaces in BC" and "Best Workplaces in Canada."

Together as a combined credit union, we'll build on this to provide an **even better** employee experience, with an ongoing focus on fulfilling careers, values and professional development. As we invest more in digital banking technologies, employees will be able to better serve you and spend more time on the conversations and relationships that really matter. Our employees can also take pride in providing enhanced financial products and services to members.

Here's how a combined federal credit union will **help power the future for our employees:**

- New and different career pathways, broader skills training and mentorship
- A culture that builds on the strengths of each individual organization to empower our people as we pursue a bright future together
- Opportunities to succeed with a network of like-minded professionals who share a passion for supporting our members and cooperative banking
- Continued flexibility of a hybrid and remote work environment
- Access to more tools, technology and systems to reduce manual processes and better help our members
- Ability to make an even greater impact on the communities where our employees live and work through expanded programs and initiatives
- Continuing to foster an employee experience that prioritizes well-being, professional growth and a workplace where everyone feels valued

We fully recognize that our employees' expertise and dedication to members will continue to be critical to our success as a combined organization. Employees will benefit from new opportunities and we are committed to minimizing any impacts to our people. You can count on continued relationships with **the same local, friendly team you know and love.**

*Let's power careers
for all of us*

Better for communities

Prospera, Coast Capital and Sunshine Coast credit unions are united by common values and backgrounds, including a passionate and unwavering dedication to our local communities. Over the past five years, the three credit unions have provided more than \$30.5 million to our local communities. Prospera is proud to have consistently contributed more than \$1 million annually over the past five years.

Creating scale means opportunities to create greater positive impact for our local communities.

As Canada's largest national purpose-driven credit union, we expect to speed up our investments in initiatives that strengthen and uplift local communities. Being 'purpose driven' means that we'll harness all of our capabilities and influence to create positive impact for members, employees and communities. Together, we'll preserve and evolve the unique value of cooperative banking—people helping people, local perspective and community investment.



Here's how a combined federal credit union will **help power the future for our communities:**

- Maintained and deepened commitments to local community support and investment, creating greater positive impact
- Expanded employee volunteer programs and initiatives
- Continued commitment to the Prospera Foundation, which provides grants to local charities and is one of the largest credit union foundations in Canada

Let's power communities for all of us



Benefits for the credit union system

As a combined federal credit union with greater size, scale and efficiencies, we expect to increase investments that enhance the member experience and expand our support for communities—all while maintaining healthy capital levels.

As a result, we'll build strength and resiliency in our own credit union and in turn, the credit union system. We firmly believe that this scale will allow us to strengthen the cooperative financial model by enabling us to compete more effectively with the big banks, locally and nationally. This is expected to enhance the profile of credit unions as compelling alternatives to the banks, encourage new member growth and strengthen the credit union sector's position in advocacy and other areas of collaboration.

Here's how a combined federal credit union will benefit the credit union system:

- Using our size and strength to make sure cooperative, member-owned banking remains relevant and thriving in BC and across Canada
- The scale of the combined federal credit union will allow us to advocate more effectively for the future of cooperative banking in Canada with government, regulators and other stakeholders
- As a combined federal credit union headquartered in BC, we intend to remain a vital and contributing part of both the BC and Canadian credit union sector

***Let's power cooperative banking
for all of us***

Enhanced financial strength and scale

The merger of Prospera, Coast Capital and Sunshine Coast credit unions brings significant benefits. By 2029, the combined federal credit union is expected to grow substantially in net income, allowing for more investments in benefits for members, employees and communities. Additionally, it is expected to achieve substantial cost savings and with greater size and combined resources, the combined federal credit union will be better positioned to manage its operations, providing for more strategic flexibility. These benefits will enable the combined federal credit union to perform better financially than Prospera, Coast Capital, or Sunshine Coast credit unions could on their own.

***Let's power a
stronger credit union
for all of us***

Why merge now and become federal?

We recognize that our members, and Canadians more broadly, are experiencing a multitude of challenges. The economic outlook, geopolitical instability, inflation, housing prices and wealth inequality play a role in all of our lives.

At the same time, the financial services sector continues to transform amid pressures driven by competition, technological innovation, rising member expectations and evolving regulatory landscapes. As expectations increase for more personalized, seamless, faster and secure solutions, so do the investments required to meet this demand.

With this, it's important to know that maintaining the status quo by continuing to operate as stand-alone entities is not without risk; these include competition, regulatory and concentration risks.

Competition risk

Credit unions are at a competitive disadvantage today. Banks already have the size, scale and national operations to make the investments required to remain relevant. New digital financial technology providers (fintechs) offer many of the same products and services, yet aren't constrained by provincial borders and the same regulatory requirements.

Regulatory risk

We work closely with our regulators to ensure our members are protected. As financial services becomes more complex, regulatory requirements and the associated costs for credit unions have increased significantly over time and we anticipate this trend to continue.

Concentration risk

Provincial credit unions, like Prospera and Sunshine Coast, tend to operate in specific regions, which increases portfolio concentration risk. This risk is created when there is a heavy reliance on specific regional economies and the potential for a geographically based natural disaster.

In the face of these risks, many credit unions are merging to build the scale needed to remain competitive while also preserving the cooperative banking model. The Canadian Credit Union Association reports that 586 Canadian credit unions were operating in 2005, compared to 184 in operation in 2024.*

Together as a combined federal credit union, we expect to:

- create the scale needed to be competitive for long-term sustainability
- more easily respond to existing and emerging risks
- diversify geographically through expanded national reach
- support the financial well-being of more people across Canada
- accelerate investments in our members, employees and communities
- partner with other credit unions for combined strength and innovation

The Boards and management teams of each credit union thoroughly assessed and considered a range of alternatives to address our new reality. **Each believes that this historic continuance and merger is in the best interest of their credit union with the goal of providing the very best current and future experience for their members, employees and communities.** While we expect each credit union would remain financially stable if we do not continue federally and merge, the financial services sector will continue to evolve at a fast pace and this forward-thinking approach will empower us to adapt for long-term success, together.

*Statistics are based on credit unions and caisses populaires affiliated with the Canadian Credit Union Association. These calculations include data from all credit unions in Canada, excluding Desjardins. Source: Canadian Credit Union Association, State of the Sector 2024 (April 2025).

How we got here

**Q2-Q3
2024**

Merger discussions initiated.

Board Special Committees of each credit union established to consider merger opportunities.

**Q4
2024**

Joint Special Committee of the Board Special Committees is created to guide merger discussions.

Initial due diligence and evaluation.

Boards of Directors of all three credit unions endorse the proposed continuance and merger subject to the business case, further due diligence and other conditions.

**Q1
2025**

Formal engagement of provincial and federal regulatory bodies.

Comprehensive business case and due diligence begins.

Recommended Board of Directors of the combined federal credit union selected.

**APRIL
2025**

Intent to merge announced to members by all three credit unions.

Business case and due diligence is completed.

Amalgamation Agreement and Bylaws approved by the Boards of Directors of all three credit unions.

**MAY
2025**

Business case and due diligence approved by the Board of Directors of all three credit unions along with the approval to proceed to member votes.

Powerthefuture.ca launched to provide members with information.

Member guide and voting materials mailed to members, with an extended digital guide made available online

**JUNE
2025**

Prospera and Sunshine Coast members vote on the federal continuance and the merger.

Coast Capital members vote on the merger.

**JULY
2025**

Special General Meetings (SGMs) held by each credit union.

Voting results expected to be announced on powerthefuture.ca and the websites of all three credit unions following their SGMs.

**Next
Steps**

Regulatory applications for approvals and completion of the federal continuance of Prospera and Sunshine Coast and immediate merger.

How we'll operate as a federal credit union

As a combined, federal credit union, we'll stay true to our roots, remain a cooperative and continue to be owned and democratically controlled by our members. Details related to how the combined federal credit union will operate are set out below. This includes some things that will be different following the continuance and merger as a result of becoming a federal credit union.

Our legal name and trusted brands

The combined federal credit union will continue to use the trusted and familiar Prospera, Coast Capital and Sunshine Coast brand names, so you can bank with us as you normally would. As Coast Capital is already federally regulated, the legal name of the combined federal credit union will be Coast Capital Savings Federal Credit Union.

A robust suite of products and services

The combined federal credit union and its subsidiaries will continue to offer members a full suite of products, services and solutions across multiple lines of business: personal, business, commercial, insurance, wealth management and equipment leasing.

Over time, we'll combine our products, services, systems and technology while continuing to evolve our offering to remain competitive and create an even better experience for our members. As always, we're committed to minimizing any disruptions and keeping members informed well in advance.

Federal legislation will have specific impacts on a small number of Prospera products:

- While we'll continue to offer auto lending, we will stop directly offering an auto lease product as a federal credit union. Existing leases will not be affected.
- While we'll continue to maintain your registered accounts without impact to fees or the operation of these accounts, the back-end administration and terms and conditions of some registered plan accounts may change.

Head office

As a BC-based federal credit union, our legal head office will be at Coast Capital's existing head office in Surrey, BC, and we'll operate with a distributed workforce model. This model will embrace existing remote working arrangements, multiple office locations and other solutions to ensure that the combined federal credit union comprises employees from all communities served by Prospera, Coast Capital and Sunshine Coast.

Continued local presence, a strong BC branch footprint and national reach

We're committed to maintaining a presence in all of the communities Prospera, Coast Capital and Sunshine Coast serve today. After the merger is completed, we will gradually review consolidating our few overlapping locations in the Lower Mainland. This will only take place after our technology is integrated, so that our members will enjoy the ease and convenience of being served at any of our more than 70 locations across the Lower Mainland, Fraser Valley, Okanagan, Lower Sunshine Coast and Vancouver Island. Any changes will be made with our members' needs in mind and will be communicated well in advance.

Many of our members have financial needs that extend across Canada. Whether it's job transfers, business expansion or children attending out-of-province university, as a combined federal credit union we'll be better able to support your financial needs as your life evolves, both in BC and across the country.



Governance structure

Effective governance is a critical element to a member-owned credit union as it ensures that systems and processes are in place to support clear and fair decision making on behalf of all our members.

The combined federal credit union will continue to maintain a cooperative governance model. Federal credit unions must carry on business on a cooperative basis—just like Prospera, Coast Capital and Sunshine Coast do today. If the proposed continuance and merger is completed, members of the combined federal credit union will continue to elect the Board of Directors.

To select the recommended initial Board of Directors for the combined federal credit union, an objective governance process has been followed, which leveraged external expertise to outline key governance elements under OSFI’s Corporate Governance Guideline and develop a skills matrix

for the combined federal credit union. The Board of Directors being recommended for member approval is set out below and in the Amalgamation Agreement. Directors will have initial terms of one, two or three years and the combined federal credit union will have annual director elections. The Board Chair will be chosen by the Board of Directors for the combined federal credit union after the completion of the merger. It is expected that the combined federal credit union’s Board of Directors will establish a 12-year term limit policy.

The Chief Executive Officer (CEO) for the combined federal credit union will be determined after the member vote and the new CEO will choose their Executive Team through a fair and transparent process. The new Board and new leadership team for the combined federal credit union will commence on the day the merger is completed.

Board of Directors*

Bob Armstrong, two-year term

Bob has served as a director on Coast Capital's Board for nine years and is currently Board Chair and previously was Chair of the Audit & Finance Committee. Bob is a Fellow of the Chartered Professional Accountants of BC (FCPA, FCA) and a seasoned executive and corporate director with extensive experience in finance, governance and strategic leadership, enabling him to contribute a keen understanding of member-focused technology, financial expertise, communication skills and governance experience to his role.

Gina Arsens, three-year term

Gina has served as a director on Prospera's Board for five years and is currently Board Chair and previously was Chair of the Business Transformation Committee. Gina is a Fellow of the Chartered Professional Accountants of BC (FCPA, FCA) and a seasoned executive and corporate director with experience in leadership, finance, technology, transformation and governance with a commitment to community, integrity and growth. She is the Founder & CEO of Yumasoy Foods Ltd., a Vancouver startup.

Charlotte Burke, two-year term

Charlotte has served as a director on Coast Capital's Board for six years and is currently Chair of the Human Resources Committee. Charlotte is an experienced senior executive having worked with Microsoft and Bell Canada, leading teams through major technology transformations in highly regulated industries.

Gigi Chen-Kuo, one-year term

Gigi has served as a director on Coast Capital's Board for one year, bringing public sector expertise and leadership in regulatory policy. Gigi served in various executive, legal and governance roles at TransLink including Chief Operating Officer, Interim CEO, and General Counsel, working closely with governments on major public policy decisions. She is currently the CEO/Executive Director of the Law Society of BC.

Jill Donaldson, two-year term

Jill has served as a director on Prospera's Board for four years and is currently Chair of the Business Transformation Committee. Jill is a senior corporate and securities lawyer primarily in the investment and financial services sectors, and now focuses on corporate directorships bringing expertise in governance, risk management and compliance, M&A, capital markets and stakeholder engagement.

Susan Dujmovic, one-year term

Susan has served as a director on Coast Capital's Board for four years and is currently Chair of the Risk Review Committee. Her executive career includes over 30 years with HSBC Bank Canada (now RBC), where she specialized in enterprise risk management, compliance, governance and corporate sustainability.

Jerome Dwight, three-year term

Jerome has served as a director on Coast Capital's Board for three years, bringing growth-focused leadership and deep expertise in financial services, fintech and SaaS. Jerome is a Chartered Professional Accountant (CPA, CA) and the co-founder and Executive Chairman of BoomerangFX, a global healthcare technology company. Previously, he was CEO of Bank of New York Mellon Canada during the 2008 financial crisis and served as a senior advisor to Canada's Federal Minister of Finance, helping to design regulatory and stimulus measures to stabilize the national economy.

Ingrid Leong, one-year term

Ingrid has served as a director on Prospera's Board for two years. Ingrid is a Chartered Professional Accountant (CPA) with deep expertise in finance, family office and wealth management, philanthropy, and governance. Formerly with PwC Vancouver, Ingrid now works with families and high net-worth individuals leading the family office function and providing critical expertise to the underlying operating companies.



Nancy McKenzie, three-year term

Nancy has served as a director on Coast Capital's Board for seven years and is currently Board Vice-Chair and previously was Chair of the Risk Review Committee. Nancy is a Fellow of the Chartered Professional Accountants of BC (FCPA, FCA) and a professional corporate director and former financial executive who brings strategic, operational, financial and executive leadership expertise. Through her career at Seaspans ULC, she gained extensive experience in leading finance, information technology, risk management, supply chain, security, corporate communications and managing large capital projects.

Firdos Somji, three-year term

Firdos has served as a director on Coast Capital's Board for three years and is currently Chair of the Audit & Finance Committee. Firdos is also an accomplished global financial services executive, having worked at Scotiabank for over 40 years. He brings expertise in member experience management, strategy development, corporate governance, M&A integrations, business transformations, operations, risk management and cross-cultural leadership to his role.

Calvin MacInnis, three-year term

Calvin has served as Coast Capital's President and Chief Executive Officer since 2019 and is also a member of its Board. With a belief that financial institutions have a responsibility to make a real difference in people's lives, he dedicates his expertise in finance, customer experience, regulatory issues and technology trends to forging strong partnerships and driving innovation to better serve members, employees and communities.

Gavin Toy, three-year term

Gavin has served as the President and Chief Executive Officer of Prospera Credit Union since 2012. Gavin is a Fellow of the Chartered Professional Accountants (FCPA, FCA). As a collaborative relationship builder and strategic business leader with deep financial experience, Gavin has spent the past 30 years helping grow BC member-based organizations. He has an unwavering focus on delivering value for members, engaging employees and supporting local communities, and is passionate about the power of financial cooperatives in Canada.

*The *Bank Act* requires that the CEO be appointed from among the members of the Board. This is why Calvin MacInnis and Gavin Toy, the current CEOs of Coast Capital and Prospera respectively, are named above as directors for the combined federal credit union. Should Mr. MacInnis or Mr. Toy not be selected as CEO of the combined federal credit union, they will resign as director.

Membership and membership shares

If the proposed continuance and merger proceeds, each Prospera, Coast Capital and Sunshine Coast member will become a member of the combined federal credit union. Membership shares will automatically be converted into membership shares in the combined federal credit union. Membership shares will continue to carry the equal right to receive the remaining property of the combined federal credit union in the unlikely event the credit union is dissolved.

Each member of the combined federal credit union will hold one vote on matters to be decided by members like the election of directors and no other types of shares will have rights to vote in director elections. Members will also continue to vote on big decisions like changes to the Bylaws and future amalgamations. Under federal legislation, members are permitted by special resolution to authorize a federal credit union to convert into a bank with common shares or to issue voting shares to non-members who would be able to elect up to 20 per cent of directors. Your vote in favour of the continuance and the merger would not authorize the combined federal credit union to do these things and we have no plans to bring a proposal on either of these items to our members. This is an example of members continuing to maintain control over the future of their credit union.

Shares

At the time the proposed continuance and merger is completed, the combined federal credit union is expected to have no outstanding shares apart from the membership shares held by members. Prospera and Sunshine Coast have no outstanding non-membership shares today. Sunshine Coast redeemed all outstanding Class "D" Voluntary Equity Shares and Class "C" Transaction Equity Shares effective April 28, 2025. Coast Capital's Board of Directors approved the redemption of all outstanding Class "B" Equity Shares, effective July 31, 2025, which will precede completion of the proposed merger. A specific communication will be sent to holders of the Coast Capital Class "B" Equity Shares closer to the effective date.

Bylaws

The proposed Bylaws of the combined federal credit union, including the terms and conditions of membership shares and authorized classes of shares, are attached to the Amalgamation Agreement, which is included in the Appendix on page 32 and a summary of the proposed Bylaws is included in the Appendix on page 30.

Geographic operations

While provincial credit unions in BC are limited to operating their core banking business within BC, as a federal credit union, the combined federal credit union will be able to conduct business with members across Canada and as permitted by the *Bank Act* and subject to other applicable laws. This is a positive opportunity and change for both Prospera and Sunshine Coast and allows us to diversify our assets to better manage risk.

Regulatory environment

As previously noted, while Prospera and Sunshine Coast are currently regulated by BCFSa, upon completion of the proposed continuance and merger, the combined federal credit union will be subject to operate in accordance with the *Bank Act* and applicable regulations and guidelines and regulated by OSFI and the Financial Consumer Agency of Canada, which oversees compliance with federal financial consumer protection legislation.

Legal implications of the merger

After Prospera and Sunshine Coast continue as federal credit unions and the merger is completed, the assets and liabilities of each of the merging credit unions will become the assets and liabilities of the combined federal credit union. Any legal claims, causes of action, proceedings, orders or judgments will also not be impacted.

Deposit insurance

As a federally regulated credit union, your deposits will be insured by the Canada Deposit Insurance Corporation (CDIC)

As a federal credit union, the combined credit union's members' eligible deposits will be insured by CDIC, the federal Crown corporation that insures eligible deposits held by its member institutions, which include banks, federal credit unions, trust companies and loan companies.

How deposit insurance will change

There will be a change in deposit insurance for members of Prospera and Sunshine Coast. This is not a change for Coast Capital members because Coast Capital deposits are already covered by CDIC.

Deposits held with Prospera and Sunshine Coast are currently covered by the deposit guarantee provided by the Credit Union Deposit Insurance Corporation of British Columbia (CUDIC), providing unlimited coverage on eligible deposits. If the proposed continuance and merger is completed, Prospera and Sunshine Coast will continue federally for the purpose of completing the merger with Coast Capital, forming one combined federal credit union. The combined federal credit union will immediately and automatically be a member of CDIC, and CUDIC deposit insurance coverage will no longer apply to eligible deposits that were previously held with Prospera and Sunshine Coast.

CDIC provides coverage for deposits at its member institutions separately up to \$100,000 in each of the following coverage categories per member institution per depositor:

- Deposits held in one name
- Deposits in a Trust Account
- Deposits in an RRSP
- Deposits in an RRIF
- Deposits in a TFSA
- Deposits in an FHSA
- Deposits in an RESP
- Deposits in an RDSP
- Deposits in more than one name (joint deposits)

This change will affect fewer than five per cent of Prospera's personal banking members

As of December 31, 2024, fewer than five per cent of Prospera's personal members had deposits exceeding CDIC deposit insurance limits.

Enjoy a six-month deposit insurance coverage transition period provided by CDIC

If the proposed continuance and merger proceeds, there will be a transition period for deposit insurance held by CDIC starting the day the transaction is completed. For deposits held by members at Prospera and Sunshine Coast immediately prior to the merger, CDIC will provide the following coverage:

- **Demand deposits** (e.g. chequing and savings accounts) will have unlimited coverage for 180 days from the date the continuance and merger is completed
- **Term deposits** (e.g. GICs) will continue to have unlimited coverage until the end of the term or when they are cashed out, whichever comes first

After the transition period, CDIC's standard coverage of \$100,000 per depositor, per category, will apply to all deposits with the combined federal credit union.

We can help maximize your coverage

We can support you in maximizing your CDIC coverage by structuring your deposits across multiple categories. For example, one person can obtain up to \$500,000 of coverage for their eligible deposits by putting money in multiple categories and accounts (e.g., non-registered accounts, RRSPs, RRIFs, TFSAs, RDSPs, deposits held in trust and joint accounts). If this person has a spouse, the spouse will have the same amount of coverage available separately. Additional coverage of up to \$100,000 will be available if they place eligible deposits in a joint account. More coverage could be available depending on family circumstances and preferences.

You may have accounts at multiple credit unions

If a member has accounts with two or more of Prospera, Coast Capital and Sunshine Coast credit unions prior to the continuance and merger, after the completion of the transaction and the transition period noted above, all of their deposits with the combined federal credit union will be insured by CDIC up to \$100,000 per category, even if the member has different accounts under more than one brand.

Please see the “Notice Pursuant to the Disclosure on Continuance Regulations (Federal Credit Unions)” at powerthefuture.ca or in the package that was mailed with your ballot and member guide. If you have additional questions on deposit insurance, please speak to us in branch, or visit powerthefuture.ca, cudicbc.ca, or cdic.ca.



Key risks

From the outset, each of Prospera, Coast Capital and Sunshine Coast’s Boards of Directors recognized the proposed continuance and merger would be a transformative event that required strong attention to detail to manage the process and appropriately identify, assess and manage potential risks in connection with the proposed continuance and merger.

Although there are always potential risks associated with merger transactions and federal continuances, our Boards have concluded that the potential benefits of this proposed continuance and merger far outweigh the risks.

For transparency with our members, we’ve outlined key risks of the continuance and merger and how we intend to mitigate them.

Risk	Description	Mitigation
Financial performance	Our financial model is based on assumptions about future events, which are by their nature uncertain.	We used reasonable and conservative assumptions and multiple scenarios (optimistic, target, and pessimistic) have been forecasted. Forecasted financials benefits are driven to a significant degree on things we can control, such as reducing combined technology expenses. All scenarios show that the merger will be beneficial, and the combined federal credit union will be financially strong and will exceed regulatory minimums, even if our growth is not as robust as expected.
Due diligence	Details such as undisclosed business issues or liabilities may exist that the other credit unions are unaware of or that were not identified through our due diligence process.	The parties engaged in a robust, detailed and independent due diligence process conducted by internal and external experts.
Integration	Integrating operations and technology of the credit unions could have unexpected complications.	The parties will develop comprehensive integration and implementation plans leveraging the experience of the credit unions with past mergers and technology projects and external experts.
Operational impact	Preparing for the continuance and merger and integration is a large effort that requires significant prioritization of resources that could impact current operations.	Dedicated internal and external resources have been allocated from each of the credit unions to complete the continuance and merger and integration activities. The credit unions have robust employee engagement and support plans to help ensure that employees have what they need and can focus on serving our members during this process. Plans are also being developed to minimize impacts to members throughout the merger.
Culture	Bringing three corporate cultures together can be challenging.	Our assessment found highly aligned and compatible cultures and values between the credit unions. Significant change management efforts are underway, including branch visits, with senior management actively leading and supporting change. Each credit union has change ambassadors identified within teams, and training was completed to empower them to act as change leaders. Once the continuance and merger is complete, we intend to draw on each of the credit unions’ strengths for a shared culture aligned to our cooperative values.
Compliance	Federal legal and regulatory requirements differ from provincial requirements and must be adopted by the combined federal credit union.	The combined federal credit union will leverage Coast Capital’s experience transitioning to the federal regime and complying with legal and regulatory requirements. The combined federal credit union will adopt Coast Capital’s controls and practices designed for compliance with federal requirements.
Third-party relationships	Third-party relationships that help us provide services to our members may be impacted by the continuance, the merger or both.	We’ve carefully assessed our most significant relationships and do not anticipate any material issues.
Liquidity	It’s possible that some members may choose to move their deposits to another financial institution as a result of Prospera’s and Sunshine Coast’s continuances and the shift from CUDIC to CDIC deposit insurance.	While only a small number of members may be impacted by this change in deposit insurance, we’re developing plans to work directly with members to provide options that may help meet their needs. In Coast Capital’s experience in 2018 when it moved from CUDIC to CDIC, the deposit outflows were minor and were offset by new depositors. The largest of the credit unions, Coast Capital, is already operating as a federal credit union and its deposits are already insured by CDIC. To further manage this risk, we have a comprehensive contingency plan to maintain liquidity and minimize potential costs, including having a Morningstar DBRS rating, accessing credit facilities, increasing agency deposits and securitizing mortgages.
Capital	Ensuring adequate capital levels for the risks of the business activities undertaken by the credit unions during the merger process and for the combined federal credit union	Our financial model for the merger shows that the combined federal credit union will have adequate capital to meet the federal capital requirements. We conduct stress testing and scenario planning to test our resilience and the effectiveness of available contingency plans. Based on this work, we believe that reasonable and appropriate capital plans are in place for the merger.
Merger completion	Merger does not proceed or only proceeds with two out of three parties resulting in expected benefits not being realized due to member or regulatory approvals not being obtained or other factors.	We have assessed the requirements for completing the continuance and merger and, based on this assessment, we are confident that we can achieve a successful outcome. We have also assessed scenarios where the merger must proceed as a two-party merger (of which one party must be Coast Capital) and the results indicate that, while the proposed merger of all three parties is the most beneficial, a two-party merger is still highly beneficial.

Amalgamation Agreement summary

The following is a summary of key terms of the Amalgamation Agreement, which includes the combined federal credit union's recommended initial Board of Directors and Bylaws, that members of Prospera, Coast Capital and Sunshine Coast credit unions are voting on. The full agreement is appended to this guide on page 32. A summary of the proposed Bylaws is appended to this guide on page 30.

Article	Overview
Amalgamation	<p>Sets out key procedural elements regarding the amalgamation and matters relating to the formation of the combined federal credit union, including:</p> <ul style="list-style-type: none"> • Coast Capital, Prospera and Sunshine Coast agree to amalgamate and to continue as one federal credit union under the <i>Bank Act</i>. • The legal name of the combined federal credit union will be “Coast Capital Savings Federal Credit Union” and the existing names of Coast Capital, Prospera and Sunshine Coast will continue to be used as trade names. • The legal head office of the combined federal credit union will be Coast Capital's current head office and the combined federal credit union would operate through a distributed workforce. • The combined federal credit union will be organized and carry on business on a cooperative basis. • Each outstanding membership share in Coast Capital, Prospera and Sunshine Coast will be converted into one membership share of the combined federal credit union. • The credit unions expect to redeem any non-membership shares that are currently outstanding prior to completion of the merger. If there are any non-membership shares that are outstanding at the completion of the merger, which is not expected, they will be exchanged for equity shares in the combined federal credit union. See the section titled Shares on page 18 for further information. • Initial directors of the combined federal credit union and their initial terms are listed in Schedule “A” and the bylaws are provided in Schedule “B”.
Representations and Warranties	Sets out customary reciprocal representations and warranties.
Amalgamated Federal Credit Union	<p>Sets out the credit unions' agreement on certain matters relating to the combined federal credit union, including:</p> <ul style="list-style-type: none"> • Expectation that the products and services of the parties will generally be maintained, subject to compliance with laws. • Matters relating to employees will be dealt with in accordance with Schedule 4.2, including confirming that the combined federal credit union will assume obligations for all Coast Capital, Prospera and Sunshine Coast employees upon completion of the merger and recognize their length of service, and establishing principles for integration to treat all employees fairly. • Commitment to continue operating in the communities that the credit unions currently service and to ensuring that all current members will continue to have access to such services.
Covenants	Commitments of the credit unions to, among other things, continue to conduct business in the ordinary course of business and cooperate to complete the transaction and take the steps required to obtain all required approvals.
Conditions Precedent	Conditions that must be satisfied before the credit unions are obligated to complete the amalgamation, which must be satisfied or waived on or before the date on which the merger is completed. This includes all necessary approvals, including from: (a) the members of each credit union, (b) the British Columbia Financial Services Authority in respect of the continuances of Prospera and Sunshine Coast, (c) the Competition Bureau, and (d) Canada's Minister of Finance in respect of the continuances of Prospera and Sunshine Coast and the amalgamation.
Termination	Sets out the terms under which the agreement may be terminated or the participation of one of the three credit unions may be ended. If the participation of one of the credit unions is ended—for example, if membership approval of one of the parties is not obtained—the transaction can proceed as a two-party merger, as long as one of the parties is Coast Capital.

What's next

Member Open Houses

We invite you to come to one of the Member Open House sessions we're hosting in the communities where we operate. You'll have a chance to talk with members of our management team and Board of Directors about the vision for our combined federal credit union, to ask questions and to be part of our shared path forward. To find an Open House close to you, visit powerthefuture.ca/openhouse

What are we asking you to vote on?

A federal continuance and merger are a significant change to your credit union and, as a member, you have a say in whether it proceeds.

Prospera members will vote on a Special Resolution to approve the Amalgamation Agreement between Prospera, Coast Capital and Sunshine Coast credit unions, which includes the combined federal credit union's initial Board of Directors and Bylaws, and will also vote to authorize Prospera to apply to Canada's Minister of Finance for letters patent continuing Prospera as a federal credit union and amalgamating immediately thereafter in accordance with the Amalgamation Agreement, and related matters.

Special Resolution

Prospera's management team and Board of Directors have unanimously recommended you vote YES on the Special Resolution to approve the continuance and merger. Join us in powering the future for all of us.

Be it resolved, by way of Special Resolution of the members of Prospera Credit Union, that,

1. the Amalgamation Agreement dated May 8, 2025, among Prospera Credit Union, Coast Capital Savings Federal Credit Union and Sunshine Coast Credit Union (the "Amalgamation Agreement") is approved;
2. Prospera Credit Union is authorized to apply to Canada's Minister of Finance for letters patent:
 - a. continuing Prospera Credit Union as a federal credit union, and
 - b. amalgamating Prospera Credit Union immediately thereafter in accordance with the Amalgamation Agreement; and

3. the directors and officers of Prospera Credit Union are authorized to do all things and execute all instruments and documents necessary or desirable to carry out and give effect to the amalgamation in accordance with the terms and conditions of the Amalgamation Agreement.

To be approved a Special Resolution requires **at least two-thirds** of the votes cast by eligible voting members to be in favour of the Special Resolution.

Special General Meeting

Prospera members are invited to attend a Special General Meeting (SGM) of Prospera on July 8, 2025, at 1 pm, where we will announce the results of the Prospera vote on the proposed continuance and merger, and next steps. Members attending in person can also vote at the meeting if they have not done so already. The SGM will be held in person at the Civic Hotel at 13475 Central Avenue, Surrey, BC

Voting outcomes

The members of Coast Capital and Sunshine Coast will also be voting on Special Resolutions. If all of the Special Resolutions pass, then we will proceed with all three parties to seek the regulatory approvals outlined below. While we hope that the memberships

of all three credit unions will enthusiastically support the continuance and merger, as applicable, if not all of the Special Resolutions pass, this graphic outlines the scenarios that could occur.

Voting Results

<p>COAST CAPITAL: ✓</p> <p>PROSPERA: ✓</p> <p>SUNSHINE COAST: ✓</p>	<p>COAST CAPITAL: ✓</p> <p>PROSPERA: ✓ OR</p> <p>SUNSHINE COAST: ✗</p>	<p>COAST CAPITAL: ✓</p> <p>PROSPERA: ✗</p> <p>SUNSHINE COAST: ✓</p>	<p>COAST CAPITAL: ✗</p>
<p>If at least 2/3 of voting members of each of the three credit unions voted Yes, the merger will proceed as planned.</p>	<p>If at least 2/3 of Coast Capital voting members voted Yes and at least 2/3 of voting members of Prospera or Sunshine Coast (but not both) voted Yes, the merger will proceed with the two who voted in favour.</p>		<p>If less than 2/3 of Coast Capital voting members voted Yes, the merger does not proceed regardless of how Prospera and Sunshine Coast members voted.</p>

What comes after the member votes?

The membership votes are only one step to completing the continuance and merger. If the votes are successful, we'll need to obtain approval from the following regulatory bodies:

- BCFSa and CUDIC—in respect of the continuances of Prospera and Sunshine Coast for the purpose of completing the merger
- Competition Bureau—in respect of the impact of the proposed merger on competition
- Federal Minister of Finance—in respect of Prospera's and Sunshine Coast's continuance and the amalgamation of the credit unions with Coast Capital (supported by the recommendation of OSFI)

Until the continuance and merger are completed, each credit union will continue to operate separately. We're committed to keeping you updated throughout the process. For the latest updates, visit powerthefuture.ca.

Voting information

Voting packages containing your ballot and information about the proposed continuance and merger and the Special Resolution were mailed to Prospera members eligible to vote. If you have multiple joint memberships, your voting package will be mailed to an address provided on one of your joint memberships, which may not necessarily be your home address.

Voter eligibility

To be eligible to vote on the continuance and merger, a member must be:

- 19 years old or older
- Hold a minimum of five membership shares and be a Member in Good Standing (as defined in Prospera's Rules) on or before May 8, 2025.

As an eligible voting member, you are entitled to cast one ballot on the continuance and merger during the advance voting period or in person at the SGM. If a member casts more than one ballot in their individual or representative capacity, **all ballots cast by this member will be void.**

Advance Voting period

Advance Voting on the Special Resolution commences at 9 am PT on June 24, 2025, and ends at 5 pm PT on June 30, 2025.

How do I vote in advance?

All eligible voting members have received a mail-in ballot, together with this guide, which includes their **unique ballot #** and **password** to securely vote on the merger.

If you have lost or misplaced your ballot # or password, please contact membervote@prospera.ca.

There are two methods to cast your vote in advance of the SGM—use one method only. In the event of a postal strike, please vote online.

1. Vote by mail

Individual members

Eligible members may vote by completing their mail-in ballot:

- ✓ Mark your ballot by placing an X beside your selection
- ✓ Place the ballot in the supplied reply envelope (no postage is required)
- ✓ Seal and mail the envelope

All mail-in ballots must be received by the returning officer c/o Avenue 4 (our third-party administrator) by 5 pm PT on June 30, 2025 (allow four business days for mailing as per Canada Post).

You may complete and return your mail-in ballot prior to the commencement of voting. Mail-in ballots received prior to commencement of voting (9 am PT on June 24, 2025) will be deemed effective and dated as at 9 am PT on June 24, 2025.

Other membership types

All businesses, corporations, partnerships and other entities can vote through their authorized representative. To designate an authorized representative, entities must complete the Designation of Authorized Representative form. The designation must be completed and signed (electronic signatures are valid) by the signing authorities of the company, partnership or other entity on file with Prospera.

Entities voting by mail must complete the designation portion on their mail-in ballot (located on the reverse side of the ballot). You are not required to complete the designation if you are an individual member.

2. Voting online

Voting can be completed online until **5 pm PT on June 30, 2025.**

- At ***prosperavote.ca***
- By scanning the QR Code found on your mail-in ballot

Scanning the QR Code will take you directly into the voting site, without having to enter your ballot # and password.

Other membership types

If you are an entity or other membership type, when voting online be sure to complete and return the designation by the voting deadline, otherwise your ballot will be void. The designation must be completed and signed (electronic signatures are valid) by the signing authorities of the company, partnership or other entity on file with Prospera.

The designation form can be completed ahead of casting your vote by downloading the designation form at ***prosperavote.ca***, completing, signing and returning it by email to ***membervote@prospera.ca*** prior to the voting deadline.

Vote in person at the SGM

Alternatively, members will have the option of voting in person at the SGM to be held at the Civic Hotel at 13475 Central Avenue, Surrey, BC, on Tuesday, July 8, 2025, at 1 pm PT. Members must bring government-issued photo ID for verification purposes in order to vote.

Voting results

The results of Prospera's Special Resolution will be announced at the SGM and are expected to be posted by Tuesday, July 8, 2025 on ***powerthefuture.ca*** and ***prospera.ca***.

The results of the Coast Capital and Sunshine Coast credit union votes will be announced at their SGMs and are expected to be shared on ***coastcapitalsavings.com*** and ***sunshineccu.com***, respectively. Their results will also be shared on ***powerthefuture.ca***.

Voter confidentiality

An independent returning officer is appointed by the Board to oversee the authentication and ballot-counting process. The online and mail-in ballots are designed to ensure the confidentiality of your vote. Mail-in and online ballots are sent directly to the returning officer through Avenue 4 (our third party administrator) for authentication. Once authenticated, mail-in ballots are processed through a secure site and cross-referenced with the online votes to eliminate any duplicate votes. Once all ballots are processed, the results are tabulated and provided to the returning officer.



Voting FAQs

1. Can I vote in branch?

In-branch voting is not available. However, if you require assistance with voting, please email membervote@prospera.ca with your questions, or attend your nearest branch with your mail-in ballot (the portion that includes your unique ballot # and password), along with a piece of government-issued photo ID for assistance.

2. What if I am a member of Prospera, Sunshine Coast and Coast Capital— can I vote three times?

If you are an eligible voting member of one, two or three of the credit unions involved in the continuance and merger, then in accordance with legislation, you have the right to vote as a member of each of the credit unions.

3. What if I've lost or did not receive a member guide and ballot by mail?

In that case, you can receive a generic mail-in ballot (upon member verification, which includes a declaration) in the branch. You must attend the branch to obtain a generic mail-in ballot and show government-issued photo ID.

If you wish to vote online, you can obtain your unique ballot # and password, which was noted on your mail-in ballot (upon member verification) in the branch or by calling our Member Service Centre at 1-888-440-4480.

You must attend in branch to swear a declaration prior to receiving a generic ballot or show government-issued photo ID prior to receiving your unique ballot # and password.

4. Why do I need to swear a declaration if I've lost my mail-in ballot?

This requirement is set out in Prospera's Rules and ensures that the appropriate eligible voting member is given a replacement ballot.

5. Why do I need to go in branch to get a generic mail-in ballot?

You need to attend a branch in order to swear a declaration as required by Prospera's Rules to obtain a generic mail-in ballot.

6. To whom are the returned ballots submitted?

Mail-in ballots and electronic votes are sent directly to the Returning Officer, KPMG, c/o Avenue 4 (our third-party administrator) for authentication and tabulation.

7. If I have a joint account with Prospera, will both of us be eligible to vote?

If each of you have purchased five membership shares you will each receive a member guide in the mail (together with a mail-in ballot) that includes your unique ballot # and password to securely vote.

8. Who has been appointed Returning Officer?

The Board of Directors has appointed KPMG LLP as the Returning Officer.

9. What is the role of the Returning Officer?

The Returning Officer provides oversight of the Special Resolution voting and tabulation process and makes the determination on whether a ballot is spoiled.

Cautionary statement

Cautionary note on forward-looking statements

This guide to the proposed continuance and merger between Prospera, Coast Capital and Sunshine Coast credit unions contains forward-looking statements and information. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “potential”, and similar expressions are intended to identify forward-looking statements or information. Forward-looking information presented in such statements or disclosure may, among other things, relate to:

- the anticipated benefits from the proposed continuance and merger;
- expectations regarding regulatory and member approval of the continuance and merger;
- the expected completion of the proposed continuance and merger;
- certain operational and financial information;
- the nature of the combined federal credit union’s operations following the proposed continuance and merger;
- business outlook following the proposed continuance and merger;
- plans for future operations;
- outstanding capital instruments of the combined federal credit union upon completion of the proposed continuance and merger;
- services demanded by consumers and technological innovation;
- forecast cost savings and efficiencies; and
- anticipated operational and financial performance.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the credit unions, as applicable, including information obtained from third-party industry analysts and other third-party sources. The assumptions and factors include, but are not limited to:

- satisfaction of the other conditions for completion of the proposed continuance and merger, including the receipt of all required regulatory and third-party

approvals to complete the proposed continuance and merger;

- the completion of the proposed continuance and merger;
- no material changes in the legislative, market, or operating frameworks applicable to the business of the credit unions;
- no material adverse changes in the business of the credit unions; and
- no significant events occurring outside the ordinary course of business of the credit unions, as applicable, such as a natural disaster or other calamity.

The forward-looking information contained in statements or disclosures in this guide is based (in whole or in part) upon factors that may cause actual results, performance or achievements of the credit unions, or any of them, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While the credit unions do not know what impact any of those differences may have on their respective businesses or the business of the combined federal credit union, results of operations and financial conditions may be materially adversely affected.

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

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

Questions

If you have questions or want to learn more about the proposed continuance and merger, we're here to help.

Our goal is to make sure you have the information you need to make a confident, informed vote.

Contact us

Send us a message:
merger@prospera.ca

Call our Member Service Centre:
1.888.440.4480

prospera.ca

powerthefuture.ca

Let's power
the future
for all of us



Thank you to the Prospera, Coast Capital and Sunshine Coast employees who were featured in the photos used throughout this guide!

Appendix: Bylaw summary

The following is a summary of key terms of the proposed Bylaws of the combined federal credit union, which are included in the Amalgamation Agreement. The full agreement, including the Bylaws, is appended to this guide as an Appendix.

Section	Overview
1. Definitions	<ul style="list-style-type: none"> • Defines certain terms used in the Bylaws.
2. Membership	<ul style="list-style-type: none"> • Describes how a person can become a member, withdraw from membership, or be terminated from membership. • Establishes the minimum membership share requirement (five fully paid shares).
3. Membership shares and shares	<ul style="list-style-type: none"> • Establishes the classes of membership shares and shares of the credit union as the Membership Shares, the Class A Non-Voting Shares and the Class B Non-Voting Shares. Terms and conditions of each class are set out in Schedule A of the Bylaws (further described below). • Addresses various standard matters relating to membership shares and shares, including matters relating to distributions, fractional shares, joint ownership, certificates and redemption.
4. Board of Directors	<ul style="list-style-type: none"> • Establishes criteria for Board composition, including: <ul style="list-style-type: none"> - The minimum and maximum number of directors (nine and 18, respectively), - Requiring that all directors be members, - Requiring that no more than two directors may be “affiliated” with the credit union (“affiliated” includes employees and other circumstances where the director may have a close relationship with the credit union that may impact independence). - Requiring that at least one-third of the directors be financially literate. - Establishing grounds that persons are not eligible to be directors. • Establishes a cap on aggregate annual director remuneration of \$2,000,000. A cap is required by the <i>Bank Act</i>. The proposed cap is consistent with one approved by members of another credit union based in BC that is seeking to become a federal credit union. The amount also considers that the maximum Board size is 18—however, the initial Board of Directors of the combined federal credit union is expected to have 11 directors and, as such, members can expect actual remuneration to be significantly below the proposed cap. • Includes a provision relating to the duties of directors that aligns to the standards applicable to B-Corporations™ and is consistent with directors’ duties under Canadian law. B-Corporation Certification is a designation that a business is meeting high standards of verified performance, accountability and transparency considering factors including employee benefits, charitable giving, environmental impact and supply chain practices.
5. Proceedings of Directors	<ul style="list-style-type: none"> • Addresses matters relating to Board and Committee meetings and resolutions

6. Election of Directors	<ul style="list-style-type: none"> Establishes matters relating to the election of directors, including requiring the Board to prescribe procedures for the nomination of directors and recommendation of candidates, and allows the Board to appoint a committee to implement those procedures. Addresses various procedural matters around the administration of elections, such as voter eligibility, ballots, campaigning, and the powers of a Returning Officer.
7. Auditor	<ul style="list-style-type: none"> Provides for the appointment of the auditor by the members and allows the Board to fix the auditor's remuneration.
8. Member meetings	<ul style="list-style-type: none"> Establishes procedural matters around the conduct of member meetings, including notice, quorum, establishment of voting methods and location of meetings / holding virtual meetings.
9. Shareholders meetings	<ul style="list-style-type: none"> Establishes procedural matters around the conduct of shareholder meetings, if any, including notice, quorum, establishment of voting methods and location of meetings / holding virtual meetings.
10. Record dates	<ul style="list-style-type: none"> Provides for the establishment of record dates for member and shareholder meetings.
11. Indemnification	<ul style="list-style-type: none"> Provides for the indemnification of directors, officers and certain other persons.
12. Miscellaneous	<ul style="list-style-type: none"> Establishes the legal name of the credit union as Coast Capital Savings Federal Credit Union. Establishes the location of the head office of the credit union to be in the province of BC. Provides for a financial year-end of December 31. Permits the credit union to have a corporate seal. Provides for certain matters relating to sending documents in electronic form and the distribution of annual financial information. Provides for the amendment of the Bylaws.
Schedule A	<p>Sets out the terms and condition of the Membership Shares, Class A Non-Voting Shares and Class B Non-Voting Shares. Note that it is not expected that there will be any Class A Non-Voting Shares and Class B Non-Voting Shares outstanding upon the completion of the merger but the Bylaws authorize the Board of Directors to issue these instruments if they conclude it is in the best interests of the credit union. The Membership Shares and each class of shares are designed to align to the requirements of the applicable tier of capital in OSFI's Capital Adequacy Requirements, which are regulatory requirements to promote the safety and soundness of federal credit unions and banks to protect depositors from losses.</p> <p>The terms and conditions include:</p> <ul style="list-style-type: none"> Conventional terms and conditions relating to dividends, shares redemption, share purchases and share transfers. In the highly unlikely event of the liquidation, dissolution or winding-up of the credit union, and to the extent any assets of the credit union are available to distribute to members and shareholders after payment of any prior claims (including after fully repaying all depositors): holders of Class B Non-Voting shares (if any are outstanding at the time) will receive the issue price of their shares and any declared but unpaid dividends; then holders of Membership Shares and Class A Non-Voting Shares (if any are outstanding at the time) will share rateably an amount called the Intermediate Entitlement. The Intermediate Entitlement is based on the Common Equity Tier 1 capital of the combined federal credit union, as defined under OSFI's Capital Adequacy Guidelines, multiplied by 0.9999. If the Intermediate Entitlement is fully paid out, any residual assets will be exclusively paid out to holders of Membership Shares.

Appendix: Full Amalgamation Agreement (including Bylaws)

AMALGAMATION AGREEMENT

THIS AGREEMENT is made this May 8, 2025 (the “**Effective Date**”).

BETWEEN:

COAST CAPITAL SAVINGS FEDERAL CREDIT UNION, a federal credit union organized under the *Bank Act* (Canada) (“**Coast Capital**”)

AND:

PROSPERA CREDIT UNION, a credit union organized under the *Credit Union Incorporation Act* (British Columbia) (“**Prospera**”)

AND:

SUNSHINE COAST CREDIT UNION, a credit union organized under the *Credit Union Incorporation Act* (British Columbia) (“**Sunshine Coast**”, and together with Prospera, the “**Credit Unions**” and each, a “**Credit Union**”)

(collectively, the “**Amalgamating Parties**”, and each of them, an “**Amalgamating Party**” or “**Party**”)

RECITALS:

- A. Coast Capital is a federal credit union organized under and governed by the *Bank Act* (Canada) (the “**Bank Act**”).
- B. The Credit Unions are credit unions organized under and governed by the *Credit Union Incorporation Act* (British Columbia) (the “**BC Act**”).
- C. The Credit Unions wish to apply to the Minister of Finance (Canada) (the “**Minister**”) pursuant to subsection 33(3) of the *Bank Act* for letters patent continuing each Credit Union as a federal credit union under the Bank Act for the purpose of immediately amalgamating with Coast Capital (the “**Bank Act Continuance Applications**”) in accordance with subsection 223(1.2) of the Bank Act.
- D. Subject to the continuance of the Credit Unions as federal credit unions under the Bank Act, the Amalgamating Parties wish to apply jointly to the Minister for letters patent amalgamating and continuing the Amalgamating Parties as one federal credit union pursuant to subsection 223(1.2) of the Bank Act (the “**Letters Patent of Amalgamation**”) and may seek certain transitional relief from the Minister pursuant to subsection 231(1) of the Bank Act (collectively, the “**Bank Act Amalgamation Application**”).
- E. The Amalgamating Parties wish to enter into this Agreement in accordance with section 224 of the Bank Act to set out the terms of the Amalgamation (as defined herein) and to apply for the approval of the Agreement by the Superintendent of Financial Institutions (Canada) (the “**Superintendent**”) in accordance with section 225 of the Bank Act (the “**Bank Act Superintendent Application**”) before the directors of each Amalgamating Party submit the Agreement for approval to meetings of their respective members and shareholders, as applicable, in accordance with section 226 of the Bank Act and the Credit Unions submit the authorization of the Bank Act Continuance Applications to such meeting

of their respective members in accordance with subsection 34(4) of the Bank Act and subsection 15.2(1) of the BC Act.

- F. The Amalgamating Parties have made full disclosure to one another of their respective assets and liabilities, which will become the Assets (as defined herein) and Liabilities (as defined herein) of the Amalgamated Federal Credit Union (as defined herein).
- G. The Amalgamating Parties intend to apply to obtain all other Approvals (as defined herein) that are required for the amalgamation of the Amalgamating Parties under Applicable Laws (as defined herein), including the *Competition Act* (Canada).
- H. The Amalgamating Parties intend the Amalgamation to be tax-deferred in a manner that satisfies the conditions of subsection 87(1) of the *Income Tax Act* (Canada).

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 Amalgamating Parties agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 Definitions.

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

- (a) “**Agreement**” means this amalgamation agreement, including the schedules hereto, and all amendments made in writing by the Amalgamating Parties, and “**herein**”, “**hereto**”, “**hereof**” and similar expressions mean and refer to this Agreement and not to any particular article, section, subsection or Schedule;
- (b) “**Amalgamated Federal Credit Union**” means the federal credit union resulting from the amalgamation of the Amalgamating Parties pursuant to the Letters Patent of Amalgamation;
- (c) “**Amalgamating Parties**” has the meaning set forth on the title page hereto;
- (d) “**Amalgamating Party Employee Plans**” has the meaning set forth in Section 3.1(s);
- (e) “**Amalgamation**” means the amalgamation of the Amalgamating Parties pursuant to the Letters Patent of Amalgamation, the terms and conditions of this Agreement and the transactions related thereto;
- (f) “**Applicable Laws**” in respect of any Person, property, transaction or event, means all present laws, statutes, regulations, regulatory guidance, 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;
- (g) “**Approvals**” includes approvals, letters patent, certificates, authorizations, resolutions, consents, franchises, permits, grants, licences, notifications, privileges, rights, orders, judgments, rulings, directives, ordinances, decrees,

- registrations and filings binding upon an Amalgamating Party or its operations or property required from any Person, including any Governmental Authority;
- (h) “**Assets**” means, in respect of any 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) “**Bank Act**” has the meaning set forth in the Recitals;
 - (j) “**Bank Act Amalgamation Application**” has the meaning set forth in the Recitals;
 - (k) “**Bank Act Approvals**” means the Bank Act Superintendent Application, the Bank Act Continuance Applications, and the Bank Act Amalgamation Application;
 - (l) “**Bank Act Continuance Applications**” has the meaning set forth in the Recitals;
 - (m) “**Bank Act Superintendent Application**” has the meaning set forth in the Recitals;
 - (n) “**BC Act**” has the meaning set forth in the Recitals;
 - (o) “**BCFSA**” means the British Columbia Financial Services Authority;
 - (p) “**BCFSA Applications**” means the application made by each Credit Union in accordance with Section 15.2 of the BC Act to obtain consent from the BCFSA and CUDIC to apply for continuance under the Bank Act;
 - (q) “**Breaching Party**” has the meaning set forth in Section 7.1(b);
 - (r) “**Break Fee**” means, as of a given date:
 - (i) where payable by Coast Capital, an amount equal to fifty five percent (55%) of all Shared Expenses incurred as of such date;
 - (ii) where payable by Prospera, an amount equal to fifty five percent (55%) of all Shared Expenses incurred as of such date; and
 - (iii) where payable by Sunshine Coast, an amount equal to \$150,000;
 - (s) “**Business Day**” means any day, other than a Saturday or a Sunday, or statutory holiday, in British Columbia, Canada;
 - (t) “**Business Intellectual Property**” has the meaning set forth in Section 3.1(p)(i);
 - (u) “**Bylaws**” means the bylaws of the Amalgamated Federal Credit Union, as set out in Schedule B;
 - (v) “**CASL**” means *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the*

Personal Information Protection and Electronic Documents Act and the *Telecommunications Act*, S.C. 2010, c. 23;

- (w) “**CDIC Notice**” means the notice of the proposed Amalgamation that Coast Capital is required to provide to the Canada Deposit Insurance Corporation pursuant to section 17 of the *Canada Deposit Insurance Corporation Deposit Insurance Policy By-law* made pursuant to the *Canada Deposit Insurance Corporation Act* (Canada);
- (x) “**Circular**” means the notice of a Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent or otherwise made available to the Members or Shareholders of each Amalgamating Party, as applicable, in connection with the Member Meetings or Shareholder Meetings (if any), respectively, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement;
- (y) “**Class A Non-Voting Shares**” means the class A non-voting equity shares in the capital of the Amalgamated Federal Credit Union, as set out in the Bylaws;
- (z) “**Class B Non-Voting Shares**” means the class B non-voting equity shares in the capital of the Amalgamated Federal Credit Union, as set out in the Bylaws;
- (aa) “**Closing**” means the completion of the Amalgamation in accordance with this Agreement;
- (bb) “**Closing Date**” means the date on which Closing occurs, being the coming-into-force date set out in the Letter Patent of Amalgamation;
- (cc) “**Commissioner of Competition**” means the Commissioner of Competition, appointed pursuant to the Competition Act or any other Person duly authorized to exercise the powers and perform the duties on behalf of the Commissioner of Competition;
- (dd) “**Communications and Engagement Plan**” means the communications and engagement plan(s) as developed and implemented by the Amalgamating Parties;
- (ee) “**Competition Act**” means the *Competition Act* (Canada), R.S.C., 1985, c. C-34, and the regulations promulgated thereunder;
- (ff) “**Competition Act Approval**” means the occurrence of one or more of the following:
 - (i) The Amalgamating Parties have received an advance ruling certificate under subsection 102(1) of the Competition Act; or
 - (ii) both (A) the applicable waiting period under subsection 123(1) of the Competition Act, and any extension thereof, has expired or been terminated under subsection 123(2) of the Competition Act, and (B) the Amalgamating Parties have received a letter from the Commissioner of Competition indicating that the Commissioner of Competition does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the transactions contemplated by this Agreement;

- (gg) **“Confidentiality and Non-Disclosure Agreement”** means the Confidentiality and Non-Disclosure Agreement made as of October 29, 2024 among the Amalgamating Parties;
- (hh) **“Constating Documents”** means, as applicable with respect to an Amalgamating Party or a Subsidiary of an Amalgamating Party, its certificate or letters patent of incorporation, continuance or amalgamation, constitution, bylaws, Rules, common bond, business authorization (within the meaning of the BC Act), other order issued by a Governmental authority in respect of the Amalgamating Party and any compliance agreement entered into with a Governmental Authority 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, incorporation, and the carrying on of business as required for a credit union or federal credit union under Applicable Laws;
- (ii) **“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;
- (jj) **“Credit Unions”** has the meaning set forth on the title page hereto;
- (kk) **“CUDIC”** means the Credit Union Deposit Insurance Corporation of British Columbia;
- (ll) **“DIA”** means the interim agreement made as of December 13, 2024, among the Amalgamating Parties;
- (mm) **“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;
- (nn) **“Financial Statements”** means, in respect of any Amalgamating Party, the audited financial statements of such Amalgamating Party for the fiscal year ended in 2024, and all internal interim (unaudited) financial statements of such Amalgamating Party for the period ended March 31, 2025;
- (oo) **“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;
- (pp) **“Intellectual Property”** means all intellectual property rights arising from or in respect of the following, whether protected, created or arising under the laws of Canada or any other jurisdiction: (i) all patents and applications therefor, including

all provisionals, continuations, divisionals, and continuations-in-part thereof and patents issuing thereon, along with all reissues, reexaminations, extensions and renewals thereof, and all similar rights arising under the laws of any jurisdiction; (ii) all trademarks, service marks, certification marks, trade names, service names, brand names, trade dress rights, logos, corporate names, trade styles and other source or business identifiers and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, along with all applications, registrations, renewals and extensions thereof; (iii) all Internet domain names and social media accounts; (iv) all works of authorship, copyrights and all mask work, database and design rights, whether or not registered or published, all registrations and recordings thereof and all applications in connection therewith, along with all reversions, extensions and renewals thereof, and all moral rights associated therewith; (v) all discoveries, concepts, ideas, research and development, trade secrets, know-how, formulae, inventions, invention disclosures, compositions, manufacturing and production processes and techniques, technical data, procedures, designs, drawings, specifications, databases, and other proprietary and confidential information, including customer lists, supplier lists, pricing and cost information, and business and marketing plans and proposals; (vi) all Software; and (vii) all rights that are equivalent or similar to any of the foregoing throughout the world;

- (qq) **“Interim Period”** means the period from the date of execution of this Agreement to the Closing Date;
- (rr) **“IT Systems”** means the computer systems, information technology, and data processing systems, technology infrastructure and services used by the Amalgamating Party or any of its Subsidiaries in the conduct of their businesses, including all software, firmware, devices, systems hardware, networks, interfaces, platforms, public or private cloud services, databases, websites, telecommunications and network infrastructure, and other related systems and services including those used to receive, store, operate, process, maintain, organize, present, generate, analyze or transmit data and information;
- (ss) **“Lease”** means any Contract pursuant to which the Amalgamating Party or any of its Subsidiary’s leases, or holds a leasehold interest in, or has granted another Person a lease or leasehold interest in, real property, including all amendments, modifications, extensions, estoppels, subordination and non-disturbance agreements relating thereto;
- (tt) **“Leased Properties”** means each of the real properties leased, subleased, licensed or otherwise occupied or used by the Amalgamating Party pursuant to a Lease;
- (uu) **“Legal Proceeding”** means any litigation, action, application, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any Governmental Authority, and includes any appeal or review thereof and any application for leave for appeal or review;
- (vv) **“Letters Patent of Amalgamation”** has the meaning set forth in the Recitals;
- (ww) **“Liability”** means any debt, obligation, duty or liability of any nature (including any unknown, undisclosed, unfixed, un-liquidated, unsecured, un-matured, unaccrued,

unasserted, contingent, conditional, inchoate, implied, vicarious, joint, several or secondary liability), strict liability (including, strict liability arising under Applicable Laws) regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet, collectively the “**Liabilities**”;

- (xx) “**Licensed-In Intellectual Property**” means all Intellectual Property which is not Owned Intellectual Property and in which the Amalgamating Party or its Subsidiaries have a right, interest, benefit, licence, or permission to access, use, practice, or otherwise enjoy or exploit;
- (yy) “**Loss**” means any loss, damage, injury, harm, detriment, decline in value, Liability, exposure, settlement, judgment, award, damage award, fine, penalty, Tax, fee, charge, cost or expense actually incurred (including, without limitation, costs of attempting to avoid or in opposing the imposition thereof, interest, penalties, costs of preparation and investigation, and the fees, disbursements and expenses of legal counsel on a solicitor and his own client basis, accountants and other professional advisors), but for certainty “**Loss**” shall not include and no Amalgamating Party shall be liable to the other Amalgamating Parties for (i) punitive damages; or (ii) any consequential or indirect damages, including lost profits, lost revenues, business interruption or loss of business opportunity or reputation;
- (zz) “**Material Adverse Change (or Effect)**” means, in respect of each Amalgamating Party and its Subsidiaries, taken as a whole, a change or effect in the condition (financial or otherwise) of the Assets, Liabilities, rights, operations, business of such Amalgamating Party 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, business, of such Amalgamating Party 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 Amalgamating Party and its Subsidiaries, taken as a whole, to conduct its operations (which shall include without limitation the Amalgamating Party’s ability to maintain its capital and liquidity ratios above the minimum requirements imposed by the applicable Governmental Authority) 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 Change (or Effect)**” for purposes of this Agreement unless and only to the extent such changes have a materially disproportionate adverse effect on such Amalgamating Party and its Subsidiaries, taken as a whole, relative to the adverse effect that such changes have on other Persons in the same industry and *provided further* neither the announcement of this Agreement nor the transaction contemplated herein shall constitute a “**Material Adverse Change (or Effect)**”;
- (aaa) “**Material Contract**” means, in respect of each Amalgamating Party and its Subsidiaries, any Contract, which involves or may reasonably be expected to involve the payment to or by the Amalgamating Party of more than (i) in the case of Coast Capital, \$10,000,000; (ii) in the case of Prospera, \$5,000,000; and (iii) in the case of Sunshine Coast, \$2,000,000, over the term of that Contract, a Contract or commitment relating to borrowed money, a Contract containing a non-

- competition or non-solicitation covenant or other provision that materially restricts the freedom of the Amalgamating Party to carry on its business in any way, to purchase additional securities or other interests in such Amalgamating Party or is otherwise material to the business, operation or financial condition of its business;
- (bbb) “**Meetings**” means collectively, the Member Meetings and Shareholder Meetings, if any;
- (ccc) “**Member**” means, in respect of any Amalgamating Party, a person who has been admitted to membership in such Amalgamating Party and whose name is entered in its register of members, but does not include a person who is an auxiliary member, if applicable, of such Amalgamating Party;
- (ddd) “**Member and Shareholder Approvals**” means, collectively, the Member Approvals and the Shareholder Approvals;
- (eee) “**Member Approvals**” means any resolutions or special resolutions required to be passed by Members of any of the Amalgamating Parties in order to consummate the Amalgamation in accordance with Applicable Laws and, in the case of the Credit Unions, in order to authorize the Bank Act Continuance Applications;
- (fff) “**Member Meetings**” means the meeting of the Members of each Amalgamating Party, including any adjournment or postponement of such meeting in accordance with the terms of this Agreement, to be called and held for the purpose of obtaining the required Member Approvals;
- (ggg) “**Membership Shares**” means the membership shares of the Amalgamated Federal Credit Union, as set out in the Bylaws;
- (hhh) “**Minister**” has the meaning set forth in the Recitals;
- (iii) “**Non-Satisfaction of Condition Notice**” has the meaning set forth in Section 6.4(c)(i);
- (jjj) “**Order**” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority;
- (kkk) “**Ordinary Course of Business**” means the ordinary course of business consistent with past custom and practice (including without limitation in accordance with the policies of the Amalgamating Party at the time of this Agreement), including with respect to quantity, quality and frequency, as the context may require;
- (lll) “**OSFI**” means the Office of the Superintendent of Financial Institutions (Canada);
- (mmm) “**Owned Intellectual Property**” means all Intellectual Property in which the Amalgamating Party or one of its Subsidiary owns title;
- (nnn) “**Owned Real Property**” means all real property owned by an Amalgamating Party, together with all easements, rights-of-way and interests appurtenant to them and all buildings, fixtures, sidings, parking lots, roadways, structures, erections, fixed

machinery, fixed equipment and appurtenances situate on, in, under, over or forming part of, any such real property;

- (ooo) **“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 Laws;
 - (iii) liens for Taxes which are not yet due and payable or which are being contested in good faith by appropriate proceedings (which proceedings have the effect of preventing the enforcement of such lien);
 - (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 an Amalgamating Party to the other Amalgamating Parties;
- (ppp) **“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, and for greater certainty, includes any Amalgamating Party or Subsidiary thereof;
- (qqq) **“Personal Information”** means information about an identifiable individual, as more particularly described in applicable Privacy Laws;
- (rrr) **“Privacy Law”** means the *Personal Information Protection and Electronic Documents Act* (Canada) and any comparable law of any province or territory of Canada governing the collection, use and disclosure of Personal Information including, in respect of the Amalgamating Parties, the *Personal Information Protection Act* (British Columbia);
- (sss) **“Privacy Requirements”** means (i) all Privacy Laws, (ii) the Amalgamating Party’s and its Subsidiaries’ published privacy policies, (iii) the privacy, data security, and Security Breach reporting and record-keeping requirements of any Contracts, codes of conduct, or industry standards by which the Amalgamating Party or any of its Subsidiaries is legally bound;

- (ttt) **“Prospera Exit Notice”** has the meaning set forth in Section 6.4(b)(i);
- (uuu) **“Real Property”** means the Owned Real Property and the Leased Properties;
- (vvv) **“Representative”** means, with respect to an Amalgamating Party, any of its respective directors, officers, employees, consultants, financial advisers, legal counsel, accountants and other agents, advisers or representatives of such Amalgamating Party;
- (www) **“Required Approvals”** means, collectively, all Approvals required in connection with the BCFSA Applications, the Bank Act Applications, the Competition Act Approval and all Member and, if applicable, Shareholder Approvals;
- (xxx) **“Reviewing Party”** has the meaning set forth in Section 5.3(c);
- (yyy) **“Rules”** means, with respect to the Credit Unions, the rules of such Credit Unions made in accordance with the BC Act, and with respect to Coast Capital, the bylaws of Coast Capital made in accordance with the Bank Act;
- (zzz) **“Security Breach”** means any (i) loss, theft, or misuse of Personal Information or data, (ii) unauthorized, and/or unlawful access, use, processing, corruption, or disclosure of Personal Information, or (iii) other act or omission that has compromised the privacy, confidentiality or security of Personal Information or other data or the security or operation of the IT Systems;
- (aaaa) **“Security Program”** has the meaning set forth in Section 3.1(z)(ii);
- (bbbb) **“Shared Expenses”** has the meaning set forth in Section 8.7;
- (cccc) **“Shareholder”** means, in respect of an Amalgamating Party, a person who holds shares (other than membership shares) in such Amalgamating Party and whose name is entered in its register of shareholders, and the term **“Shareholders”** shall mean, collectively, all of the Shareholders of the Amalgamating Party;
- (dddd) **“Shareholder Approvals”** means any resolutions or special resolutions, if any, required to be passed by any Shareholders (including by any class, series or subset thereof) of any of the Amalgamating Parties in order to consummate the Amalgamation in accordance with Applicable Laws;
- (eeee) **“Shareholder Meetings”** means the meeting of the Shareholders of each Amalgamating Party, if any, including any adjournment or postponement of such meeting in accordance with the terms of this Agreement, to be called and held for the purpose of obtaining the required Shareholder Approvals;
- (ffff) **“Software”** means any and all (i) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (iv) all documentation, including user manuals and training materials, related to any of the foregoing;

- (gggg) “**Subsidiary**” means a subsidiary as that term is defined in the Bank Act, and the term “**Subsidiaries**” shall mean, collectively, all of the Subsidiaries of any Amalgamating Party;
- (hhhh) “**Sunshine Coast Exit Notice**” has the meaning set forth in Section 6.4(a)(i);
- (iiii) “**Superintendent**” has the meaning set forth in the Recitals;
- (jjjj) “**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 with any applicable Governmental Authority by or with respect to such Person or their business pursuant to Applicable Law in respect of any Taxes and includes all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form;
- (kkkk) “**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 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;
- (llll) “**Terminating Party**” has the meaning set forth in Section 7.1(b);
- (mmmm) “**Threatened**”, when used in relation to a Legal Proceeding or other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that a Legal Proceeding or other matter is to be asserted, commenced, taken or otherwise pursued in the future; and
- (nnnn) “**Updating Party**” has the meaning set forth in Section 5.3(c).

1.2 Schedules.

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

Schedule A	–	Proposed Directors of the Amalgamated Federal Credit Union
Schedule B	–	Proposed Bylaws of the Amalgamated Federal Credit Union
Schedule 4.2	–	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 an Amalgamating Party 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 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.

1.6 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.

1.7 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.

1.8 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.

1.9 Time of the Essence.

Time shall be of the essence in this Agreement.

1.10 Governing Law.

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

1.11 Entire Agreement.

This Agreement, together with the DIA and the Confidentiality and Non-Disclosure Agreement, constitutes the entire agreement between the Amalgamating Parties with respect to the subject matter contemplated hereunder and supersedes any prior understandings, agreements, negotiations and discussions, written or oral, between the Amalgamating Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral

agreements or understandings, express or implied, between the Amalgamating Parties with respect to the transactions contemplated herein, except as specifically set forth in this Agreement, the DIA and the Confidentiality and Non-Disclosure Agreement. In the case of a conflict between the provisions contained in the text of (a) this Agreement and (b) the DIA, the terms of this Agreement shall govern.

1.12 Knowledge.

In this Agreement, any reference to the knowledge of any Amalgamating Party means the actual knowledge of the Amalgamating Party's directors and officers after making due inquiry.

1.13 Disclosure in Writing.

Where used in this Agreement, the phrase "disclosed in writing" refers to disclosure made by each Amalgamating Party to the other Amalgamating Parties as of the Effective Date and in accordance with the Amalgamating Parties' due diligence process and, after the date of this Agreement, subject to any subsequent amendments or supplements made to such disclosure in accordance with Section 5.3 hereof.

ARTICLE 2 – THE AMALGAMATION

2.1 Amalgamation.

The Amalgamating Parties agree to amalgamate and to continue as one federal credit union under the Bank Act, on the terms and subject to the conditions precedent set out in this Agreement. The Amalgamation shall take effect at 12:01 a.m. (Pacific Time) on the Closing Date.

2.2 Name.

- (a) The name of the Amalgamated Federal Credit Union shall be "Coast Capital Savings Federal Credit Union" in English and "Coopérative de Crédit Fédérale Coast Capital Savings" in French.
- (b) The Amalgamating Parties acknowledge and agree that, until such time that the board of directors and management of the Amalgamated Federal Credit Union deem it to be appropriate to amend the legal name of the Amalgamated Federal Credit Union in accordance with the Bank Act, the Amalgamated Federal Credit Union shall use the current names of the Credit Unions as trade names of the Amalgamated Federal Credit Union, subject to compliance with the Bank Act.

2.3 Head Office.

- (a) The head office of the Amalgamated Federal Credit Union shall be located in British Columbia.
- (b) The Amalgamating Parties agree that the location of the head office of the Amalgamated Federal Credit Union shall be the current legal head office of Coast Capital for the purpose of the Bank Act and that the operational head office shall be maintained through a distributed workforce.

2.4 Cooperative Principles.

The Amalgamated Federal Credit Union shall be organized and carry on business on a cooperative basis in accordance with Section 12.1 of the Bank Act.

2.5 Members.

On the Closing Date, each Member of each Amalgamating Party becomes a member of the Amalgamated Federal Credit Union. In the event that a Member of one of the Amalgamating Parties is also a member of another Amalgamating Party, any such Member shall be entitled to only one vote at any meeting of the Members of the Amalgamated Federal Credit Union.

2.6 Directors.

The directors of the Amalgamated Federal Credit Union shall be the individuals whose names, place of ordinary residence and terms appear in Schedule A. The Amalgamating Parties may, in writing, amend Schedule A before the Closing Date, with notice to OSFI.

2.7 Membership Shares and Shares.

- (a) On the Closing Date, each of the following shall be converted into one Membership Share of the Amalgamated Federal Credit Union:
 - (i) each Class A Equity Share in the capital of Coast Capital that is issued and outstanding immediately before the Closing Date;
 - (ii) each Class A Membership Equity Share in the capital of Prospera that is issued and outstanding immediately before the Closing Date; and
 - (iii) each Class 'B' Membership Equity Share in the capital of Sunshine Coast that is issued and outstanding immediately before the Closing Date.
- (b) If the following shares in the capital of Coast Capital are issued and outstanding immediately before the Amalgamation, then on the Amalgamation:
 - (i) each Class D Equity Share in the capital of Coast Capital shall be converted into one Class A Non-Voting Share; and
 - (ii) any other equity share in the capital of Coast Capital shall be converted into one Class B Non-Voting Share.
- (c) For greater certainty, Coast Capital intends to redeem all outstanding Class B Equity Shares in the capital of Coast Capital before the Amalgamation. To the extent that any Class B Equity Shares in the capital of Coast Capital remain outstanding immediately before the Amalgamation, then on the Amalgamation, each such Class B Equity Share in the capital of Coast Capital shall be converted into one Class B Non-Voting Share pursuant to Section 2.7(b).
- (d) The Credit Union will not allot or issue fractional shares. If a shareholder becomes entitled to a fraction of a Share or Membership Share upon conversion of any class of shares pursuant to Section 2.7(b), that entitlement will be rounded down to the nearest whole number of Shares or Membership Shares.

- (e) No unissued membership shares or shares of the Amalgamating Parties will be exchanged for Membership Shares or Shares of the Amalgamated Federal Credit Union.
- (f) Upon Amalgamation, the Members and Shareholders, if any, of the Amalgamating Parties shall, when requested by the Amalgamated Federal Credit Union, surrender any certificate held by them representing membership shares or shares in the Amalgamating Parties and shall be entitled to receive, in accordance with the Bylaws, certificates for the shares they hold in the capital of the Amalgamated Federal Credit Union.

2.8 Bylaws.

The Bylaws of the Amalgamated Federal Credit Union, until repealed or amended in accordance with the Bank Act, shall be the bylaws as set out in the attached Schedule B. The Bylaws shall come into effect upon the Amalgamation on the Closing Date.

2.9 Policies.

The policies and procedures of Coast Capital that are in effect immediately prior to the Closing Date shall become the policies and procedures of the Amalgamated Federal Credit Union until repealed or amended by the Amalgamated Federal Credit Union.

2.10 Insurance.

- (a) The Amalgamating Parties agree that the Amalgamated Federal Credit Union will maintain in effect without any reduction in scope or coverage for 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 Amalgamating Parties 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 Amalgamating Parties with respect to claims arising from facts or events which occurred prior to the Closing Date.
- (b) The Amalgamating Parties agree that all rights to indemnification or exculpation now existing in favour of present and former officers and directors of each of the Amalgamating Parties shall survive the Amalgamation and shall continue in full force and effect for a period of not less than 10 years from the Closing Date.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Mutual Representations and Warranties.

Each Amalgamating Party, on a several basis, makes the following representations and warranties to each other Amalgamating Party, acknowledging that each other Amalgamating Party is entering into this Agreement in reliance upon such representations and warranties:

- (a) Organization and Qualification. Each Credit Union is a credit union and Coast Capital is a federal credit union duly created, amalgamated or continued, validly existing and is in good standing under the laws of its governing jurisdiction 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 Closing Date. Each

Amalgamating Party 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. Copies of the Constatting Documents of the Amalgamating Party together with all amendments to date have been provided to the other Amalgamating Parties and are accurate and complete as of the Closing Date. Each Subsidiary of the Amalgamating Party 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.

- (b) Authority Relative to this Agreement. Subject to any Required Approvals, the Amalgamating Party 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 Amalgamating Party in the transactions contemplated hereby have been duly authorized by the Amalgamating Party's board of directors and, subject to applicable Member and Shareholder Approvals, no other corporate proceedings on the part of the Amalgamating Party are necessary to authorize this Agreement or the commitments contemplated hereby. This Agreement has been duly executed and delivered by the Amalgamating Party and constitutes a legal, valid and binding obligation of the Amalgamating Party enforceable against the Amalgamating Party in accordance with its terms, subject to any 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.
- (c) No Violations; Absence of Defaults and Conflicts.
- (i) Except as would not have a Material Adverse Effect, neither the Amalgamating Party nor any of its Subsidiaries are in violation of their Constatting 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 Amalgamating Party 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 Amalgamating Party or any of its Subsidiaries are bound.
- (ii) Neither the execution and delivery of this Agreement by the Amalgamating Party nor the consummation of the transactions contemplated by this Agreement nor compliance by the Amalgamating Party with any of the provisions hereof will violate, conflict with, or result in a breach of any provision of, require any Approval (other than the Required Approvals and the CDIC Notice) 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, to the knowledge of the Amalgamating Party, result in the creation of any Encumbrance upon any of the Assets of the Amalgamating Party 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 Constatting Documents; or

- (B) any Contract, Encumbrance or Liability to which the Amalgamating Party 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.
- (iii) Other than in connection with or in compliance with the provisions of Applicable Law (including those relating to the Required Approvals and CDIC Notice):
 - (A) there is no material legal impediment to the Amalgamating Party's consummation of the transactions contemplated hereby; and
 - (B) no filing or registration with, or Approval of, any Governmental Authority is required of the Amalgamating Party in connection with the consummation of the transactions contemplated hereunder.
- (d) Litigation. Except as disclosed in writing to the other Amalgamating Parties, there are no actions, suits, proceedings or investigations by any Person pending or, to the knowledge of the Amalgamating Party, Threatened, affecting or that would reasonably be expected to affect the Amalgamating Party 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 Amalgamating Party or any of its Subsidiaries which, if successful, would have a Material Adverse Effect on the Amalgamating Party or, following Closing, the Amalgamated Federal Credit Union. Neither the Amalgamating Party or its Subsidiaries are subject to any outstanding decision, order, writ, injunction or decree that has had or would have a Material Adverse Effect on the Amalgamating Party or, following Closing, the Amalgamated Federal Credit Union, or would significantly impede the ability of the Amalgamating Party to consummate the transactions contemplated herein.
- (e) No Orders and Bankruptcy. There has been no bankruptcy, liquidation, winding up, resolution, supervisory intervention, or other similar proceeding (including supervision or administration pursuant to the *Financial Institutions Act* (British Columbia)) pending or in progress or Threatened against the Amalgamating Party or any of its Subsidiaries before any Governmental Authority. None of the Amalgamating Party, its Subsidiaries or their respective directors and officers, in their capacities as such, or any of their respective Assets or properties, is subject to any outstanding judgment, order, writ, injunction or decree that has had or would have a Material Adverse Effect on the Amalgamating Party or, following Closing, the Amalgamated Federal Credit Union or would significantly impede the ability of the Amalgamating Party to consummate the transactions contemplated herein.
- (f) Capitalization. All outstanding shares and membership shares of the Amalgamating Party 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. All issued and outstanding shares of the Amalgamating Party are as set forth in the Financial Statements as of the date thereof, other than those redeemed pursuant to the operation of Section 5.9 or Section 2.7(c) hereto, as applicable.

- (g) Non-Competition Agreements. Except as disclosed in writing to the other Amalgamating Parties, neither the Amalgamating Party 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 Amalgamating Party 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 Amalgamating Party or, following the Closing, the Amalgamated Federal Credit Union.
- (h) Filings. Other than the filings contemplated by the Required Approvals and the CDIC Notice, the Amalgamating Party has filed all documents required to be filed by it with applicable Governmental Authorities.
- (i) Tax Matters.
- (i) The Amalgamating Party and each of its Subsidiaries have filed when due with each relevant Governmental Authority all Tax Returns required to be filed by or on behalf of them in all applicable jurisdictions and all such Tax Returns are correct and complete in all material respects;
 - (ii) the Amalgamating Party and each of its Subsidiaries have paid when due all material Taxes required to be paid by them prior to the Closing Date;
 - (iii) except as disclosed in writing to the other Amalgamating Parties, there are no actions, suits, assessments, reassessments or other proceedings or investigations or claims in progress, pending or, to the knowledge of the Amalgamating Party, Threatened against the Amalgamating Party or any of its Subsidiaries by any Governmental Authority in respect of any Taxes;
 - (iv) neither the Amalgamating Party nor any of its Subsidiaries have ever had an obligation to file an information return pursuant to sections 237.3, 237.4 or 237.5 of the *Income Tax Act* (Canada) or any analogous provision of any comparable law of any province or territory of Canada;
 - (v) the Amalgamating Party 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 remitted the same to the proper Governmental Authority; and
 - (vi) the Amalgamating Party and each of its Subsidiaries have maintained and continues to maintain at its place of business in Canada all records and books of account required to be maintained under the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) and any comparable Applicable Law of any province or territory in Canada, including Applicable Laws relating to sales and use taxes.
- (j) Financial Statements. As of their respective dates, the Financial Statements of the Amalgamating Party and all financial statements of any of its Subsidiaries included or incorporated by reference therein:
- (i) do 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;

- (ii) comply in all material respects with all Applicable Laws;
 - (iii) fairly present the consolidated financial position, results of operations and changes in financial position of the Amalgamating Party and its Subsidiaries for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments); and
 - (iv) reflect appropriate and adequate reserves in respect of contingent Liabilities, if any, of the Amalgamating Party and its Subsidiaries on a consolidated basis.
- (k) Absence of Certain Changes or Events. Since December 31, 2024, and except for the transactions contemplated by this Agreement, the business of the Amalgamating Party and each of its Subsidiaries has been conducted in the Ordinary Course of Business, and there has not been any event, circumstance or occurrence which has had, or which would reasonably be expected to have, a Material Adverse Effect, and none of the Amalgamating Party or any of its Subsidiaries has taken any action, that, if taken after the Effective Date without the consent of the other Amalgamating Parties, would constitute a breach or violation of Section 5.1.
- (l) Absence of Undisclosed Liabilities. Except as disclosed in its Financial Statements, the Amalgamating Party and its Subsidiaries have no material Liabilities of any nature, other than Liabilities incurred since the dates of such Financial Statements, as applicable, in the Ordinary Course of Business.
- (m) Amalgamating Party Records. The corporate minute books of the Amalgamating Party and each of the Subsidiaries contain the minutes of all meetings and resolutions of the boards of directors and each committee thereof and have been maintained in accordance with Applicable Laws and are complete and accurate in all material respects. True, correct and complete copies of the minute books of the Amalgamating Party and each of its Subsidiaries have disclosed by the Amalgamating Party.
- (n) Title to and Sufficiency of Assets. The Amalgamating Party 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. The property and Assets owned and leased by the Amalgamating Party constitute all of the property and assets used or held for use in connection with its business and are sufficient to permit the continued operation of its business in substantially the same manner as conducted as of the date hereof and during the year ended on the date of the most recent annual Financial Statements. There is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Amalgamating Party of the business or any part thereof or of any of the property or assets of the Amalgamating Party other than in the Ordinary Course of Business.
- (o) Material Contracts. True and complete copies of any Material Contract has been disclosed by each Amalgamating Party to the other Amalgamating Parties or the

legal representatives thereof. Each such Material Contract is in full force and effect, unamended, and constitutes a valid and binding obligation of all parties thereto. Except as otherwise disclosed in writing to the other Amalgamating Parties, the Amalgamating Party and its Subsidiaries, as applicable, have in all material respects performed the obligations required to be performed by it and is not in material default or alleged to be in material default under any Material Contract. Except as otherwise disclosed in writing to the other Amalgamating Parties, there exists no event or condition which, after notice or lapse of time, or both, could constitute a material default by the Amalgamating Parties or any of its Subsidiaries to any Material Contract. Neither the Amalgamating Parties nor its Subsidiaries has received any notice terminating or threatening to terminate any Material Contract.

(p) Intellectual Property.

- (i) The Amalgamating Party has disclosed all material Intellectual Property used in the business of the Amalgamating Party (the “**Business Intellectual Property**”) to the other Amalgamating Parties.
- (ii) Except as would not have a Material Adverse Effect, the Amalgamating Party’s or Subsidiaries’ use of the Intellectual Property, or other operation of their business, does not infringe the Intellectual Property rights of any other Person. Except as would not have a Material Adverse Effect, no Person has infringed, is infringing, or is threatening to infringe, upon or otherwise violate, any of the Business Intellectual Property owned by the Amalgamating Party or its Subsidiaries.
- (iii) The Owned Intellectual Property and the Licensed-In Intellectual Property constitute all of the Business Intellectual Property. The Amalgamating Party and its Subsidiaries: (A) are the exclusive owners of all rights, title and interest in and to the Owned Intellectual Property, free and clear of all Encumbrances other than Permitted Encumbrances; and (B) have sufficient rights to use the Licensed-In Intellectual Property in connection with the operation of its business, and all of those rights will survive without any additional restriction or other change after consummation of the transactions contemplated by this Agreement.
- (iv) Neither the execution, delivery, nor performance of this Agreement will result in the loss or impairment of, or payment of any additional amounts with respect to, or require the consent of any other Person in respect of, the right of the Amalgamating Party or its Subsidiaries to own or use any Intellectual Property in the conduct of their business as currently conducted.

(q) Anti-Spam.

The Amalgamating Party and its Subsidiaries have complied, in all material respects, with CASL.

(r) Employment Agreements and Collective Agreements.

- (i) Except as has been disclosed in writing to the other Amalgamating Parties, neither the Amalgamating Party 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; *except* for severance or termination payments made to non-officer employees in the Ordinary Course of Business.

- (ii) Except as has been disclosed in writing to the other Amalgamating Parties, neither the Amalgamating Party nor any of its Subsidiaries are a party to, nor engaged in, any negotiations with respect to any collective bargaining or union Contract, any actual or Threatened application for certification or bargaining rights or letter of understanding, with respect to any current or former Amalgamating Party employee.
 - (iii) The Amalgamating Party and each of its Subsidiaries is 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 Laws.
 - (iv) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, and other employee benefits in respect of employees of the Amalgamating Party and all of its Subsidiaries which are attributable to the period before the Closing Date have been paid or are accurately reflected in the Financial Statements and books and records of the Amalgamating Party or its Subsidiaries, as applicable.
- (s) Employee Benefit Plans. The Amalgamating Party has made available to the other Amalgamating Parties 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 Amalgamating Party and/or its Subsidiaries, consultants or former consultants of the Amalgamating Party and/or its Subsidiaries, employees or former employees of the Amalgamating Party and/or its Subsidiaries, which are maintained by, contributed to, or binding upon the Amalgamating Party or any Subsidiaries thereof or in respect of which the Amalgamating Party or any Subsidiaries thereof have any Liability (the "**Amalgamating Party Employee Plans**"), and, in all material respects:
- (i) each Amalgamating Party Employee Plan has been maintained and administered in material compliance with its terms and is funded in accordance with Applicable Laws;
 - (ii) all required material employer contributions under any such plans have been made in accordance with the terms thereof;
 - (iii) each Amalgamating Party 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 Amalgamating Party Employee Plans have been made or accrued for in the books and records of the Amalgamating Party and, if applicable, its Subsidiaries.
- (t) Compliance with Laws. The Amalgamating Party and its Subsidiaries have complied with and are not in violation of any Applicable Laws or any of the Approvals, which, if not complied with or in violation of, and taken as a whole, would have a Material Adverse Effect on the Amalgamating Party or its Subsidiaries, or, following Closing, the Amalgamated Federal Credit Union. Neither the Amalgamating Party nor any of its Subsidiaries have been charged with or have received notice from a Governmental Authority to be in any violation of any Applicable Laws or the Approvals, nor have they received notice of violation or any other notice that it is under any investigation or, to the knowledge of the Amalgamating Party, Threatened to be charged or investigated, with respect to any such violation or potential violation.
- (u) Subsidiaries. A list of all direct and indirect Subsidiaries of the Amalgamating Party, along with the Constatting Documents thereof, have been disclosed to the other Amalgamating Parties. The Amalgamating Party owns, directly or indirectly, all of the shares or other equity interests of each Subsidiary free and clear of any Encumbrances, and all of the issued and outstanding shares of each Subsidiary are fully paid, non-assessable and free of pre-emptive and similar rights to subscribe for or purchase securities.
- (v) No Options, etc. No Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such, for the purchase or other acquisition from the Amalgamating Party or any of the Subsidiaries of any of their Assets.
- (w) Real Property and Other Assets.
 - (i) Other than as disclosed by an Amalgamating Party, the Amalgamating Party, nor any of its Subsidiaries owns any real and immovable property.
 - (ii) The Amalgamating Party has disclosed to all other Amalgamating Parties a complete list of all Owned Real Property. The Amalgamating Party has good and marketable freehold title to the Owned Real Property. There are no existing or, to the knowledge of the Amalgamating Party, Threatened expropriation proceedings that would result in the taking of all or any part of the Owned Real Property or that would adversely affect the current use of the Owned Real Property or any part of it. All Taxes with respect to the Owned Real Property that are due have been paid in full, and there are no local improvement charges or special levies outstanding in respect of the Owned Real Property.
 - (iii) The Amalgamating Party has disclosed to the other Amalgamating Parties a complete list of all Leases and sets forth (i) the municipal address for each Leased Property, (ii) each Lease related thereto, (iii) the role of the

Amalgamating Party, or its applicable Subsidiary as lessee, sublessee, lessor or sublessor, as the case may be, and (iv) the rental amount and length of the term (including any extension options). Each Lease is valid, legally binding, enforceable in accordance with its terms, subsisting, in full force and effect and unaltered by any Contract or acknowledgement, and except as disclosed, neither the Amalgamating Party, nor any of its Subsidiaries is in breach of or default in any material respect under any Lease, and no event has occurred which, with notice, lapse of time or both, would constitute a material breach or default by the Amalgamating Party, or any of its Subsidiaries or permit termination, modification or acceleration by any counterparty thereto or restrict the ability of the Amalgamating Party, or any of its Subsidiaries to exercise any of its rights as lessee or lessor thereunder, as applicable. The Amalgamating Party or its applicable Subsidiary has been in peaceable possession of Leased Property since the commencement of the original term of the respective Lease.

- (iv) To the knowledge of the Amalgamating Party, no counterparty to any Lease is in material default thereunder.
- (v) There are no Encumbrances (other than Permitted Encumbrances) affecting the freehold, leasehold, sub-leasehold or occupancy rights, as applicable, of the Amalgamating Party or its Subsidiaries to any of the Real Properties. Each portion of the buildings, structures and appurtenances, fixtures and building systems constituting any of the Real Property is (i) in good operating condition (ordinary wear and tear excepted), and (ii) adequate and suitable for the purposes for which it is presently being used and has adequate rights of ingress and egress and consists of sufficient parking for operation of the Amalgamating Party in the Ordinary Course of Business. There are no defects in the buildings, improvements and structures or fixtures located on or at the Real Property which would materially impair the conduct of the business by the Amalgamating Party and its Subsidiaries immediately following the Closing.
- (vi) None of the Owned Real Property or the Leases has been pledged, mortgaged or collaterally assigned by the Amalgamating Party or its Subsidiaries other than pursuant to Permitted Encumbrances.
- (x) Dividends. Except as disclosed in writing to the other Amalgamating Parties, there are no declared and unpaid dividends on any of the Amalgamating Party's membership shares or shares and there are no unpaid bonuses, interest refunds or patronage allocations or refunds owing to holders of any of the Amalgamating Party's membership shares or shares.
- (y) Insurance.
 - (i) The Amalgamating Party and each of its Subsidiaries is, and has been continuously since January 1, 2021, insured by reputable and financially responsible third-party insurers in respect of the operations and assets of the Amalgamating Party and each of its Subsidiaries with policies issued. The insurance policies of the Amalgamating Party and each of its Subsidiaries are in full force and effect in accordance with their terms and the Amalgamating Party and each of its Subsidiaries are not in material default under the terms of any such policy. To the knowledge of the

Amalgamating Party, there is no termination of or material premium increase Threatened with respect to any of such policies. All premiums due and payable on each such policies have been paid in full. All applications submitted by the Amalgamating Party or any of its Subsidiaries in respect of such policies have been true and correct in all material respects.

- (ii) There is no material claim pending under any insurance policy of the Amalgamating Party or any of its Subsidiaries that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any portion of such claims. All Legal Proceedings covered by any of the insurance policies have been properly reported to the applicable insurer.

(z) Privacy, IT Systems and Data Security.

- (i) The Amalgamating Party and its Subsidiaries have complied, in all material respects, with all applicable Privacy Requirements, including for the collection, retention, processing, transfer, transmission, use, storage, safeguarding, destruction, disposal, security and disclosure of Personal Information and data subject statutory rights with respect to their Personal Information, and no material written notices, or material complaints have been received by, and no material claims are pending (whether by a Governmental Authority or other Person), nor, to the knowledge of the Amalgamating Party, are Threatened against the Amalgamating Party or any of its Subsidiaries alleging a violation of any applicable Privacy Requirements.
- (ii) The Amalgamating Party and its Subsidiaries have implemented, maintain and complied, in all material respects, with an information security program and related policies and procedures (the “**Security Program**”) that includes: (i) reasonable measures (including physical, technical, and administrative safeguards) to protect all data (including Personal Information) within its possession or control and its IT Systems against a Security Breach, and to safeguard the security, integrity and confidentiality of all such data (including Personal Information); (ii) reasonable Security Breach response procedures; and (iii) reasonable measures to require and validate that any third-party with access to any Amalgamating Party or Subsidiary data (including Personal Information collected by or on behalf of the Amalgamating Party or its Subsidiaries) has implemented, maintains, and complies with security measures and safeguards that meet the applicable requirements of the Security Program. To the knowledge of the Amalgamating Party, any third-party who has provided any Personal Information to the Amalgamating Party or its Subsidiaries has done so in compliance with applicable Privacy Laws, including providing any notice and obtaining any consent required.
- (iii) The Amalgamating Party and its Subsidiaries have data retention, archiving, data recovery, disaster recovery and system back-up policies, practices and procedures in place, consistent with, in all material respects, industry practices and procedures, to safeguard against the loss, corruption or malfunction of the data and systems of the Amalgamating Party and its Subsidiaries, which are tested on a regular basis and any material identified issues have been remedied.

- (iv) The IT Systems meet, in all material respects, the data processing and other computing needs of the operations of the Amalgamating Party and its Subsidiaries as presently conducted. The IT Systems operate and perform in all material respects in accordance with their documentation and functional specifications. There are no material deficiencies or defects in the IT Systems.

- (aa) Disclosure. To the knowledge of the Amalgamating Party, the Amalgamating Party has not withheld from the other Amalgamating Party any material information or documents concerning the Amalgamating Party or any of its Subsidiaries or their respective material Assets or Liabilities during the course of the other Amalgamating Party's due diligence review of the Amalgamating Party and its Assets. No representation or warranty contained in this Agreement or other disclosure document provided or to be provided to the other Amalgamating Party 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.

3.2 Survival of Representations and Warranties.

The representations and warranties contained in this Agreement shall merge on the Closing Date.

ARTICLE 4 – AMALGAMATED FEDERAL CREDIT UNION

4.1 Products and Services Intended to be Offered.

All products and services currently offered by the respective Amalgamating Parties are expected to form part of the Amalgamated Federal Credit Union's mix of product and services, subject to the decision of the Amalgamating Parties, at their discretion, to wind-down any existing product or service, and subject to compliance with the requirements of the Bank Act, including any transitional relief order that may be issued pursuant to section 231 of the Bank Act. Prior to the Closing Date, none of the Amalgamating Parties shall introduce any new products or services that are not already being offered or provided by them, unless introduced in the Ordinary Course of Business or with consent of the Amalgamating Parties. For greater certainty, nothing in this Section 4.1 shall limit the ability of the Amalgamated Federal Credit Union or any Amalgamating Party to modify product features, terms and conditions or pricing of an existing product or service.

4.2 Employees.

The Amalgamating Parties hereby agree on various employment matters as set out in Schedule 4.2 hereto.

4.3 Branches.

The Amalgamating Parties intend for, subject to factors outside of their control, the Amalgamated Federal Credit Union to continue to operate in the communities that they currently service. The Amalgamating Parties are committed to ensuring that all Members will continue to have access to services of the Amalgamated Federal Credit Union following the Closing Date and there is no intention to exit communities that are currently being serviced through the combined branch network. Nothing contained herein shall serve to limit or restrict the ability of management or the board of directors of the Amalgamated Federal Credit Union from making rationalization decisions where there is branch overlap following the Closing Date.

ARTICLE 5 – COVENANTS

5.1 Conduct of Business.

During the Interim Period, each Amalgamating Party shall conduct its business, in all material respects, in the Ordinary Course of Business and in compliance with Applicable Laws (including, without limitation, timely filing all material Tax Returns and paying all material Taxes), and the Amalgamating Party shall use all reasonable commercial efforts to maintain and preserve its business organization, Assets, key employees and advantageous business relationships, regulatory compliance (including, without limitation, maintaining the minimum capital and liquidity ratios required by the applicable Governmental Authority) except where the failure to do so would not have a Material Adverse Effect on the Amalgamating Party, or, following the Closing, the Amalgamated Federal Credit Union and each Amalgamating Party shall comply with its obligations under the DIA.

5.2 Cooperation.

- (a) The Amalgamating Parties share a common interest in successfully obtaining the Bank Act Approvals and the approvals for the BCFSA Applications in connection with the transactions contemplated by this Agreement.
- (b) The Amalgamating Parties shall file applications for the Bank Act Approvals and the BCFSA Applications as follows in accordance with the Communications and Engagement Plan:
 - (i) the Amalgamating Parties shall jointly file the Bank Act Superintendent Application for the Superintendent's approval for this Agreement as soon as practicable after the Effective Date;
 - (ii) the Amalgamating Parties shall jointly file the Bank Act Amalgamation Application and the Bank Act Continuance Applications concurrently as soon as practicable and within three months after each Amalgamating Party has obtained the Member and Shareholder Approvals of its respective Members and Shareholders, as applicable; and
 - (iii) each Credit Union shall file its BCFSA Application as soon as practicable after such Credit Union has obtained the Member and Shareholder Approvals of its respective Members and Shareholders, as applicable.
- (c) The Amalgamating Parties shall not undertake any acquisition or divestment or enter into any agreement to do the same where such acquisition, divestment or entry into of an agreement is reasonably likely to materially delay or prejudice the obtaining of the Bank Act Approvals or, in the case of the Credit Unions, the BCFSA Applications.
- (d) Subject to Applicable Laws relating to the sharing of information, the Amalgamating Parties shall each have the right to review in advance (other than any sensitive information), and to the extent practicable, each will consult the other in advance on, all the information relating to the Amalgamating Parties and any of their respective Subsidiaries, that is included in any filing made with, or written materials submitted to, OSFI, BCFSA or other person in connection with the Bank Act Approvals and BCFSA Applications, and the Amalgamating Parties agree that all requests and enquiries from OSFI, BCFSA or other person shall be dealt with

by the Amalgamating Parties promptly, where appropriate, and in consultation with each other, in each case; provided, however, that any such information or documents may be provided subject to appropriate redaction if providing such information or documents could:

- (i) prejudice or waive any legal or litigation privilege; or
- (ii) result in the disclosure of business sensitive or confidential information.

If any information referred to in Clause (i) or (ii) is required to be disclosed between either Amalgamating Party for the purposes of obtaining a Bank Act Approval or the BCFSA Applications, such information shall be provided (subject to Applicable Law) to the relevant Party's legal advisers only.

- (e) If, at any time, either Amalgamating Party becomes aware of a fact, matter or circumstance that could reasonably prevent or materially delay a Bank Act Approval or the BCFSA Applications from being obtained, it shall promptly inform the other Amalgamating Parties in writing and in reasonable detail.
- (f) The Amalgamating Parties shall coordinate with each other with respect to the overall strategy related to obtaining the Bank Act Approvals and the BCFSA Applications.
- (g) Each Amalgamating Party shall not make any submissions to OSFI, BCFSA or any other person in connection with the Bank Act Approvals or the BCFSA Applications without the express consent of the other Amalgamating Parties, whose consent shall not be unreasonably withheld.
- (h) Subject to Applicable Laws, the Amalgamating Parties shall cooperate with each other in obtaining the Bank Act Approvals and the BCFSA Applications, including by:
 - (i) providing such assistance to one another as may reasonably be requested by the other to prepare filings and submissions to OSFI, BCFSA or other applicable Governmental Authority;
 - (ii) exchanging advance drafts of all proposed submissions, filings, applications, correspondence and other documents to be filed with OSFI, BCFSA or other Governmental Authority in respect of Bank Act Approvals or the BCFSA Applications sufficiently in advance to allow the other Party reasonable time prior to filing of the document to review the applicable document and provide comments on sections of the document relating to (i) that Party; or (ii) the Amalgamation;
 - (iii) considering in good faith any suggestions and comments made in relation thereto by the other Party and their counsel, and will provide the other Party and their counsel with final, as-submitted copies of all such submissions, filings, applications, correspondence and other documents; provided, however, that competitively sensitive information may be provided only to the external legal counsel of the other Party; and
 - (iv) keeping each other fully apprised of all communications with OSFI, BCFSA or other Governmental Authority in respect of the Bank Act Approvals and

the BCFSA Applications, including providing copies to each other on a timely basis of all communications that are received from or sent to OSFI and BCFSA (and where such communications are verbal, by providing a written summary of the communication to the other Party within a reasonable time thereafter) and will not participate in such communications or meetings with OSFI without giving the other Party and their respective counsel the opportunity to participate therein, except to the extent that competitively sensitive information is discussed, in which case external legal counsel for the other Party will be given the opportunity to participate;

provided that the Amalgamating Parties agree and acknowledge that immaterial and administrative correspondence, as well as correspondence in the ordinary course of OSFI's ongoing supervision of Coast Capital, shall not be required to be provided pursuant to the foregoing.

- (i) No Amalgamating Party shall withdraw any filings or notifications in respect of the Bank Act Approvals or the BCFSA Applications or agree to extend any waiting periods or review periods, or provide any commitment to OSFI, BCFSA or another Governmental Authority relating to the timing of the consummation of the Amalgamation, without the prior written consent of the other Amalgamating Party.
- (j) The Amalgamating Parties will exercise their reasonable best endeavours to promptly provide all information and documentation to OSFI, and in the case of the Credit Unions, BCFSA, as may be requested, required or ordered pursuant to statutory and non-statutory requests for information, supplemental information requests and any court orders in connection with the Bank Act Approval or the BCFSA Applications.

5.3 Updates to Information.

- (a) The Amalgamating Parties shall supplement, replace or update, as the case may be, any disclosure made in writing by an Amalgamating Party to the other Amalgamating Parties as soon as reasonably possible after new or conflicting material information comes to the attention of the Amalgamating Party following such disclosure.
- (b) In addition, if an Amalgamating Party becomes aware of any of the following, it shall provide written notice to the other Amalgamating Parties: (a) the occurrence of any event that causes any representation and warranty of such Amalgamating Party contained in this Agreement to be untrue or inaccurate in any material respect, (b) any failure of the Amalgamating Party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; (c) any notice or other communication from any Person alleging that the Approval of such Person is, or may be, required in connection with the transactions contemplated by this Agreement, (d) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement, but not including routine correspondences from Governmental Authorities, (e) any Legal Proceeding commenced or, to its knowledge, Threatened against, relating to or involving or otherwise affecting it that relates to the consummation of the transactions contemplated by this Agreement or that will, or could reasonably be expected to have a Material Adverse Effect on the Amalgamating Party, or the Amalgamated Federal Credit Union after Closing, (f) any event where any Assets (or any material part thereof) of such Amalgamating

Party becomes or may become the subject of any Legal Proceeding and (g) the occurrence of any event, circumstance or state of affairs that would, or could reasonably be expected to, result in the inability of the Amalgamating Party to satisfy any of the conditions set forth in Article 6; provided, however, that the delivery of any notice pursuant to this Section 5.3 shall not limit or otherwise affect any remedies available to the other Amalgamating Parties.

- (c) Notwithstanding anything else contained herein to the contrary, in the event that any amendment or supplement made to the disclosure of a Amalgamating Party by such Amalgamating Party (the “**Updating Party**”) constitutes, in the reasonable opinion of any other Amalgamating Party (a “**Reviewing Party**”), a Material Adverse Effect on the Amalgamated Federal Credit Union or would be expected to cause the Amalgamation to be materially adverse to such Reviewing Party, its Members or its employees, the Reviewing Party shall have the option to rely on the condition set forth in Section 6.1(f).

5.4 Confidentiality.

The Amalgamating Party hereby reaffirms its obligations to abide by the terms and conditions set forth in the Confidentiality and Non-Disclosure Agreement, and agrees that this Section 5.4 and the Confidentiality and Non-Disclosure Agreement will survive termination of this Agreement.

5.5 Access to Books and Records.

As may reasonably be required by Coast Capital or Prospera to familiarize itself with the business of an Amalgamating Party or as may be required by Applicable Laws, during the Interim Period, each Amalgamating Party shall give, or cause to be given, to Coast Capital, Prospera and each of their Representatives full access during normal business hours to such Amalgamating Party’s business and its Assets, including the books and records of such Amalgamating Party and the Contracts relating to its business, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the business as Coast Capital or Prospera, as applicable, deems necessary or desirable to familiarize itself with such properties, Assets and other matters.

5.6 Competition Act.

The Amalgamating Parties shall use commercially reasonable efforts to obtain, or cause to be obtained, all Required Approvals.

- (a) In respect of the Competition Act Approval:
 - (i) each of the Amalgamating Parties shall submit to the Commissioner of Competition a merger notification in respect of the transactions contemplated by this Agreement pursuant to Part IX of the Competition Act as soon as practicable following the Effective Date;
 - (ii) Coast Capital shall submit to the Commissioner of Competition a letter requesting that the Commissioner issue an advance ruling certificate under section 102 of the Competition Act in respect of the transactions contemplated by this Agreement or, in the alternative, a “no action” letter indicating that the Commissioner of Competition does not intend to make an application under section 92 of the Competition Act in respect of the

transactions contemplated by this Agreement as soon as practicable following the Effective Date; and

- (iii) Each of the Amalgamating Parties shall use commercially reasonable efforts to submit all supplemental filings, submissions, information and documentation that are, in the opinion of Coast Capital acting reasonably, necessary or advisable to obtain the Competition Act Approval, and to respond to the Commissioner of Competition's requests for additional information or document in respect of the transactions contemplated by this Agreement.

- (b) The Amalgamating Parties shall use commercially reasonable efforts to resolve any objections and avoid or eliminate each and every impediment asserted by the Commissioner, including but not limited to proposing, negotiating, accepting, agreeing to and/or effecting, by consent agreement or otherwise, (A) the sale, assignment, amendment, license, separate holding, divestiture, disposition or termination of any assets, properties, products, businesses, contracts, licences or financial arrangements of the Amalgamating Parties, (B) any behavioural or other remedy or undertaking imposing conditions, restraints, amendments or limitations on the assets, properties, products, businesses, contracts, licences or financing arrangements of the Amalgamating Parties, or (C) any other arrangement as may be necessary to avoid the commencement of litigation in respect of the transactions contemplated by this Agreement that may have the effect of delaying or preventing the completion of the transactions contemplated this Agreement; provided that, any such actions are conditional upon completion of the transactions contemplated by this Agreement and that the Amalgamating Parties shall not be required to take any action that would have a material adverse effect on the business of the Amalgamating Parties, taken as a whole.

- (c) The Amalgamating Parties shall coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with the preparation of any filing or submission necessary or advisable to obtain the Competition Act Approval, including (A) keeping each other reasonably informed as to the status of the proceedings related to obtaining the Competition Act Approval, (B) providing each other with advanced copies of and reasonable opportunity to comment on all filings, submissions, notices, information, documentation and material correspondence (including emails) submitted to or filed with any Governmental Authority, (C) incorporating the reasonable suggestions made by the other Amalgamating Parties and their external legal counsel, and (D) promptly providing to each other copies of all filings, submissions, notices, information, documentation, material correspondence (including emails) and requests received from any Governmental Authority; notwithstanding this obligation, any filings, submissions, notices, information, documentation, material correspondence or requests to be provided pursuant to this Section 5.6 that are, in the reasonable view of the providing Amalgamating Party, competitively sensitive, may be provided only to the external legal counsel and/or external experts of the other Amalgamating Parties.

- (d) No Amalgamating Party shall engage in any meetings or material discussions with any Governmental Authority in respect of the Competition Act Approval without giving the other Amalgamating Parties prior notice of the meeting or discussion and, to the extent permitted by the Governmental Authority, the opportunity for the

other Amalgamating Parties and/or their external legal counsel to attend and participate.

- (e) No Amalgamating Party shall extend or consent to any extension of any applicable waiting or review period, or enter into any agreement with a Governmental Authority to delay completion of the transactions contemplated by this Agreement without obtaining the prior written consent of the other Amalgamating Parties (such consent not to be unreasonably withheld).
- (f) The filing fee payable to the Government of Canada in respect of the filings made under this Section 5.6 shall be shared among the Amalgamating Parties in accordance with Section 8.7.

5.7 Member and Shareholder Approvals.

(a) The Circulars.

- (i) As soon as is reasonably practicable after the Effective Date, each of the Amalgamating Parties shall prepare and complete, in collaboration with the other Amalgamating Parties, Circulars together with any other documents required by Applicable Laws in connection with such Amalgamating Party's Meetings and the Required Approvals, and the Amalgamating Party shall cause such Circulars and such other documents to be filed and sent to each of its Members and other Persons as required by Applicable Laws.
- (ii) Each Amalgamating Party shall ensure that its Circulars comply in all material respects with Applicable Laws.
- (iii) The Amalgamating Parties shall provide in writing to the other Amalgamating Parties all necessary information concerning each Amalgamating Party and Subsidiary that is required by Applicable Laws to be included by such Amalgamating Party in the Circulars or other related documents.

(b) The Meetings.

Subject to the terms of this Agreement, the receipt of the Superintendent's approval for this Agreement pursuant to the Bank Act Superintendent Application, and provided that this Agreement has not been terminated in accordance with its terms, each Amalgamating Party shall:

- (i) convene and conduct the Meetings in accordance with the Amalgamating Party's Constatng Documents and Applicable Laws as soon as reasonably possible;
- (ii) take all commercially reasonable steps to hold the Meeting and to cause the Amalgamation, and in the case of the Credit Unions the authorization for the applicable Bank Act Continuance Application, to be voted on at the applicable Meetings and shall not propose to adjourn or postpone such Meetings other than as contemplated by this Section 5.7;
- (iii) consult with the other Amalgamating Parties in fixing the record date and meeting date for the Meetings, give notice to the other Amalgamating

Parties of the Meetings and allow their Representatives to attend the Meetings; and

- (iv) If, at any time, an Amalgamating Party becomes aware of a fact, matter or circumstance that could reasonably prevent or materially delay the Amalgamating Party's Meetings or the authorization of the Required Approvals, it shall promptly inform the other Amalgamating Parties in writing and in reasonable detail.
- (c) For greater certainty, having regard to Sections 2.7(c) and Section 5.9, it is not anticipated that any of the Amalgamating Parties will require any Shareholder Approvals or Shareholder Meetings. If circumstances arise in which an Amalgamating Party is required to hold a Shareholder Meeting to obtain Shareholder Approval, this Section 5.7 shall apply *mutatis mutandis*.

5.8 Public Announcements.

Except as may be required by Applicable Law or as otherwise agreed by the Amalgamating Parties, the Amalgamating Parties shall, in accordance with the Communications and Engagement Plan:

- (a) jointly publish any notices that are required to be published in the Canada Gazette or a newspaper in connection with the Bank Act Approvals and shall cooperate as to content and timing of any such notices; and
- (b) not make any other public announcements in respect of this Agreement or the transactions contemplated hereby, make any notifications to third-parties, or otherwise communicate with any news media, without the prior written consent of the other Amalgamating Parties as to the form and content of such notice or announcement (which consent shall not be unreasonably withheld or delayed), and the Amalgamating Parties shall cooperate as to the timing and contents of any such announcement.

5.9 Redemption of Non-Membership Shares.

To the extent any securities of Sunshine Coast or Prospera, other than the Class A Membership Equity Shares of Prospera and Class 'B' Membership Equity Shares of Sunshine Coast, which includes but is not limited to the Class "C" Transaction Equity Shares and Class "D" Voluntary Equity Shares of Sunshine Coast, are outstanding as of the Effective Date, such Credit Union shall promptly undertake all efforts and actions required to redeem such securities, and shall ensure redemption occurs, in any case, prior to the Closing. In addition, neither Sunshine Coast nor Prospera shall issue any non-membership shares, of an existing class or otherwise, following the Effective Date.

5.10 Tax.

- (a) Stated Capital. On the Amalgamation, the Amalgamated Federal Credit Union shall:
 - (i) add to the stated capital account of its Membership Shares the aggregate the paid-up capital, for purposes of the *Income Tax Act (Canada)*, of the Class A Equity Shares of Coast Capital, the Class A Membership Equity

Shares of Prospera, and the Class 'B' Membership Equity Shares of Sunshine Coast; and

- (ii) add to the stated capital accounts of the applicable classes of its shares issued on the Amalgamation the respective paid-up capital, for purposes of the *Income Tax Act* (Canada), of the shares of Coast Capital referred to in Section 2.7(a).
- (b) Business Number. The Amalgamated Federal Credit Union shall use the business number of 101808335 RT0001, following the Amalgamation.

ARTICLE 6 CONDITIONS PRECEDENT

6.1 Conditions for the Benefit of each Amalgamating Party. The obligations of any Amalgamating Party are subject to the fulfillment of the following conditions precedent on or before the Closing by each of the other Amalgamating Parties, and the application of any such condition to one or more of such other Amalgamating Parties may be waived, in whole or in part, in the sole discretion of the first referenced Amalgamating Party:

- (a) Representations and Warranties. The representations and warranties set forth in Section 3.1 herein shall be true and correct in all respects as of the Closing Date (except for the representations and warranties made as of a specified date, the accuracy of which shall be determined as of such date), except to the extent the failure or failures of such representations and warranties to be so true and correct, in the aggregate, would not have and could not reasonably be expected to have a Material Adverse Change (or Effect) on (other than the representations in Section 3.1(e), which shall be true and correct in all respects), following Closing, the Amalgamated Federal Credit Union or impede completion of the transactions contemplated by this Agreement (it being understood that, for the purposes of determining the accuracy of such representations and warranties, all "Material Adverse Change (or Effect)" qualifications and other materiality qualifications contained in such representations and warranties shall be disregarded);
- (b) Compliance and Deliverables. Each of the Amalgamating Parties shall have performed and complied with all of its covenants and obligations set forth in this Agreement and the DIA, except where the failure of an Amalgamating Party to perform and comply with such covenants would not result in a Material Adverse Change (or Effect) (other than the covenant in Section 5.9, which shall have been performed and complied with in all respects) in respect of such Amalgamating Party, or, following Closing, the Amalgamated Federal Credit Union and would not reasonably be expected to impede completion of the transactions contemplated by this Agreement;
- (c) Required Approvals. Each Required Approval shall have been obtained;
- (d) No Adverse Litigation or Objection. During the Interim Period, there shall have been no act, action, suit, proceeding, objection or opposition Threatened or taken, entered or promulgated before or by any Governmental Authority, and no Applicable Law shall be in effect or have been proposed, enacted, promulgated, amended or applied, which restrains or enjoins or otherwise prohibits the transactions contemplated by this Agreement;

- (e) No Order, Decree or Law Restricting the Transaction. During the Interim Period, there shall not exist any order or decree of any Governmental Authority restraining, prohibiting, or invalidating the transactions contemplated by this Agreement and there shall not exist any prohibition under Applicable Laws against the completion of the transactions contemplated by this Agreement; provided that if such effect of a change in Applicable Laws is only applicable to one Amalgamating Party and the other Amalgamating Parties do not wish to, or cannot mutually waive, in whole or in part, such condition precedent, any of such other Amalgamating Parties may terminate this Agreement by notice to the Breaching Party as provided in Section 7.1; and
- (f) No Material Adverse Change. During the Interim Period, there shall not have occurred, or failed to occur, any event or series of events, which, singularly, or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Amalgamated Federal Credit Union or would be expected to cause the Amalgamation to be materially adverse to the interests of the Amalgamated Federal Credit Union, its Members or its employees.

6.2 Frustration of Conditions.

No Amalgamating Party shall rely on the non-satisfaction of any condition set forth in Section 6.1 if such non-satisfaction was caused, directly or indirectly, by such Amalgamating Party's failure to observe its obligations hereunder or under any ancillary document or instrument agreed upon by the Amalgamating Parties in accordance with the terms of this Agreement.

6.3 Cooperation to satisfy Conditions.

- (a) The Amalgamating Parties shall use their best efforts to cause to be satisfied and fulfilled prior to December 31, 2025, all Member and Shareholder Approvals, as applicable, and prior to December 31, 2026, all other Required Approvals, as may be mutually extended by the Amalgamating Parties.
- (b) Nothing in this Agreement shall require any Amalgamating Party to take any action or agree to any condition in respect of obtaining the Bank Act Approvals that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the business, affairs, operations, financial condition, results of operations, assets, properties or liabilities (contingent or otherwise) of the Amalgamating Party or its Subsidiaries, or the Amalgamated Federal Credit Union, taken as a whole (measured on a pro forma basis giving effect to the completion of the transactions contemplated herein).

6.4 Conditions Not Fulfilled.

- (a) Sunshine Coast. In the event that any of the conditions precedent set forth in Section 6.1 for the benefit of Sunshine Coast shall have not been satisfied, or waived by Sunshine Coast, on or prior to the earlier of the date provided for in Section 6.3 or the Closing Date, subject to the Letter Patent of Amalgamation allowing for a termination of this Agreement by Sunshine Coast, then:
 - (i) within three Business Days after the applicable date for satisfaction of such condition or conditions, Sunshine Coast shall furnish a notice to the other Amalgamating Parties, which notice shall include reasonable detail as to

the non-satisfaction of the particular condition or conditions being relied upon (the “**Sunshine Coast Exit Notice**”);

- (ii) effective on the date of receipt by the other Amalgamating Parties of the Sunshine Coast Exit Notice, Sunshine Coast’s participation in the Amalgamation will terminate and, subject to the delivery by Sunshine Coast of a full and final release in a form acceptable to Coast Capital and Prospera, acting reasonably, Sunshine Coast shall be discharged from any further obligations or liabilities under this Agreement and the DIA (other than with respect to the obligations set out herein and therein that are intended to survive termination), without prejudice to any rights, obligations or liabilities that may have accrued up to such date of termination; and
 - (iii) for greater certainty and the avoidance of doubt, the application of Section 6.4(a)(ii) above shall not have the effect of terminating this Agreement, nor shall it relieve Coast Capital and Prospera from their obligations hereunder; rather, Coast Capital and Prospera shall continue to further the Amalgamation in accordance with the terms and conditions set forth herein, as if Sunshine Coast had never been a party to this Agreement, *mutatis mutandis*.
- (b) Prospera. In the event that any of the conditions precedent set forth in Section 6.1 for the benefit of Prospera shall have not been satisfied, or waived by Prospera, on or prior to the earlier of the date provided for in Section 6.3 or the Closing Date, subject to the Letter Patent of Amalgamation allowing for a termination of this Agreement by Prospera, then:
- (i) within three Business Days after the applicable date for satisfaction of such condition or conditions, Prospera shall furnish a notice to the other Amalgamating Parties, which notice shall include reasonable detail as to the non-satisfaction of the particular condition or conditions being relied upon (the “**Prospera Exit Notice**”);
 - (ii) effective on the date of receipt by the other Amalgamating Parties of the Prospera Exit Notice, Prospera’s participation in the Amalgamation will terminate and, subject to the delivery by Prospera of a full and final release in a form acceptable to Coast Capital and Sunshine Coast, acting reasonably, Prospera shall be discharged from any further obligations or liabilities under this Agreement and the DIA (other than with respect to the obligations set out herein and therein that are intended to survive termination), without prejudice to any rights, obligations or liabilities that may have accrued up to such date of termination; and
 - (iii) for greater certainty and the avoidance of doubt, the application of Section 6.4(b)(ii) above shall not have the effect of terminating this Agreement, nor shall it relieve Coast Capital and Sunshine Coast from their obligations hereunder, rather, Coast Capital and Sunshine Coast shall continue to further the Amalgamation in accordance with the terms and conditions set forth herein, as if Prospera had never been a party to this Agreement, *mutatis mutandis*.
- (c) Coast Capital. In the event that any of the conditions precedent set forth in Section 6.1 for the benefit of Coast Capital shall have not been satisfied, or waived by

Coast Capital on or prior to the earlier of the date provided for in Section 6.3 or the Closing Date, subject to the Letter Patent of Amalgamation allowing for a termination of this Agreement, then:

- (i) within three Business Days after the applicable date for satisfaction of such condition or conditions, Coast Capital shall furnish a notice to the other Amalgamating Parties, which notice shall include reasonable detail as to the non-satisfaction of the particular condition or conditions being relied upon (the “**Non-Satisfaction of Condition Notice**”); and
- (ii) effective on the date of receipt by the other Amalgamating Parties of the Non-Satisfaction of Condition Notice, this Agreement will terminate and the Amalgamating Parties shall each be discharged from any further obligations or liabilities under this Agreement and the DIA (other than with respect to the obligations set out herein and therein that are intended to survive termination), without prejudice to any rights, obligations or liabilities that may have accrued up to such date of termination.

ARTICLE 7 -TERMINATION

7.1 Grounds for Termination.

This Agreement may, in whole or in part, be terminated at any time prior to the Closing Date only in accordance with the following:

- (a) by the mutual written agreement of all the Amalgamating Parties or by either Coast Capital and Prospera for any reason or no reason;
- (b) by Coast Capital or Prospera (the “**Terminating Party**”) if there has been a violation or breach by Prospera or Coast Capital, respectively (the “**Breaching Party**”) of any covenant, representation or warranty contained in this Agreement such that the conditions set forth in Section 6.1 would not be satisfied and such violation or breach has not been waived by the Terminating Party or cured by the Breaching Party, as applicable, within 30 days from the date of receipt by the Breaching Party of written notice of the subject violation or breach from the Terminating Party, provided that the Terminating Party is not itself then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 not to be satisfied;
- (c) by Coast Capital in accordance with Section 6.4(c) hereof; or
- (d) by written notice from any Amalgamating Party to the other Amalgamating Parties if the Closing Date has not occurred on or before December 31, 2026 or such later date as may be mutually agreed by the Amalgamating Parties.

7.2 Termination of Sunshine Coast’s Participation.

The participation of Sunshine Coast in the Amalgamation and in this Agreement may be terminated at any time prior to the Closing Date only in accordance with the following:

- (a) by Coast Capital and Prospera, acting jointly, if there has been a violation or breach by Sunshine Coast of any covenant, representation or warranty contained in this Agreement or the DIA such that the conditions set forth in Section 6.1 would not

be satisfied and such violation or breach has not been waived by Coast Capital and Prospera or cured by Sunshine Coast, as applicable, within 30 days from the date of receipt by Sunshine Coast of written notice of the subject violation or breach from Coast Capital and Prospera, provided that Coast Capital and Prospera are not both then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 not to be satisfied;

- (b) by Sunshine Coast if there has been a violation or breach by Coast Capital or Prospera of any covenant, representation or warranty contained in this Agreement or the DIA such that the conditions set forth in Section 6.1 would not be satisfied and such violation or breach has not been waived by Sunshine Coast or cured by Coast Capital or Prospera, as applicable, within 30 days from the date of receipt by Coast Capital and Prospera of written notice of the subject violation or breach from Sunshine Coast, provided that Sunshine Coast is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 not to be satisfied; or
- (c) by Sunshine Coast in accordance with Section 6.4(a) hereof.

7.3 Termination of Prospera's Participation.

The participation of Prospera in the Amalgamation and in this Agreement may be terminated at any time prior to the date on which the Agreement is executed only in accordance with the following:

- (a) by Coast Capital and Sunshine Coast, acting jointly, if there has been a violation or breach by Prospera of any covenant, representation or warranty contained in this Agreement or the DIA such that the conditions set forth in Section 6.1 would not be satisfied and such violation or breach has not been waived by Coast Capital and Sunshine Coast or cured by Prospera, as applicable, within 30 days from the date of receipt by Prospera of written notice of the subject violation or breach from Coast Capital and Sunshine Coast, provided that Coast Capital and Sunshine Coast are not both then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 not to be satisfied;
- (b) by Prospera if there has been a violation or breach by Coast Capital or Sunshine Coast of any covenant, representation or warranty contained in this Agreement or the DIA such that the conditions set forth in Section 6.1 would not be satisfied and such violation or breach has not been waived by Prospera or cured by Coast Capital or Sunshine Coast, as applicable, within 30 days from the date of receipt by Coast Capital and Sunshine Coast of written notice of the subject violation or breach from Prospera, provided that Prospera is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 not to be satisfied; or
- (c) by Prospera in accordance with Section 6.4(b) hereof.

7.4 Effect of Termination of this Agreement.

- (a) If this Agreement is terminated pursuant to Section 7.1(a), 7.1(c) or 7.1(d), then all further obligations of the Amalgamating Parties under this Agreement and the DIA shall terminate, without prejudice to any rights, obligations or liabilities that may

have accrued up to such date of termination, provided that if this Agreement is terminated pursuant to Section 7.1(a) by mutual agreement of Coast Capital and Prospera only, then Coast Capital and Prospera shall pay and remit to Sunshine Coast an amount equal to the proportionate share of Shared Expenses contributed by Sunshine Coast as of the date of such termination.

- (b) If this Agreement is terminated pursuant to Section 7.1(b), then the rights of the Terminating Party to pursue all legal remedies for Losses such Terminating Party suffers will survive such termination unimpaired, and without limiting the generality of the foregoing, having regard for the significant time and financial resources invested by the Amalgamating Parties in furtherance of the Amalgamation, the Breaching Party shall on demand made by the Terminating Party, pay and remit the Break Fee to the Terminating Party.
- (c) Without limiting the application of foregoing, if this Agreement is terminated for any reason, then each of the Amalgamating Parties acknowledges and agrees that the DIA shall concurrently terminate with immediate effect, and each of the Amalgamating Parties covenants to make, do and execute, or cause to be made, done and executed, all such further acts, deeds, Contracts, transfers, assurances, instruments, resolutions or documents as may reasonably be required by any of them in order to further evidence the termination of this Agreement and the DIA.

7.5 Effect of Termination of Sunshine Coast's Participation in this Agreement.

- (a) If Sunshine Coast's participation in the Amalgamation and this Agreement is terminated by Coast Capital and Prospera pursuant to Section 7.2(a), then the rights of Coast Capital or Prospera to pursue all legal remedies for Losses suffered by them will survive such termination unimpaired, and without limiting the generality of the foregoing, having regard for the significant time and financial resources invested by the Amalgamating Parties in furtherance of the Amalgamation, Sunshine Coast shall on demand made by Coast Capital and Prospera, pay and remit the Break Fee, in equal portions, to Coast Capital and Prospera.
- (b) If Sunshine Coast's participation in the Amalgamation and this Agreement is terminated pursuant to Section 7.2(b), then the rights of Sunshine Coast to pursue all legal remedies for Losses suffered by Sunshine Coast will survive such termination unimpaired, and without limiting the generality of the foregoing, Coast Capital or Prospera shall, as applicable, reimburse Sunshine Coast for all reasonable costs and expenses incurred by Sunshine Coast, from and after, November 15, 2024, in connection with the preparation, negotiation, execution and carrying out of the transactions contemplated by the DIA and this Agreement, including all legal, accounting and auditing fees, regulatory fees, member notice and mailing costs and any fees or commissions of brokers, finders or other third-parties employed in connection with the transactions contemplated by this Agreement.
- (c) If Sunshine Coast's participation in the Amalgamation and this Agreement is terminated pursuant to Section 7.2(c), then subject to Section 6.4(a), all further obligations of Sunshine Coast (and the other Amalgamating Parties as it relates to Sunshine Coast) under this Agreement shall terminate, without prejudice to any

rights, obligations or liabilities that may have accrued up to such date of termination.

- (d) Notwithstanding anything contained herein to the contrary, the termination of Sunshine Coast's participation in the Amalgamation, the DIA and this Agreement, howsoever caused, shall not have the effect of terminating this Agreement or the DIA, nor shall it relieve Coast Capital and Prospera from their obligations hereunder, rather, Coast Capital and Prospera shall continue to further the Amalgamation in accordance with the terms and conditions set forth herein, as if Sunshine Coast had never been a party to the DIA or this Agreement, *mutatis mutandis*.

7.6 Effect of Termination of Prospera's Participation in this Agreement.

- (a) If Prospera's participation in the Amalgamation and this Agreement is terminated by Coast Capital and Sunshine Coast pursuant to Section 7.3(a), then the rights of Coast Capital or Sunshine Coast to pursue all legal remedies for Losses suffered by them will survive such termination unimpaired, and without limiting the generality of the foregoing, having regard for the significant time and financial resources invested by the Amalgamating Parties in furtherance of the Amalgamation, Prospera shall on demand made by Coast Capital and Sunshine Coast, pay and remit the Break Fee to Coast Capital and Sunshine Coast, in such proportion so as to reimburse each of Coast Capital and Sunshine Coast for their respective share of the Shared Expenses.
- (b) If Prospera's participation in the Amalgamation and this Agreement is terminated pursuant to Section 7.3(b), then the rights of Prospera to pursue all legal remedies for Losses suffered by Prospera will survive such termination unimpaired, and without limiting the generality of the foregoing, having regard for the significant time and financial resources invested by Prospera in furtherance of the Amalgamation, Coast Capital or Sunshine Coast, as applicable, shall on demand made by Prospera, pay and remit the Break Fee to Prospera.
- (c) If Prospera's participation in the Amalgamation and this Agreement is terminated pursuant to Section 7.3(c), then subject to Section 6.4(b), all further obligations of Prospera (and the other Amalgamating Parties as it relates to Prospera) under this Agreement shall terminate, without prejudice to any rights, obligations or liabilities that may have accrued up to such date of termination.
- (d) Notwithstanding anything contained herein to the contrary, the termination of Prospera's participation in the Amalgamation, the DIA and this Agreement, howsoever caused, shall not have the effect of terminating this Agreement or the DIA, nor shall it relieve Coast Capital and Sunshine Coast from their obligations hereunder, rather, Coast Capital and Sunshine Coast shall continue to further the Amalgamation in accordance with the terms and conditions set forth herein, as if Prospera had never been a party to the DIA or this Agreement, *mutatis mutandis*.

7.7 Survival.

Notwithstanding anything contained in this Agreement to the contrary, and without limiting Section 3.2 hereof: (i) this Article 7; (ii) the obligations set forth hereunder that pertain to the preservation,

treatment, handling or destruction of Personal Information or confidential information (including, without limitation those obligations set forth under the Confidentiality and Non-Disclosure Agreement); (iii) any terms or conditions, which by their very nature, are clearly intended to survive termination of this Agreement; and (iv) any provisions necessary for the interpretation, construction or enforcement of any of the foregoing, shall survive termination and continue for a period of three (3) years from the date of such termination.

7.8 Efforts to Resolve Disputes.

The Amalgamating Parties agree to act in good faith, and make commercially reasonable efforts, to resolve any disputes that arise in accordance with the terms of this Agreement (including Section 8.9) prior to proceeding with the termination of this Agreement, or their participation therein, as applicable, pursuant to this Article 7.

ARTICLE 8 – GENERAL

8.1 Relationship of the Credit Unions.

It is understood and agreed that nothing herein contained shall be construed as constituting a partnership, joint venture, joint enterprise or agency between the Credit Unions during the period between the Effective Date and Closing by virtue of having entered into this Agreement.

8.2 Amendment.

No amendment of any provision of this Agreement shall be binding on any of the Amalgamating Parties unless consented to in writing by all of the Amalgamating Parties.

8.3 Notices.

Any notice or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by e-mail (return receipt requested) or other similar means of electronic communication, in each case to the applicable address set out below:

(a) to Coast Capital:

Address: [REDACTED]
Email: [REDACTED]
Attention: [REDACTED]

(b) to Prospera:

Address: [REDACTED]
Email: [REDACTED]
Attention: [REDACTED]

(c) to Sunshine Coast:

Address: [REDACTED]
Email: [REDACTED]
Attention: [REDACTED]

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of e-mailing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, e-mailed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

Any Amalgamating Party may change its address for service from time to time by giving not less than 10 calendar days' notice to the other Amalgamating Parties in accordance with the foregoing, and any subsequent notice will be sent to the Amalgamating Party at its changed address.

8.4 Assignment.

No Amalgamating Party may assign this Agreement or any of its rights, interests or obligations under this Agreement (whether by operation of law or otherwise) without the prior written consent of the other Amalgamating Parties.

8.5 Binding Effect.

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

8.6 Waiver and Modification.

The Amalgamating Parties 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 Amalgamating Parties in this Agreement; *provided*, however, that any such waiver or consent, to be effective, must be in writing executed by the Amalgamating Party or Amalgamating Parties, as applicable, granting such waiver or consent. No omission, delay or failure to exercise any right or power, or any waiver by any Amalgamating Party 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.

8.7 Expenses.

The Amalgamating Parties will proportionally contribute to fees and expenses incurred in connection with the engagement of any third-party advisors and consultants for the purpose of furthering the Amalgamation and which are for the benefit of all the Amalgamating Parties (for greater certainty, such fees and expenses shall exclude any independent legal advice, independent mailing costs, and in the case of Sunshine Coast only, work performed by third-party consultants on technology reviews, prior to the execution of the DIA, etc.) (collectively, the "**Shared Expenses**"). The Amalgamating Parties agree to contribute towards the Shared Expenses as follows:

- (a) Coast Capital shall be responsible for forty-seven and one-half percent (47.5%);
- (b) Prospera shall be responsible for forty-seven and one-half percent (47.5%); and
- (c) Sunshine Coast shall be responsible for five percent (5%), up to a cap of \$500,000.

For all Shared Expenses that are incurred, in the aggregate, above an amount that would cause Sunshine Coast to contribute its \$500,000 contribution cap, and for those Shared Expenses that are not applicable to Sunshine Coast (which include the work performed by third-party consultants on technology reviews), Prospera and Coast Capital shall each be responsible for fifty percent (50%) of such costs.

Notwithstanding the foregoing, each Amalgamating Party may elect to engage such third-party advisors or independent legal counsel on an individual basis, in which case such Amalgamating Party shall do so as its sole expense.

8.8 Specific Performance.

The Amalgamating Parties 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 Amalgamating Parties or their Representatives in accordance with their specific terms or are otherwise breached. It is accordingly agreed that each Amalgamating Party 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.

8.9 Dispute Resolution.

The Amalgamating Parties acknowledge and agree that their respective Chief Executive Officers will be responsible for addressing all disputes that cannot be resolved at the level at which they arose. The Chief Executive Officers will take an interest-based approach to resolving the dispute and will engage MLT Aikins LLP to act as a facilitator to assist if they are unable to resolve the matter amongst themselves. If the Chief Executive Officers cannot resolve a dispute, the matter will be elevated to the Board Chairs, who will work with the Chief Executive Officer of their respective Amalgamating Parties to make a recommendation to their respective boards for final decision and resolution.

8.10 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 the Superintendent, in each case without any further act or formality, each of the Amalgamating Parties 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.

8.11 Counterparts.

This Agreement may be executed in any number of counterparts and by electronic means in portable document format, each of which when so executed shall be deemed to be an original

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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 Closing Date.

[Remainder of page left intentionally blank.]

IN WITNESS WHEREOF, this Agreement has been executed by the Amalgamating Parties with effect as of the Effective Date.

COAST CAPITAL SAVINGS FEDERAL CREDIT UNION

Per: _____



Name: Calvin MacInnis
Title: President & Chief Executive Officer

PROSPERA CREDIT UNION

Per: _____

Name: Gavin Toy
Title: President & Chief Executive Officer

SUNSHINE COAST CREDIT UNION

Per: _____

Name: Shelley McDade
Title: Chief Executive Officer

IN WITNESS WHEREOF, this Agreement has been executed by the Amalgamating Parties with effect as of the Effective Date.

COAST CAPITAL SAVINGS FEDERAL CREDIT UNION

Per: _____
Name: Calvin MacInnis
Title: President & Chief Executive Officer

PROSPERA CREDIT UNION

Per:  _____
Name: Gavin Toy
Title: President & Chief Executive Officer

SUNSHINE COAST CREDIT UNION

Per: _____
Name: Shelley McDade
Title: Chief Executive Officer

IN WITNESS WHEREOF, this Agreement has been executed by the Amalgamating Parties with effect as of the Effective Date.

COAST CAPITAL SAVINGS FEDERAL CREDIT UNION

Per: _____
Name: Calvin MacInnis
Title: President & Chief Executive Officer

PROSPERA CREDIT UNION

Per: _____
Name: Gavin Toy
Title: President & Chief Executive Officer

SUNSHINE COAST CREDIT UNION

Per:  _____
Name: Shelley McDade
Title: Chief Executive Officer

SCHEDULE A

Proposed Directors of the Amalgamated Federal Credit Union

Director	Place of Ordinary Residence	Initial Term
1. Bob Armstrong	Surrey, BC	2 years
2. Gina Arsens	Vancouver, BC	3 years
3. Charlotte Burke	Toronto, Ontario	2 years
4. Gigi Chen-Kuo	Vancouver, BC	1 years
5. Jill Donaldson	Vancouver, BC	2 years
6. Sue Dujmovic	Delta, BC	1 years
7. Jerome Dwight	Toronto, Ontario	3 years
8. Ingrid Leong	Vancouver, BC	1 years
9. Nancy McKenzie	Lions Bay, BC	3 years
10. Firdos Somji	Toronto, Ontario	3 years
11. Calvin MacInnis	North Vancouver, BC	3 years
12. Gavin Toy	Surrey, BC	3 years

SCHEDULE B

Proposed Bylaws of the Amalgamated Federal Credit Union

(See below)

COAST CAPITAL SAVINGS FEDERAL CREDIT UNION

BY-LAWS

1. INTERPRETATION

1.1 **Definitions.** The meaning of any words or phrases defined in the Bank Act shall, if not inconsistent with the subject or context, have the same meaning in these By-laws. Further, in these By-laws, unless the subject or context is inconsistent therewith:

- (a) “Annual General Meeting” means the annual meeting of members of the Credit Union;
- (b) “Bank Act” means the Bank Act (Canada) from time to time in force and all amendments thereto, regulations made pursuant thereto, and guidance issued by the Office of the Superintendent of Financial Institutions (Canada);
- (c) “Board of Directors” means the board of directors of the Credit Union;
- (d) “Campaign Regulations” means the regulations pertaining to candidates for election as a Director as adopted by the Board of Directors from time to time;
- (e) “Chair” means the chair of the Board of Directors;
- (f) “Class A Non-Voting Shares” means the class A non-voting shares in the capital of the Credit Union subject to the rights and restrictions thereto as provided in section 2 of Schedule A hereto;
- (g) “Class B Non-Voting Shares” means the class B non-voting shares in the capital of the Credit Union subject to the rights and restrictions thereto as provided in section 3 of Schedule A hereto;
- (h) “Code of Conduct and Ethics for Directors” means the code of conduct and ethics, however designated, adopted by the Board of Directors from time to time;
- (i) “Conduct Review Committee” means the conduct review committee of the Board of Directors established in compliance with the Bank Act;
- (j) “Conflict of Interest Policy” means the conflict of interest policy, however designated, adopted by the Board of Directors from time to time;
- (k) “Credit Union” means Coast Capital Savings Federal Credit Union;
- (l) “Director” means a director of the Credit Union at such relevant time;
- (m) “Financially Literate” means to have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and

complexity of the issues that can reasonably be expected to be raised in the Credit Union's financial statements;

- (n) "Intermediate Entitlement" means the greater of zero and the value of the Credit Union's gross common equity tier 1 capital (or equivalent thereof under the regulatory capital rules applicable to the Credit Union) - as reflected in the Credit Union's consolidated balance sheet most recently filed with OSFI before the Credit Union's liquidation, dissolution or winding-up - and multiplied by a factor of 0.9999. The Intermediate Entitlement is shared rateably between the holders of Membership Shares and Class A Non-Voting Shares in proportion to:
 - (i) in the case where the only Class A Non-Voting Shares issued and outstanding were issued as part of a non-viability contingent capital conversion, the aggregate number of all outstanding Membership Shares and the aggregate number of all outstanding Class A Non-Voting Shares, respectively; or
 - (ii) in the case where some or all of the Class A Non-Voting Shares issued and outstanding were issued prior to a non-viability contingent capital conversion, the aggregate value of the issue price of all outstanding Membership Shares and the aggregate value of the issue price of all outstanding Class A Non-Voting Shares, respectively. For greater certainty, the aggregate issue price of any Class A Non-Voting Shares issued in connection with a non-viability contingent capital conversion will be (i) in the case of a conversion of subordinated debt, the aggregate nominal issue price of the subordinated debt instrument plus accrued but unpaid interest thereon (if any) at the time of conversion; and (ii) in the case of a conversion of another class of Shares, the aggregate nominal issue price of those Shares plus declared but unpaid dividends thereon (if any) at the time of conversion;
- (o) "junior member" means a member of the Credit Union who has not reached the age of 18 years;
- (p) "member" means a person admitted to membership of the Credit Union in accordance with section 2;
- (q) "Membership Shares" means the membership shares in the capital of the Credit Union subject to the rights and restrictions thereto as provided section 1 in Schedule A hereto;
- (r) "Notice Record Date" means a date for determining members, or persons of a class, entitled to receive notice of a general meeting, a shareholders meeting or voting in an election or on a resolution or as to any other matter;
- (s) "Predecessor Credit Union" includes:
 - (i) the credit unions that amalgamated to form the Credit Union;

- (ii) any credit union that amalgamated or otherwise combined to form the credit unions referred to in (i); and
- (iii) any credit union that sold substantially all of its assets to the Credit Union;
- (t) “Registered Holder” means, with respect to an issued Membership Share or Share in the capital of the Credit Union, the person registered in the members register or securities register of the Credit Union, as appropriate, as being the member holding that Membership Share or the shareholder holding that Share, as appropriate;
- (u) “Shares” means, collectively, the Class A Non-Voting Shares and the Class B Non-Voting Shares;
- (v) “Superintendent” means the Superintendent of Financial Institutions (Canada);
- (w) “Unaffiliated Director” means a Director who is not affiliated with the Credit Union within the meaning of the Bank Act and regulations made thereunder; and
- (x) “Voting Record Date” means a date for determining members, or members of a class of members, entitled to vote on the election of Directors, on a resolution or as to any other matter, whether at a general meeting, shareholders meeting or otherwise.

1.2 **Headings.** The insertion of headings in these By-laws are for convenience of reference only and shall not affect the construction or interpretation of the provisions of these By-laws.

1.3 **Schedule.** Schedule A, attached to these By-laws, forms part of these By-laws.

2. MEMBERSHIP

2.1 Becoming a Member.

- (a) Subject to the Bank Act and these By-laws, any person may become a member of the Credit Union in accordance with and subject to the Credit Union’s membership opening procedures or otherwise as provided for by the Board of Directors.
- (b) Every application for membership shall be in writing and be accompanied by payment in full of the number of Membership Shares required under paragraph 2.2(a) to be held by a member. The Credit Union may, in its sole discretion, approve or reject applications for membership.

2.2 Membership Share Requirement.

- (a) Each member of the Credit Union shall hold at least five Membership Shares, which shall be fully paid.

- (b) If, on the expiration of not less than 30 calendar days written notice from the Credit Union, a member does not hold the required number of Membership Shares and the member has insufficient monies on deposit to permit the purchase of sufficient Membership Shares pursuant to paragraph 2.2(c), the Credit Union may terminate the member's membership or take any other action as deemed necessary by the Credit Union, in accordance with these By-laws and the Bank Act.
- (c) If, on expiration of not less than 30 calendar days written notice from the Credit Union a member does not own the minimum number of Membership Shares, the Credit Union may apply any money on deposit and interest thereon in the name of the member to the purchase of sufficient Membership Shares in the name of the member so that the member shall hold the number of Membership Shares required by paragraph 2.2(a).

2.3 **Member in Good Standing.** A member in good standing is a member, including a junior member, who at the date on which good standing is determined has purchased, paid for and holds the number of Membership Shares required by these By-laws and who is not more than 90 days delinquent in any obligation to the Credit Union.

2.4 **Withdrawal and Termination from Membership.**

- (a) A member may withdraw from membership in the Credit Union by giving the Credit Union notice in the form and manner established by the Credit Union.
- (b) The membership of any person may be terminated by a resolution of the Board of Directors in accordance with these By-laws and the Bank Act on such grounds that are not prohibited by the Bank Act or laws against discrimination.
- (c) A person who has withdrawn from membership in the Credit Union or whose membership in the Credit Union has been terminated under this subsection 2.4 shall have the right to request that the Credit Union, at the discretion of the Board of Directors and subject to the approval of the Superintendent, redeem all of the Membership Shares held by that person and shall have all such other rights as may be provided for in the Bank Act and these By-laws.

3. **MEMBERSHIP SHARES AND SHARES**

3.1 **Classes of Shares.** The Credit Union shall have one class of Membership Shares and two classes of Shares comprised of the Class A Non-Voting Shares and the Class B Non-Voting Shares, which shall have attached thereto the special rights and restrictions as set out in the attached Schedule A.

3.2 **Authority Relating to Shares.** Subject to the Bank Act:

- (a) The Board of Directors may, subject to any special rights and restrictions attached to any Membership Shares or Shares of the Credit Union, allot

and issue or otherwise dispose of, and/or grant options to purchase, or otherwise deal in, shares authorized but not yet allotted at such times and to such persons, and in such manner, and upon such terms and conditions, and at the price or for such consideration, as the Board of Directors, in their absolute discretion, may determine. Except when required by the Bank Act, Shares shall not carry voting rights and, other than Membership Shares, may be issued to and held by persons who are not members.

- (b) The Credit Union may pay a commission or allow a discount to any person in consideration of the person's subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Membership Shares or Shares in the Credit Union, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any such Membership Shares or Shares. The Board of Directors may also pay such brokerage as may be lawful.

3.3 **Dividends and Patronage Allocations.**

- (a) Subject to the Bank Act and these By-laws, the Board of Directors, in their absolute discretion, may set terms and conditions for entitlement to dividends for each class or series of Membership Shares or Shares, may declare and pay dividends on each class or series of Membership Shares or Shares in such amounts and at such times as from time to time determined, may declare a dividend on each class or series of Membership Shares or Shares in preference to any other class of Shares and may declare different rates of dividend for different classes or series of Membership Shares or Shares.
- (b) Subject to the rights of the holders of Membership Shares or Shares, the Board of Directors may distribute any surplus earnings arising from the operations of the Credit Union by paying dividends and patronage allocations on Membership Shares or Shares. Dividends or patronage allocations declared, if any, at the discretion of the Board of Directors may be paid in cash or as an allocation of Membership Shares or Shares, or any combination of them.

3.4 **Shares to be Fully Paid.** Subject to the Bank Act, Membership Shares and Shares must be issued as fully paid.

3.5 **Fractional Shares.** The Credit Union will not allot or issue fractional shares. If a shareholder becomes entitled to a fraction of a Share or Membership Share, that entitlement will be rounded down to the nearest whole number of Shares or Membership Shares, respectively, or otherwise dealt with in a manner the Board of Directors considers fair.

3.6 **Joint Ownership.** Subject to specific rules relating to Membership Shares contained in Schedule A, all Membership Shares and Shares may be purchased and held jointly. All jointly held Membership Shares and Shares shall carry the right of survivorship unless a contrary statement, in writing, is given at the time of subscription or at any time thereafter and signed by all parties jointly holding the said Membership Shares and Shares.

3.7

Certificates.

- (a) The Board of Directors shall, subject to the payment of a fee in an amount permitted under the Bank Act, issue share certificates for each class of Shares, at the request of each person who subscribes and pays for them.
- (b) A share certificate may be mailed by prepaid mail to the person entitled thereto at their registered address, and the Credit Union shall not be liable for any loss occasioned to the member or the holder if any such certificate is so mailed.
- (c) In respect of a Share held jointly by several persons, delivery of a certificate for that Share to one of several joint holders or to their duly authorized agent shall be sufficient delivery to all.

3.8

Trusts Not Recognized. Except as required by law, statute or these By-laws, no person shall be recognized by the Credit Union as holding any Share or Membership Share upon any trust, and the Credit Union shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or Membership Share or any interest in any fractional part of a Share or Membership Share or (except as, and only to the extent, prescribed by law, statute or these By-laws or as ordered by a court of competent jurisdiction) any other rights in respect of any Share or Membership Share other than an absolute right to the entirety thereof in the Registered Holder.

3.9

Redemption.

- (a) If the Credit Union proposes, at its option, to redeem some but not all of the Membership Shares or Shares of any class, the Board of Directors may, subject to the special rights and restrictions attached to such Membership Shares or Shares, decide the manner in which the Membership Shares or Shares to be redeemed shall be selected.
- (b) Membership Shares or Shares of any class which are redeemed or are purchased by the Credit Union for cancellation in accordance with the By-laws and the Bank Act shall be, and be deemed to be, cancelled and returned to the status of authorized but unissued Membership Shares or Shares of that class.

4.

BOARD OF DIRECTORS

4.1

Composition of Board of Directors. The number of Directors of the Credit Union shall be not less than nine and not more than eighteen and shall be set, before each Annual General Meeting, by the Board of Directors. In addition to the Board of Directors composition requirements set out in the Bank Act:

- (a) all of the Directors shall be members of the Credit Union;
- (b) no more than one Director may be an employee of the Credit Union or any of its subsidiaries; and

(c) at least one third of the Directors shall be Financially Literate.

4.2

Persons Not Eligible to be Directors. A person is not eligible to be elected or appointed to the office of Director of the Credit Union and, if holding the office of Director of the Credit Union, shall immediately vacate the office, if such person:

- (a) is not a member in good standing of the Credit Union;
- (b) is convicted of an offence in connection with the promotion, formation or management of a corporation or involving fraud unless five years have elapsed since the latest of:
 - (i) the expiration of the period fixed for suspension of passing of sentence;
 - (ii) the imposition of a fine; or
 - (iii) the conclusion of a term of imprisonment and probation;but the disability imposed by this paragraph 4.2(b) ceases on a pardon being granted under the Criminal Records Act (Canada);
- (c) being a Director, has failed, without being excused, to attend regular quarterly meetings of Board of Directors for three consecutive quarters in which meetings are held;
- (d) is an employee of the Credit Union, a subsidiary of the Credit Union or a corporation in which the Credit Union holds a substantial investment, the spouse of that employee, or a relative of either that employee or their spouse who occupies the same house as that person;
- (e) is a director, officer, agent, or employee of an entity that is in commercial or economic competition with the Credit Union or any of its subsidiaries (except where such person is a director of a central credit union, director of any credit union all or substantially all of the assets or shares of which have been acquired by the Credit Union, a director of any subsidiary of any credit union all or substantially all of the assets or shares of which have been acquired by the Credit Union, and not otherwise ineligible to be a Director of the Credit Union, or where the Board of Directors determines, by resolution, that this paragraph 4.2(e) shall not apply to such person);
- (f) the spouse of any person referred to in paragraph 4.2(e);
- (g) has been an employee of the Credit Union, a Predecessor Credit Union, a subsidiary of the Credit Union or a corporation in which the Credit Union holds a substantial investment at any time during the three year period immediately before such member's election or appointment;
- (h) has ever been in default under any obligation to the Credit Union or a Predecessor Credit Union and has failed to pay the debt in full together with accrued interest;

- (i) is a person, or the spouse of a person, that is or has been involved in any legal proceedings against the Credit Union or a Predecessor Credit Union;
- (j) is a person disqualified from being a Director in accordance with subsection 4.6;
- (k) is a person who has previously been removed as a director of the Credit Union or a Predecessor Credit Union; or
- (l) is a person who is otherwise disqualified from being a director of a federal credit union under the Bank Act.

Paragraphs (d) and (g) of this subsection 4.2 shall not apply in respect of a Director who has been appointed as the Chief Executive Officer of the Credit Union during the time that Director serves as the Chief Executive Officer of the Credit Union and, only if authorized by a resolution of the Board of Directors, after that Director ceases to be Chief Executive Officer of the Credit Union.

For the purposes of this subsection 4.2, the term “employee” includes a person who is paid to provide their services, directly or indirectly, to the Credit Union, a subsidiary of the Credit Union or financial institution, as the case may be, on a full-time or part-time basis as an employee, and the term “spouse” means a person who is married to another person or is living and cohabiting with another person in a marriage-like relationship. The Board of Directors may, in their discretion, determine additional criteria for determining whether or not a person is an “employee” for the purposes of these By-laws.

4.3 **Director Terms.** Except where a Director is appointed or elected pursuant to subsection 4.5, each person elected as a Director shall take office for a term of one, two or three years and shall hold office until the close, as the case may be, of the first, second or third Annual General Meeting, as the case may be, following the election of the Director. Unless otherwise stated at the time of the Director’s election or appointment, the Director’s term shall be three years.

4.4 **Retiring and New Directors.** Retiring Directors cease to hold office, and newly elected Directors take office, at the close of each Annual General Meeting. A retiring Director is eligible to be nominated for re-election.

4.5 **Director Vacancies.** Subject to the requirements of the Bank Act, if the number of Directors of the Credit Union prescribed in this section 4 is reduced by death, resignation, disqualification, or removal from office or by failure to elect or appoint a Director pursuant to these By-laws or for any other reason, the remaining Directors, save as may be provided by any other provision in these By-laws, shall have all of the powers of the Board of Directors until the vacancy or vacancies caused thereby have been filled by appointment or election. Subject to the Bank Act, the remaining Directors, constituting a quorum, may appoint a person eligible under subsection 4.2 to fill any such vacancy. Any person so appointed shall hold office until the next election.

4.6 **Director Conduct.** At any time, the Conduct Review Committee may review any Director's actions in order to make a determination (a "Determination") that the Director:

- (a) breached or violated these By-laws, the Conflict of Interest Policy, the Code of Conduct and Ethics for Directors, or any such other codes and policies as that Director may become subject to as a Director of the Credit Union from time to time;
- (b) breached the confidentiality of any proceedings, deliberations, or information of the Board of Directors; or
- (c) when a candidate for election as a Director, the Director violated the Campaign Regulations or these By-laws.

The Director will be provided the opportunity to address the Conduct Review Committee prior to a Determination under this subsection 4.6. In the event that the Conduct Review Committee has made a Determination regarding a particular Director, that Director shall be disqualified from being a Director by a resolution passed by not less than 2/3 of the remaining Directors. The Director will be provided the opportunity to address the Board of Directors prior to a vote under this subsection 4.6.

4.7 **Independence.** The Board of Directors shall restrict the number of Directors that are not "Independent" at any given time and for these purposes may, in their discretion, adopt policies and procedures in relation to the definition and determination of all matters related thereto. A Director is Independent if a reasonable person with knowledge of all the relevant circumstances would conclude that the Director is independent of management of the Credit Union and has no direct or indirect material relationship with the Credit Union. The Board of Directors may also supplement the definition of Independent in its policies.

4.8 **Director Remuneration.** The aggregate of all amounts that may be paid to all of the Directors as remuneration as Directors in any financial year of the Credit Union shall not exceed \$2,000,000. The Directors shall also be entitled to be reimbursed for expenses properly incurred by them in the performance of their duties.

4.9 **Duties of Directors.**

- (a) The purpose of the Credit Union includes, but is not in any way limited to or restricted by, the creation of a positive impact on society and the environment, taken as a whole, from the business and operations of the Credit Union, which impact is material in view of the size and nature of the Credit Union's business.
- (b) The Directors shall, subject to all applicable statutory and regulatory duties and requirements including the Bank Act, and in alignment with cooperative principles and the purpose of the Credit Union, act with a view to the best interests of the Credit Union.

- (c) In considering the best interests of the Credit Union, the Directors shall consider the interests of the Credit Union's members, shareholders, employees, suppliers and creditors, as well as the government, the natural environment, and the community and society in which the Credit Union operates and the short term and long-term interests of the Credit Union, to inform their decisions.
- (d) Nothing in this subsection 4.9, express or implied, is intended to create or shall it create or grant any additional right or any cause of action by or for any person.
- (e) Notwithstanding the foregoing, any Director is entitled to rely upon the definition of "best interests" as set forth above in enforcing their rights hereunder, and under federal law and such reliance shall not, absent another breach, be construed as a breach of a Director's fiduciary duty of care.

5. PROCEEDINGS OF DIRECTORS

5.1 **Board of Directors Responsibilities.** The Board of Directors shall, subject to the Bank Act, manage or supervise the management of the affairs and business of the Credit Union, provide strategic planning advice and, in furtherance of the foregoing, shall:

- (a) meet not less frequently than once in each quarter;
- (b) elect from their own members a Chair and may, in their discretion, elect any number of Vice-Chairs; and
- (c) appoint a Chief Executive Officer from their own members to be the senior management officer of the Credit Union and such additional officers as it deems necessary for the continuing operation of the Credit Union.

5.2 **Board of Directors Meetings.**

- (a) Upon notice pursuant to the provisions of paragraph 5.2(b), the Chair:
 - (i) at any time may call a meeting of the Board of Directors; and
 - (ii) within two business days of receipt of a request in writing to call a meeting signed by three Directors, shall call a meeting of the Board of Directors.

If the Chair is unable to or does not call the meeting requested pursuant to subparagraph 5.2(a)(ii), three Directors shall be permitted to call the meeting pursuant to paragraph 5.2(b).

- (b) Notice of the time and place of a meeting of the Board of Directors containing such information as required under the Bank Act shall be given to each Director at the last address left by the Director for that purpose by personal delivery, mail or electronic means, not less than 24 hours before

the meeting, provided that the required 24 hour notice period may be waived by that Director. Subject to the Bank Act, attendance at a meeting shall be deemed to be a waiver of such notice. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any Director shall not invalidate the proceedings at that meeting.

- (c) A majority of the Directors shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained. Except when otherwise permitted under the Bank Act, the Board of Directors shall not transact business at a meeting of Directors unless at least one of the Directors present is an Unaffiliated Director.
- (d) If the Chair is absent or is unable for any reason to act, or if the office of the Chair becomes vacant, a Vice-Chair, or in their absence another member of the Board of Directors, as decided by the Board of Directors, shall assume and discharge the duties and responsibilities of the Chair at the meeting in question.
- (e) Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes, and the Chair shall not vote except in the event of an equality of votes.

5.3

Committees and Committee Meetings.

- (a) Subject to the Bank Act, the Board of Directors:
 - (i) may, by resolution, appoint one or more committees consisting of such of the Directors as the Board of Directors thinks fit and may, by resolution, delegate to any such committee any but not all of the powers of the Board of Directors, except as provided in the Bank Act; and
 - (ii) may, by resolution appoint one or more other committees consisting of such Directors or other persons as the Board of Directors deems fit.
- (b) Any committee appointed pursuant to this subsection 5.3 shall conform to any regulations that may from time to time be imposed upon it by the Board of Directors, shall keep regular minutes of their transactions and cause them to be recorded in books kept for that purpose and shall report the same to the Board of Directors at such times as the Board of Directors may from time to time require.
- (c) Subject to the Bank Act, a committee appointed pursuant to this subsection 5.3 may elect its chair. If no such chair is elected or if at any meeting the chair so elected is not present within ten minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chair of that meeting.
- (d) Unless otherwise determined by the Board of Directors, the members of a committee may meet and adjourn as they think proper and questions

arising at the meeting of a committee shall be determined by a majority of the members present and, if there should be an equality of votes, the chair of such committee shall not have a second or casting vote and the motion shall fail.

(e) A majority of the members of a committee shall constitute a quorum.

5.4 **Virtual Meetings.** A meeting of the Board of Directors or a committee may be held by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other during the meeting, and a Director participating in such a meeting by such means is deemed to be present at the meeting. A meeting held under this subsection 5.5 shall be deemed to be held at the place where the records office of the Credit Union is located.

5.5 **Consent Resolutions.** Subject to the Bank Act, a resolution, whether or not in counterpart, consented to in writing and whether by email, facsimile, or other electronic means of transmitting legibly recorded messages or other means, by all Directors or all the members of a committee and filed with the minutes of the Board of Directors or the committee shall be as valid and effectual as if it had been passed at a meeting of the Board of Directors or of the committee, duly called and constituted.

6. **ELECTION OF DIRECTORS**

6.1 **Nominations.** The Board of Directors shall prescribe procedures for the nomination of directors and may delegate to a committee appointed by the Board of Directors to administer nominations the responsibility to implement those procedures and communicate them to members.

6.2 **Appointment of Returning Officer.** Before giving notice for each Annual General Meeting, the Board of Directors shall appoint a returning officer who shall be responsible for the supervision of elections.

6.3 **Director Nomination and Recommendation.**

(a) Every nominee for election or appointment as a Director shall submit a nomination to the Board of Directors, or a committee appointed by the Board of Directors to administer nominations, in accordance with the procedures prescribed by the Board of Directors. The Board of Directors, or a committee appointed by the Board of Directors to administer nominations, shall examine each nomination received and shall determine whether the nomination complies with the Bank Act, these By-laws, and any applicable policies and procedures of the Credit Union. The Board of Directors, or a committee appointed by the Board of Directors to administer nominations, shall accept each nomination of a member qualified to be a candidate whose nomination complies with the foregoing and shall reject each nomination of a member who is not qualified to be a candidate or whose nomination does not comply with the foregoing.

(b) Taking into account the number of returning Directors that are Financially Literate and that meet the composition requirements specified in subsection 4.1, the Board of Directors, or a committee appointed by the Board of Directors to administer nominations may, but is not required to, recommend any number of candidates and may communicate its recommendations and the reasons for its recommendations to the members in any manner as it thinks fit.

- 6.4 **Director Election.** Having regard to the composition requirements specified in subsection 4.1, an election shall be held at or before the next Annual General Meeting to fill Director vacancies. Where an election is to be held, the Board of Directors, or a committee appointed by the Board of Directors to administer nominations, shall make available to all members of the Credit Union entitled to vote, such information regarding the dates of the election, candidates (and for greater certainty the Board of Directors, or a committee appointed by the Board of Directors to administer nominations, may include more information about recommended candidates), voting eligibility, balloting (including instructions for casting ballots) and any such other information and materials as prescribed and determined appropriate by the Board of Directors, or a committee appointed by the Board of Directors to administer nominations, in its sole and unfettered discretion.
- 6.5 **Voting Eligibility.** Only those members in good standing on the Voting Record Date established pursuant to subsection 10.1 for such election shall be eligible to cast ballots in the election.
- 6.6 **Requirements for Accepted Ballots.** A ballot cast in any election of Directors must contain a number of votes equal to or less than the number of vacancies to be filled in that election of Directors and any ballot indicating another intention is void. For clarity, no member may cast more than one vote for a candidate.
- 6.7 **Replacement Ballots.** If an eligible member does not receive a ballot pursuant to subsection 6.4, or loses or destroys the ballot before it is cast, then upon receipt prior to the close of voting of a declaration from that member that the ballot was not received, or has been lost or destroyed, and that the member has not cast a ballot in the election, the Credit Union shall make available to that member the items and information to be provided pursuant to subsection 6.4 on the terms and conditions determined by the Board of Directors, or a committee appointed by the Board of Directors to administer nominations, from time to time.
- 6.8 **Return of Ballots.** The returning officer shall cause all ballots to be returned to him or her after the close of voting as described in subsection 6.4 and cause a tally to be made of all ballots received by the Credit Union, that tally to be conducted in a manner ensuring the secrecy of the voting, and for that purpose may employ such scrutineers and clerks who shall not be Directors or officers of the Credit Union, as may in the opinion of the returning officer be reasonable.
- 6.9 **Returning Officer Decisions are Final.** Notwithstanding anything herein contained, the final decision in determining whether or not a ballot is to be rejected or accepted shall be made prior to the tallying of votes, by the returning officer whose discretion is absolute and not open to question or review.

6.10 **Equality of Votes.** If there are two or more persons having an equal number of votes in any election and there are not sufficient vacancies remaining to enable all such persons to be elected, the successful nominees shall be determined by the Directors who receive a greater number of votes, having regard to the composition requirements specified in subsection 4.1.

6.11 **Communication of Election Results.**

- (a) The final results of the election shall be announced at the Annual General Meeting following the tallying by the returning officer of any votes cast at the Annual General Meeting together with the votes previously cast in any advanced voting period.
- (b) A notice of the election or appointment of a person as a Director of the Credit Union shall be filed with the Superintendent in accordance with all applicable laws.

6.12 **Campaigning.**

- (a) Subject to applicable laws, the Board of Directors shall from time to time determine the method and manner in which candidates shall be permitted to campaign for election in the Campaign Regulations and candidates may only campaign in accordance with the permitted method and manner as determined by the Board of Directors and must not campaign in the method and manner prohibited by the Board of Directors in the Campaign Regulations.
- (b) Notwithstanding paragraph 6.12(a), no candidate shall campaign on or interfere with, ingress or egress to the property of the Credit Union in connection with any election or permit anyone to do so on their behalf.
- (c) Notwithstanding paragraph 6.12(a), no candidate shall campaign or permit any person to campaign on their behalf in any of the premises of the Credit Union or subsidiary of the Credit Union or any property where any premises or facilities of the Credit Union or subsidiary of it are situated, except in the method and manner permitted pursuant to these By-laws and any regulations as may be determined by the Board of Directors.
- (d) Subject to applicable laws, a candidate who campaigns or permits any person to campaign on their behalf in any method or manner which in the opinion of two thirds of the Board of Directors is other than as determined by the Board of Directors shall be disqualified as a candidate and no vote cast in favour of that candidate shall be counted in the tally of ballots, but the ballots shall not otherwise be deemed to be void. The candidate will be given the opportunity to address the Board of Directors before such a vote is taken. Within 24 hours of the disqualification of a candidate by the Board of Directors, the Board of Directors shall give written notice of such disqualification to the candidate and the notice shall specify the reason or reasons for the disqualification.

6.13 **Prohibition on Interference.** Notwithstanding subsection 6.12, no candidate shall interfere with the election process or seek assistance in connection with the election from any employee of the Credit Union or subsidiary thereof, the returning officer or any person employed by the returning officer.

6.14 **Consequence of Violations.** If any candidate violates any of these By-laws or the Campaign Regulations, the Board of Directors may disqualify the candidate, and the determination of the Board of Directors shall be final, non-appealable and binding.

7. **AUDITOR**

7.1 **Appointment of Auditor.** At each Annual General Meeting of the Credit Union an auditor or auditors shall be appointed to hold office until the close of the next Annual General Meeting and, if at that meeting a new appointment is not made, the auditor(s) in office shall continue as auditor(s) until their successor is appointed.

7.2 **Auditor Remuneration.** The Board of Directors shall fix the remuneration to be paid to the auditor(s).

8. **MEMBER MEETINGS**

8.1 **Annual General Meeting.** Annual General Meetings of the Credit Union shall be held annually on a date to be fixed by the Board of Directors and shall be convened and held in accordance with the provisions of the Bank Act.

8.2 **Conduct of General Meetings.** At a general meeting of the Credit Union:

- (a) The Chair of the Board of Directors, or, if a Chair is not appointed, any one of the Vice-Chairs as selected in accordance with paragraph 5.1(b), shall preside as Chair. If at any meeting neither the Chair nor Vice-Chairs are present within ten minutes after the time appointed for holding the meeting or if none of them is willing to act as Chair, then the members present shall elect one of their number as Chair for that meeting;
- (b) 20 members in good standing shall constitute a quorum; and
- (c) The Chair shall determine any matter in respect of voting at, and the conduct of, the meeting not governed by the Bank Act, these By-laws or any determination of the Board of Directors, and such determination shall be final.

8.3 **Participation at General Meetings.** At all general meetings:

- (a) each person to be admitted must, upon request, present evidence of identity, membership in good standing and age;
- (b) a junior member is not entitled to vote;

- (c) subject to subsection 10.1 and paragraph 8.3(b), each member in good standing has the right to one vote to be cast by:
 - (i) the person named on the account;
 - (ii) in the case of an account in the name of more than one person, all eligible members; or
 - (iii) in the case of a corporation, by its representative duly appointed in writing as provided in the Bank Act;
- (d) no person shall cast more than one vote on a resolution except that in the case of an equality of votes the Chair of the meeting shall be entitled to a second or casting vote; and
- (e) no member may vote by proxy or a delegate.

8.4

Resolutions.

- (a) Unless the resolution is submitted by the Board of Directors, in order for an ordinary or special resolution to be eligible for consideration by members at an Annual General Meeting it must comply with the requirements of the Bank Act and must be submitted to the Board of Directors for review and consideration at least 90 days prior to the Annual General Meeting and the Board of Directors, at their discretion, shall determine whether the resolution shall be submitted to the members for consideration at the Annual General Meeting.
- (b) Except for special resolutions proposed by the Board of Directors, no special resolution shall be considered or voted on at a general meeting of the Credit Union unless proposed for consideration by proposal or requisition in accordance with the provisions of the Bank Act, in which case the Board of Directors shall adhere to the Bank Act in dealing with such proposal or requisition.
- (c) Subject to the provisions of By-laws 8.4(d) and (e), a resolution adopted at a general meeting of the Credit Union by the requisite majority shall be binding.
- (d) The Board of Directors may within seven days after any general meeting at which a resolution has been adopted by the requisite majority determine to refer the resolution to the membership for affirmation and the resolution shall be of no force and effect unless affirmed.
- (e) Where the Directors make a determination to submit a resolution adopted at any general meeting to the members for affirmation as provided in paragraph 8.4(d), the Directors may determine that voting may be by mail ballot, ballot at a branch office of the Credit Union or via electronic means, or any combination of these methods, and shall within 180 days of the general meeting at which the resolution was adopted give to each member who is a member in good standing at the date of that meeting:

- (i) a notice containing a brief statement of the action taken by the membership, the determination taken by the Directors to refer the resolution to the membership for affirmation and the reason of the Board of Directors for referring the resolution to the members for affirmation;
- (ii) a ballot containing provision for a vote for or against the affirmation of the resolution;
- (iii) clear and precise instructions for casting the ballot and the return thereof specifying the date by which the ballot must be returned to the Credit Union which date must not be less than 14 days after the giving of the notice referred to in subparagraph 8.4(e)(i); and
- (iv) such other materials as the Board of Directors deems necessary or advisable in connection with the balloting.

8.5 **Methods of Voting.** Subject to the Bank Act, prior to giving notice of any general meeting of members, the Board of Directors shall determine the method or methods by which voting on special resolutions, other resolutions and an election of Directors shall take place, which may, if so determined by the Board of Directors, include voting in advance of the meeting by mail, at a branch office of the Credit Union, by telephonic or electronic means. For greater certainty, the Board of Directors may select either the same or a different method of voting for a members' resolution and for the election of Directors.

8.6 **Notice.** Notice of any general meeting specifying the time and place of meeting, and in the case of special business, the general nature of the business and any other details required under the Bank Act, shall be given to the members of the Credit Union in accordance with the Bank Act.

8.7 **Business at Meetings.** Business to be conducted at the Annual General Meeting and a special meeting of members shall be such business as may be required by the Bank Act and such business as may be determined by the directors. All matters dealt with at a special meeting of members and all matters dealt with at the Annual General Meeting, except consideration of the financial statements, report of the auditor(s), election of Directors, remuneration of Directors, and appointment of the auditor(s), shall be deemed to be special business.

8.8 **Virtual Meetings and Meetings in Two or More Locations.** Subject to the Bank Act, the Board of Directors may in their discretion determine that a general meeting (including without limitation an Annual General Meeting) may be held at two or more places or virtually by means of electronic or other communication facilities that allow all persons participating in the meeting to communicate with each other during the meeting, all of which together shall constitute one single meeting.

8.9 **Voting by Written or Electronic Means.** For greater certainty, subject to the Bank Act, the Board of Directors may, in their sole discretion, determine that voting may take place by written vote or by electronic means in an election or on a resolution or as to any other matter.

9. SHAREHOLDERS MEETINGS

9.1 **Conduct of Shareholders Meetings.** At a meeting of shareholders of the Credit Union:

- (a) the Chair of the Board of Directors, or, if a Chair is not appointed, any one of the Vice-Chairs as selected in accordance with paragraph 5.1(b), shall preside as Chair. If at any meeting neither the Chair nor Vice-Chairs are present within ten minutes after the time appointed for holding the meeting or if none of them is willing to act as Chair, then the members present shall elect one of their number as Chair for that meeting;
- (b) shareholders holding not less than 1% of shares entitled to vote at the meeting constitute a quorum; and
- (c) the Chair shall determine any matter in respect of voting at, and the conduct of, the meeting not governed by the Bank Act, these By-laws or any determination of the Board of Directors, and such determination shall be final.

9.2 **Participation at Shareholders Meetings.** At all shareholders meetings each person to be admitted must on request present evidence of identity and share ownership.

9.3 **Notice.** Notice of any shareholders meeting, specifying the time and place of meeting, and in the case of special business, the general nature of the business and any other details required under the Bank Act, shall be given to shareholders of the Credit Union entitled to vote at the meeting in accordance with the Bank Act.

9.4 **Virtual Meetings and Meetings in Two or More Locations.** Subject to the Bank Act, the Board of Directors may in their discretion determine that a shareholders meeting may be held at two or more places or virtually by means of electronic or other communication facilities that allow all persons participating in the meeting to communicate with each other during the meeting, all of which together shall constitute one single meeting.

10. RECORD DATES

10.1 **Fixing of Record Dates.** The Board of Directors may fix in advance a Notice Record Date for determining members, or persons of a class, entitled to receive notice of a general meeting, a shareholders meeting or voting in an election or on a resolution or as to any other matter. The Board of Directors may fix in advance a Voting Record Date for determining members, or members of a class of members, entitled to vote on the election of Directors, on a resolution or as to any other matter, whether at a general meeting, shareholders meeting or otherwise. The Voting Record Date may be the same date as the Notice Record Date or any date after the Notice Record Date.

10.2 **Impact of Record Dates on Entitlement to Notice.** If, on the Notice Record Date, a person is not a Registered Holder of Memberships Shares or the class or classes of shares otherwise entitled to receive notice of a general meeting or a

shareholders meeting, that person is not entitled to receive notice of such meeting with respect to Membership Shares or that class of shares, notwithstanding:

- (a) the rights and restrictions attached to the Membership Shares or that class of shares; and
- (b) that the person is a Registered Holder of such Membership Shares or class of shares on the date of such meeting or on the Voting Record Date.

11. INDEMNIFICATION

11.1 **Indemnification.** Subject to the Bank Act, the Credit Union shall indemnify:

- (a) each Director and officer of the Credit Union;
- (b) each former Director and officer of the Credit Union; and
- (c) each person 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 an amount paid to settle any action or proceeding or to satisfy any judgment, reasonably incurred by the Director, officer, former Director, former officer or person for any civil, criminal or administrative action or proceeding, whether threatened, pending, continuing or completed, to which the Director, officer, former Director, former officer or person is or may be made a party by reason of being or having been a Director or officer of the Credit Union or corporation, if the Director, officer, former Director or former officer of the Credit Union or corporation acted honestly and in good faith with a view to the best interests of the Credit Union or corporation, as the case may be, and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Director or officer or former Director or former officer of the Credit Union or corporation has reasonable grounds for believing that their conduct was lawful, and if the Director, officer, former Director, former officer or person 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, officer, former Director, former officer or person, the Credit Union shall pay an amount by way of indemnity that will fully indemnify for the amount of all liabilities described herein and all income taxes payable as a result of the receipt of the indemnity payment.

12. MISCELLANEOUS

12.1 **Legal Name.** The name of the Credit Union shall be Coast Capital Savings Federal Credit Union, in English and Coopérative de Crédit Fédérale Coast Capital Savings, in French.

12.2 **Head Office.** The head office of the Credit Union shall be located in the Province of British Columbia.

12.3 **Year End.** The financial year of the Credit Union shall terminate on the last day of December of each year.

12.4 **Raising and Borrowing Money.**

- (a) The Board of Directors may raise and borrow money for the purposes of the Credit Union upon such terms and conditions as to interest, terms of repayment, and security as they determine by resolution.
- (b) The Credit Union, with the approval of the Board of Directors, may at any time or from time-to-time issue instruments evidencing the Credit Union's subordinated indebtedness on such terms and conditions as the Board of Directors may specify. Money invested in subordinated indebtedness issued by the Credit Union and interest payable thereon shall not be protected by any deposit insurance scheme and shall be subordinate in right of payment to all deposit liabilities of the Credit Union and all other liabilities of the Credit Union except those that, by their terms, rank equally with or are subordinate to such indebtedness.

12.5 **Corporate Seal.**

- (a) The Credit Union may have a corporate seal.
- (b) If the Credit Union has a corporate seal, the Board of Directors shall provide for the safe custody of the corporate seal of the Credit Union at the registered office of the Credit Union or at such other place as the Board of Directors determines it shall be kept for safekeeping.
- (c) The Board of Directors may appoint authorized signatories to execute documents required to be executed under seal.

12.6 **Documents in Electronic Form.** Subject to the Bank Act, unless these By-laws expressly provide otherwise:

- (a) where these By-laws require the use of documents that are "written", "in writing" and other similar words, the Board of Directors may in their discretion permit the use of documents in such electronic means as the Board of Directors in their discretion considers desirable in the circumstances, provided that such documents are accessible in a manner useable for subsequent reference;
- (b) where these By-laws require the notice of, provision or delivery of documents or information, the Board of Directors may in their discretion permit the provision or delivery of such documents or information in such electronic form and by such electronic means (including without limitation making such electronic documents accessible to the intended recipient by an electronic means notified to the intended recipient) as the Board of Directors in their discretion 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 subsection 12.6, “document” includes without limitation notices, instruments, resolutions and ballots.

12.7

Annual Statement. The Credit Union shall make the documents and information referred to in subsections 308(1) and (3) of the Bank Act (the “Annual Statement”) available to members and shareholders electronically at the Credit Union’s website at least 21 days before an Annual General Meeting and shall provide a paper copy of the Annual Statement to any member and shareholder who requests a copy thereof in writing at any branch of the Credit Union. Each member and each shareholder is deemed to have informed the Credit Union in writing that pursuant to subsection 311(2) of the Bank Act, they do not wish to receive a paper copy of the Annual Statement, except as provided for in this subsection 12.7.

12.8

Amendment of these By-Laws

- (a) The Credit Union may amend these By-laws by special resolution from time to time.
- (b) Subject to the Bank Act, the Board of Directors may, by special resolution, amend these By-laws or adopt a new by-law, provided that such amendment or new by-law is not contrary to these By-laws as approved by the members. The Board of Directors shall present any such amendment or new by-law to the members at the next Annual General Meeting and the member may, by special resolution, confirm or amend it.

SCHEDULE A

Rights and Restrictions of Membership Shares and Shares

1. **MEMBERSHIP SHARES**

1.1 Membership Shares are a requirement of membership in the Credit Union, may be issued in an unlimited amount and shall have attached thereto the following rights and restrictions:

- (a) the Credit Union may, subject to the approval of the Superintendent and at the discretion of the Board of Directors, redeem or purchase any Membership Shares held by a Registered Holder on such terms and conditions and at such times as the Board of Directors, in their discretion, resolve;
- (b) any purchase or redemption of Membership Shares may only be granted at the direction of the Board of Directors in accordance with paragraph (a), which shall have the unconditional right to refuse, limit or delay the redemption of Membership Shares, and such refusal or limitation shall not constitute an event of default;
- (c) Membership Shares which are redeemed by the Credit Union shall be redeemed at their issue price, plus any dividends declared but unpaid thereon;
- (d) unless permitted by a resolution of the Board of Directors, Membership Shares are not transferable;
- (e) Membership Shares shall be issued at a price to be determined by resolution of the Board of Directors;
- (f) the maximum dividend payable in any year on a Membership Share shall not exceed 1,000 percent of the value of its issue price and, for greater certainty, dividends are payable at the discretion of the Board of Directors, shall be non-cumulative and shall not be paid unless a dividend is first or concurrently paid on any issued and outstanding Class A Non-Voting Shares and the value of dividend per Class A Non-Voting Share (as a percentage of the average issue price) is equal to or greater than the value of dividend per Membership Share (as a percentage of the average issue price); and
- (g) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of assets of the Credit Union among the holders of its Membership Shares and Shares for the purpose of winding-up its affairs, the holders of Membership Shares – subject to the prior rights of the holders of the Class B Non-Voting Shares with respect to a return of capital and dividends on the occurrence of such event – shall be entitled to receive the Intermediate Entitlement (rateably with the entitlement thereto of the holders of Class A Non-Voting Shares) and the remaining property and assets of the Credit Union.

1.2 Membership Shares may be held jointly, but each of the joint holders must acquire the requisite number of Membership Shares. Entitlement to vote as a member is limited to each joint account holder that has acquired the requisite Membership Shares.

1.3 For the purpose of section 79.4 of the Bank Act, the value of a Membership Share shall be determined by dividing the value of the Credit Union's stated capital account for Membership Shares by the number of Membership Shares outstanding, each as of the time of the determination.

2. CLASS A NON-VOTING SHARES

2.1 The Class A Non-Voting Shares may be issued in an unlimited amount and shall have attached thereto, as a class, the following rights, privileges, restrictions and conditions, subject to the governing legislation of the Credit Union:

- (a) the Credit Union may, subject to the approval of the Superintendent and at the discretion of the Board of Directors, purchase any Class A Non-Voting Shares held by a Registered Holder;
- (b) Class A Non-Voting Shares shall be issued at a price to be determined by resolution of the Board of Directors;
- (c) Registered Holders of Class A Non-Voting Shares shall be entitled to receive non-cumulative dividends declared thereon in the sole discretion of the Board of Directors; and
- (d) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of assets of the Credit Union among the holders of its Membership Shares and Shares for the purpose of winding-up its affairs, the holders of Class A Non-Voting Shares — subject to the prior rights of the holders of the Class B Non-Voting Shares with respect to a return of capital and dividends on the occurrence of such event — shall be entitled to receive the Intermediate Entitlement (rateably with the entitlement thereto of the holders of Membership Shares), and after payment to the holders of the Class A Non-Voting Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Credit Union.

3. CLASS B NON-VOTING SHARES

3.1 The Class B Non-Voting Shares may be issued in an unlimited amount and shall have attached thereto, as a class, the following rights, privileges, restrictions and conditions, subject to the governing legislation of the Credit Union:

- (a) Class B Non-Voting Shares may, at any time and from time to time, be issued in one or more series with each series consisting of such number of shares and such designation, rights, privileges, restrictions, and conditions attaching thereto as may before the issue thereof be determined by resolution of the Board of Directors;

- (b) no rights, privileges, restrictions, or conditions attached to a series of Class B Non-Voting Shares shall confer on the series priority in respect of dividends or return of capital over any other series of Class B Non-Voting Shares that are outstanding;
- (c) the Credit Union may, subject to the approval of the Superintendent and at the discretion of the Board of Directors, redeem or purchase any Class B Non-Voting Shares held by a Registered Holder, and the Board of Directors shall specify by resolution, prior to the issue of any series of Class A Non-Voting Shares, whether the Class B Non-Voting Shares issued in such series could be redeemed by the Credit Union and the terms and conditions upon which such redemption may be effected, including the formula for calculating the redemption price;
- (d) Class B Non-Voting Shares may be issued as non-viability contingent capital instruments and may be subject to:
 - (i) a full and permanent conversion into Membership Shares or Class A Non-Voting Shares of the Credit Union; or
 - (ii) a full and permanent write-off;

on such terms and conditions (including as to the triggers for the conversion or write-off, the conversion or write-off formula, and the particulars of the conversion or write-off mechanism) that the Board of Directors may specify by resolution in respect of each series of Class B Non-Voting Shares prior to their issue;
- (e) the Board of Directors shall specify by resolution, prior to the issue of any series of Class B Non-Voting Shares, whether the Class B Non-Voting Shares issued in such series are transferrable;
- (f) Class B Non-Voting Shares shall be issued at a price to be determined by resolution of the Board of Directors in respect of each series;
- (g) Registered Holders of Class B Non-Voting Shares shall be entitled to receive non-cumulative dividends declared thereon in the sole discretion of the Board of Directors, and the Board of Directors may specify by resolution, prior to the issue of any series of Class B Non-Voting Shares, the means of determining dividends that may be declared on the Class B Non-Voting Shares issued in such series and the dates of payment thereof; and
- (h) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of assets of the Credit Union among the holders of its Membership Shares and shares for the purpose of winding-up its affairs, a holder of each Class B Non-Voting Share shall be entitled to receive the issue price of the Class B Non-Voting Share, together with any dividends declared thereon prior to the occurrence of such event that are not paid, before any amount shall be paid or any property or assets of the Credit Union distributed to the holders of Class A

Non-Voting Shares or Membership Shares on the occurrence of any such event. After payment to the holders of the Class B Non-Voting Shares of each series of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Credit Union.

SCHEDULE 4.2

Employment Matters

The Amalgamating Parties acknowledge and agree that employees of the Credit Union are key components of the Amalgamation and further agree as follows:

1. On the Closing Date, the Amalgamated Federal 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 foregoing:
 - (a) the Amalgamated Federal 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 or after the Closing Date, the Amalgamated Federal Credit Union shall assume all obligations and liabilities of the Credit Unions under the following agreements:
 - (i) any collective agreement in place between a Credit Union and a trade union; and
 - (ii) any contracts between a Credit Union and non-unionized employees of such Credit Union that are in place as of the Closing Date.
2. Integration of the employees of each Credit Union into the Amalgamated Federal Credit Union shall be guided by the following general principles:
 - (a) no employee of a Credit Union's employment shall be terminated as an immediate result of the Closing;
 - (b) if an employee's position is eliminated as a direct result of the Amalgamation, the Amalgamated Federal Credit Union will make reasonable efforts to transition such employee to an alternate position with the Amalgamated Federal Credit Union;
 - (c) employees of each Credit Union shall be treated fairly and equally with regards to allocation of current and future roles on and following the Closing;
 - (d) the Amalgamated Federal Credit Union will make reasonable efforts to minimize adverse changes to the terms and conditions of employment for employees resulting from the Amalgamation and shall apply a total compensation approach to contemplating changes to harmonize compensation and benefits; and
 - (e) following the Closing, the Amalgamated Federal Credit Union will make reasonable efforts to minimize changes to any hybrid or remote work arrangements employees observed prior to Closing.
3. Subsection 2(a) of this Schedule 4.2 shall not apply to executive employees (defined as vice presidents and above).