



Plain Language Summary of the Asset Purchase Agreement of Comtech Fire Credit Union by Your Neighbourhood Credit Union

Comtech Fire Credit Union (CFCU) has entered into an Asset Purchase Agreement with Your Neighbourhood Credit Union (YNCU). This summary outlines the key details members need to understand before voting on the agreement.

Who's Involved?

- Purchaser: Your Neighbourhood Credit Union (YNCU)
- Vendor: Comtech Fire Credit Union (CFCU)

The agreement allows YNCU to purchase all assets and assume liabilities from CFCU.

What's Included in the Agreement?

1. Purchase of Assets

- YNCU will purchase all CFCU's assets, including cash, loans, mortgages, investments, and equipment.
- YNCU will also acquire CFCU's leased properties, which include branches in Toronto, Kingston, Ottawa, Mississauga, and Amherstview.

2. Assumption of Liabilities

- YNCU will assume CFCU's liabilities, including member deposits, retail and commercial loan commitments, and any other disclosed liabilities.
- Some liabilities, like employee benefit plans and third-party service agreements that aren't being continued, will remain with CFCU.

3. Membership Shares

- Each CFCU member will automatically receive a membership share in YNCU.
- CFCU's existing Class A and Class B shares will be redeemed, and members holding Class B shares will receive equivalent shares in YNCU.

4. Purchase Price

- The purchase price equals the fair market value of CFCU's assets and liabilities. This includes an \$11.7 million promissory note, which will be held in escrow until regulatory approvals are finalized.
- If the regulatory approval isn't received, the promissory note will become void, and the purchase price will be adjusted.

5. Branches and Staff

- YNCU commits to keeping key CFCU branches operating for at least five years.
- CFCU employees will receive offers of employment from YNCU with similar responsibilities and compensation, recognizing their years of service.



6. Governance and Transition

- YNCU will expand its Board to include three directors from CFCU.
- A Transition Advisory Committee, made up of CFCU directors who don't join YNCU's Board, will guide the transition for at least three years.

Conditions That Must Be Met

For the agreement to move forward, several key approvals and actions are required:

- Member Approval: CFCU members must vote in favour of the agreement.
- Regulatory Approval: The agreement needs approval from the Chief Executive Officer of FSRA under the Credit Unions and Caisses Populaires Act, 2020.
- Competition Act Clearance: Approval under Canada's Competition Act is required.
- Lease Assignments: CFCU's leases must be successfully transferred to YNCU.
- Employee Transition: Employees who accept offers from YNCU will move over with the same years of service recognized.
- Financial Statements: Final unaudited financial statements must be prepared by CFCU and reviewed by YNCU.

If these conditions aren't met, the agreement may be terminated.

What Happens to CFCU?

- After the assets are transferred and members have moved to YNCU, CFCU will cease regular operations.
- A small group of "Retained Members" (CFCU directors or employees) will remain members to oversee final steps, including the eventual dissolution of CFCU.

Why This Agreement is Important

This agreement allows YNCU and CFCU to combine resources, creating a stronger, more stable credit union while maintaining local service and member representation. It provides long-term stability and ensures continuity for members and employees.

Members are encouraged to review this summary carefully and cast their vote with a clear understanding of what this agreement means for their membership.

If you have any questions, please email info@custrongertogether.ca for more information before voting.

