MID OREGON CREDIT UNION
A Safe, Local Option for your Money

We have put together a few key points to give you peace of mind that your money is secure, and that Mid Oregon is in excellent financial health.

Q. Is my money safe at Mid Oregon?

A. Yes! Deposits are insured up to $250,000 per individual depositor. Our insurance fund, the National Credit Union Share Insurance Fund carries a full faith and credit guarantee from the U.S. Treasury. Mid Oregon is very well capitalized, with total capital exceeding 10% of assets. Our loan quality indicators are among the best in the industry, and we have a loyal member base that chooses us for convenience and quality service.

Q. How is Mid Oregon positioned differently than SVB (or other financial institutions with problems like SVB)?

A. Unlike SVB, Mid Oregon invests primarily in loans to members to purchase homes and vehicles. Most of our loans are made to Central Oregonians. Mid Oregon has laddered its investment portfolio with a final maturity of less than 2.5 years and an average life of 1.5 years. It consists solely of Treasury securities. We began purchasing these investments in March of 2022, after rates had risen from COVID-era lows. These investments total less than 10% of Mid Oregon's assets. While these investments have declined in value, the loss is less than $1 million on a portfolio of $60 million. The unrealized losses represent less than 2% of Mid Oregon's available capital. Mid Oregon's investment portfolio remains highly liquid.

Mid Oregon also has a very different deposit base than SVB. Less than 7% of Mid Oregon's member deposits are uninsured, and the deposits are spread across individuals and small businesses in Central Oregon. Mid Oregon also maintains emergency liquidity resources that exceed 10% of total assets. As of today, Mid Oregon has no balance outstanding on its credit lines.

Q. Why did SVB fail?

A. SVB failed due to unexpected withdrawals by their customers. SVB customers requested $42 billion in withdrawals on March 9. SVB could not raise the liquidity to meet the withdrawals and was declared insolvent and placed into receivership. Depositors began withdrawing money on March 8, when SVB announced it had sold approximately $25 billion in securities and booked a $1.8 billion loss on the sale. The securities were sold to fund customer withdrawals.

Q. Why did the run on SVB occur?

A. The run on SVB occurred because depositors lost confidence that their deposits were safe at SVB. Like all Federally insured financial institutions, SVB deposits were insured up to at least $250,000 per depositor. Unfortunately, SVB primarily served venture capital firms, technology and biotech startups, and high net worth individuals. Approximately 86% of SVB deposits exceeded the $250,000 insurance limit. Because these deposits were uninsured, they were quickly withdrawn when the problems at SVB became apparent.

Q. What type of securities did SVB own that caused the problem?

A. SVB had invested approximately 40% of its $160 billion in assets in U.S. Treasury Bonds and government insured mortgage-backed securities. Many of these bonds were purchased during COVID when interest rates were at historic lows. These bonds began to lose value when rates started to rise in late 2022. Many of the bonds were long-term investments with maturities exceeding 15 years. As interest rates continued to increase in late 2022 and early 2023, the value of the investments declined further. As of March 8th, the loss on the investments roughly equaled the total amount of equity capital SVB had.

Q. Did SVB receive a government bail out?

A. On March 12, 2023, the U.S. Treasury, Federal Reserve, and FDIC announced that all deposits in SVB would be honored, even those exceeding the FDIC limit of $250,000. The U.S. government determined SVB was "systemically important," and the loss of deposits would impact the overall U.S. economy. Based on the press release issued by the FDIC, taxpayers will not bear any cost of the action taken to protect deposits at SVB. The Federal Reserve also created a special credit program to help financial institutions facing higher than normal customer withdrawals.

Q. Where can I get more information about financial institutions?

A. Credit union financial performance data is publicly available at: https://fpr.ncua.gov/. This information is based on quarterly call reports filed by insured credit unions. Bank data is available at: https://banks.data.fdic.gov/bankfind-suite/financialreporting.

Q. How can I learn more?

A. Our leadership team is happy to speak with you further about the safety and soundness of Mid Oregon. You can use our "Contact the President" link at www.midoregon.com to submit questions or request a phone call with our President/CEO Kevin Cole.