

# Tru Cooperative Bank Bylaws

Tru Cooperative Bank BYLAWS

APRIL 1, 2026

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## **SECTION 1: INTERPRETATION**

- 1.1 **Definitions** – In these Bylaws, unless the subject or context is inconsistent therewith:
- (a) “affiliate” means any corporation or other entity in which the credit union holds more than a nominal ownership position;
  - (b) “board” means the board of directors of the credit union;
  - (c) “chair” means the chairperson of the directors;
  - (d) “credit union” means Tru Cooperative Bank;
  - (e) “Act” means the *Bank Act* (S.C. 1991, c. 46) and any successor legislation and any amendments thereto and regulations made thereto from time to time in force hereunder;
  - (f) “director” means a director of the credit union for the time being;
  - (g) “directors” unless the context otherwise requires, means the board of directors of the credit union;
  - (h) “intermediate entitlement” means the greater of zero and the value of the credit union’s gross common equity tier I capital (or equivalent thereof under the regulatory capital rules applicable to the credit union) - as reflected in the credit union’s consolidated balance sheet most recently filed with the Office of the Superintendent of Financial Institutions before the credit union’s liquidation, dissolution or winding-up - and multiplied by a factor of 0.9999. The Intermediate Entitlement is shared rateably between the holders of Membership Shares and Class D Equity Shares in proportion to:
    - (a) in the case where the only Class D Equity Shares issued and outstanding were issued as part of a non-viability contingent capital conversion, the aggregate number of all outstanding Membership Shares and the aggregate number of all outstanding Class D Equity shares, respectively; or
    - (b) in the case where some or all of the Class D Equity Shares issued and outstanding were issued prior to a non-viability contingent capital conversion, the aggregate value of the issue price of all outstanding Membership Shares and the aggregate value of the issue price of all outstanding Class D Equity shares, respectively. For greater certainty, the aggregate issue price of any Class D Equity Shares issued in connection with a non-viability contingent capital conversion will be (i) in the case of a conversion of subordinated debt, the aggregate nominal issue price of the subordinated debt instrument plus accrued but unpaid interest thereon (if any) at the time of conversion; and (ii) in the case of a conversion of another class of shares, the aggregate nominal issue price of those shares plus declared but unpaid dividends thereon (if any) at the time of conversion.
  - (i) “junior member” means a member of the credit union who has not reached the age of majority in his or her local jurisdiction;
  - (j) “member” means a person admitted to membership of the credit union as set out in Section 3.1;
  - (k) “member in good standing” means a member, including a junior member, who at the date on which good standing is determined:
    - (i) has purchased, paid for and holds the minimum number of Membership Shares required by these Bylaws; and
    - (ii) is not more than 90 calendar days delinquent in any obligation to the credit union;
  - (l) “person” includes a natural person, corporation, partnership or party, and the personal or other legal representatives of a person to whom the context can apply according to law;
  - (m) “special meeting” means a member meeting held for a specific and limited purpose, as described in the applicable notice to members, and is in addition to the annual general meeting; and
  - (n) “superintendent” means the Superintendent of Financial Institutions (Canada).
- 1.2 **Electronic Documents** – Unless these Bylaws expressly provide otherwise and subject to the Act:
- (a) where these Bylaws require the use of documents that are “written”, “in writing” or other similar words, the directors may permit the use of documents in such electronic form as the directors in their discretion consider desirable in the circumstances, provided that such electronic document is accessible in a manner useable for subsequent reference;
  - (b) where these Bylaws require the provision or delivery of documents, the directors may permit the provision or delivery of such documents in such electronic form and by such electronic means (including, without limitation, making such electronic documents accessible to the intended recipient by an electronic means notified to the intended recipient) as the directors in their discretion consider desirable in the circumstances, provided that such electronic documents are accessible and capable

of being retained by the recipient in a manner useable for subsequent reference; and

- (c) for the purposes of these Bylaws, “documents” includes without limitation, notices, instruments, resolutions, ballots and votes.

- 1.3 **Words or Phrases Defined in Legislation** – Unless otherwise defined in these Bylaws, words or expressions that are defined in the Act shall have the same meanings when used in these Bylaws.
- 1.4 **Application of Legislation** – These Bylaws must be read and applied in conjunction with the Act. Except where the Act states the Bylaws may otherwise provide, any applicable provision of the Act that is inconsistent with these Bylaws shall prevail.
- 1.5 **Schedules** – Schedule A, attached to these Bylaws, shall form part of these Bylaws.

## **SECTION 2: NAME**

- 2.1 The name of the credit union is Tru Cooperative Bank in English, and Banque Coopérative Tru in French.

## **SECTION 3: MEMBERSHIP**

- 3.1 **Membership Qualifications** – Subject to the Act, any person may become a member of the credit union if the person has applied for membership in accordance with these Bylaws, who has subscribed and paid for in full the minimum number of Membership Shares specified in Section 3.5, and the application was approved by the board or an employee authorized by the board.
- 3.2 **Application for Membership** – Every application for membership shall be in writing and shall be accompanied by payment in full of the number of Membership Shares to be purchased by a member on the date of application for membership. The board may in its sole discretion, delegate the authority to approve or reject applications for membership.
- 3.3 **Withdrawal from Membership** – A member may withdraw from membership in the credit union by providing written notice to the credit union in the form and manner prescribed by the board.
- 3.4 **Termination of Membership** – The board may, by resolution, terminate the membership of any member, in accordance with these Bylaws and the Act on such grounds that are not prohibited by these Bylaws, the Act or laws against discrimination.
- (a) A resolution passed by the board under this Section 3.4 is not valid unless a prior written notice of at least 21 calendar days was given to the member setting forth the date, time and venue of the board meeting called to consider the resolution and a statement that the member has the right to appear to make representations on the matter at the board meeting.
  - (b) The member may appeal a resolution made by the board under this Section 3.4 expelling that person from membership in the credit union, by filing a written notice of appeal with the board at least 60 calendar days prior to the credit union’s next annual general meeting from which there are at least 60 calendar days to provide notice. If such notice of appeal is filed, the board will submit an ordinary resolution to members for consideration at the applicable annual general meeting on whether to reinstate the expelled member’s membership in the credit union. If at least a majority of the members voting at the credit union’s annual general meeting vote to approve the resolution, the expelled person will be reinstated as a member of the credit union.
  - (c) In addition to any other rights provided for in the Act and these Bylaws, a member who has withdrawn from membership in the credit union or whose membership in the credit union was terminated has the right to request that the credit union redeem all of the member’s Membership Shares, subject to the approval of the board and the superintendent.
- 3.5 **Minimum Membership Share Ownership Requirement** –
- (a) Each member of the credit union shall subscribe, fully pay for and hold at least five Membership Shares.
  - (b) If, on the expiration of not less than 30 calendar days written notice from the credit union, a member does not hold the required number of Membership Shares and the member has insufficient monies on deposit to permit the purchase of sufficient Membership Shares pursuant to Section 3.5(a), the credit union may terminate the member’s membership or take any other action as deemed necessary by the credit union, in accordance with these Bylaws and the Act.
- 3.6 **Application of Deposits** – If, on expiration of not less than 30 calendar days written notice from the credit union a member does not own the minimum number of Membership Shares, the credit union may apply any money on deposit and interest

thereon in the name of the member to the purchase of sufficient Membership Shares in the name of the member so that the member shall hold the number of Membership Shares required by Section 3.5(a).

- 3.7 **Junior Members** – A junior member becomes a member with full membership rights and obligations on attaining the age of majority in their local jurisdiction, provided that such member then holds the minimum number of Membership Shares required to be held by a member of the age of majority pursuant to these Bylaws.

#### **SECTION 4: SHARES**

- 4.1 **Authorized Capital** – The authorized capital of the credit union shall consist of:
- an unlimited number of class A equity membership shares without par value (the “Membership Shares”);
  - an unlimited number of class B equity shares without par value (the “Class B Equity Shares”);
  - an unlimited number of non-voting, class C preferred shares without par value (the “Class C Preferred Shares”); and
  - an unlimited number of Class D equity shares without par value (the “Class D Equity Shares”).
- 4.2 **Value of Membership Shares** – For the purpose of section 79.4 of the Act, the value of a Membership Share shall be determined by dividing the value of the credit union’s stated capital account for Membership Shares by the number of Membership Shares outstanding, each as of the time of the determination.
- 4.3 **Share Rights and Restrictions** – The rights and restrictions attached to each class of shares are set out in Schedule A.
- 4.4 **Joint Ownership** –
- Any class of share of the credit union may be purchased and held jointly. Membership Shares may be held jointly, but each of the joint holders must acquire and hold the minimum requisite number of Membership Shares as set out in these Bylaws.
  - Each joint member that has acquired the minimum requisite number of Membership Shares is entitled to vote as a member.
  - All jointly held shares of the credit union shall carry the right of survivorship unless a contrary statement, in writing, is given at the time of subscription or at any time thereafter and signed by all parties jointly holding the said shares.
- 4.5 **Share Certificates** – Membership Share and Class B Equity Share certificates need not be issued to members.
- 4.6 **Director Consent to Share Transfer** – No Membership Shares or Class B Equity Shares of the credit union shall be transferred without the prior consent of the directors expressed by a resolution of the directors, and the directors shall not be required to give any reason for refusing to consent to any such proposed transfer.
- 4.7 **Allocation of Surplus** –
- Subject to these Bylaws and the Act, the board, in their absolute discretion, may set terms and conditions for entitlement to dividends for each class or series of share of the credit union and may declare and pay dividends on each class or series of share in such amounts and at such times as from time to time determined.
  - Subject to these Bylaws, the Act and the rights of the holders of each class of share of the credit union, the board may distribute any surplus earnings arising from the operations of the credit union by paying dividends or patronage allocations on each class of share of the credit union. Dividends or patronage allocations declared, if any, at the discretion of the directors may be paid in cash or as an allocation of shares, or any combination of them, provided that if any such allocation would result in a member holding more shares of a particular class than a member is permitted to subscribe for or hold pursuant to these Bylaws or the Act, the directors may, at their discretion, credit the excess or any part of that excess to the member’s account, issue shares of a different class in satisfaction of all or any part of that excess, or any combination thereof.

#### **SECTION 5: OFFICERS**

- 5.1 **Appointment of Officers** – Subject to the provisions of the Act, the directors may elect, designate, appoint or remove such officers, and specify their duties or delegate such powers to them, including the power to appoint other officers, as the directors may determine. A person may hold more than one office or position in the credit union.

#### **SECTION 6: DIRECTORS**

- 6.1 **Size of Board** – The number of directors shall consist of a minimum of seven directors and a maximum of 20 directors. The number of directors to be elected at any annual general meeting shall be that fixed by resolution of the board prior to the annual general meeting. In absence of any such resolution, the number of directors is

fixed at 12.

- 6.2 **Employees on Board** – No more than one director may be an employee of the credit union or one of its subsidiaries.
- 6.3 **Length of Term** – Directors will be elected to fill the positions of directors whose terms have expired and such directors shall be elected to hold office for terms to expire at the third annual general meeting following the meeting at which they are elected, such that one-third of the directors’ terms shall thereafter expire at each successive annual general meeting. If, as a result of a change to size of the board as determined by these Bylaws, the terms of the remaining directors will not allow for the expiry of one-third of the directors’ terms at each successive annual general meeting, the directors may, by resolution, determine the lengths of terms to be served by directors elected in subsequent elections in such a manner that the board may return as soon as is practicably possible to the normal cycle of one-third of directors’ terms expiring at each successive annual general meeting. This provision may not be used to extend the terms of directors currently in office.
- 6.4 **Director Eligibility** – A member in good standing, other than a person disqualified by this Bylaw or the Act, shall be eligible for election as a director.
- 6.5 **Director Disqualification** – No person who:
- is a person disqualified from acting as a director pursuant to the Act or any other applicable legislation;
  - except pursuant to section 6.2, is or becomes (i) a paid employee of the credit union or an affiliate of the credit union; (ii) the parent, grandparent, step-parent, child, step-child, grandchild of a paid employee of the credit union or an affiliate of the credit union; or (iii) the spouse of any such individual;
  - was an employee of the credit union or an affiliate of the credit union during the three year period prior to the date that nominations for the office of director under these Bylaws closed;
  - is an employee, officer, director, agent or representative of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution, another credit union (other than a director of a central credit union or a financial institution that primarily focuses on supporting other credit unions), or an employee, officer, director, agent or representative of any other firm or business enterprise, incorporated or unincorporated, engaged in or offering financial planning or investment services, insurance products or services, or a subsidiary of any of such entity, except where that person has been requested or authorized in writing by the directors to serve as a director of such entity; or
  - has not been a member in good standing of the credit union or a predecessor of the credit union for the twelve consecutive months prior to the date that nominations for the office of director under these Bylaws closed, except where a candidate is nominated by the board, or the committee appointed by the board to administer nominations of directors, and this requirement is waived by the board, or the committee appointed by the board to administer nominations and elections of directors, is eligible to hold office as a director and, if holding office as a director, shall vacate office forthwith.
- 6.6 **Director Removal** – A person may be removed as a director by ordinary resolution at a special meeting of members.
- 6.7 **Notice of Election** – Where an election is to be held, the credit union shall forward, at least 21 calendar days before the annual general meeting, to all members of the credit union entitled to vote:
- a randomly listed resume, photograph and candidate information statement if submitted by a candidate for election;
  - clear and precise instructions for voting;
  - advice of the dates and times during which voting in the election shall take place;
  - advice of the places at which polling in the election shall take place;
  - a list of conditions under which members will be eligible to vote in the election; and
  - if the credit union chooses to endorse candidates, an indication of which candidates the credit union endorses.
- 6.8 **Method of Voting** – Voting in an election of directors shall be by a method or combination of methods permitted by the Act and as determined by the directors.
- 6.9 **Disclosure of Conflicts of Interest** – Every director shall, forthwith after his or

her election as a director of the credit union, file with the board, or the committee appointed by the board to administer and manage conflicts of interest, a statement of disclosure in the form established by the board, or the committee appointed by the board to administer and manage conflicts of interest, disclosing any conflicts of interest which he or she may have.

- 6.10 **Vacancy on Board** – The board may fill a vacancy on the board until the next annual general meeting in accordance with the Act and provided there is a quorum and the maximum number of directors set out in these Bylaws is not exceeded.
- 6.11 **Frequency of Director Meetings** – The directors shall meet as often as they deem appropriate in each year and not less frequently than once in each quarter.
- 6.12 **Calling a Meeting** – The chair may call a meeting of the directors at any time and shall, within 14 calendar days of receipt of a written request of three directors, convene a meeting of the directors. If the chair is unable or does not call the meeting requested above, the three directors will be permitted to call the meeting pursuant to this section.
- 6.13 **Notice of Meeting** – Reasonable notice of a meeting of directors specifying the time and place of such meeting containing such information as required under the Act will be given in writing, addressed to each of the directors at his or her address as it appears on the books of the credit union or by telephone, electronic mail or any method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of directors to any director:
- (a) if such meeting is to be held immediately following a general meeting at which such director shall have been elected or is the meeting of directors at which such director is appointed; or
  - (b) if the place, day and hour of such meeting is set or confirmed at the conclusion of the last preceding meeting of directors at which the particular director was in attendance.
- Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any director shall not invalidate the proceedings at that meeting. A director may waive the requirement to receive notice of a meeting. Subject to the Act, attendance at such meeting will be deemed to be a waiver of such notice.
- 6.14 **Quorum** – Subject to the Act, a majority of the directors shall constitute a quorum at any meeting of the board.
- 6.15 **Voting by Directors** – All resolutions coming before any meeting of the board shall be decided by a majority of the votes cast.
- 6.16 **Committees** – In addition to any committees required by the Act, the directors may appoint from their number any other committee or committees and assign to the members thereof such duties and delegate to them such powers as the directors consider appropriate, except those powers which, under the Act, the directors may not delegate. All committees of directors shall be composed of not less than three members.
- 6.17 **Committee Procedure and Quorum** – Unless otherwise determined by the directors, each committee shall have the power to elect its chair, regulate its procedure and fix its quorum, except that no less than a majority of the members of any committee shall constitute a quorum at a meeting thereof.
- 6.18 **Other Terms** – Subject to the Act, the board shall have the power at any time to revoke or override any authority given to any committee and to terminate the appointment or change the membership of any committee appointed pursuant to these Bylaws and to fill vacancies in it, but the board shall not take any action that would interfere with the performance of the duties conferred on any board committee under the Act.
- 6.19 **Remuneration** – Remuneration paid by the credit union to its directors in respect of a financial year shall not exceed, in aggregate, \$2,000,000, which amount may be apportioned among the directors on such basis as the board may determine, together with such further amounts as may be necessary to reimburse the directors for their reasonable expenses properly incurred in respect of their services to the credit union in their capacity as directors. Directors may be paid a per diem for attending board or committee meetings at rates established by the board from time to time. The board may also establish and pay reasonable annual or monthly retainer fees in addition to or in lieu of per diems. For greater certainty, compensation paid to a director who provides other products or services to the credit union (such as serving as an officer of the credit union) is not included in the calculation of the limitation imposed by this Section 6.19.

## **SECTION 7: INDEMNITY**

### **7.1 Director/Officer Indemnification –**

- (a) Subject to the limitations contained in the Act, but without limit to the right of the credit union to indemnify any person under the Act or otherwise, the credit union shall indemnify:
  - (i) each director and officer of the credit union;

- (ii) each former director and officer of the credit union; and
- (iii) each person who acts or who has acted at the request of the credit union as a director or officer of a corporation of which the credit union is or was a shareholder or creditor;

and such person's heirs and personal representatives, against all costs, charges and expenses, including an amount paid to settle an action or proceeding or to satisfy any judgment, reasonably incurred by such person in respect of any civil, criminal or administrative action or proceeding to which such person is made a party by reason of being or having been such a director or officer of the credit union or such body corporate or fiduciary (except in respect of an action by or on behalf of the credit union or such body corporate to procure a judgment in its favour), if:

- (X) such person acted honestly and in good faith with a view to the best interests of the credit union or the body corporate for whom such person acted at the request of the credit union, as the case may be, and
  - (Y) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such person had reasonable grounds for believing that such person's conduct was lawful.
- (b) The credit union shall, with the prior approval of the court having jurisdiction, indemnify a person referred to in Section 7.1(a) above in respect of an action by or on behalf of the credit union or such body corporate to procure a judgment in its favour, to which he or she is made a party by reason of being or having been a director or an officer of the credit union or such body corporate, against all costs, charges and expenses reasonably incurred by him or her in connection with such action if he or she fulfills the conditions set out in Sections 7.1(a)(X) and (Y) above.
- (c) Notwithstanding anything in this Bylaw, a person referred to in Section 7.1(a) shall be indemnified by the credit union in respect of all costs, charges and expenses reasonably incurred by him or her in connection with the defence of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director or officer of the credit union or body corporate, if the person seeking indemnity:
- (i) was substantially successful on the merits in his or her defence of the action or proceeding; and
  - (ii) fulfills the conditions set out in Sections 7.1(a)(X) and (Y) above.

## **SECTION 8: MEETINGS OF MEMBERS**

- 8.1 **Conduct of Meeting** – Subject to compliance with the Act, if approved by the board, meetings of members may be held using telephone, electronic or other communication facilities.
- 8.2 **Voting** – Each member carries the right to one vote. If approved by the board, voting at a meeting conducted using mail, telephone, electronic or other communication facilities shall be by show of hands or secret ballot or by any other means that will identify the voter and vote cast.
- 8.3 **General Meetings** – General meetings, including the annual general meeting of the credit union, shall be:
- (a) held in a location determined by the directors;
  - (b) held on a date fixed by the directors; and
  - (c) convened and held in accordance with the provisions of the Act.
- Every general meeting not being the annual general meeting shall be considered a special general meeting.
- 8.4 **Notice of Meetings** – Notice of the time and place of a meeting of the members of the credit union must be sent within the period prescribed by the Act to each member entitled to vote, each director, the auditor of the credit union and the superintendent.
- 8.5 **Quorum** – At a general meeting or special meeting of the credit union, 25 members entitled to vote shall constitute a quorum.
- 8.6 **Business at Annual General Meeting** – Business to be conducted at the annual general meeting shall be such business as may be required by the Act and such business as may be determined by the directors.
- 8.7 **Evidence of Eligibility to Vote** – Each person desiring to cast a vote on any issue or a ballot in person in an election shall, on request, present evidence of age, identity and membership and a declaration that the member has not previously voted or cast a ballot on the issue or in the election then in progress.

- 8.8 **Eligibility to Vote** – Any member of the credit union may vote on a resolution subject to the following:
- (a) only a member in good standing on the last day of the month which is not less than 120 calendar days prior to the commencement of voting and who is not a junior member may vote on a resolution;
  - (b) in the case of an account in the name of more than one person, all eligible members;
  - (c) in the case of a member that is not an individual, a representative duly appointed in writing as provided in the Act; and
  - (d) no member may vote by proxy or delegate.
- 8.9 **Chair of General Meetings** – The chair or a director designated by the chair shall chair general meetings of the credit union.
- 8.10 **Majority Requirements** – Unless otherwise provided by these Bylaws or the Act in any matter voted upon by the members, the majority shall approve the vote unless the matter is proposed as a special resolution in which case a two-thirds majority of those voting must approve the resolution.
- 8.11 **Tie Vote** – If the result of a vote on a resolution is a tie, the resolution shall fail.

## **SECTION 9: BORROWING AND LENDING**

- 9.1 **Borrowing** – Subject to the Act, the directors of the credit union may raise and borrow money for the purposes of the credit union upon such terms and conditions as to interest, terms of repayment and security as they determine by resolution.
- 9.2 **Lending** – Subject to the Act, the directors shall determine the terms and conditions of loans as to interest and other charges, terms of repayment and security, and may require that a number of shares of the credit union be subscribed for and purchased by a member as a condition of a loan to that member and may, by resolution, delegate power to make loans and to make the determination aforesaid.

## **SECTION 10: RESOLUTIONS**

- 10.1 **Written Resolution** – A resolution, whether or not in counterpart, consented to in writing by all directors or all the members of a committee and filed with the minutes of the directors or the committee shall be as valid and effectual as if it had been passed at a meeting of the directors or of the committee, duly called and constituted.

## **SECTION 11: MISCELLANEOUS**

- 11.1 **Head Office** – The head office of the credit union shall be located in the Province of British Columbia.
- 11.2 **Execution of Documents** – Documents to be executed by the credit union shall be executed in such manner as the directors may by resolution determine.
- 11.3 **Distribution of Earnings** – Interest on deposits, dividends on shares, patronage refunds and other distributions of earnings shall, in the absence of an express contract or agreement, be paid or credited at times, intervals and in a manner determined by the directors and the directors may delegate the power to make such determinations.
- 11.4 **Subordinated Indebtedness** – The credit union, with the approval of the board, may at any time issue instruments evidencing the credit union's subordinated indebtedness on such terms and conditions as the board may specify. Money invested in subordinated indebtedness issued by the credit union and interest payable thereon shall not be protected by any deposit insurance program and shall be subordinate in right of payment to all deposit liabilities of the credit union and all other liabilities of the credit union except those that, by their terms, rank equally with or are subordinate to such indebtedness.
- 11.5 **Financial Year End** – The financial year end of the credit union is December 31.
- 11.6 **Corporate Seal** – The seal of the credit union shall be such as the directors may by resolution adopt.
- 11.7 **Safekeeping of Seal** – If the credit union has a corporate seal, the directors shall provide for the safe custody of the corporate seal at the registered office of the credit union or such other place as the directors shall determine it shall be kept for safekeeping.

## **SCHEDULE A**

### **RIGHTS AND RESTRICTIONS OF SHARES**

#### **Membership Shares**

- (a) The rights of the holders of the Membership Shares of the credit union shall be equal in all respects and shall be as follows:
  - (i) the right to receive dividends declared by the board on those shares; and
  - (ii) in the event of the liquidation, dissolution or winding-up of the credit union, voluntary or involuntary, or any other distribution of assets of the credit union among its members and shareholders for the purpose of winding-up its affairs, the holders of Membership Shares - subject to the prior rights of the holders of the Class B Equity Shares and the

Class C Preferred Shares with respect to a return of capital and dividends on the occurrence of such event - shall be entitled to receive the Intermediate Entitlement (rateably with the entitlement thereto of the holders of Class D Equity Shares) the remaining property and assets of the credit union.

- (b) The maximum dividend payable in any year on a Membership Share shall not exceed 1,000 per cent of the value of its issue price and, for greater certainty, dividends are payable at the discretion of the board, shall be non-cumulative, and shall not be paid unless a dividend is first or concurrently paid on any issued and outstanding Class D Equity Shares and the value of dividend per Class D Equity share (as a percentage of the average issue price) is equal to or greater than the value of dividend per Membership Share (as a percentage of the average issue price).
- (c) Subject to the prior approval of the superintendent and the Act, the credit union shall redeem the Membership Shares held by a member if:
  - (i) the member is a natural person and dies, subject to the Bylaws and subject to any contrary instruction of the personal representative of the deceased member to transfer the shares to a person entitled to hold the same pursuant to the Act and these Bylaws;
  - (ii) the member is an incorporated company and is dissolved or wound up;
  - (iii) the credit union expels the member;
  - (iv) the member withdraws from membership in the credit union;
  - (v) the member is a partnership that dissolves; or
  - (vi) the member, in any other case, ceases to be a legal entity according to the statute by or pursuant to which it was created.

The credit union may require evidence as to the events described above before redeeming Membership Shares.

- (d) Subject to the prior approval of the superintendent and the Act, the credit union may redeem the Membership Shares held by a member at the discretion of the board.
- (e) Notwithstanding the foregoing but subject to the Act, the amount of Membership Shares that the credit union may redeem in any calendar year is limited to ten percent of the amount of such shares issued and outstanding on the last day of the immediately preceding year.
- (f) Membership Shares that are redeemed by the credit union shall be redeemed at their issue price, plus any dividends declared but unpaid thereon.

#### **Class B Equity Shares**

The Class B Equity Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) Subject to the Act, the credit union shall not issue any Class B Equity Shares to any person that is not a member of the credit union.
- (b) Subject to the Act, the credit union may redeem all or any portion of the Class B Equity Shares held by a member if:
  - (i) the member is a natural person and dies, subject to the Bylaws and subject to any contrary instruction of the personal representative of the deceased member to transfer the shares to a person entitled to hold the same pursuant to the Act and these Rules;
  - (ii) the member is an incorporated company and is dissolved or wound up;
  - (iii) the credit union terminates the membership of the member;
  - (iv) the member withdraws from membership in the credit union;
  - (v) the member is a partnership which dissolves; or
  - (vi) the member, in any other case, ceases to be a legal entity according to the statute by or pursuant to which it was created.

The credit union may require evidence as to the events described above before redeeming Class B Equity Shares.

- (c) Subject to the prior approval of the superintendent and the Act, the credit union may redeem any Class B Equity Shares held by a member on such terms and conditions and at such times as the directors, in their discretion, resolve.
- (d) Notwithstanding the foregoing, but subject to the Act, the amount of Class B Equity Shares that the credit union may be required to redeem in any calendar year may, in the discretion of the directors, be limited to ten percent of the total amount of such shares issued and outstanding on the last day of the immediately preceding year.

- (e) Class B Equity Shares which are redeemed by the credit union shall be redeemed at their issue price, plus any dividends declared but unpaid thereon.

#### **Class C Preferred Shares**

The Class C Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) **Directors' Right to Issue in One or More Series.** The Class C Preferred Shares may be issued at any time or from time to time in one or more series. Before any shares of a series are issued, the board shall fix the number of shares that will form such series, if any, and shall, subject to any limitations set out in these Bylaws or in the Act, determine the designation, rights, privileges, restrictions and conditions to be attached to the Class C Preferred Shares of such series, the whole subject to the filing with the superintendent of the particulars of such series, including the rights, privileges, restrictions and conditions determined by the board.
- (b) **Preferred Ranking of Class C Preferred Shares.**
  - (i) No rights, privileges, restrictions or conditions attached to a series of Class C Preferred Shares confer on the series a priority in respect of dividends or return of capital over any other series of Class C Preferred Shares. The Class C Preferred Shares are entitled to a preference over the Membership Shares, the Class B Equity Shares, the Class D Equity Shares and any other shares ranking junior to the Class C Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the credit union, whether voluntary or involuntary, or any other distribution of the assets of the credit union among its members and shareholders for the specific purpose of winding up its affairs.
    - (ii) If any cumulative dividends, whether or not declared, or declared non-cumulative dividends or amounts payable on return of capital are not paid in full in respect of any series of Class C Preferred Shares, then the Class C Preferred Shares of all series participate rateably in respect of such dividends in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of such return of capital in accordance with the sums that would be payable on such return of capital if all sums so payable were paid in full; provided, however, that if there are insufficient assets to satisfy in full all such claims as aforesaid, then the claims of the holders of the Class C Preferred Shares with respect to return of capital shall be paid and satisfied first and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Class C Preferred Shares of any series may also be given such other preferences not inconsistent with the rights, privileges, restrictions and conditions attached to the Class C Preferred Shares as a class over the Membership Shares and any other shares ranking junior to the Class C Preferred Shares as may be determined in the case of such series of Class C Preferred Shares.
  - (c) **Voting Rights.** Except as hereinafter referred to or as required by law or as specified in the rights, privileges, restrictions and conditions attached from time to time to any series of Class C Preferred Shares, the holders of the Class C Preferred Shares as a class shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the members of the credit union.
  - (d) **Amendment with Approval of Holders of Class C Preferred Shares.** The rights, privileges, restrictions and conditions attached to the Class C Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of the Class C Preferred Shares given as hereinafter specified.
  - (e) **Approval of Holders of Class C Preferred Shares.** The approval of the holders of the Class C Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Class C Preferred Shares as a class or in respect of any other matter requiring the consent of the holders of the Class C Preferred Shares may be given in such manner as may then be required by law. The formalities to be observed with respect to the giving of notice of any such meeting or any continuation of an adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time required by the Act as in force at the time of the meeting and those, if any, prescribed by the Bylaws or the administrative resolutions of the credit union with respect to meetings of the credit union. On every poll taken at every meeting of the holders of the Class C Preferred Shares as a class, or at any joint meeting of the holders of two or more series of Class C Preferred Shares, each holder of Class C Preferred Shares entitled to vote shall have one vote in respect of each Class C Preferred Share held.
- (f) **Redemption.**
  - (i) Subject to the prior approval of the superintendent and the Act, the credit union may redeem any Class C Preferred Shares held by a shareholder on such terms and

conditions and at such times as the directors, in their discretion, resolve.

- (ii) Class C Preferred Shares which are redeemed by the credit union shall be redeemed at their issue price, plus any dividends declared but unpaid thereon.

#### **Class D Equity Shares**

The Class D Equity Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) **Issue Price.** Class D Equity Shares shall be issued at a price to be determined by resolution of the board.
- (b) **Dividends.** Holders of Class D Equity Shares shall be entitled to receive non-cumulative dividends declared thereon in the sole discretion of the board.
- (c) **Ranking.** In the event of the liquidation, dissolution or winding-up of the credit union, voluntary or involuntary, or any other distribution of assets of the credit union among its members and shareholders for the purpose of winding-up its affairs, the holders of Class D Equity Shares — subject to the prior rights of the holders of the Class B Equity Shares and the Class C Preferred Shares with respect to a return of capital and dividends on the occurrence of such event — shall be entitled to receive the Intermediate Entitlement (rateably with the entitlement thereto of the holders of Membership Shares), and after payment to the holders of the Class D Equity Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the credit union.
- (d) **Voting Rights.** Except as hereinafter referred to or as required by law, the holders of the Class D Equity Shares as a class shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the members of the credit union.
- (e) **Amendment with Approval of Holders of Class D Equity Shares.** The rights, privileges, restrictions and conditions attached to the Class D Equity Shares as a class may be added to, changed or removed but only with the approval of the holders of the Class D Equity Shares given as hereinafter specified.
- (f) **Approval of Holders of Class D Equity Shares.** The approval of the holders of the Class D Equity Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Class D Equity Shares as a class or in respect of any other matter requiring the consent of the holders of the Class D Equity Shares may be given in such manner as may then be required by law. The formalities to be observed with respect to the giving of notice of any such meeting or any continuation of an adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time required by the Act as in force at the time of the meeting and those, if any, prescribed by the Bylaws or the administrative resolutions of the credit union with respect to meetings of the credit union. On every poll taken at every meeting of the holders of the Class D Equity Shares as a class, each holder of Class D Equity Shares entitled to vote shall have one vote in respect of each Class D Equity Share held.