



Dear IC Member,

IC Federal Credit Union started in 1985 with 7 charter members. In 2009, we merged with Bellco Credit Union and we have grown to 1000 members with assets of \$3 million. Our first paid employee was Theresa Luther. She was hired in 2001 to handle collections and moved up to the Manager position.

Our philosophy remains to provide our members with quality products and services along with the personal touch of being a small, local institution. With the credit union philosophy “not for profit, not for charity, but for service” we strive to serve our members in the best way we can.

Over the years it has become more and more difficult to stay on top of new technology and advances while still providing the financial services needed by our members. Additionally, after 23 years of dedicated service to the credit union, Theresa, our long-time Manager will be retiring. As you know, Theresa runs all aspects of our operations and finding a replacement who can handle this workload for the compensation we can offer would be a monumental task. All options were evaluated and the board looked at partnering with another credit union as a way to increase member products and service while being able to maintain our current location.

After much thought and discussion, our board has concluded that our members would best be served by forming a partnership with Priority First Federal Credit Union and have started the process to merge with them.

Priority First FCU, has five branches located in Brookville, Brockway, Clearfield, DuBois, and Punxsutawney. They have assets of \$130,000,000 and over 13,000 members. They are equally committed to serving their members and share our beliefs on what a credit union should be. This partnership will accomplish many of our long-term goals that were previously unattainable including making improvements to our facilities and being able to offer services like: cash operations, certificates of deposit, IRA's, online banking, mobile banking, remote deposit, bill pay, real estate loans, indirect auto loans, commercial loans and business services.

A membership vote is required to move forward, and we request your support at a Special Membership Meeting for this purpose on Monday, February 26th, as outlined in the enclosed notice. Our federal regulators have already given their approval for the merger. Our board and staff appreciate your trust in us and we hope you will support this merger proposal as the best path forward.

Notice of Meeting of the Members of IC Federal Credit Union

The Board of Directors of IC Federal Credit Union have called a special meeting of the members of this credit union at the IC Office located at 1002 Philadelphia Street Indiana, PA on February 26, 2024 at 5:00 pm ET.

The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging IC Federal Credit Union with and into Priority First Federal Credit Union (hereinafter referred to as the “Continuing Credit Union”), whereby all assets and liabilities of the IC Federal Credit Union will be merged with and into the Continuing Credit Union. All members of IC 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 IC 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 IC 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 IC 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 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 IC 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. 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:

- After 23 years of dedicated service to IC FCU, Theresa Luther has decided to retire. Given our small size, we are unable to offer competitive compensation and benefits necessary to attract a suitable replacement.
- Partnering with another local credit union, who has agreed to maintain a branch in Indiana, is the best way to continue offering products and services to our members.
- Priority First has 5 branch locations and offers access to 6,500 ATMs surcharge free. Additionally, all their branches have an ATM and drive through.
- Members will have access to additional lending products and services we are not currently able to offer including: real estate loans, indirect auto loans, commercial loans and business services, IRAs, share certificates, and cash operations.
- Priority First utilizes the same data processor as IC, so the transition for members and staff will be very easy. Additionally, Priority First offers electronic services not available to our members including Online Banking, Mobile Banking, remote deposit, and bill pay.
- By partnering together, we will achieve economies of scale and lower operating costs which will allow us to better compete in an increasingly competitive financial services industry. Priority First will oversee all back-office operations and will hire and train new employees to oversee the branch.
- Your deposits will remain federally insured by the National Credit Union Administration to at least \$250,000 and backed by the full faith and credit of the United States Government.

Net Worth:

The net worth of the Merging Credit Union at the time of a merger transfers to the Continuing Credit Union. IC Federal Credit Union does have a higher net worth ratio than Priority First Federal Credit Union.

Share Adjustment or Distribution:

IC 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 IC Federal Credit Union's net worth is unnecessary because the net worths of both credit unions will be similar at the time of merger due to additional staffing costs related to replacing the retiring manager.

Locations of Merging and Continuing Credit Union:

IC Federal Credit Union's office at 1002 Philadelphia Street, Indiana, PA will remain open.

Priority First Federal Credit Union's has the following locations. All locations are full-service with an ATM.

- 364 Midway Drive, DuBois, PA (Main Office)
- 550 Main Street, Brockway, PA
- 909 Route 28, Brookville, PA
- 422 East Mahoning Street, Punxsutawney, PA
- 1935 Daisy Street, Clearfield, PA

Changes to services and member benefits:

- No products or services are being eliminated
- Access to more service locations and approximately 6,500 surcharge free ATMs
- All Priority First products and services currently not offered by IC including: cash operations, online banking, mobile banking, remote deposit, bill pay, real estate loans, indirect auto loans, commercial loans and business services, certificates of deposit, and IRAs.
- Both credit unions are federally insured, so there will be no changes to deposit insurance.

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:

Name	Title	Description of increase	Amount
N/A	N/A	N/A	N/A

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 IC Federal Credit Union 1002 Philadelphia Street, Indiana, PA 15701. To be counted, your Ballot must be received by February 26, 2024 at 5:00 pm ET.

BY THE ORDER OF THE BOARD OF DIRECTORS:



President

12/26/2023
Date

Ballot for Merger Proposal

Name of Member: _____

Account Number: _____

Your credit union must receive this ballot by February 26, 2024 at 5:00 pm ET.
Please mail or bring it to:

IC Federal Credit Union
Attention: Board of Directors
1002 Philadelphia St.
Indiana, PA 15701

I have read the Notice of Special Meeting for the members of IC Federal Credit Union. 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)