



The Boards of Directors at East Coast Credit Union (East Coast) and Provincial Government Employees Credit Union (PGEUCU) are recommending a merger of their credit unions. This merger builds on a strong and longstanding partnership in which both credit unions have been serving members from their shared branch since 2018.

The business case for this merger is strong – demonstrating a unique opportunity to grow and deliver enhanced services and financial sustainability that will benefit all members and communities served.

Members are encouraged to consider the benefits and will be asked to approve the merger in November 2024.

## Business Case Highlights

This merger recognizes the strengths of each credit union.

PGEUCU is an employee-based credit union which has served public service employees for more than 80 years. It brings deep knowledge of their members, and opportunities for the merged credit union to develop new business with province-wide member relationships and community impact.

East Coast is the largest credit union in Nova Scotia. It brings the vision, plan and resources required to create a strong and sustainable future for all members, backed with a steadfast commitment to service, social responsibility, and credit union values.

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## Credit Union Name and Legal Date

East Coast Credit Union will continue as the name for the merged credit union. PGEUCU will become a Division within the East Coast organization. The legal date for the new credit union is January 1, 2025.

## Board Composition

The inaugural board is comprised of 13 directors that are currently serving on the East Coast Board. The inaugural directors will serve a range of terms as defined in the amalgamation agreement. Following the expiry of their respective terms, an election process will be initiated. The initial directors and other members who are interested in serving on the board will have the option to run for new standard three-year terms.

## CEO & Leadership Team

Ken Shea, CEO of East Coast, will be appointed CEO of the merged credit union. The leadership structure includes IT and Innovation, Finance and Corporate Services, Support Services and Risk, People and Culture, and Member Experience and Strategy.

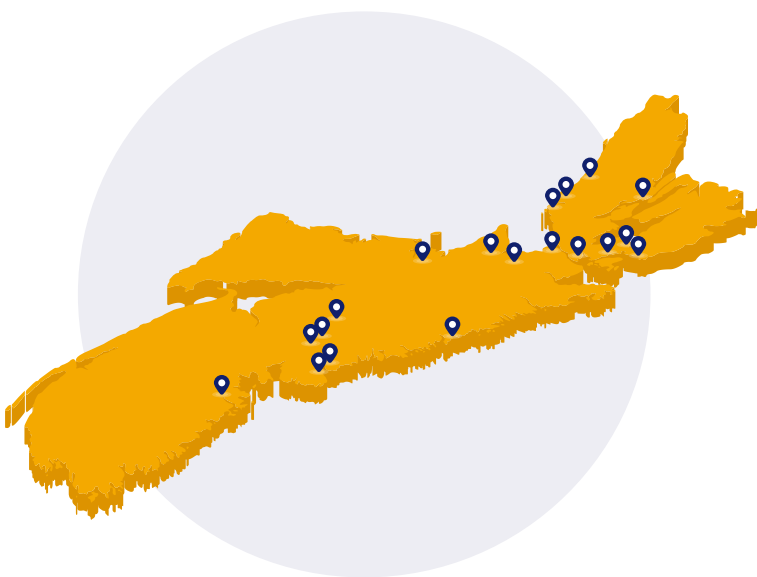
The credit union will maintain a decentralized corporate structure, which means, support services and corporate staff can work in various locations and communities across the province and East Coast's service network.

## Member Service

The merged credit union will strengthen and evolve its service network to support business development, product development, and the delivery of banking solutions to members across the province and all service channels.

- Members will access banking from a combined network of 20 branches, including East Coast's virtual branch and digital services.
- Working together, the merged credit union can explore the opportunity to expand its service offering, for example, extending after-hours, online support, and developing specialized expertise to serve members in areas of lending, insurance, and wealth management.
- Commercial and small business services are available province wide.
- The merger creates no changes to the existing branch locations and staffing, which means the organization will maintain local connections and knowledge within the communities served.

## Member Service Network



Antigonish	Louisdale
Baddeck	Lower Sackville
Bridgewater	Mabou
Dartmouth	New Glasgow
Elmsdale	Port Hawkesbury
Fall River	Port Hood
Halifax (Downtown)	Sheet Harbour
Havre Boucher	St. Andrews
Inverness	St. Peter's
L'Ardoise	Virtual Branch



## Employees

The merger creates new opportunities for employees.

- The merged credit union will ensure members continue to benefit from locally based banking and personalized service from the individuals they know and trust.
- Staffing levels will be maintained. It is anticipated that a few jobs will change, and those impacted will be provided opportunities and training to assume new roles.
- Investments will be made in professional development and learning opportunities to support career growth.
- The organization will foster a performance-driven and inclusive culture that recognizes and rewards collective contributions, results, and success.
- Specialized expertise will strengthen member service.

## Community

The merged credit union will build on East Coast's community investment framework, employee volunteerism, and the community relationships already established by both credit unions.

Beyond the current programs and practices, one merged credit union with strong cooperative values enables greater opportunities to build awareness, partnerships, and make a positive impact in more Nova Scotia communities.

## Due Diligence

The Board and management teams completed due diligence reviews of each credit unions operations to ensure full disclosure regarding the nature of the assets, liabilities, and risks. There were no areas of material risk or concern and strong evidence that both credit unions will benefit from the merger.



## Business Goals & Financial Benefits

The merged credit union will help members achieve their financial goals by providing advice and services that focus on their best interests. The new credit union will offer competitive products, rates, and fees, and differentiate itself based on the personal approach, convenient service, and advice provided to members and strives to be the financial institution of choice in the communities it serves.

From a financial perspective, the proposed merger will have a positive influence on revenue growth, operational efficiency, sustainability, and member equity.

The credit union is expected to achieve the following by 2028.

- Total Assets: **\$1.8 Billion**
- Overall Income: **\$12.2 Million**
- Return on Assets: **0.70%**
- Improved efficiency with annual expense savings and additional revenue.
- Member equity remains strong at **8.9%**

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## Why this merger is being recommended?

After reviewing the business case, the two credit union boards determined the merger:

- Creates a future state that has the potential to be better for all members.
- Builds on each credit union's individual and combined strengths to maximize member offerings and benefits.
- Maintains an environment of respect for the successes and cultures that each partner credit union will bring to the new credit union.
- Builds upon the goodwill of all community stakeholders involved.
- Creates long-term value for the existing and future members.

