

Innovation Federal Credit Union
By-Law No. 1
General

Meaning of Terms

1.1 Defined Terms

As used in these Bylaws the following terms have the definitions set forth below:

"Act" means *The Bank Act* (Canada) and any successor legislation thereto, as enacted and as amended, from time to time, by the Parliament of Canada, including regulations made thereunder.

"Annual Meeting" means the annual meeting of members of Innovation Federal Credit Union;

"Board of Directors" means the board of directors of Innovation Federal Credit Union;

"Credit Union" means Innovation Federal Credit Union;

"Fundamental Change" means a fundamental change as set forth in the Act; and

"Unaffiliated Director" means a director who is not affiliated with the Credit Union within the meaning of the Act.

1.2 Other Terms

Other terms, whenever used in these Bylaws, shall have their respective meanings ascribed to each such term in the Act.

Headings

2.1 The section headings used in these Bylaws are not substantive and are included solely for convenience of reference only.

2.2 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.

Directors

3.1 Number of Directors and Geographic Requirement

The number of directors shall consist of a minimum of seven (7) directors and a maximum of fifteen (15) directors. The number of directors to be elected at any Annual Meeting shall be that fixed by resolution of the Board of Directors prior to the Annual Meeting. In the absence of any such resolution, the number of directors is fixed at seven (7). To the extent permitted by the Act, the Board of Directors may appoint one or more additional directors, to hold office for a term expiring not later than the close of the next Annual Meeting, provided that: (a) the total number of directors so appointed shall not exceed one third of the number of directors elected at the previous Annual Meeting, and (b) the maximum number of directors is not exceeded. The number of directors who ordinarily reside in Saskatchewan shall, at all times, compose at least half of the Board of Directors.

3.2 Independence

The Board of Directors shall restrict the number of directors that are not "Independent" at any given time and for these purposes may, in their discretion, adopt policies and procedures in relation to the definition and determination of all matters related thereto. A director is "Independent" if a reasonable person with knowledge of all the relevant circumstances would conclude that the director is independent of management of the Credit Union and has no direct or indirect material relationship with the Credit Union. The Board of Directors may also supplement the definition of "Independent" in its policies.

3.3 Qualifications of Directors

In addition to the qualifications set out in the Act, directors shall have the following qualifications to be eligible for election to the Board of Directors of the Credit Union:

- (a) Have been a member of the Credit Union for a minimum of one (1) year as at the closing date for nominations;
- (b) Must not have loans or credit in arrears with the Credit Union or other financial institution, and must not be named as a judgment debtor in any legal action for debt;
- (c) Must not be or have been involved in any legal proceedings against the Credit Union or in dealings with any financial institution that has caused a financial loss, either as an individual or in an ownership capacity with any group or organization;
- (d) Must not be a spouse of a person involved in legal proceedings against the Credit Union or any of its affiliates or subsidiaries;
- (e) Must not be a board member or employee of a business selling competitive products and/or services except as a representative of the Credit Union;
- (f) Must be prepared to use the Credit Union as their Financial Institution;

- (g) Must not have been an employee of the Credit Union in the past three years; and
- (h) Must not be the spouse of a person who is employed in an executive management position in the Credit Union or is a director of the Credit Union.

3.4 Nomination of Directors

- (a) The Board of Directors will advertise the opening and closing date for the nomination of directors which shall be set at least 60 days prior to the Annual Meeting.
- (b) Nominations will not be accepted after the closing date.
- (c) No person is eligible to be elected as a director of the Credit Union unless such person is nominated in writing by at least five (5) members.
- (d) A nominee must sign a declaration confirming the nominee meets the eligibility requirements of the Act and the Credit Union's Bylaws.
- (e) The Board of Directors may establish a nominating committee to facilitate the nomination process.

3.5 Conduct of Elections

Voting for the election of directors will be conducted in a manner permitted by the Act and as determined by the Board of Directors.

3.6 Term of Office

Directors are elected for terms of one (1), two (2) or three (3) years. Directors elected for terms of one, two or three years hold office until the close of the first, second or third annual meeting following their election. The term of office of directors elected at the same meeting may vary. To the extent possible, the term of office of all directors will be established so that one-third of the directors will leave their positions on an annual basis.

3.7 Meetings

Meetings of the Board of Directors shall be held from time to time, as often as the business of the Credit Union requires, in such places within or outside Canada (or by such communications facilities as are permitted by law). A meeting of the Board of Directors or a committee may be held by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other during the meeting, and a director participating in such a meeting by such means is deemed to be present at the meeting.

3.8 Calling Meetings of Directors

A meeting of the Board of Directors may be called at any time by the Chair of the Board of Directors or may be requisitioned by any three (3) directors.

3.9 Conduct of Meetings of Directors

The directors shall establish from time to time the place of, and the procedures for, the calling and conduct of meetings of the Board of Directors and, subject to delegation by the Board of Directors, of its committees.

3.10 Notice

When directed by the person(s) calling it, the Corporate Secretary shall give written notice to the Board of Directors of any meeting not less than seven (7) days (excluding any Saturday or Sunday or a day that is a holiday as defined in the *Interpretation Act* (Canada)) before the time of the meeting. Notwithstanding this requirement, the Chair of the Board of Directors may authorize a special meeting upon forty-eight (48) hours written notice. The non-receipt of a notice duly given to any director shall not invalidate the proceedings or the business transacted at the meeting in respect of which the notice was given.

3.11 Contents of Notice

Notice of a meeting of the Board of Directors shall specify generally the purpose of or the business to be transacted at the meeting and shall specify those matters as required by the Act.

3.12 Quorum

A majority of directors shall constitute a quorum at any meeting of the Board of Directors. Except when otherwise permitted under the Act, the Board of Directors shall not transact business at a meeting of directors unless at least one of the directors present is an Unaffiliated Director.

3.13 Voting

All resolutions coming before any meeting of the Board of Directors shall be decided by a majority of the votes cast.

3.14 Removal of Directors by Members

Subject to the requirements of the Act, members may remove a director by two thirds of the votes cast at a meeting.

3.15 Vacancies

The Board of Directors may fill a vacancy on the Board until the next Annual Meeting provided there is a quorum.

3.16 Remuneration

Remuneration paid by the Credit Union to its directors in respect of a financial year shall not exceed, in aggregate, one million -(1,000,000) dollars, which amount may be apportioned among the directors on such basis as the Board of Directors 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 of Director or committee meetings at rates established by the Board of Directors from time to time. The Board of Directors 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 3.16.

3.17 Conflicts of Interest

The Board of Directors shall establish procedures to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information and the Board of Directors shall take reasonable measures to ensure compliance with any such procedures.

3.18 Officers

The officers of the Credit Union shall include Chief Executive Officer(s), a Board Chair, a Vice Chair, a Corporate Secretary, and such other officers as may be designated by the Board of Directors from time to time. The Board of Directors may, subject to these By-laws and the Act, designate the offices of the Credit Union, appoint officers thereto, specify the duties of those officers and delegate to them powers to manage the business and affairs of the Credit Union.

Meetings of Members

4.1 General

The Board of Directors shall call an Annual Meeting to be held not later than six months after the end of each financial year, for the purpose of receiving the reports and statements required by the Act to be laid before the Annual Meeting, appointing auditors, and for the transaction of such other business as may properly be brought before the meeting.

4.2 Conduct

Subject to compliance with the Act, if approved by the Board of Directors, meetings of members may be held using telephone, electronic or other communication facilities. Unless a chair is otherwise appointed, the Board Chair or any other officer designated by the Board of Directors shall preside over all meetings of the Credit Union and the Board of Directors.

4.3 Voting

Each member carries the right to one vote. If approved by the Board, voting at a meeting conducted using 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 to the returning officer appointed for such location. No member may vote by proxy or a delegate.

4.4 Location

Subject to compliance with the Act, meetings of the Credit Union may be held at more than one location. If approved by the Board of Directors, meetings may be held separately or simultaneously at more than one location. Where arrangements are made for members to participate in the meeting through electronic, video, telephone or other communication, such meetings are considered to be a meeting in one location.

4.5 Meetings at More than One Location

For meetings at more than one location, members may attend and vote at the location of their choice. Members may only vote once on any question. The returning officer will keep lists of members who registered to vote at each location and may deny registration to any member who previously registered at another location.

4.6 Resolutions for Meetings at More than One Location

Votes on resolutions will be held at each meeting and the resolution will only pass if the aggregate of the votes cast in all meetings is sufficient to pass the resolution. Resolutions from the floor are not permitted.

4.7 Proposals

All member proposals must be submitted in the time and manner prescribed by the Act. Resolutions that have not been presented in the time and manner required for proposals may, at the discretion of the Chair, be presented and debated at an Annual Meeting. Any such resolution is non-binding and will be received by the Board of Directors for informational purposes only.

4.8 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 of Financial Institutions (Canada).

4.9 Other Meetings

The Credit Union may hold semi-annual or other periodic meetings of the members.

4.10 Quorum

The quorum at an Annual Meeting or special meetings of members:

- (a) is 50 members entitled to vote; and
- (b) where the meeting is held at more than one location, is not less than 10 members who are entitled to vote at each location.

4.11 Voting on a Fundamental Change

- (a) Voting on a resolution respecting a Fundamental Change will be conducted by secret ballot in the manner which is approved by the Board of Directors. The manner of voting may include but is not limited to in person, electronic voting, by mail or by any other approved voting method established by the Board of Directors and permitted by the Act.
- (b) Each member is entitled to one vote.

Committees

5.1 General

The Board of Directors shall establish from its number:

- (a) an audit committee; and
- (b) a conduct review committee,

and may establish such other committees as it deems necessary. The Board of Directors may delegate to such other committees such powers of the Board of Directors and assign to those committees such duties as the Board of Directors considers appropriate and as permitted by the Act. The Board of Directors may establish policies and terms of reference for the business of each of the committees established in accordance with this section, including a process by which to establish membership of each committee and appoint or elect a committee chair. In addition to those duties outlined in the policies and terms of reference established by the Board of Directors, each of the committees established in accordance with this section shall carry out any duties required by the Act. The terms of office of each committee member shall expire at the close of the Annual Meeting following the date of the appointment of such committee member.

5.2 Audit Committee

The audit committee shall consist of at least three (3) directors, a majority of whom shall not be affiliated (as defined in the Act) with the Credit Union.

5.3 Conduct Review Committee

The conduct review committee of the Credit Union shall consist of at least three (3) directors, none of whom shall be an officer of the Credit Union. The members of the conduct review committee may be the same persons as the members of the audit committee.

5.4 Other Terms

Subject to the Act, the Board of Directors 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 of Directors shall not take any action that would interfere with the performance of the duties conferred on any Board committee under the Act.

Services to Non-Members

- 6.1 The Board of Directors may determine from time-to-time what services may be provided to non-members.

Business With the Credit Union

- 7.1 Members may do business with the Credit Union at any branch of the Credit Union and nothing in these Bylaws is intended to nor shall be interpreted to restrict the member from conducting business at any branch.

Charge and Setoff

- 8.1 The Credit Union has a charge on all membership shares for a debt of the member and may apply such shares or monies standing to the credit of the member towards payment of such debt.

Indemnification

9.1 Indemnification of Directors and Officers

The Credit Union may indemnify a director or officer, a former director or officer or a person who acts or acted at the Credit Union's request as a director or officer, or in a similar capacity of another entity, and the heirs and legal representatives of such a person to the extent permitted by the Act.

9.2 Insurance

The Credit Union may purchase and maintain insurance for the benefit of any person referred to in section 9.1 to the extent permitted by the Act.

Miscellaneous

10.1 Corporate Seal

The Seal of the Credit Union shall be such as the directors may by resolution adopt.

10.2 Head Office

The head office of the Credit Union shall be located in the Province of Saskatchewan.

10.3 Financial Year

The financial year of the Credit Union shall end on the expiration of the 31st day of December in each year.

10.4 Execution of Documents

Documents to be executed by the Credit Union shall be executed in such manner as the directors may by resolution determine.

**INNOVATION FEDERAL CREDIT UNION
BY-LAW NO. 2**

SHARE CAPITAL

1. MEANING OF TERMS

1.1 Defined Terms

As used in these By-laws the following terms have the definitions set forth below:

“Act” means *The Bank Act* (Canada) and any successor legislation thereto, as enacted and as amended, from time to time, by the Parliament of Canada, including regulations made thereunder;

“Annual Meeting” means the annual meeting of members of Innovation Federal Credit Union;

“Board of Directors” means the board of directors of Innovation Federal Credit Union;

“Credit Union” means Innovation Federal Credit Union; and

“Intermediate Entitlement” means the greater of zero and the value of the Credit Union’s gross common equity tier 1 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 C Equity Shares in proportion to:

(A) in the case where the only Class C 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 C Equity Shares, respectively; or

(B) in the case where some or all of the Class C 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 C Equity Shares, respectively. For greater certainty, the aggregate issue price of any Class C 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

1.2 Other Terms

Other terms, whenever used in these Bylaws, shall have their respective meanings ascribed to each such term in the Act.

2. **HEADINGS**

2.1 The section headings used in these Bylaws are not substantive and are included solely for convenience of reference only.

2.2 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.

3. **AUTHORIZED CAPITAL**

3.1 The authorized capital of the Credit Union shall consist of:

- (a) an unlimited number of membership shares without par value (the “**membership shares**”), to be issued at a price equal to the aggregate book value of the total number of issued and outstanding membership shares as of the date of issuance, divided by the total number of issued and outstanding membership shares as of the date of issuance;
- (b) an unlimited number of non-voting, Class A preferred shares without par value (the “**Class A Preferred Member Shares**”);
- (c) an unlimited number of non-voting, Class B preferred shares without par value (the “**Class B Preferred Shares**”); and
- (d) an unlimited number of non-voting, Class C equity shares without par value (the “**Class C Equity Shares**”).

4. **MEMBERSHIP SHARES**

4.1 The rights of the holders of the membership shares of the Credit Union shall be equal in all respects and shall be as follows:

- (a) the right to receive dividends declared by the Board of Directors on those shares; and
- (b) 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 A Preferred Member Shares and the Class B 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 C Equity Shares) and the remaining property and assets of the Credit Union.

- 4.2 Unless permitted by a resolution of the Board of Directors, membership shares are not transferable.

5. MEMBERSHIP

5.1 Qualification

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, subscribed and paid for in full the minimum number of membership shares specified in Section 5.2, and the application was approved by the Board of Directors or an employee authorized by the Board of Directors.

5.2 Minimum Membership Shares

All persons wishing to become a member shall hold a minimum of one (1) membership share.

5.3 Procedure for Acceptance of Members

Every application for membership shall be in writing or prescribed electronic means and 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 of Directors may, in their sole discretion, delegate the authority to approve or reject applications for membership.

6. WITHDRAWAL FROM MEMBERSHIP

- 6.1 A member may withdraw from membership in the Credit Union by giving the Credit Union such notice as may be prescribed by the Board of Directors.
- 6.2 The membership of any person may be terminated by a resolution of the Board of Directors in accordance with these Bylaws and the Act on such grounds that are not prohibited by the Act or laws against discrimination.
- 6.3 A resolution passed by the Board of Directors under Section 6.2 is not valid unless a prior written notice of at least 21 days was given to the member setting forth the date, time, and venue of the meeting of the Board of Directors called to consider the resolution and a statement that the member has the right to appear to make submissions at the meeting of the Board of Directors.
- 6.4 A person may appeal a resolution passed by the Board of Directors under Section 6.2 expelling that person from membership in the Credit Union by filing a written notice of

appeal with the Board of Directors at least 90 days prior to the Annual Meeting. If such notice of appeal is filed, the Board of Directors shall submit an ordinary resolution to members for consideration at the Annual Meeting on whether to reinstate the expelled person's membership in the Credit Union. If at least a majority of the members voting at the Annual Meeting vote to approve such resolution, the expelled person shall be reinstated as a member of the Credit Union.

7. REDEMPTION OF MEMBERSHIP SHARES

- 7.1 A person who has withdrawn from membership in the Credit Union or whose membership in the Credit Union has been terminated under these Bylaws shall have the right to request that the Credit Union, at the discretion of the Board of Directors and subject to the approval of the Superintendent, redeem all of the membership shares held by that person and shall have all such other rights as may be provided for in the Act and these Bylaws. Membership shares which are redeemed by the Credit Union shall be redeemed at their issue price, plus any dividends declared but unpaid thereon.
- 7.2 Where a member has a loan with the Credit Union, all shares and other interests shall be firstly applied to the repayment of the loan with any balance remaining to be paid to the member.
- 7.3 Any closed or terminated account will not qualify for any dividend or patronage returns declared by the Board of Directors at a subsequent date.

8. MEMBERSHIP CERTIFICATE

- 8.1 Membership share certificates need not be issued to members.

9. ALLOCATION OF SURPLUS

- 9.1 Subject to the rights of the holders of any shares ranking in priority to the membership shares, the Board of Directors may distribute any surplus earnings arising from the operations of the Credit Union by paying dividends on membership shares and patronage allocations to members. Dividends or patronage allocations declared, if any, at the discretion of the Board of Directors may be paid in cash or as an allocation of membership shares, or any combination of them. 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 on membership shares shall be non-cumulative, and shall not be paid unless a dividend is first or concurrently paid on any issued and outstanding Class C Equity Shares and the value of dividend per Class C 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).
- 9.2 Members shall be informed in writing or prescribed electronic means of the membership shares allocated or to be allocated pursuant to Section 9.1.

- 9.3 The Credit Union may allocate a portion of surplus arising from the operation of the Credit Union to non-members.
- 9.4 Any closed or terminated account will not qualify for any dividend or patronage returns declared by the Board of Directors at a subsequent date.

10. CLASS A PREFERRED MEMBER SHARE ATTRIBUTES

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

10.1 General Restriction

Subject to the Act, the Credit Union shall not issue any Class A Preferred Member Shares to any person that is not a member of the Credit Union. The transfer of Class A Preferred Member Shares of the Credit Union shall be restricted in that no shareholder shall be entitled to transfer any Class A Preferred Member Share to a person that is not a member of the Credit Union, and the Credit Union shall not register or otherwise recognize any transfer of Class A Preferred Member Shares in contravention of this restriction.

10.2 Directors' Right to Issue in One or More Series

The Class A Preferred Member 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 of Directors 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 A Preferred Member Shares of such series, the whole subject to the filing with the *Office of the Superintendent of Financial Institutions* (Canada) of the particulars of such series, including the rights, privileges, restrictions and conditions determined by the Board of Directors.

10.3 Ranking of Class A Preferred Member Shares

No rights, privileges, restrictions or conditions attached to a series of Class A Preferred Member Shares confer on the series a priority in respect of dividends or return of capital over any other series of Class A Preferred Member Shares. The Class A Preferred Member Shares:

- (a) rank equally with the Class B Preferred Shares; and
- (b) are entitled to a preference over the membership shares, the Class C Equity Shares and any other shares ranking junior to the Class A Preferred Member Shares

with respect to priority in the payment of dividends and in the return of capital 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. After payment to the holders of the Class A Preferred Member 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.

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 A Preferred Member Shares, then the Class A Preferred Member Shares of all series participate ratably 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 A Preferred Member 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 A Preferred Member Shares of any series may also be given such other preferences not inconsistent with the rights, privileges, restrictions and conditions attached to the Class A Preferred Member Shares as a class over the membership shares and any other shares ranking junior to the Class A Preferred Member Shares as may be determined in the case of such series of Class A Preferred Member Shares.

10.4 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 A Preferred Member Shares, the holders of the Class A Preferred Member 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.

10.5 Amendment with Approval of Holders of Class A Preferred Member Shares

The rights, privileges, restrictions and conditions attached to the Class A Preferred Member Shares as a class may be added to, changed or removed but only with the approval of the holders of the Class A Preferred Member Shares given as hereinafter specified.

10.6 Approval of Holders of Class A Preferred Member Shares

The approval of the holders of the Class A Preferred Member Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Member Shares as a class or in respect of any other matter requiring the consent of the holders of the Class A Preferred Member 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 by-laws 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 A Preferred Member Shares as a class, or at any joint meeting of the holders of two or more series of Class A Preferred Member Shares, each holder of Class A Preferred Member Shares entitled to vote thereat shall have one vote in respect of each Class A Preferred Member Share held.

11. CLASS B PREFERRED SHARE ATTRIBUTES

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

11.1 Directors' Right to Issue in One or More Series

The Class B 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 of Directors 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 B Preferred Shares of such series, the whole subject to the filing with the *Office of the Superintendent of Financial Institutions* (Canada) of the particulars of such series, including the rights, privileges, restrictions and conditions determined by the Board of Directors.

11.2 Ranking of Class B Preferred Shares

No rights, privileges, restrictions or conditions attached to a series of Class B Preferred Shares confer on the series a priority in respect of dividends or return of capital over any other series of Class B Preferred Shares. The Class B Preferred Shares:

- (a) rank equally with the Class A Preferred Member Shares; and
- (b) are entitled to a preference over the membership shares, the Class C Equity Shares and any other shares ranking junior to the Class B Preferred Shares

with respect to priority in the payment of dividends and in the return of capital 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. After payment to the holders of the Class B Preferred 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.

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 B Preferred Shares, then the Class B Preferred Shares of all series participate ratably 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 B 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 B 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 B Preferred Shares as a class over the membership shares and any other shares ranking junior to the Class B Preferred Shares as may be determined in the case of such series of Class B Preferred Shares.

11.3 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 B Preferred Shares, the holders of the Class B 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.

11.4 Amendment with Approval of Holders of Class B Preferred Shares

The rights, privileges, restrictions and conditions attached to the Class B Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of the Class B Preferred Shares given as hereinafter specified.

11.5 Approval of Holders of Class B Preferred Shares

The approval of the holders of the Class B Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Class B Preferred Shares as a class or in respect of any other matter requiring the consent of the holders of the Class B 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 by-laws 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 B Preferred Shares as a class, or at any joint meeting of the holders of two or more series of Class B Preferred Shares, each holder of Class B Preferred Shares entitled to vote thereat shall have one vote in respect of each Class B Preferred Share held.

12. **CLASS C EQUITY SHARE ATTRIBUTES**

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

12.1 Issue Price

Class C Equity Shares shall be issued at a price to be determined by resolution of the board.

12.2 Dividends

Holders of Class C Equity Shares shall be entitled to receive non-cumulative dividends declared thereon in the sole discretion of the board.

12.3 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 C Equity Shares — subject to the prior rights of the holders of the Class A Preferred Member Shares and the Class B 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 C 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.

12.4 Voting Rights

Except as hereinafter referred to or as required by law, the holders of the Class C 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.

12.5 Amendment with Approval of Holders of Class C Equity Shares

The rights, privileges, restrictions and conditions attached to the Class C Equity Shares as a class may be added to, changed or removed but only with the approval of the holders of the Class C Equity Shares given as hereinafter specified.

12.6 Approval of Holders of Class C Equity Shares

The approval of the holders of the Class C Equity Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Class C Equity Shares as a class or in respect of any other matter requiring the consent of the holders of the Class C 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 C Equity Shares as a class, each

holder of Class C Equity Shares entitled to vote shall have one vote in respect of each Class C Equity Share held.