



Notice of Meeting of the Members of Allied Healthcare Federal Credit Union

The Board of Directors of Allied Healthcare Federal Credit Union have called a special meeting of the members of this credit union at our Viking Way Branch located at 4133 North Viking Way, Long Beach, CA 90808 on April 10, 2024 at 5:00 p.m. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Allied Healthcare Federal Credit Union with and into Southland Credit Union (hereinafter referred to as the "Continuing Credit Union"), whereby all assets and liabilities of Allied Healthcare Federal Credit Union will be merged with and into the Continuing Credit Union. All members of Allied Healthcare 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 Allied Healthcare 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 Allied Healthcare 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 Allied Healthcare 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://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 Allied Healthcare 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, 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:

- **Additional Products and Services**, such as enhanced digital banking, checking and savings products, Relationship Rewards, business accounts, retirement accounts, credit cards, vehicle



and personal loans, home loans, student loans and student loan refinance, investment and insurance services.

- **Increased Member Access and Convenience** through state of the art online platforms, highly rated mobile banking app and remote check deposit. In addition, the merger will result in 12 branches in Southern California, 24/7 Online/Mobile Banking, access to 30,000 Fee-Free ATMs and 5,600 shared branch locations.
- **Volunteer Representation**, as two (2) members of Allied Healthcare Federal Credit Union Board of Directors or Supervisory Committee will have the opportunity to serve on the Continuing Credit Union's Supervisory Committee. In addition, two (2) members of Allied Healthcare Federal Credit Union's Board of Directors will have the opportunity to serve on an Advisory Committee to assist the Continuing Credit Union with post-merger integration and related issues.
- **Continued Leadership Representation** will be maintained as Allied Healthcare's Federal Credit Union's President/CEO, Monica Lopez, will become a Senior Vice President with the Continuing Credit Union.
- **The Same Knowledgeable and Friendly Employees** would be available to serve you.
- **More Responsive to Evolving Financial Need**, because becoming a larger credit union with approximately \$1.2 billion in assets provides opportunities to increase efficiencies and return those savings back to members in the form of greater access and value, new technology and services, competitive loan and deposit rates, and higher levels of community giving.

Southland Credit Union's President/CEO, Thomas G. Lent, will continue to be the President/CEO of the Continuing Credit Union after the proposed merger.

Beyond these immediate benefits, this merger will combine two established entities that share similar values and commitment to their members, people, and culture. These two organizations share a core purpose of advancing and promoting the interests of the public to empower people to achieve a brighter financial future. With the combined vision, people, and capabilities of these two organizations, the members, communities, and employees will receive lasting 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. Allied Healthcare Federal Credit Union currently has a higher net worth ratio than Southland Credit Union.

Share adjustment or distribution: Allied Healthcare Federal Credit Union will not distribute a portion of its net worth to its members in the merger. 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 product offerings that will be available to Allied Healthcare Federal 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: The Continuing Credit Union intends to maintain Allied Healthcare Federal Credit Union's four existing locations, subject to sound business practices as well as safety and soundness concerns for the Continuing Credit Union:

- Main branch:
2801 Atlantic Ave
Long Beach, CA 90806
- St. Mary's Medical Center Branch:
1050 Linden Ave
Long Beach, CA 90813
- Viking Way:
4133 N Viking Way
Long Beach, CA 90808
- St. Francis Medical Center:
3630 E Imperial Hwy
Lynwood, CA 90262

In addition, Southland Credit Union has the following locations:

- Headquarters and Main branch:
10701 Los Alamitos Blvd
Los Alamitos, CA 90720
- Carson Branch:
510 W Carson St
Carson, CA 90745
- Downey Branch:
8545 Florence Ave
Downey, CA 90240
- Long Beach Branch:
2250 N Bellflower Blvd
Long Beach, CA 90815
- Long Beach State Branch/University Student Union:
1212 N Bellflower Blvd, Ste 241
Long Beach, CA 90815
- Los Angeles-Federal Building:
300 N Los Angeles St
Ste 1244
Los Angeles, CA 90012
- Santa Monica Branch:
525 Santa Monica Blvd
Santa Monica, CA 90401
- St. John Branch:
2020 Santa Monica Blvd
Ste 300B
Santa Monica, CA 90404

Merger-related financial arrangements: The Board of Directors of Allied Healthcare Federal Credit Union and Southland Credit Union wish to recognize the service of Allied Healthcare Federal Credit Union's management and staff and to incent them to continue to serve the membership after the merger. Allied Healthcare Federal Credit Union staff members who remain with the Continuing Credit Union will be eligible to receive certain retention bonus incentives and severance opportunities based on years of service. Please note that the arrangements discussed below are available to all eligible Allied Healthcare Federal Credit Union staff members who continue employment with the Continuing Credit Union.

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.

Monica Lopez, President/CEO. The Continuing Credit Union will continue to employ Ms. Lopez on an "at-will" basis as the "Senior Vice President of Allied Healthcare Operations" until full system integration at which time Ms. Lopez will serve as the Continuing Credit Union's "Senior Vice President of Administration." The Senior Vice President position at the Continuing Credit Union is at a higher salary band than Ms. Lopez currently receives at Allied Healthcare FCU given that the Continuing Credit Union is a much larger institution and the position will entail increased responsibilities, so it is customary and appropriate to increase an executive's pay under the circumstances. As such, as of the Merger Date, Ms. Lopez will receive an annualized salary increase of \$87,500 (less withholdings)



(approximately \$43,750 after withholdings at an assumed 50% tax rate) to bring her pay up to the Continuing Credit Union's salary band for the position.

Georgina Duenas, Loan Manager. The Continuing Credit Union will continue to employ Ms. Duenas on an "at-will" basis for 12 months after the merger. If the Continuing Credit Union doesn't offer Ms. Duenas a position after 12 months, Ms. Duenas will be eligible to receive a severance payment of \$16,153.85 (less withholding). To incent Ms. Duenas to remain with the Continuing Credit Union through critical system integration, Ms. Duenas will be eligible to receive a one-time retention bonus of \$600 (less withholding) if she remains with the Continuing Credit Union for six (6) months after the merger date. If Ms. Duenas were to receive both the retention bonus and severance payment, the maximum potential amount Ms. Duenas could receive is \$16,753.82 (less withholdings) (approximately \$8,376.91 after withholdings at an assumed 50% tax rate). These retention and severance opportunities are based on Ms. Duenas's years of service with Allied Healthcare Federal Credit Union since 2017 and are designed to recognize her many years of meritorious service to our members.

Jose Medina, Lead MSR. The Continuing Credit Union will continue to employ Mr. Medina on an "at-will" basis for 12 months after the merger. If the Continuing Credit Union doesn't offer Mr. Medina a position after 12 months, Mr. Medina will be eligible to receive a severance payment of \$48,000 (less withholding). To incent Mr. Medina to remain with the Continuing Credit Union through critical system integration, Mr. Medina will be eligible to receive a one-time retention bonus of \$2,000 (less withholding) if he remains with the Continuing Credit Union for six (6) months after the merger date. If Mr. Medina were to receive both the retention bonus and severance payment, the maximum potential amount Mr. Medina would receive is \$50,000 (less withholding) (approximately \$25,000 after withholdings at an assumed 50% tax rate). These retention and severance opportunities are based on Mr. Medina's years of service with Allied Healthcare Federal Credit Union since 1999 and are designed to recognize his many years of meritorious service to our members.

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 to personally deliver your Ballot, please complete the Ballot and return it in the enclosed postage-prepaid envelope to Allied Healthcare Federal Credit Union, c/o Turner, Warren, Hwang & Conrad, 100 N. 1st Street, Suite 202, Burbank, CA 91502.

To be counted, your Ballot must be received by April 10, 2024 at 5:00 p.m. Also, if required, the Credit Union will submit an application to the Commissioner of the California Department of Consumer Financial Protection & Innovation for approval of the merger pursuant to California Financial Code Section 15201(b).

BY THE ORDER OF THE BOARD OF DIRECTORS:

Larry Matejka

Larry Matejka, Board Chairperson

February 22, 2024
Date