



To members of Shoreline Hometown Credit Union –

I wished to take a moment to comment on the two banking institution failures over the weekend that have undoubtedly caused concern across the nation, including possibly you.

I believe these failures are isolated incidents and are not indicative of anything more than that.

Silicon Valley Bank's (SVB) failure was due to a lack of liquidity. To raise cash, SVB needed to sell its low-yielding investments at a steep loss. Eventually, the cumulative loss from the sale of these pandemic-era investments was simply too large to continue to operate. Although there are many factors that led to the need to raise cash, SVB purchased too many of the same type of investments during the pandemic and that was a major contributor to its failure. Over half of its assets were invested in fixed-income securities, severely restricting its options to raise cash.

Signature Bank – as of 3/14/2023 – was seized by the FDIC primarily due to its cryptocurrency-friendly operations and management could not prove it was knowledgeable enough to offer this service. As of today, there have been no additional disclosures made related to the failure of the bank other than this.

As far as my message to you, our member. Your deposits and accounts are not in danger.

- Shoreline does not offer cryptocurrency accounts.
- Shoreline is well-capitalized, the strongest classification you can receive as a credit union.
- Our liquidity position remains strong, with our assets diversified between:
 - Loans to Members (71%)
 - Investments & Cash (19%)
 - Buildings, Land, Other (10%)
- Shoreline "stress-tests" our liquidity often and are well within policy limits under each test scenario.
- Shoreline has untapped borrowing lines of credit at multiple institutions in excess of \$25 million. This does not include emergency funding options offered by the government.
- Shoreline's unrealized losses continue to decrease quickly as the low-yielding securities purchased during the pandemic were short-term. Shoreline's CFO and Finance Manager planned for the rapid rise in rates coming out of the pandemic. These investments are being rolled into higher-yielding investments at or above market value.

If you have any questions related to the safety and soundness of Shoreline Hometown Credit Union, I welcome your questions to my email listed below. Thank you for your continued membership and confidence in the direction of your Hometown credit union!

A handwritten signature in black ink that reads "Nathan Grossenbach".

Nathan Grossenbach
President/CEO
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