

Notice of Meeting of the Members of First Connecticut Credit Union

The Board of Directors of First Connecticut Credit Union has called a special meeting of the members of this credit union at 159 S Turnpike Road, Wallingford, CT 06492, on May 18, 2023, at 4:00pm. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging First Connecticut Credit Union with and into Finex Credit Union (hereinafter referred to as the “Continuing Credit Union”), whereby all assets and liabilities of the First Connecticut Credit Union be merged with and into the Continuing Credit Union. All members of First Connecticut 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 First Connecticut 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 First Connecticut 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 First Connecticut 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>. You may also mail your comments to: National Credit Union Administration, Office of Credit Union Resources and Expansion, 1775 Duke Street, Alexandria, VA 22314. 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 for a number of reasons, such as better pricing and services, additional products, enhanced convenience and account access and lower operating costs. The merged credit union will also achieve economies of scale which will permit it to better compete in the increasingly competitive financial services industry. By joining together, First Connecticut Credit Union and Finex Credit Union will retain their members-first philosophy and be better positioned to serve members now and into the future. As a result, the Board of Directors has determined that the opportunity to merge with Finex Credit Union is in the best interest of the members.

If the merger is approved by the members, your savings with Finex Credit Union will remain federally insured by the National Credit Union Share Insurance Fund (NCUSIF), an arm of the National Credit Union Administration, and backed by the full faith and credit of the United States Government.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. First Connecticut Credit Union (8.45%) has a lower net worth ratio than Finex Credit Union (9.52%).

Share adjustment or distribution: First Connecticut 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 First Connecticut Credit Union's net worth is unnecessary because Finex Credit Union's has a higher net worth ratio than First Connecticut Credit Union. Once all one-time merger costs (including early contract termination fees, integration costs for core banking and other data systems and write-downs of fixed and other assets to be retired) are accounted for, the Continuing Credit Union's extensive infrastructure and beneficial services and product offerings that will be available to First Connecticut Credit Union members are taken into consideration, the merger will result in a reduction to Finex Credit Union's net worth ratio.

Locations of merging and continuing credit union: First Connecticut Credit Union's main office at 159 S Turnpike Road, Wallingford, CT 06492 will remain open following the merger. Finex Credit Union has the following locations that will also be available to members of First Connecticut Credit Union:

- 616 Burnside Avenue, East Hartford, CT 06108
- 62 Hyde Avenue, Vernon, CT 06066
- 214 Spencer Street, Manchester, CT 06040

In addition, Finex Credit Union is a member of the nationwide CO-OP Shared Branch network that will provide members with an additional 5,000 shared branch location nationwide.

Changes to services and member benefits: The credit unions have made no post-merger plans to reduce branch facilities, ATM network access, or existing accounts and services offerings currently offered or available to First Connecticut Credit Union members. The continuing credit union may analyze the future branching and ATM network offering to members.

Member Approval and Ballot:

Please note that the proposed merger must have the approval of the majority of members who vote. In accordance with its Bylaws, First Connecticut Credit Union is conducting the member vote on the merger proposal through a mail-in, electronic or in-person ballot for the First Connecticut Credit Union members. The ballot distribution, collection, custody, and tabulation will be conducted by an independent third-party company, E Space Communications (CU Ballot).

Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. If you cannot attend the meeting or do not vote electronically, please complete the Ballot and return it using the enclosed postage paid envelope to:

CU Ballot – Election Processing
E Space Communications, Inc.
P. O. Box 3156
Dublin, OH 43016-9842

To be counted, your Ballot must be received by May 18, 2023, at 4:00pm. You may also cast your vote in-person (electronically) at the meeting. Branches cannot accept ballots or mail ballots for members.

BY THE ORDER OF THE BOARD OF DIRECTORS:



March 17, 2023

Chairman

Date

FINEX CREDIT UNION and FIRST CONNECTICUT CREDIT UNION
Combined Entity Income Statement
Nine Months Ended September 30, 2022

	FINEX	First CT	Combined	Combined Annualized	Purchase Accounting Adjustments	Consolidated	Text Explanation for Adjustment
Income:							
Interest on Loan	\$ 2,297,437	\$ 2,107,632	\$ 4,405,069	\$ 5,873,425	\$ -	\$ 5,873,425	
Interest on Investments	108,314	11,642	119,956	159,941	-	159,941	
Gain on Sale of Loans	-	6,340	6,340	8,453	-	8,453	
Fee Income	826,029	159,945	985,974	1,314,632	-	1,314,632	
Other Operating income	3,225,339	177,980	3,403,319	4,537,759	-	4,537,759	
Total Income	6,457,119	2,463,539	8,920,658	11,894,211	-	11,894,211	
Expenses:							
Employee Compensation	2,741,391	714,947	3,456,338	4,608,451	-	4,608,451	
Occupancy	263,013	93,148	356,161	474,881	24,272	499,153	Depreciation of market value adjustments of building over twenty years.
Other Operating	2,768,618	643,086	3,411,704	4,548,939	19,725	4,568,663	Amortization of core deposit intangible asset over ten years.
Loan Loss Reserve	5,567	275,000	280,567	374,089	-	374,089	
Operating Expenses	5,778,589	1,726,181	7,504,770	10,006,360	43,996	10,050,356	
Interest Expense & Dividends	154,567	58,843	213,410	284,547	-	284,548	Certificate market value adjustment accreted over 23 months.
Total Expenses	5,933,156	1,785,024	7,718,180	10,290,907	43,996	10,334,903	
Net Income (loss)	\$ 523,963	\$ 678,515	\$ 1,202,478	\$ 1,603,304	\$ (43,996)	\$ 1,559,309	

FINEX CREDIT UNION and FIRST CONNECTICUT CREDIT UNION

Combined Entity Balance Sheet

Balances as of September 30, 2022

ASSETS	Finex Balance Sheet	First CT Balance Sheet	Combined	Purchase Accounting Adjustments		Combined Entity Balance Sheet
				DR	CR	
Cash and due from banks	\$ 16,294,263	\$ 477,646	\$ 16,771,909	\$ -	\$ -	\$ 16,771,909
Other investments	781,857	47,268	829,125	-	-	829,125
Investment securities available for sale	-	-	-	-	-	-
Investment securities held to maturity	-	702	702	-	-	702
Loans, gross	74,872,852	47,488,941	122,361,793	-	(442,397)	A 121,919,396
Allowance for loan losses	(826,789)	(391,142)	(1,217,931)	391,142	B -	(826,789)
NCUSIF deposit	854,194	437,184	1,291,378	-	-	1,291,378
Premises and equipment	2,566,408	772,813	3,339,221	367,370	C -	3,706,591
Accrued interest receivable	222,664	255,214	477,878	-	-	477,878
Other real estate owned	130,921	-	130,921	-	-	130,921
Other assets	8,872,618	2,636,014	11,508,632	-	-	11,508,632
Goodwill	-	-	-	-	D -	-
Core deposit intangible asset	-	-	-	197,246	E -	197,246
TOTAL ASSETS	\$ 103,768,988	\$ 51,724,640	\$ 155,493,628	\$ 955,758	\$ (442,397)	\$ 156,006,989
LIABILITIES AND EQUITY						
Total shares/deposits	\$ 89,204,243	\$ 45,374,167	\$ 134,578,410	\$ -	\$ 2,618	F \$ 134,581,028
FHLB advances/debt	2,664,338	-	2,664,338	-	-	2,664,338
Other liabilities	2,024,670	1,980,156	4,004,826	-	-	J 4,004,826
Total liabilities	93,893,251	47,354,323	141,247,574	-	2,618	141,250,192
Equity:						
Undivided earnings	7,837,494	4,370,317	12,207,811	(4,370,317)	G -	7,837,494
Regular reserves	1,279,719	-	1,279,719	-	G -	1,279,719
Equity acquired in merger	758,524	-	758,524	-	4,881,060	F 5,639,584
Unrealized gain/(loss) on AFS securities	-	-	-	-	-	-
Total equity	9,875,737	4,370,317	14,246,054	(4,370,317)	4,881,060	14,756,797
TOTAL LIABILITIES AND EQUITY	\$ 103,768,988	\$ 51,724,640	\$ 155,493,628	\$ (4,370,317)	\$ 4,883,678	\$ 156,006,989
Net Worth Ratio	9.52%	8.45%	9.16%			9.46%
Loan to Share Ratio	83.93%	104.66%	90.92%			90.59%

Ballot for Merger Proposal

Name of Member: _____

Account Number: _____

First Connecticut Credit Union, Inc. is holding a special meeting of members on Thursday, May 18, 2023, at 4:00 p.m. at 159 South Turnpike Road, Wallingford, CT 06492.

The ballot must be received by Thursday, May 18, 2023, at 4:00 pm.

Please mail to:

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

You can also vote electronically by going to our website: www.firstconnecticut.org. Only electronic voting will be provided at the meeting. Paper ballots must be mailed directly to the address above.

I have read the Notice of Special Meeting for the members of First Connecticut Credit Union, Inc. 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)