

Notice of Special Meeting of the Members of the St. Vincent Hospital Credit Union

The Board of Directors of St. Vincent Hospital Credit Union have called a special meeting of the members of this credit union on June 30, 2021 at 5:00 pm at the credit unions office, 123 Summer Street, Worcester 01608. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging St. Vincent Hospital Credit Union with Central One Federal Credit Union (hereinafter referred to as the “Continuing Credit Union”), whereby all assets and liabilities of the St. Vincent Hospital Credit Union will be merged with and into the Continuing Credit Union. All members of the St. Vincent Hospital Credit Union will become members of the Continuing Credit Union and will be entitled to and will receive shares in the Continuing Credit
2. To ratify, confirm and approve the action of the Board of Directors in authorizing the officers of St. Vincent Hospital 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 St. Vincent Hospital 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/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 St. Vincent Hospital 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 document. 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 the membership because the economic, technology, and regulatory environment has made the feasibility of maintaining a well-capitalized credit union of our size untenable. The cost of compliance, technology, and security of our members’ personal information challenges credit unions of our size. These increased costs make it difficult for our credit union to provide the products and services that our members want and need. With all other alternatives exhausted we believe this is the best course of action at this time for the members of the credit union.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. St. Vincent Hospital Credit Union does not have a higher net worth ratio than Central One FCU.

St. Vincent Hospital 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 St. Vincent Hospital Credit Union's net worth is unnecessary because the value of additional products and services available after the merger will be significant and of value to the membership.

Locations of merging and continuing credit union: the St. Vincent Hospital Credit Union's main office will remain open and plans are in process to locate an office on the Atrium Level of the Hospital. Central One FCU offices will be available to the membership after completion of the merger along with free access to over 55,000 ATMs.

Full service branch locations are:

Main Office - 714 Main St Shrewsbury, MA

63 Southbridge Street Auburn, MA

148 Main Street Northborough, MA

40 South Street Westborough, MA

123 Summer St. Worcester, MA 01608

Changes to services and member benefits: Additional loan and deposit products including mortgages and IRA accounts, member business loans, free access to 55,000 ATM's, mobile banking app, full service call center and extended hours of operations. MSIC insurance coverage on deposit balances not insured by the federal deposit insurance program provided by the National Credit Union Administration (NCUA), in excess of \$250,000, will not continue after merger with the exception of the current portfolio of certificate of deposit of St. Vincent Hospital Credit Union which will continue coverage until the stated maturity date on the CD. As of December 31, 2020 share accounts with a balance greater than \$250,000 totaled \$390,624.

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. The following individuals have received or will receive such compensation:

<i>Name</i>	<i>Title</i>	<i>Description of Compensation</i>	<i>Amount</i>
William George	CEO	Change of control contract payment	\$120,000
Nancy Burbank	Manager	Severance agreement after transition	\$ 44,000

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, please complete the Ballot and return it to St. Vincent Hospital Credit Union Board of Directors. To be counted, your Ballot must be received by 5:00 pm June 29, 2021. Mail Ballots received after this date and time will not be counted. You may also cast your vote in person at the meeting.

BY THE ORDER OF THE BOARD OF DIRECTORS:



Stephen Caravella, Chairperson May 14, 2021

Combined Financial Information:

	Central One FCU Dec-2020	St. Vincent CU Dec-2020	Combined Credit Unions Dec-2020
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Cash & Equivalents	52,007,639	2,590,988	54,598,627
Total Investments	41,483,753	9,394,685	50,878,438
Total Loans	526,400,216	3,267,151	529,667,367
Total Assets	652,200,933	15,472,692	667,673,625
Total Shares and Deposits	573,058,043	14,125,487	587,183,530
Total Equity	53,995,663	1,289,637	55,285,300
Income	27,033,610	515,291	27,548,901
Expenses	17,880,618	501,735	18,382,353
Provision for Loan/Lease Losses or Total Credit Loss Expense	604,997	33,000	637,997
Cost of Funds	4,825,661	37,211	4,862,872
Net Income (Loss)	3,722,334	-56,655	3,665,679
Key Ratios			
Net Worth / Total Assets	8.81	7.41	8.77
Delinquent Loans / Total Loans	0.23	1.14	0.24
Net Income / Average Assets (ROAA) ¹	0.62	-0.40	0.59