ANNUAL FUNDING NOTICE

For

The Fidelity Bank Pension Plan

Introduction

This notice includes important information about the funding status of your single-employer pension plan (the “Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning January 1, 2024 and ending December 31, 2024 (“Plan Year”).

# How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded. The table below shows the fair market value of the Plan’s assets and liabilities determined using PBGC interest rates at the end of the most recent three years. The Plan devices its Market Value of Assets by Plan Liabilities to get the percentage of plan liabilities funded. In general, the higher the percentage, the better funded the plan. The Plan’s percentage of Liabilities Funded for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also shows participant information.

|  |
| --- |
| **Plan Liabilities, Assets, and Participant Counts** |
|  | 2024 | 2023 | 2022 |
| **Funded Status** |  |  |  |
| 1. Valuation Date | 12/31/2024 | 12/31/2023 | 12/31/2022 |
| 2. Market Value of Assets | $38,299,693 | $39,329,452 | $36,850,019 |
| 3. Plan Liabilities | $29,049,157 | $29,549,349 | $29,455,948 |
| 4. Percentage of Plan Liabilities Funded (2)/(3) | 131.84% | 133.10% | 125.10% |
|  |  |  |  |
| **Participant Information** |  |  |  |
| 1. Retired and receiving benefits | 153 | 151 | 146 |
| 2. Retired or no longer working for the employer and have a right to future benefits | 71 | 75 | 80 |
| 3. Current employees | 67 | 70 | 74 |
| 4. Total participants | 291 | 296 | 300 |

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to provide adequate funding (no less than required by law) for retirement benefits as actuarially determined.

Pension plans have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is to preserve the funded status through a liability driven investment portfolio.

Under the investment policy, the Plan’s assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

**Asset Allocations Percentage**

 Stocks 10.77%

 Investment grade debt instruments 85.44%

 High-yield debt instruments 0.00%

 Real Estate 0.00%

 Other 3.79%

The average return on plan assets for 2024 was 1.12%

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the “Form 5500.” These reports contain financial and other information. You may obtain an electronic copy of your Plan’s annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan’s annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefits. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under “Where to Get More Information.” You may also obtain a copy of the Plan’s annual report via the company’s internet site at [www.fidelitybanknc.com/careers/plan-documents/](http://www.fidelitybanknc.com/careers/plan-documents/) under Annual Funding Notice tab.

Summary of Rules Governing Termination of Single-Employer Plans

If a plan terminates, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end a plan in a “standard termination” but only after showing the PBGC that such plan has enough money to pay all benefits owed to participants. Under a standard termination, a plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly for life or for a set period of time when you retire) or, if the plan allows, issue one lump-sum payment that covers your entire benefit. Your plan administrator must give you advance notice that identifies the insurance company (or companies) selected to provide the annuity. The PBGC’s guarantee ends upon the purchase of an annuity or payment of the lump-sum. If the plan purchases an annuity for you from an insurance company and that company becomes unable to pay, the applicable state guaranty association guarantees the annuity to the extent authorized by that state’s law.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor’s bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2025, the maximum guarantee is $7,432 per month, or $89,182 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor’s bankruptcy, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65 reflecting the fact that younger retirees are expected to receive more monthly pension checks over their lifetimes. The maximum guarantee by age can be found on PBGC’s website, [www.pbgc.gov.](http://www.pbgc.gov/) The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees “basic benefits” earned before a plan is terminated, which include:

* pension benefits at normal retirement age;

• most early retirement benefits;

• annuity benefits for survivors of plan participants; and

• disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits:

• The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.

• The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.

• Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.

• Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.

• Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.

• The PBGC generally does not pay lump sums exceeding $7,000.

Note that if plan assets are determined to be sufficient to pay vested benefits that are not guaranteed by the Pension Benefit Guaranty Corporation, participants and beneficiaries may receive benefits in excess of the guaranteed amount. Such a determination generally uses assumptions that result in a plan having a lower funded status as compared to the plan’s funded status disclosed in this notice.

For additional general information about the PBGC and the pension insurance program guarantees, go to the “General FAQs about PBGC” on PBGC’s website at [www.pbgc.gov/generalfaqs](http://www.pbgc.gov/generalfaqs). Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See “Where to Get More Information About Your Plan,” below.

Where to Get More Information

For more information about this notice, you may contact Retirement Focus Service Center, P.O. Box 68099, Schaumburg, IL 60168-0099 or by phone at 1-833-560-0243. For identification purposes, the official plan number is 001 and the plan sponsor’s employer identification number or “EIN” is 56-0132040.

**Benefit Statement Available Upon Request**

Federal law requires the plan administrator to furnish an estimate of each participant's accrued benefit at least once per year upon request at no charge. If you would like to request an estimate, please contact Retirement Focus at 1-833-560-0243 and an estimate of your benefit will be mailed to you in 7-10 days. Please note that you are only entitled to one pension benefit statement in any 12-month period, but you may use the Modeling feature of the website at any time. Log into [www.RetirementFocus.com](http://www.RetirementFocus.com) and then select the Modeling option.