

DISCLOSURE STATEMENT

2022 Offering of

**CLASS AA PREFERRED
SHARES – (Series 1)**

**of Progressive Credit Union
Limited**

1.0 DEFINITIONS

In this Disclosure Statement, the following definitions shall apply:

- (a) “Accumulated Dividends” shall mean any Dividends on the Class AA Preferred Shares (Series 1) which are due to be paid but which have either not been declared by the Board of Directors of the Credit Union or, having been so declared and approved, have not been paid.
- (b) “Act” means the *Credit Unions Act* (New Brunswick).
- (c) “New Brunswick Securities Commission” means the New Brunswick Securities Commission under the *Securities Act* (New Brunswick).
- (d) “Articles” means the Restated Articles of Amalgamation of Progressive Credit Union Limited dated April 20, 2022.
- (e) “Class AA (Series 1) Dividends” shall mean the dividends payable on the Class AA Preferred Shares (Series 1) as described in Article 4.01.
- (f) “Class AA Dividends” shall mean the dividends payable on the Class AA Preferred Shares.
- (g) “Class AA Preferred Shares” shall mean the Shares of all series of Class AA Preferred Shares and includes Class AA Preferred Shares (Series 1) and Class AA Preferred Shares (Series 2).
- (h) “Closing Date” for each Offering means the date on which the Credit Union ceases to offer Class AA Preferred Shares (Series 1) for sale as stated in the disclosure statement issued by the Credit Union in respect of such Offering.
- (i) “Commencement Date” for each Offering of Class AA Preferred Shares (Series 1) means the first day after the Closing Date for that Offering.
- (j) “Credit Union” or “Progressive Credit Union” means Progressive Credit Union Limited.
- (k) “Equity” means
 - i. the value of the consideration paid for membership shares and any other shares issued by the Credit Union that are not redeemable within one year;
 - ii. the book value of any surplus shares issued by the Credit Union; and
 - iii. the retained earnings of the Credit Unions,unless the Credit Union has an accumulated deficit, in which case it means the amounts determined under paragraphs i. and ii. minus the accumulated deficit.
- (l) “Maturity Date” for each Offering of Class AA Preferred Shares (Series 1) means the third-year anniversary date of the Closing Date for that Offering.
- (m) “Member” or “member” shall mean a member of the Credit Union and “members” means more than one member and the terms “member” or “members” may be used herein interchangeably.
- (n) “Offering” means each offering of the Class AA Preferred Shares (Series 1), as identified by its own distinct subscription period and accompanying disclosure statement issued by the Credit Union.
- (o) “Operation of Law” shall mean the manner of acquiring ownership to Class AA Preferred Shares (Series 1) by the application of the established rules of law and shall include without limitation the devolution of shares to the executor or administrator of the estate of a shareholder, the vesting of shares in a trustee in bankruptcy or other trustee for creditors of a shareholder, the vesting of shares in any person by the order of any court.

2.00 THE ISSUE

The issuer of the Class AA Preferred Shares is Progressive Credit Union Limited, having its head office at 30 Hughes Street, New Brunswick, E3A 2W3.

Progressive Credit Union is a credit union duly incorporated under the *Credit Unions Act* (the "Act") of the Province of New Brunswick having its registered office in the City of Fredericton, in the County of York, Province of New Brunswick.

The Credit Union will issue up to 15,000 Class AA Preferred Shares (Series 1) having a par value of \$100.00 per share. Shares will be issued only to members of the Credit Union. The issue price shall be \$100.00 per Class AA Preferred Share (Series 1).

The minimum number of shares which may be purchased by one member is 10 Class AA Preferred Shares (Series 1). The maximum number of shares which may be purchased by one individual member of the Credit Union shall be 500 Class AA Preferred Shares (Series 1). The maximum number of shares which may be purchased by one member which is a corporation, or a partnership shall be 500 Class AA Preferred Shares (Series 1). The Class AA Preferred Shares (Series 1) may not be held jointly by members.

3.00 USE OF PROCEEDS

The Credit Union will receive \$100.00 cash for each Class AA Preferred Share (Series 1) issued which will be added directly to the Credit Union's equity.

4.00 DESCRIPTION OF CLASS AA PREFERRED SHARES

Money invested in Class AA Preferred Shares (Series 1) is not guaranteed or insured by the New Brunswick Credit Union Deposit Insurance Corporation or any similar corporation or entity.

4.01 Maturity & Dividend Rights

The declaration and payment of any dividend on Class AA Preferred Shares (Series 1) is subject to the Act and the approval of the directors of the Credit Union and the consent of the Class A Preferred Shares (Atlantic Central), which consent will not be unreasonably withheld

The holders of Class AA Preferred Shares (Series 1) are entitled to receive and there shall accrue to them annual, cumulative, preferential, cash dividends ("Class AA Dividends (Series 1)"). Class AA Dividends (Series 1) will be paid in full on Class AA Preferred Shares (Series 1) in priority to any dividends on any other shares of the Credit Union, Class A Preferred Shares, and in priority to patronage refunds.

For the three-year period, Class AA Dividends (Series 1) shall be paid in an amount equal to that percentage of the par value of the Class AA Preferred Shares (Series 1) which is equal to the Bank of Canada Prime Rate plus 50 basis points as determined on the Closing Date.

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The Board of Directors of the Credit Union, may, in its sole and absolute discretion, fix by resolution prior to any issue date such higher dividend rate on the Class AA Preferred Share (Series 1) as it shall deem appropriate; provided that, in no event shall such discretionary higher dividend rate on the Class AA Preferred shares exceed an annual rate of 5%.

Class AA Preferred Shares (Series 1) have a fixed term to maturity. The "Commencement Date" is set as July 1, 2022 with an initial Maturity Date of June 30, 2025. Upon reaching the Maturity Date of an Offering, the shares shall be redeemed at their par value (\$100.00 per share), plus payment of any Accumulated Dividends or rolled over into a new Offering of up to 50,000 Class AA Preferred Shares (Series 1) for an additional three-year period. Any Member who wishes to roll over into the new Offering of Class AA Preferred Shares (Series 1) will be required to sign the new disclosure statement in respect of that Offering.

On each three year anniversary of the "Closing Date", the dividend rate applicable to the Class AA Preferred Shares (Series 1) shall be adjusted so that the Class AA Dividends (Series 1) for the ensuing three year period shall be paid in an amount equal to that percentage of the par value of the Class AA Preferred Shares (Series 1) which is equal to the Bank of Canada Prime Rate plus 50 basis points.

Once the dividend rate on the Class AA Preferred Shares (Series 1) is fixed for three-year periods as aforesaid, it shall not be changed during each such three-year period.

The Class AA Dividends shall accumulate daily.

The Class AA Dividends will be paid annually in the form of interest.

In any fiscal year, the Board of Directors of the Credit Union may declare and approve payment of none or only part of the Class AA Dividends (Series 1) for that fiscal year. If in any fiscal year less than the full amount of the Class AA Dividends (Series 1) on Class AA Preferred Shares (Series 1) is paid, the portion of the Class AA Dividends (Series 1) which is approved shall be paid to the holders of the Class AA Preferred Shares (Series 1) in direct proportion to the number of Class AA Preferred Shares (Series 1) held by such holders.

If in any fiscal year of the Credit Union none or only part of the Class AA Dividends (Series 1) is paid by the Credit Union, the Class AA Dividends (Series 1) or portion thereof (hereinafter referred to as the "Unpaid Dividends") which are not paid shall be paid as soon as the Credit Union is in a financial position to do so. Until such time as the Unpaid Dividends are paid in full, no dividends shall be paid on any other class of shares in the capital stock of the Credit Union except the Class A Preferred Shares and no patronage refunds shall be paid.

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The Credit Union will not declare or pay any dividend on Class AA Preferred Shares (Series 1) if:

- a) the Credit Union, is, or would after the payment be, unable to pay its liabilities as they become due,
- b) the realizable value of the Credit Union's assets is, or would after the payment be, less than the aggregate of its liabilities and its equity other than retained earnings, or
- c) the Equity of the Credit Union is, or after the payment would be, less than the percentage of the total assets of the Credit Union required by the Act.

The payment of Class AA Dividends (Series 1) on the liquidation, dissolution or winding-up of the Credit Union is dealt with in paragraph 4.03 of this Disclosure Statement.

Holders of Class AA Preferred Shares (Series 1) are not entitled to any dividends other than those described herein.

Accumulated Dividends do not compound in any way while they remain unpaid.

4.02 Voting Rights

Class AA Preferred Shares (Series 1) are non-voting shares.

4.03 Rights on Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of the Credit Union, its property shall be distributed, and its obligations shall be satisfied in the order provided by the Act and the Articles and By-laws of the Credit Union.

First, all debts and liabilities of the Credit Union (including liabilities to depositors and creditors and the costs of liquidation, dissolution or winding-up) shall be satisfied then the Class A Preferred Shares, shall be redeemed.

Second, the Class A Preferred Shares followed by the Class AA Preferred Shares (Series 1), shall be redeemed and the holders of the Class A Preferred Shares, followed by the holders of the Class AA Preferred Shares (Series 1), shall be paid all amounts payable to them.

If there is no surplus or balance remaining after the payment of all the debts and liabilities of the Credit Union, the holders of the Class A Preferred Shares, and the holders of the Class AA Preferred Shares (Series 1) will receive nothing.

Finally, if any surplus or balance remains after the payment of the foregoing, the holders of Membership Shares and Surplus Shares shall be entitled to share in the surplus or balance and the holders of the Class AA Preferred Shares (Series 1), as such, shall not be entitled to share therein.

4.04 Conversion Rights

There are no rights to convert a Class AA Preferred Shares (Series 1) into any other type of share or security of the Credit Union other than a future Offering of Class AA Preferred Shares (Series 1) upon Maturity as provided under 4.01 hereof.

4.05 Calls and Redemptions

Each Class AA Preferred Share (Series 1) will be issued as a fully paid share only and no calls for additional payments by the holder of such Class AA Preferred Share will be made with respect to such Class AA Preferred Share (Series 1).

Subject to the Act and the By-laws of the Credit Union, the Board of Directors of the Credit Union, in its discretion may authorize the Credit Union to redeem or purchase any Class AA Preferred Shares. A Class AA Preferred Share (Series 1) will be redeemed or purchased by the Credit Union at its par value (\$100.00) plus Accumulated Dividends which have not been paid to the time of redemption.

The Credit Union shall deliver a written notice to the holders of the Class AA Preferred Shares (Series 1) to be redeemed setting out the Credit Union's desire to redeem their Class AA Preferred Shares (Series 1) at least 60 days prior to the date on which the redemption is to take place. A holder of Class AA Preferred Shares (Series 1) may waive such notice in writing.

Notwithstanding the foregoing, the Credit Union shall not make any payment to redeem Class AA Preferred Shares (Series 1) if:

- (a) two years has not elapsed since the Commencement Date;
- (b) there are reasonable grounds for believing that:
 - (i) the Credit Union is, or would after the payment be, unable to pay its liabilities as they become due, or
 - (ii) the realizable value of the Credit Union's assets is, or would after the payment be, less than the aggregate of
 - a. its liabilities, and
 - b. the amount that would at that time be required to pay the shareholders that have a right to be paid, on a redemption or in a liquidation, rateably with or before the shareholders of the shares to be purchased or redeemed; or
- (c) the Equity of the Credit Union is, or after the redemption would be, less than the percentage of the total assets of the Credit Union required under the Act; or
- (d) any Accumulated Dividends are outstanding to the holders of the Class AA Preferred Shares

4.06 Retraction Rights

There is no market through which the Class AA Preferred Shares (Series 1) may be sold. There is no inter-membership transfer rights of the Class AA Preferred Shares (Series 1). There are no retraction rights or privileges attached to the Class AA Preferred Shares (Series 1) other than the retraction rights owing to the holder of Class AA Preferred Shares (Series 1) at the Maturity Date for each Offering.

4.07 Tax Treatment of Dividends

Pursuant to the *Income Tax Act* (Canada) Dividends paid by the Credit Union on a Class AA Preferred Share shall be deemed to be paid as interest and when received by the holder of the Class AA Preferred Share to be received as interest.

4.08 Registered Retirement Savings Plans

The Class AA Preferred Shares do not qualify as investments for Registered Retirement Savings Plans.

4.08 Notifications

The Credit Union will promptly notify investors of any changes to the Disclosure Document.

You are buying exempt market shares

They are called exempt market shares because two parts of securities law do not apply to them. If the credit union wants to sell exempt market shares to you:

- the credit union does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the shares do not have to be sold by a person registered with the Commission.

You will receive an agreement

Read the Disclosure Document carefully because it has important information about the credit union and its shares. Keep the Disclosure Document because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer.

4.10 Commissions

The Credit Union is not paid a commission or other remuneration in connection with the distribution of the non-membership shares.

4.11 Compliance

The Credit Union must continue to be in compliance with the requirements under the Credit Unions Act.

5.0 PLAN OF DISTRIBUTION

This Disclosure Statement contemplates an offering of up to 15,000 Class AA Preferred Shares (Series 1) at \$100.00 per share, payable in full at the time of subscription. Only members of the Credit Union may subscribe for Class AA Preferred Shares (Series 1).

The minimum number of shares which may be subscribed for by one member is 10 Class AA Preferred Shares (Series 1). Notwithstanding anything else contained herein, the maximum number of shares which may be subscribed for by one individual member of the Credit Union shall be 500 Class AA Preferred Shares. The maximum number of shares which may be subscribed for by one member which is a corporation, or a partnership shall be 500 Class AA Preferred Shares.

Subscriptions for Class AA Preferred Shares (Series 1) will be accepted from June 1, 2022, to June 30, 2022 on a first come first served basis. The subscription price for the Class AA Preferred Shares (Series 1) being subscribed for must be paid in full at the time of the subscription. The Credit Union shall hold all funds paid as subscription price for the Class AA Preferred (Series 1) in trust in a separate trust account for the members from whom they were received on the terms hereinafter set out.

If at 5:00 pm Atlantic Time on June 30, 2022, the Credit Union has not received subscriptions for 15,000 Class AA Preferred Shares (Series 1), then the following will occur:

- (a) the Credit Union will notify all those members who subscribed for the Class AA Preferred Shares (Series 1) that their subscriptions have been accepted. The Credit Union will issue the number of Class AA Preferred Shares (Series 1) subscribed for to such members and shall release the subscription prices for such Class AA Preferred Shares (Series 1) from trust and may thereafter hold such funds to its own account; and
- (b) the Credit Union will continue to offer the balance of the Class AA Preferred Shares (Series 1) for sale to eligible members on a first come, first served basis until subscriptions are closed as set out in Section 2.00.

If at 5:00 pm Atlantic Time on June 30, 2022 or prior, the Credit Union has received subscriptions for the full 15,000 Class AA Preferred Shares (Series 1), then the sale will cease.

This offering of Class AA Preferred Shares (Series 1) may not be over-subscribed. They are being sold on a first come first served basis.

6.00 CAPITAL STRUCTURE

Class of Shares	Outstanding Value @ Dec. 31, 2021
Class A Preferred Shares issued to Atlantic Central	\$280,000
Voluntary Shares	\$514,728
Membership Shares	\$34,710
Surplus Shares	\$81,562

7.00 RISK FACTORS

Investors should carefully consider the information contained in Appendix A in conjunction with the other information contained in this Disclosure Statement before purchasing Class AA Preferred Shares (Series 1).

8.00 PURCHASER'S RIGHTS

Purchasing this share gives you certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

Two Day Cancellation Right - You can cancel your agreement to purchase these non-membership shares. To do so, you must send a notice to the credit union by midnight on the 2nd business day after either of the following:

- (a) the credit union received the completed Disclosure Document.
- (b) the day the credit union notified you of any amendment to the Disclosure Document.

Statutory Rights of Action in the Event of a Misrepresentation - If there is a misrepresentation in the Disclosure Document or other amendments to the Disclosure Document, you have a statutory right to sue for the following:

- (a) the credit union to cancel your agreement to buy these shares;
- (b) for damages against the credit union, every director of the credit union as of the date of Disclosure Document and every person who signed the Disclosure Document or any amendments to that document.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or Companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the shares.

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If you intend to rely on the right to sue described in (a) or (b) above, you must do so ~~with~~ strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction which gave rise to the cause of action. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action, and 6 years after the date of the transaction that gave rise to the cause of action.

Notification of intent to cancel purchase

To do so, send a notice to the credit union stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the Disclosure Document or other amendments to the Disclosure Document. You can send the notice by fax or email or deliver it in person to the credit union at its business address. Keep a copy of the notice for your records.

Progressive Credit Union
30 Hughes Street
Fredericton, NB E3A 2W3
progressivecu@progressivecu.nb.ca
Call: (506) 458-9145
Fax: (506) 459-106

9.00 AUDITORS AND FINANCIAL STATEMENTS

The auditors of the Credit Union are KPMG, LLP. Copies of the audited financial statement of the Credit Union as at fiscal year-end December 31, 2021 are available upon request.

10.00 CERTIFICATE

I certify, on behalf of the credit union, that the information provided in this Disclosure Document is true and complete.

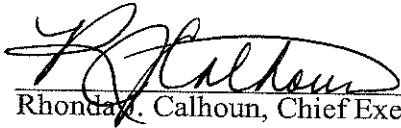
DATED at Fredericton, New Brunswick this 30th day of May, 2022.



Gar Conklin, Board Chair & Director



Don Hicks, Board Secretary & Director



Rhonda Calhoun, Chief Executive Officer

Appendix A

Risk Acknowledgement Statement

I acknowledge that:

- This is a risky investment, and I am investing entirely at my own risk.
- I could lose all the money I invest.
- I am not borrowing to invest in these shares.
- I have read and kept the Disclosure Document provided to me by Progressive Credit Union and understand that no securities regulatory authority or regulator has evaluated or endorsed the merits of these shares or the disclosure in the Disclosure Document.
- Progressive Credit Union is not registered with a securities regulatory authority or regulator and will not assess whether this investment is suitable for me.
- I will not be able to sell these shares except in very limited circumstances. I may never be able to sell these shares.
- No one other than Progressive Credit Union has any obligation to pay my investment in these shares.
- My investment in shares issued by Progressive Credit Union does not require a prospectus which would describe the investment in detail and give me certain legal protections.
- I may receive little ongoing information about Progressive Credit Union and/or my investment.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Print-Name of Purchaser

Date

Signature of Purchaser