



October 1, 2008

Dear Credit Union Member,

As economic news continues to make the daily headlines, many people are feeling concern over the status of financial institutions in our country and across the globe. We are inundated with a steady stream of information that may or may not be correct. Indeed this is a serious and historical time in our economy. However, you should be assured that all financial institutions are NOT in the same situation, and in particular, remind you that Yakima Valley Credit Union (YVCU) remains a strong, safe place for you to do business.

I'd like to explain two ways that a financial institution can suffer losses and eventually fail – one, the quality of the loan portfolio or two, the quality of the investment portfolio. The news reports are about poor quality loans that have been either put on the books of financial institutions or packaged as securities (investments) and sold on Wall Street in recent years. These are the billions of dollars of loans that are creating losses and market chaos for those who hold them or who invested in them.

To the contrary, Yakima Valley Credit Union lends responsibly to our members and invests conservatively. We have much less risk and have not participated in the poor practices that may have gotten other financial institutions into trouble.

With the recent news about bank failures, some reports have focused on the losses consumers have suffered due to these failures. It is important to know that the losses that were suffered were by investors and were in the value of “stock” ownership in those institutions and **not** in insured deposits in those institutions. Your credit union deposits are federally insured by the NCUA (a similar agency to the FDIC for banks). The insurance for your deposits remains well funded and backed by the full faith and credit of the U.S. Government. Please check with us if you have any questions about insured limits and ownership structure(s) of your accounts.

As a member-owned cooperative (not a stock holder owned bank) - investing in loans to our members and other conservative investments - our balance sheet is not as affected by the fluctuations of the stock market as banks. YVCU will continue to employ conservative business practices and provide insurance on the accounts of our growing membership. We remain a safe haven in this economic storm.

Sincerely,

Mina Worthington  
President/CEO

If you have any questions regarding your share insurance, please call the NCUA at 1-800-755-1030 ext.1

