

Smiths Falls Community Credit Union Limited



Smiths Falls Community Credit Union Planning to Join Kawartha Credit Union Frequently Asked Questions

1. Why is Smiths Falls Community Credit Union planning to join Kawartha Credit Union?

Joining Kawartha Credit Union through a sale of assets (primarily loans and deposits) allows Smiths Falls Community Credit Union (“Smiths Falls”) to offer its members an expanded suite of products and services while maintaining the trusted, local service they rely on. It has become difficult for smaller credit unions to keep up with higher costs, increasing regulations, changes in technology and to stay competitive with the products and services our members need now and in the future. Kawartha brings additional resources that will enable the Smiths Falls branch to continue serving the community and provide members with an expanded suite of banking services, including online and mobile banking, competitive rates, business banking, wealth management services, and dedicated support from the Kawartha Credit Union Contact Centre.

2. Why Kawartha Credit Union?

After discussions with other potential credit unions, Kawartha was determined to be the best fit. Kawartha Credit Union was chosen as our preferred choice due to their commitment to our community and employees, their reputation as a strong and well respected credit union, their proximity to Smiths Falls, and their range of services and branch network.

Kawartha Credit Union is a member-owned financial cooperative, started in 1952 by employees of General Electric in Peterborough. Serving members for over 70 years and headquartered in Peterborough, Kawartha is a full-service financial institution serving over 58,000 retail, wealth management and small business members of communities in south-eastern Ontario through 22 branches, its local contact centre, online and mobile services.

With assets of \$2.3 billion and 350 employees, Kawartha is Ontario’s tenth largest credit union and in Canada’s top 30. Kawartha Credit Union is known for their unwavering focus on their members and employees, for providing first in class member experience, and for being a strong supporter of their communities.

3. How will Smiths Falls Community Credit Union joining Kawartha Credit Union help its members?

The sale of assets to Kawartha will allow us to offer our members an expanded suite of products and services while maintaining the trusted, local service members rely on. The combined entity will be a stronger credit union for the future, and we will continue as a viable option to meet the financial needs of members in the Smiths Falls community.

Smiths Falls Community Credit Union started when the employees of the Smiths Falls Canadian Pacific Railway (CPR) came together to form a credit union. The Smiths Falls C.P.R. Employees’ Credit Union was incorporated in 1952 and the name changed to Smiths Falls Community Credit Union in 1972. Over our 70+ years in business, we have established a highly respected member-focused credit union, and we want to continue to enhance and improve our services for our

members and the Smiths Falls community. By joining with Kawartha Credit Union, we will be stronger for our members, our employees, and our communities.

Kawartha has a strong history of supporting the cooperative movement merging with other credit unions over their 70+ years in business. Mergers have made Kawartha the strong and vibrant credit union they are today, and Kawartha looks forward to serving the Smiths Falls Community Credit Union members.

4. What types of new products and services are expected?

The members of Smiths Falls Community Credit Union will have access to a full suite of banking services for both personal and business members. Products and services offered include competitively priced loans and deposits, wealth management services including financial planning and succession planning, foreign exchange, credit cards and creditor, home, travel, and auto insurance products. In addition, members will have access to online and mobile banking as well as dedicated support from Kawartha Credit Union's 22 branches, Automated Teller Machines and Contact Centre. Today our members must bank with larger financial institutions for some of these services that we will soon be able to provide, if the proposed sale of assets is approved.

5. What other ways will the sale of assets affect Smiths Falls Community Credit Union members?

Over the next few months, there will be no difference to our members' current banking experience with us. Once the transaction is approved, we will move to an operational close in the first half of 2025 which will include a plan to integrate the Smiths Falls branch members and systems with Kawartha Credit Union's including the implementation of new products, features and benefits for Smiths Falls Community Credit Union members and employees.

Smiths Falls Community Credit Union's purpose and values are aligned with the values and purpose of Kawartha Credit Union and those shared values and purpose will continue to guide the caring and compassionate way we serve our members and support our valued teams.

Members will also benefit from Kawartha's commitment to making a difference by improving the quality of life in the communities they serve. In 2023, Kawartha's corporate Community Involvement Program donated over \$200,000 to more than 80 charitable organizations and social initiatives in their communities.

6. Where are Kawartha Credit Union's branches located?

Kawartha Credit Union serves over 58,000 members with online and mobile banking access, and a network of 22 branches that extend from Cornwall to Parry Sound. With more than 70 years of history and a focus on service excellence, Kawartha delivers a full suite of competitive financial products and needs-based advice. Kawartha also provides access to thousands of Exchange® Network surcharge-free ATMs in North America. Membership at Kawartha is open to anyone looking for a local financial services provider.

Kawartha Credit Union branches are located in Cornwall, Brockville, Napanee, Kingston, Trenton, Cobourg, Peterborough, Keene, Lindsay, Little Britain, Kinmount, Bancroft, Bracebridge, Huntsville, Burk's Falls, South River, and Parry Sound. Kawartha's extended hours contact centre is available six days a week and supports members through experienced employees who live and work in our branch communities.

7. Will members be able to access their Smiths Falls accounts at Kawartha Credit Union's branches?

Yes, but not until the operational close is completed. We anticipate operational close to be completed in the first half of 2025. We will operate as two separate divisions until then. Smiths Falls members will continue to use their current cheques until eventually being replaced at some point after the sale of assets during the operational close. A timeline for integrating the operations of the two credit unions will be determined as part of the integration plan. Once that integration occurs, all Smiths Falls members will be able to access and receive full service on their accounts at any Kawartha Credit Union branch.

8. Will the Smiths Falls Community Credit Union continue to exist as an entity after the sale of assets to Kawartha?

After the sale of assets to Kawartha is completed, Smiths Falls Community Credit Union will be dissolved as a legal entity and Kawartha Credit Union will assume the responsibility to serve the members of Smiths Falls and the community in Smiths Falls.

9. Will the Smiths Falls branch remain open?

Yes, the Smiths Falls branch at 1 Beckwith St N, Smiths Falls will remain open, and we are committed to retaining all current Smiths Falls' employees. This means members can continue to visit the same location and see familiar faces as we work to expand services. Smiths Falls branch hours will remain the same as well. Once the operational close is complete, members can continue to bank at the Smiths Falls location or bank at any Kawartha branch or through Kawartha's extended hours Contact Centre.

10. Will Smiths Falls members need to open new accounts with Kawartha?

Yes, as part of the transition, Smiths Falls' members will be moved to new Kawartha accounts that offer similar features to their existing accounts. We are committed to maintaining the core aspects of their accounts, such as rates, and will ensure that staff are available to help with the transition.

11. Do Smiths Falls members need to purchase membership shares with Kawartha Credit Union as part of the transition?

Smiths Falls members hold seven \$10 membership shares today for a total membership share value of \$70. Kawartha's membership shares are five \$5 shares for a total membership share of \$25. As part of the operational transition, Smiths Falls membership shares will be redeemed and members will receive \$25 in Kawartha membership shares and the difference in value of \$45 will be deposited into their bank account.

If the members approve the asset sale, the redemption of Smith Falls shares, the issue of Kawartha membership shares, and deposit of the \$45 excess amount will occur on December 31, 2024.

12. What will change with member's accounts?

We will work with Smiths Falls members and employees to make sure the transition to Kawartha Credit Union is as seamless as possible. Future communications will include specific information for members regarding any changes and we will keep everyone well informed as we complete the transition of your services to Kawartha Credit Union.

13. How and when can members access all of Kawartha's products, services, and rates?

A complete plan will be outlined once the sale of assets is approved. Following that, Smiths Falls members can expect to access and receive the products and services offered by Kawartha Credit Union once the operational close is complete.

14. How will Smiths Falls employees be impacted by this change?

Smiths Falls employees will become part of Kawartha Credit Union as employees and as members.

15. What will happen to the Smiths Falls Board of Directors?

As part of the sale of assets to Kawartha Credit Union, the current Smiths Falls Board of Directors have indicated that they do not plan to continue as Directors. The Kawartha Board of Directors is a competent and skilled Board and will oversee the combined credit union after the legal close is complete.

16. When will the acquisition be complete?

The transaction is expected to close on December 31, 2024, with the operational transition beginning in Q1 2025 and ending in Q2 2025. We will keep members up to date as we progress through the transition to Kawartha Credit Union.

17. Who can Smiths Falls members contact if they have questions or concerns?

Smiths Falls' members can continue to reach out to their current Smiths Falls' branch staff, who are available to answer questions and provide guidance or reach out directly to the CEO, Jim Allen at sfccu@bellnet.ca.

18. When is the Special General Meeting of the Members and how can members vote?

A Special General Meeting of the members of Smiths Falls Community Credit Union Limited will be held in-person at the Smiths Falls branch (located at 1 Beckwith St N, Smiths Falls, ON) at 4:00 p.m. ET on December 30, 2024. The meeting will also be accessible online by electronic means as a remote meeting at 4:00 p.m. ET.

19. How does a member register for the meeting?

Members can register to attend the meeting at the branch or by completing the Special General Meeting registration available through the following link <http://www.kawarthacu.com/smiths-falls-member-meeting-materials>. Members will be required to provide their name, email address and account number to register for the meeting.

Members are encouraged to attend the Special General Meeting at the Smiths Falls branch, or join the remote meeting online, on December 30, 2024 to cast their votes. Instructions for attending the remote meeting will be made available to members who register for the meeting and indicate that they wish to attend online.

20. How will voting occur?

Voting will occur as outlined below:

- In-branch voting will be conducted using a paper ballot at the Smiths Falls branch during regular business hours from December 19 to December 30, 2024, and ending at the close of the Special General Meeting on December 30, 2024. Votes cast on this basis shall be deemed to have been cast at the Special General Meeting on December 30, 2024, regardless of the date the vote was deposited at the branch.
- Electronic voting will be also conducted during the Special General Meeting on December 30, 2024.
- Votes will be tabulated, and results will be posted in the branch on December 31, 2024.

A member of the Credit Union who is not an individual, such as a corporation, a partnership or an unincorporated association, may only cast its vote as a member through a written proxy, which is signed by the president or other head officer or by the vice-president or secretary or treasurer of

such entity. A proxy form is available in-branch or online at the following link:
<http://www.kawarthacu.com/smiths-falls-member-meeting-materials>.

21. Where can I find additional materials?

Materials for the Special General Meeting will be available in-branch or through the following link:
<http://www.kawarthacu.com/smiths-falls-member-meeting-materials>.