

FREQUENTLY ASKED QUESTIONS Regarding the Merger of North Star Community Credit Union and Northern Tier Federal Credit Union

What has been proposed to take place between Northern Tier Federal Credit Union and North Star Community Credit Union?

After extensive discussions, both the Boards of Directors of Northern Tier Federal Credit Union and North Star Community Credit Union have decided that a merger between the two institutions would improve and increase member benefits to both memberships. The merged credit union would provide greater value in the form of more competitive rates and lower fees, additional convenience with more branch office & ATM locations, and enhanced products and services. Upon the successful completion of due diligence by both credit unions, an affirmative vote by both memberships and regulatory approval must be achieved before the merger can proceed.

Is either credit union in financial trouble?

No, both credit unions continue to achieve growth and success independently. However, the Boards of Directors of both organizations recognize the opportunity of joining together to create a larger institution that can benefit from more efficiencies and resources.

Would my accounts continue to be insured?

Yes, your accounts would remain safe, sound and insured, just as they are today. Your deposits are federally insured through the National Credit Union Share Insurance Fund (NCUSIF), a U.S. Government Agency, for up to \$250,000 for regular *and IRA* deposits. Members with accounts at both credit unions may qualify for additional insurance for up to 6 months after the merger.

Would my branch remain open?

There will be only one branch closure, the North Star Community CU branch location in Minot, ND because it is located less than half a mile from a Northern Tier FCU branch which will remain open. North Star Community CU members who utilize the Minot location will continue to have access to a convenient branch with improved drive thru access. Members of the combined organization will now have access to ten (10) branch locations.

Why have the two credit unions proposed a merger?

This partnership would create a credit union that offers you even more value than you have today. In planning for the future, both credit unions realized that a combined organization would bring much greater strength and competitive advantages than each could provide on its own. The merged credit union would blend the vision, people, experience, capabilities and resources of two strong credit unions, benefiting our members, communities and employees for the long term.

Who is North Star Community Credit Union?

North Star Community Credit Union began in 1940 as Benson County Co-op Credit Union in Maddock, ND. In 1984 the credit union merged with Rugby Credit Union and continued experiencing growth and success. In an effort to better symbolize our expanding area of service, the name of the credit union changed to North Star Community Credit Union in 2001. The following year a new branch opened in Bottineau, and later that year a merger with Cavalier Credit Union took place. A new office in Grafton opened in early 2012. In March of 2016, a merger with Ascentia Federal Credit Union in Minot was completed and became North Star's sixth branch. North Star ended 2016 with just over \$175M in assets and 10,183 members.

North Star Community Credit Union strives to serve its members as a full-service financial institution in which members have an equal voice in the control and operation of the credit union. Our goal is to provide the best products and services possible to our member-owners and to give back to the communities we serve.

Who is Northern Tier Federal Credit Union?

Northern Tier Federal Credit Union is a cooperative, financial institution founded May 6, 1959 as Minot AFB Federal Credit Union to provide a source of credit at reasonable interest rates and encourage savings from its members by paying higher than average dividends. The credit union initially operated out of a single branch location serving Minot AFB. In 1985 the name was changed to Northern Tier Federal Credit Union. That same year a branch was opened in Minot, ND. Northern Tier continued to grow and in 1988 merged with Velva Community Credit Union. In 1992 a merger with Willow City Community Credit Union added the fourth branch location. The growth and success continued and in 2005 a fifth branch office was opened in Butte, ND.

Although much has changed over the years, Northern Tier's commitment to the credit union principle of "Not for profit, not for charity, but for service" has remained constant.

How would Northern Tier FCU and North Star Community CU members benefit from the proposed merger?

The merger would bring you greater value, an increased number and variety of products and additional convenience including:

Expanded branch network: Members of the combined credit union will have access to ten (10) branch locations located in Maddock, Rugby, Bottineau, Cavalier, Grafton, Minot AFB, Minot, Velva, Willow City, and Butte.

Improved technology: The combined credit union will be better able to invest in technology to make managing your finances convenient.

Greater membership value: The combined deposit and capital base and the economies of scale that would result from this partnership would give us added resources to:

- Offer even greater levels of member service
- Produce a diversification of risk
- Provide new credit union membership opportunities
- Expand our community support programs
- Open branches and additional ATMs in proximity to where members live and/or work
- Offer attractive rates, better accessibility and lower fees

How would member accounts be impacted?

In the short term, members of both credit unions would experience no impact to their accounts or account numbers. We would work to ensure a seamless integration so you could conduct business as you always have, without any effect on your accounts. We would need to eventually convert members from one credit union to the other's operating system, but this is still under investigation and would not occur until sometime later this year. We will provide additional information about that process once the merger is approved.

Would any staff be laid off as a result of this merger?

No employees at Northern Tier FCU or North Star Community CU would be terminated as a result of the merger. In fact, this merger would provide multiple benefits and new opportunities for employees of both credit unions.

What would happen to the Board of Directors?

The organization would have a Board of Directors made up of five members from the North Star Community Credit Union and four members from Northern Tier Federal Credit Union to ensure that the combined organization has representation from both organizations and represents the overall membership.

Would the merger affect membership eligibility?

There will be no effect on membership eligibility and the combined credit union will continue to serve all groups and areas under each credit union's existing charter.

What is the proposed merger process and timeline?

Both credit unions are performing extensive due diligence. Upon the successful completion of due diligence by both credit unions, an affirmative vote by both memberships and regulatory approval must be achieved before the merger can proceed.

Do both credit unions support this partnership?

Wholeheartedly! Both Boards are very excited about this partnership and the benefits it will deliver to our members and communities.

Would the credit union be financially sound?

Absolutely! The combined credit union would have a strong balance sheet, a full-service product offering and a loyal member base. The credit union's net worth ratio far exceeds regulatory requirements and is considered "well capitalized" by its government regulators.

What if I have additional questions?

We're here to answer them! If you have any questions about this proposed merger and what it means to you, please visit a branch location, call the credit union or visit the credit unions' websites, www.northstarccu.com and www.ntiernd.org.

Both North Star and Northern Tier will hold informational meetings to gather member feedback and answer merger related questions in the near future. Meeting schedules will be posted on their respective websites, www.northstarccu.com and www.ntiernd.org.