



March 12, 2019

Dear Valued Member,

I am pleased to inform you that Entrust Financial Credit Union has an exciting opportunity to merge with Martinsville Du Pont Employees Credit Union, Incorporated, d/b/a ValleyStar Credit Union headquartered in Martinsville, Virginia. Your Board of Directors believes it will be extremely beneficial to our membership to merge with ValleyStar – a strong, financially stable credit union which has been serving communities across Virginia and North Carolina since 1953. By joining our global services and ValleyStar’s commitment to community, the combined credit union will have the resources and financial strength to serve the needs of the membership through whatever economic, technology, or regulatory changes may come our way. We also have the opportunity to enhance our value to you in the form of higher dividends, improved systems, additional locations and expanded service offerings. Both ValleyStar and Entrust share the same servant heart and desire to improve our members’ financial health and wellbeing through outstanding service to all.

When this merger is approved, we will begin to bring all facets of the two credit unions together in a way that limits inconvenience to you. Once the conversion of all accounts over to ValleyStar is complete, you will be able to conduct business at any of the ValleyStar Credit Union branch locations, including Entrust’s branch in Richmond, as well as continue to have access to nationwide credit union service centers and ATMs. As a part of the ValleyStar family, we will continue to remain steadfast in our commitment to you.

It is the recommendation of your Board of Directors, the staff, and me that you vote “yes” to approve this 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>.

If you have questions or concerns about the merger that you do not wish to share with other members, please contact us at merger@entrustfcu.org or 800.944.3622.

Sincerely,

A handwritten signature in cursive script that reads "Lisa M. Lambrecht".

Lisa M. Lambrecht
President/CEO

Entrust Financial Credit Union

March 12, 2019

NOTICE OF MEETING OF THE MEMBERS OF ENTRUST FINANCIAL CREDIT UNION

The Board of Directors of Entrust Financial Credit Union ("Board of Directors") have called a special meeting of the members of this credit union at Baptist General Association of Virginia, 2828 Emerywood Parkway, Richmond, VA 23230, on Friday, April 26, 2019 at 2:00 pm. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Entrust Financial Credit Union with and into Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union (hereinafter referred to as the "Continuing Credit Union"), whereby all assets and liabilities of the Entrust Financial Credit Union will be merged with and into the Continuing Credit Union. All members of Entrust Financial 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 Entrust Financial 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 Entrust Financial 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 Entrust Financial 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> or by mail to Attn: Office of 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.

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 the Continuing Credit Union is one of the strongest credit unions in the Commonwealth of Virginia with a member service philosophy similar to our own.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. Entrust Financial Credit Union does not have a higher net worth ratio than Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union.

Share adjustment or distribution: Entrust Financial 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 Entrust Financial Credit Union net worth is unnecessary because as of 09/30/2018, the Continuing Credit Union has a net worth ratio of 12.79% and this is greater than the Entrust Financial Credit Union net worth ratio of 8.42%.

Locations of merging and continuing credit union: The main office of the MERGING CREDIT UNION located on 1801 Dabney Road, Richmond, VA 23230 will remain open as a branch of the CONTINUING CREDIT UNION for a minimum of 36 months, June 30, 2022, after the effective merger date of June 30, 2019. Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union has the following full-service branch locations that are near Entrust Financial Credit Union: 501 W Broad St, Waynesboro, VA 22980 and 4027 Halifax Road, South Boston, VA 24592. Additionally, the Continuing Credit Union will participate in the CO-OP shared branching network.

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, please complete the Ballot and return it to Brown, Edwards & Company, L.L.P. 319 McClanahan Street SW, Roanoke, VA 24014. To be counted, your Ballot must be received by Friday, April 26, 2019 at 2:00 pm.

By the order of the Board of Directors:

Sincerely,

A handwritten signature in cursive script that reads "Cheri B Spence".

Cheri Spence
Chairperson

March 12, 2019

**Entrust Financial Credit Union
Ballot for Merger Proposal**

Name of Member: _____

Account Number: _____

This ballot must be received by 2:00 pm on Friday, April 26, 2019. You may mail your ballot as described below or you may bring it with you to the Special Membership Meeting.

Mailed ballots must be received by Brown, Edwards & Company, L.L.P. by 2:00 pm Friday, April 26, 2019. You may vote in person at the Special Membership Meeting located at Baptist General Association of Virginia located at 2828 Emerywood Parkway, Richmond, VA and beginning at 2:00 pm on Friday, April 26, 2019.

If you mail your ballot, please mail this ballot to:

Brown, Edwards & Company, L.L.P.
319 McClanahan Street SW
Roanoke, VA 24014

I have read the Notice of Special Meeting for the members of Entrust Financial Credit Union. The meeting will be held at 2:00 pm Friday, April 26, 2019 to consider and act upon the merger proposal described in the notice. I vote on the proposal as follows **(check one box)**:

- I approve** the proposed merger and authorize the Board of Directors to take all necessary action to accomplish the merger.

- I do not approve** the proposed merger.

Signature: _____
Required

Print Name: _____

Date: _____
Required

PLAN OF MERGER

This Plan of Merger (the "Plan") is based upon the Merger Agreement and Plan of Merger (the "Agreement"), dated August 23, 2018, by and between Martinsville Du Pont Employees Credit Union Incorporated, d/b/a ValleyStar Credit Union, a Virginia chartered credit union, (the "Continuing Credit Union") and Entrust Financial Credit Union, a Virginia chartered credit union (the "Merging Credit Union"). Any capitalized terms not defined herein shall have the meaning set forth in the Agreement.

A. The CONTINUING CREDIT UNION and the MERGING CREDIT UNION agree to the following terms:

(i) MERGING CREDIT UNION will, by operation of law, sell, assign, transfer and convey unto the CONTINUING CREDIT UNION all of its assets, rights and property, whether real, personal or mixed; and the CONTINUING CREDIT UNION will, by operation of law, assume and agree to pay and accept all liabilities of the MERGING CREDIT UNION. No asset, including without limitation, cash investments, loan portfolio, reserves or retained earnings of the MERGING CREDIT UNION shall be excluded from the transaction contemplated herein. Likewise, no liability shall be excluded from assumption in the transaction contemplated herein;

(ii) The proposed merger date and consolidation of records is June 30, 2019;

(iii) CONTINUING CREDIT UNION's Bylaws in effect immediately before the Effective Date shall be the CONTINUING CREDIT UNION's Bylaws until amended in accordance with the Bylaws;

(iv) All property, debts, causes of action, and other interests of, belonging to, or due to each constituent credit union shall be vested in the CONTINUING CREDIT UNION without further act or deed and without reversion or impairment;

(v) The CONTINUING CREDIT UNION shall have and assume, by operation of law, all of the liabilities of the MERGING CREDIT UNION without any limitation;

(vi) At and as of the Effective Date of the Merger, and subject to the other terms and conditions of this Agreement, all members of the MERGING CREDIT UNION shall be converted to and shall become members of the CONTINUING CREDIT UNION with the same number of shares in the CONTINUING CREDIT UNION as they owned in the MERGING CREDIT UNION;

(vii) There will be no adverse change to any existing member insurance such as life savings, account insurance or loan protection insurance;

(viii) The MERGING CREDIT UNION shall perform all acts, and shall execute any and all additional agreements, documents, deeds, assignments and other instruments of conveyance which may be necessary to transfer individual assets, rights and property hereby acquired by CONTINUING CREDIT UNION by virtue of this agreement; and

(ix) The main office of the CONTINUING CREDIT UNION will be the current main office of the CONTINUING CREDIT UNION.

(x) The main office of the MERGING CREDIT UNION located on 1801 Dabney Road, Richmond, VA 23230 will remain open as a branch of the CONTINUING CREDIT UNION for a minimum of 36 months, June 30, 2022, after the effective merger date of June 30, 2019.

B. Further, Merging Credit Union's shares shall be treated in the following manner:

(i) At and as of the Effective Date, by virtue of the Merger and without any additional action on the part of any member of either party, each of the shares of MERGING CREDIT UNION shall be converted into the same number of shares in the CONTINUING CREDIT UNION without adjustment, to be calculated as of the close of business on the day preceding the Effective Date. The CONTINUING CREDIT UNION will notify the National Credit Union Share Insurance Fund in advance of the Closing Date in order to provide continuing coverage for the members of the MERGING CREDIT UNION.

C. There are no outstanding options or rights to acquire shares in Merging Credit Union.

D. From and after the Closing Date, the Articles of Incorporation of the Continuing Credit Union in effect immediately prior to the Closing Date shall be the Articles of Incorporation of the Continuing Credit Union until thereafter amended in accordance with applicable law.

Merging Institution Income Statement
Entrust Financial Credit Union

Income	MTD 12/31/2018	YTD 12/31/2018
Loan Income	\$197,220	\$2,342,818
Investment Income (Including CUSO)	\$68,165	\$524,665
Noninterest Income	\$105,261	\$1,280,558
Total Income	\$370,646	\$4,148,041

Noninterest Expenses

Salaries & Benefits	\$107,588	\$1,327,557
Office Occupancy	\$11,947	\$138,104
Office Operations	\$20,635	\$249,159
Education Expense	\$2,949	\$30,775
Loan Servicing	\$21,188	\$472,410
Association Dues	\$1,666	\$20,261
Member Insurance	\$0	\$0
Professional & Outside Services	\$68,931	\$1,035,306
Operating Fees	\$737	\$10,447
Miscellaneous Operating Expenses	\$798	\$14,133
Total Marketing	\$9,918	\$105,710
Total Noninterest Expenses	\$246,357	\$3,403,863
Loan Loss Provision	\$75,000	\$443,041
Dividend & Interest Expense	\$15,060	\$164,143
Net Operating Income	\$34,229	\$136,994
Gain (Loss) on Selling of Assets	\$0	\$0
Net Income	\$34,229	\$136,994

Surviving Credit Union Income Statement
Martinsville Du Pont Employees Credit Union, Incorporated
d/b/a ValleyStar Credit Union

Income	MTD 12/31/2018	YTD 12/31/2018
Loan Income	\$1,204,589	\$13,488,993
Investment Income	\$226,527	\$2,603,030
Noninterest Income	\$504,968	\$5,726,668
Total Income	\$1,936,083	\$21,818,691
Noninterest Expenses		
Salaries & Benefits	\$673,234	\$7,797,940
Office Occupancy	\$79,689	\$689,799
Office Operations	\$82,804	\$997,068
Education Expense	\$29,404	\$435,219
Loan Servicing	\$80,771	\$815,077
Collection Expense	\$25,481	\$180,140
VISA Program Expense	\$60,309	\$952,262
Professional & Outside Services	\$31,018	\$380,272
Data Processing	\$101,807	\$1,180,838
Supervisory and Exam Expense	\$12,833	\$157,951
Annual Meeting	\$0	\$2,698
Total Marketing	\$28,533	\$489,715
Other Operating Expenses	\$123,899	\$1,089,824
Total Noninterest Expenses	\$1,329,781	\$15,168,805
Loan Loss Provision	\$206,430	\$1,348,448
Dividend & Interest Expense	\$257,612	\$2,463,477
Net Operating Income	\$142,261	\$2,837,961
Gain (Loss) on Selling of Assets	-\$37,950	-\$204,358
Net Income	\$104,311	\$2,633,602

Merging Institution Balance Sheet (Before Merger)
Entrust Financial Credit Union

Month-End Balance

ASSETS	12/31/2018
Visa Loans	\$7,240,155
All other loans	\$36,797,043
Total Loans	\$44,037,198
Allow. loan losses	(\$446,188)
NET LOANS OUTSTANDING	\$43,591,010
Operating Funds	\$6,735,530
Investments	\$21,454,279
Prepaid Expenses	\$320,620
Fixed Assets	\$874,937
Accrued Interest	\$210,102
Other Assets	587,539.99
NCUA Share Insurance	\$684,622
TOTAL ASSETS	\$74,458,641
LIABILITIES	
Accounts Payable	\$147,621
Other Liabilities	\$96,303
TOTAL LIABILITIES	\$243,924
EQUITY	
Shares	\$33,330,354
Share Drafts	\$27,859,020
Share Certificates	\$6,723,844
TOTAL SHARES	\$67,913,217
Regular Reserve	\$1,134,374
Appropriated Undiv.Earnings	\$0
Undivided Earnings	\$5,167,125
Net Income	\$0
Unrealized Gain/(Loss) on AFS Investments	\$0
TOTAL LIABILITIES & EQUITY	\$74,458,641
NET WORTH RATIO	8.46%

Surviving Credit Union Balance Sheet (Before Merger)
Martinsville Du Pont Employees Credit Union, Incorporated
d/b/a ValleyStar Credit Union

	Month-End Balance
ASSETS	
	12/31/2018
Visa Loans	\$5,992,456
All other loans	\$241,085,511
Total Loans	\$247,077,967
Allow. loan losses	(\$2,784,440)
NET LOANS OUTSTANDING	\$244,293,527
Operating Funds	\$10,738,302
Investments	\$124,554,205
Prepaid Expenses	\$1,071,001
Fixed Assets	\$13,637,997
Accrued Interest	\$1,299,075
Other Assets	\$1,667,431
NCUA Share Insurance	\$3,230,840
TOTAL ASSETS	\$400,492,377
LIABILITIES	
Accounts Payable	\$1,087,970
Other Liabilities	\$1,167,574
TOTAL LIABILITIES	\$2,255,544
EQUITY	
Shares	\$190,660,464
Share Drafts	\$36,299,254
Share Certificates	\$122,214,832
TOTAL SHARES	\$349,174,551
Regular Reserve	\$11,912,825
Appropriated Undiv.Earnings	\$2,189,620
Undivided Earnings	\$36,706,920
Net Income	\$0
Unrealized Gain/(Loss) on AFS Investments	(\$1,747,082)
TOTAL LIABILITIES & EQUITY	\$400,492,377
NET WORTH RATIO	12.68%

Surviving Credit Union Balance Sheet (After Merger)
Martinsville Du Pont Employees Credit Union, Incorporated
d/b/a ValleyStar Credit Union

Consolidated	Proforma
ASSETS	
Visa Loans	\$13,232,610
All other loans	\$277,882,555
Total Loans	\$291,115,165
Allow. loan losses + Reserve on loans acquired	(\$3,230,628)
NET LOANS OUTSTANDING	\$287,884,537
Operating Funds	\$15,716,497
Investments	\$146,008,484
Prepaid Expenses	\$1,391,621
Fixed Assets	\$14,512,934
Accrued Interest	\$1,509,177
Other Assets	\$2,254,971
NCUA Share Insurance	\$3,915,462
TOTAL ASSETS	\$473,193,683
LIABILITIES	
Accounts Payable	\$1,235,592
Other Liabilities	\$1,263,877
TOTAL LIABILITIES	\$2,499,469
EQUITY	
Shares	\$223,990,818
Share Drafts	\$64,158,274
Share Certificates	\$128,938,676
TOTAL SHARES	\$417,087,768
Regular Reserve	\$13,047,199
Appropriated Undiv. Earnings	\$5,599,410
Undivided Earnings	\$36,706,920
Net Income	\$0
Unrealized Gain/(Loss) on AFS Investments	(\$1,747,082)
TOTAL LIABILITIES & EQUITY	\$473,193,683
NET WORTH RATIO	11.69%