

Since 1934



Your Banking Alternative

To: Minnesota Valley Federal Credit Union (MVFCU) Members (about 8,900 today)
From: CEO Nick Meyer, Board of Directors, Supervisory Committee and Staff
Subject: Unprecedented Marketplace Turmoil
Date: September 2008

As we all know, hear, read and feel, indeed these are incredibly trying times in the financial services marketplace. The meltdown, mergers and bailouts are likely the biggest financial story of the past 50 years and it's still unfolding. The list of casualties includes such household names as Bear Stearns / Indy Mac / Countrywide / Lehman Brothers / Merrill Lynch / Fannie Mae & Freddie Mac / AIG, to name some but not all. Unfortunately, the list is growing in depth and breadth.

Clearly, what happens on Wall Street affects Main Street, today, tomorrow and for years to come.

So, your question logically might be, **"Is my money safe at the credit union?"** The answer is **unequivocally and absolutely YES**. MVFCU has never been stronger. Really, the entire credit union industry is similarly stout with capital exceeding 11% of the \$800 billion in assets. Your deposits are federally insured by the National Credit Union Share Insurance Fund (NCUSIF, just like the FDIC, and there's \$8.5 billion in the fund...provided by credit unions and never tax payers) up to \$100,000 per account holder and up to \$250,000 per IRA. With just a little creativity, for example, using joint accounts and revocable trusts, (and of course we can assist you) this coverage is easily expanded.

What about MVFCU specifically? We are at all time highs in assets (\$58 million), deposits (\$52 million), loans (\$43 million) and real dollar capital (\$5.1million). **The last three federal examinations rated MVFCU a CAMEL 1, the highest ranking.** CPA audits consistently result in an "unqualified opinion" which is the best. With over \$13 million in investments, essentially all are in federally insured CDs spread across the nation. Our investment approach is SLY (Safety first, then Liquidity, then Yield). We've never partaken in any loan program remotely resembling "sub-prime". Our loan delinquency rate at June 30, 2008 (most recent quarter-end) was 1.04% versus the NCUA PEER national average of 1.12% and our annualized charge-offs were 0.17% versus PEER of 0.59%. Callahan & Associates report that **MVFCU is among the top 30% of credit unions nationwide** for total "Return to the Member", an index measuring return to savers, borrowers and member service usage.

What matters most to your credit union is You. When we advertise "You're #1 and Part-Owner" we mean it, we practice it, we plan for it, we don't waiver from it. From the board of directors (a diverse group of astute volunteers) down, we only care about net income to the extent we continue to build capital to keep pace with our significant asset growth. Since 1934, providing real value and building your trust and loyalty is our commitment.

As we have in the past, the nation shall weather this storm. Hopefully valuable lessons will be learned and applied moving forward. Avoiding panic, maintaining perspective and remaining patient are critically important.

Best regards and wishes (and, as always, never hesitate to stop in, call, e-mail or write any of us).

Thanks. *Nick Meyer*



1640 Adams Street, Mankato MN 56001 • 100 Memorial View Ct., Mankato MN 56001

Postal Address: PO Box 4399, Mankato MN 56002-4399

