

Notice of Meeting of the Members of SPCO Credit Union

The Board of Directors of SPCO Credit Union have called a special meeting of the members of this credit union at 12755 N Houston Rosslyn Rd, Houston, Texas 77086 on August 27, 2024, at 4:30 P.M. CDT. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging SPCO Credit Union (hereinafter referred to as the “Merging Credit Union” or “SPCO Credit Union”) with and into First Service Credit Union (hereinafter referred to as the “Continuing Credit Union” or “First Service Credit Union”), whereby all assets and liabilities of SPCO Credit Union will be merged with and into the Continuing Credit Union. All members of SPCO 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 SPCO 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 SPCO 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 SPCO 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>, <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 SPCO 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 it allows for a consolidation of energies and resources of the two credit unions to better serve the members in a competitive and secure environment. As a result of the proposed merger, the Continuing Credit Union will be able to offer, and you will be able to expect:

- **Increased member access and convenience.** SPCO Credit Union members will gain fourteen (14) additional branches, offering many additional convenient locations for members to conduct their business. First Service Credit Union will gain one (1) additional branch offering an additional convenient location for our members. SPCO Credit Union members will gain access to the Continuing Credit Union's extensive ATM network that includes over 85,000 surcharge-free ATMs throughout the United States (including 1,500 deposit-taking ATMs).
- **More Responsive to Evolving Financial Needs.** As a larger institution, First Service Credit Union's increased economies of scale and corporate business model is better suited to sustain future challenges. With more financial resources First Service Credit Union's overall confidence in the long-term strength of the credit union will be solidified. Further, as a larger institution it will allow us to be more competitive in the Houston marketplace and with our combined systems, over time, we have the opportunity for increased operating efficiencies and cost savings leading to the potential for more competitive rates and enhance products, services, locations, and technology.
- **Shared Financial Philosophy.** The two institutions share similar philosophies, product lines and services so our members should see little change during the transition. In addition, outstanding member service is vital to both organizations and as such there are no immediate plans for changes to accounts, quality products/services, staff management or branches so business will continue much as it normally has.
- **Continued Growth.** With this partnership the CEO of First Service Credit Union will bring experience, respect, passion, proven results, credit union loyalty and a clear, forward-thinking vision for the future of the combined organization. The Continuing Credit Union will be poised to continue growth and prosperity.
- **The Same Knowledgeable and Friendly Employees.** The two institutions share an employee-friendly approach that we believe is vital to both organizations and as such, there are no plans for any reductions to staff, management or branches.
- **Well-Capitalized.** Both institutions are classified as "well capitalized" which is the highest reserve strength category as determined by the NCUA.
- **Insurance.** Member deposits will continue to be federally insured, by NCUA, up to \$250,000.

Beyond these immediate benefits, this merger will combine two established entities that share similar values and commitment to their members and their financial futures. With the combined vision, people, and capabilities of these two Credit Unions, the members, communities, and employees will receive enduring benefits. The combined entity will leverage its leadership and innovation to offer members competitive products and services, even better than they have today.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. SPCO Credit Union does not have a higher net worth than First Service Credit Union.

Share adjustment or distribution: SPCO 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 SPCO Credit Union's net worth is unnecessary. The Board of Directors of the Merging Credit Union has determined a share adjustment, or other distribution of the Merging Credit Union's net worth, is unnecessary because once all one-time merger costs (including early contract termination fees, prepaid expenses, and depreciation) are accounted, and after considering for the Continuing Credit Union's extensive infrastructure and beneficial services and offerings that will be available to SPCO Credit Union members, the merger will not result in a material increase to the Continuing Credit Union's net worth ratio.

Locations of merging and continuing credit union: SPCO Credit Union's main office at 12755 N. Houston-Rosslyn Rd, Houston, Texas 77086 will remain open.

As noted above, the combined credit union will provide members with access to a significantly greater number of credit union branches, including the following branch locations of the Continuing Credit Union:

Main Office
16430 Park Ten Place
Houston, TX 77084

Tunnels Branch
910 Louisiana St, Suite M100
Houston, TX 77002

Eldridge Branch
1805 Eldridge Pkwy S
Houston, TX 77077

Northwest Office
9621 W. Sam Houston Parkway
N.
Houston, TX 77064

Gulf Freeway Branch
8980 Clearwood
Houston, TX 77075

Atascocita Branch
7720 FM 1960 Rd E
Humble, TX 77346

The Woodlands Branch
9110 Grogan's Mill Rd.
The Woodlands, TX 77380

Spring Cypress Branch
8640 Spring Cypress Rd.
Spring, TX 77379

Sugar Land Branch
13533 University Blvd, Suite
400
Sugar Land, TX 77479

STP Branch
12090 FM 521
Wadsworth, TX 77483

Galleria Branch
3390 Sage Rd
Houston, TX 77056

Katy Branch
23665 Katy Fwy
Katy, TX 7749

Bastrop Branch
413 Bastrop St
Houston, TX 77003

Shell Woodcreek
150 N Dairy Ashford Rd
Ste E-0172
Houston, TX 77079

NCUA 6305A (05/20)

Changes to services and member benefits: Please see above for details.

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 may receive in connection with the merger *above a certain threshold*. The following individuals are eligible to receive compensation which may exceed the threshold based on career longevity and is reasonable and commonplace in the financial services industry. The following individuals have received or will receive such compensation:

J. Timothy Adams: Mr. Adams is the current President/CEO of SPCO Credit Union will become the Senior Vice President (SVP) – Lending and Collections and receive a base salary increase of \$30,000 and will be eligible to receive a \$100,000 retention bonus, less lawful withholdings, in two \$50,000 increments – one, on the effective date of the merger and two, on the date of the integration and conversion of the core system.

Katyanna Smith: Ms. Smith – SVP Administration will be eligible to receive a \$10,000 retention bonus, less lawful withholdings, in two \$5,000 increments – one, on the effective date of the merger and two, on the date of the integration and conversion of the core system.

Darrell Cronkrite: Mr. Cronkrite – VP Accounting will be eligible to receive a \$10,000 retention bonus, less lawful withholdings, in two \$5,000 increments – one, on the effective date of the merger and two, on the date of the integration and conversion of the core system.

Nicole Odom: Ms. Odom – VP Member Service will be eligible to receive a \$10,000 retention bonus, less lawful withholdings, in two \$5,000 increments – one, on the effective date of the merger and two, on the date of the integration and conversion of the core system.

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 CU Ballot – Election Processing, P.O. Box 3156, Dublin, OH 43016. To be counted, your Ballot must be received by August 27, 2024 at 4:30pm CDT.

BY THE ORDER OF THE BOARD OF DIRECTORS:



President / CEO

06/21/2024

Date