



MEDIA CONTACT:
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Message to Freedom First Members

March 17, 2023 (Roanoke, VA)

Dear Members and Friends of Freedom First Credit Union,

I am writing to you today because of a recent highly publicized bank failure, Silicon Valley Bank (SVB) and the resulting turmoil in the banking industry. I suspect some of you may have questions and I want to assure you Freedom First remains safe and strong.

So, what happened? The answer is pretty simple: the bank ran out of money. SVB customers, many impacted by changes in the economy and crypto markets, began withdrawing money - lots of money. The bank sold its investment portfolio to increase its available cash, but had to recognize a large loss because the investments were long-term and lost value due to the rising rate environment. Word quickly spread in the hyper-connected tech sector, and soon more customers began withdrawing their funds. Regulators quickly stepped in and closed the bank, soon after agreeing to pay out all deposits regardless of the amount to quiet the markets.

Freedom First differs from SVB in several important ways, which is why I am confident in saying that your Credit Union remains safe and strong.

- Unlike SVB, Freedom First has a very diverse member base. Since our founding in 1956 by seven GE employees in Salem, we have expanded and merged in credit unions serving higher education, manufacturing, healthcare, and local governments - and today we serve businesses and consumers located all throughout Central and South-Central Virginia.
- Unlike SVB, where 90% of their depositors had balances in excess of \$250,000, at Freedom First that ratio drops to 18%. Instead, our deposits are spread across 66,000 members representing many different employers and coming from many different communities.
- Unlike SVB, Freedom First's investment portfolio is short-term, and IF it was sold the resulting impact on our equity would be less one-half of one-percent.
- Unlike SVB, Freedom First makes loans on hard assets, like homes and commercial real estate located in our communities. These loans are then pledged to the Federal Home Loan Bank in exchange for a credit line that exceeds \$200 million and is available whenever additional funds are needed.

At Freedom First we pride ourselves in serving a diverse group of members responsibly, ensuring we continue to meet your banking needs today and long into the future. As a member of Freedom First, please know that we are here to answer any questions you may have and I encourage you to reach out at any time. If you have questions concerning Federal Deposit Insurance through the National Credit Administration or would like more information concerning our safety and soundness, please feel free to call one of leaders.

- Paul Phillips, Chief Executive Officer, 540-378-8949
- Shon Aguero, Chief Banking Officer, 540-427-7644
- Linda Johnson, Chief Financial Officer, 540-378-8960
- David Lowen, Treasurer and Board Member, 540-353-9246



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Finally, I want to express my gratitude for your continued partnership and confidence in Freedom First. Over the course of this past week your faith in us has been evident as I've seen no meaningful withdrawal activity and instead seen a few large deposits. We have been serving our community for nearly 70 years, and we are committed to continuing our mission of Helping People Prosper and Helping Communities Thrive.

Sincerely,
Paul Phillips
Chief Executive Officer
Freedom First Federal Credit Union

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About Freedom First Credit Union: Freedom First Credit Union is the largest member-owned Community Development Financial Institution in Southwest Virginia. Founded in 1956, Freedom First has grown to over 60,000 members, assets of over \$1 billion, and 12 branch locations in the Roanoke and New River Valleys and Greater Lynchburg. People living, working, worshipping, going to school, or contributing to a nonprofit in the Roanoke, New River, and Shenandoah Valleys or Greater Lynchburg are eligible for membership. Freedom First members benefit from competitive rates, secure and convenient technology, and the knowledge that their money is being reinvested in their community. For more information, please visit www.freedomfirst.com.