

SUNCORP CAPITAL RAISE DECISION TO RECAPITALIZE FROM A MEMBER'S PERSPECTIVE

Interview with Becky Reed, President of Western Heritage Credit Union, Alliance, NE - May 6, 2011

Ed Beck, Training & Education Specialist, SunCorp: Becky, as you know, SunCorp has been going through the process of recapitalizing or asking members for more capital. For your credit union, what kind of decision have you made for recapitalizing SunCorp?

Becky Reed, President, Western Heritage Credit Union: We've decided to recapitalize.

Ed: And what led to that decision?

Becky: Well let me tell you – it was a tough decision. And I have to be honest when I say that I was angry. A lot of credit unions across the country lost a lot of money because of the corporate situation. Because I was angry, my board was angry. Now the board has been kept informed about the corporate situation since the very beginning when some of the corporates were conserved. Throughout that time, I had no intention of staying with a corporate. But whenever I started doing some research, and found out some of the things that I found out, I definitely changed my mind. But it was a big decision. It included the board; it included my management team; it included the entire credit union. And it included my peers out there in the credit union industry.

Ed: So you had to overcome the emotions – both yours and your board's – and you looked at other factors then. What specific services or costs did you look at that swayed your decision?

Becky: Whenever I started looking at it, again, you have to separate the emotions from the facts. That's what I decided to do; take the emotions out of it and look at the facts. Because, emotionally, I had decided that corporates were my last option - I looked at CUSOs, the Federal Reserve, and at other corporates. And finally after looking at these other options, we decided that SunCorp was our best option.

Here are the things that we looked at. First, we looked at cost – at the fee structure of CUSOs, other vendors, and the Federal Reserve. That was something that was important to us. We also looked at any software or hardware, and any changes that might need to be made if we decided to go to a different provider. The next thing we looked at was our back office operations. Changing vendors, from a back office perspective, is somewhat like changing a core processor from a front line perspective. So some of the things we looked at if we were to change from SunCorp, or from any corporate for that matter, were the



infrastructure and back office changes – hardware and software changes. Another thing we looked at is transparency. We wanted to make sure that whomever we chose to go with, was going to be financially stable and here for us in the future.

Ed: You also mentioned earlier that you talked with your peers at other credit unions about your decision. Do you have any advice you might give other credit unions that are still going through the decision-making process on how they should be looking at this choice on capitalizing SunCorp?

Becky: Absolutely. Again, I think all of us are angry...or were angry...at the beginning. I think the first thing you have to do is separate your emotions from the facts. Like I said before, because I was mad – so was my board. So I really had to separate that and look at the facts. But really my recommendation would be to do your homework. What's right for my credit union may not be right for your credit union. So do your homework. Use the due diligence checklist that's been provided by NCUA – that really helps compare apples to apples.

And remember, we don't know what's going to happen in the future. When I talked to my peers, there was a lot of fear about what might happen. For me, what I really had to look at was what we know – what is the here and now. Make our decision based on facts we know today – not what might or might not happen in the future.

Ed: Do you have any other thoughts about SunCorp or what's happening with corporates that we haven't discussed already?

Becky: Well I have to tell you that one of the main reasons that we decided to stay with SunCorp is its service level. When my peers and I got together here in western Nebraska to talk about SunCorp, we made a list of pros and cons. What was interesting to me was that there was only one con on the list for SunCorp, and that was the concern about legacy assets. Everything else was a pro. For me, that's an easy decision when you have ten things on the pro side and one thing on the con side. Service was one thing that was never, ever an issue with SunCorp. They are a one-stop shop for us; they do everything. A lot of other vendors we looked at did some things, but not everything. And so, it was a situation where I might have to use two or three different providers instead of the one provider we had in SunCorp. Because of the service that has been provided in the past, we really had no reason to change.

Ed: Thanks for your time Becky. We appreciate your thoughts.

