

# Together, Our Best

Guide to the Proposed Merger between  
BlueShore Financial Credit Union  
and Beem Credit Union



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# Letter to Members and Shareholders

*We hope you will join us in embracing a merger with a vision to enhance member benefits, empower our employees, and strengthen our communities. Together, we can build an even brighter future, preserving the best of our traditions while embracing new opportunities for growth and success.*

## Dear Members and Shareholders,

We're excited to share that BlueShore Financial Credit Union ("**BlueShore Financial**") and Beem Credit Union ("**Beem**") are exploring a merger. By joining forces, we believe we can create a stronger, more competitive credit union that brings lasting benefits to our members, employees, and communities.

After thorough discussions and analysis by the Boards of Directors and CEOs of both credit unions, we're confident that this merger is the best path forward, and we seek your support.

### Why merge?

While our commitment to members and communities remains as true as it was when we were founded over 80 years ago, the environment we operate in is changing rapidly.

Digital transformation, payment modernization, increased competition through open banking, growing regulatory demands, and shifting member expectations are requiring credit unions to adapt and evolve. Scale matters as we look to continue providing the best products and services to members, wherever they are in the province, while offering fulfilling opportunities for employees and creating a more resilient credit union for the future.

With combined assets under administration of \$17 billion, creating one of the largest provincially regulated credit unions in Canada, we expect the merged credit union will have the scale to be more sustainable, competitive, and innovative, and be better able to invest in technology, products, and services that benefit members across the province.

## Expected benefits

We believe the merged credit union will build on the respective strengths of BlueShore Financial and Beem to offer benefits for members, employees, and communities that include:

- competitive personal, business, commercial, insurance, and wealth management solutions;
- an expanded network of 66 branches across much of the province, along with insurance offices;
- additional support for local communities through community impact councils, with a goal of investing \$9.5 million over five years in community initiatives; and
- more opportunities for employees to grow a satisfying career and apply for roles in more locations.

### Ian Thomas

President and CEO

Building on decades of service, innovation, and integrity, we're dedicated to improving our members' financial well-being, boosting our employees' engagement, fostering the health of our communities, and strengthening our credit union to be strong and sustainable for many years to come. This merger will support this dedication.

## Your vote matters!

Visit **TogetherOurBest.ca** for merger-related information that will help you to make an informed vote. As a member and/or shareholder, you play a crucial role in shaping the collective future of BlueShore Financial and Beem, and your member-elected Board of Directors recommends voting YES to this opportunity. **Together, we can achieve our best.**

### Diana Chan

Chair, Board of Directors

“ Your YES vote can help us become a stronger credit union. ”

*By voting YES, you will help unite BlueShore Financial and Beem to form a stronger and more innovative credit union that is better equipped to compete in the evolving financial services landscape. This merger will provide opportunities for our members, shareholders, clients, employees, and communities while safeguarding your financial well-being for years to come.*

*Credit unions across the country are encountering increasing technological, regulatory, and competitive pressures. To ensure we remain strong and sustainable well into the future, and to continue offering the products and services our members need and want, BlueShore Financial and Beem are seeking to merge. Together, we believe we can achieve our best as a strong merged credit union for our members, employees, and communities.*

# Preface

BlueShore Financial Credit Union (“BlueShore Financial”) and Beem Credit Union (“Beem”) are proposing to merge (referred to in this Guide as the “Proposed Merger”).

The Proposed Merger will be structured as an asset transfer under Section 16 of the *Credit Union Incorporation Act* (BC), whereby Beem will acquire all the assets and assume all the liabilities of BlueShore Financial. Following the Proposed Merger, BlueShore Financial members and shareholders will become members and shareholders of Beem.

Throughout this Guide, the term “merged credit union” will be used to refer to Beem after the effective date of the Proposed Merger, when it will be carrying on the business of both Beem and BlueShore Financial.

BlueShore Financial’s eligible members and shareholders are being asked to vote on the Proposed Merger.

After reading this Guide, you will:

- discover how the Proposed Merger is expected to benefit members, employees, communities, and the credit union system in British Columbia; and
- have the necessary information to make an informed decision regarding your vote on the Proposed Merger.

Please refer to the Supplemental Information Package at **TogetherOurBest.ca** for more information relating to the voting process and vote timeline.

# BlueShore Financial and Beem Credit Union

At a glance



**Years in Operation**

83 years

Since January 1, 2024 (but the founding credit unions—Interior Savings and Gulf & Fraser—have been operating since 1939 and 1940 respectively)

**Assets Under Administration**

Approximately \$7 billion

Approximately \$10 billion

**Total Members**

Approximately 33,000 members

Approximately 160,000 members

**Number of Branches**

12 branches

54 branches

**Trade Area**

Vancouver, Burnaby, North Shore, Sea to Sky Corridor

Across much of British Columbia, from downtown Vancouver to the Northern Rockies and North Peace region

**Total Employees**

Approximately 370 employees

Approximately 1,000 employees

## BlueShore Financial

Serving growing and vibrant communities since 1941, BlueShore Financial has been focused on helping our members achieve financial wellness and fulfil their life goals for 83 years.

Today, BlueShore Financial is one of the largest credit unions in British Columbia, recognized for its financial planning advisory services, unique Financial Spa® branches, and personal and long-term relationships with members. BlueShore Financial serves approximately 33,000 members through our Solution Centre and 12 innovative branches covering much of the Greater Vancouver Area and along the Sea to Sky Corridor, from Pemberton to Kerrisdale and from Kitsilano to Burnaby Heights. As of December 31, 2023, BlueShore Financial manages approximately \$7 billion in assets under administration, \$5.7 billion in total assets on balance sheet, and \$1.8 billion assets in wealth management.

Offering personal and business banking, wealth management, insurance, commercial lending and leasing, BlueShore Financial receives exceptional member satisfaction scores.

BlueShore Financial believes in making a meaningful impact by contributing to the communities it serves through sponsorships, donations, employee volunteering, and community partnerships.

Its 370 employees are guided by BlueShore Financial’s organizational values: 360° Accountability, Sophisticated Experience, Balance, and Progressive Spirit. BlueShore Financial has four times been named one of “Canada’s Most Admired Corporate Cultures™” by Waterstone Human Capital. It has been designated as a Caring Company by the Canadian Centre for Philanthropy and is a proud member of Canada’s IMAGINE program.

## Beem Credit Union

Beem’s history extends back more than eight decades, when its founding credit unions—Interior Savings Credit Union (“Interior Savings”) and Gulf and Fraser Fishermen’s Credit Union (“Gulf & Fraser”)—were formed. From its inception, the credit union has grown organically and through mergers to become the strong and thriving co-operative that it is today.

Beem, short for “be empowered”, was formed through member support with an aspiration to become the financial institution of choice for all British Columbians. Beem offers its 160,000 members a network of 54 branches that span British Columbia from downtown Vancouver to the Northern Rockies and North Peace region, with a solid foundation of \$10 billion in total assets under administration.

Beem provides a full range of personal and business banking, investment and insurance solutions to its members. With a passion for educating and empowering members to achieve their financial goals, Beem focuses on providing advice tailored for each individual, and has supported members and invested in its local communities for more than 80 years.

Beem, through its founding credit unions, has a long history of building financial wellness and supporting the communities that it serves. Through donations, sponsorships, employee volunteer programs, its Million Dollar Bursary program, and many other grant and sponsorship programs, Beem invests more than \$1 million each year in community support.

Serving members all across the province and through a number of regional offices, Beem has approximately 1,000 employees, including through subsidiaries, guided by strong cultural values.





# Shared Vision for the Future

*We believe the merged credit union will create more value for members and employees.*

“*Our goal is to provide members access to financial advice, tools, and products to meet them wherever they are in their financial journey.*”

Everyone deserves access to the products, tools, advice, and knowledge to feel secure. Our goal is to provide members access to financial advice, tools, and products to meet them wherever they are in their financial journey.

BlueShore Financial and Beem envision a future where financial wellness can be achieved by all. A future where our collective members continue to receive trusted and sophisticated financial advice, with their best interests at heart, across our beautiful province. A future with innovative solutions that make banking easy, all while providing the personalized attention that our members desire. A future where employees are empowered to grow their careers and grow with the credit union. A future where together, our best shines.

As champions for our members, we provide personalized, impartial, and trusted advice to help members achieve what matters most to them, no matter where they are in their financial journey.

Together, leveraging our shared resources and expertise, we aspire to become the most people-first and digital-first credit union in the province. This means offering members the best of both worlds: a large

network of branches and support centres across the province for personal and expert advice, combined with modern digital solutions to make banking effortless.

We believe that credit unions are stronger together and we will continue to work as a system to compete with banks and digital financial institutions on products, technology, services, rates, and advice, while still offering the benefits of a financial co-operative.

Our deep community knowledge and local decision-making means we adapt to the unique realities and needs of our members, offering meaningful support and investment in local economies and businesses.

Powering it all is our people. We celebrate the passion and savvy of our people; supporting, developing, and challenging ourselves and each other every day to become a better financial institution while helping our members achieve their financial well-being.

*We believe that together, we will achieve our best.*

# Benefits of the Proposed Merger

*Together, we can offer more choice in products and services to our members, wherever they are in the province, while providing exciting opportunities for employees, supporting our communities, and creating a more resilient credit union for the future.*



## Benefits to Members

By merging, BlueShore Financial and Beem can leverage their collective strengths and pooled resources to provide greater opportunities for employees, members, and communities.

The merged credit union will be committed to providing members with the same high-quality, sophisticated personal advice that they receive today, and the Proposed Merger is expected to benefit members and communities through:



### Digital investment

Investing in digital technology is a big challenge for many financial institutions. The speed of change often holds them back from offering the services needed to stay competitive in today's digital world. To truly transform and meet changing member expectations, significant investment is required.

The merged credit union is expected to be able to invest more efficiently in digital upgrades, which are already in progress. This will help develop unique and competitive offerings across the business.



### Products and services

With complementary services and product options, the two credit unions offer a very similar array of options to members. Members will continue to have access to the products and services available today. In addition, as a larger credit union and with greater scale and product management philosophy, there will be heavy emphasis on innovation and introducing new products and services to the membership that will reduce friction in transactions and improve the member experience.

All eligible deposits will continue to be guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia (CUDIC). For a full list of products and services, visit [TogetherOurBest.ca](https://www.togetherourbest.ca)



### Larger lending caps and limits

The merged credit union will have assets under administration of \$17 billion and a projected capital base greater than \$850 million. Increased caps and limits are expected to benefit members with higher lending needs and who wish to purchase property in an appreciating market.



### Geographic footprint

BlueShore Financial and Beem have members across the province who migrate for retirement, remote work, cost of living, and work-life balance. The merged credit union will offer a large network of 66 branches across the province that would benefit members who want to bank where they are, and provide greater employment opportunities and enhanced job mobility for employees.

## Benefits to employees

We believe the merged credit union will offer employees opportunities for increased career development and be attractive to those employees who are committed to building knowledge, skills, abilities, and careers with a single organization.



### Greater career paths & development

It is anticipated there will be a need for a greater variety of job roles, which is expected to include bringing more specialized roles in-house. Likewise, the dedication to training and development and the investment in technology, risk management, specialized roles, and back-office support will create further opportunities for employees to deepen their skills in their chosen career path.



### Geographic mobility & opportunities

With geographical spread, there may be more opportunities for flexibility and mobility. At the same time, with the intention to operate with a distributed workforce where feasible, many employees can remain where they are while accessing a broader range of career opportunities.



### Enhanced experience & systems

With greater opportunity for investment in the business, it is expected that the merged credit union will have the ability to provide an enhanced employee experience, more choice, and improved systems, which are expected to lead to increased employee satisfaction.

## Benefits to Communities



BlueShore Financial and Beem have long been important contributors to their communities and there is no plan to change that in the merged credit union. In fact, the ability to support communities is anticipated to see a boost due to the collective financial strength of the merged credit union.

With a shared belief that building strong communities extends beyond writing cheques, both BlueShore Financial and Beem have employee volunteer programs in addition to numerous grants and sponsorship programs. With community commitment remaining embedded in its values, the merged credit union will continue to offer a robust community investment program.

## Financial Impact



The merged credit union is forecasted to achieve positive net financial results on a combined basis while gaining greater size and scale. It is projected to be one of the largest provincially regulated credit unions in Canada. The merged credit union will have larger commercial lending limits to service more sizeable and niche commercial lending opportunities with a greater geographical reach.

Additionally, the combined strength in wealth management and insurance offerings will reduce the reliance on net interest income and generate additional revenue opportunities across business lines. The profitability and capital of the merged credit union is expected to support investments in technology and ongoing growth in accordance with its aspiration to be the financial institution of choice for British Columbians.

## Benefits to the Credit Union System



The merged credit union will have credit union assets under administration of approximately \$17 billion, creating one of the largest provincially regulated credit unions in Canada. This position would give our voice strength when seeking to positively influence the credit union system toward innovation. The merged credit union will have an even greater ability to advocate for the credit union system both provincially and nationally, and have a stronger voice on a wide array of co-operative issues, to better advocate in the best interests of employees and members.

# Goals for the Merged Credit Union

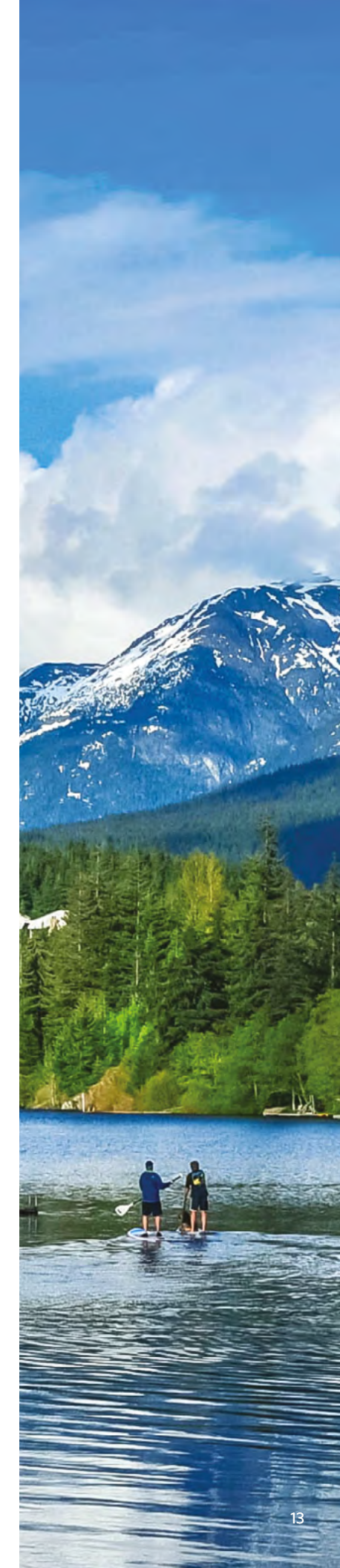
With increased financial, human, and technology resources, the merged credit union expects to be better equipped to handle market challenges and remain resilient and sustainable. It aims to deliver personalized service, strengthen member relationships, and enhance services using combined resources and new technology.

Employees are expected to have more opportunities for learning and skill development, fostering a supportive and growth-oriented environment by combining best practices from BlueShore Financial and Beem.

It is intended that the merged credit union will make a meaningful impact in local communities by increasing community funding. It will also support other credit unions through collaboration, leadership, and partnerships, thereby contributing to a stable credit union system in British Columbia.

These priorities aim to promote financial wellness, expand our branch network, enhance experiences, capture opportunities, and establish the merged credit union as a trusted community brand. To achieve these priorities, we aim to:

- unify BlueShore Financial and Beem by aligning systems, business models, products, services, policies, and procedures to capture efficiencies, cost savings, and best practices, while maintaining local influence and decision-making;
- enhance the employee and member experience, achieve operational efficiencies, and drive product innovation through digital transformation;
- diversify revenue amidst increased competition, through a product and innovation office to explore new products and markets; and
- define the merged credit union's ESG strategy, including a focus on diversity, equity, inclusion, and reconciliation.



# Why Merge Now?

*By uniting our strengths and investing in our people, products, and technology, we aim to enhance the financial well-being of our members and clients, support the career growth of our employees, and make a positive impact on our communities. Our goal is to create a robust credit union that provides lasting benefits for our members, employees, and communities, both now and for future generations.*

With digital transformation and new competitors, credit unions of all sizes are facing increased pressures. Add to that the introduction of open banking/consumer-directed finance, payment modernization, and increasingly complex and costly regulatory requirements, and it's clear that the financial services landscape is evolving rapidly.

The rapid pace of change impacts all financial institutions and makes it tougher to:

- keep growing the membership base;
- hire and retain talented employees;
- update or replace outdated technology systems;
- handle the rising costs of compliance and risk management;
- develop competitive and sustainable pricing models; and
- operate with narrower profit margins.

Many credit unions have merged to gain the scale needed to stay competitive and strong, while remaining true to the co-operative spirit of working together for the benefit of all. Back in 1994, there were 978 credit unions in Canada. Today, there are just 192, with about 22 mergers taking place each year.

Given the current challenges facing credit unions and the broader rationale for a merger, combining the businesses of BlueShore Financial and Beem presents an opportunity to unite two credit unions that share a desire to enhance service to our collective members, employees, and communities. This Proposed Merger is expected to increase financial resilience, enabling us to better adapt to changing economic conditions, emerging technologies, digital trends, and growing regulatory demands.

BlueShore Financial and Beem believe now is the right time to merge and build a strong credit union. We believe that together, the two credit unions can achieve their best.

## Alternatives Considered

Each year, as part of strategic planning, both BlueShore Financial and Beem consider various options for long-term strength, stability, and growth. These options include maintaining the status quo, collaboration, partnerships and joint ventures, federal continuance, and other merger partners. After consideration of such alternatives, the two credit unions believe that the Proposed Merger between BlueShore Financial and Beem is the most desirable path forward.

For a brief description of each of the alternatives considered by both Boards of Directors, please refer to the Supplemental Information Package available online at [TogetherOurBest.ca](https://www.togetherourbest.ca).

“Our goal is to create a robust credit union that provides lasting benefits.”



# History and Background of Merger Discussions

*BlueShore Financial and Beem share an exciting vision for our future.*

*The Boards of Directors, elected by the members of each credit union, have assessed the benefits and risks of the Proposed Merger.*

*The Board of Directors of BlueShore Financial is asking every member and shareholder to vote on this important decision and recommends voting **YES** to this opportunity.*

“  
This is an important decision and we’re asking every member to vote.”

Formal discussions between Beem and BlueShore Financial started in July 2024, with the Chief Executive Officers and Board of each credit union engaged. Through initial discussions, the credit unions determined that exploring a business combination would be an ideal course of action.

Both parties recognized the inherent potential in combining BlueShore Financial and Beem, and in particular, combining the credit unions’ scale and capital to elevate the provision of services to members and local communities.

## JULY 2024

Boards of Directors of both credit unions begin merger discussions.

## AUGUST

Memorandum of Understanding signed.

Due diligence and financial modelling are completed. Expected benefits are determined to outweigh the risks.

Both Boards approve the Application for Consent including the business case, due diligence, and Asset Transfer Agreement.

Application submitted to the Competition Bureau.

Application submitted to BC Financial Services Authority (BCFSA) for consent.

## OCTOBER

The Proposed Merger receives consent from the Superintendent of Financial Institutions.

# Structure and Method of the Merger

As approved by the Boards of Directors, elected by the members of each of BlueShore Financial and Beem, the Proposed Merger will happen by way of an asset transfer. This means Beem will acquire all of BlueShore Financial’s assets and will assume all liabilities of BlueShore Financial.

Upon completion of the Proposed Merger, BlueShore Financial will be dissolved as a legal entity, but its legacy, including use of the trade name “BlueShore Financial,” will continue in the merged credit union for at least 18 months after the Effective Date, or such other period as mutually agreed upon between the Chief Executive Officer of Beem and the President of BlueShore Financial, a division of Beem.

With combined total assets under administration of approximately \$17 billion, the merged credit union will legally be known as Beem Credit Union; however, the former branches of BlueShore Financial will continue to operate under the trade name “BlueShore Financial” in the near term.

For a copy of the full Asset Transfer Agreement, refer to the information and materials available at [TogetherOurBest.ca](https://www.togetherourbest.ca).





# How the Merged Credit Union will Operate

*With 193,000 members, 66 branches, nearly 1,400 employees, and close to \$17 billion in assets under administration, the merged credit union is anticipated to be one of the largest provincially regulated credit unions in Canada.*

## Administrative office(s)

The head office and registered office for the merged credit union will be the current head office of Beem Credit Union located in Kelowna, British Columbia. Regional Departments that are primarily office functions and non-member facing positions of the merged credit union will be administered on a distributed workforce model, supported by regional offices that serve key regions of the province. The records office of the merged credit union will be the office of Edwards, Kenny & Bray LLP, in Vancouver, British Columbia or such other law firm or location as the merged credit union determines from time to time.

## Name and brand

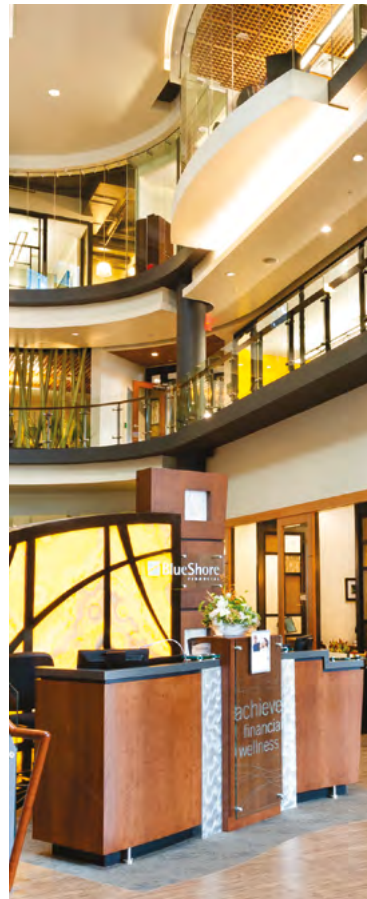
As the Proposed Merger is structured as an asset transfer under Section 16 of the *Credit Union Incorporation Act* (BC), the legal name of the merged credit union will continue to be "Beem Credit Union".

However, for a minimum of 18 months following the Proposed Merger, the merged credit union will continue to operate BlueShore Financial branches under the BlueShore Financial brand as a division of Beem Credit Union. During the 18-month transition period, a market analysis will be conducted to determine how to best bring the brands together with an intention that, over time, the merged credit union will adopt the Beem Credit Union brand across all its trade areas.

**193,000**  
Members

**1,400**  
Employees

**\$17**  
Billion in assets





### Branch locations

The Proposed Merger will create a wide network of approximately 66 branches—along with insurance offices—throughout Greater Vancouver, the Sea-to-Sky Corridor, the Fraser Valley, the Interior, Cariboo, and into Northern BC. In time, this will allow members to do their banking wherever it is most convenient for them. We expect to offer members personal, business, commercial, insurance, and wealth management solutions and advice. (Visit [TogetherOurBest.ca](http://TogetherOurBest.ca) for a list of branch locations.)

The merged credit union will continue to utilize the branch network as ‘advice centres’ that foster building relationships and connection with members.

### Mobile delivery

A mobile team will deliver mortgage solutions, commercial services, small business banking advice, and wealth management. The merged credit union will endeavour to expand on this offering by providing members with better service and employees with increased career opportunities.

### Call and service centres

The merged credit union will operate call centre(s) that offer members extended hours of service with the capacity to administer credit, complete transactions, and provide members with complex advice-based solutions.

### Products and services

The merged credit union will focus on providing advice tailored for each member. It will offer a full range of personal and business banking, investment and insurance solutions and, as a larger credit union, there will be heavy emphasis on innovation and introducing new products, services, and digital banking enhancements to members that will reduce friction in transactions and improve their member experience.

### Patronage and member rewards

The merged credit union’s legacy patronage programs will be aligned as part of an overall integration plan.

**66**  
Branches

- Greater Vancouver
- The Sea-to-Sky Corridor
- Fraser Valley
- Interior
- Cariboo
- Northern BC

“ Together, we can achieve our best. ”

# Merged Credit Union Executive Team



# Governance Structure

*The executive organizational structure has been established based on the vision of being nimble, responsive to market needs, enabling people, and delivering on core capabilities.*

Beem’s organizational structure will remain in place after the merger, with the current President & CEO of BlueShore Financial being added to the Beem executive team, during the transition period, as President of the BlueShore Financial division of Beem. The following is the merged credit union’s expected executive team, effective as of the Effective Date of the Proposed Merger.

**Brian Harris** — President & CEO

**Ian Thomas** — President of BlueShore Financial, a division of Beem Credit Union (Transition Period)

**Dave Colic** — Chief Technology Officer

**Karen Hawes** — Chief Relationship Officer

**Maggie Sinclair** — Chief Growth Officer

**Mary Lynn Baker** — Chief Integration Officer

**Ron Lee** — Chief Financial Officer

**Scott Betts** — Chief Risk Officer

**Sue Britton** — Chief Innovation Officer

**Tara Collins** — Chief People and Culture Officer

For executive biographies, please refer to the Supplemental Information Package found at [TogetherOurBest.ca](https://www.togetherourbest.ca).

## Board of Directors

As of the Effective Date of the Proposed Merger, the initial Board of Directors of the merged credit union will consist of 18 directors, comprising the 14 current directors of Beem, and four legacy directors from BlueShore Financial. The selection of BlueShore Financial directors was based on their interest and eligibility under the Beem Credit Union Rules and was informed by a third-party assessment, which considered complementary skills for the Beem Board of Directors. Although Beem’s Rules allow for up to 18

directors, the ideal size of the Board is a fewer number of directors. Board terms for the BlueShore Financial legacy directors have been staggered to, along with the pre-existing staggered terms of the current Beem directors, help achieve this reduction while also ensuring there is representation from both BlueShore Financial and Beem.

The legacy directors of BlueShore Financial who will serve as additional directors of Beem and their initial terms are set out below:

Director	Initial Term
<b>Julie McGill</b>	One Year (expiring at the close of Beem’s 2026 AGM)
<b>Lynne Charbonneau</b>	One Year (expiring at the close of Beem’s 2026 AGM)
<b>Diana Chan</b>	Two Years (expiring at the close of Beem’s 2027 AGM)
<b>Oliver Grüter-Andrew</b>	Three Years (expiring at the close of Beem’s 2028 AGM)

If any of the proposed directors listed above become unwilling or unable to act as a director of the merged credit union prior to the effective date of the Proposed Merger, an updated list of initial directors will be made available at [TogetherOurBest.ca](https://www.togetherourbest.ca)

The following are the current Beem directors who will continue their current terms of office as directors of the merged credit union, subject to normal course changes through retirements and resignations:

Director	Term Expiry	Director	Term Expiry
<b>Daniel Drexler</b>	2025	<b>Tracey Wolsey</b>	2026
<b>Karri Brinnen</b>	2025	<b>Bruce Tisdale</b>	2027
<b>Lee Varseveld</b>	2025	<b>Christine Dacre</b>	2027
<b>Reg Foot</b>	2025	<b>Doug Sweeting, Board Chair</b>	2027
<b>Bill Wilby</b>	2026	<b>Elmer Epp</b>	2027
<b>Linda Archer</b>	2026	<b>Nate Hampson</b>	2027
<b>Tracey Scott</b>	2026	<b>Rob Shirra, Vice Chair</b>	2027

For director biographies and information on Board Committees, please refer to the Supplemental Information Package found at [TogetherOurBest.ca](https://www.togetherourbest.ca).



# Key Risks of the Proposed Merger

The elected directors and the CEOs of BlueShore Financial and Beem assessed the risks of the Proposed Merger and concluded that the expected benefits outweigh the risks. The merged credit union will develop control and risk management policies and will track and mitigate risks.

Below are some of the key risks and impacts of the Proposed Merger

Potential Risk	Potential impact	Mitigation approach
<b>Brand identity and community connection</b>	Risk of lost goodwill, brand identity, and community connection.	BlueShore Financial is a well-known brand in its market. While Beem is not a well-known brand yet due to its recent formation, it has a strong and compelling brand to share. Both credit unions have a strong dedication to their local communities. Post-merger, BlueShore Financial will retain its brand identity for at least 18 months, during which period the merged credit union will engage with BlueShore Financial's members to introduce them to Beem.
<b>Costs of integration</b>	Risk of integration costs exceeding forecasts.	The financial modelling for the merged credit union is conservative. To ensure expenditures are managed and desired outcomes are achieved, planning, budgeting, business cases, and project oversight will be implemented. Collaborating with reputable experts and aligning expenditures with strategic objectives will also help achieve the desired outcomes.
<b>Credit union integration</b>	The risk profile of the merged credit union will in the near term endure heightened operational, reputational, and financial risks.	The integration plan will schedule the BlueShore Financial integration to follow the completion of Beem's ongoing integration of Gulf & Fraser and Interior Savings. This plan will emphasize change management, utilizing a proven governance model throughout the 18-month transition period, and will heavily invest in communication efforts. Beem has a dedicated integration team and processes, and a track record of successful integrations.
<b>Cultural alignment</b>	Risks associated with integrating two different corporate cultures.	Future operations will align with the vision for the merged credit union. By joining Beem early, BlueShore Financial can help shape the roadmap to achieve this vision. The merged credit union will adopt an inclusive approach for all employees, focusing on future growth.

Potential Risk	Potential impact	Mitigation approach
<b>Due diligence</b>	Risk that pertinent details (e.g., undisclosed liabilities) exist and the other credit union is unaware of this.	The due diligence process was comprehensive, incorporating external legal, accounting, and tax experts. Beyond these investigations, the Asset Transfer Agreement mandates that each credit union confirms the accuracy and completeness of the information provided during this process.
<b>Employee engagement and change management</b>	Between announcements of the Proposed Merger to final implementation, employees could have a negative reaction to the uncertainty and potential impact of the Proposed Merger.	The merged credit union will approach change management from both a project and organizational perspective. An experienced Organizational Change Management team will guide employees through the transition. This support will involve two-way feedback, proactive question resolution, collaboration opportunities, value alignment, a multi-faceted change strategy, frequent communication, transparent engagement, efficient training, and sustained adoption efforts.
<b>Membership approval</b>	Eligible members and shareholders of BlueShore Financial will vote on the Proposed Merger. Each resolution must achieve a minimum of 67% of votes in favour of the merger. If the Proposed Merger is not approved, the credibility and standing of BlueShore Financial and Beem may be impacted.	BlueShore Financial's Board of Directors has recommended voting in favour of the Proposed Merger for the expected benefits that it offers to members, employees, and communities. The credit unions are committed to engaging with members through ongoing communications, offering opportunities for feedback and two-way dialogue, to ensure the expected benefits of the Proposed Merger are widely understood.
<b>Operational impacts</b>	Risk of merger activities impacting business operations and member service.	We will use the transition period to thoughtfully plan our integration, adding employees from BlueShore Financial to the Integration Planning Team.
<b>Synergies fail to materialize</b>	Historically not all credit unions have achieved the desired synergies.	Cost reduction and efficiency are not the key drivers for this merger. The intent of the Proposed Merger is to increase scale, diversify revenue streams, create additional opportunities and provide a strong voice for the merged credit union, its members, and employees. The integration plans include key areas such as technology, and branding.
<b>Technology and systems integration</b>	Risks associated with operating, integrating, and running multiple systems and platforms during the transition period along with the time it takes to complete integration.	Wherever possible, Beem's current infrastructure and systems will be utilized, aiming to gradually decommission BlueShore Financial's systems and non-branch infrastructure. Retaining technology and business subject matter experts who support the banking core and enterprise data will be crucial for a successful integration.

# Merger and Integration Costs and Synergies

The merged credit union is expected to achieve positive net financial results over the projection period on a combined basis, along with significantly greater size and scale, forecasted to grow to \$20.2 billion in total assets under administration at the end of Year 5. The merged credit union

is forecast to contribute \$382 million in profits to retained earnings over the 5-year projection, thereby enhancing the capital base with a solid foundation to support members and further investments in our communities and business.

*(See Cautionary Note Regarding Forward-looking Statements.)*

## Merger integration costs and synergies

The cumulative Operating Income and Net Income benefit over the 5-year projections are \$28.8 million and \$23.9 million, respectively. The integration costs are generally one-time in nature, while many of the synergies will continue to have a benefit beyond the projection time horizon in perpetuity, which increases the overall financial benefit of the Proposed Merger. The largest category is for salaries and benefits involving the possible exercise of executive change of control agreements, retention costs and assumed attrition savings over time. The main highlights, by income statement category, of the integration costs and synergies are as follows:

Merger Integration Synergies (Costs)(\$ 000s)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Financial Margin</b>	<b>676</b>	<b>2,027</b>	<b>2,702</b>	<b>2,702</b>	<b>2,702</b>	<b>10,809</b>
Impairment Charges on Loans	(560)	(560)	-	-	-	(1,120)
<b>Non-Interest Income</b>	<b>672</b>	<b>1,276</b>	<b>663</b>	<b>725</b>	<b>585</b>	<b>3,921</b>
<b>Non-Interest Expenses:</b>						
Salaries & Benefits	(2,309)	1,921	5,750	5,869	5,992	17,223
Data Processing/Information Technology	(510)	(3,300)	786	806	827	(1,391)
Premises & Equipment	(1,745)	-	-	-	-	(1,745)
Depreciation/Amortization	-	-	(120)	(120)	(120)	(360)
Advertising & Promotion	25	(555)	(205)	(45)	5	(775)
Professional Services	-	-	40	40	40	120
Other	277	408	477	525	470	2,157
<b>Total Non-Interest Expenses</b>	<b>(4,262)</b>	<b>(1,526)</b>	<b>6,728</b>	<b>7,075</b>	<b>7,214</b>	<b>15,229</b>
<b>Operating Income (Loss)</b>	<b>(3,474)</b>	<b>1,217</b>	<b>10,093</b>	<b>10,502</b>	<b>10,501</b>	<b>28,839</b>
Income Taxes Recoveries (Expense)	591	(207)	(1,716)	(1,785)	(1,785)	(4,902)
<b>Net Income (Loss)</b>	<b>(2,883)</b>	<b>1,010</b>	<b>8,377</b>	<b>8,717</b>	<b>8,716</b>	<b>23,937</b>

## Financial Summary

Below is the five-year summarized combined financial projections for the merged credit union. These projections consider the economic environment, expectations for growth, and alignment of operations, and recognize incremental integration costs and synergies that are expected to be incurred over the five-year horizon. It is important to note that this financial model is not intended to reflect a business plan, tactical plan, or strategic plan. Rather, it is developed conservatively, and there may be opportunities to further grow assets and operating income.

Loans are modelled to increase to \$13.1 billion at the end of Year 5 and deposits to \$13.7 billion. By the end of the 5-year projection period, members' equity exceeds \$1.1 billion, and total assets under administration are more than \$20 billion. Net integration costs and margin compression contribute to an expected operating loss of \$11 million in Year 1 before net synergies and continuing recovery of financial margin result in forecast operating income of \$83 million in Year 2 and exceeding \$130 million in Year 3 and later years. Key performance indicators show steady improvement over the projection period.

The financial projections demonstrate that the merged credit union provides a solid foundation for future profitability and growth, and position it for greater opportunity and success than either credit union could achieve independently on a status quo basis.

Balance Sheet (\$ 000s)	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR*
Total Net Loans	11,886,202	12,104,315	12,408,521	12,727,032	13,060,108	2.13%
Other Assets	1,876,510	1,971,804	2,043,122	2,135,525	2,235,060	
<b>TOTAL ASSETS</b>	<b>13,762,712</b>	<b>14,076,119</b>	<b>14,451,643</b>	<b>14,862,557</b>	<b>15,295,168</b>	
Total Deposits	12,472,751	12,766,974	13,056,843	13,357,916	13,675,507	2.21%
Other Liabilities	573,650	528,113	510,480	512,256	514,467	
Total Equity	716,311	781,032	884,320	992,385	1,105,194	8.91%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>13,762,712</b>	<b>14,076,119</b>	<b>14,451,643</b>	<b>14,862,557</b>	<b>15,295,168</b>	<b>2.34%</b>
<b>Total Assets Under Administration**</b>	<b>17,580,982</b>	<b>18,134,518</b>	<b>18,765,917</b>	<b>19,449,488</b>	<b>20,172,647</b>	<b>3.22%</b>

\* Five-year compound annual growth rate

\*\* Comprising total assets, syndicated & Canada Emergency Business Account (CEBA) loans and investment portfolios and mutual funds (at market value)

Income Statement (\$ 000s)	Year 1	Year 2	Year 3	Year 4	Year 5
Financial Margin	190,300	285,226	333,773	343,952	354,795
Impairment Charges on Loans	679	647	983	1,178	1,309
Non-Interest Income	63,080	65,852	68,036	71,280	74,495
Total Non-Interest Expenses	263,705	267,506	268,853	276,340	284,629
<b>Operating Income (Loss)</b>	<b>(11,004)</b>	<b>82,925</b>	<b>131,973</b>	<b>137,714</b>	<b>143,352</b>
<b>Net Income (Loss)</b>	<b>(12,450)</b>	<b>65,021</b>	<b>105,088</b>	<b>109,766</b>	<b>114,416</b>

Key Performance Indicators	Year 1	Year 2	Year 3	Year 4	Year 5
Total Liquidity	12.21%	12.66%	12.89%	13.24%	13.60%
Capital Adequacy	12.71%	13.25%	14.42%	15.58%	16.74%
Financial Margin	1.39%	2.05%	2.34%	2.35%	2.36%
Operating Income/Assets (ROA)	(0.08%)	0.60%	0.93%	0.94%	0.95%
Operating Efficiency Ratio	104.08%	76.20%	66.91%	66.55%	66.30%
Asset Growth	1.00%	2.28%	2.67%	2.84%	2.91%

## Impact of accounting standards on financial merger model

In the Proposed Merger, the impact of the International Financial Reporting Standards (IFRS) 3 *Business Combinations* will be analyzed. IFRS 3 outlines the accounting on the recognition and measurement of acquired assets and liabilities, and the necessary disclosures when an acquirer obtains control of a business. Business combinations require

assets acquired and liabilities assumed to be measured and recorded at their fair values at the acquisition date to determine the purchase price allocation (PPA).

Based on preliminary assessments, the expected fair values of the loan and deposit portfolios compared to book value may differ materially, but is undeterminable at this time and has

not been reflected in the financial projections above. Any fair value adjustments required for the loan and deposit portfolio will initially impact capital and will amortize over time through the profit and loss statement as those portfolios approach maturity. The anticipated increase in fair value compared to book value of real estate asset holdings is also expected to be

material and increase capital. The PPA is determined following closing based on the assessment of the fair value of assets acquired and liabilities assumed.

# Cautionary Note Regarding Forward-looking Statements

This Guide to the Proposed Merger between BlueShore Financial Credit Union and Beem Credit Union contains forward-looking statements and information. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “potential”, “pro forma”, and similar expressions are intended to identify forward-looking statements or information. Forward-looking information presented in such statements or disclosure may, among other things, relate to:

- the anticipated benefits from the Proposed Merger;
- the expected completion and implementation date of the Proposed Merger;
- certain operational and financial information;
- the nature of the merged credit union’s operations following the Proposed Merger;
- sources of income;
- forecasts of capital expenditures, including general and administrative expenses;
- anticipated income taxes;
- business outlook following the Proposed Merger;
- plans and objectives of management for future operations;
- forecast cost savings; and
- anticipated operational and financial performance.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to BlueShore Financial and Beem, as applicable, including information obtained from third-party industry analysts and other third-party sources.

The assumptions and factors include, but are not limited to:

- satisfaction of the other conditions for completion of the Proposed Merger, including the receipt of all required regulatory and third-party approvals to complete the Proposed Merger;
- the completion of the Proposed Merger;
- no material changes in the legislative and operating framework for the business of BlueShore Financial and Beem;
- no material adverse changes in the business of BlueShore Financial and Beem; and
- no significant events occurring outside the ordinary course of business of BlueShore Financial and Beem, as applicable, such as a natural disaster or other calamity.



The forward-looking information contained in statements or disclosures in this Guide is based (in whole or in part) upon factors that may cause actual results, performance or achievements of BlueShore Financial, or Beem, as applicable, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While BlueShore Financial and Beem do not know what impact any of those differences may have on their respective businesses or the business of the merged credit union, results of operations and financial conditions may be materially adversely affected.

You are further cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further

information becomes available and as the economic environment changes.

You are cautioned that the foregoing list is not exhaustive. Readers should carefully review and consider the risk factors described under “Key Risks of the Merger” and other risks described elsewhere in this Guide.

The forward-looking statements and information contained in this Guide are made as of the date hereof and BlueShore Financial and Beem undertake no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events, or otherwise, except as required by applicable laws. Because of the risks, uncertainties, and assumptions contained in this Guide, BlueShore Financial members should not place undue reliance on forward-looking statements or disclosures. The forward-looking information and statements contained in this Guide are expressly qualified in their entirety by this cautionary statement.

“ Your vote matters. ”

*We hope our members will support BlueShore Financial and Beem uniting to create a strong merged credit union for you and your community.*


The Board of Directors and CEO of BlueShore Financial recommend voting **YES** to the Proposed Merger.


**#TogetherOurBest**




# “We’re listening.”

We’d love to hear any feedback or questions that you may have.

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Please visit [TogetherOurBest.ca](https://TogetherOurBest.ca) for information about BlueShore Financial events where you can meet our leaders in person or online to discuss the Proposed Merger.