



Questions & Answers about the Proposed Merger Between Holy Rosary Credit Union (HRCU) and United Catholic Credit Union (UCCU)

We want to keep our members informed about the proposed merger between our credit unions. Key information is presented in the following Q&A (Questions and Answers) format that we hope will be useful. This Q&A will be updated as additional questions are received.

Q. How does the merger work?

A. Legally speaking, this merger is being proposed to add UCCU to HRCU. Technically it will mean that UCCU will no longer be a legal entity on the date the merger takes effect (targeted for January 31, 2012). However, while our vision is to operate under the name of Holy Rosary Credit Union, we plan to maintain the best qualities of both credit unions. We think this can be a win-win situation for all members and our respective communities. We believe that together, more effectively than individually, we can build a better credit union for members of the Catholic faith.

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

A. Both credit unions are proud of their many years of service as independent credit unions. But, for UCCU particularly, it has not been easy to continue to operate as a small credit union in today's environment. Small credit unions face the same technological, administrative, and developmental 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 that can be offered to personal and business members. Also, UCCU has experienced some loan losses from members who did not pay back their loans. This depleted the capital to a level below state requirements, prompting the state to initiate corrective action. The board took action to seek out an appropriate merger partner.

HRCU is a larger, well-financed credit union. It currently serves about 2,800 members with on-book assets of \$10.8 million with over \$1.4 million of this in reserves. Combining UCCU and HRCU will result in a credit union with on-book assets of over \$16 million and over 4,500 members. This merger will allow a larger, stronger combined credit union to grow with our respective communities while continuing to deliver the personalized service members expect and deserve. The merger of these two credit unions will provide a base to grow a Catholic credit union that we hope will, eventually, be able to offer services across the state.

Q. Why not merge with some other credit union, perhaps closer, larger and with more branches?

A. We believe that there is something wonderfully unique in our common bond of the Catholic faith. We believe that this common bond along with our values and philosophy allow a unique credit union that benefits members and potential members. We believe that the combined credit union can offer a ministry in the financial services arena that might not otherwise be available.

For example, the combined credit union offers second chance checking, credit builder loans, very low fees, payday loan alternatives and more. It will have a Catholic identity, a locally based board of directors, representation from both credit unions and management attuned to the needs of its members. This approach offers the benefits of a merger without taking away the benefit of the Catholic faith identity. 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. This means that we will be able to meet the needs of all members--even as these needs grow. Moreover, we share very similar values in terms of how we treat our members, our employees, and our communities.

Q. What are the benefits for UCCU members?

A. UCCU members will have a credit union that will continue to meet their needs, even as their needs evolve and the community grows. Members will benefit from more products and services, increased lending opportunities, and potentially an enhanced business services department.

Q. What is the benefit to HRCU members?

A. HRCU members will have access to a larger credit union, with an increased ability for future growth. Moreover, HRCU members will have the benefit of continuing to deal with a credit union that has its roots in the Catholic faith.

Q. Is this a good time for me to move my membership to a larger financial institution? After all, I was committed to United Catholic Credit Union not Holy Rosary.

A. Your membership and support are needed at the newly merged credit union more than ever. The purpose of this merger is to make a larger, stronger credit union to serve members of the Catholic faith. All the ideals and passion of United Catholic will be carried on in this newly merged credit union. The ideals and purposes of UCCU will be as much a part of the new credit union as they were previously. UCCU will just be operating under a different name. The goal is to offer a haven to other Catholic credit unions that have to merge. We can't do this unless, together, we can build a larger, stronger credit union.

Q. Will any branches be closed because of this merger?

A. Not at this time. This merger is about growth – the ability to capitalize on new opportunities in the marketplace, thereby making the combined operation bigger, not smaller. For the foreseeable future, we will operate both the HRCU and the UCCU branch locations. However, transaction volumes will be studied. In the future, branch hours may be changed and reduced. It is anticipated that any reduction in hours would occur at approximately the same time that shared branching would be offered. Shared branching will allow all members to conduct transactions at 21 shared branch locations with extended hours over what is currently available. Several of these shared branch locations are very close to the current UCCU office.

For more information go to: http://www.branchnearyou.com/kc_locations.html. While we cannot give an absolute promise that we will be able to offer shared branching, it is our plan.

Q. What is shared branching?

A. If the newly-merged credit union joins the shared branch network, it means you can go to other designated credit union offices to handle your credit union business.

For example, if you have an account with us, you can walk into and/or use the drive-up lanes at 21 other designated credit union branches to make deposits and withdrawals on your account. Conversely, members of those credit unions can visit our designated credit union branches and transact business on their accounts. It's the power of cooperation. Experience the credit union difference, and enjoy credit union service when and where you need it, at no cost to you. There will be 4,435 locations which you can use across the nation.

Q. Will UCCU Members Automatically Become Members of HRCU?

A. Yes, UCCU members will automatically become members of HRCU as of the effective date of the merger. UCCU members will receive an equal number of HRCU shares in exchange for their UCCU shares. This refers to all share types, both membership shares and non-equity shares. The Board of Directors of UCCU voted to merge with Holy Rosary Credit Union and this credit union was the board's first choice in merger partners.

Q. What's in it for HRCU?

A. This merger will allow HRCU to play a larger role in the market and provide better services in a way that is cost effective. In addition, HRCU welcomes the opportunity to partner with a credit union like UCCU, that already has an in-depth understanding of, and loyalty to, the faith community. We believe that the combined credit union's presence and strength will place it in an ideal position to serve as a strong alternative to the banks in the greater Kansas City marketplace.

Q. Will present directors of UCCU be represented on the Board of Directors of HRCU after the merger?

A. Yes. The plans call for the size of HRCU board to be increased by two to allow for UCCU board representation on the HRCU board.

Q. Is this merger a done deal?

A. Yes. We are still working through the planning and approval processes. The credit unions completed their due diligence reviews on each other and, based on positive results, proceeded to complete a merger proposal. This proposal went to the Missouri Division of Credit Unions where approval was given. They forwarded the merger proposal to the National Credit Union Administration where approval was given. It is planned that the merger will be official on January 31, 2012. The board and management of UCCU are confident that it is in the best interest of members, employees and our communities for the merger to take place. Together, each credit union can achieve more than they can alone.

Q. Will any employees lose their jobs because of this merger?

A. Yes. A requirement of merger approval is that expenses be cut. Therefore, we must have some staff reductions. Throughout any changes, every employee will be treated fairly and respectfully. The President of UCCU will be employed by Holy Rosary after merger.

Q. Which products and services will be offered to members of the combined credit union once the merger takes effect?

A. HRCU offers many products and services that are very similar to UCCU's offerings, including checking and savings accounts, term deposits, online banking, mortgages, loans and debit cards. In addition, HRCU offers first mortgages, VISA credit cards, free electronic bill-pay, financial education and some fresh-start products as well as potentially more in-depth business services.

Over time, a common set of products and services will be offered to all members of the combined credit union. UCCU members with fixed-term loans and term deposits will keep these products until they mature and then they will be able to choose from the products that are available at that time. HRCU has a wide array of competitively priced products and services and it is anticipated that UCCU members will benefit from the merger in terms of the range of products available. Members will be given plenty of notice regarding any changes that may affect them.

Q. If HRCU and UCCU merge, will deposit insurance coverage change?

A. No. All credit unions are covered by the National Credit Union Share Insurance fund which is backed by the full faith and credit of the U.S. Government and insures deposits to at least \$250,000.

If a member has accounts in UCCU and HRCU and UCCU merges into HRCU, accounts at UCCU continue to be insured separately from the deposits at HRCU for at least six months after the date of the merger. Share certificates from UCCU and HRCU are separately insured until the earliest maturity date after the end of the six month grace period.

Q. What if members of HRCU or UCCU have questions about the merger?

A. UCCU members may obtain more information by visiting the web site at www.UCCU.com, or calling (816) 356-8757, or sending Don Good an email at Don-Good@sbcglobal.net. HRCU members may log onto the web site at www.HolyRosaryCU.org, or send an email to info@HolyRosaryCU.org.

Q. Will my checks and debit card from UCCU still work?

A. Absolutely. UCCU members need not worry about interruption of any service. All current products will continue to work for some time. Members will receive much advance notification prior to any change in services.

Q. What is the new field of membership and am I still eligible to be a member?

A. Once a member, you can always be a member. The new field of membership includes all of the parishes previously served by Holy Rosary Credit Union and United Catholic Credit Union.

These parishes are:

- Church of the Holy Martyr
- Church of the Santa Fe
- Holy Cross
- Holy Rosary
- Holy Spirit Parish
- Nativity Blessed Virgin Mary
- Our Lady of Lourdes
- St. Anthony's
- St. Bernadette
- St. Charles Borromeo
- St. Cyril
- St. John Francis Regis
- St. John LaLande
- St. Joseph the Worker
- Our Lady of Peace
- Our Lady of Sorrows
- Our Lady of Presentation
- St. Ann
- St. Andrew the Apostle
- St. Margaret of Scotland
- St. Mark
- St. Mary
- St. Robert Bellarmine
- St. Therese Little Flower

Q. Will my account number change?

A. Your core account number will be retained. However, a number or numbers will probably be added in the front. For example, account 1234 might become 201234. After your account number is changed, the new number will print out on your next statement. This change will not require any changes on your checks, direct deposit, debit card, etc. for some time. Holy Rosary will take care of all back-end processes to allow a streamlined transition for members.

Q. What about ATM networks?

A. The ATM networks will remain the same for the time being. Eventually, all members of Holy Rosary Credit Union and United Catholic Credit Union will have access to the CO-OP network of ATMS. This will allow free ATM withdrawals at over 28,000 surcharge-free ATMS across the nation.

Q. Will my statement look different?

A. No. One merger advantage is that HRCU and UCCU are currently on the same computer system. Therefore, most of the systems will stay very much the same. This includes online banking, statements, transaction history and much more. It is anticipated that with Holy Rosary, you will soon have the option of electronic statements instead of paper.

Q. What will happen to my loans?

A. Your loans will not change. Your rate structure, maturity dates, etc. will remain the same until your loan is paid in full. New loans established after conversion will be subject to Holy Rosary Credit Union's rates, terms and conditions which are very similar to those of UCCU. We encourage members to apply for loans with the newly merged credit union as that brings strength to the operation.