

Aviso Wealth Creation

KEY MESSAGES / QUESTIONS & ANSWERS

December 12, 2017

Desjardins and a partnership of Canada's five Credit Union Centrals and CUMIS announced on December 12 that they plan to merge the businesses of Credential Financial Inc., Qtrade Canada Inc. and NEI Investments. The merged company, Aviso Wealth, will be jointly owned by Desjardins (50%) and the Credit Union Centrals-CUMIS partnership (50%).

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GENERAL KEY MESSAGES

1. This transaction will benefit credit union members and other clients:

- With the merger, credit union members and other clients will have access to a more integrated range of competitive products and services that not only address their evolving financial needs but also reflect the unique values and member/client experience they expect from their credit union/cooperative.

2. This transaction will benefit Canada's cooperative sector:

- The new company brings together key players in Canada's cooperative sector: Desjardins Group, the Provincial Credit Union Centrals and CUMIS and its majority shareholder, The Co-operators. The transaction will strengthen the credit union network, as it will be better positioned to meet the wealth management needs of members and clients with the support of one of Canada's largest independent wealth management firms.
- As a full-service provider, Aviso Wealth will be well positioned to better serve the large number of credit union members who currently purchase investment products and services from other providers.

3. This is a winning transaction for the three merging companies, their shareholders, the credit unions and other distribution partners across Canada:

- Although all three companies are profitable and growing, the merger of Credential, Qtrade and NEI will result in an even stronger organization, with greater potential for growth, profitability and innovation than each company could achieve on its own.

4. Aviso Wealth will be a major, full-service wealth management provider, well positioned to compete in today's changing market:

- By vertically integrating the dealer and manufacturer, Aviso Wealth will have the scale and capability to drive improvements in products, service, pricing and innovation. It will be a Canadian financial services leader with a vertically-integrated wealth management platform, \$55 billion in assets under management and administration, and notable strengths in investment management, online brokerage, mutual funds, asset management and correspondent services.

GENERAL QUESTIONS & ANSWERS

1. Which companies are involved in this merger?

The companies are Credential Financial Inc., Qtrade Canada Inc. and NEI Investments. All three companies are owned by and serve Canada's credit union/cooperative sector, along with other customers.

2. Who will own the new merged company?

Aviso Wealth will be jointly owned by Desjardins and a partnership of the five Credit Union Centrals and CUMIS. Desjardins will own 50% of the new company with the Centrals-CUMIS partnership owning the remaining 50%.

3. Who is included in the Centrals-CUMIS partnership?

The partnership involves the five provincial Credit Union Centrals, which represent the majority of credit unions in Canada, and CUMIS.

- The 5 Credit Union Centrals are: Central 1 Credit Union (representing B.C. and Ontario), Credit Union Central of Alberta, Credit Union Central of Saskatchewan, Credit Union Central of Manitoba, and Atlantic Central. Each central is owned by its members – the respective provincial or regional credit unions - with Central 1 owned by British Columbia and Ontario credit unions.
- CUMIS is a financial institution owned 73% by The Co-operators with the remaining 27% owned by Central 1.

4. Who currently owns the three merging companies?

- Credential is owned jointly by CUMIS and the Credit Union Centrals.
- Qtrade is owned by Desjardins.
- NEI is owned jointly by Desjardins and the Credit Union Centrals.

5. Who will lead Aviso Wealth?

William (Bill) Packham has been selected as the new CEO of Aviso Wealth, which will take effect once the deal is approved in Q1 2018.

Bill is currently CEO of Qtrade Financial Group and Executive Managing Director, Wealth Management and Life and Health Insurance, Desjardins Group. Bill joined Desjardins in 2012, and became Co-Chair of Qtrade's Board in 2013, when Qtrade became a Desjardins affiliate. He was appointed as Qtrade's CEO in 2015. Throughout his distinguished career, Bill has held a variety of senior positions in the wealth management and financial services sectors. He previously served as President, CEO and/or Chair as well as a Director of Rockwater Capital, Merrill Lynch Canada, Midland Walwyn Capital, Blackmont Capital and Financial Concept Group. He has also been involved in leadership roles with various financial industry bodies, including serving as chair of the Investment Dealers Association of Canada. A Chartered Accountant, Bill holds a Mathematics degree from the University of Waterloo.

6. Why Aviso Wealth?

Aviso, pronounced (Ah-VEE-zo), is a Portuguese and Spanish term for "advice" or "notice". It is also the name used for dispatch or advice boats. These nimble craft carried vital information between ships working together to execute complex manoeuvres. Like "aviso" the word, Aviso Wealth reflects an organization built around partnership and cooperation. An organization that is nimble, responsive, risk aware, guided by the best and latest information, and committed to making sure that the customers we serve safely reach their goals.

7. How did Desjardins and the Centrals-CUMIS partnership agree on an equal ownership stake in the merged company?

An accounting review determined that the Desjardins and Centrals-CUMIS partnership ownership holdings in the merging companies were of equal value.

8. Why are the three companies merging?

Although Credential, Qtrade and NEI are growing and profitable, the merger will create a vertically-integrated wealth management organization that will be financially stronger, offer an integrated and evolving range of products and services, and thus increase investment opportunities for credit union members and other customers. It will be better positioned to respond to a changing market and the increasing competition in all wealth management segments.

9. Were the merging companies in financial difficulty?

No, all three firms are successful and profitable. Merging the three companies into Aviso Wealth will allow them to drive greater growth, innovation and profitability as well as provide enhanced products and services for customers than they would have on their own.

10. How many employees are affected by the merger?

There are approximately 600 employees combined at Credential, Qtrade and NEI.

11. Will all staff be retained?

It's too early to speculate on potential redundancies. When you merge the three companies, inevitably there will be synergies and some overlap of roles. Synergies will take time, and natural attrition always occurs in a process like this. In addition, strong growth is expected in the business. As things progress, there will certainly be roles that are eliminated, but we also know that some new and exciting opportunities will arise.

Those displaced through the integration will be treated fairly and supported through a career transition.

12. Where will Aviso Wealth's head office be located?

The head office will be located in Toronto, but the main operations of the merging companies will remain in their current locations.

13. How many credit unions are represented in the deal?

Approximately 300 of Canada's credit unions across the country are represented by the Centrals and thus will have an ownership stake in the new company.

14. How will these credit unions benefit?

The credit unions will benefit by being able to offer their members an integrated and evolving range of competitive investment products and services. The majority of credit union members currently purchase wealth management products from other providers. With the aging demographic and billions of dollars about to change generational hands, having an integrated financial services platform will help retain much of this investment capital in the credit union system.

15. What's the benefit for The Co-operators?

As a shareholder in Aviso Wealth, through its ownership position in CUMIS, The Co-operators will also benefit as the new company realizes the benefits of scale, sales and profitability. Aviso Wealth will provide The Co-operators clients with access to quality products and support from an organization that reflects their cooperative values.

16. How will third party dealers and advisors be impacted by the merger?

There will be no change to the relationships with third party dealers and advisors. The new merged company will be well-capitalized, 100% Canadian owned, and the support for dealers and advisors will remain an essential focus of the business. That being said, the larger scale and resources of the new merged company means it will be better able to vigorously compete on price and on product choice and innovation.

17. When will the transaction close?

The transaction is expected to close during the first quarter, subject to approval from regulators and compliance with customary closing conditions.

18. Will Desjardins and the Centrals-CUMIS partnership need to invest additional capital in the new merged company?

No, the merging companies have adequate capital to fund the merger and resulting integration.

19. What will happen to the existing brands and products of the merging companies?

They will continue as usual in the short term, but will be reviewed with the aim of maximizing synergies, and enhancing product offerings and member and customer service. As all three businesses are currently growing and profitable, there are no plans to sell off or discontinue any of the existing product or service offerings.

20. How will 3rd party asset managers, institutional and other partners and non-credit union customers of the merging companies be affected?

While our third party partners will experience no service disruption, this integration will over time enhance the products and services currently offered by the organizations individually. The benefits of scale and long-term viability as a result of the integration will lead to a broader range of integrated products and services, more competitively-priced solutions, and greater product innovation.

21. How does this transaction impact the cooperative sector in Canada?

This transaction will support the cooperative sector by strengthening the wealth management offerings available to credit union members and other clients. Aviso Wealth will become a significant player within the Canadian financial services sector, owned by and serving Canada's cooperative sector, along with other customers. Aviso Wealth will be a leading provider of integrated wealth management products and services, with \$55 billion in assets under management and administration.

22. Is this transaction subject to authorization from regulatory authorities?

Yes, authorization is required from the Office of the Superintendent of Financial Institutions, the Competition Bureau and other federal and provincial regulators.