

Sent by email or letter to all current active eligible Members

22 December 2023

Dear Member

Kent Savers Special General Meeting regarding proposed merger

The Board of Kent Savers invites you to a Special General Meeting, which is being convened to present a resolution for the credit union to enter into a merger. This meeting will be held:

Monday 8th January at 5.30pm – to be held as an Online meeting

Since the AGM that was held on 22 May 2023, in which we outlined economic challenges that the Board and team were working hard to mitigate, it became clear that Kent Savers needed to consider strategic options to safeguard the future of the credit union. With a reducing capital base that has become increasingly difficult to strengthen given cost-of-living pressures on members and constraints on public budgets, the Board concluded that Kent Savers should seek to merge to become part of a larger, more resilient credit union.

Having engaged with a number of possible credit unions, with which Kent Savers (“KSCU”) may be a good fit, it became very clear that East Sussex Credit Union (who trade as Wave Community Bank) (“Wave”) were the strongest and best contender. Since our first engagement with ESCU just two months ago, both ESCU and KSCU have worked very hard on due diligence to assure that merging the two credit unions will create a strong, compelling, larger credit union that can better serve KSCU's current members.

Wave is a local community bank providing ethical, affordable loans and savings accounts, serving people living or working in East Sussex, Brighton & Hove and also in Kent and Medway already. We understand that members in Bexley will also continue to be served.

If it is approved by members and our regulators, the merger will take effect through a legal document called a **Transfer of Engagement** (“TOE”) which means a transfer of all loans, savings, obligations and entitlements from Kent Savers to East Sussex Credit Union, once Kent Saver members vote to approve the merger and regulatory approval has been confirmed.

39-48 Marsham Street, Maidstone, Kent ME14 1HH

Kent Savers Credit Union Ltd. Is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, firm reference number: 503258.

Tel 0333 321 9050
Email info@kentsavers.co.uk
Website www.kentsavers.co.uk

Why should I support the merger?

Kent Savers' members will become part of a larger credit union, that has a much broader range of products and services, including Loan schemes that recognise savers, loyalty loans, and higher value business, car and home improvement loans; a variety of savings accounts including for young savers. KSCU's current and future members will be able to apply for those broader product ranges, subject to the usual common bond, identity and credit checks.

If the approval of its members is not given, it is highly likely that Kent Savers will discontinue all of its operations in the very near future, meaning savers deposits will be returned and all loans migrated to a third party for ongoing management/ collection.

Wave and KSCU have known each other and consulted with each other on many aspects of credit union life over the years; we both operate on the same core IT system platform which makes integration easier and the fact that we both include Kent and Medway in our common bonds means we have that synergy too. We are aligned on many things and that will make the migration into Wave much easier.

Due diligence has been completed by Wave and their Board has approved the merger, subject to certain conditions precedent which the Board of Kent Savers are seeking to achieve so that the merger can go ahead. While the details of the merger plan is still being developed and tested in full, both parties are clear that Kent Savers members will continue to be treated fairly and that the migration should not affect any loan or savings account operations.

Mergers among credit unions are becoming more commonplace, as a consequence of both the challenging economic times but also increasing regulation, compliance with which comes at a greater cost that is easier to absorb if the credit union is larger. Further mergers will continue across the UK to form a smaller number of stronger, broader based credit unions that have sufficient resource to withstand those and other future changes.

Will the merger affect my service or relationship with Kent Savers?

No, members' accounts and Kent Savers' products will continue to be serviced from the current Kent Savers operation as they are today, until the Wave and KSCU systems are seamlessly combined into a single operation after the transfer of engagement has taken place.

Wave are fully supportive of Kent Saver's existing partner and council relationship, wishing to further expand these and to put new relationships in place.

What will happen with my savings?

These continue to be protected by the Financial Services Compensation Scheme, whether with Kent Savers or as part of Wave once the merged completes.

What will happen with my outstanding loans?

Existing loans will be unaffected, the repayment amounts will remain unchanged as will payment due dates. Any contact you require on your loan should continue to be made with Kent Savers for the coming period.

Will my loan or interest rates and fees change?

There will be no change to any interest rate and fees for existing accounts. KSCU members will be able to apply for Wave products once the merger completes.

What if I had planned to apply for a new loan?

New loan applications are currently on hold at Kent Savers, to allow us to work through the merger process with greatest efficiency and speed. We will announce if new applications are re-opened at Kent Savers; all Kent Savers members are welcome to get in touch with Wave Community Bank to apply for a loan or new savings products, at <https://wavecb.org.uk>.

What if I am already a member of both credit unions?

As part of the migration process, we will contact anyone with accounts at both Wave and KSCU. You may be asked to use a new account reference on any KSCU loan, and any other options available to you will be discussed in full at the right time.

How will the merger benefit me?

Being part of a larger, combined, sustainable and growing credit union will allow members to offer a broader range of products and services, and for the merged credit union to extend its reach to new members across the Southeast, expanding the credit union and helping people to access ethical and fair financial services.

What is the process and timeline for the merger?

Subject to Members of Kent Savers voting in favour of the resolution to be proposed and regulatory approval being granted, the process for the merger is expected to be:

**First Special General Meeting, 8 January 2024, 17:30 -19:00, joining details on page 4 below,
the Purpose being:**

- to Inform Members of the proposed merger, address any questions and hear feedback
- to pass the following Special Resolution¹

Special Resolution:

This meeting of members of the Kent Saver Credit Union ("KSCU") hereby resolve to transfer the whole of the stock, property, and other assets and all engagements of the KSCU to the East Sussex Credit Union ("ESCU", also trading as 'Wave Community Bank') in consideration of the ESCU issuing to each member of the KSCU paid up shares equal to the amount standing to the credit of each member in the share ledgers of the KSCU on the date when the transfer of engagements becomes effective.

Second General Meeting to be held between 29th January and 5th February, the Purpose being:

- to confirm that the Special Resolution was passed at the First Special General Meeting²

Regulatory approval

Confirmation of both credit unions' Special Resolution or Board minutes, as relevant, are to be provided to the FCA together with the Transfer of Engagement, which the FCA acknowledges has been registered and issues a certificate to confirm the Transfer has been effected.

¹ For which two-thirds of Kent Savers members who are present and voting at the meeting must pass the Special Resolution;

² For which a simple majority of those attending this meeting is required

Details of the Special General Meeting

The meeting will be held virtually, same as our recent AGMs. We will be using the GoTo Webinar platform for the meeting, hosted by ABCUL, the Association of British Credit Unions.

Attending the meeting

1. You need to pre-register online with ABCUL before the meeting.
2. GoTo: <https://attendee.gotowebinar.com/register/6785047108617919072>
3. Then enter your First Name, Last Name, Email and Kent Savers Member Number
4. You will receive a confirmation email from Jackie Littlewood at ABCUL, with a link to join the meeting.

During the virtual meeting

At the start of the SGM, we will run through how the virtual meeting will work.

All Attendees will be muted during the SGM, but you can ask questions at any time by typing in the Q&A section. We will be monitoring questions throughout the meeting, and will either reply in the session, in the Q&A area, raise your question during Any Other Business, or in some cases, respond afterwards. It will be helpful to have any questions from members in advance, so if possible please email us at info@KentSavers.co.uk (or send a letter by post) with anything you would like Directors to address at the meeting.

Voting will be live in the meeting with instant results. The vote will be on screen, and members simply select their preference. We will hold a test vote at the start of the meeting, so that everyone is familiar with how this works.

We very much encourage you to join us on 8th January to have your say and cast your vote in this important decision for Kent Savers. We thank you for your kind attention.

Kind regards

The Board of Directors at Kent Savers