



June 10, 2025

To: All Members of Adjala Credit Union Limited

INVITATION TO ATTEND THE ANNUAL GENERAL AND SPECIAL MEETING OF MEMBERS

The Board of Directors and Management of Adjala Credit Union Limited (“**Adjala**”) are pleased to invite you to attend the Annual General and Special Meeting of members (the “**Meeting**”) to be held on June 25, 2025 at the Municipal Centre Public Room, Adjala-Tosoronto Municipal Office, 7855 Sideroad 30, Alliston, ON L9R 1V1. The formal notice of meeting is attached as Appendix “A”.

We hope you will be able to attend this important meeting. Registration will begin at 6:30 p.m. and the meeting will start at 7:00 p.m.

Adjala and St. Stanislaus-St. Casimir’s Polish Parishes Credit Union Limited (the “**Buyer**”) have entered into a purchase and assumption agreement dated June 2, 2025 (the “**Purchase and Assumption Agreement**”) providing for Adjala to transfer substantially all of its assets to the Buyer and the Buyer to assume substantially all of Adjala’s liabilities (the “**Transaction**”). The Transaction will involve the Buyer acquiring Adjala’s business and the members of Adjala being given membership in the Buyer.

After the completion of the Transaction, the Adjala branch will be operated as a branch of the Buyer using the trade name “Adjala Savings, Branch of Blue Group Savings” (subject to receipt of regulatory approval). The legal entity Adjala would be dissolved after the completion of the transaction.

The Transaction is subject to the approval of Adjala’s members by way of a special resolution. Accordingly, at the Meeting, you will be asked to consider a special resolution to approve the sale of substantially all of Adjala’s assets to the Buyer pursuant to the Purchase and Assumption Agreement. You will also be asked to consider a special resolution to approve the dissolution of Adjala following the completion of the Transaction.

After careful consideration, the Board of Directors has unanimously recommended that the Members vote in favor of the special resolution in respect of the Transaction.

Key considerations relating to the Transaction, a summary of the Purchase and Assumption Agreement, and the reasons the Board of Directors and Management support the proposed Transaction are set out in Appendix “B”. The full text of the special resolutions is set out Appendix “C”. Also enclosed is a Member Guide prepared by the Buyer.

For the Transaction and subsequent dissolution to proceed, the resolutions approving the Purchase and Assumption Agreement and the dissolution of Adjala must be approved by not less than two-thirds of the votes cast at the Meeting.

I look forward to seeing you at the Meeting.

Yours truly,

John Munnoch
Chief Executive Officer

APPENDIX “A”

ADJALA CREDIT UNION LIMITED ANNUAL GENERAL AND SPECIAL MEETING

Wednesday, June 25, 2025 at 7:00 pm

NOTICE IS HEREBY GIVEN of the annual general and special meeting of Adjala Credit Union Limited (“**Adjala**”) to be held at the Municipal Centre Public Room, Adjala-Tosorontio Municipal Office, 7855 Sideroad 30, Alliston, ON L9R 1V1 on June 25, 2025 at 7:00 pm (local time) to consider and, if thought advisable, pass, the following resolutions, the full text of which is set out in Appendix “C” of the accompanying material:

1. A special resolution approving the transfer and sale of substantially all of Adjala’s assets to St. Stanislaus St. Casimir’s Polish Parishes Credit Union Limited (the “**Buyer**”) (the “**Transaction**”), the purchase and assumption agreement dated June 2, 2025 between Adjala and the Buyer, and certain related matters.
2. A special resolution (the “**Dissolution Resolution**”) approving the dissolution of Adjala conditional upon the closing of the Transaction.

Voting by Proxy

A member of Adjala that is a corporation, a partnership or an unincorporated association shall only cast its vote through a written proxy appointing one or more persons to vote on its behalf. The person appointed need not be a member of Adjala, however, if they are a member, they may cast a vote both in their personal capacity and in their capacity as a proxyholder.

The form of proxy is enclosed at Appendix “D”. To be valid, the proxy must be signed by the president or other head officer or by the vice-president or secretary or treasurer of the Member entity. Any such proxy shall cease to be valid at the conclusion of any meeting of the Members for which it was specifically granted, or after the expiration of one year from its date.

Notice Specifications

Copies of Adjala’s financial statements and the report of the audit committee and auditor shall be available at the meeting and at Adjala’s registered office at 7320 St. James Ln, Tottenham, ON, L0G 1W0, ten (10) days before the start date of the meeting. A report on the gender diversity of the Board of Directors shall be presented to the meeting.

Dated at Colgan this 10th day of June, 2025.

On behalf of the Board of Directors.

Tania Schutz

Secretary

APPENDIX “B”

Recommendation of the Board

After careful consideration, the Board of Directors of Adjala has unanimously approved the proposed transaction whereby Adjala would transfer substantially all of its assets to the Buyer and the Buyer would assume substantially all of Adjala’s liabilities (the “**Transaction**”) and determined that it is in the best interests of Adjala and its Members. The Board of Directors unanimously recommends that the Members vote in favor of the special resolution in respect of the proposed Transaction.

*We are asking our members to vote YES on **June 25, 2025** to this proposed Transaction.*

Benefits of the Transaction

After a comprehensive evaluation of the numerous challenges impacting the ability of Adjala to remain viable, the Board and Management of Adjala have concluded that the available options do not provide the necessary solutions to overcome our difficulties.

Lending Limit: Our current Regulatory Capital and Retained Earnings are insufficient to meet the regulator-approved lending limit required for our market. The transaction with the Buyer would result in Adjala members benefiting from a lending limit more appropriate to current market conditions.

Liquidity: When combined with the churn of maturing and non-renewing mortgages, Adjala’s level of liquidity (cash to lend) is inadequate to grow our lending book and generate sufficient income to positively impact our retained earnings.

Increasing Costs: The cost of doing business has significantly increased over the past few years, making it challenging to afford advancements that would benefit our members. Our current operating expenses, including regulatory obligations, salaries, banking and computer systems maintenance, and auditing, have continued to climb, making it nearly impossible for the Credit Union to be profitable. The Buyer’s current financial position demonstrates their ability to easily integrate Adjala into their business model and continue to perform profitably.

Competition Pressure from Banks: Over the past couple of years, interest rates offered on deposits to members have increased significantly across the industry. Larger banks, leveraging their size and diverse income streams, have provided numerous deposit incentive specials. To retain our current membership, Adjala also needed to offer more competitive rates on deposits. Consequently, these rate increases led to a substantial 255% rise in our interest expense between 2022 and 2024. The Buyer has effectively navigated challenging market trends, they have maintained a strong position.

Branch Location: Adjala has been at its current location since 1975, yet many individuals in the area remain unaware of our presence. Despite investments in online access, we have not seen a significant increase in interest. This strategic transaction will enable Adjala to enhance its presence in the community, better serve our current members, and attract new members. The diverse range of products we will be able to offer will position Adjala as a competitive alternative to banks and other financial institutions.

Potential Disadvantages of the Transaction

The Transaction will integrate Adjala into a larger credit union. While this brings several benefits, it also presents some challenges and changes for members and staff.

Potential Loss of Identity: The integration may risk a loss of Adjala’s unique identity as decisions will be made by the Buyer with broader considerations. However, the Buyer is committed to preserving Adjala’s identity and plans to continue using the **Adjala** name.

Temporary Inconvenience: Members may experience some temporary inconvenience as new services are implemented. Many of these changes are necessary regardless of the Transaction, and partnering with a larger credit union will help us implement them more effectively.

Challenges for Staff: Staff may face challenges adapting to new products and services. The Buyer will offer better opportunities for training and career advancement.

Local Governance: If the Transaction proceeds, Adjala will no longer be governed by a local board, resulting in less local control. There will be opportunity for members to join a local Advisory Committee and the possibility of joining the Buyer's Board in the future.

Information Regarding the Transaction

The proposed Transaction will involve the acquisition and assumption by the Buyer of substantially all of the assets and liabilities of Adjala. As part of the Transaction, the members of Adjala will become members of the Buyer. After the closing, the business of Adjala will be carried on by the Buyer using the trade name "Adjala Savings, branch of Blue Group Savings" (subject to receipt of regulatory approval). The Buyer has received FSRA approval to carry on business under the trade name "Blue Group Savings."

The Chief Executive Officer of the Financial Services Regulatory Authority of Ontario has approved the Purchase and Assumption Agreement.

Summary of Purchase and Assumption Agreement

The following is a high-level description of certain provisions of the Purchase and Assumption Agreement. This is not a comprehensive summary of all the terms of the agreement.

- The Purchase and Assumption Agreement provides for the purchase by the Buyer substantially all of the assets of Adjala, including its loans and investment portfolio, and the assumption by the **Buyer** of substantially all of the liabilities of Adjala, including deposits.
- Continuing employment will be offered by the Buyer to all of the employees of Adjala.
- Members of Adjala will be given full membership in the Buyer as part of the Transaction.
- The closing of the Transaction is subject to a number of customary conditions, including that all required regulatory approvals have been obtained and that the members of Adjala have approved the sale. The closing of the Transaction is also conditional upon the receipt of certain consents from third parties that are parties to contracts with Adjala.
- Until the closing, Adjala is required to conduct its business in the ordinary course.

Status of Adjala and Membership Shares After Closing

Adjala will not carry on business after the completion of the Transaction and will dissolve as soon as is reasonably practicable.

In connection with the Transaction, all Adjala members will be deemed to have requested redemption of their membership shares in Adjala, with the exception of a limited number of members who will remain as members of Adjala until its dissolution (the "**Retained Members**"). All Adjala members will be provided with membership shares in the Buyer worth \$100.00. For Adjala members whose Adjala membership shares are being redeemed, the receipt of membership shares in the Buyer will be in full satisfaction of their rights to receive payment on redemption of the Adjala membership shares, and they will not receive anything further upon Adjala's dissolution. For certainty, all Adjala members will cease to be members of Adjala on closing and will become members of the

Buyer after closing, with the exception of the Retained Members, who will also remain as members of Adjala until its dissolution.

Questions?

We are here to assist with any questions you may have. Feel free to visit us in person at Adjala or submit your inquiries through the email function on our website. To help you better understand the Transaction, we will also post answers to frequently asked questions on our website.

APPENDIX “C”

SPECIAL RESOLUTIONS OF THE MEMBERS OF ADJALA CREDIT UNION LIMITED (“ADJALA”)

SALE OF SUBSTANTIALLY ALL ASSETS

WHEREAS:

- A. Adjala has entered into a purchase and assumption agreement with St. Stanislaus-St. Casimir’s Polish Parishes Credit Union Limited (the “**Buyer**”) dated June 2, 2025 (the “**Agreement**”) pursuant to which Adjala will sell and the Buyer will purchase substantially all of Adjala’s assets (the “**Purchased Assets**”) and the Buyer will assume all or substantially all of Adjala’s liabilities (collectively, the “**Transaction**”).
- B. It is a condition of the completion of the transactions contemplated by the Agreement that the members of Adjala approve the sale of the Purchased Assets to the Buyer.

RESOLVED, AS A SPECIAL RESOLUTION THAT:

1. the sale by Adjala of the Purchased Assets to the Buyer upon the terms and conditions set forth in the Agreement is hereby authorized and approved;
2. the Agreement, the entering into of the Agreement and the transactions contemplated thereby are hereby confirmed, ratified and approved; and
3. any two directors or officers of Adjala are authorized and directed in the name of and on behalf of Adjala, to: (I) do on behalf of Adjala any and all acts and things and execute all further agreements, certificates, instruments and documents, in the name and on behalf of Adjala for the purpose of giving effect to the Transaction; and (ii) take all such other actions as they shall deem necessary, desirable, advisable or appropriate to consummate, effect, carry out or further the transactions contemplated by and the intent and purposes of the foregoing resolutions.

VOLUNTARY DISSOLUTION

WHEREAS:

- A. Following the completion of the Transaction it is intended that Adjala will be dissolved.
- B. Adjala will distribute all of its assets and discharge all of its liabilities prior to dissolution.

RESOLVED, AS A SPECIAL RESOLUTION THAT:

1. subject to the completion of the Transaction, Adjala is hereby authorized to submit to the Chief Executive Officer appointed under the *Financial Services Regulatory Authority of Ontario Act, 2016*, an application for an order dissolving Adjala; and
2. any two directors or officers of Adjala are authorized and directed in the name of and on behalf of Adjala, to: (I) do on behalf of Adjala any and all acts and things and execute all further agreements, certificates, instruments and documents, in the name and on behalf of Adjala for the purpose of giving effect to foregoing; and (ii) take all such other actions as they shall deem necessary, desirable, advisable or appropriate to consummate, effect, carry out or further the transactions contemplated by and the intent and purposes of the foregoing resolutions.

APPENDIX “D”

ADJALA CREDIT UNION LIMITED

**FORM OF PROXY – BUSINESS MEMBERSHIPS ONLY
ANNUAL GENERAL AND SPECIAL MEETING OF THE MEMBERS**

Having duly received the Notice of the Annual General and Special Meeting of the Members of Adjala Credit Union Limited (“**Adjala**”) dated June 10, 2025 (the “**Notice of Meeting**”), the undersigned member (the “**Member**”) of Adjala hereby appoints _____, as proxyholder, with power of substitution, to attend, act and vote for the Member at the Special Meeting of Members of Adjala to be held on Wednesday, June 25, 2025 at 7:00 pm (the “**Meeting**”) and at any adjournment thereof and thereat to act for and on behalf of the Member and to cast the number of votes the Member is entitled to cast. The Member hereby revokes any instrument of proxy previously given with respect to the Meeting or any adjournment thereof.

THIS FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE MEMBER’S APPOINTED PROXYHOLDER WITH RESPECT TO ALL MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MIGHT PROPERLY COME BEFORE THE MEETING.

THIS FORM OF PROXY SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING DOCUMENTATION PROVIDED BY ADJALA.

DATED THIS _____ DAY OF _____
2025

SIGNATURE OF PRESIDENT OR OTHER HEAD
OFFICER OR THE VICE-PRESIDENT OR
SECRETARY OR TREASURER OF THE MEMBER

NAME OF MEMBER (a corporation, a partnership,
or an unincorporated association)