

October 2, 2008

Much concern has been generated over recent media updates coming from the United States. At this time, it is very important that all FirstOntario Members are aware that the Canadian credit union system remains strong and your deposits are protected. All credit unions have deposit insurance through the Deposit Insurance Corporation of Ontario (DICO) to protect your money. In some cases i.e. registered deposits, the protection offered by DICO exceeds that offered by the major banks.

It is also important for you to be aware that the banking system operates differently in Canada than the United States. Recent bank failures in the United States are the direct result of very relaxed lending standards, aggressive product innovation and tax legislation that promotes debt rather than savings and repayment of debt.

The United States invested heavily in lending money to borrowers who were not financially capable of handling their mortgage debt. As interest rates increased, these borrowers could not manage their debt, leading to rapid defaults and foreclosures. A recent article in the Globe and Mail indicated these types of high-risk mortgage loans are estimated at 40% in the United States, compared to approximately 4% in Canada.

FirstOntario has a long history of building capital in excess of amounts required by government regulations. We also maintain sound lending standards, despite pressures to relax these standards over recent years. FirstOntario also offers solid mortgage products, unlike the United States. The result is a strong, well-performing portfolio of Member loans. We are very confident this strong performance will continue into the future.

I encourage you to bring any of your questions or concerns to your branch manager or staff, or to contact us at 1-800-616-8878.

Kelly McGiffin  
President & C.E.O.