

Key Provisions of the Asset Purchase Agreement

The asset purchase transaction (the “**Purchase**”) will involve Kawartha Credit Union Limited acquiring all of the assets and assuming all of the liabilities of Smiths Falls Community Credit Union Limited under what is called an “Asset Purchase Agreement”. If the members of Smiths Falls Community Credit Union Limited approve the asset sale as contemplated under the Asset Purchase Agreement, then the credit unions will be authorized to proceed with the Purchase. After completion of the Purchase, Kawartha Credit Union Limited will carry on the business and operations of Smiths Falls Community Credit Union Limited. Below is a summary of the key provisions of the Asset Purchase Agreement, which represent highlights of the full agreement. For a copy of the full Asset Purchase Agreement, refer to the information and materials available at [www.kawarthacu.com/smiths-falls-member-meeting-materials].

Key Provision	Section	Summary
Parties	N/A	Kawartha Credit Union Limited (“ Kawartha ”) and Smiths Falls Community Credit Union Limited (“ Smiths Falls ”)
Your Deposits	1.1(d)	Kawartha will assume all deposit obligations of Smiths Falls on a dollar for dollar basis for all member deposits on record at Smiths Falls when the Purchase takes effect.
Your Loans and Mortgages	6.15	Member loans and mortgages held with Smiths Falls will be assigned to Kawartha as of the end of the day on the date of the Purchase. All payments due and payable on member loans and mortgages after the Purchase date will be to Kawartha.
Closing Date of Purchase	1.1(i)	December 31, 2024 (or another date as may be agreed to by Kawartha and Smiths Falls).
Asset Purchase	2.1(a)	All rights, property and assets of Smiths Falls will be transferred to Kawartha.
Liabilities	2.1(b)	All indebtedness and liability of Smiths Falls will be assumed by Kawartha.
Representations and Warranties	3.1 and 3.2	Each of Smiths Falls and Kawartha will make a number of representations and warranties to the other party as are customary in a transaction of this type.
Subject Conditions	4.1-4.10 and 5.1-5.6	A number of conditions must be met prior to the completion of the Purchase. These include, among others: (i) obtaining the approval of Financial Services Regulatory Authority of Ontario of the Asset Purchase Agreement; and (ii) obtaining the approval of the members of Smiths Falls of the asset sale by way of special resolution.
Employees	5.6	It is intended that all employees of Smiths Falls, other than the CEO of Smiths Falls, will continue their role with Kawartha. The CEO will be retiring once the Purchase is completed, although he may assist as a special advisor to help ensure the transition is smooth. No employee of Smiths Falls who continues with Kawartha will see a reduction in salary or wages as a result of the Purchase. Length of service entitlements of employees of Smiths Falls will be recognized by Kawartha.
Services	6.5	In addition to existing services offered by Smiths Falls in branch, within a reasonable time after the completion of the Purchase, Kawartha will offer to Smiths Falls members

		digital banking options including, but not limited to, online banking, mobile banking and member debit cards, including MasterCard debit cards.
Membership Shares	6.10 and 6.11(a) and (c)	<p>Smiths Falls will redeem all of its membership shares on the Closing Date. The price for the redemption will be paid by way of the share exchange and cash payment (if applicable) as described in the following paragraph.</p> <p>On the Closing Date, Kawartha will issue five membership shares worth \$5.00 per membership share to each member of Smiths Falls. Kawartha will pay to each member (by payment into the member’s account) an amount equal to the balance of member’s current membership share capital account with Smiths Falls less \$25.00. For example, if a member currently holds seven membership shares in Smiths Falls worth \$10.00 each (for total membership share capital of \$70.00), then Kawartha will issue the member \$25.00 in membership shares in Kawartha and pay \$45.00 into the member’s deposit account with Kawartha.</p>
Membership	6.11(b)	Each member of Smiths Falls will become a member of Kawartha.
Smiths Falls Branch	6.12	Subject to factors outside of its control, Kawartha will continue operating the existing Smiths Falls branch for at least five years. Kawartha may vary the hours of operation or business of the Smiths Falls branch after the Purchase completes to better suit the members of such branch and the communities that the branch serves or for other reasons unrelated to the Purchase. The existing Smiths Falls branch will be rebranded to Kawartha Credit Union at some point after the Purchase date.
Dissolution	6.13	Upon completion of the Purchase, Smiths Falls will cease operating and all operations of Smiths Falls will be continued by Kawartha. As soon as practicable after completion of the Purchase, Smiths Falls will be dissolved.