



Providence

FEDERAL CREDIT UNION

October 15, 2024

Dear Valued Member,

The upcoming merger between Providence Federal Credit Union (PFCU) and Consolidated Community Credit Union (CCCU) is a momentous occasion. With the unanimous support from both boards and regulatory approval from the National Credit Union Administration (NCUA), we are poised to create a stronger, more resilient credit union for all our valued members. And as a member-owned credit union, your vote counts.

The merger of two local credit unions is a strategic move that pledges to bring a host of benefits to members and the community. With your support, PFCU and CCCU aim to leverage collective strengths to enhance service offerings, expand the branch network, and introduce cutting-edge technology solutions. This consolidation is a proactive response to members' expressed needs and ensures that you continue to receive top-notch services and competitive rates. The focus on community and member commitment remains at the heart of this merger, signaling a future where financial expansion and accessibility are prioritized. For more insight into the benefits of this merger, please visit www.providencecu.org/merger.

Your vote is crucial, as we're "Building for the Future", every single "APPROVE" vote is a step towards that shared vision of progress and innovation. Your support is not just appreciated; it's foundational to the success of our collective endeavor. By voting "APPROVE", you are actively participating in shaping a future that benefits all. Thank you for your continued commitment and for being a valued member of this exciting journey into new possibilities.

If you wish to vote online, simply visit www.providencecu.org/mergervote or scan the **QR code below**. Alternatively, you'll find enclosed with this letter, essential materials including a Notice of Special Meeting and a paper ballot for mail-in voting, complete with a pre-paid return envelope.

If you have any questions, please access our FAQ section at www.providencecu.org/mergervote, reach out through secure email via your online or mobile banking platform, or call our dedicated member service team at (888) 849-5189.

Best Regards,

Mary Savage
Board Chairperson

Shirley Cate
President/CEO



Scan to vote



NOTICE OF SPECIAL MEETING OF THE MEMBERS OF PROVIDENCE FEDERAL CREDIT UNION

The Board of Directors of Providence Federal Credit Union has called a Special Meeting of the Members of Providence Federal Credit Union on **December 10, 2024, at 3:00 pm at Providence Office Park 2 (POP 2), 4400 NE Halsey Street, Portland, OR.**

The purpose of the Special Meeting & Member Action is:

1. To consider and act upon a Merger Plan and proposal for merging Providence Federal Credit Union of Milwaukie, Oregon with Consolidated Federal Credit Union dba Consolidated Community Credit Union of Portland, Oregon (Continuing Credit Union) whereby all assets and liabilities of Providence Federal Credit Union will be merged with and into the Continuing Credit Union. All members of Providence 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 Providence 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 Providence 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 Providence 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 mail ballot to vote on the proposed Merger, or vote online at www.providencecu.org/mergervote. You may also cast your vote in person at the meeting.

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/services/Pages/resources-expansion/comments-proposed-merger.aspx> or NCUA, Credit Union Resources and Expansion, 1775 Duke Street, Alexandria, VA 22314. 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.

You have the right to vote on the proposed Merger by written or electronic ballot prior to the Special Meeting.

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 in the best interests of members. The proposed merger will benefit their respective memberships by achieving operational cost savings and improving the operational and financial strength of the Continuing Credit Union, ultimately enhancing member value.

Benefits to the Providence Membership will include:

- Offering Providence members the best opportunity to maintain their local, healthy credit union.
- Increased convenience and improved service resulting from the additional 3 branches of Consolidated.
- New and enhanced products and services.
- Expanded loan services through additional loan types including real estate mortgage loans, home equity lines of credit and cash back rewards credit card.
- Increased convenience resulting from expanded online services and electronic delivery systems and continued investment in technology to improve the member experience.

Benefits to Consolidated Membership will include:

- Increased returns to members from additional capital and savings and efficiencies of the merged credit unions.
- An additional branch location.

Benefits to the Combined Organization will include:

- Increased capital and financial strength ensuring long-term sustainability.
- Enhanced member value through expanded financial product and service offerings, distribution channels, and competitive rates and fees.
- Additional cost savings in operations, resulting from consolidated back-office support functions, and greater market presence and bargaining power.
- Shared cultures and values of Providence and Consolidated.
- Additional branches for all members.

Banking and financial services is a competitive industry. By joining together, Providence and Consolidated will be better positioned to offer competitive financing and enhanced services for our members. Merging these two strong organizations will combine shared values and will provide members additional financial protection against future economic downturns.

Net worth

Consolidated's net worth as of March 31, 2024 was \$94,305,120 and net worth ratio was 19.36% with Providence's at \$ 17,429,223 and 10.01%. The combined net worth projection for the Continuing Credit Union as of March 31, 2024 is \$111,734,343 or 16.90% net worth ratio. Upon the Merger, the net worth of Providence, as merging credit union will transfer to the Continuing Credit Union.

No Share Adjustment

Providence 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 Providence Federal Credit Union's net worth is unnecessary. The Directors of Providence and Consolidated have carefully analyzed the assets and liabilities of the Credit Unions and have appraised each Credit Union's share values. It is the opinion of the Board of Directors of Providence and Consolidated that the Merger should be completed without any adjustment in shares of the members of Providence upon completion of the Merger. Based on the current financial and statistical reports, the Credit Unions have made a joint appraisal of assets and liabilities to determine the value of shares in each Credit Union. An analysis of the share values of Providence, Consolidated, and the combined probable asset/share ratio value of the Continuing Credit Union are as follows: Providence 101%; Consolidated 79%; and Continuing Credit Union 90% The Credit Unions have determined that the shares in each Credit Union are reasonably equal in value and no share adjustments are warranted.

Locations of Merging and Continuing Credit Union

Providence's two branches and Consolidated's offices at the following locations will remain open:

Administrative Headquarters	1033 NE 6 th Ave Portland, OR 97232
Cascade Branch	1206 12th Street Hood River, OR 97031
Sandy Blvd. NE Branch	2021 NE Sandy Blvd Portland, OR 97232
Slabtown NW Branch	1535 NW 21st Avenue Portland, OR 97209
St. Vincent Medical Center Branch	9205 SW Barnes Road Portland, OR 97225
San Diego Cashless Branch	4855 Seminole Drive San Diego, CA 92115

Changes to Services and Member Benefits

The Credit Unions have made no post-merger plans to reduce ATM network access, or existing accounts and services offerings currently offered or available to Providence Federal Credit Union members. The Continuing Credit Union may analyze the future branching and ATM network offering to members.

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, CEO or the four most highly compensated employees have received or will receive in anticipation of or upon completion of the Merger. No merger related financial arrangement, or other financial incentive has been offered or provided to any official (Board or Supervisory Committee Member) management staff or employee of Providence or Consolidated in connection with the approval or consummation of the Merger.

Summary of Merger Plan

In addition, enclosed is a Summary of the Merger Plan which provides important Merger information including: the organization of the Board of Directors and Supervisory Committee; information on Senior Management and existing contracts and benefit plans; information on products and services anticipated after the Merger; and an itemized estimate of the direct costs of the Merger.

Effective Date

Subject to approval by the NCUA and members of Providence, the Credit Unions have planned an effective date for the merger of January 1, 2025.

Merger Approval and Ballot

In order to accomplish the Merger, it is necessary to obtain approval of a simple majority of the members of the members of Providence who vote on the proposal. In accordance with its Bylaws, Providence is conducting the member vote on the Merger proposal through an electronic vote and mail in ballot to the Providence members. The ballot distribution, collection, custody and tabulation will be conducted entirely by an independent third-party company. Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. Please vote online at www.providencecu.org/mergervote or complete the enclosed Ballot and return it by U.S. Mail to CU Ballot Election Processing- P.O. Box 3156, Dublin, OH 43016. **Your mail ballot must be received by no later than 3:30 pm PST on the day of the Special Meeting, December 10, 2024.** Mail Ballots received after this date and time will not be counted. You may also cast your vote in person at the meeting on December 10, 2024.

BY THE ORDER OF THE BOARD OF DIRECTORS:



Mary Savage, Board Chair

July 11, 2024

Date

SUMMARY PLAN OF MERGER OF

PROVIDENCE FEDERAL CREDIT UNION & CONSOLIDATED COMMUNITY CREDIT UNION

Introduction

The Board of Directors of Providence Federal Credit Union ("Providence"), as Merging Credit Union, and Consolidated Federal Credit Union dba Consolidated Federal Credit Union ("Consolidated"), as Continuing Credit Union, approved the Merger of the two Credit Unions and have entered an agreement to merge, subject to the approval of the members of Providence and final approval by the National Credit Union Administration ("NCUA"). In connection with the Merger, the following information is provided in addition to the Merger and financial information set forth in the Notice of Special Meeting.

Board of Directors

On the effective date of the Merger, the Board of Directors will consist of the seven (7) current members of Consolidated, plus two (2) additional members from Providence.

Supervisory Committee

The Continuing Credit Union plans to retain the current size of its Supervisory Committee of four (4) members. On the effective date of the Merger, the Supervisory Committee of the Continuing Credit Union shall be comprised of the four (4) current members of the Consolidated Supervisory Committee.

Management and Employees

The Credit Unions intend to offer employment to all employees of Providence as of the Merger date, subject to Consolidated's current employment policies and procedures and the future business needs of the Continuing Credit Union. Providence employees will be offered a compensation and benefit package that is consistent in value and benefit, to the extent reasonably possible, as offered by Consolidated to its employees.

Insurance

There will be no changes in the \$250,000 of federal share insurance coverage of members' accounts through the National Credit Union Share Insurance Fund unless a member has accounts at both Providence and Consolidated in excess of the share insurance limit. In this case, affected members will receive a separate notice explaining the federal share insurance coverage related to their account(s). Credit Union staff will encourage the affected members to meet with appropriate Credit Union staff who will attempt to work with the members in an effort to maximize their deposit insurance coverage.

Branch Offices

After the Merger, the Continuing Credit Union will continue to maintain the current branch offices in the following locations:

Current Consolidated Federal Credit Union Offices	
Cascade Branch	1206 12th Street Hood River, OR 97031
Sandy Blvd. NE Branch	2021 NE Sandy Blvd Portland, OR 97232
Slabtown NW Branch	1535 NW 21st Avenue Portland, OR 97209
Current Providence Federal Credit Union Offices	
St. Vincent Medical Center Branch	9205 SW Barnes Road Portland, OR 97225
San Diego Cashless Branch	4855 Seminole Drive San Diego, CA 92115

Merger Expenses

The estimated expenses paid or to be incurred by the Credit Unions in connection with conducting the Merger including the special meeting costs and postage, printing, marketing and printing and postage, accounting fees, environmental assessments, consulting fees, legal fees and regulatory filing fees is \$63,700.

Financial Information of Providence and Consolidated Regulatory Call Report (5300) Information

The following is key financial information from the Call Reports (5300) of Providence and Consolidated as of March 31, 2024:

Key Information	Providence	Consolidated
Total Loans	\$104,248,442	383,704,261
Total Assets	\$174,013,505	\$487,142,602
Total Deposits	\$152,494,992	\$390,727,753
Total Equity	\$13,976,111	\$66,561,924
Average Shares per Member	\$9,982	\$18,363
Average Loan per Member	\$6,824	\$18,699
Ratios		
Net Worth/Total Assets	10.01%	19.36%
Delinquent Loans/Total Loans	0.42%	0.03%
Loan/Shares	68.36%	98.20%

The following is an overview of the combined year to date income statement for March 31, 2024:

Key Information	Providence	Consolidated
Total Interest Income	\$1,886,529	\$5,002,446
Total Interest Expense (COF)	\$567,441	\$1,352,776
Fee and Other Operating Income	\$110,516	\$979,952
Operating Expense	\$1,789,269	\$3,928,708
Provisions for Loan Losses	\$397,022	\$0
Net Income	\$-756,687	\$700,914
Ratios		
Net Charge Offs	1.17%	.02%
ROA YTD	-1.75%	.58%
Net Operating Expense	3.64%	2.82%

The complete 5300 Regulatory Reports for Providence Federal Credit Union and Consolidated Federal Credit Union are available at www.ncua.gov.

Combined Financial Information

The following is an overview of the individual balance sheets of Providence and Consolidated as of March 31, 2024, and a combined balance sheet showing what the Continuing Credit Union would have held at March 31, 2024.

	Providence	Consolidated	Combined
ASSETS			
Total Cash	\$20,168,478	\$33,818,028	\$53,986,506.00
Total Investments	\$43,415,808	\$40,003,095	\$83,418,903.00
Total Loans	\$104,248,442	\$383,704,261	\$487,952,703.00
Other Assets	\$6,180,777	\$29,617,218	\$35,797,995.00
Total Assets	\$174,013,505	\$487,142,602	\$661,156,107.00
LIABILITIES AND EQUITY			
Borrowings	\$6,000,000	\$24,500,000	\$30,500,000
Accounts Payable and Other Liabilities	\$1,542,402	\$5,352,925	\$6,895,327
Total Deposits	\$152,494,992	\$390,727,753	\$543,222,745
Total Equity	\$13,976,111	\$66,561,924	\$80,538,035
Total Liabilities and Equity	\$174,013,505	\$487,142,602	\$661,156,107

BALLOT FOR MERGER PROPOSAL

Election ID:00000

Name of Member: _____

Account #: _____

Your mail ballot must be received no later than 3:30 PM PST on December 10, 2024. Mail to:

CU Ballot Election Processing - P.O. Box 3156, Dublin, OH 43016 | **OR** You can vote online at www.providencecu.org/mergervote | **OR** You can bring your ballot to the Special Meeting.

I have read the Notice of Special Meeting for the members of Providence Federal Credit Union. The meeting will be held in-person on December 10, 2024, at 3:00 pm PST to consider and act upon the merger proposal described in the Notice of Special Meeting.

VOTE - I VOTE ON THE PROPOSAL AS FOLLOWS (CHECK ONE BOX):

APPROVE

I approve of the proposed merger and authorize the Providence Federal Credit Union Board of Directors to take all necessary actions to accomplish the merger.

DO NOT APPROVE

I do not approve the proposed merger.

Member Signature

Date



Providence

FEDERAL CREDIT UNION

CUBallot Election Processing

PO Box 3156

Dublin, OH 43016

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Merger Election Packet Enclosed