

# ***LouVAH Federal Credit Union***

## **Important Message**

July 24, 2020

Name

Address

Address 2

City, State    ZIP

### **Notice of Special Meeting of the Members on Proposal to Merge**

Dear Member:

After a great deal of thought and research, on March 12, 2020, the LouVAH Federal Credit Union Board of Directors approved a merger plan with Abound Federal Credit Union.

The LouVAH board is proud of everything that LouVAH Federal Credit Union has accomplished. We recognize that the credit union needs to create even more value to you, your family, and all Veteran Administration hospital employees. To continue building on this value, the LouVAH board selected Abound Federal Credit Union as a partner to merge.

### **Who is Abound?**

Abound is a purpose driven organization serving the military and Kentucky communities. The credit union is the largest in Kentucky with the resources to provide you and your family with the products and services needed to make your credit union relationship increasingly valuable. Abound has served the Fort Knox military community and nearly 110,000 members in the communities from Louisville to Bowling Green for 70 years.

### **What are the Benefits of this Potential Partnership?**

We believe the opportunity to merge with Abound will allow us to provide value to you through:

- ATMs on site at the Hospital
- More branches. The credit union has 17 full-service branches in Central Kentucky including on Fort Knox, in Louisville and in Bullitt County. A complete list of all Abound branches can be found at [Aboundcu.com](http://Aboundcu.com)
- Online and Mobile banking and the ability to deposit checks through your mobile phone
- Loan products designed to fit your needs including mortgage loans, small business loans, auto loans, recreational vehicle loans, personal loans, and credit cards

- High yielding certificates of deposits, free checking accounts and a full range of deposit products
- A Member Call center open up to 60 hours a week
- Drive up locations at many branches open up to 60 hours per week
- Financial education programs for members
- Financial planning and investment services
- A network of more than 50,000 surcharge free ATMs and 5,000 shared credit union branches throughout the U.S.

### **Voting**

Enclosed please find the Notice of Special Meeting of Members and a Merger Ballot. You are invited to attend this special meeting on Friday September 18, 2020 at 12 noon EDT. The meeting will be hosted virtually because of the COVID-19 pandemic. To attend the meeting, please register at the link below:

**[www.aboundcu.org/LouVAHmerger](http://www.aboundcu.org/LouVAHmerger)**

An email will be provided back to you with a link and instructions on how to join.

The purpose of the meeting will be to discuss the opportunities of the merger with Abound and act on the proposed merger.

**It is the recommendation of your Board of Directors at LouVAH that you vote “Yes” on the proposed merger with Abound.**

Enclosed is a Ballot for the merger proposal. To be counted, your ballot must be returned to the LouVAH branch, in person or by mail, by Monday, September 14 at 12 noon EDT.

### **When will the Merger Occur?**

If approved by the membership, the anticipated merger date will be Monday, November 2, 2020.

We are excited about the opportunity to partner with Abound. We look forward to you joining us for the Special Meeting on Friday, September 18. If you have questions, please stop by the LouVAH branch, call the office at 502-287-6282 or email us at [LouVAHfcu@gmail.com](mailto:LouVAHfcu@gmail.com).

Sincerely,



Troy Colón, Chairperson, LouVAH Board of Directors

## NOTICE OF MEETING OF THE MEMBERS OF LOUVAH FEDERAL CREDIT UNION

The Board of Directors of LouVAH Federal Credit Union have called a meeting of the members of this credit union for September 18, 2020 at 12 noon.

Due to COVID – 19 the meeting will take place via the Internet.

To register to attend the online meeting please go to **[www.aboundcu.org/LouVAHmerger](http://www.aboundcu.org/LouVAHmerger)**

The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging LouVAH Federal Credit Union with and into Abound Federal Credit Union (hereinafter referred to as the “Continuing Credit Union”), whereby all assets and liabilities of the LouVAH Federal Credit Union will be merged with and into the Continuing Credit Union. All members of LouVAH Federal Credit Union 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 LouVAH 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 LouVAH 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 LouVAH 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/services/Pages/resources-expansion/comments-proposed-merger.aspx>;

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 Abound Federal Credit Union will be able to offer better deposit rates, lower loan rates, more services including ATMs on site at the Robley Rex VA Medical Center, checking accounts, digital and mobile banking and financial education services.

*Net worth:* The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. LouVAH Federal Credit Union does not have a higher net worth ratio than Abound Federal Credit Union.

*Share adjustment or distribution:*

LouVAH 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 LouVAH Federal Credit Union's net worth is unnecessary because the net worth is being used to handle operations for LouVAH Federal Credit Union's members.

*Locations of merging and continuing credit union:* LouVAH Federal Credit Union's main office at the Robley Rex VA Medical Center at 800 Zorn Ave, Building 5 Louisville, KY 40206 will remain open for at least 90 days and possibly longer if activity supports the need to keep the branch there. Abound Federal Credit Union will have ATMs in the hospital (if approved by the hospital), offers digital banking services, and has 18 branch locations throughout central Kentucky including a branch in Valley Station.

Please note that the proposed merger must have the approval of the majority of members who vote.

### **Voting**

Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. Please complete the Ballot and return it to LouVAH Federal Credit Union, c/o Board of Directors, 800 Zorn Ave, Building 5, Louisville, KY 40206. To be counted, your **Ballot must be received by 12 noon on Monday, September 14, 2020.**

Sincerely,

A handwritten signature in blue ink that reads "Troy A. Colón". The signature is fluid and cursive, with the first name "Troy" and last name "Colón" clearly legible.

Troy Colón, Chairperson, LouVAH Board of Directors

### BALLOT FOR MERGER PROPOSAL

Name of Member:

Account Number:

You can return your ballot in one of two ways:

**By mail:** If you return by mail, your mail in ballot must be received by 12 noon EDT on Monday, September 14, 2020

**In person:** You may drop off your ballot at the credit union before 12 noon EDT on Monday, September 14.

The address for mail and in person is:

LouVAH Federal Credit Union  
800 Zorn Ave  
Building 5  
Louisville, KY 40206

Due to COVID 19, the Special Meeting will be held virtually on Friday, September 18 at 12 noon. To register go to **[aboundcu.com/LouVAHmerger](https://aboundcu.com/LouVAHmerger)**.

I have read the Notice of Special Meeting for the members of 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.

**Signed:**

Member Name \_\_\_\_\_

Date: \_\_\_\_\_

*Return of an unsigned ballot will result in your ballot being disqualified*

# Abound Credit Union & LouVAH Federal Combined Balance Sheet May 31, 2020

	Abound		LouVAH Federal		Combined	
	May 31, 2020	% of Assets	May 31, 2020	% of Assets	May 31, 2020	% of Assets
<b>ASSETS</b>						
<b>Loans</b>						
First Mortgage	369,750,197	20.50%	61,439	1.78%	369,811,636	20.47%
HELOC	166,636,702	9.24%	-	0.00%	166,636,702	9.22%
Commercial						
Self-Originated	50,699,270	2.81%	-	0.00%	50,699,270	2.81%
Participations	19,955,660	1.11%	-	0.00%	19,955,660	1.10%
Taxi Medallions	12,931,028	0.72%	-	0.00%	12,931,028	0.72%
Auto	485,393,515	26.92%	1,476,233	42.87%	486,869,749	26.95%
Credit Card	57,961,620	3.21%	-	0.00%	57,961,620	3.21%
All Other Consumer	51,691,663	2.87%	694,312	20.16%	52,385,975	2.90%
<b>Total Loans</b>	<b>1,215,019,655</b>	<b>67.37%</b>	<b>2,231,985</b>	<b>64.82%</b>	<b>1,217,251,640</b>	<b>67.37%</b>
Deferred Loan Origination Costs	3,950,855	0.22%	-	0.00%	3,950,855	0.22%
Allowance for Loan Losses	(24,599,968)	-1.36%	(49,221)	-1.43%	(24,649,189)	-1.36%
<b>Net Loans</b>	<b>1,194,370,543</b>	<b>66.23%</b>	<b>2,182,764</b>	<b>63.39%</b>	<b>1,196,553,306</b>	<b>66.22%</b>
Cash and Due from Banks	39,871,833	2.21%	48,165	1.40%	39,919,998	2.21%
Overnight Investments	148,334,605	8.23%	663,046	19.25%	148,997,651	8.25%
Interest Bearing Time Deposits	10,643,000	0.59%	448,000	13.01%	11,091,000	0.61%
Available-for-Sale Securities	261,761,781	14.52%	-	0.00%	261,761,781	14.49%
CDA Investments	6,742,828	0.37%	-	0.00%	6,742,828	0.37%
Other Investments	5,483,230	0.30%	-	0.00%	5,483,230	0.30%
Loans Held for Sale	4,664,263	0.26%	-	0.00%	4,664,263	0.26%
Fixed Assets	25,877,343	1.43%	-	0.00%	25,877,343	1.43%
NCUA Share Insurance Fund Deposit	11,928,754	0.66%	32,004	0.93%	11,960,758	0.66%
Accrued Interest Receivable	4,785,152	0.27%	11,881	0.35%	4,797,033	0.27%
Credit Union Owned Life Insurance	42,722,264	2.37%	-	0.00%	42,722,264	2.36%
Pension Plan Asset	15,851,265	0.88%	-	0.00%	15,851,265	0.88%
Reposessed / Foreclosed Assets	423,129	0.02%	-	0.00%	423,129	0.02%
Other Assets	29,917,105	1.66%	57,685	1.68%	29,974,790	1.66%
<b>Total Assets</b>	<b>1,803,377,092</b>	<b>100.00%</b>	<b>3,443,545</b>	<b>100.00%</b>	<b>1,806,820,637</b>	<b>100.00%</b>

Abound Credit Union & LouVAH Federal  
Combined Balance Sheet  
May 31, 2020

	Abound		LouVAH Federal		Combined	
	May 31, 2020	% of Assets	May 31, 2020	% of Assets	May 31, 2020	% of Assets
<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>						
<b>Savings and Other Deposits</b>						
Shares	364,091,171	20.19%	3,103,267	90.12%	367,194,438	20.32%
Share Drafts	189,488,842	10.51%	-	0.00%	189,488,842	10.49%
Money Markets	172,319,770	9.56%	-	0.00%	172,319,770	9.54%
Share Certificates	770,185,716	42.71%	113,715	3.30%	770,299,431	42.63%
<b>Total Deposits</b>	<b>1,496,085,500</b>	<b>82.96%</b>	<b>3,216,982</b>	<b>93.42%</b>	<b>1,499,302,482</b>	<b>82.98%</b>
 Borrowings	 20,000,000	 1.11%	 -	 0.00%	 20,000,000	 1.11%
Accrued Interest Payable	2,702,169	0.15%	598	0.02%	2,702,767	0.15%
Other Liabilities	21,145,253	1.17%	1,181	0.03%	21,146,434	1.17%
<b>Total Liabilities</b>	<b>43,847,421</b>	<b>2.43%</b>	<b>1,779</b>	<b>0.05%</b>	<b>43,849,200</b>	<b>2.43%</b>
 <b>Members' Equity</b>						
Regular Reserves	3,485,926	0.19%	96,164	2.79%	3,582,090	0.20%
Undivided Earnings	264,117,891	14.65%	128,620	3.74%	264,246,511	14.62%
Other Comprehensive Income	(4,159,646)	-0.23%	-	0.00%	(4,159,646)	-0.23%
<b>Total Members' Equity</b>	<b>263,444,171</b>	<b>14.61%</b>	<b>224,784</b>	<b>6.53%</b>	<b>263,668,955</b>	<b>14.59%</b>
 <b>Total Liabilities and Members' Equity</b>	<b>1,803,377,092</b>	<b>100.00%</b>	<b>3,443,545</b>	<b>100.00%</b>	<b>1,806,820,637</b>	<b>100.00%</b>
 <b>Net Worth</b>		<b>14.84%</b>		<b>6.53%</b>		<b>14.82%</b>