



OFFICE OF
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DENISE L. NAPIER

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**Connecticut Treasury's New Community Bank & Credit Union Initiative
Invests \$35 Million in State Deposits with Local Banks**

***Seven banks, credit unions receive state investments;
Initiative helps community financial institutions, increases local and state economic growth***

(Hartford, CT) – State Treasurer Denise L. Nappier said today that the Treasury's six month old *Connecticut Community Bank and Credit Union Initiative* has now invested \$35 million in seven local financial institutions with branches in 28 Connecticut towns and cities. The most recent investments, with three financial institutions and totaling \$5.5 million, were announced today.

The program, proposed by Treasurer 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.



Nappier noted that all of the banks participating in the deposit program had not been previous recipients of state investments. In addition, state funds have been invested with a community credit union in Connecticut for the first time as part of the initiative.

The latest round of investment recipients, providing the most competitive rates, were Guilford Savings Bank, which received a deposit of \$1 million, Northwest Community Bank, which received a deposit of \$500,000 and Connecticut Bank and Trust Company which received \$4 million in deposits. The competitive bidding was completed on October 6. State investments were made in six- and twelve-month certificates of deposit (CDs), in amounts ranging from \$500,000 to \$3 million with interest rates averaging 5.25 percent.

"These local financial institutions are a vital part of the communities they serve," said Nappier. "Community banks and credit unions focus on the needs of local families and businesses, issuing loans, supporting local charitable activities, and utilizing local-based decision making for business loans." Nappier said.

Successful bidders in the program to date are:

- **Guilford Savings Bank** (Guilford, Madison, Branford, North Branford);
- **Apple Valley Bank and Trust Company** (Cheshire);

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- **Northwest Community Bank** (Winsted, Avon, Torrington, Granby, East Granby, New Hartford);
- **Connecticut Bank and Trust Company** (Hartford, Vernon, Glastonbury, Newington, West Hartford);
- **The Community's Bank** (Bridgeport);
- **Connecticut Community Bank** (Fairfield, Westport, Norwalk, Darien, Stamford, Greenwich);
- **Connex Credit Union** (North Haven, Guilford, New Haven, Orange, Hamden, East Hartford).

Under the program, financial institutions submit a competitive bid to the Treasury, and at the conclusion of the bidding, Treasury officials 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.

“This initiative is about achieving competitive rates for state funds, while at the same time stimulating economic growth from the ground up by providing opportunities for Connecticut’s community banks and credit unions to compete for the state’s business. It is truly an investment in Connecticut’s communities,” Nappier said.

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 based on Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) standards and must have acceptable Community Reinvestment Act ratings.

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

The first competitive bid process was conducted on May 30, 2006. The first credit union to be a successful bidder was Connex Credit Union during the bidding conducted on September 7, 2006.

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