

ASSET TRANSFER AGREEMENT

THIS AGREEMENT is dated as of the ♦ day of ♦, 2022,

BETWEEN:

CCEC CREDIT UNION,

a credit union incorporated under the laws of the Province of British Columbia having its head office at 2248 Commercial Drive, Vancouver, British Columbia V5N 4B5

(the “Vendor”)

AND:

COMMUNITY SAVINGS CREDIT UNION,

a credit union incorporated under the laws of the Province of British Columbia having its head office at 1600 - 13450 102nd Street, Surrey, British Columbia V3T 5X3

(the “Purchaser”)

WHEREAS:

- A. The Purchaser and the Vendor wish to combine the businesses of their respective credit unions pursuant to the business acquisition by asset transfer provisions of the Act (as hereinafter defined);
- B. The Vendor is a “transferring credit union” pursuant to section 16(1) of the Act and the Purchaser is an “acquiring credit union”;
- C. In accordance with the provisions of the Act, the Superintendent (as hereinafter defined) has consented to this Agreement, a copy of which consent is attached as Schedule “A”;
- D. In accordance with the provisions of the Act, this Agreement has been approved by special resolution of the members of the Vendor; and
- E. It is desirable and in the interests of each of the Vendor and the Purchaser and their respective members that the business acquisition by asset transfer of the Vendor, as a transferring credit union, by the Purchaser, as an acquiring credit union, should be effected on the terms and conditions set forth in this Agreement.

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties covenant and agree with each other as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 **Definitions** – In this Agreement, unless the context otherwise requires:

- (a) **“Act”** means the *Credit Union Incorporation Act*, R.S.B.C. 1996, Chapter 82, as amended from time to time;
- (b) **“Agreement”** means this Asset Transfer Agreement as the same may be amended from time to time and the expressions **“hereof”**, **“herein”**, **“hereto”**, **“hereunder”**, and **“hereby”**, and similar expressions refer to this Agreement and not to any particular provision;
- (c) **“Business Day”** means each day Monday through Friday inclusive, other than a day which is a statutory holiday in British Columbia;
- (d) **“Collective Agreement”** means the collective agreement between the Vendor and UNIFOR Local 3000 with effect from July 1, 2019 to June 30, 2022;
- (e) **“Delivery Date”** has the meaning given to that term in Article 9.1 of this Agreement;
- (f) **“Depositor”** means a person having money on deposit with the Vendor;
- (g) **“Effective Date”** means October 1, 2022, or such other date specified by the Superintendent as the effective date of the transfer of the Vendor’s Assets and set out in the certificate of business acquisition issued by the Registrar pursuant to section 16(8)(b) of the Act;
- (h) **“Effective Time”** means 12:02 a.m. (Pacific Time) on the Effective Date;
- (i) **“Equity Shares”** means the membership shares of the Purchaser established pursuant to the Rules of the Purchaser;
- (j) **“Excess Membership Shares”** has the meaning ascribed to that term in Article 3.1(b) of this Agreement;
- (k) **“Financial Statements”** has the meaning ascribed to that term in Article 4.1(c) of this Agreement;
- (l) **“IFRS”** means International Financial Reporting Standards as adopted by the Accounting Standards Board, as those standards are amended from time to time;
- (m) **“Income Tax Act”** means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.);
- (n) **“Membership Equity Shares”** means the Class A (Mandatory) equity shares of the Vendor;

- (o) **“Memorandum of Understanding”** means the Memorandum of Understanding dated as of September 16, 2021, between the Vendor and the Purchaser, a copy of which is attached as Schedule “F”;
- (p) **“Non-Disclosure Agreement”** means the Confidentiality and Non-Disclosure Agreement dated as of June 16, 2021, between the Vendor and Purchaser;
- (q) **“Personal Information”** has the meaning ascribed to that term in the *Personal Information Protection Act*, S.B.C. 2003, Chapter 63, as amended from time to time;
- (r) **“Redemption Value”** has the meaning ascribed to that term in Article 3.2 of this Agreement;
- (s) **“Registrar”** has the meaning ascribed to that term in the Act;
- (t) **“Rules”** means the rules of the Purchaser or the Vendor, as the case may be, as described in section 7 of the Act;
- (u) **“Shareholder”** means a person recorded in the records of the Vendor as the owner of a share or shares of the Vendor, whether or not a member of the Vendor;
- (v) **“Submission Date”** means the date the Purchaser is required hereunder to submit, or does submit, to the Superintendent three fully executed copies of this Agreement and three certified copies of the special resolution delivered to the Purchaser by the Vendor as contemplated in Article 9.1;
- (w) **“Superintendent”** has the meaning ascribed to that term in the Act;
- (x) **“Vendor Nominees”** has the meaning ascribed to that term in Article 7.9 of this Agreement;
- (y) **“Vendor’s Assets”** means all of the rights, property and assets of the Vendor of whatever nature and kind, real or personal, and wherever situated, owned by the Vendor on the Effective Date immediately prior to the Effective Time, including, without limiting the generality of the foregoing, all indebtedness owed to the Vendor, all actions and causes of action, all choses in action, all agreements, records and evidences of indebtedness due to it, all securities held by it with respect to any indebtedness due to it, all cash on hand and in any bank or invested in shares of, on deposit with or held in trust by Central 1 Credit Union, all bonds, shares, stocks or other securities held by it, all lands and all furnishings, furniture and equipment owned by it, all trademarks, trade names, copyrights, goodwill and the right to represent itself as carrying on the Vendor’s Business and the right to use the name “CCEC Credit Union” and any variations thereof;
- (z) **“Vendor’s Business”** means the business carried on by the Vendor immediately prior to the Effective Time on the Effective Date; and

- (aa) **“Vendor’s Liabilities”** means each and every indebtedness and liability of the Vendor, present and future, direct or indirect, absolute or contingent to any and all persons, including, without limiting the generality of the foregoing, the liability of the Vendor to Depositors for monies on deposit with the Vendor and to Shareholders with respect to monies invested in shares of the Vendor.
- 1.2 **Headings** – The headings herein are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.3 **Invalidity of Any Provision** – If any covenant, obligation or provision contained in this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each covenant, obligation or provision of this Agreement shall separately be valid and enforceable to the fullest extent permitted by law.
- 1.4 **Amendments** – This Agreement may only be amended from time to time in writing under seal of each of the Vendor and the Purchaser.
- 1.5 **Number and Gender** – In this Agreement, words in the singular include the plural and *vice versa* and words in one gender include all genders.
- 1.6 **Governing Law** – This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein and each of the parties submits to the jurisdiction of the Courts of British Columbia with respect to this Agreement.
- 1.7 **Date for Action** – If any date on which any action required to be taken hereunder by either party is not a Business Day, such action shall be required to be taken on the next following Business Day.
- 1.8 **Duty to Act Reasonably** – Wherever any matter hereunder is subject to approval or consent of one party, that party shall not unreasonably withhold or delay such approval or consent.
- 1.9 **Time of the Essence** – Time shall be of the essence of this Agreement.
- 1.10 **Schedules** – The following schedules are attached hereto and form part of this Agreement:
- (a) Schedule “A” – Superintendent’s Consent;
 - (b) Schedule “B” – Vendor’s Financial Statements;
 - (c) Schedule “C” – Purchaser’s Common Bond;
 - (d) Schedule “D” – Purchaser’s Services;
 - (e) Schedule “E” – Employment Matters;
 - (f) Schedule “F” – Memorandum of Understanding.

ARTICLE 2
TRANSFER OF ASSETS AND ASSUMPTION OF LIABILITIES

- 2.1 **Transfer of the Vendor's Assets** – Upon the terms and subject to the conditions hereof, the Vendor agrees to transfer to the Purchaser, and the Purchaser agrees to acquire from the Vendor, all the Vendor's Assets as of the Effective Time.
- 2.2 **Assumption of Liabilities** – In consideration of the acquisition by the Purchaser of the Vendor's Assets, the Purchaser agrees to assume, as of the Effective Time, all the Vendor's Liabilities.
- 2.3 **Deposits** – Without limiting the generality of Article 2.2, as of the Effective Time, the Purchaser shall assume the obligations of the Vendor to each Depositor on a dollar-for-dollar basis on the amount of deposits of each Depositor with the Vendor and on the same terms and conditions with respect to each deposit as existed between the Vendor and each Depositor at the time the asset transfer contemplated hereunder takes effect.
- 2.4 **No Exclusions** – For the purposes of sections 16(2)(e) and (f) of the Act, the Vendor and the Purchaser acknowledge and agree that none of the assets of the Vendor are excluded from the Vendor's Assets and that none of the liabilities of the Vendor are excluded from the Vendor's Liabilities.
- 2.5 **Income Tax Act** – It is the intention of the Vendor and the Purchaser that the transfer and distribution of the Vendor's Assets as contemplated by the terms and conditions hereof shall take place pursuant to subsection 88(1) of the Income Tax Act.

ARTICLE 3
SHARES

- 3.1 **Share Exchange** – Effective at 12:01 a.m. (Pacific Time) on the Effective Date and prior to the Effective Time, the shares of the Vendor will be exchanged for shares of the Purchaser as follows:
- (a) subject to Articles 3.1(b) and 3.1(c) below, each Membership Equity Share of the Vendor will be exchanged for one fully paid Equity Share of the Purchaser, up to a maximum of 1,000 Equity Shares of the Purchaser per Shareholder;
 - (b) if any Shareholder of the Vendor holds more than 1,000 Membership Equity Shares of the Vendor or any Shareholder of the Vendor, who is already a member of the Purchaser, would hold more than 1,000 Equity Shares of the Purchaser after the share exchange described above in Article 3.1(a), the Membership Equity Shares of the Vendor in excess of 1,000, either alone or in combination with Equity Shares of the Purchaser held by the Shareholder prior to the share exchange contemplated above (in either case, the "**Excess Membership Shares**"), will not be exchanged for Equity Shares of the Purchaser. In such case, an amount of \$1.00 shall be made available for each of the Excess Membership Shares which is not exchanged for Equity Shares of the Purchaser by depositing such amount in the demand deposit account held with the Purchaser which is in the name of the Shareholder of the Excess Membership Shares not exchanged;

(c) for any Membership Equity Shares of the Vendor which are jointly held by two or more Shareholders, such Membership Equity Shares of the Vendor will be exchanged for an equivalent number of fully paid, jointly held Equity Shares of the Purchaser, which shall be allocated equally among the joint holders, except that:

(i) where an equal allocation of the jointly held Membership Equity Shares among the joint holders would lead to the issuance of fractional shares, the Purchaser will round up or round down the shares exchanged at its discretion in a manner that results in an exchange of non-fractional (*i.e.*, whole) shares;

(ii) in the case of any Membership Equity Shares of the Vendor jointly held by more than four Shareholders, such shares shall be exchanged for individually held Equity Shares of the Purchaser;

and, after the share exchange contemplated in this Article 3.1(c), each joint holder of jointly held Membership Equity Shares of the Vendor shall become a member of the Purchaser in the Shareholder's own right, provided that the Shareholder holds at least five Equity Shares of the Purchaser; and

(d) the unissued shares of the Vendor will not be exchanged for shares of the Purchaser and will be cancelled on the Effective Date.

3.2 **Fair Market Value** – As the Membership Equity Shares of the Vendor are, pursuant to the Vendor's Rules, to be purchased or redeemed at an amount equal to the sum of the par value of each Membership Equity Share (\$1.00) plus any dividends declared but unpaid thereon (the "**Redemption Value**"), a willing purchaser acting in good faith and at arm's length in the open market would only pay the Redemption Value for a Membership Equity Share. Accordingly, notwithstanding that the right of redemption as contemplated by section 24 of the Act is inapplicable to membership shares, the parties have determined for the purposes of this Agreement and sections 16(2)(d) and 24 of the Act that the fair market value of each Membership Equity Share is the Redemption Value of the share.

3.3 **Purchaser Not a Member of Vendor** – Notwithstanding the exchange of shares provided for in Article 3.1, it is understood and agreed that the Purchaser does not thereby become a member of the Vendor. However, each Shareholder of the Vendor receiving Equity Shares of the Purchaser will become a member of the Purchaser entitled to participate in and use the services of the Purchaser as set out in this Agreement.

3.4 **Income Tax Act** – It is the intention of the Vendor and the Purchaser that the exchange of shares as contemplated by the terms and conditions hereof shall take place pursuant to subsection 85.1 of the Income Tax Act.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE VENDOR

4.1 The Vendor represents and warrants to the Purchaser that:

- (a) **Status of the Vendor** – The Vendor is a credit union duly incorporated, validly existing and in good standing under the laws of the Province of British Columbia with respect to the filing of annual reports and has the power and capacity to own the Vendor’s Assets and to carry on the Vendor’s Business;
- (b) **Authority to Sell** – The execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Vendor and this Agreement constitutes a legal, valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms except as may be limited by laws of general application affecting the rights of creditors;
- (c) **Financial Statements** – The audited financial statements of the Vendor for the fiscal year ending on September 30, 2021, a copy of which is attached as Schedule “B” (the “**Financial Statements**”), have been prepared in accordance with IFRS and present fairly and correctly the Vendor’s Assets and the Vendor’s Liabilities and the financial condition of the Vendor as of the date of the Financial Statements and of the operations of the Vendor during the period covered by such statements;
- (d) **Transaction Will Not Cause Default** – Neither the execution and delivery of this Agreement nor the completion of the transactions contemplated herein will:
 - (i) violate any of the terms and provisions of the constating documents or the Rules of the Vendor or any resolution of the directors or members of the Vendor, or any order, decree, bylaw, regulation, covenant or restriction applicable to the Vendor or any of the Vendor’s Assets;
 - (ii) give any person any right of termination, cancellation or acceleration with respect to any agreement, instrument or other document to which the Vendor is a party or the Vendor or any of the Vendor’s Assets is subject or from which the Vendor derives a benefit, save to the extent that the consent of third parties is required to assign any leasehold property of the Vendor or any material contracts of the Vendor;
 - (iii) result in the creation of a lien, encumbrance or other charge of any kind or nature whatsoever on any of the Vendor’s Assets; or
 - (iv) result in any fees, duties, taxes, assessments or other amounts relating to any of the Vendor’s Assets becoming due or payable other than only property transfer tax (if any), provincial sales tax, federal goods and services tax, and fees payable to the BC Financial Services Authority, the Superintendent or the Registrar in connection with the transactions contemplated herein;
- (e) **Assets** – The Vendor owns and possesses and has good and marketable title to the Vendor’s Assets, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances or other claims whatsoever except for security

perfected by the following financing statements registered in the British Columbia Personal Property Registry:

- (i) transition financing statement registered under base registration # 4684072 in favour of Central 1 Credit Union; and
 - (ii) financing statement registered under base registration # 422667A in favour of Central 1 Credit Union, as amended by renewal # 730202G and renewal # 952381J, and any further renewals thereof;
- (f) **Books and Records** – The books and records of the Vendor fairly and correctly set out and disclose in all material respects, in accordance with IFRS, the financial position of the Vendor and all material financial transactions of the Vendor relating to the Vendor’s Business have been accurately recorded in such books and records;
- (g) **Material Change** – Since the date of the consolidated statement of financial position included in the Financial Statements there has not been:
- (i) any material change in the financial condition of the Vendor’s Business, the Vendor’s Liabilities or the Vendor’s Assets other than changes in the ordinary course of business, none of which has been materially adverse;
 - (ii) any damage, destruction, loss or other event (whether or not covered by insurance) materially and adversely affecting the Vendor’s Assets or the Vendor’s Business;
 - (iii) any material increase in the compensation payable or to become payable by the Vendor to any of its officers, employees or agents or any bonus, payment or arrangement made to or with any of them, save and except as agreed to in writing by the Purchaser;
- (h) **Auxiliary Members** – The Vendor has no “auxiliary members” as that expression is defined in the Act and the Vendor will have no auxiliary members on the Effective Date;
- (i) **Disclosure** – The Vendor has disclosed to the Purchaser all material facts which if known by a prospective purchaser of the Vendor’s Assets might reasonably have a bearing on the prospective purchaser’s decision as to whether or not to purchase the Vendor’s Assets and assume the Vendor’s Liabilities;
- (j) **Litigation** – Except for collection litigation by the Vendor in the ordinary course of business and as otherwise disclosed in writing by the Vendor to the Purchaser, there is no litigation or administrative or governmental proceeding or inquiry pending or, to the knowledge of the Vendor, threatened against or relating to the Vendor or the Vendor’s Business or any of the Vendor’s Assets nor does the Vendor know of or have reasonable grounds for believing that there is any basis for any such action, proceeding or enquiry;

- (k) **Conformity with Laws** – All governmental licenses and permits required for the conduct in the ordinary course of the operations of the Vendor’s Business and the uses to which the Vendor’s Assets have been put, have been obtained and are in good standing and such conduct and uses are not in breach of any statute, bylaw, regulation, covenant, restriction, plan or permit;
 - (l) **Collective Agreement** – The Vendor is a party to the Collective Agreement and a true and complete copy of the Collective Agreement has been provided to the Purchaser;
 - (m) **Terms of Employment** – Except as otherwise disclosed in writing to the Purchaser, there is no employee who has an individual contract of employment with the Vendor;
 - (n) **Shares** –
 - (i) There are no issued and outstanding equity shares of the Vendor other than the Membership Equity Shares of the Vendor, which have been issued to each member of the Vendor at an issue price of \$1.00 each; and
 - (ii) there are no issued and outstanding non-equity shares of the Vendor;
 - (o) **Dividends** - Except as disclosed in writing by the Vendor to the Purchaser on or before the date of this Agreement, there are no declared and unpaid dividends on any of the Vendor’s shares and there are no unpaid bonuses, interest refunds or patronage refunds owing to the Vendor’s Shareholders.
- 4.2 **Reliance on Representations and Warranties** – The Vendor acknowledges that the Purchaser intends to and shall rely on the foregoing representations and warranties in entering into this Agreement and in concluding the transactions contemplated hereby.

ARTICLE 5 COVENANTS OF THE VENDOR

- 5.1 **Conduct of the Vendor’s Business** – Between the date of this Agreement and the Effective Date, except as agreed to in writing by the Purchaser, the Vendor will conduct its business diligently and only in the ordinary course and will use its best efforts to preserve the Vendor’s Assets intact, to keep available to the Purchaser the Vendor’s present employees and to preserve for the Purchaser the Vendor’s relationship with its members and others having business relations with it.
- 5.2 **Access by the Purchaser** – The Vendor will give to the Purchaser and the Purchaser’s solicitors, accountants and other representatives full access, during normal business hours throughout the period between the date of this Agreement and the Effective Time to all of the properties, books, contracts, commitments and records of the Vendor relating to the Vendor’s Business, the Vendor’s Assets and the Vendor’s Liabilities and will furnish to the Purchaser during such period all such information as the Purchaser may reasonably request.

- 5.3 **Disclosure** – If, on or before the Effective Date, any new or conflicting material information about the Vendor or the Vendor’s Business from that previously disclosed to the Purchaser comes to the attention of the Vendor, the Vendor shall provide such new or conflicting material information to the Purchaser as soon as reasonably possible thereafter.
- 5.4 **Insurance** – From the date of this Agreement until the Effective Date, the Vendor will maintain in full force and effect the policies of insurance presently in force and if requested by the Purchaser will cause the Purchaser to be added as a named insured under all such policies and to remain as a named insured until the Effective Date.
- 5.5 **Procure Consents** – The Vendor shall diligently take all reasonable steps necessary to obtain all consents required to vest in the Purchaser all of the Vendor’s Assets.
- 5.6 **Leases** – The Vendor will cause its leases of any real or personal property to be assigned to the Purchaser or its successor, each with the prior consent of the lessor confirmed in writing if required by the terms of the lease.
- 5.7 **Contact Information** – The Vendor will cause its telephone numbers, internet access and other communication channels to be assigned to the Purchaser or its successor, each with the prior consent of the service provider where required.
- 5.8 **Employees** – The Vendor agrees with the Purchaser on various employment matters as set out in Schedule “E” hereto.
- 5.9 **Material Contracts, Dividends and Other Payments** – Between the date of this Agreement and the Effective Date, the Vendor shall not, without the prior written consent of the Purchaser, which consent will not be unreasonably withheld:
- (a) enter any material contracts, agreements or obligations that are out of the ordinary course of business and would be binding upon the Purchaser following the Effective Date, including, but not limited to, any employment agreements with management of the Vendor; or
 - (b) incur an unbudgeted expense in excess of \$50,000 or initiate a distribution of current earnings or capital in excess of \$50,000 (in aggregate), except for expenses in relation to employee variable pay, patronage allocations, dividends, or hedging or securitization arrangements, if incurred, distributed or paid in accordance with established policies and procedures for the Vendor in a manner consistent with prior years.
- 5.10 **Memorandum of Understanding** – The Vendor hereby agrees with the Purchaser that any matters set out in the Memorandum of Understanding which have not otherwise been specifically addressed in this Agreement will be dealt with as provided in the Memorandum of Understanding. In the event of a conflict between the Memorandum of Understanding and this Agreement, the terms of this Agreement will govern.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

6.1 The Purchaser represents and warrants to the Vendor that:

- (a) **Status of the Purchaser** – The Purchaser is a credit union duly incorporated, validly existing and in good standing under the laws of the Province of British Columbia with respect to the filing of annual reports and has the power and capacity to purchase the Vendor’s Assets;
- (b) **Authority to Purchase** – The execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate actions of the Purchaser and this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms except as may be limited by laws of general application affecting the rights of creditors;
- (c) **Transaction Will Not Cause Default** – Neither the execution and delivery of this Agreement nor the completion of the transactions contemplated herein will violate any of the terms and provisions of the constating documents or the Rules of the Purchaser or any resolution of the directors or members of the Purchaser, or any order, decree, bylaw, regulation, covenant or restriction applicable to the Purchaser or any of the Purchaser’s assets;
- (d) **Common Bond** – The common bond of membership of the Purchaser on and after the Effective Date, until amended in accordance with the Act, shall be the present common bond of the Purchaser as is set forth in Schedule “C” hereto;
- (e) **Head Office** – The location of the head office of the Purchaser immediately after the Effective Date shall be the current head office of the Purchaser in Surrey, British Columbia;
- (f) **Disclosure** – The Purchaser has disclosed to the Vendor all material facts which if known by a prospective vendor of the Vendor’s Assets might reasonably have a bearing on the prospective vendor’s decision as to whether or not to sell the Vendor’s Assets and have the Purchaser assume the Vendor’s Liabilities;
- (g) **Litigation** – Except for collection litigation by the Purchaser in the ordinary course of business and as otherwise disclosed in writing by the Purchaser to the Vendor, there is no litigation or administrative or governmental proceeding or inquiry pending or, to the knowledge of the Purchaser, threatened against or relating to the Purchaser or the Purchaser’s business or any of the Purchaser’s assets nor does the Purchaser know of or have reasonable grounds for believing that there is any basis for any such action, proceeding or enquiry;
- (h) **Conformity with Laws** – All governmental licenses and permits required for the conduct in the ordinary course of the operations of the Purchaser’s business and the uses to which the Purchaser’s assets may be put, have been obtained and are

in good standing and such conduct and uses are not in breach of any statute, bylaw, regulation, covenant, restriction, plan or permit;

- (i) **Dividends** – Except as disclosed in writing by the Purchaser to the Vendor on or before the date of this Agreement, there are no declared and unpaid dividends on any of the Purchaser’s shares and there are no unpaid bonuses, interest refunds or patronage refunds owing to the Purchaser’s shareholders.

- 6.2 **Reliance on Representations and Warranties** – The Purchaser acknowledges that the Vendor intends to and shall rely on the foregoing representations and warranties in entering into this Agreement and in concluding the transactions contemplated hereby.

ARTICLE 7 COVENANTS OF THE PURCHASER

- 7.1 **Conduct of the Purchaser’s Business** – Between the date of this Agreement and the Effective Date, the Purchaser will conduct its business diligently and only in the ordinary course.
- 7.2 **Disclosure** – If, on or before the Effective Date, any new or conflicting material information about the Purchaser or its business from that previously disclosed to the Vendor comes to the attention of the Purchaser, the Purchaser shall provide such new or conflicting material information to the Vendor as soon as reasonably possible thereafter.
- 7.3 **Financial Statements** – The Purchaser will provide to members of the Vendor a copy of the audited consolidated financial statements of the Purchaser for the fiscal year ending on September 30, 2021, upon request of the member.
- 7.4 **Services** – The Purchaser covenants and agrees with the Vendor that the services the Purchaser offers to its members and proposes to extend to members of the Vendor are the comprehensive range of services set forth in Schedule “D” hereto.
- 7.5 **Employees** – The Purchaser agrees with the Vendor on various employment matters as set out in Schedule “E” hereto.
- 7.6 **Name** – The name of the Purchaser on and after the Effective Date, until amended in accordance with the Act, shall be “Community Savings Credit Union” and the Purchaser shall operate under this name subject to Article 7.8 of this Agreement and the Act.
- 7.7 **Branch** – Subject to factors outside of its control, the Purchaser will continue operating the existing branch of the Vendor at 2248 Commercial Drive, Vancouver, British Columbia, at least for the duration of the current term of the lease for such branch (*i.e.*, to June 30, 2025). The branch will be integrated into the Purchaser’s branch network and it is intended to be an integral part of the business development strategy for Purchaser after the merger. It is not presently intended that there shall be any reduction of hours for the existing 2248 Commercial Drive branch; provided, however, that the Purchaser may vary the current hours of business after the Effective Date to better suit the members of the branch and the communities that it serves.

- 7.8 **Name of Branch of the Vendor** – On and after the Effective Date and subject to the Act, the Purchaser intends to operate the branch of the Vendor, as relocated from time to time, as “the CCEC Branch of Community Savings Credit Union” or some variation thereof, provided, however, that the Purchaser may amend the branch name to better suit the members of the branch and the communities that it serves.
- 7.9 **Directors** –
- (a) At the Effective Date, the directors of the Purchaser immediately prior to the Effective Date shall continue to be directors of the Purchaser.
 - (b) Additionally, as of the Effective Date, the directors of the Purchaser shall, by resolution, appoint as additional directors of the Purchaser two nominees from a list of potential nominees furnished by the directors of the Vendor, whose terms shall be assigned to a three and six-year term, respectively, by the Purchaser (the “**Vendor Nominees**”). The Vendor Nominees shall be individuals who are directors of the Vendor on the Effective Date, immediately prior to the completion of the transactions contemplated hereunder. With the addition of the two Vendor Nominees, the number of directors of the Purchaser, together with the eleven existing directors of the Purchaser, shall be 13.
 - (c) Upon expiration or earlier termination of the term of any of the Vendor Nominees for any reason whatsoever, no person will be elected or appointed to fill the vacancy and the number of directors on the Board of Directors of the Purchaser shall be reduced accordingly.
- 7.10 **Chief Executive Officer** – At the Effective Date, the Chief Executive Officer of the Purchaser shall be the person who is the Chief Executive Officer of the Purchaser immediately prior to the Effective Date.
- 7.11 **Interim General Manager** – As of the Effective Date and subject to completion of the transactions contemplated herein, the Purchaser shall make an offer of employment to the person who was the Interim General Manager of the Vendor as of the date of the Memorandum of Understanding. Such person will initially support the Chief Executive Officer of the Purchaser in merger execution and then act as part of the leadership team of the Purchaser.
- 7.12 **Community Investment** – The Purchaser acknowledges that the Vendor has a history of providing financial support in the form of donations, sponsorships and bursaries to community organizations. For a period of at least five years following the Effective Date, the Purchaser shall provide a minimum of \$1,000 in funding per year to support community organizations which were either supported by the Vendor prior to the Effective Date or are similar to the ones supported by the Vendor prior to the Effective Date. The Purchaser will assess the impact and benefit of these initiatives at the end of the five year period and may continue supporting such organizations where it is determined that value exists.

- 7.13 **Personal Information** – The Purchaser shall:
- (a) only use or disclose Personal Information disclosed to the Purchaser by the Vendor for the same purposes for which it was collected, used or disclosed by the Vendor; and
 - (b) notify the employees, customers, directors, officers and members whose Personal Information the Vendor has disclosed to the Purchaser without consent that the transactions contemplated by this Agreement have taken place and that Personal Information about them has been disclosed to the Purchaser.
- 7.14 **Memorandum of Understanding** – The Purchaser hereby agrees with the Vendor that any matters set out in the Memorandum of Understanding which have not otherwise been specifically addressed in this Agreement will be dealt with as provided in the Memorandum of Understanding. In the event of a conflict between the Memorandum of Understanding and this Agreement, the terms of this Agreement will govern.

ARTICLE 8 CONDITIONS PRECEDENT

- 8.1 **Purchaser's Conditions Precedent** – This Agreement and the obligations of the Purchaser under this Agreement are subject to the fulfilment of the following conditions:
- (a) the Vendor's representations and warranties contained in this Agreement are true as of the Delivery Date and shall be true at and as of the Submission Date as though such representations and warranties were made as of such time;
 - (b) the Vendor shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it at or prior to the Submission Date;
 - (c) between the date of this Agreement and the Delivery Date there has not been, and prior to the Submission Date there shall not have been, any event, condition, change of circumstances or other fact in relation to the Vendor which has occurred that has had a material adverse impact on the Vendor or will have a material adverse impact on the business of the Purchaser upon completion of the transactions contemplated herein; and
 - (d) the Purchaser shall have received from the Vendor a certified copy of resolutions of the directors of the Vendor containing a list of directors of the Vendor willing to act as a Vendor Nominee.
- 8.2 **Waiver** – The conditions described in Article 8.1 are for the exclusive benefit of the Purchaser and any such condition may be waived in whole or in part by the Purchaser.
- 8.3 **Notice to Vendor** – If, by the Submission Date, the Purchaser is of the opinion that any of the conditions set forth in Article 8.1 have not been fulfilled and the Purchaser is unwilling to waive the conditions, the Purchaser shall deliver to the Vendor a notice:

- (a) specifying in what respect the conditions have not been fulfilled; and
- (b) advising the Vendor that the Purchaser will not be submitting a copy of this Agreement to the Superintendent in accordance with Article 9.2 hereof.

In such event, the Purchaser shall not be required to proceed with the transactions contemplated hereunder and this Agreement shall be of no further force and effect whatsoever.

8.4 **Deemed Fulfilment of Purchaser's Conditions** – Upon the Purchaser submitting a copy of this Agreement to the Superintendent pursuant to Article 9.2 hereof, the conditions set forth in Article 8.1 will be deemed to have been fulfilled.

8.5 **Vendor's Conditions Precedent** – This Agreement and the obligations of the Vendor under this Agreement are subject to the fulfilment of the following conditions:

- (a) the Purchaser's representations and warranties contained in this Agreement are true as of the Delivery Date and shall be true at and as of the Submission Date as though such representations and warranties were made as of such time;
- (b) the Purchaser shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it at or prior to the Submission Date;
- (c) between the date of this Agreement and the Delivery Date there has not been, and prior to the Submission Date there shall not have been, any event, condition, change of circumstances or other fact in relation to the Purchaser which has occurred that has had a material adverse impact on the Purchaser; and
- (d) the Vendor shall have received from the Purchaser a certified copy of resolutions of the directors of the Purchaser appointing two Vendor Nominees as additional directors of the Purchaser as of the Effective Date and assigning one of the Vendor Nominees to a three-year term and one of the Vendor Nominees to a six-year term, with such Vendor Nominees having been chosen from the list of directors of the Vendor as contemplated in Article 8.1(d).

8.6 **Waiver** – The conditions described in Article 8.5 are for the exclusive benefit of the Vendor and any such condition may be waived in whole or in part by the Vendor.

8.7 **Notice to Purchaser** – If, prior to the Purchaser's submission of a copy of this Agreement to the Superintendent in accordance with Article 9.2, the Vendor is of the opinion that any of the conditions set forth in Article 8.5 have not been fulfilled and the Vendor is unwilling to waive the conditions, the Vendor shall deliver to the Purchaser a notice:

- (a) specifying in what respect the conditions have not been fulfilled; and
- (b) requesting that the Purchaser not submit a copy of this Agreement to the Superintendent pursuant to Article 9.2.

In such event, the Vendor shall not be required to proceed with the transactions contemplated hereunder and this Agreement shall be of no further force and effect whatsoever.

8.8 **Deemed Fulfilment of Vendor's Conditions** – Upon the Purchaser submitting a copy of this Agreement to the Superintendent pursuant to Article 9.2 hereof (but at all times subject to Article 9.3(b) hereof), the conditions set forth in Article 8.5 will be deemed to have been fulfilled.

8.9 **Fulfilment of Conditions** – If the conditions set out in Article 8.1 and 8.5 are fulfilled or waived by the Submission Date, then, upon the issue by the Registrar of the certificate of business acquisition pursuant to section 16(8)(b) of the Act:

- (a) this Agreement shall constitute the absolute sale, transfer and assignment of all of the Vendor's Assets to the Purchaser pursuant to section 18 of the Act, upon the terms and conditions herein set forth;
- (b) this Agreement shall be binding upon the Vendor and the Purchaser and each of the members and shareholders of the Vendor and the Purchaser; and
- (c) without any further act or deed, as of the Effective Date:
 - (i) the Vendor shall cease to carry on business;
 - (ii) all the Vendor's Assets shall be transferred to and vested in the Purchaser;
 - (iii) all of the Vendor's Liabilities:
 - A. shall be transferred to and assumed by the Purchaser;
 - B. shall become the obligations and liabilities of the Purchaser; and
 - C. shall become enforceable against the Purchaser as if the Purchaser had incurred them; and
 - (iv) each member of the Vendor will become a member of the Purchaser and will remain a member of the Purchaser until the membership ceases in accordance with the provisions of the Act or the Rules of the Purchaser.

ARTICLE 9 PROCEDURES

9.1 **Delivery by the Vendor to the Purchaser** – As soon as feasible following the date the special resolution of the Vendor's members has been passed in accordance with section 16(4) of the Act or on such later date as the Vendor and the Purchaser may agree in writing (the "**Delivery Date**"), the Vendor shall deliver to the Purchaser:

- (a) three executed copies of this Agreement; and

- (b) three certified copies of a special resolution of its members passed in accordance with section 16(4)(a) of the Act.

9.2 **Submission by the Purchaser to the Superintendent** – As soon as feasible after receipt from the Vendor of the documents referred to in Article 9.1 and not later than three Business Days following the Delivery Date, the Purchaser shall submit to the Superintendent three fully executed copies of this Agreement together with those certified copies of the special resolution delivered to it by the Vendor.

9.3 **Prohibition** –

- (a) The Vendor shall not deliver or submit to the Superintendent any of the documentation described in Article 9.2 of this Agreement, it being the intention of the parties that the Purchaser shall co-ordinate the submission of such documentation to the Superintendent.
- (b) The Purchaser shall not deliver or submit to the Superintendent any of the documentation described in Article 9.2 of this Agreement if, prior to such submission, the Purchaser has received a notice from the Vendor pursuant to Article 8.7 hereof.

9.4 **Additional Documents to be Delivered by the Vendor** – Prior to the Effective Date, the Vendor shall deliver or cause to be delivered to the Purchaser's solicitors (unless otherwise directed by the Purchaser), in trust, the following, to be released from trust to the Purchaser only upon issuance of a certificate of business acquisition pursuant to section 16(8)(b) of the Act:

- (a) all deeds of conveyance, bills of sale, transfers and assignments executed by the Vendor, in form and content satisfactory to the Purchaser's solicitors, appropriate to effectively vest good and marketable title to the Vendor's Assets in the Purchaser to the extent contemplated by this Agreement, and immediately registerable in all places where registration of such instruments is required; and
- (b) all consents or approvals required to be obtained by the Vendor.

ARTICLE 10 NOTICES

10.1 **Notices** – All notices which may or are required to be given herein or pursuant to this Agreement shall be in writing and shall be given personally by serving the same upon any officer of the party to be served or by mail by posting the same by prepaid registered mail addressed:

- (a) to the Vendor at:

CCEC Credit Union
2248 Commercial Drive
Vancouver, BC V5N 4B5

Attention: Interim General Manager

(b) to the Purchaser at:

Community Savings Credit Union
1600 - 13450 102nd Street
Surrey, BC V3T 5X3

Attention: Chief Executive Officer

or such other addresses as the parties may advise by notice in writing and any such notice shall be deemed to have been received and effectively served, if mailed, the second Business Day following posting and if served personally, on the day of delivery.

- 10.2 **Delays** – In the event that, at the time a notice is mailed as provided in Article 10.1 or at any time during the period of two Business Days following such mailing, postal or airline or airport employees are engaged in a strike, work slowdown or other work stoppage at the place at which the notice is mailed or at the place to which the notice is mailed or at any point through which such notice must pass, such notice shall be deemed to have been given and received at the time when such notice would be received in the ordinary course of mailings, allowing for such strikes, work slowdown or other work stoppage.

ARTICLE 11 GENERAL

- 11.1 **Further Assurances** – The parties hereto shall execute such further and other documents and do such further and other things as may be necessary to carry out and give effect to the intent of this Agreement.
- 11.2 **Entire Agreement** – This Agreement, together with the Non-Disclosure Agreement and the schedules attached hereto, constitutes the entire agreement between the parties in respect of its subject matter and there are no representations or warranties, express or implied, statutory or otherwise and no agreements collateral hereto other than as expressly set forth or referred to herein.
- 11.3 **Assignment** – Neither the Purchaser nor the Vendor may assign its rights or obligations under this Agreement.
- 11.4 **Survival** – The parties hereto agree that all covenants and agreements under this Agreement which are to be performed after the Effective Date shall survive the consummation of the transactions contemplated herein and shall be binding upon the Purchaser thereafter.
- 11.5 **Binding Effect** – This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors.
- 11.6 **Counterparts** – This Agreement may be executed by the parties in counterparts, each of which when so executed by one or more of the parties to this Agreement shall be deemed

to be an original, and such counterparts taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF each of the Vendor and the Purchaser has executed this Agreement under seal as of the day and year first above written.

THE CORPORATE SEAL OF **CCEC CREDIT UNION**)
was hereunto affixed in the presence of:)
)
)
_____)
Authorized Signatory) C/S
)
_____)
Authorized Signatory)

THE CORPORATE SEAL OF **COMMUNITY**)
SAVINGS CREDIT UNION was hereunto affixed in)
the presence of:)
)
)
_____)
Authorized Signatory) C/S
)
_____)
Authorized Signatory)

SCHEDULE "A"

SUPERINTENDENT'S CONSENT

See attached.

SCHEDULE "B"

VENDOR'S FINANCIAL STATEMENTS

See attached.

SCHEDULE "C"

PURCHASER'S COMMON BOND

Persons who work, reside or carry on business in the Province of British Columbia whom the Directors from time to time consider may be conveniently served by the credit union.

SCHEDULE "D"

PURCHASER'S SERVICES

The Purchaser offers a full range of banking services to individuals, businesses and not-for-profit organizations. In addition to the services offered by the credit union, other subsidiaries and suppliers of the Purchaser provide additional wealth management and insurance services to members. More information about the Purchaser's products and services can be found on the Purchaser's website at <https://www.comsavings.com>.

1. Representative Listing

The following is a representative listing of the products and services which the Purchaser offers to its members:

RETAIL BANKING

Chequing and Savings Accounts
US Dollar Accounts
Term Deposits/Guaranteed Investment Certificates
RRSPs, RRIFs, RDSPs, RESPs and TFSAs
Loans, Mortgages and Lines of Credit
Letters of Credit
Money/Wire Transfer Services in Various Currencies
Foreign Currency
Telephone, Mobile and Internet Banking Services
Cheques
Pre-Authorized Debits and Credits
Credit and Debit Cards
Automatic Teller Machines
Night Deposit Services
Safe Deposit Boxes
Official Cheques (CAD & USD)
Statements (paper and e-Statement – various schedules)
Deposit Anywhere (Remote Deposit Capture)
Interac e-Transfer & Me-to-Me Transfer Services

COMMERCIAL BANKING

Chequing and Savings Accounts
US Dollar Accounts
Business Loans and Mortgages
Real Estate & Development Financing
Operating Lines of Credit
Merchant Services
Automatic Funds Transfer (Payroll) Services
Letters of Credit

Statements (paper and e-Statement – various schedules)
Group Retirement Plans
Term Deposits/Guaranteed Investment Certificates
Cheques
Pre-Authorized Debits and Credits
Credit and Debit Cards
Automatic Teller Machines
Night Deposit Services
Deposit Anywhere (Remote Deposit Capture)
Interac e-Transfer & Me-to-Me Transfer Services

WEALTH MANAGEMENT

Financial Planning
On-Line Brokerage Services (QTrade Investor)
Investment Services
Mutual Funds
Discretionary Investment Management Accounts (SMA) through Credential
Group Retirement Plans
Registered products including: LIFs, RIFs, RESPs, RRSPs, TFSAs, RDSPs

INSURANCE

Life, Loss of Employment, Critical Illness & Disability Credit Insurance
Segregated Funds
Annuities
Wellness Health and Dental Insurance
Small Business Insurance
Travel Insurance
Loan Insurance

2. Underserved Membership

In addition to the products and services outlined in the foregoing representative listing, the Purchaser will provide basic banking services and short-term loans of up to \$2,500 at fair interest rates for members who are ineligible for credit under standard lending guidelines, in a similar manner as was provided by the Vendor prior to the Effective Date.

SCHEDULE "E"

EMPLOYMENT MATTERS

The Purchaser and the Vendor acknowledge and agree that the employees of the Vendor are a key component of the proposed transaction and the parties agree as follows:

1. On the Effective Date, the Purchaser shall assume the employment obligations of the Vendor for all employees of the Vendor. Without limiting the generality of the foregoing:

- (a) the Purchaser shall recognize the length of service for all employees of the Vendor for all matters for which length of service is relevant; provided, however, if there is a conflict between this paragraph (a) and a collective agreement to which the Purchaser is a party, the provisions of the collective agreement shall prevail to the extent of the conflict for any employee of the Vendor that becomes part of the applicable bargaining unit; and
- (b) on and after the Effective Date, the Purchaser shall assume all obligations and liabilities of the Vendor under the following agreements:
 - (i) the Collective Agreement and its successor, renewal or replacement agreement;
 - (ii) the employment contract between the Vendor and the Interim General Manager of the Vendor in place as of the Effective Date, subject to Article 5.9(a) of this Agreement; and
 - (iii) any other employment agreements or contracts between the Vendor and non-unionized employees of the Vendor in place as of the Effective Date, subject to Article 5.9(a) of this Agreement.

2. Integration of the employees of the Vendor shall be guided by the following general principles and arrangements:

- (a) subject to normal attrition or the decision by an employee not to continue in the employment of the Purchaser, it is intended that all management and non-management employees of the Vendor shall be integrated into the business and operations of the Purchaser and offered positions with the Purchaser that are consistent with their skills, expertise and qualifications;
- (b) the Purchaser shall make reasonable efforts to ensure that there is no loss of employment as a direct result of the merger. If the position of an employee of the Vendor is eliminated as a direct result of the merger, the Purchaser will make reasonable efforts to transition such employee to an alternate position with the Purchaser or a subsidiary of the Purchaser, and will follow the Collective Agreement provisions. Where the Purchaser's reasonable efforts have not resulted in finding an alternate position, employees of the Vendor whose employment is terminated will be provided a severance package and outplacement counselling in accordance with paragraphs (g) and (h) below;

- (c) it is intended that no employee of the Vendor shall be disadvantaged as a result of the merger; that is, all employees of the Vendor who are affected by the merger and continue employment with the Purchaser shall have opportunities for promotion, training and personal development. It is expected that employees of the Vendor will take the necessary skills and training development to meet the current standards of an employee of the Purchaser (with such skills and training development to be paid for by the Purchaser in accordance with its policies in respect of such matters);
- (d) unionized employees shall receive the salary, vacation, retirement and benefits, and job grades as prescribed under the Collective Agreement or its successor, renewal or replacement agreement, as applicable;
- (e) as of the Effective Date, non-unionized employees of the Vendor will participate in the salary and wage rates normally available to employees of the Purchaser in comparable positions. If the monthly salary or hourly wage of an employee of the Vendor:
 - (i) is less than what such employee would be paid by the Purchaser for a comparable position at a similar skill level, expertise, qualifications and performance standard, such employee shall be paid according to the salary and wage scales and standards of the Purchaser;
 - (ii) is more than what such employee would be paid by the Purchaser for a comparable position at a similar skill level, expertise, qualifications and performance standard, such employee's salary or hourly wage shall be "red circled" and such employee shall be paid at the same monthly salary or hourly wage as was paid by the Vendor prior to the Effective Date (the "**Red Circled Salary**") until such time as the monthly salary or hourly wage paid by the Purchaser for the employee's position exceeds the Red Circled Salary;
- (f) employees of the Vendor will participate in the vacation, retirement and benefits programs normally available to employees of the Purchaser;
- (g) although it is not anticipated that any employee of the Vendor will cease to be employed by the Purchaser because of a reason solely related to the merger, if the Purchaser elects to terminate the employment of an employee of the Vendor other than for cause on or after the Effective Date:
 - (i) if such employee is a non-unionized employee, the Purchaser shall provide such employee notice or pay in lieu of notice in accordance with the employee's employment agreement or, in the absence of an employment agreement or if such agreement does not contain termination or severance provisions, in accordance with the *Employment Standards Act* (British Columbia) and the common law relating to length of service and payment in lieu of notice of termination of employment; and
 - (ii) if such employee is a unionized employee, the Purchaser shall provide such employee notice or pay in lieu of notice in accordance with the Collective Agreement or its successor, renewal or replacement agreement, as applicable; and

- (h) the Purchaser shall make available outplacement counselling to all employees of the Vendor who do not continue with the Purchaser as a result of the merger.

SCHEDULE "F"

MEMORANDUM OF UNDERSTANDING

See attached.