



OFFICE OF
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DENISE L. NAPIER

NEWS

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CONNECTICUT TREASURY'S NEW COMMUNITY BANK & CREDIT UNION INITIATIVE PLACES STATE DEPOSITS IN LOCAL BANKS

First Successful Bids Brought Deposits to 4 State Banks; Another Round of Bidding for State Deposits Set for Tuesday

Initiative helps community financial institutions, increases local and state economic growth

(Hartford, CT) – Just two weeks after launching the state's new *Connecticut Community Bank and Credit Union Initiative*, the State Treasurer's Office will hold the second bidding process for state deposits tomorrow (Tuesday).

The program, proposed by State Treasurer Denise L. Nappier and approved by the Connecticut General Assembly, was established to support local financial institutions and promote state economic development. Administered by the Treasurer's Office, the initiative allows Connecticut community banks and credit unions to compete for the State's business by offering competitive rates for Certificates of Deposit for state funds.

**CONNECTICUT
TREASURY
community bank
& credit union
INITIATIVE**

The first competitive bid process was conducted on May 30, 2006. At the conclusion of the bidding, state investments were made in six- and twelve-month certificates of deposit (CDs), in amounts ranging from \$500,000 to \$5 million with interest rates averaging 5.24 percent. Successful bidders, providing the most competitive rates, were **Connecticut Bank and Trust** (Hartford, Vernon, Glastonbury, West Hartford), **The Community's Bank** (Bridgeport), **Northwest Community Bank** (Winsted, Avon, Torrington, Granby, East Granby, New Hartford) and **Guilford Savings Bank** (Guilford, Madison, Branford, North Branford). The Treasury deposited a total of \$8 million in the four banking institutions.

Tomorrow, formal bids detailing interest rates for six- and twelve-month CD's are being sought for up to \$22 million in state funds. Financial institutions are to notify the Treasury of the rates being offered, and at the conclusion of the bidding, Treasury officials then notify the institutions if they have submitted a successful bid and the term and amount of the CD that the Treasury will place with the institution.

Nappier, in advocating the community banking initiative, highlighted the economic benefits for both the state and local communities. Community banks and credit unions are known to focus on the needs of local families and businesses, issuing loans to local businesses and individuals, supporting local charitable activities, and utilizing local-based decision making on business loans.

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Community banks and credit unions are often led by members of the local community who are familiar with community interests and concerns. In addition, investments placed with these institutions serve to strengthen the institution and thereby the state's economic vibrancy.

"These local financial institutions are a vital part of the communities they serve," said Nappier. "This initiative is about stimulating economic growth from the ground up and providing opportunities for Connecticut's community banks and credit unions to compete for the state's business. This is truly an investment in Connecticut's communities."

Connecticut General Statute 3-24k allows the Treasurer to establish a program for the investment of up to \$100 million with community banks and credit unions. The law requires that the financial institutions who participate be domiciled in Connecticut with assets of not more than \$500 million. In addition, financial institutions must meet appropriate capital requirements in order to qualify based on Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) standards and must have acceptable Community Reinvestment Act ratings.

Additional information is available at the Connecticut Treasury website,
www.state.ct.us/ott/communitybank.htm