

greater together

**Your Guide to the Proposed
Merger of connectFirst Credit
Union and Servus Credit Union.**



Table of Contents

1	LETTER TO MEMBERS
2	GREATER TOGETHER
3	HOW TO USE THIS MEMBER'S GUIDE
3	LEARN MORE AT GREATERTOGETHER.INFO
3	SAVE THE DATE
4	VISION FOR THE FUTURE: MORE SMART, MORE HEART
4	OUR CREDIT UNIONS AT A GLANCE
5	WHY MERGE?
8	WHY MERGE NOW?
10	HOW WE GOT HERE
11	HOW THE MERGED CREDIT UNION WILL OPERATE
18	EXPECTED FINANCIALS - HIGHLIGHTS
22	RISKS OF THE PROPOSED MERGER
25	WHAT'S NEXT
25	MEMBER OPEN HOUSES
26	SPECIAL GENERAL MEETINGS
27	AMALGAMATION AGREEMENT SUMMARY
28	VOTING
28	VOTER ELIBIGILITY
28	VOTING REGISTRATION
29	RESULTS
30	CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS
31	HAVE QUESTIONS?

[APPENDIX A: BYLAWS](#)

[APPENDIX B: AMALGAMATION AGREEMENT](#)

Save the Date



Members will vote on the Proposed Merger at a Special General Meeting of your credit union. Both meetings will be held online so you can attend from anywhere! Everything you need to know about these meetings is on pages 25 and 26 of this Guide. Please take a minute now to add these dates to your calendar:

Servus Credit Union Special General Meeting – Tuesday, September 19, 2023, at 6pm MT

connectFirst Credit Union Special General Meeting – Wednesday, September 20, 2023, at 6pm MT

LETTER TO MEMBERS

Dear Members,

We find ourselves at a pivotal moment as connectFirst Credit Union and Servus Credit Union consider a Proposed Merger. If approved, this merger has the potential to become an iconic chapter in the history of Canadian credit unions. Because you're a member-owner, your voice carries tremendous weight. You hold the future of our credit unions in your hands. That's why, on behalf of our boards and executive teams, we ask you to take action and vote YES.

Servus and connectFirst have been financial pillars for Albertans for many years. Throughout our histories, we've prioritized the needs of our members, going beyond traditional financial services to create exceptional member experiences and foster financial well-being in our communities.

Since you own a piece of our credit unions, you can be proud of the role you have played in shaping the lives of fellow Albertans, too. Whether it's the small business owner you've enabled to expand their venture, the first-time homebuyer you've helped move into their dream home, or the new Canadian you've empowered with the skills they need to thrive in their adopted homeland, these inspiring stories are a small snapshot of our larger impact, and they paint a vivid picture of what cooperative banking can do. But they're also just a glimpse of the immense possibilities within reach if our two credit unions merge.

We believe that through our Proposed Merger, we can build upon these shared values and strengths. By coming together, we can create an even stronger credit union that will remain firmly rooted in our cooperative values, while expanding our capabilities to better serve you. This Proposed Merger will enable us to preserve the credit union principles that you value, making sure they continue to empower Albertans like you. It will mean countless more individuals and families whose lives we can touch, dreams we can help realize, and opportunities we can create.

We understand that change can be exciting and also create some uncertainty. Throughout this process, you can count on us to stay true to the same principles that can always be our guide. Since our inception, our member-first approach, personalized advice, and community focus have been the bedrock of our credit unions. These will continue to lead us as we embrace the future.

Your voice holds power. A YES vote for the Proposed Merger is a testament to your belief in our shared vision and limitless potential. Your support will propel us forward and help us provide even greater value and service to you and your community.

Now is the time to act. Vote YES at our upcoming Special General Meeting. Together, let's seize this chance to shape the future of our credit unions and the lives of our members.

Let's build the credit union of tomorrow, and become greater, together.



Ian Burns

President and
Chief Executive Officer,
Servus Credit Union



Don Coulter

Chief Executive Officer,
connectFirst Credit Union



Andrew Eberl

Board Chair,
connectFirst Credit Union



Perry Dooley

Board Chair,
Servus Credit Union

GREATER TOGETHER

For more than 80 years, Albertans like you have trusted Servus Credit Union and connectFirst Credit Union with everything from your first savings accounts to your business loans to your daily chequing accounts. Individually, both Credit Unions have put our hearts into caring for your money, the careers of our employees, and the communities where we live and work, all while delivering smart advice, products and services.

Today's financial landscape is changing more quickly than we could ever have imagined when our Credit Unions first began. You need **more smart and more heart** than ever before to navigate the complex world of banking and money management. Credit unions, like connectFirst and Servus, need to rethink how we serve our members so we can embrace the future and thrive—for you and future generations of credit union member-owners.

On March 3, 2023, the Boards of Directors of connectFirst and Servus Credit Union announced an intent to merge the two organizations.

The boards of both Credit Unions agree the Proposed Merger is in the best interests of our members. They firmly believe that together, we can take the very best of our two Credit Unions and create something even better.

With more smart, we will be able to provide more sophisticated money management services quicker than either of our individual credit unions would be able to alone. We will be able to modernize the digital and mobile platforms you depend on for your banking, and we'll be able to be more innovative in the products and tools we can offer you.

With more heart, we'll be able to give you more personalized service and more tailored support for your family, your business or your farm. And as a truly province-wide credit union, the Merged Credit Union will be able to support communities all across Alberta and offer better access to your money with our combined network of branches and ATMs.

Powered by a team of more than 3,000 dedicated hearts and minds, serving 80 communities from more than 140 branches, and by dreaming bigger than ever before, we can build the credit union of tomorrow, today. This is why our Boards of Directors have unanimously endorsed the Proposed Merger.

**With more smart and more heart,
we'll be Greater Together.**



HOW TO USE THIS MEMBER'S GUIDE

As a member-owner, you have a say in how we operate, including helping to decide whether Servus and connectFirst should join together to become a new Merged Credit Union. After reading this guide, you will:

- Learn more about the challenges and opportunities that led our Boards of Directors and management teams to explore and ultimately unanimously recommend the merger
- Discover the many ways this merger will be great for members, employees, communities, and the credit union system
- Find out how you can be part of this historic moment in your credit union's history
- Feel confident in voting YES to our Proposed Merger

Before you dive in, here are some key terms and concepts that will help you navigate this Member's Guide:

- The term "Proposed Merger" is used to refer to the transaction by which we're proposing to merge connectFirst and Servus. The "Proposed Merger" will proceed as an amalgamation under Section 182 of the Credit Union Act (Alberta), whereby connectFirst and Servus will voluntarily amalgamate and continue as one credit union
- The credit union that would result from this Proposed Merger may also be referred to as the "Merged Credit Union"
- connectFirst Credit Union may also be referred to as "connectFirst"
- Servus Credit Union may also be referred to as "Servus"
- connectFirst and Servus together may also be referred to as the "Credit Unions"

LEARN MORE AT GREATERTOGETHER.INFO

[Greatertogether.info](https://greatertogether.info) is a website dedicated to providing information for members about the Proposed Merger. Here you'll find everything you need to know about the Servus and connectFirst, Proposed Merger, the member vote and much more. You'll also find the link to register for our Special General Meeting where you can vote YES to the merger.

This site is your go-to for staying informed and engaged in this exciting milestone in our Credit Unions' history. Bookmark it and visit often!

Save the Date 

Members will vote on the Proposed Merger at a Special General Meeting of your credit union. Both meetings will be held online so you can attend from anywhere! Everything you need to know about these meetings is on pages 25 and 26 of this Guide. Please take a minute now to add these dates to your calendar:

Servus Credit Union Special General Meeting – Tuesday, September 19, 2023, at 6pm MT

connectFirst Credit Union Special General Meeting – Wednesday, September 20, 2023, at 6pm MT

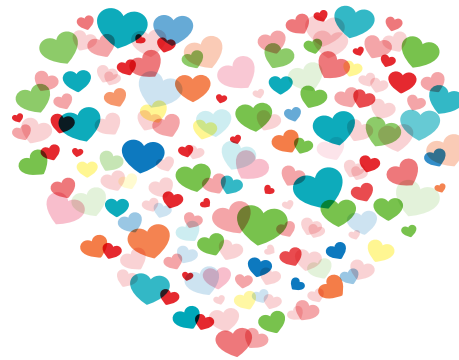
VISION FOR THE FUTURE: MORE SMART, MORE HEART

Servus and connectFirst share a vision for a Merged Credit Union that offers better, more personalized experiences for our members. A credit union that invests in modern banking solutions and empowers members to bank the way you want. And a truly province-wide credit union that is rooted in cooperative values and supports communities all across Alberta.

The Merged Credit Union will build on the best of the individual Credit Unions to create a credit union that is sustainable and future-thinking. It will harness the power of our collective experience and expertise to imagine new solutions, and then use our combined resources to bring them to life. Together, we can and will build the credit union of the tomorrow, today.



More smart



More heart

OUR CREDIT UNIONS AT A GLANCE*

	connectFirst	SERVUS
Founded in	1939	1938
Headquarters	Calgary	Edmonton
Number of Members	133,155	396,168
Number of Employees	796	2,226
Number of Branches	42	105
Assets under Administration	\$8,477,052,000	\$25,129,475,000
Lines of Business	Personal, Business, Wealth, Agriculture	Personal, Business, Wealth, Agriculture and Leasing

*As of June 30, 2023

WHY MERGE?

Together, we are greater than the sum of our parts. Our shared passion for personalized member service, community, and cooperative principles, plus an increased ability to invest in the systems and tools necessary to ensure a strong future for a Merged Credit Union, means great things are ahead for members, employees, communities, and the credit union system.



Better for Members

Whether you're a Servus or a connectFirst member, you deserve personal service, tailored financial advice, products that meet your needs, and tools you can access when and where you need them.

Here's how a Merged Credit Union will be better for you:

"I want to bank where, when and how it's convenient for me."

- ✓ A truly province-wide network of branches, with more than 140 branches in 80 communities
- ✓ Commitment to remaining in every community served by Servus and connectFirst today
- ✓ More than 220 ATMs from Lethbridge to Fort McMurray, Jasper to Lloydminster.
- ✓ Continued access to more than 5000 ding-free® ATMs across Canada

- ✓ Built on close to 80 years of dedicated service for and to Albertans
- ✓ Combined expertise and commitment to all Albertans – rural, urban, newcomers and multi-generational residents alike

"I want to be part of something that has deep roots in Alberta, that I can count on to know me and my neighbours."

"I want advice and services that I can rely on to be there and to evolve with me as a modern consumer."

- ✓ More innovative products and services tailored for your goals and dreams
- ✓ Increased ability to invest in new, innovative products and tools
- ✓ A stronger credit union that is a member-focused, values-driven alternative to big banks

- ✓ Increased ability to invest in modern tools for improved online and mobile banking experiences
- ✓ More than 3000 employees dedicated to deeply understanding your needs and finding solutions to match

"I want better offline and online banking experiences."

"I want to be proud of my credit union's support for my community."

- ✓ Increased ability to support Alberta's communities, including broader reaching programs and initiatives

Better for Employees



Every day, connectFirst and Servus employees bring their hearts and minds to giving you the advice and service you need to make your financial dreams a reality. They are the faces you see when you visit a branch, and the voices you hear when you call us. We are the strong organizations we are today because of them. That's why every employee will be offered a role and an opportunity to be part of the Merged Credit Union. So, the people you've come to count on will continue to be there to serve you in the new Merged Credit Union.

As we build the Merged Credit Union, employees will have more opportunities to gain specialized skills to better serve members and grow their careers. As we are able to invest in more modern tools and systems, employees will be able to concentrate on helping you achieve your goals like buying a home, paying for post-secondary education, saving for retirement or helping care for your loved ones. In short, they'll be freed up to spend more time doing what they do best: connecting with and working for you!

Here's how the Merged Credit Union will be better for the people you count on:

- ✓ New or different career paths made possible by a larger organization
- ✓ Access to more tools and resources to serve members and excel in their careers
- ✓ A culture that builds on the strengths of each individual organization to empower our people and propel our organization to new heights
- ✓ New opportunities to share best practices and learn from peers who have similar experience
- ✓ More personal and professional development opportunities through collaboration and by sharing new perspectives on common challenges
- ✓ Opportunities to achieve great things with more like-minded professionals who share a similar passion for credit unions, cooperative banking and exceptional member service





Better for Communities

At the heart of our credit unions is a deep commitment to serving and empowering communities. Servus and connectFirst are proud to be part of 80 communities across Alberta and the Merged Credit Union will continue to serve every town, village, and city we are in today. In 2022 alone, the two Credit Unions contributed a combined total of nearly \$2.8M in community investment and partnerships that benefited Albertans all across our province. The Merged Credit Union will be able to use our combined financial strength to show up in more impactful ways in those communities in the future.

Cooperative values will anchor us as a credit union; communities will continue to be central to what we do. Here's how the new Merged Credit Union will be better for our communities:

- ✓ Combined resources and expertise mean a greater capacity to support local community organizations
- ✓ Opportunities for longer-term, sustained support for partner organizations who serve the diverse needs of Albertans
- ✓ Through our combined dedication to improving member financial well-being, members will be able to contribute time and money to the communities and causes that matter to them
- ✓ More resources mean a greater capacity to foster meaningful connections and a sense of belonging within the communities we serve



Better for the Credit Union System

Credit unions are part of a larger community of cooperatives who share common values and a belief in the power of joining together to improve lives across every sector and industry.

As two of Alberta's largest credit unions, Servus and connectFirst have each played key roles in supporting and advocating for the credit union way of banking. The scale of the new Merged Credit Union will allow us to invest in and advocate more effectively for the future of the credit union system in Alberta.

Here's how a Merged Credit Union will be better for the credit union system:

- ✓ Offer leadership to Alberta's credit union system by championing new systems and tools that would make banking even better for current and future credit union members
- ✓ Use its size and strength to make sure cooperative, member-centric banking remains relevant and thriving in Alberta
- ✓ Actively advocate for credit unions and our members with governments, regulators and other stakeholders
- ✓ Champion Alberta Central, the central banking facility, service bureau and trade association for Alberta's credit unions, as the single, collective voice to serve member best interests within the financial industry

WHY MERGE NOW?

The financial services landscape is changing quickly, getting more complex by the day. Sophisticated new players and upstart fintech companies are entering the market and applying digital-focused technology to re-shape banking in ways traditional financial institutions never thought possible. These newcomers aren't constrained by boundaries like geography or by industry rules that apply to traditional financial institutions. Because of this, credit unions are challenged to keep pace while also staying true to our roots.

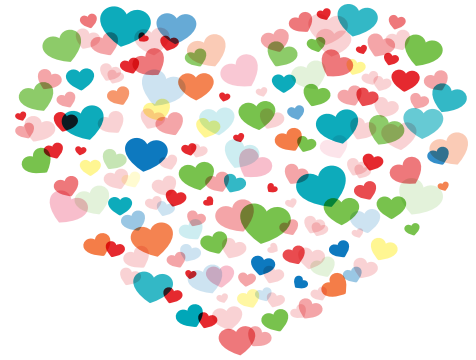
In late 2022, connectFirst and Servus began exploring how, together, we could ensure our organizations would not only survive but thrive in the face of these challenges. We soon realized that we have an opportunity to truly dream big.

By building on strengths of our individual credit unions and reimagining together what we do and how we do it, we can create the credit union of tomorrow. We can be [Greater Together](#).

A Proud History

Mergers are not new to Servus or connectFirst. They are an important part of the stories of our Credit Unions, and chances are you were a member of another credit union before you joined Servus or connectFirst. Through each merger, we've constantly evolved and improved everything from our systems and tools to how we serve our members. We've also become increasingly resilient and adaptable.

We know that mergers bring change and can be disruptive, for members and the credit unions alike. At the same time, we strongly believe the benefits of this Proposed Merger will far outweigh the potential challenges we may encounter along the way.



More heart

A Strong Future

Financial services are changing faster than many of us have ever seen before in our lifetimes. This is largely because of new players bringing big budgets and bigger appetites for risk. As they invest to build and quickly introduce new technologies, they're pushing forward rapid developments in online banking and mobile apps, new transaction technologies and an increasingly diverse array of financial services.

Financial industry analysts recently suggested that banks and credit unions will need at least \$30 billion in assets to stay relevant and sustainable in this new environment. Right now, no single Alberta credit union has that financial strength.

By bringing connectFirst and Servus together, the Merged Credit Union will be one of the largest credit unions in Canada with over \$30 billion in assets under administration, more than 3,000 employees, approximately 500,000 members and more than 140 branches in 80 Alberta communities. Together, we will be able to operate at the scale necessary to survive and thrive for the long-term.

As two of the most successful credit unions in Alberta individually, connectFirst and Servus are positioned to do more than survive these challenges. But together as a Merged Credit Union, we will be capable of investing in new tools and technologies that will free us to spend more time on the things that really matter—connecting with you and helping you achieve your goals.

With more smart and more heart, we will embrace our shared history of visionary thinking in the credit union system and build on it to offer innovative products and services tailored to your unique needs. And we will position ourselves at the forefront of financial services in Alberta, even as our industry deals with disruption and change.

The Merged Credit Union will be strong enough to lead and strengthen Alberta's credit union system as it evolves in response to the shifting financial services landscape, including accelerating the switch to shared modern technologies and platforms that will better serve and meet the demands of current and potential credit union members throughout the province.



Together, we will build a credit union that is the pride of Alberta. Together, we will build the credit union of tomorrow.

HOW WE GOT HERE

Timeline

Late 2022

Boards of Directors of both Credit Unions initiate merger discussions.



March 2023

Intent to merge is announced.



March 2023

Joint Steering Committee of Board members is created to guide and oversee merger discussions.



April 2023

Due diligence begins.



May 2023

Alberta credit union partners engaged to explore how the merger may affect the system. This engagement is ongoing.



July 2023

Due diligence completed. No material risks are found. Member benefits confirmed.



August 2023

Both Boards approve the business case, due diligence, and amalgamation agreement.



August 2023

Special General Meeting announced to members.



September 2023

Members vote.



October 31, 2023

Target merger close date.



HOW THE MERGED CREDIT UNION WILL OPERATE

START DATE AND REGISTERED OFFICE

The Merged Credit Union is expected to begin operations on November 1, 2023, subject to membership and regulatory approval. It will have a registered office at 2850 Sunridge Blvd NE #200, Calgary, AB T1Y 6G2. Although the registered office for Servus will change, this affects legal service only and will not affect the locations where Servus employees currently work.

NAME AND BRANDING

The legal name of the Merged Credit Union will be "Connect First and Servus Credit Union Ltd." However, our intent is that both Credit Unions will continue to operate under their current brand names for a period of time. Following completion of the Proposed Merger, we will explore branding that recognizes the distinctness of both Credit Unions while creating a joint brand.

SHARES

To be a member of a credit union, you must hold at least one Common Share. As a Member of Servus or connectFirst, you will have the same shareholdings in the Merged Credit Union as you do in your current Credit Union, except that your shares will, following the Proposed Merger, be shares issued by the Merged Credit Union.

Common Shares

Each Common Share you hold in either Credit Union will be exchanged for one (1) Common Share in the Merged Credit Union. This means that, for every one (1) Common Share you have in either Servus or connectFirst, you will have the same number of Common Shares in the Merged Credit Union.

Investments Shares

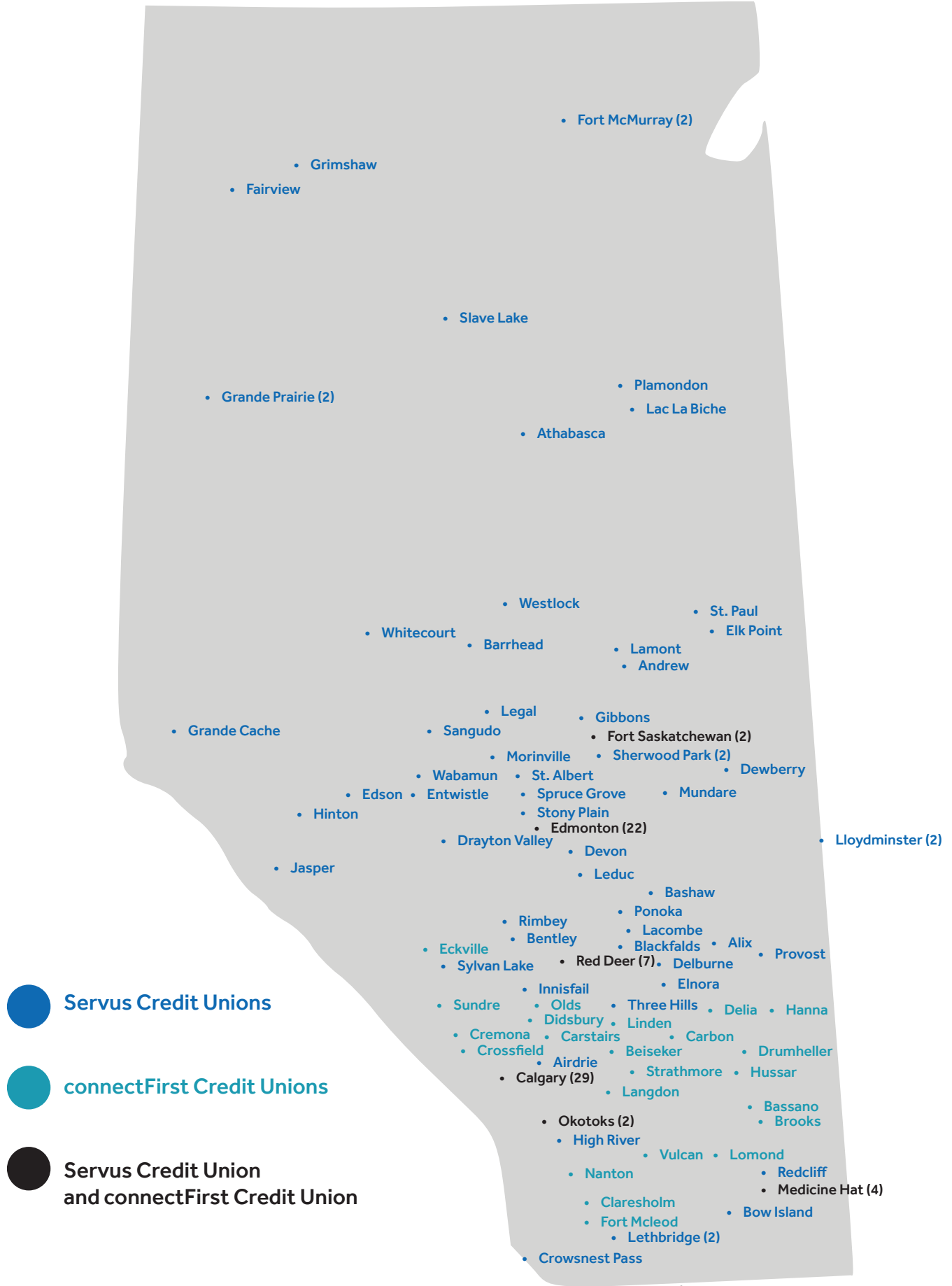
Some members also hold Investment Shares in their credit union. Investment Shares of any Series in either Credit Union will be converted into an equal number of a Series of Investment Shares of the Merged Credit Union with the same rights and restrictions as are in place today on the Series of Investment Shares you currently hold. Your shareholdings in the Merged Credit Union will be the same as your current shareholding in either Credit Union, except that they will, following the Proposed Merger, be Investment Shares of the Merged Credit Union.

PRODUCTS AND SERVICES

The Merged Credit Union will continue to offer a full suite of deposit, loan and wealth management products and services for retail and commercial members. Over time, the Merged Credit Union will have the opportunity to offer more to members with enhanced products and services.

BRANCH LOCATIONS

The Merged Credit Union will continue to serve all communities served by the Credit Unions today.



*Map not drawn to scale

GOVERNANCE STRUCTURE

Governance is the heart of every credit union. It represents and defines each credit union's Board of Directors, the group of leaders who, in case of Servus and connectFirst, are elected by its membership. A Board of Directors:

- ✓ Envisions the future of the credit union
- ✓ Articulates the value the credit union creates for members
- ✓ Creates the platform for the voice of the member-owners to be heard in the operations and performance of the organization

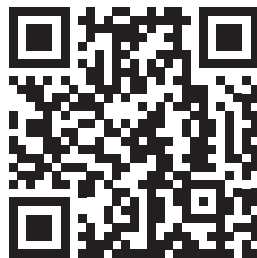
The Boards of connectFirst and Servus acknowledge that each of their current directors were democratically elected by their respective memberships. They, together with the support of external advisors, agreed on an allocation of directors for the Merged Credit Union that will respect the best interests of both Servus and connectFirst. This allocation was laid out in their Memorandum of Understanding relating to the potential merger.

The Boards then worked together to carefully and thoughtfully create a fair and objective process to select a new board for the Merged Credit Union. The recommended new board brings together the best from the highly qualified current Directors to lead the Merged Credit Union through the Proposed Merger and integration.

The Board of Directors for the Merged Credit Union has been meticulously chosen from among directors selected by Servus and connectFirst members in past board elections and as a reflection of our commitment to strong governance and leadership. Selection was based on their impressive experience, proven expertise, and a shared commitment to fostering robust, values-led credit unions. These are individuals who know how to lead and innovate, while staying deeply rooted in the community. As we venture into the journey of the Merger and beyond, they're the steadfast guiding force who will help ensure a vibrant future for the Merged Credit Union.



greatertogether.info is a website dedicated to providing information for members about the Proposed Merger.



BOARD OF DIRECTORS

Here is the initial Board of Directors for the Merged Credit Union, and their terms of office.



Kelso Brennan - 1 year, to 2025 AGM

Kelso Brennan brings knowledge of the credit union system, business administration, and strategic planning to the table. Kelso is the General Manager of a group of architectural signage and wayfinding companies in Alberta. He holds a master's degree in business administration and a Project Management Professional designation.



Doug Bristow - 2 years, to 2026 AGM

Doug Bristow brings 15 years of experience working with financial institutions, where he has served in senior roles, including chief of internal audit, assistant vice president of finance, vice president and controller to the board. Doug is a partner at the David Aplin Group and a Chartered Professional Accountant.



Amy Corrigan - 2 years, to 2026 AGM

Amy Corrigan is the working owner and director of The Coverall Shop Ltd. She is an experienced credit union director and has served on the Community Credit Union and Red Deer Chamber of Commerce boards. She graduated from the Institute of Corporate Directors/Rotman School of Business Director Education Program.



Perry Dooley - 3 years, to 2027 AGM

Perry Dooley is a successful entrepreneur and governance professional with over 30 years' experience in business, financial services and board governance. He believes in organizational purpose, culture and diversity with passion for corporate strategy, leadership and organizational sustainability. He is a Fellow of the Institute of Canadian Bankers and holder of the Institute of Corporate Directors (ICD.D) Designation.

BOARD OF DIRECTORS

Andrew Eberl - 3 years, to 2027 AGM

Andrew and his family were raised on a mixed farm near Claresholm. They take pride in managing Canada's largest Braunvieh cattle herd. He has been a dedicated credit union member for 39 years, serving as Board Chair for Chinook Financial in 2013 and currently sits as connectFirst Board Chair.



Shawn Eltom - 1 year, to 2025 AGM

Shawn Eltom is a long-time credit union member with board and retail leadership experience. He served on the Safeway Employees Credit Union board for five years, where he chaired the Nominating Committee and was vice chair of the Audit and Finance Committee.



Danielle Ghai - 3 years, to 2027 AGM

Danielle Ghai is a legal and policy expert with passion for community and social justice. She holds degrees in law, honours English and a certification in immigration laws and policies. She brings to the board table a strong foundation in reading, writing, critical analysis, understanding of law and policy.



Darlene Harris - 3 years, to 2027 AGM

A credit union member of 30+ years and Shell Canada retiree with extensive merger and acquisition experience, Darlene is a director on three boards: connectFirst Credit Union, Alberta Central Credit Union, and Topaz Energy. She has a Chartered Professional Accounting designation and has completed Level B of the Credit Union Director accreditation program.



BOARD OF DIRECTORS



Adil Lalani - 1 year, to 2025 AGM

Adil is passionate about growing and nurturing local businesses and communities. He founded his own business consulting and investment firm and has built organizations with increased diversity, strong governance and ESG principles. He has a Bachelor of Commerce, a Master's of Business Administration, and a Chartered Financial Analyst designation.



Greg Nakonechny - 2 years, to 2026 AGM

Greg Nakonechny is a lawyer with expertise in financial institutions, regulatory compliance and corporate governance. Greg has expertise in corporate law, consumer financing, regulatory compliance of financial institutions and corporate governance of private and public enterprises. He was also a legal advisor to many businesses in Edmonton and Calgary.



Shannon Rennie - 2 years, to 2026 AGM

Shannon has over 15 years of experience in credit unions, serving as General Counsel for Alberta Central, and is now VP of Legal at H&R Block Canada. She has extensive knowledge of credit union governance and legislation gained from 12+ years of experience.



Carey Taubert - 1 year, to 2025 AGM

Carey is a Chartered Accountant specializing in agricultural tax issues and runs an accounting practice from home. She has a Bachelor of Commerce degree from the University of Calgary and has worked with Cremers & Elliott, serving retail auto and agricultural sectors. Carey and her family also run a grain farm in Hussar.

EXECUTIVE LEADERSHIP

The executive leadership structure of the Merged Credit Union is a crucial part of its operations that will be carefully developed after the member vote. We've confidently anchored our executive team by naming a President and CEO who brings invaluable experience in leading transformation within valued-based organizations. The process to identify the right individuals for the remaining leadership roles will begin after the vote. We'll work with industry experts to design an executive structure that best serves the Merged Credit Union's members and vision for the future.

Ian Burns, President and Chief Executive Officer, Merged Credit Union

Ian has served as Servus's President & CEO since April 2021. Prior to joining Servus, Ian was Chief Executive Officer of Alberta Central, where he gained a deep understanding of credit unions and their role in the financial sector. Ian has represented the Canadian credit union and financial industry as a board member of Interac, Everlink, Celero, Credit Union Payments Services (CUPS), as well as the Canadian Credit Union Association (CCUA).

He is currently the Board Chair of Prairie Payments Joint Venture (PPJV) and a member of the Alberta Business Council.

BYLAWS

The Merged Credit Union will operate according to a new set of bylaws. Please refer to Appendix A for a copy of the proposed bylaws of the Merged Credit Union.

Save the Date 

Members will vote on the Proposed Merger at a Special General Meeting of your credit union. Both meetings will be held online so you can attend from anywhere! Everything you need to know about these meetings is on pages 25 and 26 of this Guide. Please take a minute now to add these dates to your calendar:

Servus Credit Union Special General Meeting – Tuesday, September 19, 2023, at 6pm MT

connectFirst Credit Union Special General Meeting – Wednesday, September 20, 2023, at 6pm MT

EXPECTED FINANCIALS - HIGHLIGHTS

As part of the merger consideration process, the Credit Unions completed comprehensive and independent financial analyses to ensure the Proposed Merger is:

- ✓ In the best interest of our respective members.
- ✓ Supports the long-term viability and strength of the credit unions.
- ✓ Supports the sustainability and strength of the overall Alberta credit union system.



More smart

The process included a detailed financial modeling exercise, which offers six-year projections for the balance sheet and income statement of the Merged Credit Union. Despite the modeling being done conservatively, it offers a truly compelling case for the merger.

Below are the detailed conclusions and outcomes from this work:

Synergies & Economies of Scale

- By having access to one of the largest cooperative banking talent pools in Alberta, the Merged Credit Union will undoubtedly realize synergies and productivity enhancements above and beyond what each Credit Union could potentially generate if they remained independent.
- The financial model demonstrates that the merger will strengthen our resilience and sustainability, lead to significant economies of scale, a larger capital base and increased profitability and cost efficiencies. This in turn will allow the Merged Credit Union to execute faster on overall member experience improvements and to offer more attractive products to meet member needs.
- By combining resources and more effectively deploying available assets, the Merged Credit Union is expected to start seeing efficiencies shortly post-merger, and these are expected to increase over the next five to six years. The Merged Credit Union is anticipated to realize cost savings of about \$20 million annually by fiscal 2029.
- The Merged Credit Union is also expected to benefit from improved asset composition and funding allocation opportunities that will be created post merger. These opportunities along with the operating efficiencies discussed above are expected to generate incremental operating income of over 6.5% annually by fiscal 2029.

Despite the modeling being done conservatively, it offers a truly compelling case for the merger.

Strength through size

- At the merger date, the Merged Credit Union will be one of the largest credit unions in Canada (based on the size of the assets under administration) and the largest credit union in Alberta. By 2029 we expect total managed assets of the Merged Credit Union to reach \$42 billion, truly a stronger credit union to last for generations.
- The Merged Credit Union is expected to contribute significant new earnings to its capital base, as described above. Over the six-year forecast period, the Merged Credit Union will generate around \$85 million of additional capital, above what would be generated by the two Credit Unions if they were to continue operating separately.
- A stronger capital base will help build a stronger foundation for future growth and create larger investment opportunities around technology, product development, communities and our people, along with a greater ability to share more profits with our members.
- With a larger scale and size, the Merged Credit Union will be able to grow a stronger voice for the cooperative banking industry and its members within Alberta and for the national credit union system as a whole.

By 2029 we expect total managed assets of the Merged Credit Union to reach \$42 billion, truly a stronger credit union to last for generations.

SIX-YEAR FORECAST

The following table shows more details of the forecasted results of the new Merged Credit Union:

Balance Sheet (in CAD thousands)								
	Opening	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	CAGR
Total Assets	26,943,345	28,449,653	31,096,455	33,800,847	36,610,004	39,293,915	42,071,866	7.7%
Total Capital	2,258,183	2,460,006	2,716,504	2,952,721	3,232,800	3,530,423	3,855,766	9.3%

Income Statement (in CAD thousands)							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	CAGR
Total Revenue	888,707	978,957	1,019,926	1,119,744	1,191,478	1,263,946	7.3%
Total Expenses	701,888	739,135	774,272	828,506	868,316	912,088	5.4%
Net Income	186,819	239,822	245,654	291,238	323,162	351,857	13.5%

Key Performance Ratios						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Capital	14.41%	14.35%	14.17%	14.16%	14.31%	14.51%
Return on Assets	0.99%	1.16%	1.10%	1.19%	1.22%	1.24%
Return on Equity	11.17%	12.89%	12.22%	13.20%	13.39%	13.35%
Operating Efficiency	66.16%	61.87%	61.88%	59.37%	57.72%	56.57%

For modelling purposes, the projections are based on a six-year forecast horizon presented as Year 1 to Year 6 and based on an assumed merger transaction date of November 1, 2023.

The above financial summary from the consolidated business plan focuses solely on tangible financial impacts the merger transaction will have on the future performance of the Merged Credit Union and is not intended to represent a full strategic business plan, operating plan or tactical plan, or the possibility of potential associated revenue uplift according to the new Merged Credit Union's strategy. As part of integration planning, the management and board of directors of the Merged Credit Union will develop a more detailed strategic plan, supported by a comprehensive operating plan, that reflects the needs of the business and its members.

ONE-TIME COSTS

The anticipated one-time merger related costs are detailed below. All figures are in CDN\$ (thousands).

Category	Budget
Communications & Member Vote	1,900
Due Diligence	1,700
Governance/Board	300
Transaction Advisory, Project Management, People & Resources	3,412
Other Legal Consultants	594
Competition Bureau Filings	126
Pre-Merger Subtotal	8,032
Initial Technology Integration	2,000
Change Management	3,300
Integration Advisory	1,200
Post-Merger Subtotal	6,500
Grand Total	\$14,532

The management of the credit unions realize that careful planning, timely integration of people, processes and technology is fundamental to a successful integration process. There will also be emphasis on ensuring critical 'Day One' capabilities are ready on time, to minimize any disruption for our members. **The one-time costs disclosed above capture these essential requirements and are projected to pay themselves back almost six times over by fiscal 2029 through the excess capital generated from the synergetic financial opportunities created post-merger.** Options related to longer term strategic integration costs including related to key technology infrastructure and branding, although not captured in the table above, are included in the consolidated forecast projections.

RISKS OF THE PROPOSED MERGER

At the outset, our Boards recognized that the Proposed Merger would be a transformative event for both Credit Unions. They understood that many key items in the merger process would need to be approached and addressed collaboratively and with a great deal of care and attention. That's why our Boards directed the creation of: (1) an executive steering committee made up of executive team members from both Credit Unions; and (2) a joint steering committee made up of directors from both Credit Unions. Both committees were tasked with overseeing and providing guidance on many important streams of work undertaken in connection with the merger process. These joint teams were supported by independent advisors hired jointly by both Credit Unions and were also tasked with identifying and assessing potential risks in connection with the Proposed Merger.

Although there are always potential risks associated with merger transactions, our Boards have concluded that the potential benefits of this Proposed Merger far outweigh the risks.

The list below outlines the potential risks identified in connection with the Proposed Merger and how we intend to manage and mitigate them.

Risk: Unrealized Synergies

Description: The financial model is based on the occurrence of future events, which are by nature uncertain and must meet regulatory requirements.

Mitigation Approach: The financial model of the Merged Credit Union is based on reasonable and conservative assumptions, and potential outcomes are well understood. Overall modelling in all scenarios that were modelled shows a positive impact for the Proposed Merger and exceed regulatory minimums.

Risk: Due Diligence

Description: Details such as undisclosed liabilities may exist that the other Credit Union is unaware of.

Mitigation Approach: The robust, detailed, and independent due diligence process conducted by each Credit Union involved priority resources from both Credit Unions, best practice assessment frameworks, and outside legal, financial, risk, and cyber expertise for assessment.

Risk: Impact on Current Operations

Description: Difficulty of both Credit Unions to operate as usual while preparing for the Proposed Merger & integration.

Mitigation Approach: Dedicated internal and external resources have been allocated to complete the Proposed Merger and integration activity. Prioritization processes have been put in place to balance both Credit Unions' continued emphasis on member service excellence and Proposed Merger efforts. Minimizing negative member impact is a top priority of both Credit Unions framing these efforts.

Risk: Technology Adoption and Integration

Description: There are potential risks associated with running multiple systems and platforms during integration.

Mitigation Approach: Leveraging the experience of both Credit Unions with past merger transactions, effective technology transition and integration plans will be developed to minimize disruption while ensuring data quality and governance.

Risk: Culture

Description: There are potential risks associated with integrating two corporate cultures.

Mitigation Approach: Due diligence affirmed strong evidence of a commonality of culture and values between the two Credit Unions. CEO branch visits are currently under way, and broader executive engagement is planned to lead this change. Each Credit Union has change Ambassadors identified within teams, and training was completed to empower them to act as change leaders.

Risk: Key Person + Capacity Risk

Description: There are potential risks that the Credit Unions are unable to complete the Proposed Merger or integration activity due to resource constraints.

Mitigation Approach: Both Credit Unions have engaged in a robust employee engagement and retention plan to ensure the availability and productivity of internal resources. External resources have further been engaged to mitigate any internal capacity constraints.

Risk: Credit Union System Impact

Description: There are potential risks that the Proposed Merger will have unexpected impacts related to Credit Union Central of Alberta or other system partners.

Mitigation Approach: Both Credit Unions have directly engaged all regulatory and system partners to ensure system impacts are identified and fully mitigated prior to the Proposed Merger.

Risk: Member Approval

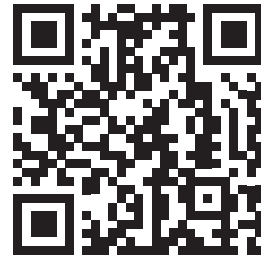
Description: There is a potential risk that either Credit Union will not receive member approval to amalgamate.

Mitigation Approach: The Credit Unions engaged in a thorough process to affirm that the Proposed Merger brings significant benefits to all members and is in line with member demands and expectations.

With this Member's Guide and the broader member engagement initiative undertaken by both Credit Unions, the Credit Unions aim to ensure that members are informed of the benefits of the Proposed Merger and are afforded the opportunity to engage and ask questions before casting their votes.

As noted above, the Boards of Directors of both Credit Unions have assessed the potential risks of the Proposed Merger and concluded that the benefits far outweigh the risks.

greater.together.info is a website dedicated to providing information for members about the Proposed Merger.



WHAT'S NEXT

MEMBER OPEN HOUSES

Before the Special General Meetings, we invite you to come to one of the more than 25 Member Open House sessions that Servus and connectFirst are hosting together across the province.

When you attend an Open House, you'll have a chance to talk with members of our Board of Directors and executive leaders about the vision for the Merged Credit Union, to ask questions and to be part of our shared path forward.

To find an Open House close to you, visit greatertogether.info/openhouse or scan this QR code.

Register online



Register online and mark your calendar.
We're looking forward to seeing you!



SPECIAL GENERAL MEETINGS

All members have an equal say in how their credit union operates and can vote on important changes. This merger is no different. Each Credit Union is hosting a Special General Meeting for members to learn more about the Proposed Merger and to vote on the proposal.

During each Credit Union's virtual Special General Meeting, you will be able to ask questions about the Proposed Merger through the meeting app. Questions can also be submitted to Credit Union employees by phone and by email. Employees will pose these questions on your behalf during the meeting. Visit greatertogether.info for complete information on participating in the Special General meetings.

We have an opportunity to
truly dream big.



Servus Credit Union Special General Meeting

Servus members are invited to the Servus Special General Meeting, which will be held as follows:

Date: Tuesday, September 19, 2023

Time: 6:00pm (Mountain Time)

Location: Online via live webcast

During this meeting, Servus members will be presented with the following Special Resolution to approve the Proposed Merger.

1. having been presented with the Amalgamation Agreement for the amalgamation of Servus and connectFirst and upon hearing the recommendation of the Board of Directors of Servus that it is in the best interest of Servus to enter into the Amalgamation Agreement, the members approve the Amalgamation Agreement; and
2. the officers and directors of Servus are hereby authorized to do all things and to execute all instruments and documents necessary or desirable to carry out and give effect to the amalgamation of Servus and connectFirst in accordance with the terms and subject to the conditions set forth in the Amalgamation Agreement.

connectFirst Credit Union Special General Meeting

connectFirst members are invited to the connectFirst Special General Meeting, which will be held as follows:

Date: Wednesday, September 20, 2023

Time: 6:00pm (Mountain Time)

Location: Online via live webcast

During this meeting, connectFirst members will be presented with the following Special Resolution to approve the Proposed Merger.

1. having been presented with the Amalgamation Agreement for the amalgamation of connectFirst and Servus and upon hearing the recommendation of the Board of Directors of connectFirst that it is in the best interest of connectFirst to enter into the Amalgamation Agreement, the members approve the Amalgamation Agreement; and
2. the officers and directors of connectFirst are hereby authorized to do all things and to execute all instruments and documents necessary or desirable to carry out and give effect to the amalgamation of connectFirst and Servus in accordance with the terms and subject to the conditions set forth in the Amalgamation Agreement.

Information about how to register to attend your credit union's Special General Meeting and vote on the above special resolutions can be found below in this Member Guide, and online at greatertogether.info.

AMALGAMATION AGREEMENT SUMMARY

Below is a summary of the key sections of the Amalgamation Agreement referred to in the special resolution that Credit Union members will be asked to vote on at the Special General Meetings. A copy of the full Amalgamation Agreement is appended to this Member Guide as Appendix B and is available online at greatertogether.info.

Section	Summary
Article 2 - Property and Amalgamation Requirements	
2.1-2.2	The Merged Credit Union will own the assets and liabilities of, and possess the property, rights and privileges of both Credit Unions. Further, the issued shares of both Credit Unions will be converted, on a 1-to-1 basis, into shares of the Merged Credit Union. Every one (1) Common Share held by members in either Credit Union will be exchanged for one (1) Common Share in the Merged Credit Union. Investment Shares of any Series held by members in either Credit Union will be converted into an equal number of a Series of Investment Shares of the Merged Credit Union having the same rights and restrictions as currently existing on such Series of Investment Shares.
2.4-2.6	The Board of Directors of the Merged Credit Union will consist of twelve (12) directors comprised of five (5) former directors of connectFirst and seven (7) former directors of Servus. The initial Chair and initial Vice-Chair of the Board of Directors of the Merged Credit Union will be determined by the Board of Directors of the Merged Credit Union immediately after completion of the Proposed Merger. The proposed Board of Directors with their terms of office are attached to the Amalgamation Agreement and also set out in the section entitled "Board of Directors" in this Member Guide.
2.8	The proposed bylaws of the Merged Credit Union are attached to the Amalgamation Agreement and are also set out in Appendix A: Bylaws in this Member Guide.
2.9	The Merged Credit Union will operate with a new organizational structure, drawing from the management teams of both Credit Unions. The Chief Executive Officer of the Merged Credit Union will be Ian Burns, the current Chief Executive Officer of Servus, as further summarised in the section entitled "Executive Leadership" in this Member Guide.
2.10	The registered office of the Merged Credit Union will be at 2850 Sunridge Blvd NE #200, Calgary, AB T1Y 6G2.
2.11	The Merged Credit Union will continue to operate as an Open Bond Full Service Financial Institution.
Article 3 - Representations and Warranties	
3.1-3.6	Both Credit Unions have each made several representations and warranties to one another in respect of their respective businesses, assets, liabilities, and operations. The purpose of these representations and warranties is to establish a substantive understanding of the other party's business prior to merging, and to identify any material facts or circumstances which may pose risk to the Merged Credit Union.
Article 4 - Conditions Precedent	
4.1	Before the Credit Unions are obliged to complete the Proposed Merger, the terms and conditions set forth in the Amalgamation Agreement must be approved by: (i) the membership of each credit union by way of special resolution, (ii) the Credit Union Deposit Guarantee Corporation, and (iii) any other governmental authority have purview over the transaction. If these conditions are not satisfied prior to October 31, 2023, or such later date agreed to by the credit unions, the Amalgamation Agreement will be null and void.
4.3	Unless otherwise waived by the Credit Union Deposit Guarantee Corporation, both Credit Unions must give prior written notice of the Proposed Merger to all creditors and customers to whom it owes more than \$1,000.00.
4.4	Each of the Credit Unions agree to consult with each other in respect of their own business operations, operate its business in the ordinary course, and not incur any extraordinary expenditures prior to the consummation of the Proposed Merger without the prior consent of the other credit union.
Article 5 - Closing and Post-Closing	
5.1	Prior to closing, the Merged Credit Union agrees to deliver to the Minister (i) the articles of amalgamation of the Merged Credit Union, (ii) a copy of the proposed bylaws of the Merged Credit Union signed by two (2) directors of the Merged Credit Union, (iii) a notice of the address of the registered office of the Merged Credit Union, and (iv) the full name and residential address of each director of the Merged Credit Union.

VOTING

VOTER ELIGIBILITY



Ready to make your voice heard? You can vote if:

- ✓ You are 18 years of age or older; and
- ✓ Held at least one connectFirst or Servus common share on or before July 1, 2023

That's all there is to it! Every member has an equal say in the outcome of this and all decisions put in front of the membership.

OTHER MEMBERSHIP TYPES

If you are a business member, organization, partnership, incorporated company, incorporated associated, unincorporated association or a society, you can vote, too.

Different membership types have specific requirements for voting. To learn more about what's required for your membership type, please visit your credit union's website at servus.ca/special-general-meeting or connectfirstcu.com/SGM

VOTING REGISTRATION



Want to vote? Ensure you register today!

Registering to vote ensures you can participate in the Special General Meeting and vote on the Proposed Merger. Members who do not register ahead of time will not be able to attend or vote.

The registration process is different for each Credit Union so please follow the instructions below based on your membership.

NOTE! Registration dates for Servus and connectFirst Credit Union members are different because the meetings are on different dates. For exact details about registration timeframes, please visit greatertogether.info.

Registration for Servus Credit Union members



To register to vote as a Servus Credit Union member, simply log into Online Banking. You'll be prompted to go to the 'My Servus' page where you can register for the Special General Meeting and where you'll receive your voter number. Before the meeting, you'll receive an email with instructions on how to attend and participate, including a link that will give you access to the meeting.

If you need help with registration, please contact us at 1.877.378.8728.

If you don't use Online Banking, please call Servus's contact centre at 1.877.378.8728 or visit a branch that's convenient for you. We'll confirm your eligibility, register you for the Special General Meeting, and get you set up with a voter number.

Eligible members are asked to register before **Sunday, September 17, 2023, at 6pm.**

Pre-registration for connectFirst Credit Union members

If you're a member of connectFirst Credit Union, head over to connectfirstcu.com/SGM or scan this code to register to vote.

Register to vote



Here, you'll find an easy-to-navigate online form to confirm your membership and your voting eligibility. After you successfully register, you'll receive an email confirmation with everything you need to know to attend and vote at the connectFirst Special General Meeting.

If you need help with the registration form, please reach out to connectFirst's Member Connection Centre at 1.866.923.4778 or visit a branch near you. We'll confirm your eligibility, register you for the Special General Meeting, and answer any questions you might have about the voting process.

Pre-registration should be completed by 6pm on Monday, September 18, 2023, to allow for simple, seamless voting for all eligible members.

RESULTS

Results of the member vote will be shared as follows:



For Servus's Vote Results

Voting results will be shared live at Servus's Special General Meeting on September 19, 2023. Then, shortly after, the results will be posted online at servus.ca and greatertogether.info.

For connectFirst's Vote Results

Similarly, connectFirst's voting results will be shared live at their Special General Meeting on September 20, 2023. The results will also be posted online at connectfirstcu.com and greatertogether.info shortly thereafter.

Combined Results

Approval from both Servus and connectFirst members is equally vital in paving the way for this Proposed Merger, which is why we will be sharing the combined results on greatertogether.info in the days following the Special General Meetings. Stay informed and be part of this important decision-making process!

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to connectFirst and Servus, as applicable, including information obtained from third party industry analysts and other third-party sources. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to:

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

The forward-looking information contained in statements or disclosures in this information circular (including the documents incorporated by reference herein) is based (in whole or in part) upon factors which may cause actual results, performance or achievements of connectFirst or Servus, as applicable, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While connectFirst and Servus do not know what impact any of those differences may have on their respective businesses, results of operations and financial conditions may be materially adversely affected.

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

You are cautioned that the foregoing list is not exhaustive. Readers should carefully review and consider the risk factors described under “Risks of Proposed Merger” and other risks described elsewhere in this information circular and in the documents incorporated by reference herein.

The forward-looking statements and information contained in this Guide (including the documents incorporated by reference herein) are made as of the date hereof and thereof and connectFirst and Servus 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 herein and, in the documents, incorporated by reference herein, members should not place undue reliance on forward-looking statements or disclosures. The forward-looking information and statements contained herein, and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement.

HAVE QUESTIONS?

If you have any questions or need more information about the Proposed Merger, please contact us. We're committed to ensuring you have everything you need to cast an informed vote.

Credit Union	Phone	Email
connectFirst	1.866.923.4778	merger@connectfirstcu.com
Servus	1.877.378.8728	merger@servus.ca

greater together



**APPENDIX A:
BYLAWS**

Bylaws of Connect First and Servus Credit Union Ltd.

NOVEMBER 1, 2023

Contents

- 1. GENERAL..... 1
 - 1.1 Definitions..... 1
 - 1.2 Principals of Interpretation..... 2
 - 1.3 Paramountcy 2
- 2. MEMBERSHIP..... 2
 - 2.1 Qualifications and Application 2
 - 2.2 Joint Membership 2
 - 2.3 Termination of Membership..... 2
 - 2.4 Access to List of Members 3
- 3. SHAREHOLDINGS..... 3
 - 3.1 Limit on Common Shares 3
 - 3.2 Establishment of Investment Shares 3
 - 3.3 Issuance of Investment Shares 3
 - 3.4 Transfers of Shares 3
 - 3.5 Redemption of Shares..... 3
 - 3.6 Dividends and Patronage Rebates..... 4
- 4. NOTICES TO MEMBERS..... 4
 - 4.1 Manner of Service 4
 - 4.2 Deemed Service of Mailed Notice 4
 - 4.3 Notice to Joint Members 4
- 5. MEMBER MEETINGS 4
 - 5.1 Order of Business..... 4
 - 5.2 No Other Business 5
 - 5.3 Rules of Order 5
 - 5.4 Amendments to Bylaws 5
 - 5.5 Permitted Attendees 5
 - 5.6 Chairperson 5
 - 5.7 Scrutineers 6
 - 5.8 Quorum..... 6
- 6. VOTING AT MEETINGS..... 6
 - 6.1 Membership List 6
 - 6.2 Voting 6
 - 6.3 Chairperson’s Declaration 7

6.4	Demutualization Decisions	7
6.5	Spoiled Ballots	7
6.6	Joint Membership	7
6.7	Business Members	7
6.8	Voting by Minors	8
7.	BOARD OF DIRECTORS	8
7.1	Number of Directors	8
7.2	Director Criteria	8
7.3	Director Ceases to Hold Office	9
7.4	Director Disqualification	9
7.5	Term of Office	10
7.6	Service Limits	10
7.7	Director Remuneration	10
8.	DIRECTOR ELECTIONS & APPOINTMENTS	10
8.1	Elections Procedures	10
8.2	Director Elections	10
8.3	Acclamation	11
8.4	Tie-breaking	11
8.5	Appointments	11
8.6	Election of Board or Committee Officers	11
9.	BOARD AND COMMITTEE MEETINGS	12
9.1	Board Meeting Frequency	12
9.2	Committee Meeting Frequency	12
9.3	Meeting by Alternate Communications	12
9.4	Notice of Meetings	12
9.5	Waiver of Notice	12
9.6	Method of Voting	12
9.7	Quorum	12
10.	SUBSIDIARIES	13
10.1	Board Authority	13

1. GENERAL

1.1 Definitions

In these Bylaws, unless the context otherwise specifies or requires:

- (a) “Act” means the *Credit Union Act* (Alberta), as from time to time amended, and every statute that may be substituted therefore and, in the case of such substitution, any reference in these Bylaws to provisions of the “Act” shall be read as references to the substituted provisions therefore in such substituted statute(s);
- (b) “Board” means the board of directors of the Credit Union, as further described in Article 8;
- (c) “Business Member” means a Member that is a corporation, partnership or other unincorporated association;
- (d) “Bylaw” means any Bylaw of the Credit Union, including any special Bylaw, from time to time in force and effect;
- (e) “Committee” means any committee of the Board as further described herein and formed in accordance with the Act;
- (f) “Credit Union” means Connect First and Servus Credit Union Ltd.;
- (g) “Demutualization” means an arrangement, voluntary dissolution or liquidation, or other transaction or series of transactions, whether or not specifically characterized as resulting in a demutualization, whereby the Credit Union would cease to be either a credit union or some other form of financial institution operating on a co-operative basis, regulated under Canadian federal or provincial law;
- (h) “Demutualization Amendment” means any change to these Bylaws which would have the effect of changing this definition, the definition of Demutualization, or the required quorum or majority required in relation to any general meeting or resolution for the purpose of considering or effecting a Demutualization or Demutualization Amendment;
- (i) “Director” means a member of the Board from time to time;
- (j) “Immediate Relative” means when an Individual is related to another such as married spouse, common-law spouse, adult interdependent partner, child, parent, parent in-law, grandparent, grandparent in-law, brother, brother in-law, sister or sister in-law, or any other relationship which may be perceived as creating a conflict of interest;
- (k) “Member” means a member of the Credit Union in accordance with the Act and these Bylaws; and
- (l) “Regulations” means the regulations made under the Act, as amended, from time to time in force and effect.

1.2 Principals of Interpretation

- (a) Each term defined in the Act and used in these Bylaws without definition shall have the meaning assigned to such term in the Act or Regulations, as the context requires.
- (b) In these Bylaws, the singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine and the feminine shall include the masculine and the neutral gender includes bodies corporate and politic.
- (c) Section and subsection headings in these Bylaws are included herein for convenience of reference only and shall not constitute a part of these Bylaws for any other purpose or be given any substantive effect.

1.3 Paramountcy

These Bylaws are in all respects subordinate to the Act, and shall not be interpreted as permitting any action that is prohibited by the Act. Whenever these Bylaws are more restrictive than the requirements of the Act, the restrictions of these Bylaws shall bind the Credit Union.

2. MEMBERSHIP

2.1 Qualifications and Application

A person shall be qualified for membership in the Credit Union if such person:

- (a) completes an application for membership;
- (b) meets the requirements established by the Credit Union for holding an account with the Credit Union; and
- (c) subscribes and fully pays for a minimum of one (1) common share of the Credit Union.

2.2 Joint Membership

Two or more persons may apply for joint membership in the Credit Union and each person shall constitute a Member. Each Member participating in the joint account/membership must have fully subscribed and paid for a minimum of one (1) common share.

2.3 Termination of Membership

- (a) The Board, or its designate, may, for good and sufficient cause, as may determined by the Board from time to time, terminate the membership of a Member.
- (b) Any person whose membership has been terminated shall have the right to appeal, in writing, the decision to the Board, or its designate, within thirty (30) days of the date on which notice of termination of membership was served on such person.

- (c) A person whose membership has been terminated in accordance with these Bylaws shall not, failing a successful appeal, again be admitted to the membership of the Credit Union except by resolution of the Board.

2.4 Access to List of Members

Neither Members nor their agents shall have the right to examine the membership list of the Credit Union.

3. SHAREHOLDINGS

3.1 Limit on Common Shares

The maximum number of common shares of the Credit Union that a Member may hold is limited to 200,000 common shares, provided that Members holding in excess of 200,000 common share of the Credit Union prior to November 1, 2023 will be permitted to continue to hold such excess number of common shares held by such Members immediately prior to November 1, 2023.

3.2 Establishment of Investment Shares

The Credit Union shall have a class of special shares, to be known as “investment shares” in accordance with the Act and Regulations. Subject to any restrictions set out under the Act and Regulations, the number of investment shares that may be issued by the Credit Union is unlimited.

3.3 Issuance of Investment Shares

Investment shares may be issued by resolution of the Board in one or more series and each series of investment shares shall have the rights, privileges, restrictions and conditions provided for under the Act, the Regulations, these Bylaws and the authorizing instrument for such series of investment shares.

3.4 Transfers of Shares

Where a Member holding shares of the Credit Union wishes to transfer such shares in a manner permitted under the Act and Regulations, the Member shall make a request in writing to the Credit Union detailing the particulars of such requested transfer. The Board, or its designate, will consider the request and: (a) if approved by the Board, or its designate; and (b) after payment of any amounts due and owing by the Member to the Credit Union, authorize the transfer of such shares.

3.5 Redemption of Shares

- (a) Subject to any restrictions set out under the Act and Regulations, the Credit Union may at any time acquire shares issued by it.

- (b) Where a Member holding shares of the Credit Union wishes to have any number of shares redeemed by the Credit Union in a manner permitted under the Act and Regulations, the Member shall make a request in writing to the Credit Union detailing the particulars of such requested redemption. The Board, or its designate, will consider the request and: (a) if approved by the Board, or its designate; and (b) after payment of any amounts due and owing by the Member to the Credit Union, authorize the redemption and cancellation of such shares.

3.6 Dividends and Patronage Rebates

The Board shall from time to time determine the amount, manner and form of dividends and patronage rebates to be paid, if any.

4. NOTICES TO MEMBERS

4.1 Manner of Service

Any notice required to be given to Members under the Act or these Bylaws, may be served by the Credit Union in any manner permitted under the Act, including: (a) advertising such notice in prominent display in newspapers circulated in all the territory served by the Credit Union, and (b) posting such notice in places that are prominent and accessible to Members such as in all Credit Union branches, on the Credit Union website and in electronic communications ordinarily sent to Members by the Credit Union.

4.2 Deemed Service of Mailed Notice

Where notice to a Member is given by mail to the last known address of the Member, according to the records of the Credit Union, notice is deemed to have been served after the expiry of five (5) days from the date the notice was delivered to the post office for delivery to the Member.

4.3 Notice to Joint Members

If two or more persons are registered as holders of a joint membership in the Credit Union, notice to one of such persons shall be sufficient notice to each of them.

5. MEMBER MEETINGS

5.1 Order of Business

As far as is practical, the order of business at annual general meetings of Members will be as follows:

- (a) call to order;

- (b) declaration of quorum;
- (c) approval of the meeting rules of order;
- (d) approval of meeting agenda;
- (e) adoption of minutes of the last meeting;
- (f) report of the Chief Executive Officer;
- (g) report of the Board and Committees;
- (h) presentation of the financial results and auditor's report;
- (i) declaration of Director election results;
- (j) destruction of ballots;
- (k) any other business listed on the meeting agenda, if any; and
- (l) adjournment.

5.2 No Other Business

Only the business listed on the agenda in the notice of a general meeting shall be considered at such meeting.

5.3 Rules of Order

Except as provided for in these Bylaws and any special rules adopted at a general meeting, the rules of order for general meetings shall be the then current edition of Robert's Rules of Order.

5.4 Amendments to Bylaws

Amendments to these Bylaws may be introduced by the Board, or as otherwise set forth under the Act.

5.5 Permitted Attendees

The only persons entitled to be present at a meeting of Members shall be those entitled to vote, the auditors of the Credit Union, persons invited at the request of the Board and others who, although not entitled to vote, are entitled or required under any provision of the Act to be present at the meeting.

5.6 Chairperson

The chairperson of any general meeting shall be the Board Chair, or in their absence, the Vice-Chair, or in the absence of both, a person appointed by the Board.

5.7 Scrutineers

Scrutineers may be appointed by the chairperson for general meetings. Scrutineers appointed at a general meeting for the purpose of ascertaining the results of a ballot shall be entitled to any information, and may examine any records of the Credit Union, required to determine validity of ballots.

5.8 Quorum

- (a) Quorum at a general meeting shall be:
 - (i) subject to subsections 5.8(a)(ii) and 5.8(a)(iii) below, one hundred (100) Members;
 - (ii) where a special resolution is to be presented to Members, one hundred and fifty (150) Members; and
 - (iii) where one of the purposes of the meeting is to consider a resolution to effect a Demutualization or Demutualization Amendment, not less than one percent (1%) of Members.
- (b) If no quorum is present, the chairperson shall adjourn the meeting to a date not less than ten (10) or more than fifty (50) days thereafter and no notice shall be required of the new date of the meeting if notice of the date, time and place of the reassembled meeting is given by announcement at the time of the adjournment.

6. VOTING AT MEETINGS

6.1 Membership List

The membership list of the Credit Union shall be closed at a date determined by the Board in accordance with the Act, prior to any general meeting. Only those Members appearing on the list at the close of business on such date shall be entitled to vote on any issues before a meeting or in an election.

6.2 Voting

- (a) Subject to any restrictions in these Bylaws, any Member or designated representative properly registered and attending in person, or by secure electronic means at a general meeting, may vote on any question at a general meeting.
- (b) No Member shall have more than one (1) vote or be counted more than once in the number of Members recorded on the membership list provided.
- (c) Voting at a general meeting may be done by any one, or a combination, of the follow forms, as determined by the Board:

- (i) show of hands;
- (ii) paper ballot; or
- (iii) electronic vote.

6.3 Chairperson's Declaration

At any general meeting, a declaration by the chairperson that a resolution has been carried or defeated shall be conclusive evidence of the fact.

6.4 Demutualization Decisions

Notwithstanding any lesser majority prescribed by the Act, a Demutualization or Demutualization Amendment requires approval by special resolution of the Members.

6.5 Spoiled Ballots

In any general meeting, or an election, a vote by ballot will be considered spoiled when:

- (a) more than the permitted number of candidates or options has been selected on the ballot;
- (b) the ballot is irregular by way of being a forgery of an official ballot;
- (c) a choice other than a duly nominated candidate or option has been written onto the ballot;
- (d) the choice marked is unclear or illegible or is subject to reasonable doubt by reason of erasures, misplaced marks or otherwise; or
- (e) the ballot is marked in a manner by which the voter can be identified.

6.6 Joint Membership

In the case of joint membership, voting privileges at a general meeting will be allowed to a maximum of two (2) persons, provided such persons do not hold individual memberships and jointly hold at least two (2) common shares.

6.7 Business Members

- (a) Each Business Member shall authorize, in accordance with Section 6.7(b) below, a designated representative to represent such Business Member's membership interests in the Credit Union. Only a designated representative of a Business Member shall be entitled to cast the vote of such Business Member on any matter on which such Business Member is entitled to vote.
- (b) The Credit Union shall not recognize an individual as a designated representative of a Business Member until such Business Member delivers to the Credit Union a resolution,

or other form of written authorization required by the Credit Union, appointing such individual as the designated representative of such Business Member. A Business Member may change its designated representative at any time by resolution, or other form of written authorization required by the Credit Union.

- (c) The Credit Union shall be entitled to rely on written authorization supplied by a Business Member for the purpose of authorizing a designated representative and the Business Member is prevented from denying that it is bound by such written authorization as a result of any defects in its form or in the process by which such written authorization was obtained or delivered to the Credit Union.
- (d) Following the authorization by a Business Member of an individual as the designated representative of such Business Member in accordance with these Bylaws, such designated representative shall be entitled, for and on behalf of such Business Member, to attend and participate (including voting) at general meetings in the same manner as other Members.

6.8 Voting by Minors

No voting privileges shall be allowed to a Member who has not reached the age of majority.

7. BOARD OF DIRECTORS

7.1 Number of Directors

The Board shall be comprised of no less than nine (9) Directors and no more than fifteen (15) Directors.

7.2 Director Criteria

A Member is not eligible to be nominated for election, be appointed as a Director, or hold office as a Director if the Member:

- (a) does not satisfy the qualifications set forth under the Act;
- (b) does not meet the criteria specified in the Board governing policies published on the Credit Union's website;
- (c) has not been a Member for at least six (6) months and is bondable;
- (d) reaches the service limit under Section 7.6 hereof;
- (e) is employed in a position, not within the Credit Union, that could reasonably be construed as a potential conflict of interest situation, as determined by the Board;

- (f) is, or has been in the past three (3) years, in violation of the Credit Union's policies, the Director's Code of Conduct or Bylaws, as determined by the Board;
- (g) is an Immediate Relative of a Director or employee of the Credit Union;
- (h) has been an employee of the Credit Union in the past five (5) years;
- (i) is, or has been, in litigation as a party adverse in interest to the Credit Union, as determined by the Board; or
- (j) is in a real or perceived conflict of interest with the Credit Union through personal, business or other relationships, as determined by the Board.

7.3 Director Ceases to Hold Office

A Director shall cease to hold office when the Director:

- (a) no longer satisfies the qualifications set forth under the Act;
- (b) no longer meets the criteria specified in the Board governing policies published on the Credit Union's website;
- (c) resigns or dies;
- (d) is removed by ordinary resolution of the Members or pursuant to the terms of an amalgamation agreement approved by special resolution of the Members;
- (e) becomes disqualified in accordance with Section 7.4 hereof;
- (f) the Director's term expires;
- (g) who is an appointed Director, is removed by a resolution of the Board;
- (h) reaches the service limit under Section 7.6 hereof; or
- (i) without the approval of the Board Chair: (i) fails to attend two (2) consecutive regularly scheduled Board or Committee meetings within twelve (12) months; or (ii) fails to attend a minimum of 75% of all Board and applicable Committee meetings within twelve (12) months, in each case calculated on a rolling basis.

7.4 Director Disqualification

Where a Director is no longer eligible to hold office as a Director pursuant to the terms of these Bylaws, such Director shall immediately submit their resignation to the Board. If the Director fails to resign, the Board may remove the Director by special resolution of the Board. Where the Board, by passing a special resolution, determines that additional time is needed to assess whether a Director is no longer eligible to hold office as a Director, the Board may suspend the determination

of such matter for a period of up ninety (90) days. The Board's decision in respect of this Section 7.4 shall be considered final.

7.5 Term of Office

- (a) Commencing from the 2024 annual general meeting, a Director duly elected by the Members shall hold a term of office which shall not exceed the third annual general meeting following the annual general meeting at which they are elected.
- (b) A Director appointed in accordance with Section 8.5 of these Bylaws shall hold a term of office which shall not exceed the next annual general meeting following their appointment.

7.6 Service Limits

- (a) Subject to the terms of this Section 7.6, duly elected and appointed Directors are eligible to serve on the Board for a maximum of twelve (12) cumulative years, which includes service on the board of any legacy credit union. Once a Director reaches their service limit, they are ineligible to seek re-election or re-appointment to the Board.
- (b) Directors elected or appointed pursuant to the Amalgamation Agreement dated August 1, 2023 shall be eligible to serve out their remaining term as set out in the Amalgamation Agreement, even if that results in cumulative service exceeding twelve (12) years.
- (c) A Director, having served on the Board for less than twelve (12) cumulative years, shall be eligible to serve on the Board for an additional term even if such term would result in cumulative service exceeding twelve (12) years.

7.7 Director Remuneration

The Board shall receive remuneration in recognition of their time to prepare for and attend meetings in relation to their duties with the Credit Union. The Board shall establish such remuneration, but in no event shall the aggregate amount of remuneration exceed one percent (1.0%) of total Credit Union operating expenses. The amount of remuneration received shall be disclosed annually to the Members.

8. DIRECTOR ELECTIONS & APPOINTMENTS

8.1 Elections Procedures

The Board shall determine the procedures to be followed in the election of qualified director candidates to the Board.

8.2 Director Elections

The Members shall elect Directors at, or before, each annual general meeting of the Members. The Board may determine that elections be conducted by any one, or a combination, of the following forms:

- (a) in-branch voting;
- (b) paper ballot; or
- (c) electronic vote.

8.3 Acclamation

If the number of qualified persons nominated for the office for which a director election is held is equal to, or lesser than, the number of offices to be filled, the persons so nominated will be declared elected.

8.4 Tie-breaking

In the event of a tie vote arising from a director election held prior to an annual general meeting of Members, the Board shall assess and, in its discretion, determine who among the candidates the Board feels best augments the diversity, qualifications, competencies and attributes of the Board. The Board will, by resolution passed by a majority of the Board, approve the candidate so determined and such candidate will be deemed elected to the Board. The Board may, in its discretion, elect to delegate the assessment of the candidates to a Committee of the Board's choosing, which Committee will provide a recommendation to the Board for the purposes of this Section 8.4.

8.5 Appointments

- (a) The Board may establish a process for the appointment of additional Directors to ensure adequate diversity of competencies and attributes are represented on the Board. The appointments may not exceed one-third (1/3) of the number of incumbent elected Directors.
- (b) When a vacancy occurs on the Board, the Board may appoint a replacement within ninety (90) days, except where the period until the next annual general meeting is less than ninety (90) days, to serve until the next annual general meeting of the Credit Union, or leave the position vacant.

8.6 Election of Board or Committee Officers

At the first meeting of the Board, which shall be within thirty (30) days following the annual general meeting of the Credit Union, the Board shall elect or appoint from its own members, a chairperson of the Board, a vice chairperson and other Board or Committee officers as they consider necessary. Elections or appointments for Board or Committee officers shall be conducted in the manner determined by the Board.

9. BOARD AND COMMITTEE MEETINGS

9.1 Board Meeting Frequency

The Board shall meet at least four (4) times per year.

9.2 Committee Meeting Frequency

Committees of the Board shall meet in accordance with the Act, or, their respective terms of reference, as applicable.

9.3 Meeting by Alternate Communications

A Board or Committee meeting may be held by means of electronic or other communication facilities which permit all Individuals participating in the meeting to hear each other. Directors or other persons participating by those means, are deemed, subject to the requirements of the Act, to be present at the meeting.

9.4 Notice of Meetings

Notice of Board or Committee meetings, including the date, time, place and agenda shall be communicated by announcement at the preceding meeting or by telephone, by mail or electronic notification to each Director or Committee member not less than 24-hours in advance of the meeting.

9.5 Waiver of Notice

Notice may be waived by the Board or Committee upon a poll of the Board or applicable Committee members with simple majority agreement, for the purpose of holding an emergency meeting of the Board or Committee.

9.6 Method of Voting

Voting by the Directors or Committee members shall be by show of hands, unless otherwise required by the Board or Committee.

9.7 Quorum

A majority of Directors, or members of a Committee, as the case may be, shall constitute a quorum.

10. SUBSIDIARIES

10.1 Board Authority

The Board may establish subsidiaries provided the functions of the subsidiary are consistent with the objectives of the Credit Union.

**APPENDIX B:
AMALGAMATION
AGREEMENT**

**greater
together**

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT (this “**Agreement**”) is made this 1st day of August, 2023, between:

SERVUS CREDIT UNION LTD.
 (“**Servus**”)

- and -

CONNECT FIRST CREDIT UNION LTD.
 (“**connectFirst**”)

WHEREAS it is desirable that the members and business of Servus be amalgamated with the members and business of connectFirst in accordance with the Act (as hereinafter defined).

NOW THEREFORE, in consideration of the mutual covenants herein set out, the parties hereto covenant and agree as follows:

1. DEFINITIONS

- 1.1 In this Agreement, unless there is something in the subject matter or context inconsistent therewith:
- 1.1.1 “Act” means the *Credit Union Act* (Alberta) RSA 2000, as amended from time to time;
 - 1.1.2 “Amalgamated Credit Union” means Connect First and Servus Credit Union Ltd.;
 - 1.1.3 “Amalgamation Date” means November 1, 2023;
 - 1.1.4 “Assets” means all assets set out under the heading “Assets” in Schedule A attached hereto;
 - 1.1.5 “Closing Date” means October 31, 2023;
 - 1.1.6 “Corporation” means the Credit Union Deposit Guarantee Corporation;
 - 1.1.7 “Laws” includes statutes, regulations and municipal by-laws;
 - 1.1.8 “Liabilities” means all liabilities set out under the heading “Liabilities” in Schedule A attached hereto;
 - 1.1.9 “Minister” means the member of the Alberta Executive Council charged by the Lieutenant Governor in Council with the Administration of the Act;
 - 1.1.10 “Predecessor Credit Union” means Servus or connectFirst;
 - 1.1.11 “Predecessor Credit Unions” means Servus and connectFirst; and
 - 1.1.12 “Principal Regulations” means the Credit Union Act Principal Regulations, as amended from time to time in force and effect.

2. PROPERTY AND AMALGAMATION REQUIREMENTS

- 2.1 As of the Amalgamation Date the Predecessor Credit Unions covenant agree that:
- 2.1.1 All of the assets of each Predecessor Credit Union, subject to its liabilities, as such exist immediately before the Amalgamation Date, shall become the assets and liabilities of the Amalgamated Credit Union;
 - 2.1.2 The Amalgamated Credit Union shall possess all of the property, rights and privileges and shall be subject to all of the liabilities of the Predecessor Credit Unions;
 - 2.1.3 The capital of the Amalgamated Credit Union shall consist of an unlimited number of common shares with a par value of \$1.00 each (but fractional shares may be issued); transferable only in restricted circumstances; non-assessable; redeemable at the discretion of the Amalgamated Credit Union, subject to the restrictions contained in the Act and Regulations and the Amalgamated Credit Union's By-Laws.
 - 2.1.4 The maximum number of common shares that may be purchased by an individual member of a Predecessor Credit Union is as set out under the bylaws of such Predecessor Credit Union. The maximum number of common shares that may be purchased by an individual member of the Amalgamated Credit Union will be as set out under the bylaws of the Amalgamated Credit Union.
 - 2.1.5 The shares of each Predecessor Credit Union which are issued and outstanding immediately prior to the Amalgamation date shall, as and from that date, be converted into issued shares of the Amalgamated Credit Union as follows:

Common shares

- 2.1.5.1 The common shares with a par value of \$1.00 each of each Predecessor Credit Union shall be converted, share for share, into an equal number of shares with a par value of \$1.00 each of the Amalgamated Credit Union (except that fractional shares issued by the Predecessor Credit Unions shall be converted into fractional shares of the Amalgamated Credit Union); members with converted shareholdings less than the minimum required by the proposed By-Laws will be given six months from the Amalgamation Date to purchase the required number of shares before having their memberships terminated;

connectFirst Investment Shares

- 2.1.5.2 Investment Shares Series "A" with no par value of connectFirst shall be converted into an equal number of Investment Shares Series "A" of the Amalgamated Credit Union;
- 2.1.5.3 Investment Shares Series "B" with no par value of connectFirst shall be converted into an equal number of Investment Shares Series "B" of the Amalgamated Credit Union;

- 2.1.5.4 Investment Shares Series “C” with no par value of connectFirst shall be converted into an equal number of Investment Shares Series “C” of the Amalgamated Credit Union;
- 2.1.5.5 Investment Shares Series “D” with no par value of connectFirst shall be converted into an equal number of Investment Shares Series “D” of the Amalgamated Credit Union;
- 2.1.5.6 Investment Shares Series “E” with no par value of connectFirst shall be converted into an equal number of Investment Shares Series “E” of the Amalgamated Credit Union;
- 2.1.5.7 Investment Shares Series “F” with no par value of connectFirst shall be converted into an equal number of Investment Shares Series “F” of the Amalgamated Credit Union;
- 2.1.5.8 Investment Shares Series “G” with no par value of connectFirst shall be converted into an equal number of Investment Shares Series “G” of the Amalgamated Credit Union;
- 2.1.5.9 Investment Shares Series “H” with no par value of connectFirst shall be converted into an equal number of Investment Shares Series “H” of the Amalgamated Credit Union;

Servus Investment Shares

- 2.1.5.10 Investment Shares Series “A” with no par value of Servus shall be converted into an equal number of Investment Shares Series “I” of the Amalgamated Credit Union;
- 2.1.5.11 Investment Shares Series “B” with no par value of Servus shall be converted into an equal number of Investment Shares Series “J” of the Amalgamated Credit Union;
- 2.1.5.12 Investment Shares Series “C” with no par value of Servus shall be converted into an equal number of Investment Shares Series “K” of the Amalgamated Credit Union;
- 2.1.5.13 Investment Shares Series “D” with no par value of Servus shall be converted into an equal number of Investment Shares Series “L” of the Amalgamated Credit Union;
- 2.1.5.14 Investment Shares Series “E” with no par value of Servus shall be converted into an equal number of Investment Shares Series “M” of the Amalgamated Credit Union;
- 2.1.5.15 Investment Shares Series “F” with no par value of Servus shall be converted into an equal number of Investment Shares Series “N” of the Amalgamated Credit Union; and

- 2.1.5.16 Investment Shares Series “G” with no par value of Servus shall be converted into an equal number of Investment Shares Series “O” of the Amalgamated Credit Union.
- 2.2 All investment shares of the Predecessor Credit Unions will be converted into investment shares issued by the Amalgamated Credit Union having dividend, redemption and conversion rights equivalent to the rights attaching to the shares before the amalgamation.
- 2.3 The Articles of Amalgamation of the Amalgamated Credit Union shall be as per the attached **Schedule B**.
- 2.4 The Board of Directors of the Amalgamated Credit Union shall consist of 12 Directors comprised of five (5) directors who were former directors of connectFirst; and seven (7) directors who were former directors of Servus. The initial Chair and initial Vice-Chair of the Board of Directors of the Amalgamated Credit Union will be determined by the Board of Directors of the Amalgamated Credit Union immediately after the Closing Date. The term of office of the initial Chair and Vice-Chair of the Amalgamated Credit Union will commence on the Amalgamation Date and continue until the close of the annual general meeting of the members of the Amalgamated Credit Union held in 2025.
- 2.5 The proposed Board of Directors of the Amalgamated Credit Union shall be as set out in **Schedule C** attached hereto.
- 2.6 A schedule depicting the staggered terms of the proposed Board of Directors of the Amalgamated Credit Union is attached hereto as **Schedule D**.
- 2.7 No action or proceeding by or against any Predecessor Credit Union shall be affected by the amalgamation of the Predecessor Credit Unions and for all purposes of such action or proceeding, the name of the Amalgamated Credit Union shall be substituted in place of the Predecessor Credit Union, as the case may be.
- 2.8 The proposed By-Laws of the Amalgamated Credit Union shall be adopted, as set out in **Schedule E** attached hereto.
- 2.9 The Amalgamated Credit Union will operate with a new organizational structure, drawing from the management teams of the Predecessor Credit Unions. The Chief Executive Officer of the Amalgamated Credit Union on the Amalgamation Date shall be Ian Burns, the current Chief Executive Officer of Servus. Thereafter, nothing contained in this Section shall in any way restrict the authority of the Board of Directors of the Amalgamated Credit Union with respect to the recruitment, selection, development, compensation, supervision and, if necessary, removal of the Chief Executive Officer of Board of Directors of the Amalgamated Credit Union.
- 2.10 The place of business of the Amalgamated Credit Union being its registered office thereof shall be 2850 Sunridge Blvd NE #200, Calgary, AB T1Y 6G2.
- 2.11 The Amalgamated Credit Union will continue to operate as an Open Bond Full Service Financial Institution.

2.12 **Schedule A** attached hereto accurately sets out the assets, liabilities, capital and retained earnings of the Predecessor Credit Unions as at October 31, 2022.

3. REPRESENTATIONS AND WARRANTIES

3.1 The Predecessor Credit Unions acknowledge and confirm that they hereby make and are relying upon the representations and warranties herein provided. Each Predecessor Credit Union hereby represents and warrants that:

3.1.1 it is a credit union duly incorporated, validly existing and in good standing under the applicable laws and has all requisite power and authority to hold the Assets owned by it and has the rights to deal with the said Assets;

3.1.2 it will obtain such approval as required in order to act in the manner contemplated by this Agreement, and such approval shall be obtained before the Closing Date;

3.1.3 its financial statements, which have been furnished by each of the Predecessor Credit Unions to the other or others as the case may be, present fairly its financial position;

3.1.4 except for such claims, debts or liabilities as are reflected in the financial statements referred to in the preceding paragraph, and those claims, debts or liabilities incurred in the ordinary course of business since the date of such financial statements, it has no outstanding indebtedness and is not subject to any claims or liabilities and that without the prior written consent of the others, it will not incur, prior to the Closing Date, any additional indebtedness or incur any liabilities other than in the ordinary course of business;

3.1.5 it has filed all requisite tax returns and all other appropriate tax returns, required to be filed by it by the laws of the Province of Alberta or the laws of Canada and it has paid all taxes and assessments (including interest or penalties, owed by it to the extent that such taxes and assessments and subsequent tax liabilities have occurred but have not become payable), the full amounts of such taxes have been reflected as liabilities on its books, and has paid all taxes which would not require a filing of returns and which are required to be paid by it;

3.1.6 it has good and marketable title to all its real, personal and intangible property including the real, personal and intangible property reflected in the financial statements delivered pursuant to clause 3.1.3 above;

3.1.7 between the date of this Agreement and the Closing Date, it will not, without the prior written consent of the other parties, make any changes, modifications in any contracts, agreements or understandings, or incur any further obligations or surrender any rights under such contracts, agreements or undertakings, or to make any further additions to its property except such changes or modifications as are in the ordinary course of business or are necessary or appropriate to maintain their properties;

3.1.8 it is not subject to any order, judgement or decree with respect to its business or the condition of any of its assets or property, or to any provision in its Articles or By-laws, mortgage, lease, agreement, instrument, order, judgement or decree which would

- prevent the consummation of the transactions contemplated under this Agreement, or compliance by it with the terms, conditions, and provisions of this Agreement;
- 3.1.9 all its outstanding accounts receivable, as set forth in the above mentioned financial statements and in its books and records, are collectible except to the extent of the provisions for bad debts, if any, set forth in the financial statements;
 - 3.1.10 it has maintained its books of account in the usual, regular, and ordinary manner in accordance with generally accepted accounting principles applied on a consistent basis;
 - 3.1.11 during the period from the date of this Agreement, to and including the Closing Date, it will conduct its business solely in the usual and ordinary manner and will refrain from any transactions not in the ordinary course of its business without prior written consent of the other parties to this Agreement to such transaction having been obtained;
 - 3.1.12 the disclosures made on its part are complete and accurate with respect to all matters affecting the ability to operate its business and any omissions and any inaccuracies in such disclosure, whether considered alone or in the aggregate, do not adversely affect in any manner its ability to operate its business;
 - 3.1.13 the execution and performance of this Agreement has been duly authorized by its board of directors and such execution and performance are within its corporate powers;
 - 3.1.14 it will carry out all steps required by the Act and its respective Constitutions and By-Laws that are necessary in order to validly give effect to this Agreement;
 - 3.1.15 its financial position is accurately set out in all material respects in the Balance Sheet prepared by its management as at October 31, 2022 attached hereto as Schedule A and business has been conducted in the ordinary course since October 31, 2022 and will be conducted in the ordinary course until the Closing Date;
 - 3.1.16 all liens or encumbrances on its assets that have been pledged or assigned as security for liabilities, performance of contracts, or otherwise encumbered have been disclosed to the other Predecessor Credit Union.
- 3.2 Each Predecessor Credit Union hereby represents and warrants that, except as outlined in Schedule A attached hereto, there are no:
- 3.2.1 liens or encumbrances on its assets nor have its assets been pledged or assigned as security for liabilities, performances of contracts, or otherwise encumbered, except as has been disclosed to the other Predecessor Credit Union.;
 - 3.2.2 material unrecorded assets or contingent assets;
 - 3.2.3 material unrecorded liabilities or contingent liabilities;

- 3.2.4 significant contractual obligations such as purchases of property outside the ordinary business of the Predecessor Credit Union;
 - 3.2.5 arrangements or agreements by which programs have been established to provide retirement income to employees that have not been disclosed; or
 - 3.2.6 material transactions that have not been properly recorded in the accounting records underlying the financial statements as of the Closing Date.
- 3.3 Each Predecessor Credit Union hereby represents and warrants that it has filed all annual returns and has paid all fees under the applicable laws with respect to its corporate existence and is in good standing thereunder;
- 3.4 Each Predecessor Credit Union hereby represents and warrants that it is not now, and will not be on the Closing Date, in arrears in the remittance of employees' federal and provincial tax deductions, and has complied with the laws and regulations relating thereto;
- 3.5 Each Predecessor Credit Union hereby represents and warrants that there are no judgements or executions outstanding against it and it has not guaranteed to give security for any debt or obligations of any person, firm or corporation, except those arising in the ordinary course of business and detailed on the Schedule A attached hereto;
- 3.6 Each Predecessor Credit Union hereby represents and warrants that it has disclosed to the other Predecessor Credit Union all actions, labour disputes, arbitration suits or other legal proceedings, actual or threatened, as of the date hereof that it is or may be party to, and there is no circumstance, matter or thing known to its respective directors or officers which is likely to give rise to such action, suit or other legal proceeding except as has been expressly disclosed to each Predecessor Credit Union.

4. CONDITIONS PRECEDENT

- 4.1 Before the Predecessor Credit Unions are obliged to close this transaction;
- 4.1.1 they will receive approval, in the form of a special resolution, from their memberships assenting to the terms and conditions set forth in this Agreement;
 - 4.1.2 the Corporation will approve the terms and conditions set forth in this Agreement; and
 - 4.1.3 the Predecessor Credit Unions shall have received all material consents, approvals or authorizations from any governmental authority required to be received in advance of the closing of this transaction.

If these conditions precedent are not satisfied prior to the Closing Date, or such later date agreed to by the Credit Unions in writing, this Agreement shall be null and void.

- 4.2 Previous to the approval set out in Article 4.1.1 and 4.1.2, at least two of the proposed directors of the Amalgamated Credit Union shall submit to the Corporation a certified resolution stating that the Amalgamated Credit Union will not be insolvent and that no creditor will be prejudiced by the terms and effects of the amalgamation.

- 4.3 Prior to the Amalgamation Date, except to the extent this notice is waived by the Corporation, each Predecessor Credit Union will give written notice of the proposed amalgamation to all the known creditors and customers to whom it owes more than \$1,000.00.
- 4.4 Each Predecessor Credit Union shall, from the date hereof until the Amalgamation Date, consult with each other with respect to its business operations and shall not incur any extraordinary expenditures, whether of a capital nature or otherwise, prior to the Amalgamation Date without the approval and consent of the other Predecessor Credit Union.
- 4.5 This Agreement may be terminated by the Board of Directors of either Predecessor Credit Union at any time prior to the Minister issuing a certificate of amalgamation, notwithstanding the adoption, or partial adoption, of this Agreement under Article 4.1.

5. CLOSING AND POST-CLOSING

- 5.1 By the Amalgamation Date, the Amalgamated Credit Union shall submit to the Minister the following items:
 - 5.1.1 Articles of amalgamation setting out the name and the nature of the bond of association of the Amalgamated Credit Union, as well as a statement of any restrictions or prohibitions on its business activities;
 - 5.1.2 A copy of the proposed By-Laws, signed by at least two of the proposed directors of the Amalgamated Credit Union;
 - 5.1.3 A notice of the address of the registered office of the Amalgamated Credit Union;
 - 5.1.4 A notice containing the full name and residential address of each of the proposed directors of the Amalgamated Credit Union.

6. MISCELLANEOUS

- 6.1 The Predecessor Credit Unions agree not to divulge any information with regard to individual Member loans, deposits or other credit facilities to persons other than Directors or employees of the Predecessor Credit Unions or the Directors or officers of the Corporation or to the Minister or his lawful representatives.
- 6.2 The preamble and Schedules hereto are incorporated herein by reference and form an integral and binding part of this Agreement.
- 6.3 This Agreement shall not be amended, varied or altered unless both parties agree in writing.
- 6.4 This Agreement contains the entire contract between the parties hereto and no party shall be bound by any warranty, condition or term other than as expressly stated herein.
- 6.5 Time shall be of the essence of this Agreement.
- 6.6 The parties agree that this Agreement shall be governed by the laws of the Province of Alberta.

- 6.7 This Agreement shall inure to the benefit of and be binding upon the respective parties hereto and their respective heirs, executors, administrators and assigns.
- 6.8 The parties agree that they will do whatever is reasonably necessary to give effect to the intent of this Agreement that is requested by the other party.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first written above by persons authorized by their respective Credit Unions.

SERVUS CREDIT UNION LTD.

Per: _____
Director

Per: _____
Director (c/s)

CONNECT FIRST CREDIT UNION LTD.

Per: _____
Director

Per: _____
Director (c/s)

Schedule A
Financial Position Statements

[Note: The 2022 Financial Reports of each of Servus and connectFirst are available online at greatertogether.info or upon request at your local branch.]

**Schedule B
Form of Articles of Amalgamation, of the Amalgamated Credit Union**



ARTICLES OF AMALGAMATION

Financial Institutions – Policy, Treasury Board and Finance

This form, together with a copy of the proposed by-laws, a name search report (if applicable), Notice of Directors (form 1T4042), and a Notice of Address (form AT4043) must be submitted to Financial Institutions - Policy FPolicy@gov.ab.ca or 8th floor Federal Building, 9820 - 107 Street, EDMONTON, Alberta, T5K 1E7, 780-644-5006. These forms are [available on our website](#).

Amalgamated Credit Union Name: _____

Email Address: _____

Telephone Number: _____

If space is insufficient, attach additional sheets

Bond of Association Statement:

Restrictions or Prohibitions:

Check here, if additional sheets are attached

AMALGAMATING CREDIT UNIONS

Name	Registered Office	Corporate Access Number

Check here, if additional sheets are attached

CERTIFICATION

As directors of the above amalgamated credit union, we certify that the credit unions have complied with all the provisions of the Alberta *Credit Union Act* with respect to amalgamations, and that the particulars in this statement are true and complete.

Director: _____
Name and Signature

Date: _____

Director: _____
Name and Signature

Date: _____

Director: _____
Name and Signature

Date: _____

Schedule B
Form of Notice of Directors of the Amalgamated Credit Union



NOTICE OF DIRECTORS

Financial Institutions – Policy, Treasury Board and Finance

This form must be submitted within 10 days after a change in the composition of the board of directors or designated officers to Financial Institutions - Policy, FIPolicy@gov.ab.ca or 8th floor Federal Building, 9820 - 107 Street, EDMONTON, Alberta, T5K 1E7, (780) 644-5006, and the Credit Union Deposit Guarantee Corporation, Suite 2000, 10104 – 103 Avenue, EDMONTON, Alberta, T5J 0H8.

The personal information provided on this form is collected for the purpose of administering the Alberta Credit Union Act. It is collected under the authority of section 33 (c) of the Freedom of Information and Protection of Privacy (FOIP) Act and protected by the privacy provisions of the Act. If you have any questions about this collection, please contact our office using the information provided above.

Credit Union Name: _____

Corporate Access Number: _____

Effective Date: _____

Email Address: _____

Telephone Number: _____

CHANGES TO THE BOARD OF DIRECTORS (if space is insufficient, attach additional sheets)

Name and Title (please type or print)	Residential Address	Telephone Number	Status (Proposed/Added/Deleted)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

CHANGES TO OFFICERS (AS DEFINED BY LEGISLATION), WHO ARE NOT DIRECTORS

(if space is insufficient, attach additional sheets)

Name and Title (please type or print)	Residential Address	Telephone Number	Status (Proposed/Added/Deleted)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Signed: _____
 Secretary of the Board of Directors

Date: _____

Schedule B

Form of Notice of Address of the Amalgamated Credit Union



NOTICE OF ADDRESS

Financial Institutions – Policy, Treasury Board and Finance

Please complete the appropriate information and submit this form within 15 days of a change of address of the corporation or its agent and where requested by the Minister to Financial Institutions - Policy, FIPolicy@gov.ab.ca or 8th floor Federal Building, 9820 - 107 Street, EDMONTON, Alberta, T5K 1E7, (780) 644-5006.

The personal information provided on this form is collected for the purpose of administering the *Alberta Credit Union Act*. It is collected under the authority of section 33(c) of the *Freedom of Information and Protection of Privacy (FOIP) Act* and protected by the privacy provisions of the Act. If you have any questions about this collection, please contact our office using the information provided above.

Credit Union Name: _____

Corporate Access Number: _____

Effective Date: _____

Registered Office:

Address: _____

Postal Code: _____

Email Address: _____

Telephone Number: _____

Mailing Office: *Check if same as Registered Office*

Address: _____

Postal Code: _____

Records Office: *Check if same as Registered Office*

Address: _____

Postal Code: _____

Signed: _____
Secretary of the Board of Directors

Date: _____

**Schedule C
Proposed Board of Directors**

Director Name	Address	Director Name	Address
Kelso Brennan		Darlene Harris	
Doug Bristow		Danielle Ghai	
Amy Corrigan		Adil Lalani	
Perry Dooley		Greg Nakonechny	
Andrew Eberl		Shannon Rennie	
Shawn Eltom		Carey Taubert	

Schedule D
Terms for the Proposed Board of Directors

Director Name	Term Expires
Kelso Brennan	1 year, to 2025 AGM
Doug Bristow	2 years, to 2026 AGM
Amy Corrigan	2 years, to 2026 AGM
Perry Dooley	3 years, to 2027 AGM
Andrew Eberl	3 years, to 2027 AGM
Shawn Eltom	1 year, to 2025 AGM
Darlene Harris	3 years, to 2027 AGM
Danielle Ghai	3 years, to 2027 AGM
Adil Lalani	1 year, to 2025 AGM
Greg Nakonechny	2 years, to 2026 AGM
Shannon Rennie	2 years, to 2026 AGM
Carey Taubert	1 year, to 2025 AGM

Schedule E
Proposed By-Laws

See attached.

Bylaws of Connect First and Servus Credit Union Ltd.

NOVEMBER 1, 2023

Contents

- 1. GENERAL..... 1
 - 1.1 Definitions..... 1
 - 1.2 Principals of Interpretation..... 2
 - 1.3 Paramountcy 2
- 2. MEMBERSHIP..... 2
 - 2.1 Qualifications and Application 2
 - 2.2 Joint Membership 2
 - 2.3 Termination of Membership..... 2
 - 2.4 Access to List of Members 3
- 3. SHAREHOLDINGS..... 3
 - 3.1 Limit on Common Shares 3
 - 3.2 Establishment of Investment Shares 3
 - 3.3 Issuance of Investment Shares 3
 - 3.4 Transfers of Shares 3
 - 3.5 Redemption of Shares..... 3
 - 3.6 Dividends and Patronage Rebates..... 4
- 4. NOTICES TO MEMBERS..... 4
 - 4.1 Manner of Service 4
 - 4.2 Deemed Service of Mailed Notice 4
 - 4.3 Notice to Joint Members 4
- 5. MEMBER MEETINGS 4
 - 5.1 Order of Business..... 4
 - 5.2 No Other Business 5
 - 5.3 Rules of Order 5
 - 5.4 Amendments to Bylaws 5
 - 5.5 Permitted Attendees 5
 - 5.6 Chairperson 5
 - 5.7 Scrutineers 6
 - 5.8 Quorum..... 6
- 6. VOTING AT MEETINGS..... 6
 - 6.1 Membership List 6
 - 6.2 Voting 6
 - 6.3 Chairperson’s Declaration 7

6.4	Demutualization Decisions	7
6.5	Spoiled Ballots	7
6.6	Joint Membership	7
6.7	Business Members	7
6.8	Voting by Minors	8
7.	BOARD OF DIRECTORS	8
7.1	Number of Directors	8
7.2	Director Criteria	8
7.3	Director Ceases to Hold Office	9
7.4	Director Disqualification	9
7.5	Term of Office	10
7.6	Service Limits	10
7.7	Director Remuneration	10
8.	DIRECTOR ELECTIONS & APPOINTMENTS	10
8.1	Elections Procedures	10
8.2	Director Elections	10
8.3	Acclamation	11
8.4	Tie-breaking	11
8.5	Appointments	11
8.6	Election of Board or Committee Officers	11
9.	BOARD AND COMMITTEE MEETINGS	12
9.1	Board Meeting Frequency	12
9.2	Committee Meeting Frequency	12
9.3	Meeting by Alternate Communications	12
9.4	Notice of Meetings	12
9.5	Waiver of Notice	12
9.6	Method of Voting	12
9.7	Quorum	12
10.	SUBSIDIARIES	13
10.1	Board Authority	13

1. GENERAL

1.1 Definitions

In these Bylaws, unless the context otherwise specifies or requires:

- (a) “Act” means the *Credit Union Act* (Alberta), as from time to time amended, and every statute that may be substituted therefore and, in the case of such substitution, any reference in these Bylaws to provisions of the “Act” shall be read as references to the substituted provisions therefore in such substituted statute(s);
- (b) “Board” means the board of directors of the Credit Union, as further described in Article 8;
- (c) “Business Member” means a Member that is a corporation, partnership or other unincorporated association;
- (d) “Bylaw” means any Bylaw of the Credit Union, including any special Bylaw, from time to time in force and effect;
- (e) “Committee” means any committee of the Board as further described herein and formed in accordance with the Act;
- (f) “Credit Union” means Connect First and Servus Credit Union Ltd.;
- (g) “Demutualization” means an arrangement, voluntary dissolution or liquidation, or other transaction or series of transactions, whether or not specifically characterized as resulting in a demutualization, whereby the Credit Union would cease to be either a credit union or some other form of financial institution operating on a co-operative basis, regulated under Canadian federal or provincial law;
- (h) “Demutualization Amendment” means any change to these Bylaws which would have the effect of changing this definition, the definition of Demutualization, or the required quorum or majority required in relation to any general meeting or resolution for the purpose of considering or effecting a Demutualization or Demutualization Amendment;
- (i) “Director” means a member of the Board from time to time;
- (j) “Immediate Relative” means when an Individual is related to another such as married spouse, common-law spouse, adult interdependent partner, child, parent, parent in-law, grandparent, grandparent in-law, brother, brother in-law, sister or sister in-law, or any other relationship which may be perceived as creating a conflict of interest;
- (k) “Member” means a member of the Credit Union in accordance with the Act and these Bylaws; and
- (l) “Regulations” means the regulations made under the Act, as amended, from time to time in force and effect.

1.2 Principals of Interpretation

- (a) Each term defined in the Act and used in these Bylaws without definition shall have the meaning assigned to such term in the Act or Regulations, as the context requires.
- (b) In these Bylaws, the singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine and the feminine shall include the masculine and the neutral gender includes bodies corporate and politic.
- (c) Section and subsection headings in these Bylaws are included herein for convenience of reference only and shall not constitute a part of these Bylaws for any other purpose or be given any substantive effect.

1.3 Paramountcy

These Bylaws are in all respects subordinate to the Act, and shall not be interpreted as permitting any action that is prohibited by the Act. Whenever these Bylaws are more restrictive than the requirements of the Act, the restrictions of these Bylaws shall bind the Credit Union.

2. MEMBERSHIP

2.1 Qualifications and Application

A person shall be qualified for membership in the Credit Union if such person:

- (a) completes an application for membership;
- (b) meets the requirements established by the Credit Union for holding an account with the Credit Union; and
- (c) subscribes and fully pays for a minimum of one (1) common share of the Credit Union.

2.2 Joint Membership

Two or more persons may apply for joint membership in the Credit Union and each person shall constitute a Member. Each Member participating in the joint account/membership must have fully subscribed and paid for a minimum of one (1) common share.

2.3 Termination of Membership

- (a) The Board, or its designate, may, for good and sufficient cause, as may determined by the Board from time to time, terminate the membership of a Member.
- (b) Any person whose membership has been terminated shall have the right to appeal, in writing, the decision to the Board, or its designate, within thirty (30) days of the date on which notice of termination of membership was served on such person.

- (c) A person whose membership has been terminated in accordance with these Bylaws shall not, failing a successful appeal, again be admitted to the membership of the Credit Union except by resolution of the Board.

2.4 Access to List of Members

Neither Members nor their agents shall have the right to examine the membership list of the Credit Union.

3. SHAREHOLDINGS

3.1 Limit on Common Shares

The maximum number of common shares of the Credit Union that a Member may hold is limited to 200,000 common shares, provided that Members holding in excess of 200,000 common share of the Credit Union prior to November 1, 2023 will be permitted to continue to hold such excess number of common shares held by such Members immediately prior to November 1, 2023.

3.2 Establishment of Investment Shares

The Credit Union shall have a class of special shares, to be known as “investment shares” in accordance with the Act and Regulations. Subject to any restrictions set out under the Act and Regulations, the number of investment shares that may be issued by the Credit Union is unlimited.

3.3 Issuance of Investment Shares

Investment shares may be issued by resolution of the Board in one or more series and each series of investment shares shall have the rights, privileges, restrictions and conditions provided for under the Act, the Regulations, these Bylaws and the authorizing instrument for such series of investment shares.

3.4 Transfers of Shares

Where a Member holding shares of the Credit Union wishes to transfer such shares in a manner permitted under the Act and Regulations, the Member shall make a request in writing to the Credit Union detailing the particulars of such requested transfer. The Board, or its designate, will consider the request and: (a) if approved by the Board, or its designate; and (b) after payment of any amounts due and owing by the Member to the Credit Union, authorize the transfer of such shares.

3.5 Redemption of Shares

- (a) Subject to any restrictions set out under the Act and Regulations, the Credit Union may at any time acquire shares issued by it.

- (b) Where a Member holding shares of the Credit Union wishes to have any number of shares redeemed by the Credit Union in a manner permitted under the Act and Regulations, the Member shall make a request in writing to the Credit Union detailing the particulars of such requested redemption. The Board, or its designate, will consider the request and: (a) if approved by the Board, or its designate; and (b) after payment of any amounts due and owing by the Member to the Credit Union, authorize the redemption and cancellation of such shares.

3.6 Dividends and Patronage Rebates

The Board shall from time to time determine the amount, manner and form of dividends and patronage rebates to be paid, if any.

4. NOTICES TO MEMBERS

4.1 Manner of Service

Any notice required to be given to Members under the Act or these Bylaws, may be served by the Credit Union in any manner permitted under the Act, including: (a) advertising such notice in prominent display in newspapers circulated in all the territory served by the Credit Union, and (b) posting such notice in places that are prominent and accessible to Members such as in all Credit Union branches, on the Credit Union website and in electronic communications ordinarily sent to Members by the Credit Union.

4.2 Deemed Service of Mailed Notice

Where notice to a Member is given by mail to the last known address of the Member, according to the records of the Credit Union, notice is deemed to have been served after the expiry of five (5) days from the date the notice was delivered to the post office for delivery to the Member.

4.3 Notice to Joint Members

If two or more persons are registered as holders of a joint membership in the Credit Union, notice to one of such persons shall be sufficient notice to each of them.

5. MEMBER MEETINGS

5.1 Order of Business

As far as is practical, the order of business at annual general meetings of Members will be as follows:

- (a) call to order;

- (b) declaration of quorum;
- (c) approval of the meeting rules of order;
- (d) approval of meeting agenda;
- (e) adoption of minutes of the last meeting;
- (f) report of the Chief Executive Officer;
- (g) report of the Board and Committees;
- (h) presentation of the financial results and auditor's report;
- (i) declaration of Director election results;
- (j) destruction of ballots;
- (k) any other business listed on the meeting agenda, if any; and
- (l) adjournment.

5.2 No Other Business

Only the business listed on the agenda in the notice of a general meeting shall be considered at such meeting.

5.3 Rules of Order

Except as provided for in these Bylaws and any special rules adopted at a general meeting, the rules of order for general meetings shall be the then current edition of Robert's Rules of Order.

5.4 Amendments to Bylaws

Amendments to these Bylaws may be introduced by the Board, or as otherwise set forth under the Act.

5.5 Permitted Attendees

The only persons entitled to be present at a meeting of Members shall be those entitled to vote, the auditors of the Credit Union, persons invited at the request of the Board and others who, although not entitled to vote, are entitled or required under any provision of the Act to be present at the meeting.

5.6 Chairperson

The chairperson of any general meeting shall be the Board Chair, or in their absence, the Vice-Chair, or in the absence of both, a person appointed by the Board.

5.7 Scrutineers

Scrutineers may be appointed by the chairperson for general meetings. Scrutineers appointed at a general meeting for the purpose of ascertaining the results of a ballot shall be entitled to any information, and may examine any records of the Credit Union, required to determine validity of ballots.

5.8 Quorum

- (a) Quorum at a general meeting shall be:
 - (i) subject to subsections 5.8(a)(ii) and 5.8(a)(iii) below, one hundred (100) Members;
 - (ii) where a special resolution is to be presented to Members, one hundred and fifty (150) Members; and
 - (iii) where one of the purposes of the meeting is to consider a resolution to effect a Demutualization or Demutualization Amendment, not less than one percent (1%) of Members.
- (b) If no quorum is present, the chairperson shall adjourn the meeting to a date not less than ten (10) or more than fifty (50) days thereafter and no notice shall be required of the new date of the meeting if notice of the date, time and place of the reassembled meeting is given by announcement at the time of the adjournment.

6. VOTING AT MEETINGS

6.1 Membership List

The membership list of the Credit Union shall be closed at a date determined by the Board in accordance with the Act, prior to any general meeting. Only those Members appearing on the list at the close of business on such date shall be entitled to vote on any issues before a meeting or in an election.

6.2 Voting

- (a) Subject to any restrictions in these Bylaws, any Member or designated representative properly registered and attending in person, or by secure electronic means at a general meeting, may vote on any question at a general meeting.
- (b) No Member shall have more than one (1) vote or be counted more than once in the number of Members recorded on the membership list provided.
- (c) Voting at a general meeting may be done by any one, or a combination, of the follow forms, as determined by the Board:

- (i) show of hands;
- (ii) paper ballot; or
- (iii) electronic vote.

6.3 Chairperson's Declaration

At any general meeting, a declaration by the chairperson that a resolution has been carried or defeated shall be conclusive evidence of the fact.

6.4 Demutualization Decisions

Notwithstanding any lesser majority prescribed by the Act, a Demutualization or Demutualization Amendment requires approval by special resolution of the Members.

6.5 Spoiled Ballots

In any general meeting, or an election, a vote by ballot will be considered spoiled when:

- (a) more than the permitted number of candidates or options has been selected on the ballot;
- (b) the ballot is irregular by way of being a forgery of an official ballot;
- (c) a choice other than a duly nominated candidate or option has been written onto the ballot;
- (d) the choice marked is unclear or illegible or is subject to reasonable doubt by reason of erasures, misplaced marks or otherwise; or
- (e) the ballot is marked in a manner by which the voter can be identified.

6.6 Joint Membership

In the case of joint membership, voting privileges at a general meeting will be allowed to a maximum of two (2) persons, provided such persons do not hold individual memberships and jointly hold at least two (2) common shares.

6.7 Business Members

- (a) Each Business Member shall authorize, in accordance with Section 6.7(b) below, a designated representative to represent such Business Member's membership interests in the Credit Union. Only a designated representative of a Business Member shall be entitled to cast the vote of such Business Member on any matter on which such Business Member is entitled to vote.
- (b) The Credit Union shall not recognize an individual as a designated representative of a Business Member until such Business Member delivers to the Credit Union a resolution,

or other form of written authorization required by the Credit Union, appointing such individual as the designated representative of such Business Member. A Business Member may change its designated representative at any time by resolution, or other form of written authorization required by the Credit Union.

- (c) The Credit Union shall be entitled to rely on written authorization supplied by a Business Member for the purpose of authorizing a designated representative and the Business Member is prevented from denying that it is bound by such written authorization as a result of any defects in its form or in the process by which such written authorization was obtained or delivered to the Credit Union.
- (d) Following the authorization by a Business Member of an individual as the designated representative of such Business Member in accordance with these Bylaws, such designated representative shall be entitled, for and on behalf of such Business Member, to attend and participate (including voting) at general meetings in the same manner as other Members.

6.8 Voting by Minors

No voting privileges shall be allowed to a Member who has not reached the age of majority.

7. BOARD OF DIRECTORS

7.1 Number of Directors

The Board shall be comprised of no less than nine (9) Directors and no more than fifteen (15) Directors.

7.2 Director Criteria

A Member is not eligible to be nominated for election, be appointed as a Director, or hold office as a Director if the Member:

- (a) does not satisfy the qualifications set forth under the Act;
- (b) does not meet the criteria specified in the Board governing policies published on the Credit Union's website;
- (c) has not been a Member for at least six (6) months and is bondable;
- (d) reaches the service limit under Section 7.6 hereof;
- (e) is employed in a position, not within the Credit Union, that could reasonably be construed as a potential conflict of interest situation, as determined by the Board;

- (f) is, or has been in the past three (3) years, in violation of the Credit Union's policies, the Director's Code of Conduct or Bylaws, as determined by the Board;
- (g) is an Immediate Relative of a Director or employee of the Credit Union;
- (h) has been an employee of the Credit Union in the past five (5) years;
- (i) is, or has been, in litigation as a party adverse in interest to the Credit Union, as determined by the Board; or
- (j) is in a real or perceived conflict of interest with the Credit Union through personal, business or other relationships, as determined by the Board.

7.3 Director Ceases to Hold Office

A Director shall cease to hold office when the Director:

- (a) no longer satisfies the qualifications set forth under the Act;
- (b) no longer meets the criteria specified in the Board governing policies published on the Credit Union's website;
- (c) resigns or dies;
- (d) is removed by ordinary resolution of the Members or pursuant to the terms of an amalgamation agreement approved by special resolution of the Members;
- (e) becomes disqualified in accordance with Section 7.4 hereof;
- (f) the Director's term expires;
- (g) who is an appointed Director, is removed by a resolution of the Board;
- (h) reaches the service limit under Section 7.6 hereof; or
- (i) without the approval of the Board Chair: (i) fails to attend two (2) consecutive regularly scheduled Board or Committee meetings within twelve (12) months; or (ii) fails to attend a minimum of 75% of all Board and applicable Committee meetings within twelve (12) months, in each case calculated on a rolling basis.

7.4 Director Disqualification

Where a Director is no longer eligible to hold office as a Director pursuant to the terms of these Bylaws, such Director shall immediately submit their resignation to the Board. If the Director fails to resign, the Board may remove the Director by special resolution of the Board. Where the Board, by passing a special resolution, determines that additional time is needed to assess whether a Director is no longer eligible to hold office as a Director, the Board may suspend the determination

of such matter for a period of up ninety (90) days. The Board's decision in respect of this Section 7.4 shall be considered final.

7.5 Term of Office

- (a) Commencing from the 2024 annual general meeting, a Director duly elected by the Members shall hold a term of office which shall not exceed the third annual general meeting following the annual general meeting at which they are elected.
- (b) A Director appointed in accordance with Section 8.5 of these Bylaws shall hold a term of office which shall not exceed the next annual general meeting following their appointment.

7.6 Service Limits

- (a) Subject to the terms of this Section 7.6, duly elected and appointed Directors are eligible to serve on the Board for a maximum of twelve (12) cumulative years, which includes service on the board of any legacy credit union. Once a Director reaches their service limit, they are ineligible to seek re-election or re-appointment to the Board.
- (b) Directors elected or appointed pursuant to the Amalgamation Agreement dated August 1, 2023 shall be eligible to serve out their remaining term as set out in the Amalgamation Agreement, even if that results in cumulative service exceeding twelve (12) years.
- (c) A Director, having served on the Board for less than twelve (12) cumulative years, shall be eligible to serve on the Board for an additional term even if such term would result in cumulative service exceeding twelve (12) years.

7.7 Director Remuneration

The Board shall receive remuneration in recognition of their time to prepare for and attend meetings in relation to their duties with the Credit Union. The Board shall establish such remuneration, but in no event shall the aggregate amount of remuneration exceed one percent (1.0%) of total Credit Union operating expenses. The amount of remuneration received shall be disclosed annually to the Members.

8. DIRECTOR ELECTIONS & APPOINTMENTS

8.1 Elections Procedures

The Board shall determine the procedures to be followed in the election of qualified director candidates to the Board.

8.2 Director Elections

The Members shall elect Directors at, or before, each annual general meeting of the Members. The Board may determine that elections be conducted by any one, or a combination, of the following forms:

- (a) in-branch voting;
- (b) paper ballot; or
- (c) electronic vote.

8.3 Acclamation

If the number of qualified persons nominated for the office for which a director election is held is equal to, or lesser than, the number of offices to be filled, the persons so nominated will be declared elected.

8.4 Tie-breaking

In the event of a tie vote arising from a director election held prior to an annual general meeting of Members, the Board shall assess and, in its discretion, determine who among the candidates the Board feels best augments the diversity, qualifications, competencies and attributes of the Board. The Board will, by resolution passed by a majority of the Board, approve the candidate so determined and such candidate will be deemed elected to the Board. The Board may, in its discretion, elect to delegate the assessment of the candidates to a Committee of the Board's choosing, which Committee will provide a recommendation to the Board for the purposes of this Section 8.4.

8.5 Appointments

- (a) The Board may establish a process for the appointment of additional Directors to ensure adequate diversity of competencies and attributes are represented on the Board. The appointments may not exceed one-third (1/3) of the number of incumbent elected Directors.
- (b) When a vacancy occurs on the Board, the Board may appoint a replacement within ninety (90) days, except where the period until the next annual general meeting is less than ninety (90) days, to serve until the next annual general meeting of the Credit Union, or leave the position vacant.

8.6 Election of Board or Committee Officers

At the first meeting of the Board, which shall be within thirty (30) days following the annual general meeting of the Credit Union, the Board shall elect or appoint from its own members, a chairperson of the Board, a vice chairperson and other Board or Committee officers as they consider necessary. Elections or appointments for Board or Committee officers shall be conducted in the manner determined by the Board.

9. BOARD AND COMMITTEE MEETINGS

9.1 Board Meeting Frequency

The Board shall meet at least four (4) times per year.

9.2 Committee Meeting Frequency

Committees of the Board shall meet in accordance with the Act, or, their respective terms of reference, as applicable.

9.3 Meeting by Alternate Communications

A Board or Committee meeting may be held by means of electronic or other communication facilities which permit all Individuals participating in the meeting to hear each other. Directors or other persons participating by those means, are deemed, subject to the requirements of the Act, to be present at the meeting.

9.4 Notice of Meetings

Notice of Board or Committee meetings, including the date, time, place and agenda shall be communicated by announcement at the preceding meeting or by telephone, by mail or electronic notification to each Director or Committee member not less than 24-hours in advance of the meeting.

9.5 Waiver of Notice

Notice may be waived by the Board or Committee upon a poll of the Board or applicable Committee members with simple majority agreement, for the purpose of holding an emergency meeting of the Board or Committee.

9.6 Method of Voting

Voting by the Directors or Committee members shall be by show of hands, unless otherwise required by the Board or Committee.

9.7 Quorum

A majority of Directors, or members of a Committee, as the case may be, shall constitute a quorum.

10. SUBSIDIARIES

10.1 Board Authority

The Board may establish subsidiaries provided the functions of the subsidiary are consistent with the objectives of the Credit Union.