

# Working together



Your guide to the proposed acquisition by asset transfer of  
CCEC Credit Union by Community Savings Credit Union









# Table of contents

|  |    |
|--|----|
| A letter to our valued members   | 5  |
| Preface  | 7  |
| Notice of special resolution and notice of special general meeting       | 7  |
| A shared vision for the future   | 9  |
| Working together: benefits of the proposed merger                        | 10 |
| Community Savings Credit Union and CCEC at a glance                      | 12 |
| Structure and method of the merger                                       | 13 |
| Risks of the merger  | 14 |
| History and background of merger discussions                             | 15 |
| Merger and integration costs   | 16 |
| Financial summary  | 17 |
| How the merged credit union will operate                                 | 18 |
| Membership vote information  | 20 |
| Cautionary note regarding forward looking statements                     | 22 |
| Letter of Consent issued by the Superintendent of Financial Institutions | 23 |
| Appendix A – Summary of the Asset Transfer Agreement                     | 24 |





# A letter to our valued members

CCEC Credit Union has been a beacon for fostering economic democracy in our community for over 46 years. Formed by a group of community organizations, community activists, local co-ops and not-for-profits who were unable to access financial services through mainstream banks and credit unions, we are proud of the role we play in our community, both as a financial partner and as an advocate for our members.

The financial services industry has changed significantly in recent years. The increasing need for technology investments alongside growing regulatory demands and lower profit margins has led the board and management of CCEC to explore the option of a merger with a values-aligned credit union to continue to meet the needs of CCEC members, employees and the wider community.

The board thoroughly explored possible merger partners and have concluded that Community Savings Credit Union is the ideal partner to aid us in continuing to deliver our purpose. Community Savings Credit Union was formed in 1944 by a wood workers union (I.W.A.) looking to create a financial institution that was truly for the benefit of workers. In its 78-year history, mergers with like-minded credit unions have solidified Community Savings' place as the purpose-led credit union for the working community. CSCU and CCEC members share similar social justice values, evidenced by the advocacy championed by each credit union.

By joining together, both CCEC Credit Union and Community Savings Credit Union will be able to better serve their members, employees and communities through scale and combined resources. This proposed merger will create a network of seven combined branch locations, serving 15,000 members, spanning across Lower Mainland communities from Vancouver, Burnaby, New Westminister, Port Coquitlam, Surrey and Victoria. It will also combine the voices of CCEC and CSCU members to speak out on the issues that matter.

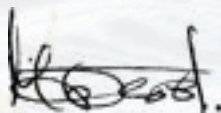
As a CCEC member, you have a say in the future of CCEC. This guide outlines the details of the proposed merger to inform your vote.

The board and management of CCEC see this merger as a way to create a better future for our members, and our community. We would like to thank all of our members for reviewing this guide.

We value and look forward to your questions, comments or thoughts. Please visit [www.ccec.bc.ca](http://www.ccec.bc.ca), visit any CCEC or Community Savings branch, connect with us at 604-254-4100 or via email at [info@ccec.bc.ca](mailto:info@ccec.bc.ca)



Jo Ha  
Interim General Manager  
CCEC



Marty Frost  
Board Chair  
CCEC

Names and signatures





# Preface

CCEC Credit Union (referred to as “CCEC”) and Community Savings Credit Union (referred to as “Community Savings” or “CSCU”) have proposed a merger (referred to in this Guide as the “proposed merger”), where the credit unions will operate as a merged entity under the name of Community Savings Credit Union (also referred to as the “merged” or “combined” credit union).

This document outlines the key benefits and considerations of the merger for the members of CCEC Credit Union.

The membership of CCEC will vote to approve the merger, which if passed, will take place through an asset acquisition by Community Savings.

The merger is to be structured as an asset transfer under Section 16 of the *Credit Union Incorporation Act* (BC), whereby Community Savings Credit Union will acquire all assets and assume all liabilities of CCEC Credit Union.

## Notice of special resolution and notice of special general meeting

In accordance with the voting process found in the CCEC Rules, CCEC Credit Union is hereby seeking your approval on the below special resolution approving the Asset Transfer Agreement, which sets out the terms and conditions of the merger. The vote will be conducted via a special general meeting to be held electronically (i.e., online). In this Guide you will find the information you need to make an informed decision with respect to the special resolution as well as information relating to the voting process. Please refer to page 20 of this Guide for more information relating to the voting process and when the vote will occur.

“BE IT RESOLVED, as a special resolution, that the Asset Transfer Agreement between CCEC Credit Union, as the transferring credit union, and Community Savings Credit Union, as the acquiring credit union, under section 16 of the Credit Union Incorporation Act be and is hereby approved, and accordingly, the directors of CCEC Credit Union are hereby authorized and directed to execute the Asset Transfer Agreement and take the steps necessary to complete the transfer of all the rights, property and assets of CCEC Credit Union to Community Savings Credit Union in accordance with the terms and subject to the conditions contained in the Asset Transfer Agreement.”

A summary of the key provisions of the Asset Transfer Agreement can be found in this Guide at page 24.









# A shared vision for the future

## The opportunity

In this period of transition and change in the financial services industry, it is integral that credit unions continue to compete with the levels of innovation, service and branch networks of the more equipped financial service providers to both serve existing members and stay competitive to reach new demographics.

The proposed merger positions the combined credit union to continue to serve the legacy CCEC members as a local and purpose-led cooperative. By merging with Community Savings Credit Union, it is anticipated that the combined credit union will increase the value of services we provide to our members, reduce operating costs, strengthen our operations, and continue to serve our communities.

## We are stronger, together

A better future is possible when financial institutions put people and communities before profits. Purpose-led credit unions like CCEC and Community Savings embrace this commitment and strive to build a just world.

The aim of both credit unions in this merger is to work together to create scale to better serve members, employees and local communities while preserving the legacy built by CCEC members over the last four decades. Working together will result in a robust and dynamic credit union greater than the sum of its parts.

As like-minded partners with similar values, with this merger CCEC will be joining and adding to the largest fully unionized credit union in B.C. Our two credit unions continually demonstrate a strong social purpose and commitment to support local communities. We are driven by aligned values of activism within the community, equity, diversity, and inclusion.

The combined credit union will operate under the name Community Savings Credit Union. We will retain the CCEC branch to preserve the legacy of what CCEC members have built over the last four decades. CCEC's brand recognition will be maintained through signage and name as the CCEC Branch of Community Savings Credit Union, to ensure recognition of what CCEC means to the community. The branch will become one of seven locations as a part of the combined credit union.





We exist to unite  
working people  
to build a just world.

## Working together: benefits of the proposed merger

The board believes this merger will benefit our members, employees, and our community.

**More locations** Members will have access to a combined branch network of seven locations: Vancouver (Commercial Drive), Vancouver (Joyce Street), Burnaby, New Westminster, Surrey, Port Coquitlam, and Victoria.

**Additional products, services, and payment solutions** A broader range of products and services will be available to members, including enhanced online banking services, the ability to open accounts online, multiple banking packages to suit a broader range of needs, and more.

**Personalized and competitive products and services** Members will benefit from competitive mortgage rates and online mortgage applications.

**Wealth management services** The merger will provide members with access to mutual fund and Qtrade accounts, as well as free access to a Certified Financial Planner® for investment advice and financial plans.

**Expanded term deposit options** In addition to existing standard term deposits and long term deposits, members will have access to feature term deposits and Registered Education Savings Plan (RESP) & Registered Disability Savings Plan (RDSP) term deposits.

**More support for small businesses** Expanded small business support will include commercial lending and a wider range of services for small business online banking.

**Increased impact** CCEC and Community Savings share similar social justice and advocacy values. This merger will strengthen the ability of the combined credit unions to speak out on behalf of members on issues that matter. Our ability to drive positive change in our communities will grow when we combine our social impact and investment as a merged credit union.

**Reduced operating costs** Members will benefit from anticipated reduced operating costs, to be achieved through standardizing processes, implementing cost efficiencies and streamlining back office processes.

**CCEC's micro-loan product** The micro-loan will benefit a wider range of members as a viable alternative to predatory payday lenders. CCEC's existing product and process are well documented; together with CSCU the product can be enhanced.





## Expanded opportunities for employees

Our employees are central to what we do and how we are able to deliver the outstanding service to our members that we are known for.

Employees at CCEC will have access to greater career path exploration, cross training opportunities in other positions, professional development opportunities and operational flexibility with a broader membership and a larger branch network.

Both credit unions value their employees and understand that they are a key factor to the success of the merged company. Employee rights will be protected. The merger process includes extensive consultation with our employees and their respective labour unions.

There will be no effect from this merger on employee job security. The current CCEC employees are an important part of this organization. No employees will be let go as a direct result of the merger.



# CCEC and Community Savings Credit Union at a glance

## About CCEC Credit Union (CCEC)

CCEC Credit Union is a single branch financial cooperative located on Commercial Drive in Vancouver. The credit union was formed in 1976 by a group of community organizations, community activists, local co-ops and not-for-profits who were unable to access financial services through mainstream banks and credit unions. At CCEC, we provide basic financial services to our personal and commercial membership including many co-ops and community groups.

## About Community Savings Credit Union (CSCU)

CSCU was founded in 1944 by a small group of unionized workers who were members of the International Woodworkers of America (IWA), calling themselves IWA (New Westminster) Credit Union. Following several mergers and acquisitions, the credit union that exists today, CSCU, has grown to 13,000 members. CSCU has experienced robust growth in recent years and is BC's 13th largest credit union with assets totaling over \$700 million, six branches, and 75 employees. The six branches are located in the lower mainland of BC and in Victoria. As BC's largest fully unionized credit union, CSCU has dedicated support from the working community. They are known for their exceptional service and the ability to empower their members' financial goals with a wide range of products and services available to their members.

## CCEC and Community Savings

(as at December 31, 2021)

|                              | CCEC   | CSCU  |
|------------------------------|--|---|
| Founded in                   | 1976   | 1944  |
| Founded by                   | Canadian Congress For<br>Economic Change Society | International Woodworkers of<br>America (New Westminster)   |
| Location founded             | Vancouver, BC                                    | New Westminster, BC   |
| # of members                 | 2,000  | 13,000  |
| # of employees               | 9  | 75  |
| # of locations               | 1  | 6   |
| Assets under admin (approx.) | • \$50 Million                                   | • \$700 Million   |
| Products offered             | • Personal banking<br>• Business banking         | • Personal banking<br>• Business banking<br>• Commercial banking<br>• Financial planning<br>• Insurance <sup>1</sup><br>• Mutual Funds <sup>2</sup> |

<sup>1</sup>Community Savings has partnered with G&F Financial Group and insurance products are offered through Gulf and Fraser Insurance Services Ltd., a wholly-owned subsidiary of G&F Financial Group. <sup>2</sup>Mutual funds are offered through Credential Asset Management Inc. Mutual funds and other securities are offered through Credential Qtrade Securities Inc.



## Structure and method of the merger

The merger between CCEC Credit Union and CSCU will create a \$750 million financial services provider operating under the name of Community Savings Credit Union. The method of the merger, through an asset transfer, was jointly decided by both boards of directors. An asset transfer means Community Savings will purchase all of CCEC's existing assets and assume all of CCEC's liabilities, and member relationships and employees of CCEC will be transferred to CSCU.

While CCEC will become a part of Community Savings, CCEC's history, legacy, and community impact will live on.

The Board is asking CCEC members to approve an Asset Transfer Agreement, at which time, if approved, the credit unions will proceed with the merger on the terms and conditions stated in the Asset Transfer Agreement. The key details of the Asset Transfer Agreement are summarized in this Guide. Members can view the full Asset Transfer Agreement on the CCEC or CSCU websites.



## Risks of the merger

CCEC and Community Savings Credit Union recognize that while the proposed merger carries some risks, these risks can be mitigated with planning, mitigation strategies, and a strong business plan.

The following risks have been identified, with how the credit unions will mitigate and manage these risks.

### Organizational culture risks

Cultural synergies are a key factor in the integration of CCEC and CSCU. Each organization has a unique organizational culture, with a strong shared passion for community and social justice. Any significant transition in a company can change its culture, however, it can be a positive change as well. As the merged credit union grows, the culture will transform naturally, as will the growth of the employees and members.

### Integration issues

A merger requires work to combine the two organizations and challenges can be encountered in the integration process. There are risks associated with operating multiple systems and the potential for increased integration costs and timing challenges. CCEC believes that the combined credit union is well-equipped in completing the tasks required to successfully integrate and grow in a sustainable manner. CSCU's proven experience leading integrations will support this process.

### Technology

Differences in technology between the two credit unions will need to be aligned and the implementation process could cause disruptions for CCEC members. Fortunately, CCEC currently contracts out their IT support to CSCU. This provides CSCU's IT team with an existing understanding of CCEC's technology environment and will allow for the development of an informed technology implementation plan. A preliminary technology implementation plan has been created and is supported by an assessment of current technologies, an architecture design, and a roadmap to conversion.

### Membership loss

A risk exists that the combined credit unions could lose CCEC members during the integration phase. CSCU will ensure a timely integration of the members in order to avoid any disruption of service. CSCU will also have more to offer the membership of CCEC, which will help retain CCEC members during the transition. Finally, CCEC members are closely tied to the value-driven aspects of CSCU. CSCU has similar values, and will ensure that this is clearly communicated to CCEC members.

### Business continuity

A merger presents a risk for the future continuity and success of the business operations currently undertaken by CCEC. The success of the merged credit union will depend on the business model continuing to deliver revenue post-merger. The merged credit unions will follow CSCU's existing business model with the addition of a new location where they will use their proven policies and procedures. Community Savings will ensure proper training and integration to ensure the new branch can implement any new business practices.

## History and background of merger discussions

On November 7, 2020, the Board of CCEC Credit Union held a strategic planning meeting to consider the long-term viability of the credit union. These discussions identified significant, near-term challenges and the Board agreed that it would be in the best interest of the membership to consider a merger with another BC system credit union.

The CCEC team conducted exploratory meetings with three credit unions, the outcome of which was the selection of Community Savings as a preferred merger partner because they were identified as the best fit for the CCEC membership and team.

On Feb 23, 2021, a delegation of the CCEC Board met with the Board Chair and CEO of Community Savings Credit Union to informally discuss merger options and explore whether there was interest in moving forward.

After CCEC's 2021 AGM, the membership elected new directors whom were updated on the potential merger partners. The Board conducted research on the three potential merger partners and met with consultants on the merger process. The Board elected a merger committee and passed a motion to explore a merger with CSCU.

In April 2021, the Board Executive once again reached out to Community Savings Credit Union to inform them that CCEC had a mandate to enter into formal discussions. Both Boards elected their respective Executive Committees to form part of a Working Group, supported by their respective GM/CEOs. This working group developed a Memorandum of Understanding to base discussions around.

Both Boards have worked collaboratively and constructively and have developed a strong plan to move forward. These discussions have always been held with a great deal of respect and a singular focus on the memberships of our credit unions.

The Memorandum of Understanding was signed on September 16, 2021.

A public announcement about the proposed merger was made on October 19, 2021 and CCEC has subsequently held two Member Information Sessions on November 4, 2021 and February 3, 2022.

**November 2020** CCEC Credit Union Board recognizes drivers of change and increased challenges ahead and makes a decision to seek merger partner

**February 2021** CCEC Credit Union approaches CSCU as a potential merger partner

**April 2021** Working Group formed to develop a Memorandum of Understanding

**September 2021** Signing of Memorandum of Understanding

**October 2021** Employee and member announcement

**February 2022** Individual Board approval of Due Diligence

**February 2022** Individual Board approval of Business Case and Application for Consent

**February 2022** Submission of merger application to the Superintendent of Financial Institutions for Consent

**July 2022** Receipt of consent from Superintendent of Financial Institutions on the merger application





## Merger and integration costs

There are inherent costs involved in a merger and integration process. CCEC and CSCU have thoroughly looked at the risk mitigation strategies, financial forecasts, integration plans, and potential short-term increases to operational costs. Following this review, the boards of both organizations are confident that this merger will be successful. The operating cost savings and revenue opportunities that can be attributed to the merged credit union are an anticipated strong secondary benefit of the proposed merger.

The merged credit union will create an Oversight Committee that will be responsible for reporting and managing costs of the integration with weekly checkpoints and monthly reporting. The committee will work together with the merged Finance department to manage costs and ensure a budgeting process is implemented.

### Key areas include:

**Merger related costs** An allocation of \$200,000 has been included in 2022 planning as a contingency against unexpected merger costs.

**Professional fees** Because CCEC members, books and records will be on-boarded to CSCU's banking system and general ledger, the merged credit union will incur a break fee of approximately \$115,200 to CCEC's banking system supplier Universa in 2022. Anticipated annual savings of \$57,600 in banking system license fees will occur thereafter.

**Salaries and benefits** A harmonization of salaries and benefits will lead to an anticipated annual compensation expense increase of \$150,000.

**Facilities management** As no branches will be closed and the CCEC staff will be retained, the remainder of the operating costs are forecast to be the sum of those of the merged credit unions, increasing annually with inflation.

# Financial summary

The financial projections for the merged credit unions shows how CCEC and CSCU anticipate we will be stronger, together. In addition to some growth and cost savings, the business case for this merger highlights the growth prospects for the merged credit union with excess capital and liquidity.

The table below depicts the financial model used to look at expected three year projection with our combined assets.

## Financial Model Summary

|  | March 2022 Year 0  | Year 1             | Year 2             | Year 3             |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>STATEMENT OF FINANCIAL POSITION</b> |                    |                    |                    |                    |
| <b>Total Cash and Investments</b>      | <b>264,791,040</b> | <b>239,594,157</b> | <b>240,065,783</b> | <b>240,258,276</b> |
| Residential & Personal                 | 374,006,254        | 409,178,140        | 428,522,677        | 448,834,441        |
| Commercial                             | 145,603,223        | 147,785,405        | 149,262,014        | 150,753,390        |
| Other                                  | 6,285,547          | 6,736,290          | 6,987,534          | 7,250,628          |
| <b>Total Assets</b>                    | <b>790,686,064</b> | <b>803,293,992</b> | <b>824,838,009</b> | <b>847,096,736</b> |
| Demand Deposits                        | 357,557,172        | 357,557,172        | 368,283,887        | 379,332,404        |
| Term & Registered Deposits             | 385,763,453        | 393,179,698        | 400,771,254        | 408,542,452        |
| Other                                  | 6,790,791          | 7,140,613          | 7,400,448          | 7,670,217          |
| <b>Total Liabilities</b>               | <b>750,111,416</b> | <b>757,877,483</b> | <b>776,455,589</b> | <b>795,545,074</b> |
| Member Equity                          | 40,574,648         | 45,416,509         | 48,382,420         | 51,551,662         |
| <b>Total Liabilities &amp; Equity</b>  | <b>790,686,064</b> | <b>803,293,992</b> | <b>824,838,009</b> | <b>847,096,736</b> |
| <b>STATEMENT OF INCOME</b>             |                    |                    |                    |                    |
| Net Interest Income                    | 14,996,177         | 14,669,315         | 14,904,344         | 15,654,433         |
| Non-Interest Income                    | 3,950,965          | 3,009,984          | 3,070,184          | 3,131,588          |
| Salaries & Benefits                    | 8,331,036          | 8,820,277          | 9,173,089          | 9,540,012          |
| Merger Integration & Other             | 5,016,956          | 5,379,458          | 5,594,637          | 5,818,422          |
| Total Non-Interest Expenses            | 13,347,992         | 14,199,736         | 14,767,725         | 15,358,434         |
| <b>Net Operating Income (Loss)</b>     | <b>5,599,150</b>   | <b>3,479,564</b>   | <b>3,206,803</b>   | <b>3,427,586</b>   |
| Provision for Loan Impairment          | (230,160)          | (246,707)          | (255,930)          | (265,588)          |
| Provision for Income Taxes             | 974,538            | 510,156            | 503,132            | 536,615            |
| Other Comprehensive Income             | (664,462)          | 0                  | 0                  | 0                  |
| <b>Total Comprehensive Income</b>      | <b>4,190,310</b>   | <b>3,000,915</b>   | <b>2,959,601</b>   | <b>3,156,559</b>   |
| Risk-weighted Capital Ratio            |                    | 17.9%              | 18.4%              | 19.0%              |
| Total Liquidity Ratio                  |                    | 33.8%              | 33.2%              | 32.4%              |

The above financial summary does not represent a full strategic plan, operating plan or tactical plan, or the possibility of potential associated revenue uplift according to the merged credit union's strategy. As part of integration planning, the management and Board of Directors of the merged Community Savings Credit Union will develop a more detailed strategic plan, supported by a comprehensive operating plan that reflects the needs of the business.



## How the merged credit union will operate

### Name

As the assets of CCEC Credit Union will be acquired by CSCU, the legal name of the merged credit union will be Community Savings Credit Union.

CCEC's legacy on Commercial Drive will be maintained. "CCEC Branch" or similar signage will ensure local recognition of what CCEC means to the community.

### Timing and office location

If approved, the effective date of the merger will be October 1st, 2022, or a later date as determined by the Superintendent of Financial Institutions.

The administration corporate office will be located at Suite 1600, 13450 102nd Avenue, Surrey, B.C.

### Serving our members

In addition to the seven locations in the communities of Vancouver, Burnaby, New Westminster, Port Coquitlam, Surrey, and Victoria, members will also experience more personalized advice and service through new digital banking options, and enhanced mobile services provided by a certified financial advisor. There will be no branch closures and no change in staff at the legacy CCEC branch as a direct result of the merger.

### Products and services

CCEC Credit Union members will be able to continue to keep their current products after the merger with Community Savings Credit Union. If any changes to existing products or services are required as a result of integration or operational issues, CCEC members will be provided with reasonable notice of the change. The merged credit union will also have the opportunity to offer more to members, including enhanced products and services and a larger, more knowledgeable and specialized workforce. These are outlined in the Benefits section of this Guide. All deposits are fully guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia (CUDIC).

### Leadership

Jo Ha, General Manager of CCEC Credit Union will join the leadership team at CSCU to support the CEO of the merged credit union on the merger integration process. A key role will be leading, supporting and communicating integration processes to ensure CCEC service levels and standards are maintained.

Mike Schilling will remain as President & CEO of the merged credit union. The CSCU executive team will serve as the foundation of the merged credit union's leadership.

## Governance structure

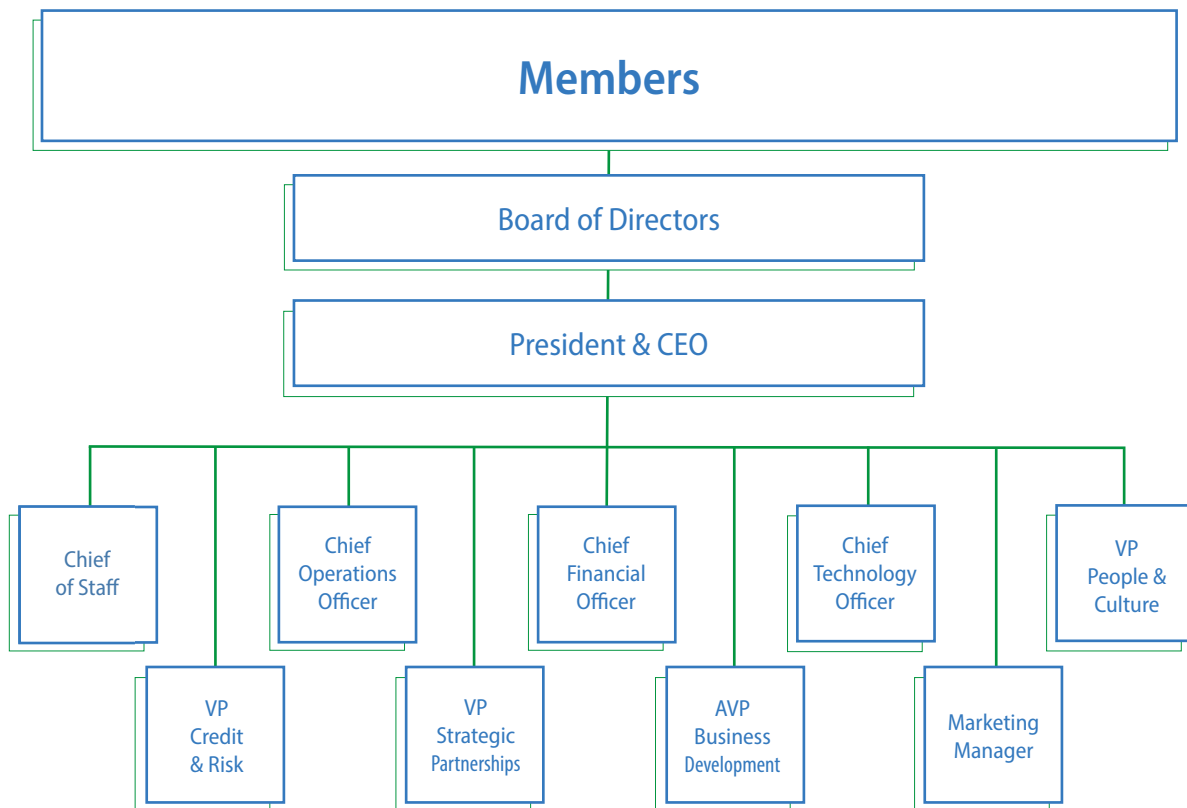
The merged credit union will have a Board of Directors consisting of 13 members. The board will include 11 Community Savings Credit Union directors and two legacy CCEC directors.

The three CCEC board candidates for the two new CSCU directorships are Helesia Luke, Donalda Greenwell-Baker and Amanda Bouchard. The CSCU Board will be reviewing the candidates in combination with CSCU's skills matrix and determining the two members to be appointed to the CSCU board post-member vote.

The following are Community Savings Directors<sup>1</sup> who will continue their current terms of office as Directors of the merged credit union:

- Phillip Legg
- Colleen Jordan
- Irene Lanzinger
- Bob Dhaliwal
- Dennis Van den Hooff
- Leslie Roosa
- Kim Novak
- Rick Sieb
- Barb Nederpal
- Lee Loftus
- Lynn Bueckert

<sup>1</sup>Subject to change of directors in the normal course.





## Membership vote information

A Special General Meeting for CCEC members will be held via an electronic (i.e., online) meeting on August 16, 2022 @ 7:00 pm to provide an opportunity for members to vote on the special resolution.

### Members of CCEC can vote in the following way.

Online via Zoom dial-in to the Special General Meeting

Members can register to attend the Special General Meeting which will be held online via Zoom.

To register please contact Joanne MacKinnon at 604-254-4100 or email [jmackinnon@ccec.bc.ca](mailto:jmackinnon@ccec.bc.ca).

Upon registration, CCEC will provide the member with log-in particulars for the Zoom meeting.

During the meeting, members will be directed to an online voting platform in order to vote, provided by CUES (Credit Union Executives Society).

For members who do not have access to electronic devices during the time of the meeting, CCEC will make available a limited number of electronic devices at CCEC's branch, located at 2248 Commercial Drive, Vancouver. Members may use the credit union's devices to participate in and vote at the meeting.

*Personal members will be required to provide their account number and their birth date to be authenticated in order to vote.*

### Who can vote?

#### A. Personal Members (Individual Members and Youth Members)

Each member who owns a minimum of fifty (50) Class "A" (Mandatory) Equity Shares is entitled to one (1) vote and each youth member (aged 19 to 25 years, inclusive) who owns a minimum of twenty-five (25) Class "A" (Mandatory) Equity Shares is entitled to one (1) vote.

For joint personal accounts, the first named member on the account is entitled to exercise the vote referenced above.

In order to be eligible to vote, personal members must meet the following requirements:

- The member must be 19 years of age or older;
- The member must own the minimum number of Class "A" (Mandatory) Equity Shares as noted above; and
- The member must be a "member in good standing", meaning the member:
  - has purchased, paid in full, and holds the minimum number of Class "A" (Mandatory) Equity Shares as noted above; and
  - is not more than ninety (90) days delinquent in the payment of any obligation to the credit union.

## B. Incorporated Group Members and Other Entities

The Rules of CCEC Credit Union describe a “Group Member” as any group of five or more persons, incorporated pursuant to the laws of the Province of B.C., or of any other Province, or of the Dominion of Canada, that has among its objects the promotion of cooperativism or community organization, or that is active in the field of cooperativism or community organization.

In order to be eligible to vote, a Group Member or other entity must be a “member in good standing”, meaning the member:

- has purchased, paid in full, and holds a minimum number of one hundred (100) Class “A” (Mandatory) Equity Shares for Group Members and a minimum of fifty (50) Class “A” (Mandatory) Equity Shares for other non-individual entities; and
- is not more than ninety (90) days delinquent in the payment of any obligation to the credit union.

## C. Unincorporated Associations

An unincorporated association is a group of people who come together for a common purpose, but who have not incorporated a separate legal entity for such purpose.

In order to be eligible to vote, an unincorporated association must be a “member in good standing”, meaning the member:

- has purchased, paid in full, and holds a minimum of fifty (50) Class “A” (Mandatory) Equity Shares; and
- is not more than ninety (90) days delinquent in the payment of any obligation to the credit union.

## Designation of Representative

A member that is not an individual may vote through a duly authorized agent, who has been appointed in writing as follows:

- **Unincorporated Associations** - Members that are unincorporated associations may be represented and vote by an individual who is a member of CCEC Credit Union and is authorized by written authorization deposited with CCEC Credit Union to vote at meetings on behalf of the unincorporated association.
- **Other Non-Individual Members** - Members that are not individuals or unincorporated associations (e.g. Group Members and business members) may be represented and vote by an individual who is not a member of CCEC Credit Union and is authorized by written authorization deposited with CCEC Credit Union to vote at meetings on behalf of the non-individual member.

Non-individual members must have appointed a duly authorized agent in writing via the Designation of Representation form at least one day before the Special General Meeting. CCEC will advise the duly appointed agent the information they will need to be authenticated in order to vote.

To obtain the authorization form for Designation of Representative for a non-individual member, please contact us in advance of the Special General Meeting.

## Questions?

Please contact us if you have any questions about how to attend and vote in the Special General meeting. You can reach CCEC Credit Union at **604-254-4100**.

## Voter confidentiality

*Voter information will be used exclusively by CCEC Credit Union and its representatives for the purposes of conducting and overseeing the vote. Voter information will not be used for any other purpose or distributed to any other parties, except as required to communicate the results. Neither CCEC Credit Union nor its representatives will disclose any personal information about any voter without the voter's prior consent, unless CCEC Credit Union or its representatives have a good faith belief that such disclosure is necessary to comply with legal process or other legal requirements of any court, governmental authority or agency, to protect or defend rights, interests or property of CCEC Credit Union or its representatives.*

## Results

The results of the vote on the proposed merger between CCEC and CSCU will be shared with members on the CCEC and CSCU websites.



# Cautionary note regarding forward looking statements

This information 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 of the merger; (ii) the expected completion and implementation date of the merger; (iii) certain operation and financial information; (iv) the nature of CSCU’s operations following the merger; (v) sources of income; (vi) forecasts of capital expenditures, including general and administrative expenses; (vii) anticipated income taxes; (viii) CSCU’s business outlook following the 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 CCEC and CSCU, as applicable, including information obtained from third party industry analysts and other third party sources.

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

- The approval of the Asset Transfer Agreement by CCEC’s members;
- Satisfaction of the other conditions for completion of the merger, including the receipt of all required regulatory and third-party approvals to complete the merger;
- The completion of the merger;
- No material changes in the legislative and operating framework for the business of CCEC or CSCU, as applicable;
- No material adverse changes in the business of either or both of CCEC or CSCU;
- No significant events occurring outside the ordinary course of business of CCEC and CSCU, as applicable, such as a natural disaster or other calamity.

The forward-looking information contained in statements or disclosures in this Guide is based (in whole or in part) upon factors which may cause actual results, performance or achievements of CCEC or CSCU, 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 CCEC and CSCU 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 the merger” and other risks described elsewhere in this Guide.

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

# Letter of Consent issued by the Superintendent of Financial Institutions

Mr. Mike Schilling  
Chief Executive Officer  
Community Savings Credit Union

**File No.:** 71500-10-X020459  
71500-10-X020566  
**Ref. No.:** SR009825

Ms. Tu Anh (Jo) Ha  
Interim General Manager  
CCEC Credit Union

July 12, 2022

VIA EMAIL [mschilling@comsavings.com](mailto:mschilling@comsavings.com); [jha@ccec.bc.ca](mailto:jha@ccec.bc.ca)

Dear Mr. Schilling and Ms. Ha:

**Re: Asset Transfer Agreement – Community Savings Credit Union and CCEC Credit Union**

The Superintendent of Financial Institutions provided consent to the proposed Asset Transfer Agreement (“ATA”) between Community Savings Credit Union and CCEC Credit Union (“CCEC”) pursuant to section 16(3) of the *Credit Union Incorporation Act* on July 12, 2022. If the ATA is approved by the membership of CCEC, the effective date of the ATA is stipulated to be October 1, 2022.

If you have any questions, please feel free to contact me by phone at 604 398-5126 or by email at [Erin.Morrison@BCFSA.ca](mailto:Erin.Morrison@BCFSA.ca).

Regards,



Erin Morrison  
Manager, Approvals

pc: Phillip Legg  
Chair, Community Savings Credit Union

Donalda Greenwell-Baker  
Co-Chair, CCEC Credit Union

Marty Frost  
Co-Chair, CCEC Credit Union

Classification: **Protected B**

600-750 West Pender Street  
Vancouver, B.C. V6C 2T8



T 866 206 3030  
F 866 660 3365

**You're Protected**  
[bcfsa.ca](http://bcfsa.ca)



## Summary of the Asset Transfer Agreement

The comments below summarize only highlights of the Asset Transfer Agreement, and do not represent the entire agreement. The full Asset Transfer Agreement is available on the CCEC and CSCU websites.

If you have questions about the Asset Transfer Agreement or the proposed merger, please contact CCEC at 604-254-4100.

| Key Provision                  | Asset Transfer Agreement   |
|--------------------------------|--|
| Parties                        | CCEC Credit Union and Community Savings Credit Union   |
| Effective date                 | October 1, 2022 (or another date as may be specified by the Superintendent of Financial Institutions)  |
| Asset transfer                 | All rights, property and assets of CCEC Credit Union will be transferred to Community Savings Credit Union   |
| Liabilities                    | All obligations and liabilities of CCEC Credit Union will be assumed by Community Savings Credit Union   |
| Dissolution                    | After completion of the merger, CCEC Credit Union will be dissolved and all operations of the credit union will be continued by Community Savings Credit Union   |
| Governance                     | The board of directors of the merged credit union after the merger will be composed of the directors of Community Savings Credit Union immediately prior to the merger. Additionally, two directors of CCEC Credit Union immediately prior to the merger will be appointed to the board of Community Savings Credit Union, one for a three-year term and one for a six-year term |
| Your deposits                  | Community Savings Credit Union will assume all deposit obligations of CCEC Credit Union on a dollar-for-dollar basis, as such deposits existed between each depositor and Community Savings Credit Union when the merger takes effect  |
| Membership                     | Each person holding at least five Class A (Mandatory) equity shares of CCEC Credit Union will become a member of Community Savings Credit Union  |
| Rules                          | The Rules of Community Savings Credit Union will apply to members of CCEC Credit Union once the merger occurs  |
| Membership Shares              | Each Class A (Mandatory) equity share of CCEC Credit Union will be exchanged for one, fully-paid equity share of Community Savings Credit Union to a maximum of 1,000 shares   |
| Excess Membership Shares       | If a member of CCEC Credit Union would hold more than 1,000 membership shares of Community Savings Credit Union following the merger, the excess shares will not be exchanged, but the member will receive \$1.00 for each share over 1,000  |
| Jointly Held Membership Shares | Each jointly held Class A (Mandatory) equity share of CCEC Credit Union will be exchanged for one jointly held equity share of Community Savings Credit Union. Shares will continue to be jointly held following the merger, provided they are held jointly by four or fewer people prior to the merger  |

| Key Provision                     | Asset Transfer Agreement  |
|-----------------------------------|---|
| Allocation of Jointly Held Shares | <p>At CCEC Credit Union, only the first named person on jointly held shares is considered to be a member. Under the Asset Transfer Agreement, each joint holder will become a member of Community Savings Credit Union in their own right and the total number of Class A (Mandatory) equity shares held by them will be allocated equally among the joint holders of the shares. For example:</p> <p>If two individuals jointly hold 50 Class A (Mandatory) equity shares of CCEC Credit Union, those shares will be exchanged for jointly held equity shares of Community Savings Credit Union and 25 equity shares will be allocated to each of the joint holders.</p> <p>If three individuals jointly hold 50 Class A (Mandatory) equity shares of CCEC Credit Union, those shares will be exchanged for jointly held equity shares of Community Savings Credit Union and 1/3rd of the shares will be allocated to each of the joint holders, with rounding up or down to avoid fractional shares (e.g., 17, <math>17 + 16 = 50</math>)</p> |
| Representations and warranties    | Each party to the Asset Transfer Agreement will make a number of representations and warranties to the other party as are customary in a transaction of this type   |
| Covenants/ Agreements             | The Asset Transfer Agreement outlines in detail how Community Savings Credit Union will honour the terms and conditions of the merger that have been agreed upon with CCEC Credit Union   |
| Common bond                       | The common bond for the merged credit union will be the common bond of Community Savings Credit Union, which is: "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"   |
| Head Office                       | The head office of the merged credit union will be located at the head office of Community Savings Credit Union in Surrey   |
| Name                              | The name of the merged credit union will be "Community Savings Credit Union" and the branch of CCEC Credit Union will be operated as "the CCEC branch of Community Savings Credit Union" or a variation thereof   |
| CCEC Branch                       | Community Savings Credit Union will continue operating the current branch of CCEC Credit Union located at 2248 Commercial Drive, Vancouver, BC, at least until the end of the duration of the current lease for the branch location (i.e., June 30, 2025). The branch will be integrated into Community Savings Credit Union's branch network, and is intended to be an integral part of the business development strategy for Community Savings Credit Union after the merger. It is not intended that the hours of business for the CCEC branch will be varied after the Effective Date, but Community Savings Credit Union may do so to better suit the needs of the members of the branch and the communities it serves   |



| Key Provision        | Asset Transfer Agreement   |
|----------------------|--|
| Constitution         | The Constitution of the merged credit union will be the Constitution of Community Savings Credit Union.  |
| Services             | The merged credit union will offer a full range of banking services to individuals, businesses and not-for-profit organizations, as more particularly described in Schedule "D" to the Asset Transfer Agreement. In addition to the services offered by Community Savings Credit Union, other subsidiaries and suppliers of Community Savings Credit Union provide additional wealth management and insurance services to members. More information about CSCU's products and services can be found on the CSCU website at <a href="https://www.comsavings.com">https://www.comsavings.com</a> .   |
| Employees            | <p>It is intended that all employees of CCEC Credit Union will get a job with the merged credit union. No employee of CCEC Credit Union who continues with Community Savings Credit Union will see a reduction in salary or wages as a result of the merger. Length of service entitlements of employees of CCEC Credit Union will be recognized by Community Savings Credit Union</p> <p>For unionized employees, Community Savings Credit Union will honour and recognize the terms and conditions of the current collective agreement of CCEC Credit Union (or its successor, renewal or replacement agreement). For non-unionized employees of CCEC Credit Union, salaries will be harmonized to Community Savings Credit Union levels</p> |
| Leadership           | <p>The current Chief Executive Officer of Community Savings Credit Union will act as the Chief Executive Officer of the merged credit union</p> <p>The Interim General Manager of CCEC Credit Union will be offered employment with Community Savings Credit Union after the merger, initially to support integration and later as a part of its leadership team</p>   |
| Community Investment | For a period of at least five years after the merger, Community Savings Credit Union will provide a minimum of \$1,000 each year in the form of donations, sponsorships and bursaries to support community organizations which were either supported by CCEC Credit Union prior to the merger or are similar to the organizations supported by CCEC Credit Union prior to the merger. Community Savings Credit Union will assess the impact of these donations after five years and may continue to support these organizations  |
| Subject Conditions   | A number of conditions must be met prior to the completion of the merger. These include, among others, the filing of the Asset Transfer Agreement with the Superintendent and obtaining all necessary third party approvals.   |

## Questions and additional information

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

If you have any questions about the proposed merger, voting process, the Credit Union Rules, or would like more details, please visit [CCEC.com](http://CCEC.com), connect with us over the phone at 604-254-4100 or via email at [info@ccec.bc.ca](mailto:info@ccec.bc.ca).

We welcome your feedback about the proposed merger.



# Working together



2248 Commercial Drive  
Vancouver, BC  
V5N 4B5

**604-254-4100**



1600 - 13450 102nd Avenue  
Surrey, BC  
V3T 5X3

**604-654-2000**

Branches:  
Burnaby  
New Westminister  
Port Coquitlam  
Surrey  
Vancouver  
Victoria