

## *A message to our members*

### **Banking Safety 101**

Recent bank failures illustrate that business models and risk management matter. They are central to a solid overall banking system and to keeping people's trust. Even with the challenges presented over the last few years, First Connecticut Credit Union (FCCU) has grown and strengthened its financial position. Let's look at key considerations of the FCCU business model and risk management to show how we differ.

#1 NO CREDIT UNION DEPOSITOR HAS EVER LOST A PENNY IN INSURED DEPOSITS. As a cooperative we have a regulator and insurer (NCUA) who manages the credit union risk insurance fund conservatively and effectively. FCCU has strong capital, asset quality, and liquidity ratings from the state and federal regulators who oversee us.

#2 OUR DEPOSIT BASE is derived from our membership, which does not include risky commercial deposits. Over 95% of FCCU deposits are under the \$250,000 federal insurance limit with over 70% of those funds in savings and checking accounts.

#3 THE PANDEMIC INFLUX OF DEPOSITS was kept predominantly in cash, short term investments and in small dollar member loans. We assumed that members would slowly spend and withdraw stimulus money, therefore we did not invest in long-term CDs or Treasuries as many other financial organizations did. They now face unrealized investment losses due to rate increases.

#4 CONTINGENCY LIQUIDITY PLANS are important to protect against unforeseen events. FCCU has had several in place for years before the current pressures materialized. First, we have a standard line of credit (LOC) with our central bank (corporate is the term credit unions use). Second, we purchased stock in the Central Liquidity Fund, a federal government backed emergency liquidity agent that provides FCCU with a LOC should a banking crisis occur.

#5 OUR RELATIONSHIP WITH YOU is central to how we run the credit union. Keeping your trust through great service and building relationships is more important to us than explosive growth or taking risky bets with your money. NCUA has approved a merger proposal that will be voted on by the members in the near future; this is in line with maintaining a strong service relationship with our members and providing a safe and secure financial future.

The Board of Directors and I want all members to know that your money is safe with FCCU and that we have been proactive in keeping basic banking principles a priority. By sharing these fundamental facts, we hope it provides a helpful perspective.

Susan J. Brown, CEO

First Connecticut Credit Union, Inc.