

## Risks of the Merger

Risk	Description	Risk Management & Mitigation Approach
Merger Process	A merger is a significant and transformative event for each credit union and will require careful integration planning.	This risk will be managed through the creation of a joint Project Management Office (PMO), with proven project management capability, merger competency, and Board oversight. Sufficient resources and leadership will be applied to operations, while merger PMO continues to focus on the integration project.
Technological Integration	Risks associated with operating multiple systems, with the potential for increased cost and timing challenges.	An effective technology integration plan will be developed to minimize disruption while ensuring a low risk transition. The credit unions have experienced IT leadership, and will leverage strong subject matter experts in both organizations. In addition, an IT partnership already exists between the two organizations, which will help to lessen the overall risk of IT integration.
Expected Synergies May Not Materialize	Financial or efficiency benefits do not materialize.	The financial model of the new credit union is based on conservative, but reasonable assumptions. Throughout the merger, management will revisit cost containment & revenue growth opportunities.
Due Diligence Risk	Details such as undisclosed liabilities may exist that the other credit union is unaware of.	The externally resourced due diligence process has provided expertise and interpretations of findings. The FCU risk & governance framework will be introduced to Union Bay in the early integration period, decreasing the exposure timeline.
Member Approval	The approval of Union Bay members will be a condition of the merger.	The credit unions will undertake a thorough communication and engagement strategy, for both employees and members, including Director involvement at the local level.
Loss of Union Bay Goodwill	If the merger proceeds, the Union Bay Credit Union brand will cease to exist.	Throughout the merger planning process, there has been a focus on community and social impact alignment within the organization. The similarities between values, organizational legacy, and vision will help to pave a smooth path forward.
Organizational Culture	Risks associated with integrating two corporate cultures.	There is strong evidence of cultural alignment between the two organizations. Union Bay leadership will remain in place, and onboarding activities for the Board Director nominees and employees will encourage early cultural integration.