



PO BOX 12288
ROANOKE, VA 24024
MEMBERONEFCU.COM
800.666.8811

June 13, 2024

Dear Valued Member,

On behalf of the board of directors of Member One Federal Credit Union (Member One), I am pleased to share exciting news. We have received regulatory approval to pursue a merger with Virginia Credit Union, which will be federally chartered as Virginia Federal Credit Union effective July 1, 2024 (Virginia Credit Union).

Member One's board of directors and leadership team support this merger. However, the final decision is up to you. You are being asked to vote on a proposal for a merger with Virginia Credit Union, a credit union with branches throughout the Commonwealth of Virginia.

Unlike bank mergers that are designed to make money for stockholders, this merger represents a partnership between two local credit unions that are committed to members and the communities they serve. Additionally, the combined organization would be better positioned to expand its product, service, branch network, and technology offerings in a financial services sector that is constantly evolving.

Your vote is very important, and a merger between Member One and Virginia Credit Union must have the approval of a majority of members of the credit union voting on the proposal. Along with this letter, you will find a Notice of Special Meeting, and a ballot, which include instructions to vote. Should you require additional information, please direct questions to our attention at mergerinfo@memberonefcu.com.

We recommend that you vote to "APPROVE" the proposed merger with Virginia Credit Union. To be counted, your ballot must reach us by the date and time announced for the meeting and noted on the enclosed ballot.

We greatly appreciate your membership and thank you for your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph A. Hayler". The signature is fluid and cursive, written over a white background.

Board Chair
Member One Federal Credit Union



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Notice of Meeting of the Members of Member One Federal Credit Union

The Board of Directors of Member One Federal Credit Union have called a special meeting of the members of this credit union at Member One Federal Credit Union, 202C 4th St NE, Roanoke, VA 24016, on July 30th 2024, at 6:00 PM. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Member One Federal Credit Union with and into Virginia Credit Union, which will be federally chartered as Virginia Federal Credit Union effective July 1, 2024 (hereinafter referred to as the “Continuing Credit Union” or “Virginia Credit Union”), whereby all assets and liabilities of Member One Federal Credit Union will be merged with and into the Continuing Credit Union. All members of Member One Federal Credit Union will become members of the Continuing Credit Union and will be entitled to and will receive shares in the Continuing Credit Union for the shares they own in Member One Federal Credit Union on the effective date of the merger.
2. To ratify, confirm and approve the action of the Board of Directors in authorizing the officers of Member One Federal Credit Union, subject to the approval of members, to do all things and to execute all agreements, documents, and other papers necessary to carry out the proposed merger.

The Board of Directors of Member One Federal Credit Union encourages you to attend the meeting and vote on the proposed merger. Whether or not you expect to attend the meeting, we urge you to sign, date and promptly return the enclosed ballot to vote on the proposed merger.

If you wish to submit comments about the merger to share with other members, you may submit them to the National Credit Union Administration (NCUA) at <https://www.ncua.gov/support-services/credit-union-resources-expansion/credit-union-merger-resources/comments-proposed-credit-union-mergers> or mail to:

NCUA - Office of Credit Union Resources and Expansion
1775 Duke Street
Alexandria, VA 22314
RE: Member-to-Member Communication for Member One Federal Credit Union

The NCUA will post comments received from members on its website, along with the member's name, subject to the limitations and requirements of its regulations.

Other Information Related to the Proposed Merger:

The Board of Directors has carefully evaluated and analyzed the assets and liabilities of the credit unions and the value of shares in both credit unions. The financial statements of both credit unions, as well as the projected combined financial statement of the continuing credit union, follow as separate documents. In addition, the following information applies to the proposed merger.

Reasons for merger: The Board of Directors has concluded that the proposed merger is desirable and in the best interests of members because it allows for a consolidation of energies and resources of the two credit unions to better serve the members in a competitive and secure environment. As a result of the proposed merger, the Continuing Credit Union will be able to offer, and you will be able to expect:

- **More Member Access.** A larger branch footprint would allow us to have more impact on existing members. But bigger than that, through this partnership our field of membership would expand, and we would be able to serve more people and communities throughout the Commonwealth of Virginia providing them with access to top-notch financial products and services.
- **Products/Services.** As a larger organization, we would ultimately gain economies of scale which will allow us to offer an even more robust product and service line, reduce costs, and return more value in the form of products, services, and community involvement (to name a few) to existing and future members.
- **More Responsive to Evolving Financial Needs.** This partnership would allow the credit union to better anticipate and meet the financial needs of members in a competitive financial services industry.
- **Enhanced Electronic Banking Products.** This partnership would allow us to constantly assess and improve our technology solutions and make sure we're providing "the best" digital banking solutions we can for members now and into the future.
- **More Branch Locations.** Together we'd have 37 branches throughout the Commonwealth of Virginia.
- **Same Knowledgeable, Friendly Employees.** The same friendly staff at our branches would continue to be available to serve members.
- **Ongoing Commitment to Community Impact at a Local Level.** Both organizations have a history of making a difference in the communities they serve. The Continuing Credit Union would remain committed to making a difference in ALL the communities we serve together. The Continuing Credit Union would establish the Greater Roanoke Area Advisory Council (GRAAC), comprised of Member One executive team members and board members, who would work together on ensuring an ongoing presence and impact in the community is felt. The GRAAC would assist with community connections and provide direct input on ways to serve the local community and deepen our impact.
- **Volunteer Representation.** Two members of Member One's board of directors will serve on the Continuing Credit Union's board of directors and one Member One director will serve as an associate director on the Continuing Credit Union's Associate Board of Directors.
- **Leadership Representation.** Virginia Credit Union's President/CEO, Chris Shockley, will be the President/CEO of the Combined Credit Union after the Merger. Member One's President/CEO, Frank Carter, will remain with the organization in an executive role until he retires.

Becoming a larger credit union would provide opportunities to leverage resources, position us for continued growth, and increase efficiencies. This would also allow us to provide even more value to members in the form of greater access to expanded products and services along with robust evolving technologies, all while continuing our current impactful community presence in the greater Roanoke area.

Beyond these immediate benefits, this merger will combine two established entities that share similar values and commitment to their members, people, and culture. These two organizations share a core purpose of advancing and promoting the interests of the public to empower people to achieve a brighter financial future. With the combined vision, people, and capabilities of these two organizations, the members,

communities, and employees will receive lasting benefits. The combined entity will leverage its leadership and innovation to offer members competitive products and services even better than they have today.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. Member One Federal Credit Union does not have a higher net worth ratio than Virginia Credit Union.

Share Adjustment or distribution: Member One Federal Credit Union will not distribute a portion of its net worth to its members in the merger. The board of directors has determined a share adjustment, or other distribution of Member One Federal Credit Union's net worth is unnecessary because once all one-time merger costs (including early contract termination fees, prepaid expenses, and depreciation) are accounted, together with the Continuing Credit Union's extensive infrastructure and beneficial services and product offerings that will be available to Merging Credit Union members, and the Merging Credit Union's relative net worth are taken into consideration, the merger will not result in an increase to the Continuing Credit Union's net worth ratio.

Locations of merging and continuing credit union: Member One Federal Credit Union's main office and branches will remain open, subject to good business practices and safety and soundness. As a result of the merger, once all operations are combined, there will be 37 branches available to you throughout the Commonwealth of Virginia. A complete list of combined branch locations is included with this notice.

Member One Federal Credit Union locations:

- *Main Office:* 202 4th St NE Bldg C, Roanoke, VA 24016
- *Christianburg Branch/ATM, Drive Thru, Member Services:* 105 Oaktree Blvd, Christianburg, VA 24073-1486
- *Daleville Town Center/ATM, Member Services:* 32 Charter Avenue, Daleville, VA 24083
- *Radford Branch/ATM, Member Services:* 6103 Fulk Dr, Ste C, Fairlawn, VA 24141-9005
- *Forest Branch/ATM, Member Services:* 16955 Forest Rd, Ste A, VA 24551
- *Westlake Branch/ATM, Drive Thru/Member Services:* 12975 Booker T Washington Hwy, Hardy, VA 24101
- *Lynchburg Branch/Drive Thru, Member Services:* 7114 Timberlake Rd, Lynchburg, VA 24502-2335
- *Lakeside Crossing Branch/ATM, Member Services:* 3901 Old Forest Rd, Lynchburg, VA 24501
- *Orange Ave Branch/ATM, Drive Thru, Member Services:* 1445 Mexico Way NE, Roanoke, VA 24012
- *Southwest Branch/ATM, Drive Thru, Member Services:* 2310 Electric Dr, Roanoke, VA 24018-2304
- *Hershberger Branch/ATM, Drive Thru, Member Services:* 1611 Hershberger Rd NW, Roanoke, VA 24012-7208
- *South Roanoke Branch/ATM, Member Services:* 2962 Franklin Rd SW, Roanoke, VA 24014-1002
- *Member Service Center/ATM, Drive Thru, Member Services:* 625 Williamson Rd NE, Roanoke, VA 24016
- *Rocky Mount Branch/ATM, Drive Thru, Member Services:* 40 Member One Way, Rocky Mount, VA 24151
- *Salem Branch/ATM, Drive Thru, Member Services:* 1436 W Main St, Salem, VA 24153
- *Vinton Branch/ATM, Drive Thru, Member Services:* 1056 By Pass Rd, Vinton, VA 24179-1807

Changes to services and member benefits: There are no anticipated changes to core services and member benefits.

Merger-related financial arrangements: NCUA Regulations require merging credit unions to disclose the possibility of certain potential compensation that any of the merging credit union's officials or the five most highly compensated employees may receive in connection with the merger. The following individuals *may* receive such compensation if they meet certain milestones. These arrangements are reasonable and commonplace in the financial services industry and have been designed to provide incentives to remain with the Continuing Credit Union.

Frank Carter, President/CEO. The Continuing Credit Union will employ Mr. Carter as the Senior Executive Business Advisor. To incentivize Mr. Carter to remain with the Continuing Credit Union and recognize and

reward Mr. Carter for the additional work and responsibilities he has performed during the merger process, Mr. Carter will be eligible to receive a one-time retention bonus of \$250,000 (gross) if he remains with Member One until the merger effective date.

Jean Hopstetter, Senior Executive Vice President: The Continuing Credit Union will employ Ms. Hopstetter as the Senior Executive Vice President & Merger Integration Executive. To incentivize Ms. Hopstetter to remain with the Continuing Credit Union on a long-term basis, Ms. Hopstetter will be eligible to receive a Retention Bonus totaling \$95,000.00 (gross) payable in three installments, if she remains with the Continuing Credit Union for 18 months following the merger date.

Alan Wade, Executive Vice President/Chief Financial Officer: The Continuing Credit Union will employ Mr. Wade as an Executive Vice President. To incentivize Mr. Wade to remain with the Continuing Credit Union on a long-term basis, Mr. Wade will be eligible to receive a Retention Bonus totaling \$82,000.00 (gross) payable in three installments, if he remains with the Continuing Credit Union until December 31, 2025.

Tim Rowe, Executive Vice President: The Continuing Credit Union will employ Mr. Rowe as an EVP, Market President. To incentivize Mr. Rowe to remain with the Continuing Credit Union on a long-term basis, Mr. Rowe will be eligible to receive a Retention Bonus totaling \$80,000.00 (gross) payable in three installments, if he remains with the Continuing Credit Union for 18 months following the merger date.

Jeff Wiczorek, Chief Information Officer: The Continuing Credit Union will employ Mr. Wiczorek as a “Chief Information Officer.” To incentivize Mr. Wiczorek to remain with the Continuing Credit Union on a long-term basis, Mr. Wiczorek will be eligible to receive a Retention Bonus totaling \$68,000.00 (gross) payable in three installments, if he remains with the Continuing Credit Union for 18 months following the merger date.

Please note that the proposed merger must have the approval of the majority of members who vote.

Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. If you cannot attend the meeting, you can vote online at <https://memberonefcu.cuballot.com> or complete the Ballot and return it to CUBallot – Election Processing, E Space Communications, Inc., P. O. Box 3156, Dublin, OH 43016-9842.

To be counted, your Ballot must be received by 6:00 PM on July 30th, 2024.

BY THE ORDER OF THE BOARD OF DIRECTORS:



Board Chairperson

Date: June 13, 2024

Better Together.

LOCATIONS

- 1 RICHMOND VACU BRANCHES**
Carytown
Chester
Church Hill
Courthouse
East End
Genito
Glenside
Hancock Village
Hanover
Koger
North Adams
Scotts Addition
Shockoe Slip
Short Pump
Southpark
VCC
West Broad
Winterfield Crossing

- 2 FREDERICKSBURG VACU BRANCHES**
Cosner East
Fredericksburg

- 3 CHARLOTTESVILLE VACU BRANCHES**
Seminole

- 4 FARMVILLE VACU BRANCHES**
Farmville

- 5 ROANOKE MEMBER ONE BRANCHES**
Daleville
Main Office
Hershberger
Orange Avenue
Salem
South Roanoke
Southwest
Vinton

- 6 HARDY MEMBER ONE BRANCHES**
Westlake

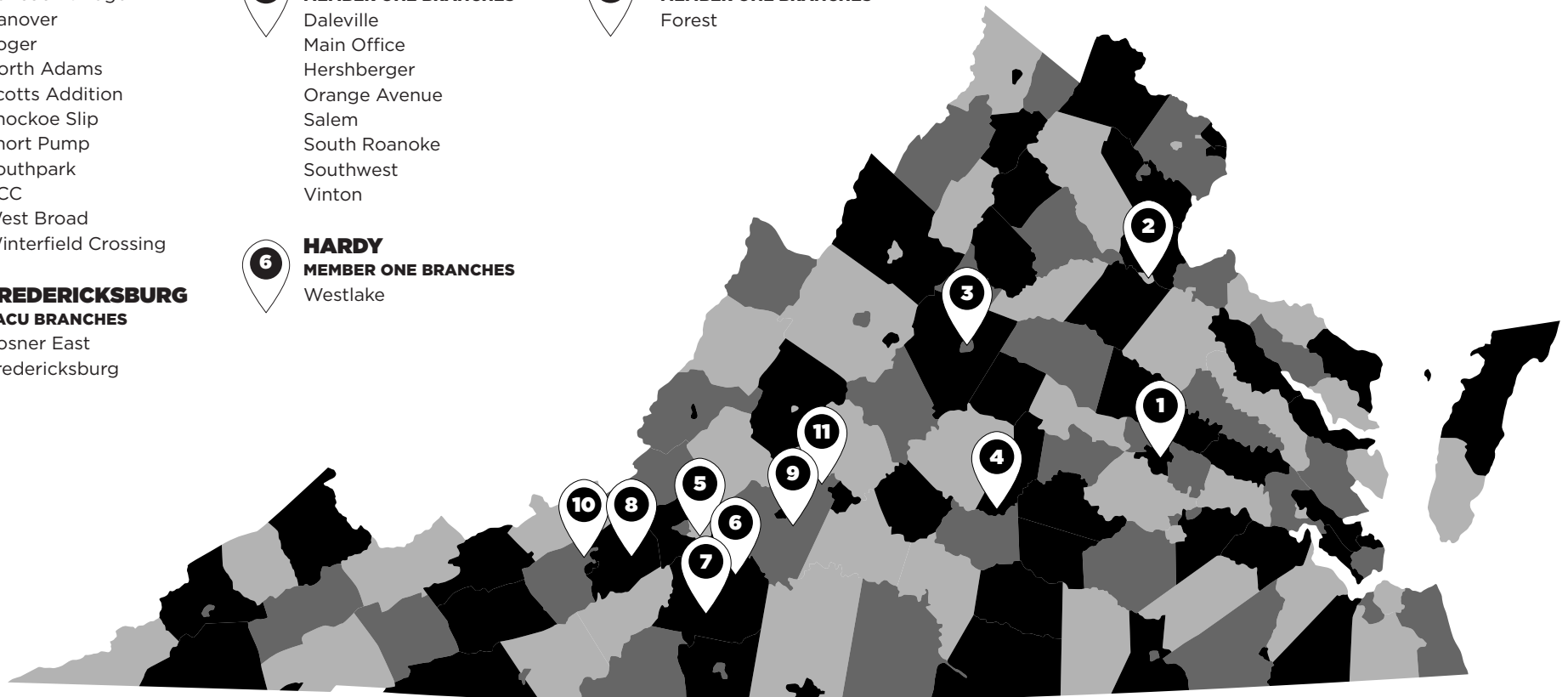
- 7 ROCKY MOUNT MEMBER ONE BRANCHES**
Rocky Mount

- 8 CHRISTIANSBURG MEMBER ONE BRANCHES**
Christiansburg

- 9 FOREST MEMBER ONE BRANCHES**
Forest

- 10 RADFORD MEMBER ONE BRANCHES**
Fairlawn

- 11 LYNCHBURG MEMBER ONE BRANCHES**
Lakeside Crossing
Timberlake



MERGER OF MEMBER ONE FCU (MCU) AND VIRGINIA CU (federally chartered as Virginia Federal Credit Union as of July 1, 2024) (CCU)
 Combined Income Statement
 3 Months Ended March 31, 2024

	Virginia CU	Member One FCU	Total
Interest on Loans	\$ 59,210,996	\$ 20,007,597	\$ 79,218,593
Income from Investments	\$ 12,392,221	\$ 883,081	\$ 13,275,302
TOTAL INTEREST INCOME	\$ 71,603,217	\$ 20,890,678	\$ 92,493,895
Dividends on Shares	\$ 22,700,855	\$ 8,143,471	\$ 30,844,326
Interest on Borrowed Money	\$ 4,609,934	\$ 1,170,462	\$ 5,780,396
TOTAL INTEREST EXPENSE	\$ 27,310,789	\$ 9,313,933	\$ 36,624,722
Provision (Credit) for Loan Losses (PLL)	\$ 7,500,000	\$ 2,250,000	\$ 9,750,000
NET INTEREST INCOME AFTER PLL	\$ 36,792,428	\$ 9,326,745	\$ 46,119,173
Fee Income	\$ 6,028,264	\$ 2,474,202	\$ 8,502,466
Other Operating Income	\$ 9,907,174	\$ 2,177,296	\$ 12,084,470
Non-Operating Income	\$ 1,119,733	\$ 1,773,434	\$ 2,893,167
Gain on Sale of Assets	\$ 1,145,503	\$ -	\$ 1,145,503
Gain from Bargain Purchase	\$ -	\$ -	\$ -
TOTAL NON-INTEREST INCOME	\$ 18,200,674	\$ 6,424,932	\$ 24,625,606
Total Employee Compensation & Benefits	\$ 25,382,216	\$ 7,603,377	\$ 32,985,593
Travel & Conference Expense	\$ 224,569	\$ 123,184	\$ 347,753
Office Occupancy Expense	\$ 1,835,074	\$ 509,775	\$ 2,344,849
Office Operations Expense	\$ 13,457,852	\$ 859,182	\$ 14,317,034
Educational & Promotional Expense	\$ 2,562,736	\$ 535,736	\$ 3,098,472
Loan Servicing Expense	\$ 4,027,308	\$ 818,004	\$ 4,845,312
Professional Services Expense	\$ 555,605	\$ 2,994,448	\$ 3,550,053
Member Insurance Expense	\$ 8,177	\$ -	\$ 8,177
Operating Fees	\$ 341,448	\$ 69,000	\$ 410,448
Miscellaneous Operating Expense	\$ 1,636,899	\$ 93,520	\$ 1,730,419
TOTAL NON-INTEREST EXPENSE	\$ 50,031,884	\$ 13,606,226	\$ 63,638,110
NET INCOME	\$ 4,961,218	\$ 2,145,451	\$ 7,106,669

Note: The above financial data excludes any necessary pre-merger accounting adjustments and any purchase accounting adjustments.

MERGER OF MEMBER ONE FCU (MCU) AND VIRGINIA CU (federally chartered as Virginia Federal Credit Union as of July 1, 2024) (CCU)
 Combined Balance Sheet and Probable Asset to Share Ratio
 As of March 31, 2024

	Virginia CU	Member One FCU	Combined
<u>ASSETS</u>			
Cash & Equivalents	\$ 30,501,664	\$ 119,078,229	\$ 149,579,893
Investments	\$ 1,332,914,622	\$ 6,581,130	\$ 1,339,495,752
Total Cash and Investments	\$ 1,363,416,286	\$ 125,659,359	\$ 1,489,075,645
Total Loans	\$ 3,788,089,148	\$ 1,480,012,394	\$ 5,268,101,542
Allowance for Loan Losses	\$ (62,537,563)	\$ (10,288,020)	\$ (72,825,583)
Net Loans	\$ 3,725,551,585	\$ 1,469,724,374	\$ 5,195,275,959
Other Assets	\$ 151,706,811	\$ 116,425,789	\$ 268,132,600
NCUSIF Deposit	\$ 42,626,111	\$ 13,050,181	\$ 55,676,292
Total Assets	\$ 5,283,300,793	\$ 1,724,859,703	\$ 7,008,160,496
<u>LIABILITIES & EQUITY</u>			
Notes Payable	\$ 308,316,004	\$ 100,000,000	\$ 408,316,004
Accounts Payable & Other Liabilities	\$ 71,226,144	\$ 16,755,999	\$ 87,982,143
Total Liabilities	\$ 379,542,148	\$ 116,755,999	\$ 496,298,147
Checking Accounts	\$ 969,865,848	\$ 229,785,066	\$ 1,199,650,914
Regular Shares	\$ 726,699,902	\$ 318,840,144	\$ 1,045,540,046
Money Market Accounts	\$ 1,833,278,608	\$ 164,537,298	\$ 1,997,815,906
Certificates	\$ 765,154,442	\$ 643,109,722	\$ 1,408,264,164
IRA/KEOGH Accounts	\$ 208,820,353	\$ 98,930,352	\$ 307,750,705
All Other Shares	\$ 4,199,403	\$ -	\$ 4,199,403
Total Member's Shares	\$ 4,508,018,556	\$ 1,455,202,582	\$ 5,963,221,138
Regular Reserves	\$ -	\$ -	\$ -
Equity Acquired in Merger	\$ 3,984,170	\$ -	\$ 3,984,170
Accumulated Other Comprehensive Income	\$ (153,487,717)	\$ (37,712)	\$ (153,525,429)
Undivided Earnings	\$ 545,243,636	\$ 152,938,834	\$ 698,182,470
Total Equity	\$ 395,740,089	\$ 152,901,122	\$ 548,641,211
TOTAL LIABILITIES, SHARES & EQUITY	\$ 5,283,300,793	\$ 1,724,859,703	\$ 7,008,160,496
Probable Asset/Share (PAS) Ratio (1)	108.78%	110.51%	109.20%

Note: The above financial data excludes any necessary pre-merger accounting adjustments and any purchase accounting adjustments.

(1) The PAS ratio is the relative worth of each \$1 in shares.



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Ballot for Merger Proposal

Name of Member: _____
Account Number: _____

Your credit union must receive this ballot by 6:00 PM on July 30th, 2024. Please bring this ballot with you to the Special Meeting. If you cannot attend the Special Meeting, you can vote online at <https://memberonefcu.cuballot.com> or mail it to:

Member One Federal Credit Union
c/o CUBallot – Election Processing
E Space Communications, Inc.
P. O. Box 3156
Dublin, OH 43016-9842

I have read the Notice of Special Meeting for the members of Member One Federal Credit Union. The meeting will be held on the above date to consider and act upon the merger proposal described in the notice. I vote on the proposal as follows (check one box):

Approve the proposed merger and authorize the Board of Directors to take all necessary action to accomplish the merger.

Do not approve the proposed merger.

Member Signature

Date

Member Name (printed)