



Notice of Meeting of the Members of North County Credit Union

The Board of Directors of North County Credit Union have called a special meeting of the members of this credit union at 17045 Via Del Campo, San Diego, CA 92127 on January 14th, 2025 at 5:30 p.m. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging North County Credit Union with and into Cabrillo Credit Union (hereinafter referred to as the “Continuing Credit Union”), whereby all assets and liabilities of North County Credit Union will be merged with and into the Continuing Credit Union. All members of North County 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 North County 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 North County 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 North County 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://ncua.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 North County 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 North County Credit Union would need to grow its membership, gain economies of scale, and differentiate itself to be able to compete with larger financial services companies in an increasingly crowded marketplace for financial services products and services. Recognizing this, the Board of Directors identified a merger with Cabrillo Credit Union as the best way of serving North County Credit Union's membership by furthering its commitment to member service, providing low-cost banking services, long-term stability, expanding our existing branch and ATM geographic footprint, and bringing more modern, innovative banking solutions to our members. Employees of North County Credit Union will be offered comparable positions with the Continuing Credit Union.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. North County Credit Union has a higher net worth ratio than Cabrillo Credit Union.

North County 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 North County Credit Union's net worth is unnecessary because the net worth of North County Credit Union and Cabrillo Credit Union are similar.

Locations of merging and continuing credit union: North County Credit Union's main office at 17045 Via Del Campo, San Diego, CA will remain open. Cabrillo Credit Union has the following locations that are near North County Credit Union:

5454 Grossmont Center Drive
Suite C
La Mesa, CA 91942

880 Front Street #2295
San Diego, CA 92101-8897

10075 Carroll Canyon Road
Suite 120
San Diego, CA 92131-1107

358 East H Street #603
Chula Vista, CA 91910-7565

Changes to services and member benefits: Merging with Cabrillo Credit Union will provide North County Credit Union members with substantial benefits, including:

- Lower Operating Costs: The Continuing Credit Union, and consequently the members, will benefit from economies of scale, translating into lower operating costs by allowing such costs to be spread over a wider membership base.
- Improved Financial Benefits: North County Credit Union members will earn more on deposits and pay less for loans if the merger is approved. Cabrillo Credit Union's rate schedule can be found at cabrillocu.com/Rates.



- Access to a wider range of products and services and technology: If the merger is consummated (by the approval of the members), the Continuing Credit Union will offer a wider range of products and services than North County Credit Union. Some of the products and services offered, which North County Credit Union does not currently offer, are boat loans and access to Apple Pay, Google Pay, Samsung Pay, the Zelle platform, and Credit Scores by SavvyMoney.
- Larger Geographic Footprint: If the merger is consummated (by the approval of the members), North County Credit Union members will have access to the Continuing Credit Union's branch and ATM locations throughout the San Diego area, as well as shared branches and Surcharge-free ATM locations throughout the United States. The Continuing Credit Union's branch locations are listed above.
- Continuation of Federal Deposit Insurance: If the merger is consummated (by the approval of the members), your deposits with North County Credit Union will continue to be federally insured by the National Credit Union Administration (NCUA).

North County Credit Union and Cabrillo Credit Union share similar philosophies, product lines and services, and commitment to outstanding member services. Beyond the immediate benefits discussed above, this merger is a partnership between two established credit unions to create a new credit union that is in a strong competitive position to offer our members even greater value than they have today. The two credit unions also share local roots and similar values and a cultural commitment to personalized service and putting our membership's needs first. The new organization will combine the vision, people, branches, and capabilities of the two credit unions for the benefit of our members, communities, and employees for the long term.

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
Ancheta Dela Ossa	Sr. Accountant	Severance Payment Opportunity	\$ 28,382
<u>Description:</u> Ms. Dela Ossa will be offered a comparable position with the Continuing Credit Union post-Merger, however, in the event that Ms. Dela Ossa's employment is terminated without "cause" at any time within twelve (12) months after the date of the merger, she will be offered a severance payment in the amount of \$28,382.			
Patricia Mussenden	Branch Manager	Severance Payment Opportunity	\$ 17,137
<u>Description:</u> Ms. Mussenden will be offered a comparable position with the Continuing Credit Union post-Merger, however, in the event that Ms. Mussenden's employment is terminated without "cause" at any time within twelve (12) months after the date of the merger, she will be offered a severance payment in the amount of \$17,137.			



Maria Battaglia	Collections Manager	Severance Payment Opportunity	\$ 11,172
<u>Description:</u> Ms. Battaglia will be offered a comparable position with the Continuing Credit Union post-Merger, however, in the event that Ms. Battaglia's employment is terminated without "cause" at any time within twelve (12) months after the date of the merger, she will be offered a severance payment in the amount of \$11,172.			

The Board of Directors of North County Credit Union believes these severance opportunities are important to a successful merger with Cabrillo Credit Union to provide these employees with continued employment opportunities after the merger to help ensure a successful transition period following the merger.

Additionally, if the merger is consummated and in order to facilitate a successful transition period following the merger, Mr. Gary Sisk, the current President and Chief Executive Officer of North County Credit Union, will be offered employment with the Continuing Credit Union for a period of up to eighteen (18) months from the date of the merger, at his current salary. Similarly, Mr. Gary Williams, the current Chief Information Officer of North County Credit Union, will be offered employment with the Continuing Credit Union for a period of up to twelve (12) months from the date of the merger, at his current salary. Neither Mr. Sisk nor Mr. Williams will be provided with a severance payment opportunity if they voluntarily leave or if their employment is terminated by the Continuing Credit Union before the end of the eighteen (18) month or twelve (12) month periods, respectively.

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 North County Credit Union c/o CUBallot – Election Processing, E Space Communications, Inc., P. O. Box 3156, Dublin, OH 43016-9842.

To be counted, your Ballot must be received by 5:30 p.m. on January 14th, 2025.

Also, if required, North County Credit Union will make application to the Commissioner of the California Department of Financial Protection and Innovation for approval of the merger pursuant to California Financial Code Section 15201(b).

BY THE ORDER OF THE BOARD OF DIRECTORS:

A handwritten signature in black ink, appearing to be 'M. Sisk', is written over a horizontal line.

Board Chairperson

10/31/2024

Date