

April 9, 2009

**Re: London Fire Fighters Credit Union's Position on Prime Rate**

Dear Member:

As you are probably aware, financial institutions have been impacted by the unprecedented turmoil in the global economy and financial markets. London Fire Fighters Credit Union is not immune, and while we remain a financially strong and viable organization, the current economic conditions have resulted in increased compression on our financial margin – the difference between what we pay our depositors and charge our borrowers.

To help stimulate the economy, the Bank of Canada has continued to lower their prime lending rates; it has now reached record lows. Credit Unions, unlike the major banks, are not able to borrow from the Bank of Canada and rely primarily on member deposits to fund their loans. We must be able to offer competitive dividends to attract the deposits that allow us to continue to lend to our members.

It has been the practice of LFFCU to adjust our prime lending rate in conjunction with changes by the Bank of Canada. However, given the current economic conditions, it is no longer prudent to continue this practice. We must act in the best interest of our members by ensuring the financial stability of your credit union. Effective May 1, 2009, London Fire Fighters Credit Union will begin to set its own prime (formerly Central 1 Prime). Therefore, we are advising you that effective May 1<sup>st</sup> we will be increasing the LFFCU Prime to 3%. We have also scheduled increases to the LFFCU Prime Rate by 1% on May 15<sup>th</sup> and on June 1<sup>st</sup>. This will bring our Prime Rate to 5%.

We regret having to take this action but it is essential to maintain the financial stability of the organization during these unprecedented market conditions. It is important to mention that many other financial institutions have taken similar action.

In closing, the LFFCU remains a financially strong organization with a mandate to provide value to our members. We want to thank you for your understanding and support as we work together to ensure a long-term viable future for the benefit of all members.

Should you have any questions, please contact Charmaine or any Board member.

Respectfully yours,

Charmaine Spiegelberg  
Manager