



Series I Investment Shares

Disclosure Statement



strong together in the Bow Valley

BOW VALLEY CREDIT UNION LTD.
(The "Credit Union")

Price: \$1.00 per investment share in the series

SERIES I INVESTMENT SHARES
(the "Series")

NOTICE TO PROSPECTIVE INVESTORS IN SERIES I INVESTMENT SHARES:

SERIES I INVESTMENT SHARES ARE RISK CAPITAL. THEY ARE NOT DEPOSITS AND THEY ARE NOT INSURED OR GUARANTEED BY ANY GOVERNMENT OR GOVERNMENT AGENCY, BY THE CANADIAN DEPOSIT INSURANCE CORPORATION OR BY ALBERTA'S CREDIT UNION DEPOSIT GUARANTEE CORPORATION, AND NO SUCH INSTITUTION HAS CONSIDERED THE MERITS OF THE SHARES AS AN INVESTMENT. THERE IS NO ASSURANCE THAT, IN THE EVENT OF THE LIQUIDATION OR DISSOLUTION OF THE CREDIT UNION, IT WILL HAVE ENOUGH ASSETS TO RETURN YOUR INVESTMENT TO YOU.

SERIES I INVESTMENT SHARES ARE A PREFERRED CLASS OF SHARES THAT MAY BE ISSUED BY CREDIT UNIONS IN ACCORDANCE WITH THE "INVESTMENT SHARES" DIVISION OF THE CREDIT UNION (PRINCIPAL) REGULATIONS. (That Division and any other relevant "Equity" provisions of Part 8 of that Regulation are referred to in this Disclosure Statement as "the Regulations.")

ANY RIGHTS YOU MAY HAVE TO DIVIDENDS OR TO HAVE THE SHARES REDEEMED BY THE CREDIT UNION OR TO TRANSFER THEM TO OTHERS ARE SUBJECT TO CERTAIN PRECONDITIONS, WHICH ARE REFERRED TO IN THIS DISCLOSURE STATEMENT.

THE SHARES ARE NOT TRADABLE ON ANY STOCK EXCHANGE OR SIMILAR MARKET. YOU MAY BE ABLE TO TRANSFER YOUR SHARES IN LIMITED CIRCUMSTANCES.

THE SECURITIES ACT DOES NOT APPLY TO SHARES ISSUED BY CREDIT UNIONS.

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DEFINITIONS:

“the Act”

- the Credit Union Act Statutes of Alberta Revised Statutes of Alberta 2000 Chapter C-32.

“Board of Directors”

- the Board of Directors of Bow Valley Credit Union Ltd.

“call for redemption”

- the right of the Credit Union to require the holders of Series I Investment Shares to sell all or a part of Series I Investment Shares back to the Credit Union. See Section 6C of this Disclosure Statement for more information on the call for redemption.

“the Corporation”

- the Credit Union Deposit Guarantee Corporation.

“the Credit Union”

- Bow Valley Credit Union Ltd.

“dividend declaration date”

- the date that the Board of Directors authorizes the payment of a dividend on Series I Investment Shares. See section 6.B of this Disclosure Statement for more information on the dividend declaration date.

“dividend payment date”

- the date that the dividends are paid to the holders of Series I Investment Shares. See section 6.B of this Disclosure Statement for more information on the dividend payment date.

“non-cumulative dividends”

- dividends not declared for one fiscal year are not carried forward or added to the dividend of a following year, but are forever extinguished.

“policy”

- a policy of the Credit Union as established by the Board of Directors

“primary capital”

- includes common shares, retained earnings, Stabilization Preferred Shares and certain types of Investment Shares.

“the Regulations” or “Regulations”

- Credit Union (Principal) Regulations Alberta Regulation 249/89 with amendments up to and including Alberta Regulation 240/2021.

“redemption”

- when a holder of Series I Investment Shares sell shares back to the Credit Union. Redeeming Series I Investment Shares allows the holder to receive that portion of their investment redeemed. See section 6.C of this Disclosure Statement for more information on the redemption of Series I Investment Shares.

“redemption date”

- the date that the holders of Series I Investment Shares may redeem Series I Investment Shares. See section 6.C of this Disclosure Statement for more information on the redemption date.

1. FINANCIAL POSITION OF THE CREDIT UNION

The Credit Union's most recent audited financial results for the year ended October 31, 2021 show the Credit Union had:

Assets (including loans) of	\$441,415,076
Liabilities (including deposits) of	\$410,851,434
Members' equity of	\$30,563,642
Net income before rebate for the fiscal year of	\$1,413,116

Impaired loans:

Consumer, of	\$46,216
Residential Mortgages, of	\$2,883,385
Commercial loans, of	\$1,739,722
Agricultural loans, of	<u>\$0.00</u>
Total Impaired loans, of	\$4,669,323

Allowance for loan impairment of:

Consumer, of	\$314,473
Residential Mortgages, of	\$106,708
Commercial loans, of	\$840,277
Agricultural loans, of	<u>\$0.00</u>
Total allowance for loan impairment	\$1,261,458

Allowance for loan impairment as a % of total loans of 0.34%

Total Weighted Assets of ⁽¹⁾ \$226,824,361

Total Primary Capital of ⁽²⁾	\$30,083,636
Total Secondary Capital of ⁽³⁾	\$1,506,855
Less Deductions from Capital	<u>\$282,754</u>
Total Capital of	- \$31,307,737

Total Capital as a % of total risk weighted assets of ⁽⁴⁾ 13,80%

(1) The calculation of risk-weighted assets is set out in the Regulations and is a means of measuring capital adequacy. These rules set out a risk weighted value of assets in specified categories by multiplying them by a percentage varying between 0% and 100% depending on the credit risk attributed to each category (the higher the percentage the higher the risk level of the asset). The sum of all categories is the Credit Union's risk-weighted assets.

(2) Primary capital includes common shares, retained earnings and qualifying investment shares. For further information on the common shares and retained earnings please refer to the 2021 financial statements and the notes to the financial statements in the 2021 annual report. Information on the common share balances of the Credit Union can be found in note #15 of the 2021 financial statements. The Credit Union's share of Credit Union Central of Alberta's excess Retained Earnings is no longer included in the calculation of Primary Capital and has been removed from Capital Ratio calculations in this document.

(3) Secondary capital includes future income taxes, credit loss allowances for non-impaired loans, and qualifying investment shares. Information on the future income taxes can be found in note #13 of the 2021 financial statement. Information on the allowance for credit risk can be found in note #18 of the 2021 financial statement.

(4) The Regulations require that all Credit Unions have total capital as a percent of total risk-weighted assets of a minimum of 8.00%, or total capital as a percent of total assets of a minimum of 4.00%, whichever is greater. The Credit union as at October 31, 2021 retained 13.80% of risk-weighted assets.

Although there will have been some other changes in the ordinary course of the Credit Union's business since the date of the financial statements, to the best of the knowledge of the senior management of the Credit Union and the Board of Directors they continue to present a reasonably accurate picture of the Credit Union's financial position as of the date of this Disclosure Statement. If applicable, there are also attached statements of any "material changes" (as defined in the Regulations) that have occurred in the last 5 years and that may still have a significant effect on the market value of the Series I Investment Shares. Attached are financial highlights for the last 5 years.

If you have not received all of these documents, please ask the Credit Union for those you have not received. You will also be entitled to obtain from the Credit Union copies of annual and quarterly financial statements and any material change statements issued in the future. These will be available at any branch of the Credit Union, on request, and displayed prominently at each branch. This will enable you to monitor the Credit Union's financial position, which may affect the value of your shares and dividend and redemption rights.

2. BUSINESS OF THE CREDIT UNION

The Credit Union is incorporated and regulated under Alberta's Credit Union Act. It provides a full range of financial services in the communities of Airdrie, Banff and Calgary, Canmore, Cochrane and their surrounding areas.

The Credit Union was incorporated in 1953 as Banff Park Savings and Credit Union, the organization owes its existence largely to the efforts of Felicia Pedhirney, who was the founder, charter member and the first Treasurer, serving in that position until 1972. In those first two decades, Bow Valley followed a pattern fairly typical in credit union annals. We grew slowly, consolidating our position and laying our foundation for the future. By the early 1970's, our total assets were \$3 million.

Bow Valley opened its second branch in Canmore in 1975 (changing the name to Bow Valley Credit Union Ltd.) and opened a third branch in Cochrane. In 1981, Bow Valley amalgamated with Exshaw Savings & Credit Union, closing the outlet and transferring the roughly \$1 million in assets to the Canmore branch. Our Airdrie branch was acquired in 1997 from First Calgary Savings and Credit Union. On August 31st, 2010 an amalgamation occurred between Bow Valley Credit Union and Key Savings and Credit Union. The name Bow Valley Credit Union was chosen as the new name for the combined organization. With this merger, the credit union now had five branches representing a geographic community encompassing the Bow River Valley and one location in Calgary. In December of 2010, property was purchased in the City of Airdrie to construct a second branch within the community. The Airdrie East branch was opened to the membership in October 2011. As of October 31st, 2021, the credit union had approximately 8,000 members, assets of approximately \$441 million and a staff of 55.

The Credit Union Deposit Guarantee Corporation supervises the business and affairs of the Credit Union. The supervision results from the reorganization of the Alberta credit union system in 1987. The Corporation is responsible for monitoring the Credit Union's activities in areas such as the strategic business plan, the annual budget and other operational matters as it deems necessary.

If you have any questions about the business of the Credit Union, its management, the geographic area it serves or the legal or regulatory status of Alberta credit unions generally, be sure you have those questions answered to your satisfaction, either by the Credit Union or by your professional advisors, before purchasing any Series I Investment Shares.

3. RISK FACTORS:

In addition to general competition and economic risks, the Credit Union has the following risk factors.

A. CREDIT RISK:

One of the Credit Union's most important business activities is the granting of loans and mortgages to members. With such activity, there exists the possibility of loss from un-collectable loans. As of October 31, 2021, the Credit Union had loans outstanding net of allowance totaling \$371,795,849 to all members. In addition, the Credit Union had outstanding commitments to extend credit totaling \$58,991,729. The total portfolio at October 31, 2021 is comprised of 4% consumer loans, 74% residential mortgages, and 22% in commercial and agriculture loans.

The Credit Union has been actively involved in credit granting for almost 70 years and has developed lending policies which, in addition to experienced lending staff, adequate loan security and the presence of internal controls, contribute to reducing the risks inherent in credit granting. In addition, an extensive external and internal audit program performs audits of branches and lending activities on a rotating basis. The Credit Union's multiple branch environments also contribute to the diversification of economic backgrounds and portfolios, which aids in the mitigation of industry-specific risks.

The Credit union's policy is to classify a loan as impaired when a specific provision has been established or a write-off taken or when, in the opinion of management, there is reasonable doubt as to the ultimate collect-ability of principal or interest. A loan is also classified as impaired when interest or principal is contractually 60 days past due.

B. INVESTMENT RISK:

The Credit Union is also exposed to risk in respect of its investments. In particular, investments in corporate entities may decline in value as a result of poor performance or other factors. As a result, the Credit Union may be unable to realize the full carrying value of each investment, in cash, within the time frame in which it wishes to do so.

As at October 31, 2021, the Credit Union's investment portfolio totaled \$36,470,401 and was comprised of Credit Union Central of Alberta shares and time deposits. (see note #5 of the 2021 financial statements for more details).

C. LIQUIDITY RISK:

Liquidity risk is the risk that a financial institution will have difficulty raising funds to meet commitments associated with financial instruments within the time frame in which it wishes to do so. While the Credit Union is not a member of any liquidity pool, it has access to \$31,000,000 in lines of credit and term loans from the Credit Union Central of Alberta.

The Credit Union must maintain an amount at least equal to 9.0% of average liabilities for the month in prescribed classes of assets pursuant to the Credit Union Act.

In the event that the Credit Union's liquidity was to fall below the minimum, the Credit Union would be deemed to have borrowed the shortfall which might affect its ability to redeem its shares. As at October 31, 2021, the Credit Union's liquidity position was 9.12%.

D. INTEREST RATE RISK:

Interest rate risk refers to the potential impact of changes in interest rates on a credit union's earnings when the maturity dates of its deposits and liabilities are not matched with the maturity dates of its investments, loan and mortgages. It is the policy of the Credit Union to keep exposure to interest rate fluctuations within limits set by the Board of Directors.

- a) The mismatch of assets and liabilities re-pricing within each time frame (1 to 60 months) shall not exceed 30% of total assets.
- b) The total mismatch, including variable rate (one month) shall not exceed 30% of total assets.
- c) The cumulative mismatch in year one and beyond shall not exceed 25% of total assets.
- d) The cumulative mismatch in year two and beyond shall not exceed 20% of total assets.
- e) The cumulative mismatch in year three and beyond shall not exceed 15% of total assets.
- f) The cumulative mismatch in year five and beyond shall not exceed 15% of total assets.

As at October 31, 2021, the Credit Union's position was within acceptable levels of mismatch.

The Credit Union, by virtue of its policy, as established by the Board of Directors, have the ability to utilize off-balance sheet instruments, such as interest rate swaps to manage exposure to interest rate fluctuations and to manage the asset/liability mismatch. To-date these types of financial instruments have not been required. These types of financial instruments would be subject to normal credit standards, financial controls, and risk management and monitoring procedures.

In the event the Credit Union were to become mismatched to an extent which exceeds the limits described above, future profitability could become seriously eroded with a resulting negative impact on the ability of the Credit Union to pay dividends or redeem its shares.

E. CURRENCY RISK:

The Credit Union has member deposits denominated in US dollars, which are offset by matching investments, thereby minimizing any currency risk that might otherwise exist.

4. CREDIT UNION SHARE CAPITAL:

The Credit Union is permitted to issue or is about to issue the following kinds or “classes” of shares:

Common Shares – The rights attaching to common shares are set out in the Credit Union Act and its Regulations and, to some extent, in the Credit Union’s by-laws. They are an important part of the equity of the Credit Union. As of October 31, 2021, the Credit Union has 3,160,466 common shares issued and outstanding, having a total value of \$3,160,466.

Investment Shares – The Credit Union may issue one or more series of Investment Shares, in accordance with the Regulations. Different series may carry different rights. Rights to dividends and to redeem the shares by selling them back to the Credit Union and other rights specified under the authorizing resolution are permanently set for each series before any shares in the Series are issued. Investment Shares are preferred shares in the sense that they give a preferential right to dividends (see details under “Dividend Rights” in item 6b and to return of capital from any remaining assets of the Credit Union if it winds up its business (see details under “Liquidation or Dissolution of the Credit Union”).

Prior to this Series, the Credit Union issued investment shares in the following series, disclosure statements for which are available from the credit union on request:

<u>Series</u>	<u># of Shares</u>	<u>Total Issue Price</u>	<u>Conversion Rights</u>
A	700,000	\$700,000	None
B	1,413,900	\$1,413,900	None
C	1,000,000	\$1,000,000	None
D	1,000,000	\$1,000,000	None
E	1,000,000	\$1,000,000	None
F	1,000,000	\$1,000,000	None
G	2,000,000	\$2,000,000	None
H	1,927,100	\$1,927,100	None

The total outstanding amount of Investment Shares in all Series on October 31, 2021 was \$7,957,363. (see note #15 of the 2021 financial statements for more details). None of these classes of shares carries voting rights, since credit unions operate on the principle of one vote per member. You must however, hold the required minimum number of common shares in order to be a member of a credit union.

5. USE OF PROCEEDS

The proceeds raised from the issue of shares in this Series will be used for the Credit Union’s general purposes. There are no discounts or commissions on these Series I Investment Shares and one hundred percent of the proceeds received will be retained by the Credit Union.

6. DESCRIPTION OF SERIES I INVESTMENT SHARES:

The Board of Directors has authorized the Credit Union to raise capital through the sale of up to 3,000,000 Series I Investment Shares at a price of \$1.00 per share. No fractional shares will be issued except in the form of a dividend. The size of the issue is subject to revision at the Board of Director's discretion.

Series I Investment Shares shall have no par value.

The minimum purchase amount of the Series I Investment Shares is 500 Series I Investment Shares per member. The maximum amount of Series I Investment Shares that may be purchased is 50,000 Series I Investment Shares per member. Purchases between the minimum and maximum number of shares must be in incremental blocks of 100 Series I Investment Shares.

No share certificate will be issued. The Credit Union shall maintain a register of investors in Series I Investment Shares and, in the absence of any evidence to the contrary, this register will constitute proof of legal ownership of the Series I Shares.

Eligible purchases must be 18 years of age or older, and must be members of the Credit Union, a person acting on behalf of a member as set out in the Regulations, or any other persons allowed under the Regulations.

Series I Investment Shares may be purchased and held both inside and outside of a Registered Retirement Savings Plan. Series I Investment Shares are not eligible to be purchased in a Registered Retirement Income Fund.

a) VOTING RIGHTS:

Series I Investment Shares carry no voting rights.

b) DIVIDEND RIGHTS:

Series I Investment shareholders are entitled to dividends at a rate to be determined by the Board of Directors, in accordance with the dividend policy determined by the Board of Directors from time to time.

The Board of Directors has established the following dividend policies:

Dividends on Series I Investment Shares are non-cumulative. This means that if a dividend is not declared during one fiscal year it will not become payable or be carried forward to the next year's dividend.

1. Dividends will be paid through the issue of additional Series I Investment Shares, but the Board of Directors reserves the right to pay the dividends in cash. Dividends will only be paid for the portion of the year that Series I Investment Shares are outstanding. (i.e. from the date the shares were issued to the last dividend declaration date)

2. Dividends will be declared on or before October 31 of each year starting October 31, 2022, on Series I Investment Share balances outstanding as of October 31 of the year, and those dividends will be paid on or before December 31 annually. Series I Investment Shares issued, as a dividend will start to earn dividends from the latter of the date that they were issued and the last dividend declaration date.

3. Dividend rates will be:
 - 4.25% annual yield, or portion thereof depending on the purchase date, for the period ending October 31, 2022,
 - a minimum of 4.25% annual yield, or a rate equal to the average yield on the Credit Union's Alberta Plus 1 year Term Deposit rate plus 1.50%, whichever is greater for the period ending October 31, 2023. The average yield will be calculated as a simple average of the yield on the Alberta Plus 1 year Term Deposit on the last business day of each month for the fiscal year (November 1 to October 31) and will apply to the dividend paid for the period including that fiscal year,
 - a minimum of 4.25% annual yield, or a rate equal to the average yield on the Credit Union's Alberta Plus 1 year Term Deposit rate plus 1.50%, whichever is greater for the period ending October 31, 2024. The average yield will be calculated as a simple average of the yield on the Alberta Plus 1 year Term Deposit on the last business day of each month for the fiscal year (November 1 to October 31) and will apply to the dividend paid for the period including that fiscal year,
 - For each year after October 31, 2024, a rate equal to the average yield on the Credit Union's Alberta Plus 1 year Term Deposit rate plus 1.50%. The average yield will be calculated as a simple average of the yield on the Alberta Plus 1 year Term Deposit on the last business day of each month for the fiscal year (November 1 to October 31) and will apply to the dividend paid for the period including that fiscal year,

Payment of dividends on the Series I Investment Shares is subject to a number of preconditions. Dividends will not be paid if the Credit Union is or would become insolvent and can only be paid in additional Shares (i.e. not cash) if certain obligations as to capital requirements are not met. Dividends become payable only when "declared" by the directors of the Credit Union. Declaration and payment of dividends will depend on many factors, including the financial performance of the Credit Union. The Board of Directors does not have the discretion to pay common share dividends or patronage rebates ahead of Investment Share dividends, but it does have the

discretion to retain earnings for operational purposes ahead of Investment Share dividends. These factors are particularly significant because the dividend rights are “non-cumulative” (do not carry forward from year to year) rather than “cumulative” (continue to accumulate until paid).

c) REDEMPTION RIGHTS:

Series I Investment Shares are "redeemed" when the Credit Union buys them back from you and you sell them back to the Credit Union.

The redemption of Series I Investment Shares is subject to a number of preconditions. Series I Investment Shares cannot be redeemed if the Credit Union is insolvent or, in certain cases, if its obligation as to certain capital requirements set out in the Regulations are not met or if the redemption would cause either of those circumstances. The authorizing instruments must provide the redemption rights. At any time the Credit Union does not meet its capital requirements, The Credit Union Deposit Guarantee Corporation may permit it to redeem Series I Investment Shares.

The Credit Union has the following rights to buy back shares in the Series:

The Credit Union may call all, or a portion thereof on a prorated basis, of Series I Investment Shares for redemption (i.e. require the registered owner to sell them back to the Credit Union) after giving holders more than 5 years written notice. Series I Investment Shares may be called for redemption at a value of \$1.00 per investment share plus any declared but unpaid dividends.

Investment Shareholders have no redemption rights; however, Shares may be redeemed at an amount and frequency to be determined by the Board of Directors from time to time.

The Board of Directors has established the following redemption policies:

1. Redemptions will be made at a value of \$1.00 per Series I Investment Share.
2. Shareholders may redeem their Series I Investment Shares once a year on December 20, commencing December 20, 2022. If December 20 is not a business day, redemption will occur on the next business day. Requests listing the amount of shares the shareholder wishes to redeem must be tendered at any branch of the Credit Union by November 15 (or the next business day if November 15 is not a business day) and redemption will occur on December 20.

Redemption request forms will be available at all branches of the Credit Union.

Holders will be allowed to redeem all shares tendered up to and including 100% of their holdings of Series I Investment Shares only if no more than 10% of all Series I Investment Shares outstanding as at October 31 of each year are tendered for redemption. Under the terms of the Regulations in order to qualify as

primary capital no more than 10% of the outstanding balance of Series I Investment Shares may be redeemed in a given year.

If more than 10% of the balance of outstanding Series I Investment Shares is tendered for redemption in a given year, all members who have requested redemption of shares will be allocated redemption up to 10% of their holdings. After that, any unused portion of the 100% of total Series I Investment Shares outstanding will be allocated on a pro-rata basis to those members who tendered more than 10% of their shares for redemption based on the amount each member has tendered in excess of 10% of their holdings.

The Board of Directors reserves the right to allow the redemption of all shares tendered by members who hold less than \$100 of Series I Investment Shares. These amounts would be applied against the 10% of outstanding shares before any other redemption are allowed.

3. Redemptions in exception to the redemption conditions set out in point 2 are allowed in two situations. In the case of the death of the holder of the Series I Investment Shares, the estate of the holder may redeem all of the Series I Investment Shares held by the estate. Redemption will take place following the receipt by the Credit Union of all necessary documents requesting redemption of Series I Investment Shares from the estate of the deceased holder.

Members who initially hold their Series I Investment shares within their RRSP and subsequently convert to a RRIF may redeem their shares once a year on December 20th to the extent that their value represents the minimum amount of the funds that the tax rules under the Income tax Act (Canada) requires to be taken into the member's income for the year. If December 20 is not a business day, redemption will occur on the next business day. A form detailing all relevant information will be provided by the credit union and must be submitted by the holder to qualify for this exception.

If, in any circumstances, Series I Investment Shares are redeemed prior to a dividend declaration date, the Series I Investment Shares redeemed will not be eligible for any dividend paid later that year. If the Series I Investment Shares are redeemed after a dividend declaration date, dividends declared but not paid will be paid on the redemption date.

This redemption policy will be reviewed periodically by the Board of Directors and may be changed at their discretion.

d) CONVERSION:

Series I Investment Shares may not be converted into any other class of shares (common shares) or any other series of Investment Shares.

e) *EXCHANGE OF SHARES:*

The shares may not be exchanged for any other series of investment shares or for common shares.

7. INSTALLMENT PURCHASES

There is no provision for installment purchases.

8. APPLICATION AND PAYMENT FOR SHARES

Series I Investment Shares may be sold by the Credit Union from May 15, 2022 to October 15, 2022. Prospective investors must complete and sign an application form and return it to any branch or to the head office of the Credit Union and must receive a copy of the disclosure statement and the latest annual audited financial statements and material change statements (if any). Shares will not be issued unless fully paid for.

Series I Investment Shares will be issued starting May 15, 2022. Issue will take place at time of purchase and eligibility for dividends will commence at date of issue (see item 6 of this Disclosure Statement for more information on dividend rights).

9. TRANSFER OF SERIES I INVESTMENT SHARES

Series I Investment Shares issued by the Credit Union are not tradable on any stock exchange or similar market. Although you may be entitled to sell them at any time to another member of the Credit Union or to certain other persons, it will be up to you to find a purchaser and to agree on a satisfactory price. There is no assurance of you being able to find a purchaser or obtain the price at which you wish to sell. (The Credit Union may be able to help you find a purchaser, but it will have no obligation to do so.) Also, the value of Series I Investment Shares may be affected by changes in interest rates.

YOU MAY NOT BE ABLE TO SELL YOUR SERIES I INVESTMENT SHARES ON SHORT NOTICE OR AT ALL.

Transfers of the shares are subject to a number of preconditions. A transfer is not effective unless it is registered in the Credit Union's Investment Share Register. Before registering a transfer of shares, the Credit union must normally ensure that the transferee receives a copy of this Disclosure Statement, updated financial statements and any material change statements issued in the last 5 years that may still have a significant effect on their value. The transferor and transferee have to complete and return a transfer form similar to the application form used for original subscriptions.

Transfers of shares will only be affected through the Credit Union and the transfers are restricted to other members of the Credit Union and certain persons as specified in the Regulations.

It is the intention of the Board of Directors to establish a list of prospective buyers and sellers of Series I Investment Shares, which can be used in the sale of Series I Investment Shares between members. Its continuance is at the discretion of the Board of Directors. Forms will be available at all branches for those members wishing to sell their Series I Investment Shares and for those members interested in buying Series I Investment Shares. At no time will the Credit Union take ownership of the shares or act as an agent.

The Credit Union, through its Head Office at 212 5th Avenue West, Cochrane, Alberta shall maintain the register of investors in Series I Investment Shares. In the absence of any evidence to the contrary, this register will constitute proof of the legal ownership of the Series I Investment Shares.

10. LIQUIDATION OR DISSOLUTION OF THE CREDIT UNION

If at some time in the future the Credit Union ceases to carry on business, the Credit Union may be dissolved and its assets sold to pay off its liabilities, including deposits. The proceeds received from the sale of assets will be used to repay liabilities (including deposits) in the Credit Union before payment is made on Series I Investment Shares. If, after those liabilities are paid, there are sufficient remaining proceeds from the sale, the holders of Series I Investment Shares will receive the return of their capital investment and unpaid dividends in priority to the holders of common shares or Stabilization Preferred Shares. If there are not sufficient remaining proceeds from the sale to pay out all the capital and unpaid dividends of Investment Shareholders fully, Investment Shareholders will share ratably (your Investment Share holdings in proportion to all Series I Investment Shares) in the remaining proceeds.

There may also be no remaining proceeds from the sale once the liabilities (including deposits) are paid, in which case there will be no money available to pay Series I Investment Shareholders their capital and unpaid dividends. In this event, you will lose the entire value of your investment and unpaid dividends.

NO LOSS FROM A HOLDING OF SERIES I INVESTMENT SHARES IS INSURED OR GUARANTEED; PLEASE SEE THE "NOTICE TO PROSPECTIVE INVESTOR IN SERIES I INVESTMENT SHARES" ON PAGE 1 OF THIS DISCLOSURE STATEMENT. Since a loss of your investment is possible, a decision to purchase Series I Investment Shares should reflect your judgment that the Credit Union is and will remain financially sound.

11. AMALGAMATION

The Credit Union may not voluntarily amalgamate (or merge) with any other credit union unless the holders of Series I Investment Shares end up with Investment Shares in the amalgamated credit union that carry equivalent rights to shares in the Series originally issued, or unless the Credit Union Deposit Guarantee Corporation approves otherwise in accordance with the amalgamation agreement.

THE TERMS OF AN AMALGAMATION MAY AFFECT THE VALUE OF THE SERIES I INVESTMENT SHARES.

12. TAX CONSEQUENCES

This summary is of a general nature only and is not intended to be, nor should it be understood as, legal or tax advice to any particular person. Therefore, prospective investors should inform themselves of, and if appropriate consult their own tax or other professional advisers on, the possible tax consequences of any share transaction that the investor might enter into, based on their own particular circumstances.

CANADIAN FEDERAL INCOME TAX CONSEQUENCES

The following commentary summarizes the principal Canadian federal income tax consequences to individuals who are resident in Canada for income tax purposes, who acquire shares pursuant to this Disclosure Statement and who hold the interest as capital property. No advance income tax ruling has been requested or obtained from the Canada Revenue Agency in connection with this Disclosure Statement and there is therefore the risk that the Canada Revenue Agency may have a different view of the income tax consequences to shareholders from that described herein.

Investors who acquire Series I Investment Shares will be required for tax purposes to include in income the dividends paid or payable in the year on the shares, whether paid in cash or in the form of additional shares. This income is considered to be received as investment income and not as dividend income and accordingly will not have the favourable tax treatment of dividends.

For income tax purposes where dividends are paid in the form of additional Series I Investment Shares, the dividend will be equal to the amount that the Credit Union adds to the stated capital of the Series I Investment Shares. This amount will constitute investment income to the shareholders. However, the adjusted cost base of the Series I Investment Shares received by way of dividend will be deemed to be nil for income tax purposes. Furthermore, current Canadian tax legislation requires members to average the adjusted cost base of all Series I Investment Shares owned when determining the adjusted cost base of the shares on a per share basis immediately prior to disposition.

The disposition of Series I Investment Shares may give rise to a capital gain (or capital loss) to the extent that the proceeds received on the disposition exceed (or are

exceeded by) the sum of the adjusted cost base of the share for income tax purposes and any costs of its disposition.

The redemption of Series I Investment Shares by the Bow Valley Credit Union may give rise to additional interest income if the proceeds received by the member upon redemption exceed the paid-up capital of the redeemed Series I Investment Shares. Paid-up capital of the Series I Investment Shares is derived from the stated capital of the Series I Investment Shares determined for legal purposes plus certain tax adjustments.

Generally, any interest expense incurred on money borrowed to acquire shares is deductible for income tax purposes. However, this is subject to the overriding condition that the interest expense be reasonable in the circumstances. The Canada Revenue Agency may disallow as a deduction that portion of the shareholder's borrowing costs in excess of the expected dividends stated in the dividend policy. If the shares are held within a registered plan, any interest incurred will not be deductible.

Series I Investment Shares qualify as eligible investments within an RRSP. As such any interest and/or capital gains would be subject to the same rules as other investments within your RRSP.

13. RIGHT TO WITHDRAW

YOU HAVE THE RIGHT TO CANCEL ANY AGREEMENT TO SUBSCRIBE FOR INVESTMENT SHARES BY MAKING SURE THAT THE CREDIT UNION RECEIVES A SIGNED REQUEST TO CANCEL THE SUBSCRIPTION BEFORE THE CLOSE OF BUSINESS ON THE FIFTH BUSINESS DAY AFTER THE DATE WHEN YOU SIGNED THE SUBSCRIPTION FORM. This right to cancel only applies to the original issue of the shares and not to a transfer from one shareholder to another.

14. FOR FURTHER INFORMATION

This Disclosure Statement is only a summary. If you or your professional advisor is interested in further details, you should obtain a copy of the Credit Union Act and the Regulation under it, the Credit Union's authorizing by-law and the Board of Director's resolution authorizing the issue of the Series I Investment Shares and determining the dividend, redemption, exchange, conversion and other characteristics of the Series. Copies of the by-law and resolution may, in any specific instance, in fact refer to the Credit Union's authorizing by-law.

THIS DISCLOSURE STATEMENT APPLIES ONLY TO SERIES I INVESTMENT SHARES OF THE CREDIT UNION.

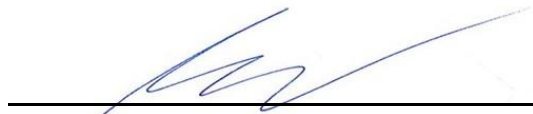
The form of this Disclosure Statement is prescribed by the Regulations. THE INFORMATION INCLUDED IN IT IS CERTIFIED TO BE COMPLETE AND ACCURATE BY THE CHAIR OF THE DIRECTORS AND THE CEO OF THE CREDIT UNION BASED ON DUE DILIGENCE AND REASONABLE INQUIRY.

BOW VALLEY CREDIT UNION LTD.

Dated this 13th day of May, 2022



Per: Kevin Karpovich, Chair Person, Board of Director



Per: Brett Oland, President and Chief Executive Officer

15. BOW VALLEY CREDIT UNION LTD. OPERATING RESULTS:

<u>5 Year Operating Results</u>					
Balance Sheet	2017	2018	2019	2020	2021
Cash	\$ 7,896,427	\$ 11,535,553	\$ 10,001,561	\$ 11,530,815	\$ 19,581,150
Investments	\$ 29,558,193	\$ 31,964,387	\$ 35,388,957	\$ 40,771,527	\$ 36,470,401
Loans	\$284,395,869	\$296,693,768	\$309,533,057	\$320,032,553	\$371,795,849
Other Assets	\$ 602,165	\$ 370,859	\$ 1,544,171	\$ 889,510	\$ 2,772,657
Property & Equipment	\$ 7,038,861	\$ 8,026,333	\$ 7,276,569	\$ 11,437,546	\$ 10,795,019
Total Assets	\$329,491,515	\$348,590,900	\$363,744,315	\$384,661,951	\$441,415,076
Member Deposits	\$303,626,040	\$322,076,583	\$337,354,151	\$352,565,757	\$406,183,407
Loan Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liabilities	\$ 1,123,696	\$ 1,067,578	\$ 861,063	\$ 4,547,656	\$ 4,668,027
Total Liabilities	\$304,749,736	\$323,144,161	\$338,215,214	\$357,113,413	\$410,851,434
Allocation Distributable	\$ 344,183	\$ 395,938	\$ 529,891	\$ 229,587	\$ 333,689
Common Shares	\$ 2,909,753	\$ 2,964,658	\$ 3,101,903	\$ 3,219,126	\$ 3,160,466
Investment Shares	\$ 4,797,456	\$ 4,472,891	\$ 4,291,246	\$ 6,065,913	\$ 7,957,363
Retained Earnings	\$ 16,690,387	\$ 17,613,252	\$ 17,606,061	\$ 18,033,912	\$ 19,112,124
Total Capital & Retained Earnings	\$ 24,741,779	\$ 25,446,739	\$ 25,529,101	\$ 27,548,538	\$ 30,563,642
	\$ -	\$ -	\$ -	\$ -	\$ -
Income Statement					
Financial Revenue					
Loan Interest	\$ 9,643,705	\$ 10,513,096	\$ 11,489,761	\$ 11,478,122	\$ 10,928,570
Investment Income	\$ 440,158	\$ 726,124	\$ 608,913	\$ 386,035	\$ 173,900
Total Financial Revenue	\$ 10,083,863	\$ 11,239,220	\$ 12,098,674	\$ 11,864,157	\$ 11,102,470
Financial Expenses					
Member Deposit Interest	\$ 2,193,638	\$ 3,002,843	\$ 4,226,551	\$ 4,218,453	\$ 2,976,481
Interest on Borrowings	\$ 7,745	\$ 2,077	\$ 75,431	\$ 29,814	\$ 293
Total Financial Expenses	\$ 2,201,383	\$ 3,004,920	\$ 4,301,982	\$ 4,248,267	\$ 2,976,774
Financial Margin before	\$ 7,882,480	\$ 8,234,300	\$ 7,796,692	\$ 7,615,890	\$ 8,125,696
Patronage Allocation	\$ 288,066	\$ 320,225	\$ 433,877	\$ 103,483	\$ 204,912
Loan Impairment (recovery)	\$ 399,115	\$ 551,420	\$ 479,411	\$ 746,875	\$ (134,386)
Financial Margin After	\$ 7,195,299	\$ 7,362,655	\$ 6,883,404	\$ 6,765,532	\$ 8,055,170
Other Income	\$ 1,930,553	\$ 1,683,892	\$ 1,679,921	\$ 1,422,223	\$ 2,238,219
Gross Margin	\$ 9,125,852	\$ 9,046,547	\$ 8,563,325	\$ 8,187,755	\$ 10,293,389
Operating Expenses					
Personnel	\$ 3,872,978	\$ 3,878,244	\$ 4,335,461	\$ 4,184,961	\$ 4,490,304
Occupancy	\$ 864,598	\$ 941,658	\$ 1,069,052	\$ 1,072,437	\$ 1,133,510
Member Security	\$ 332,202	\$ 359,450	\$ 356,563	\$ 286,834	\$ 310,277
General	\$ 2,029,809	\$ 2,160,000	\$ 2,140,442	\$ 1,986,063	\$ 2,538,408
Organizational	\$ 158,000	\$ 179,119	\$ 168,595	\$ 153,040	\$ 141,322
Total Operating Expenses	\$ 7,257,587	\$ 7,518,471	\$ 8,340,113	\$ 7,683,335	\$ 8,613,821
Income Taxes (Current & Future)	\$ 441,717	\$ 490,621	\$ 238,107	\$ (26,394)	\$ 471,364
Net Income (Loss)	\$ 1,426,548	\$ 1,037,455	\$ (14,895)	\$ 530,814	\$ 1,208,204
Net Income (Loss) Pre-Profit Share but after Tax	\$ 1,714,614	\$ 1,357,680	\$ 418,982	\$ 634,297	\$ 1,413,116



FULL SERVICE LOCATIONS

Airdrie Kingsview

1600 Market Street S.E., Airdrie, Alberta, T4A 0K9

Airdrie Cooper's Town

201-401 Cooper's Boulevard, Airdrie, Alberta, T4B 4J3

Banff

216 Banff Avenue, Banff, Alberta, T1L 1A8

Sage Hill Calgary

121 Sage Valley Common NW, Calgary, Alberta T3R 1T8

Canmore

810-8th Street, Canmore, Alberta, T1W 2B7

Cochrane

212-5th Avenue W., Cochrane, Alberta, T4C 2G4



bowvalleycu.com