



3600 Wake Forest Road / Raleigh, NC 27609
civicfcu.org / t: 844-772-4842 / f: 919-235-4711

August 9, 2024

Dear Civic Member:

After a year of planning and preparing, the Civic Federal Credit Union Board of Directors has set the date to move forward with plans to merge into Local Government Federal Credit Union.

What this means

This merger is a formality to bring the two credit unions together. The Civic name and the way you conduct business will remain the same.

Over the past year, Civic has added products and services to our robust, secure digital banking platform, designed to help you keep more of your money and make your financial life easier. We added several new products, including mortgages, Health Savings Accounts (HSAs), Individual Retirement Accounts (IRAs), youth accounts, and a Steady Save savings account — all to help you save for the events that matter most to you.

We know you love mobile banking, but we also listened when members asked for cash solutions for organizational and small business accounts. As a result, we added a network of surcharge-free ATMs and thousands of merchant locations for you to conveniently make deposits across North Carolina. We are also in the process of adding 11 Civic branches across the state, just in case you want to stop in and say “Hi.” And of course, our qualified Experience Center team is already at your fingertips, ready to help you manage your accounts.

Our recommendation

We recommend an **APPROVE** vote on the ballot.

The proposed merger is desirable and in the best interests of members because the merger will enable us to expand services to the membership, enable a more unified focus on local government, provide greater stability of both credit unions through consolidation, benefit from economies of scale to offer more resources, and provide industry-leading mobile banking, digital services and account features.

The two credit unions are aligned in many areas — including our focus on and deep respect for local government. Recognizing the advantages and alignment, we know that you will benefit from a combined larger institution. We are confident that members will continue to experience the high level of member service you expect from your credit union today.

An APPROVE vote is truly a win-win for all of us.

Details of this merger

The approval to pursue the merger was granted by NCUA in June 2024. A membership meeting to approve the merger with LGFCU is currently scheduled for September 27, 2024, with a completed merger targeted by September 30, 2024.

The Civic Federal Credit Union Board of Directors is pleased to present you, our valued member, with the opportunity to vote on this important recommendation. You will have the opportunity to vote early by mail with the enclosed ballot, online at www.civicfcu.org/merger, or attend the **Special Meeting on September 27, 2024**, and vote in-person. If you have questions about the merger, or for more information, please visit: www.civicfcu.org/merger.

Thank you for your consideration.

Sincerely,


Jeanne Erwin
Board Chairperson


Dwayne Naylor
President & CEO

Always Local. All Ways.



NOTICE OF MEETING OF THE MEMBERS OF CIVIC FEDERAL CREDIT UNION

The Board of Directors of Civic Federal Credit Union has called a special meeting of the members of this credit union at 323 West Jones Street, Raleigh, NC 27603 in the Civic Conference Center on September 27, 2024, at 3:00 PM. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Civic Federal Credit Union with and into Local Government Federal Credit Union (hereinafter referred to as the "Continuing Credit Union"), whereby all assets and liabilities of Civic Federal Credit Union will be merged with and into the Continuing Credit Union. All members of Civic 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 Civic Federal Credit Union on the effective date of the merger. The Continuing Credit Union will continue to do business under the name Civic Federal Credit Union, and continue to use corresponding Civic branding.
2. To ratify, confirm and approve the action of the Board of Directors in authorizing the officers of Civic 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 Civic 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 or follow the instructions on the ballot for electronic voting 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://nca.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 Civic 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 the merger will expand services to the membership; enable a more unified focus on local government; provide greater stability of both credit unions through consolidation; benefit from economies of scale to offer more resources; and provide industry-leading mobile banking, digital services and account features.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the Continuing Credit Union. Civic Federal Credit Union currently has a lower net worth ratio than Local Government Federal Credit Union.

Share adjustment or distribution: Civic 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 Civic Federal Credit Union's net worth, is unnecessary because the net worth of Local Government Federal Credit Union is greater than that of Civic Federal Credit Union and the membership of Civic Federal Credit Union will benefit from the merger, leading to additional value.

Locations of merging and Continuing Credit Union: Civic Federal Credit Union's main office at 3600 Wake Forest Road, Raleigh, North Carolina 27609 will remain open in addition to Local Government Federal Credit Union's main office at 323 West Jones Street, Raleigh, NC 27603. Members of the Continuing Credit Union will be served online via an online and mobile platform, and in person at one of the eleven branches the Continuing Credit Union plans to establish in 2024. The eleven branches will be located in Raleigh, Charlotte, Asheville, Murphy, Ahoskie, Greensboro, Wilmington, Greenville, Lumberton, Hickory, and Durham. Further, to meet the members' various cash needs, the Continuing Credit Union is partnering with State Employees' Credit Union to allow the Continuing Credit Union's members to withdraw cash from any of its CashPoints® ATMs after the merger. The Continuing Credit Union's members will also have access to these other cash deposit/withdrawal options: Visa® Readylink at various locations; and MoneyPass®, a nationwide surcharge-free ATM network.

Changes to services and member benefits: Civic and LGFCU staff have worked tirelessly on merging the best of both credit unions' product suites to ensure the surviving institution has competitive products for members to meet their financial goals. The following services and products are currently available to Civic Federal Credit Union members and will continue to be available upon successful merger with and into Local Government Federal Credit Union.

1. Share Term Certificates (STC)

Civic has developed STCs with 6- to 60-month options. Civic has created STC "buckets," allowing members to choose the term maturity date that best suits their financial needs. The "buckets" include 6-11 months, 12-18 months, 19-24 months, 25-36 months, 37-48 months, and 49-60 months.

2. Checking and Share accounts

Checking accounts will allow members to earn an increased dividend based on the number of monthly debit card swipes. The Share account is the primary savings vehicle and provides for membership with the credit union.

3. Money Market Savings

The credit union's Money Market Account is classified as a checking account, allowing our members to quickly write checks for more effortless money movement.

4. Business and Nonprofit Money Market Savings

These products and associated dividends have been created based on each business' savings and money movement needs.

5. Business and Nonprofit Share Term Certificates

Civic has developed STCs with 6 to 60-month options. Civic has created STC "buckets," allowing members to choose the term maturity date that best suits their financial needs. The "buckets" include 6-11 months, 12-18 months, 19-24 months, 25-36 months, 37-48 months, and 49-60 months.

6. Business and Nonprofit Checking and Share Accounts

These products and associated dividends have been created based on each business' savings and money movement needs.

7. Youth Share Accounts

The credit union has developed specific products tailored to our youth and teen members. These accounts have an increased dividend rate, with teen accounts utilizing debit cards and limited online and mobile money movement.

8. Credit Builder Loan

Members with little to no credit or those who desire to rebuild their credit are the prime candidates for this product. Only positive payment histories are reported to the credit bureaus to help members build or rebuild their credit.

9. Emergency Loan

The Emergency Loan provides immediate cash for those unforeseen expenses while giving the member 90 days to repay the loan, thus eliminating the dependency on ongoing paycheck-to-paycheck support.

10. Used and New Auto Loans

A fundamental loan for any credit union, these offerings provide flexible options for members looking to buy a new vehicle or refinance an existing loan.

11. Interest-only and traditional Home Equity Line of Credit options

To meet all the members' payment needs, the credit union will offer HELOCs with interest-only payment options, and with traditional principal and interest payments.

12. Mortgages

The credit union will offer first-time homebuyers, adjustable-rate and fixed-rate mortgage options.

13. Personal Loans

This loan has no origination fee and offers fixed principal and interest payments for up to 60 months for debt consolidation or unexpected expenses.

14. Personal Line of Credit

An open-ended option to allow members to withdraw funds as needed for ten years.

15. Business and Consumer Credit Cards with Contactless Payment

Business Credit Cards allow employers to assign limits to their employees. Regarding the credit union's consumer credit cards, members will benefit from a rewards program offering points redeemed as statement credits, merchandise gift cards, and travel options.

16. For-Profit and Non-profit Business Lending

The credit union's Commercial Lending team has loan options for all business sizes, whether for-profit or non-profit, in addition to its options for commercial real estate, fire trucks, etc.

17. Zelle®

Zelle is the credit union's primary person-to-person money movement channel.

18. Business ACH Origination

The credit union will offer this service to our for-profit and nonprofit business members, allowing them to facilitate payments or payroll.

19. Consumer ACH Origination

The online and mobile banking platform allows members to link other accounts and move money quickly and seamlessly between their financial institutions.

20. Online Wire Transfers

Members will be able to benefit from domestic wire transfers.

21. Online Bill Pay

Our members will benefit from scheduling payments for immediate or future payments, depending on their needs.

22. Online Credit Score Monitoring

SavvyMoney® provides this service via the credit union's online banking channel.

23. Remote Deposit Capture

Remote Deposit Capture (RDC) is expected to be the organization's primary source of money movement.

24. Online and Mobile Banking

Outside of the branches, this will be the primary source of money movement and a self-service platform for all members' financial needs. The platform will include payments for loans, ACH, wire transfers, RDC, bill pay, credit score monitoring, and internal transfers.

25. Debit Cards with Contactless Payment

26. Online Card Controls

This service will allow members to increase or decrease point of sale and cash withdrawal limits, and block lost cards.

27. Cash Options

Any ATM is a Civic ATM for members. And, in addition to ATMs the credit union will offer members several cash options, including MoneyPass®, Visa® ReadyLink, and SECU CashPoints® ATM network.

Merger-related financial arrangements: NCUA Regulations require merging credit unions to disclose certain increases in compensation that any of the merging credit union's officials or the five most highly compensated employees have received or will receive in connection with the merger. No individuals received or will receive compensation as a part of this merger.


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 electronically at www.civicfcu.org/merger or complete the Ballot and return it to:

CUBallot—Election Processing
E Space Communications Inc.
P.O. Box 3156
Dublin, OH 43016-9842

If you are mailing your ballot, to be counted, your Ballot must be received by September 24, 2024.
If you are voting electronically or in person, to be counted, your ballot must be received by 3:00 PM on September 27, 2024.

BY THE ORDER OF THE Civic Federal Credit Union BOARD OF DIRECTORS:



Jeanne Erwin, Chair

July 12, 2024

Date



Statement of Financial Condition

	June 2024
Assets	
Cash and Investments	\$9,534,229
Mortgage Loans	\$46,895,484
Personal Loans	\$3,973,083
Member Business Loans	\$25,038,405
Home Equity Loans	\$5,055,452
Auto Loans	\$25,953,896
Credit Card Loans	\$1,554,454
Allowance for Loan Losses	(\$950,945)
Net Loans	\$107,519,829
National Share Insurance	\$853,663
Other Assets	\$1,384,796
Total Assets	<u>\$119,292,517</u>
Liabilities & Members' Equity	
Payables	\$639,622
Share Accounts	\$5,537,045
Share Draft Accounts	\$15,006,115
Money Market Accounts	\$59,889,625
Individual Retirement Accounts	\$0
Share Certificates	\$28,944,211
Total Deposits	\$109,376,995
Total Reserves and Undivided Earnings	\$9,275,899
Total Liabilities & Members' Equity	<u>\$119,292,517</u>

Statement of Income

	Year to Date 2024
Operating Income	
Total Investment Income	\$508,867
Mortgage Loans	\$1,021,413
Personal Loans	(\$35,783)
Home Equity Loans	\$198,885
Auto Loans	\$334,749
Credit Card Loans	(\$158,291)
Member Business Loans	\$573,233
Total Net Loan Income	\$1,934,207
Other Operating Income	\$617,443
Total Income	<u>\$3,060,517</u>
Operating Expenses	
Operating Expenses	\$1,506,013
Share Accounts	\$14,412
Share Draft Accounts	\$14,089
Money Market Accounts	\$887,547
Individual Retirement Accounts	\$0
Share Certificates	\$760,775
Total Deposit Expense	\$1,676,822
Borrowings Expense	\$0
Total Expenses	<u>\$3,182,836</u>
Less: Net Income Noncontrolling Interest	\$0
Net Operating Income	<u>(\$122,318)</u>



Statement of Financial Condition

	June 2024
Assets	
Cash and Investments	\$280,023,741
Mortgage Loans	\$1,898,897,956
Personal Loans	\$410,709,798
Member Business Loans	\$183,158,639
Home Equity Loans	\$300,198,603
Auto Loans	\$589,819,762
Credit Card Loans	\$147,719,364
Allowance for Loan Losses	(\$44,740,540)
Net Loans	\$3,485,763,581
National Share Insurance	\$32,321,109
Other Assets	\$169,555,029
Total Assets	<u>\$3,967,663,461</u>
Liabilities & Members' Equity	
Payables	\$163,907,069
Share Accounts	\$820,903,191
Share Draft Accounts	\$585,934,612
Money Market Accounts	\$788,824,981
Individual Retirement Accounts	\$201,474,601
Share Certificates	\$1,121,931,630
Total Deposits	\$3,519,069,014
Total Reserves and Undivided Earnings	\$284,687,377
Total Liabilities & Members' Equity	<u>\$3,967,663,461</u>

Statement of Income

	Year to Date 2024
Operating Income	
Total Investment Income	\$7,825,756
Mortgage Loans	\$38,254,671
Personal Loans	\$20,595,943
Home Equity Loans	\$9,865,077
Auto Loans	\$18,024,834
Credit Card Loans	\$9,289,850
Member Business Loans	\$3,219,868
Total Net Loan Income	\$99,250,242
Other Operating Income	\$31,520,671
Total Income	<u>\$138,596,669</u>
Operating Expenses	
Operating Expenses	\$83,564,067
Share Accounts	\$1,797,375
Share Draft Accounts	\$389,803
Money Market Accounts	\$7,878,365
Individual Retirement Accounts	\$2,270,204
Share Certificates	\$27,361,566
Total Deposit Expense	\$39,697,313
Borrowings Expense	\$6,105,660
Total Expenses	<u>\$129,367,040</u>
Less: Net Income Noncontrolling Interest	\$3,608
Net Operating Income	<u>\$9,233,237</u>



Consolidated Statements of Financial Condition
(Includes LGFCU, Financial Partners, Civic Trustee, & Civic FCU)

	June 2024
Assets	
Cash and Investments	\$289,557,970
Mortgage Loans	\$1,945,793,440
Personal Loans	\$414,682,881
Member Business Loans	\$208,197,044
Home Equity Loans	\$305,254,056
Auto Loans	\$615,773,658
Credit Card Loans	\$149,273,818
Allowance for Loan Losses	(\$45,691,486)
Net Loans	\$3,593,283,410
National Share Insurance	\$33,174,773
Other Assets	\$170,229,522
Total Assets	<u>\$4,086,245,675</u>
Liabilities & Members' Equity	
Payables	\$164,131,025
Share Accounts	\$826,440,236
Share Draft Accounts	\$600,940,727
Money Market Accounts	\$848,714,605
Individual Retirement Accounts	\$201,474,601
Share Certificates	\$1,150,875,841
Total Deposits	\$3,628,446,009
Total Reserves and Undivided Earnings	\$293,668,641
Total Liabilities & Members' Equity	<u>\$4,086,245,675</u>

Consolidated Statement of Income
(Includes LGFCU, Financial Partners, Civic Trustee, & Civic FCU)

	Year to Date 2024
Operating Income	
Total Investment Income	\$8,334,624
Mortgage Loans	\$39,276,083
Personal Loans	\$20,560,160
Home Equity Loans	\$10,063,963
Auto Loans	\$18,359,583
Credit Card Loans	\$9,131,559
Member Business Loans	\$3,793,101
Total Net Loan Income	\$101,184,449
Other Operating Income	\$31,652,779
Total Income	<u>\$141,171,851</u>
Operating Expenses	
Operating Expenses	\$84,588,352
Share Accounts	\$1,811,786
Share Draft Accounts	\$403,891
Money Market Accounts	\$8,765,912
Individual Retirement Accounts	\$2,270,204
Share Certificates	\$28,122,341
Total Deposit Expense	\$41,374,135
Borrowings Expense	\$6,105,660
Total Expenses	<u>\$132,068,147</u>
Less: Net Income Noncontrolling Interest	\$0
Net Operating Income	<u>\$9,103,703</u>



3600 Wake Forest Road / Raleigh, NC 27609 / civicfcu.org

BALLOT FOR MERGER PROPOSAL

<<Member Name>>

<<Election ID>>

Your credit union must receive this ballot by September 24, 2024, if you deliver your ballot by mail, or by September 27, 2024, at 3:00 PM if you deliver your ballot in person at the Special Meeting or vote electronically.

If you plan to attend the Special Meeting, you can bring this ballot on September 27, 2024, to:

**323 West Jones Street
First Floor, Civic Conference Center
Raleigh, NC 27603**

If you will deliver your ballot by mail, please return in the enclosed prepaid envelope or mail to:

CUBallot—Election Processing
E Space Communications Inc.
P.O. Box 3156
Dublin, OH 43016-9842

If you will vote electronically, please use the following link to vote: www.civicfcu.org/merger

I have read the Notice of Special Meeting for the members of Civic Federal Credit Union. This 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 Civic Federal Credit Union Board of Directors to take all necessary action to accomplish the merger.
- DO NOT APPROVE the proposed merger.

Member Signature _____

Member Name (Printed) _____

Date _____