



Notice of Meeting of the Members of NextMark Federal Credit Union

The Board of Directors of NextMark Federal Credit Union have called a special meeting of the members of this credit union at 4201 Member's Way, Fairfax, VA 22030 on December 3, 2024, at 5:00 PM. The purpose of this meeting is:

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



- **More Member Access.** A larger branch footprint would allow us to have more impact on existing members. But bigger than that, through this partnership our field of membership would expand, and we would be able to serve more people and communities throughout the Commonwealth of Virginia providing them with access to top-notch financial products and services.
- **Products/Services.** As a larger organization, we would ultimately gain economies of scale which will allow us to offer an even more robust product and service line, reduce costs, and return more value in the form of products, services, and community involvement (to name a few) to existing and future members.
- **Stability and Security.** Combining our organizations positions us with greater financial strength and stability, ensuring long-term sustainability and prosperity. By joining forces with Apple FCU, members can benefit from a stronger institution with increased capital reserves and robust risk management practices, providing greater peace of mind and security for their deposits.
- **More responsive to evolving financial needs.** This partnership would allow the combined Continuing Credit Union to better anticipate and meet the financial needs of members in a competitive financial services industry.
- **Enhanced electronic banking products.** This partnership would allow the combined Continuing Credit Union to constantly assess and improve our technology solutions and make sure our members are receiving “the best” digital banking solutions we can for members now and into the future.
- **More branch locations.** Together we would have 25 branches throughout the Commonwealth of Virginia.
- **Same knowledgeable, friendly employees.** The same friendly staff at our branches would continue to be available to serve members after the merger.
- **Continued Support for Credit Union Partners.** The Continuing Credit Union will continue to make annual contributions to the African American Credit Union Coalition (AACUC), the Fairfax County Retired Employee Association, the Global Women’s Leadership Network, and the Worldwide Credit Union Foundation for three (3) years following the merger.
- **Volunteer Representation.** NextMark Federal Credit Union volunteer representation will be maintained as up to two members of NextMark Federal Credit Union’s Board of Directors will serve on the Continuing Credit Union’s Board of Directors after the Merger.
- **Leadership Representation.** Apple FCU’s President/CEO, Andrew Grimm, will continue to be the President/CEO of the Continuing Credit Union after the Merger. NextMark Federal Credit Union’s Leadership Representation will be maintained as NextMark Federal Credit Union’s President/CEO, Joseph D. Thomas, Jr., will continue as an Executive President of the Continuing Credit Union.



Becoming a larger credit union would provide opportunities to leverage resources, position the combined Continuing Credit Union for continued growth, and increase efficiencies. This would also allow for even more value to members in the form of greater access to expanded products and services along with robust evolving technologies, all while continuing our current impactful community presence in the greater Fairfax area.

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, subject to the share adjustment below.

Share Adjustment or distribution: The Board of Directors of NextMark Federal Credit Union wishes to recognize our members for maintaining deposits and loans with the Credit Union. The Board of Directors has determined that a special equity (dividend) adjustment will be distributed in the form of a one-time share distribution to return a portion of NextMark Federal Credit Union's capital to eligible members of record on a pro rata basis based upon Share Dividends Earned and Loan Interest Paid in the calendar year 2023. If the merger is approved, the total share distribution will not exceed \$12,000,000.00 (split at approximately 50.6% of the adjustment paid to members with loans and 49.4% paid to members with shares), representing approximately 25% of each eligible member's Loan Interest Paid in 2023 and approximately 100% of each eligible member's Share Dividends Earned in 2023 as of December 31, 2023 ("Record Date"), provided such amount does not reduce the Continuing Credit Union's post-Merger net worth ratio to below ten percent (10%) and further subject to due diligence and account verification. The share distribution will be deposited into each eligible member's share account on or around the Merger Date. Eligible members must be members of record of NextMark Federal Credit Union as of December 31, 2023, and must remain in good standing and maintain a share account with NextMark Federal Credit Union up to and through the Merger Date to be eligible to receive the Share Adjustment distribution.

Locations of merging and continuing credit union: NextMark Federal Credit Union's main office, Herrity Branch, and Government Center Branch will remain open for a minimum of five years from the merger date and the Springfield branch will remain open for at least the remainder of the lease term. As a result of the merger, there will be 25 branches available to you throughout the Commonwealth of Virginia.

NextMark Federal Credit Union locations:

- *Main Office/Members Way:* 4201 Members Way, Fairfax, VA 22030
- *Government Center Branch:* 12000 Government Center Parkway, Fairfax, VA 22035
- *Herrity Branch:* 12055 Government Center Parkway, Fairfax, VA 22035
- *Springfield Branch:* 6506 Loisdale Road, Springfield, VA 22150



Apple Federal Credit Union locations:

- *Headquarters (Fairfax Corner Branch):* 4097 Monument Corner Drive, Fairfax, VA 22030
- *Ashburn Branch:* 44170 Ashbrook Marketplace Plaza Suite 110, Ashburn, VA 20147
- *Bailey's Crossroads Branch:* 5701-D Columbia Pike, Falls Church, VA 22042
- *Burke Centre Branch:* 6025-E Burke Centre Parkway, Burke, VA 22015
- *Centreville Branch:* 14260-J Centreville Square, Centreville, VA 20121
- *Chantilly Branch:* 3915 B Centreville Road, Chantilly, VA 20151
- *Fairfax Branch:* 9701 Main Street, Fairfax, VA 22031
- *Falls Church Branch:* 1226 W. Broad Street, Falls Church, VA 22046
- *Gainesville Branch:* 14385 McGraws Corner Drive, Gainesville, VA 20155
- *Herndon Branch:* 362 Elden Street, Herndon, VA 20170
- *Kingstowne Branch:* 6831 Sir Viceroy Drive, Alexandria, VA 22315
- *Lake Ridge Branch:* 4201 Old Bridge Road, Woodbridge, VA 22192
- *Manassas Branch:* 8700 Centreville Road, Suite 101, Manassas, VA 20110
- *Merrifield Branch:* 8115 Gatehouse Road, Suite 1500, Falls Church, VA 22042
- *Mt. Vernon Branch:* 7696-F Richmond Highway, Alexandria, VA 22306
- *Springfield Branch:* 6708 Backlick Road, Springfield, VA 22150
- *Stafford Branch:* 1495 Stafford Market Place, Stafford, VA 22556
- *Sterling Branch:* 21361 Gentry Drive, Sterling, VA 20166
- *Sudley Manor Branch:* 8400 Chatsworth Drive, Manassas, VA 20109
- *Winchester Branch:* 1850 S Loudoun Street, Winchester, VA 22601
- *Woodbridge Branch:* 14229 Potomac Mills Road, Woodbridge, VA 22192

Merger-related financial arrangements:

The Board of Directors of NextMark Federal Credit Union and Apple Federal Credit Union wish to recognize and reward critical NextMark Federal Credit Union employees for the additional work they have incurred during the course of the merger and believe it is appropriate to provide incentives to encourage them to stay with the Continuing Credit Union after the merger to facilitate a smooth post-merger transition process. These arrangements are reasonable and commonplace in the financial services industry.

NCUA Regulations require merging credit unions to disclose certain 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 when such "increases" are *above a certain threshold*. The following individuals may receive amounts that are above the threshold requiring disclosure through a combination of dividend distributions on terms available to all eligible members of NextMark Federal Credit Union, pay adjustments to meet the Continuing Credit Union's salary band, long-term retention bonus incentives, already established deferred compensation benefits, or severance opportunities. The Boards of Directors believe it is critical to retain these individuals to assist in a smooth integration process and to maintain the high level of member service our members have come to expect.



Joseph Thomas Jr., CEO, is eligible to receive a maximum potential amount of \$157,511.68 (subject to applicable taxes).

Brian Shostek, Chief Financial Officer, is eligible to receive a maximum potential amount of \$174,710.03 (subject to applicable taxes).

William Cook, Chief Lending Officer, is eligible to receive a maximum potential amount of \$101,374.85 (subject to applicable taxes).

Jennifer Fox, Chief Operations Officer, is eligible to receive a maximum potential amount of \$213,929.02 (subject to applicable taxes).

Corlyss Cigler, Chief Human Resources Officer, is eligible to receive a maximum potential amount of \$216,965.38 (subject to applicable taxes).

Bobbie Deegan, Board Chairperson, is eligible to receive a maximum potential amount of \$10,142.71 (subject to applicable taxes).

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, you can complete the Ballot and return it to CUBallot – Election Processing, E Space Communications, Inc., P. O. Box 3156, Dublin, OH 43016-9842.

To be counted, your Ballot must be received by December 3, 2024, at 5:00 PM.

BY THE ORDER OF THE BOARD OF DIRECTORS:

A handwritten signature in cursive script that reads "Roberta Deegan".

Board Chairperson

October 10, 2024
Date