

May 31, 2024

Dear Member:

We are pleased to share an exciting moment here at UCU! We are seeking your vote on the addition of Changing Seasons Federal Credit Union (Changing Seasons) to University Credit Union (UCU) through a merger. UCU has carefully evaluated the opportunity to form a larger institution that will benefit our members, and members joining from Changing Seasons, with the expansion of products and services to meet evolving needs and align with our purpose-driven mission.

It is important to note that this decision has not been entered into lightly. After much thought and careful deliberation, the Changing Seasons Board of Directors approached UCU as a voluntary merger partner. UCU is a strong and sound financial institution, and continued growth with this merger provides UCU the ability to best support our members and provide greater economies of scale. During this merger process, both credit union's Board of Directors have been firm in their commitment to be considering the best interests of the membership. UCU anticipates this will be a seamless process for our current members, and a smooth transition for the merging members, with our dedicated team available to support and answer questions.

As part of the regulatory process, a merger request was submitted to the National Credit Union Administration (NCUA) and Maine Bureau of Financial Institutions (BOFI) for both review and permission to proceed. The approval to pursue the merger was granted on May 20, 2024 by the BOFI. As a next step, the UCU membership meeting to vote on and approve the merger between Changing Seasons Federal Credit Union and University Credit Union is currently scheduled for June 18, 2024, with a completed merger targeted by July 1, 2024.

As a UCU member, you will see no change, as our credit union and its leadership and operations will remain the same, providing the high level of member service you are accustomed to. Changing Seasons will be merging into UCU, and we look forward to warmly welcoming our new members to the credit union, meeting their needs and supporting them in their financial journeys. We are confident that the proposed merger with Changing Seasons supports our purpose of people helping people, our members, and communities by promoting financial well-being through attainable financial products and services.

Included with this letter is the Notice of Special Meeting for your review. The UCU Board of Directors is pleased to present you the opportunity to vote on this recommendation in person at the meeting. For more information about the merger, please visit [ucumaine.com/changingseasons](https://ucumaine.com/changingseasons).

We recommend a YES vote on the ballot on June 18<sup>th</sup>. It is truly a win-win for all of us.

Sincerely,

*Ency Whitehill*

Ency Whitehill  
Chairperson  
UCU

*Renee Ouellette*

Renee Ouellette, CPA  
President/CEO  
UCU

# Notice of Meeting of the Members of University Credit Union

The Board of Directors of University Credit Union have called a special meeting of the members of this credit union at 15 Main Street, Orono, ME 04473, on June 18, 2024 at 4:30pm. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Changing Seasons Federal Credit Union with and into University Credit Union (hereinafter referred to as the "Continuing Credit Union"), whereby all assets and liabilities of Changing Seasons Federal Credit Union will be merged with and into the Continuing Credit Union. All members of Changing Seasons 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 Changing Seasons 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 University 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 University Credit Union encourages you to attend the meeting and vote on the proposed merger.

## **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 interest of members for a number of reasons, such as better pricing and services, additional products, enhanced convenience and account access and lower operating costs as a larger combined institution. 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, Changing Seasons Federal Credit Union and University 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 University Credit Union is in the best interest of the members.

If the merger is approved by the members, your savings with University 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. Changing Seasons Federal Credit Union (7.51%) has a lower net worth ratio than University Credit Union (9.07%).

*Share adjustment or distribution:* Changing Seasons 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 Changing Seasons Federal Credit Union's net worth is unnecessary because Changing Seasons has a lower net worth ratio than University Credit Union. In addition, 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 Changing Seasons Federal Credit Union members are taken into consideration, and the need for maintaining current net worth position, the differences in the Credit Union's probable asset share ratios are negligible, with University Credit Union's being higher.

*Locations of merging and continuing credit union:* The Changing Seasons Federal Credit Union main branch location in Hampden, Maine, will remain open for a period of several months following the merger until it is consolidated with the 977 Union Street, Bangor Maine branch. University Credit Union currently has eight branch locations in the service area, three in close proximity.

115 Mecaw Road, Hampden, ME 04444 – Changing Seasons FCU

15 Main Street, Orono, ME 04473 – UCU Headquarters

5748 Memorial Union, Orono, ME 04469

977 Union Street, Bangor, ME 04401

154 High Street, Farmington, ME 04938

32 Campus Avenue, Gorham, ME 04038

391 Forest Avenue, Portland, ME 04101

181 Main Street, Presque Isle, ME 04769

116 O'Brien Avenue, Machias, ME 04654

In addition, University Credit Union is a member of the nationwide shared branching network, allowing members access to over 5,000 branch locations throughout the United States.

*Changes to services and member benefits:* University Credit Union plans to evaluate the longevity of products offered by Changing Seasons Federal Credit Union to make later determinations of discontinuation or duplication of offerings.

*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, University Credit Union is conducting the member vote on the merger proposal through an in-person vote. The ballot distribution, collection,

custody and tabulation will be conducted by the University Credit Union Elections Committee in accordance with the credit union's bylaws.

BY THE ORDER OF THE BOARD OF DIRECTORS:

*Ency Whitehill*

Ency Whitehill, Chairperson

May 31, 2024

Summary Financial Statements  
Changing Seasons Federal Credit Union (CSFCU)  
University Credit Union (UCU)  
Actual 2023 and Combined Projected 2024

<i>Summary Statement of Financial Condition</i>	CSFCU	UCU	Combined
	Actual 2023	Actual 2023	Projected 2024
<b>Assets</b>			
Loans, Net	23,978,242	382,717,530	414,742,269
Investments	2,564,168	73,534,541	77,396,673
Cash & Cash Equivalents	306,040	4,594,971	4,868,026
Fixed Assets	727,084	6,246,619	6,781,281
NCUSIF Deposit	261,983	3,629,709	3,684,010
Other Assets	285,070	9,304,761	9,591,079
<b>Total Assets</b>	<b>28,122,587</b>	<b>480,028,131</b>	<b>517,063,337</b>
<b>Liabilities, Member Deposits &amp; Reserves</b>			
Total Member Deposits	26,123,268	360,918,773	390,529,053
Notes Payable	-	73,000,000	78,000,000
Accrued & Other Liabilities	99,873	7,422,001	6,052,290
<b>Total Liabilities</b>	<b>26,223,141</b>	<b>441,340,774</b>	<b>474,581,343</b>
<b>Total Reserves</b>	<b>1,899,446</b>	<b>38,687,357</b>	<b>42,481,994</b>
<b>Total Liabilities, Deposits &amp; Reserves</b>	<b>28,122,587</b>	<b>480,028,131</b>	<b>517,063,337</b>

<i>Summary Statement of Income</i>	CSFCU	UCU	Combined
	Actual 2023	Actual 2023	Projected 2024
<b>Net Interest Income</b>			
Interest on Loans	1,476,115	16,826,050	20,240,051
Interest on Investments	62,575	1,809,371	1,930,968
<b>Total Interest Income</b>	<b>1,538,690</b>	<b>18,635,421</b>	<b>22,171,020</b>
Dividends	151,533	2,804,404	4,071,926
Interest Expense	4,915	1,968,134	2,679,813
<b>Total Interest and Dividend Expense</b>	<b>156,448</b>	<b>4,772,538</b>	<b>6,751,738</b>
<b>Total Net Interest Income</b>	<b>1,382,241</b>	<b>13,862,883</b>	<b>15,419,282</b>
Provision for Loan Losses	70,000	131,498	351,000
<b>Total Net Interest Income after Provision</b>	<b>1,312,241</b>	<b>13,731,385</b>	<b>15,068,282</b>
Non-Interest Income	328,612	5,625,800	6,272,160
Non-Interest Expense	1,639,897	17,582,432	19,592,529
<b>Net Operating Income</b>	<b>956</b>	<b>1,774,753</b>	<b>1,747,913</b>
Non-Operating Gains (Losses)	-	44,984	-
<b>Net Income</b>	<b>956</b>	<b>1,819,737</b>	<b>1,747,913</b>