

## **FREQUENTLY ASKED QUESTIONS**

### **Q: Why do we need a merger? Why can't we just carry on as before?**

**A:** All three credit unions are financially strong and proud of their many years of service as independent credit unions in the Interlake. The driving force behind the proposed merger is that we live in an increasingly competitive financial world where the economic environment is rapidly changing making it very difficult for small credit unions to operate. Small credit unions face the same technological, administrative, and research and development expenses as larger financial institutions, but the base over which these costs may be spread is much smaller. Due to size limitations, small credit unions are also limited in the range of products they can offer. Combining Riverton, Gimli, and Eriksdale Credit Unions will result in an entity with assets of **\$280,000,000**. This merger will allow a larger, stronger combined credit union to grow along with our respective communities while continuing to deliver the personalized service members expect and deserve. This will enable us to expand our products and services to meet the needs of all members. At the same time, we'll be able to benefit from spreading costs across a larger membership base. Moreover, we share very similar values, in terms of how we treat our members, our employees and our communities.

### **Q: What steps did you take to reach the conclusion to propose a merger?**

**A:** As you can imagine, merging with another credit union is a huge decision and we want to assure our member-owners that we haven't rushed into it. Over the past several months, the Directors and senior managers of all three credit unions have given the issue careful thought and detailed analysis. The due diligence process began in October 2009 and a comprehensive financial, legal and operational review was conducted. The results of the due diligence process showed that we had very similar business philosophies and plans for future growth. It clearly pointed to all the opportunities that a merger of our three credit unions would realize. It also showed that together we would be able to grow much faster and accomplish much more than either of us could do on our own. There is sound business rationale to proceed with this partnership and we believe strongly in the model we have created – which is about building a stronger regional, rural-based credit union.

### **Q: Will any branches be closed because of this merger?**

**A:** No. This proposed merger is about growth – the ability to capitalize on new opportunities in our marketplace, thereby making the combined operation bigger, not smaller.

### **Q: Will any employees lose their jobs because of this merger?**

**A:** All three Boards of Directors have made a commitment that there will be no job losses, demotions or salary cuts as a result of the merger. Staff will benefit by gaining opportunities that they may not have had access to before.

### **Q: What will the new management structure look like?**

**A:** The management structure will be decided by the new Board of Directors with input from existing managers.

### **Q: What will happen with each credit union's Board of Directors?**

**A:** The proposed board will consist of four members from each existing Credit Union. Each CU will have an equal say on what the new Credit Union will stand for.

### **Q: Does this mean that our credit union's name will change?**

**A:** We plan to operate under one common name. The name that we have chosen for this amalgamation is **Lakeland Credit Union**. We feel this new name encompasses the area we serve and the idea of our Interlake roots.

### **Q: I know there are differences in service charges and other products within the different credit unions. What will happen to "my" credit unions products?**

**A:** The new credit union will be committed (just as we are today) to providing the best for our members. A comprehensive process to determine best practices will be used to compare all products and services of all three credit unions and from that we will choose what we believe to be the "best practices and products" for the new entity.

**How can I learn more? Where can I get answers to my questions?**

Open dialogue and member engagement during this proposed merger process is very important to us. It is our responsibility to ensure that we provide you with all the information you need to make an informed decision. We encourage you to:

- Call your Board of Directors
- Speak to credit union staff and management

A copy of the Amalgamation agreement is available at each branch of the three Credit Unions. If you would like to see it please contact the Branch/General Manager of your Credit Union and ask any questions regarding the proposed merger you like.