

Merger Proposal Q & A

Why are you proposing we merge?

There is an increased strain on smaller Credit Unions like us to remain financially strong, continue growing, add the services members need, attract staff and volunteers, keep up with technology advances and comply with an increased regulatory burden. We are not immune from these challenges. We are recommending this because it is in the best interest of our members, who will benefit from partnering with 802 Credit Union. This is an opportunity for our two like-minded Credit Unions to create a strategic alliance that will benefit both memberships. Consolidation of the Credit Union industry has been occurring for several years. This strategic decision will ensure long-term stability and the ability to provide you with the highest level of service and benefits.

Why is 802 Credit Union and its membership a good strategic match for us?

There are several reasons why we chose 802 Credit Union as a partner. In addition to the convenience of a full service office directly across the street and another one close by in Windsor, they also have 7 other branches throughout Vermont. They have a great community reputation and are very strong financially. They also have a statewide field of membership in Vermont and three counties in New Hampshire, which overlaps our membership. Our philosophical priorities are very similar, and member service will remain a top priority. All staff members will maintain employment and be provided additional benefits. This partnership will create strategic strength, improved products and services, and overall convenience to the entire membership.

Can you show me a comparison of the two credit unions?

As we partner with 802 Credit Union, you can see we will become a stronger financial institution with a stronger ability to sustain changes in the economic climate.

	<u>Vermont VA FCU</u>	<u>802 CU</u>
Date of Organization:	1939	1953
Number of Members:	2,362	34,665
Asset Size:	\$32,986,662	\$378,679,897
Total Deposits:	\$30,431,892	\$344,739,434
Total Loans:	\$12,223,938	\$210,113,248

Note: All figures are as of September 30, 2022

What is the NCUA & Vermont Department of Financial Regulation's approval process for credit union mergers?

The NCUA & Vermont Department of Financial Regulation guidelines indicate the approval of a merger should be conducted in the following order: 1) Approval by both Board of Directors. 2) Approval by the NCUA & Department of Financial Regulation. 3) Approval by both memberships. We anticipate receiving the preliminary approval from the NCUA & Department of Financial Regulation in March. At that point we will make plans to schedule a special membership meeting to vote on the merger proposal. This is unlikely to happen before May, but the exact timeline is dependent upon when we receive regulatory approval. We appreciate the trust you have in your Board of Directors and staff, and that you realize we are recommending this merger because of the benefits to the credit union and its membership.

Will our Credit Union name change?

Yes, our name will become 802 Credit Union. They recently launched this new name and we feel that it will also reflect our membership values very well. While a name change is necessary, the history of Vermont VA Federal Credit Union will not be forgotten. Even though our name will change, the staff, convenient location area, and high level of service will not.

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Will my account number change? Will I need to order new checks? What about my Debit Card?

Although operational details are still being developed, we do anticipate there will be some minor changes to your account information. We will try to make the transition as seamless as possible and ensure that your account will not be adversely affected. If changes to your account are necessary, we will plan on giving you ample notice prior to making the change.

Will loan decisions still be local and quick?

Yes, and our lending staff throughout Vermont will be increasing with additional lenders to serve you. The same friendly, quick service you receive today will continue. Lending is a major strength of 802CU and will be of great value to our membership. Additional enhancements will be added such as student loans, more home equity loan options, mortgage loan improvements and eventually a credit card rewards program and business lending.

Will I lose the personal service that I currently receive? Will I see different employees? What will happen to current VT VA Federal Credit Union employees?

You will continue to see and be served by the same friendly employees you see today. No staff member will lose their job because of this merger. We envision this merger will have a very positive effect on our staff. In addition, you will now have nine branch offices to visit or call for your financial needs.

How will the merger affect the financial strength of the Credit Union? Will my deposits still be federally insured?

As a combined organization the Credit Union is financially stronger. This is due to several factors including size, net worth ratio, risk factors, loan demand, and a diversified field of membership. Your deposits will continue to be federally insured by the National Credit Union Administration and backed by the full faith and credit of the United States government to the maximum allowed by law. The current limit is \$250,000.

What new products and services might we see as a result of the merger? How am I going to benefit as a member? What immediate and long-term benefits are possible?

You will see several positive outcomes of the merger immediately. Our Credit Union will be able to improve the products and services as the two credit unions unite because of the strong product and service offerings at 802CU. Combined, we will also be adding future products and improved services at a faster pace.

Immediate or near future product/service enhancements:

- Nine offices to visit (In addition to White River Jct., new office locations include: Windsor, Barre, South Burlington, Springfield, Putney, Bellows Falls, Brattleboro, and Townsend)
- Increased investment options. Wealth management services in the future.
- Reduction in 14 fees immediately, with no fee increases.
- More lending options, such as student loans, fixed rate home equities, mortgage loans, credit card rewards program and business loans.
- Additional Credit Union-owned ATMs, 24/7 telephone banking, enhanced website.
- Enhanced electronic services (home banking, bill pay, mobile).
- Saturday office hours at the White River and Windsor branches.

In addition to these products and services, you would have more staff members to assist you with your financial needs. It will also provide your Credit Union with long-term sustainability in today's financial marketplace.

If you have any questions, please contact Tom Crapo, CEO at (802) 295-5104 ext. 107 thomas.crapo@vtvafcu.com or Gladys Berry, Board Chair at vtvafcu-board@vtvafcu.com.