



Dear Customer:

Earlier this year, Heritage Federal Credit Union ("HFCU"), a federally chartered credit union, headquartered in Newburgh, Indiana, entered into an agreement to purchase the banking operations of The Elberfeld State Bank ("ESB"). The purchase is expected to be effective on or before February 28, 2021, pending receipt of final regulatory approval. We, at HFCU, are pleased to extend an early welcome to you as a new member of HFCU following completion of the transaction. HFCU is committed to providing its members with exceptional service, great rates, low or no fees, and local service.

At the closing of the purchase, HFCU will purchase and assume all of ESB's loans and deposits and all bank accounts held by ESB will be transferred to HFCU with certain limited exceptions (e.g., as a federally-chartered credit union, HFCU is ineligible to hold Indiana "public funds"). HFCU currently accepts credit union members from Posey, Vanderburgh, Warrick and Gibson counties in Indiana, and Henderson County, Kentucky. This is called HFCU's community "field of membership." HFCU's field of membership will be expanded, subject to regulatory approval, to also serve persons who live, work, worship, or attend school in, and businesses and other legal entities located in Knox, Pike, Dubois and Spencer counties in Indiana, and Daviess County, Kentucky. If, however, any ESB deposit customers do not qualify for membership as a result of being outside the field of membership, HFCU holds a low-income designation from the National Credit Union Administration (the "NCUA") that will allow HFCU to hold and insure non-member deposits. Thus, it is expected that all ESB customers (except for any office of the State of Indiana or any of its political subdivisions) will qualify as and become members of HFCU and all deposits with ESB assumed by HFCU will be insured by the NCUA (described further below). As a requirement of credit union membership, for any new member that does not have a savings account, HFCU will open and fund a share savings account with a balance of \$5.00 for each such customer. The \$5.00 deposit by HFCU will provide the new member a lifetime membership in HFCU with no obligation to renew in the future. **You can consent to joining HFCU and begin enjoying the full benefits of being an HFCU member upon completion of the transaction simply by completing and returning the enclosed Membership Opt-In Agreement. We urge you to do so as soon as possible, but it must be received no later than February 28, 2021.**

All ESB locations will remain open and will become HFCU branches to continue serving you during normal business hours. In addition, all ESB ATMs will remain available. The employees you know from ESB will continue to serve you as employees of HFCU. As HFCU members, you will have access to 13 branch offices throughout HFCU's geographic region. Please see the "Frequently Asked Questions" that we have included for the locations of HFCU's branches and for information about its ATM network, online and mobile banking systems and shared branching network throughout the United States.

HFCU will continue to offer similar products and services as ESB and, as a larger institution, HFCU will be able to offer some of these products and services on a larger scale. In addition, HFCU will offer the following new products and services, among others: VA mortgage loans, instant issue credit and debit cards with rewards, health savings accounts, mobile wallet, and investment and retirement planning

through Heritage Financial Services. We invite you to visit HFCU's website at <https://www.hfcu.info> for additional information.

ESB is required by 12 CFR 307.3 to inform you that under the provisions of the Federal Deposit Insurance Act, ESB's insured status will be impacted upon the closing of its sale of assets to HFCU (the "Sale Date") because it will no longer be engaged in the business of receiving or maintaining insurable deposits. After the Sale Date, ESB and the FDIC will seek an Order of Termination for the voluntary termination of FDIC insurance, and once obtained, ESB's insured status will only continue until the end of the first full quarter thereafter (the "Termination Date"). Insured deposits at ESB on the Sale Date, less all withdrawals from such deposits made subsequent to that date, will continue to be insured by the FDIC, to the extent provided by law, until the Termination Date. The FDIC will not insure any new deposits or additions to existing deposits made by you after the Sale Date (see the next paragraph regarding the deposit insurance you will receive from the NCUA). Please contact Curtis Ritterling, President and Chief Executive Officer of ESB, at (812) 437-2262 if additional information is needed regarding the foregoing notice or the insured status of your account(s).

As of the date the purchase transaction is completed, all of your current deposits will continue to be federally insured up to \$250,000 per member, for each account category, by the National Credit Union Share Insurance Fund, which is administered by the NCUA. We have included a chart comparing FDIC and NCUA insurance coverage with this letter.

While we are writing you today to notify you officially of ESB's sale of its banking operations and HFCU's purchase and assumption of ESB's loans and deposits, as well as to inform you of an important upcoming change of provider for your deposit insurance coverage, we also encourage you to review the Frequently Asked Questions we have included with this letter. The Frequently Asked Questions will provide you with additional information about HFCU and the transition to becoming a member, including answers to such practical questions as how to access your accounts, in person or online, and what will happen with your checks, bank statements, loans and direct deposits, among other topics of interest to you. We encourage you to contact ESB at the number provided above, or HFCU's Information Center at (812) 253-6928, with any additional questions.

Please watch for additional information from us as we look to provide you a seamless transition to becoming a member of HFCU. HFCU and ESB thank you for your business and look forward to continuing to serve you.

Sincerely,

  
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Curtis Ritterling,  
President and Chief Executive Officer  
The Elberfeld State Bank

  
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David K. Milligan,  
Chief Executive Officer  
Heritage Federal Credit Union