

U.S. Credit Union Profile

A Summary of Mid-Year 2009 Credit Union Results

September 9, 2009

Prepared by:

CUNA Economics & Statistics

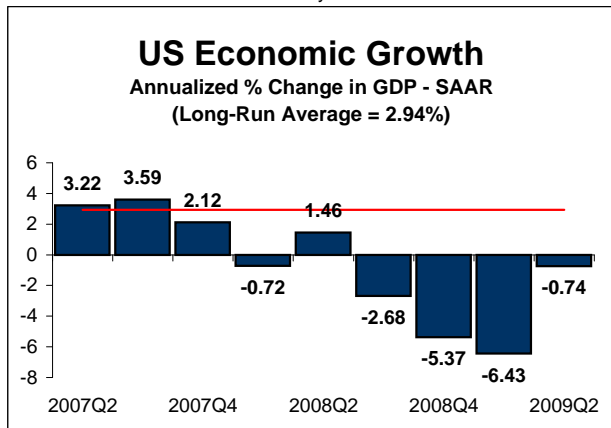


US Economic Profile

September 9, 2009

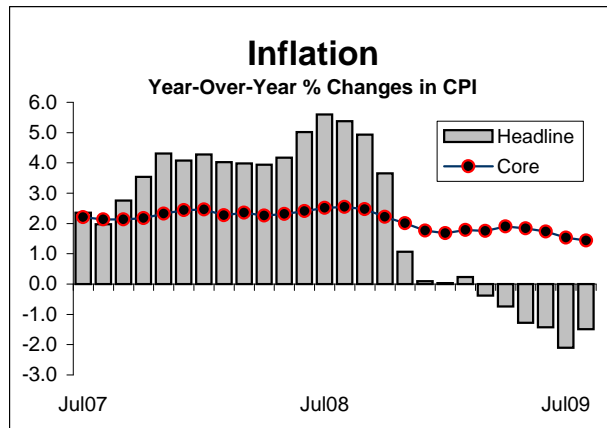
*** Economic slowdown is easing**

Source: Bureau of Economic Analysis



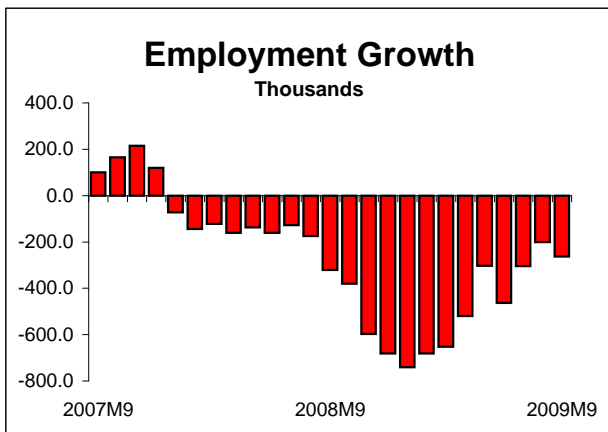
*** Core inflation remains in Fed target range**

Source: Bureau of Labor Statistics



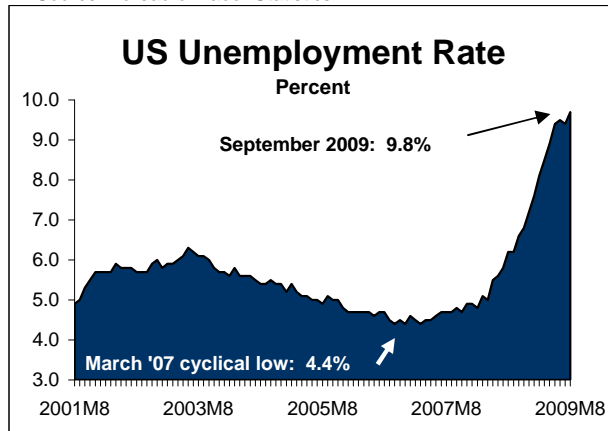
*** Labor markets are contracting. In all, 7.2 million jobs have been lost since the beginning of 2008.**

Source: Bureau of Labor Statistics



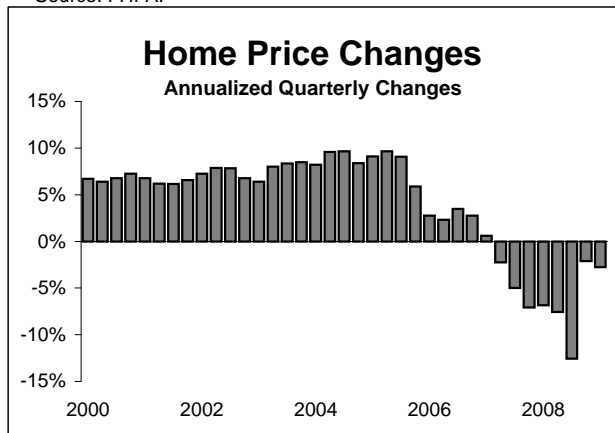
*** The unemployment rate is increasing. It is likely to eclipse 10.0% by year-end and peak at 10.5% in 2010**

Source: Bureau of Labor Statistics



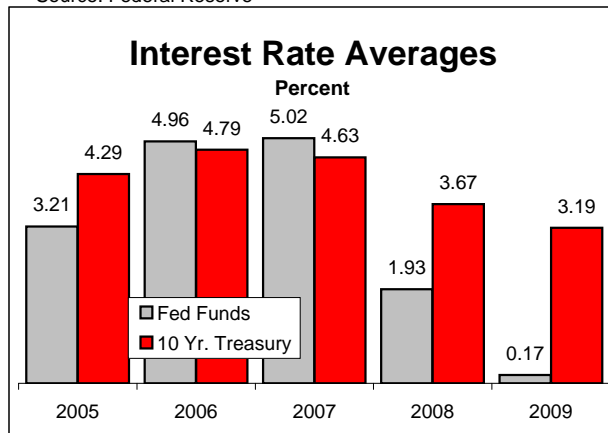
*** Home price declines have moderated substantially.**

Source: FHFA.



*** The yield curve will remain steep through 2009 expect small increases in Fed Funds late in 2010**

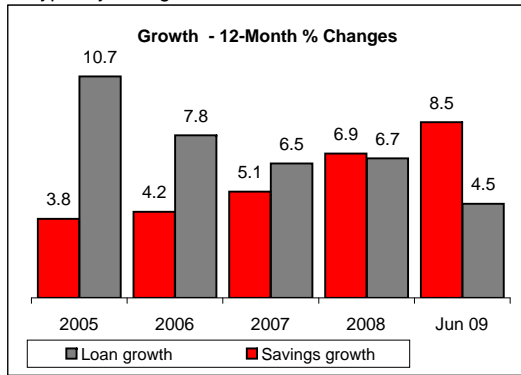
Source: Federal Reserve



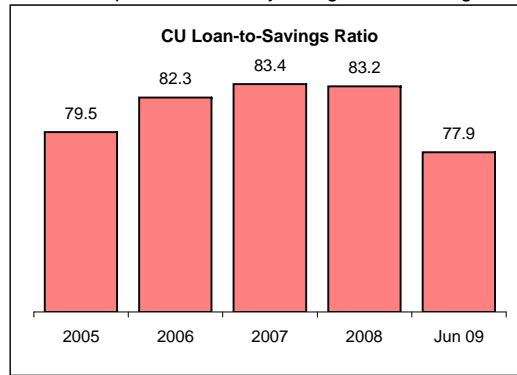
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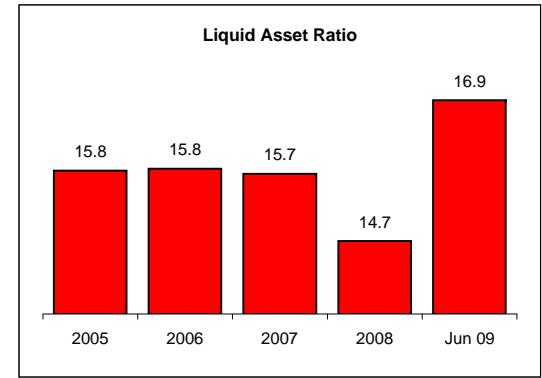
*** Savings growth is increasing while loan growth eased**
Typically loan growth slows in an economic downturn



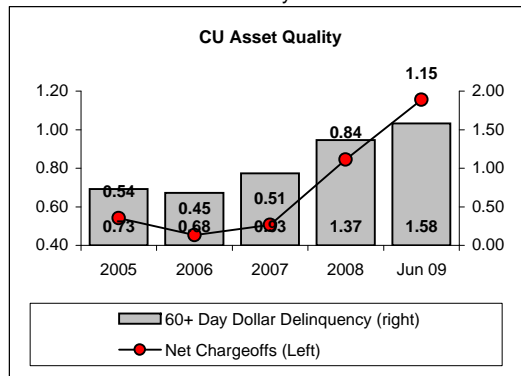
*** The aggregate LTS ratio decreased: More liquidity, but ROA pressure as low-yielding investments grow**



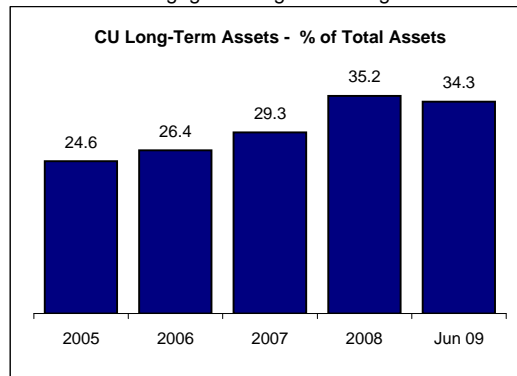
*** The liquid asset ratio increased marginally**



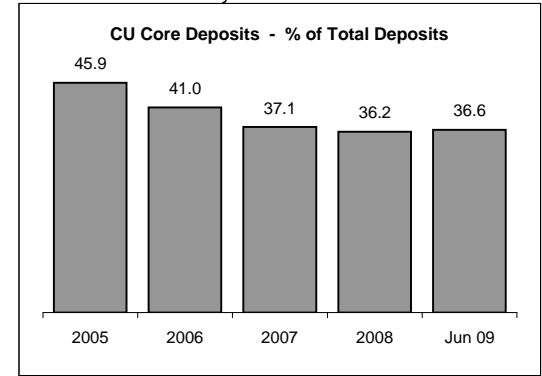
*** Delinquencies & net chargeoffs are up**
but both remain substantially lower than bank norms



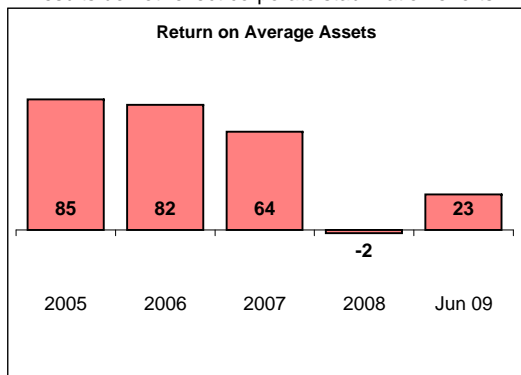
*** Interest rate risk exposure was little-changed**
Growth in mortgage lending is a driving force



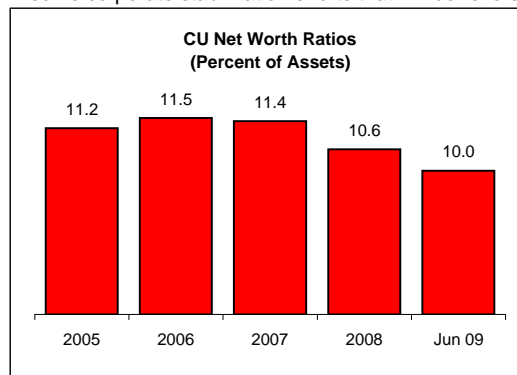
*** Stable low-cost deposits are holding steady**
but are substantially lower than 2005 levels



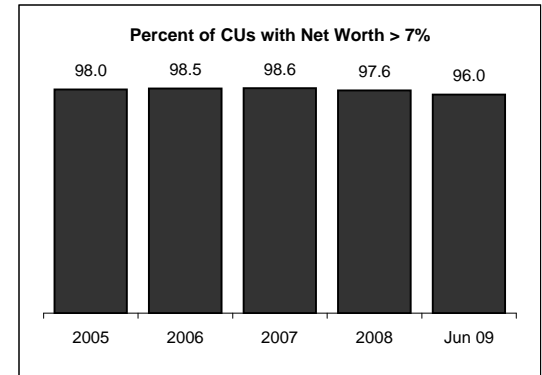
*** Earnings pressures are becoming more widespread**
Results do not reflect corporate stabilization efforts



*** Net worth ratios declined but results below reflect**
some corporate stabilization efforts that will be reversed



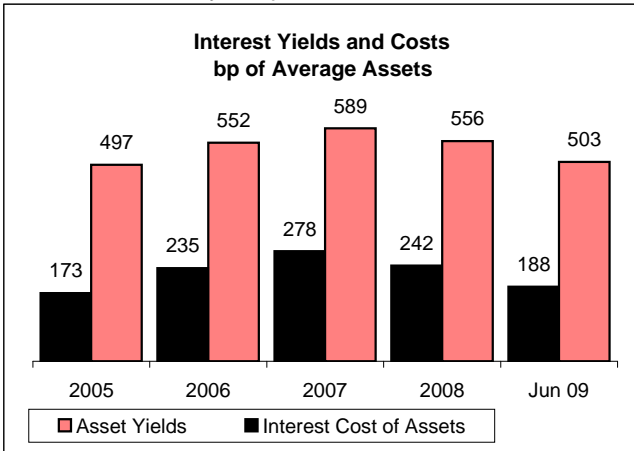
*** Nearly all credit unions remain well capitalized**



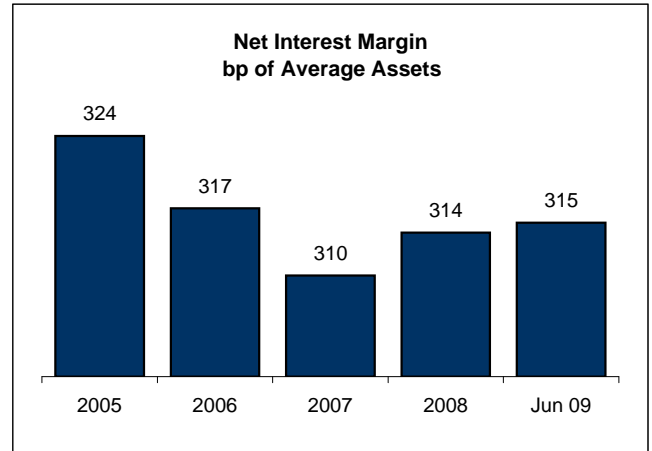
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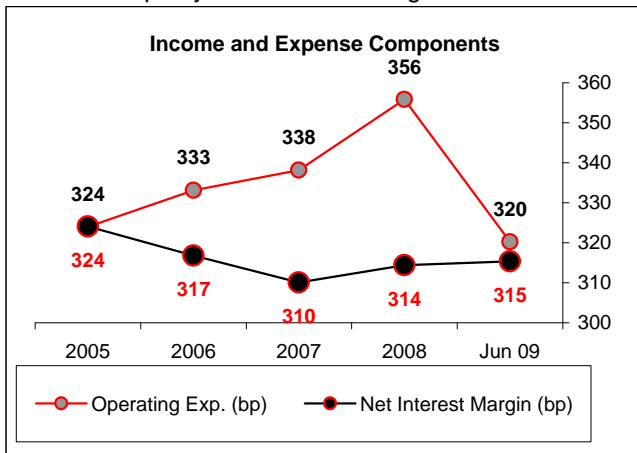
* **Asset yields decreased 53bp vs 2008 but interest costs declined by 54bp**



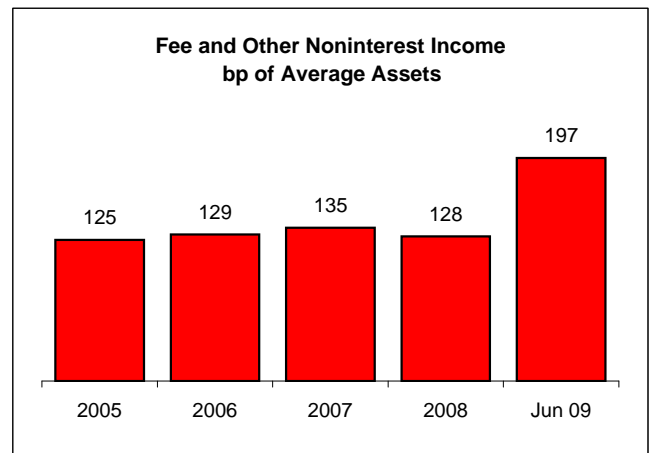
* **Net interest margins decreased marginally**



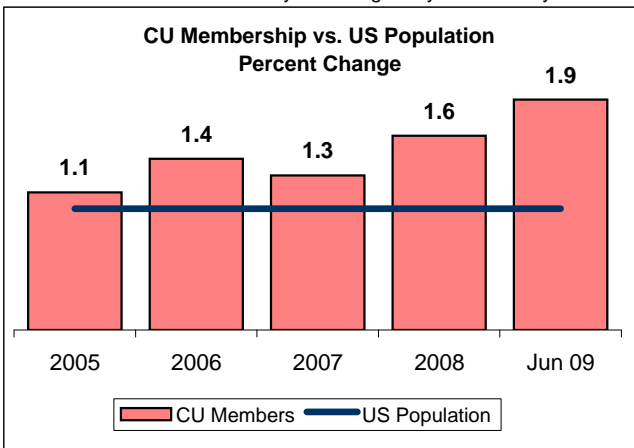
* **CU margins remained lower than expense ratios but the disparity declined - due to growth & stabilization**



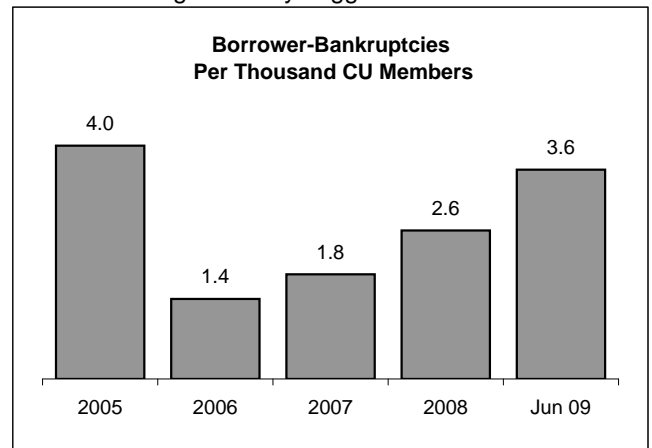
* **Noninterest income increased markedly - this reflects reversal of some stabilization efforts**



* **Membership growth rates inched up**
market uncertainties are likely attracting many to the safety of CUs



* **CU borrower-bankruptcy rates increased**
A deteriorating economy suggests more increases

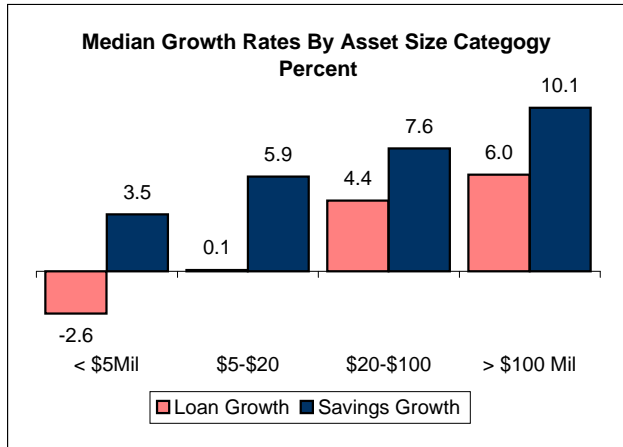


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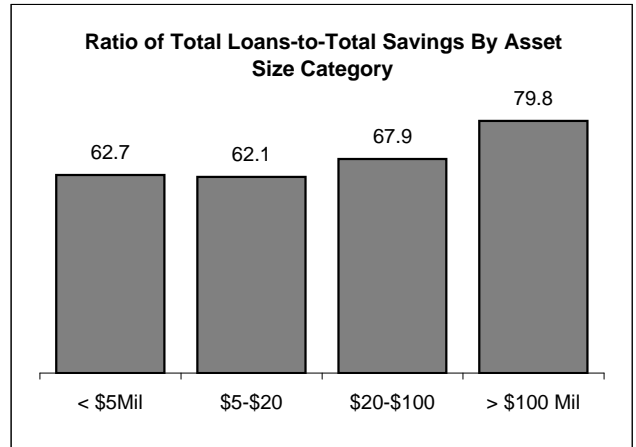
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By Asset Size Group

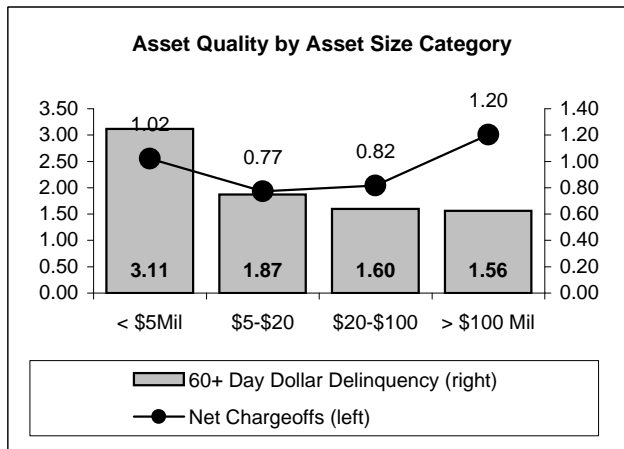
* Larger CUs are growing relatively fast



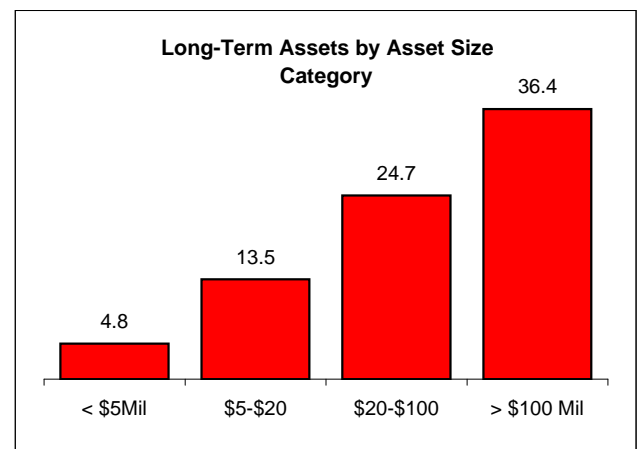
* CU liquidity is relatively tight among large CUs



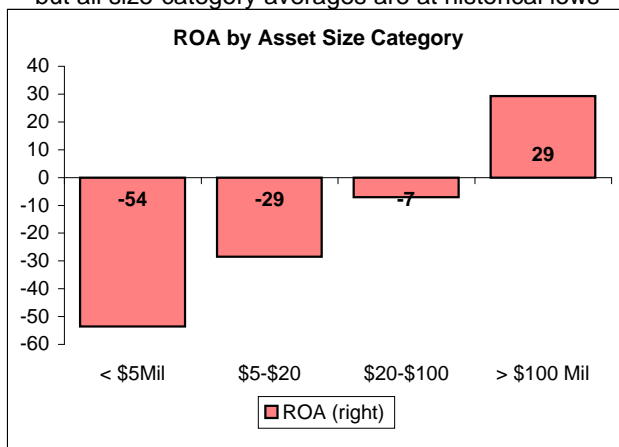
* CU asset quality varies substantially by size



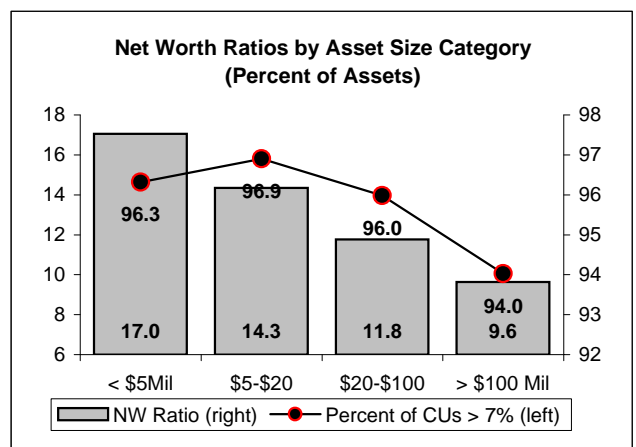
* Smaller CUs have very little IRR exposure



* Earnings pressures are most obvious at small CUs but all size-category averages are at historical lows



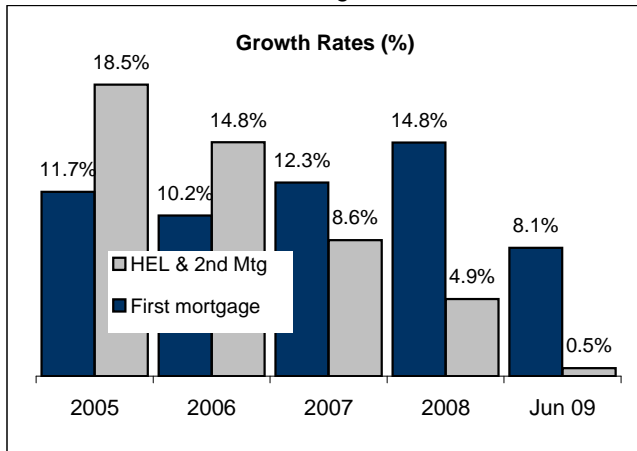
* Nearly all CUs are very well capitalized



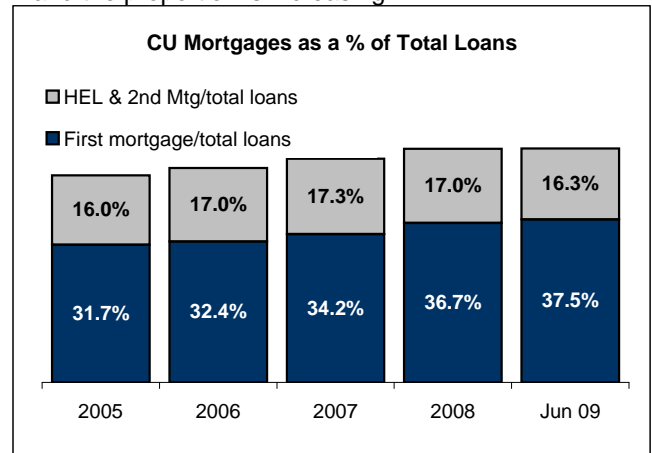
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Mortgage Lending Overview

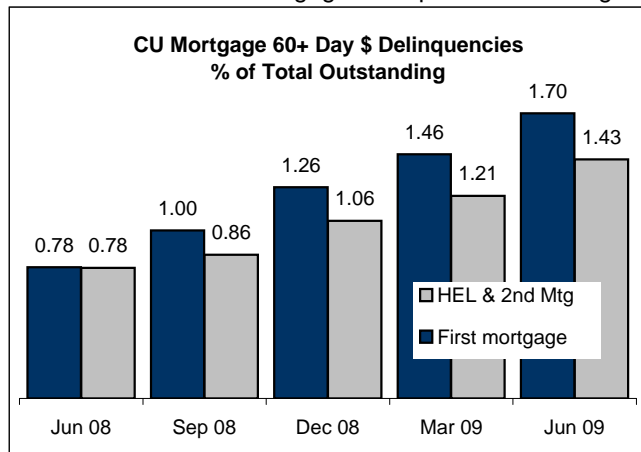
*** The pace of CU mortgage growth is slowing**
Over one-half of 1st half originations were sold



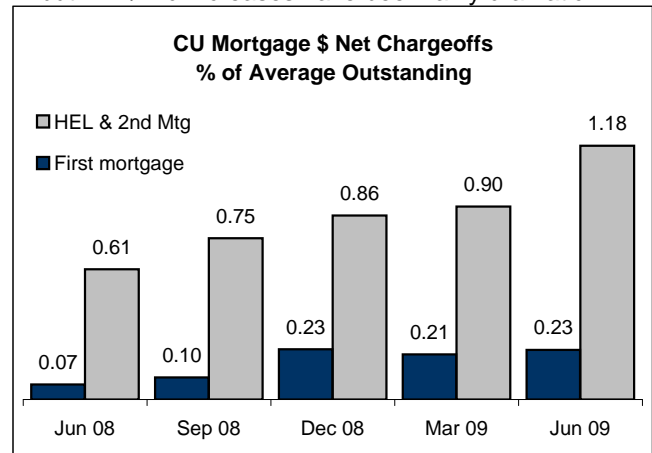
*** 1st mortgages account for more than 1/3 of CU loans**
and the proportion is increasing



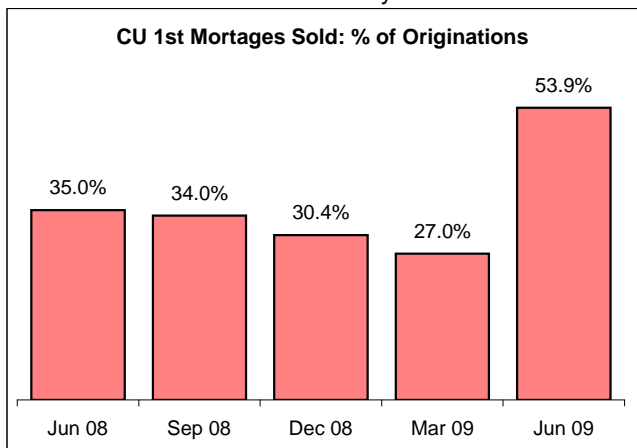
*** CU mortgage delinquency rates increased**
the increase in 1st mortgage delinquencies was large



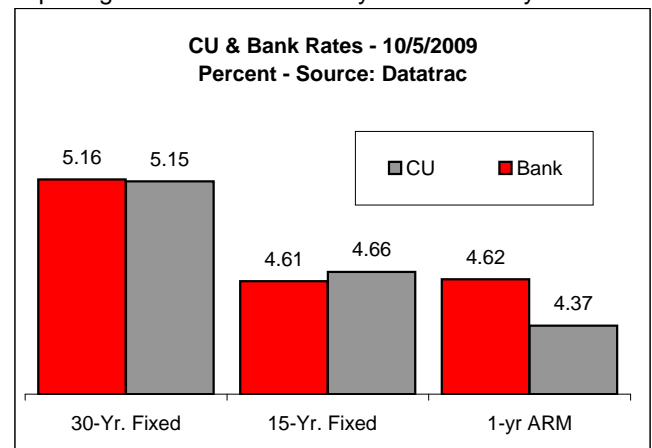
*** CU 1st mortgage loan chargeoffs remain low**
but HEL/2nd increases have been fairly dramatic



*** CUs hold most 1st mortgages originations in portfolio**
But sales increased dramatically in 2009



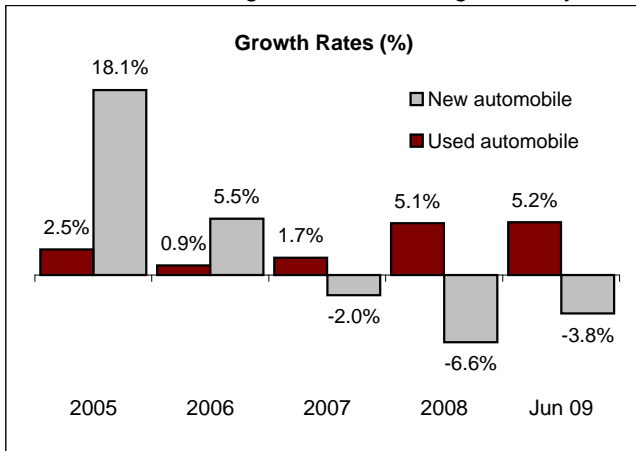
*** CU/bank pricing differences are small because**
pricing on these are driven by the secondary market



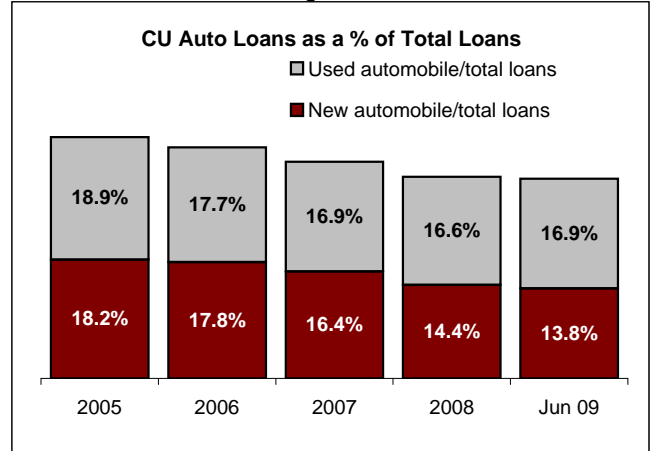
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Consumer Lending Overview

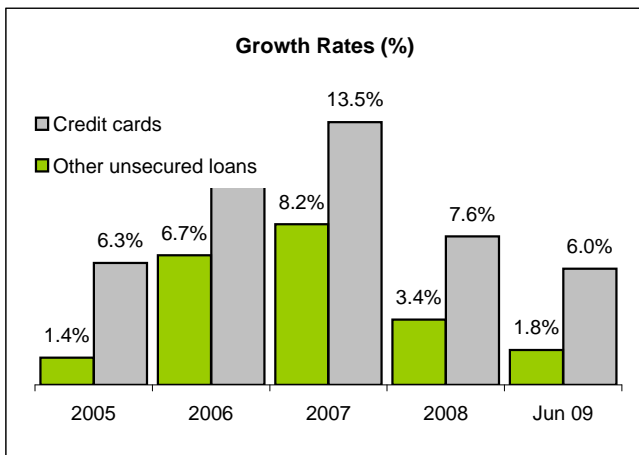
* **CU new auto loan balances are declining**
but used auto loan growth is increasing modestly



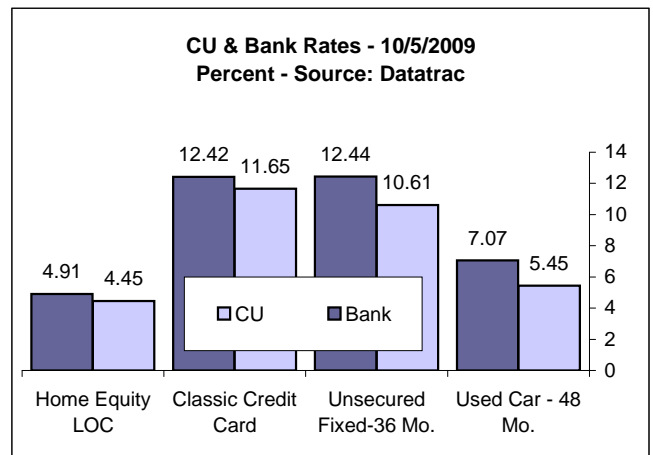
* **Automobile loans account for a declining share**
of total CU loans - though used auto share increased



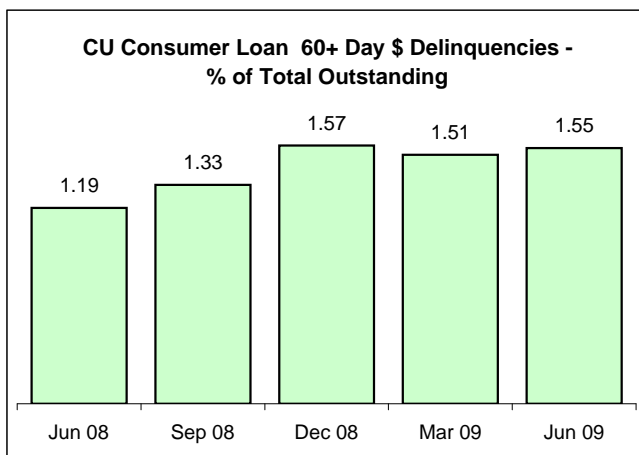
* **CU unsecured loan growth continues to slow**



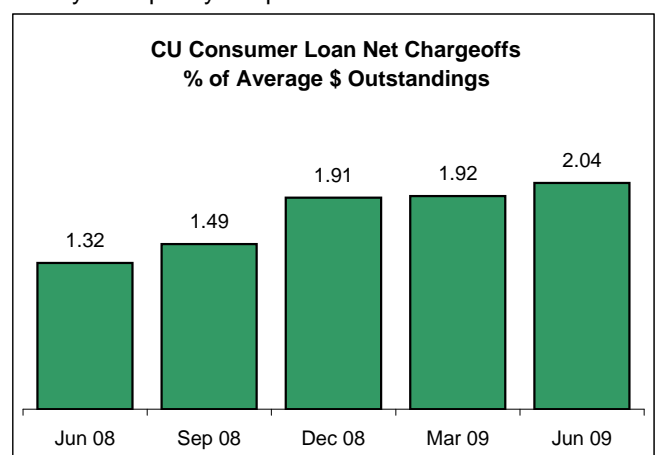
* **Large CU pricing advantages on consumer loans**



* **CU consumer loan delinquencies were stable**



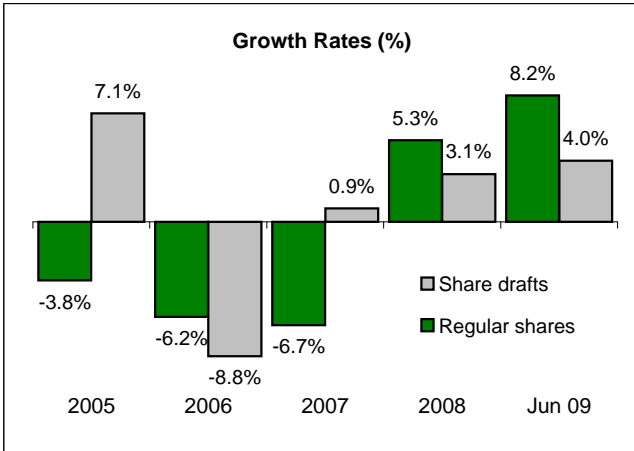
* **CU Consumer loan net chargeoffs increased slightly**
they are up only 12bp over March results.



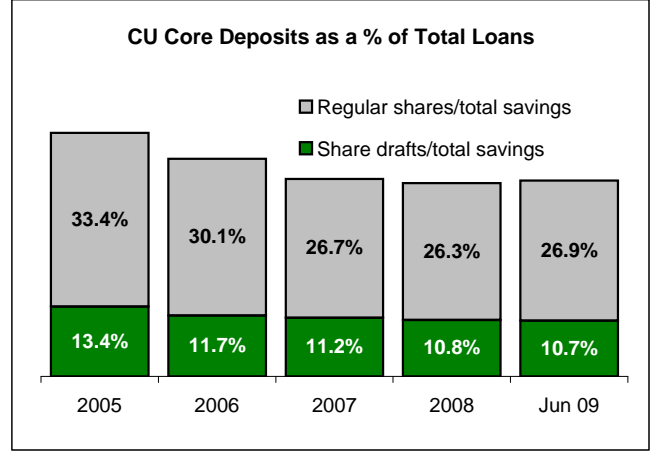
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Share/Deposit Overview

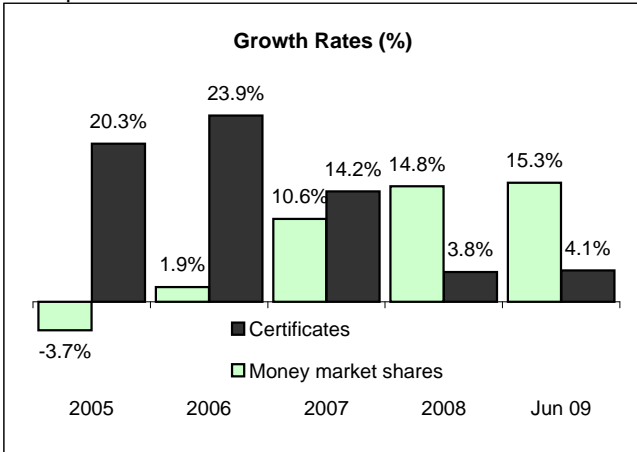
* 12-Month growth in CU core deposits is stronger and flight-to-safety will boost future results



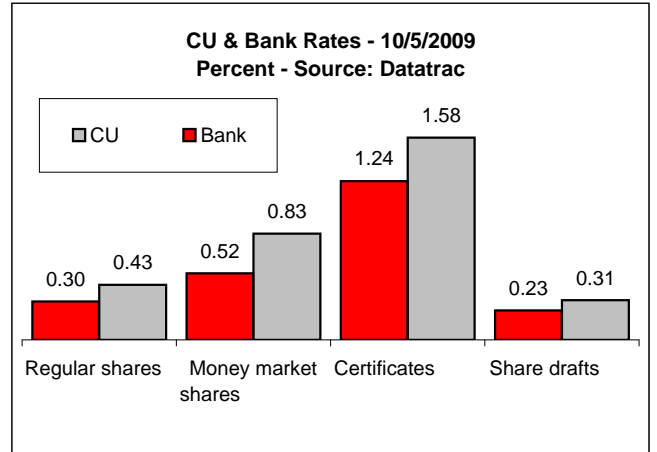
* Core deposits account for a slightly higher share of total CU deposits



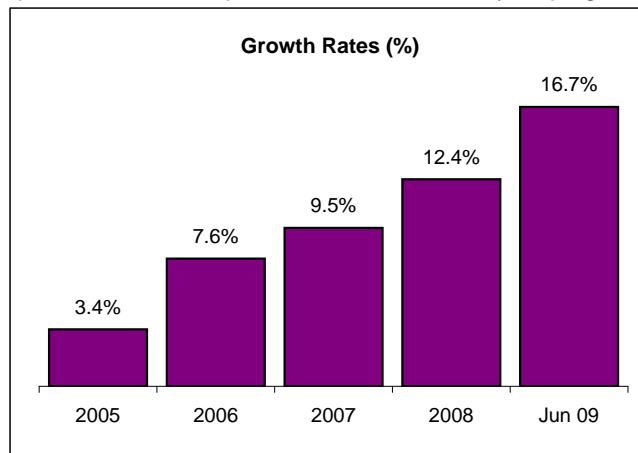
* CU depositors are seeking higher-yielding liquid deposits



* Obvious CU pricing advantages on deposits



* CU IRA balances are increasing quickly
poor stock market performance is undoubtedly helping



U.S. CU Profile

	U.S. Credit Unions					Asset Groups - Jun 2009			
	Jun 09	2008	2007	2006	2005	< \$5Mil	\$5-\$20	\$20-\$100	> \$100 Mil
Demographic Information									
Number of CUs	7,846	7,965	8,268	8,535	8,877	2,093	2,197	2,166	1,390
Assets per CU (\$ mil)	112.5	103.4	93.1	85.1	78.2	2.0	11.0	45.9	542.8
Median assets (\$ mil)	15.9	14.5	13.1	12.5	12.0	1.8	10.2	40.5	243.2
Total assets (\$ mil)	882,352	823,612	770,100	726,208	694,151	4,268	24,087	99,476	754,521
Total loans (\$ mil)	581,314	575,813	539,546	506,686	469,888	2,202	12,667	58,243	508,202
Total surplus funds (\$ mil)	268,310	217,340	199,252	190,548	198,284	2,023	10,784	37,128	218,375
Total savings (\$ mil)	746,239	691,765	646,820	615,303	590,781	3,511	20,391	85,838	636,499
Total members (thousands)	91,011	89,912	88,497	87,386	86,171	1,283	4,608	14,696	70,425
Growth Rates									
Total assets	8.2	6.9	6.0	4.6	4.9	2.7	5.3	7.4	9.9
Total loans	4.5	6.7	6.5	7.8	10.7	-2.6	0.1	4.4	6.0
Total surplus funds	18.5	9.1	4.6	-3.9	-7.2	9.6	12.5	13.1	21.7
Total savings	8.5	6.9	5.1	4.2	3.8	3.5	5.9	7.6	10.1
Total members	1.9	1.6	1.3	1.4	1.1	-1.1	-1.0	1.2	4.1
% CUs with increasing assets	76.3	74.7	57.4	45.5	46.9	59.1	76.6	85.1	87.7
Earnings - Basis Pts.									
Yield on total assets	503	556	589	552	497	515	507	508	503
Dividend/interest cost of assets	188	242	278	235	173	120	136	154	195
Fee & other income *	197	128	135	129	125	119	156	184	201
Operating expense	320	356	338	333	324	431	418	404	305
Loss Provisions	110	88	43	31	39	42	46	63	119
Net Income (ROA) after Stab Exp *	23	-2	64	82	85	-54	-29	-7	29
% CUs with positive ROA *	50.7	71.2	87.3	88.9	87.7	40.5	48.1	55.4	62.8
Capital adequacy									
Net worth/assets	10.0	10.6	11.4	11.5	11.2	17.0	14.3	11.8	9.6
% CUs with NW > 7% of assets	96.0	97.6	98.6	98.5	98.0	96.3	96.9	96.0	94.0
Asset quality									
Delinquencies (60+ day \$)/loans (%)	1.58	1.37	0.93	0.68	0.73	3.11	1.87	1.60	1.56
Net chargeoffs/average loans	1.15	0.84	0.51	0.45	0.54	1.02	0.77	0.82	1.20
Total borrower-bankruptcies	330,526	231,599	160,964	121,265	348,977	2,404	12,072	38,712	277,338
Bankruptcies per CU	42.1	29.1	19.5	14.2	39.3	1.1	5.5	17.9	199.5
Bankruptcies per 1000 members	3.6	2.6	1.8	1.4	4.0	1.9	2.6	2.6	3.9
Asset/Liability Management									
Loans/savings	77.9	83.2	83.4	82.3	79.5	62.7	62.1	67.9	79.8
Loans/assets	65.9	69.9	70.1	69.8	67.7	51.6	52.6	58.5	67.4
Long-term assets/assets	34.3	35.2	29.3	26.4	24.6	4.8	13.5	24.7	36.4
Liquid assets/assets	16.9	14.7	15.7	15.8	15.8	39.4	31.1	23.0	15.5
Core deposits/shares & borrowings	36.6	36.2	37.1	41.0	45.9	78.9	63.4	48.7	33.9
Productivity									
Members/potential members	7	7	7	8	8	16	10	6	7
Borrowers/members	50	51	51	50	50	32	39	43	53
Members/FTE	379	372	374	383	390	380	448	391	373
Average shares/member (\$)	8,199	7,694	7,309	7,041	6,856	2,737	4,425	5,841	9,038
Average loan balance (\$)	12,717	12,621	12,011	11,525	10,878	5,408	7,119	9,204	13,662
Employees per million in assets	0.27	0.29	0.31	0.31	0.32	0.79	0.43	0.38	0.25
Structure									
Fed CUs w/ single-sponsor	13.9	14.1	14.5	14.8	15.4	26.7	16.4	5.9	3.4
Fed CUs w/ community charter	15.1	14.8	14.3	13.6	12.5	5.4	11.6	22.9	22.9
Other Fed CUs	32.0	32.0	32.1	32.4	32.8	33.4	36.0	30.1	26.3
CUs state chartered	39.0	39.2	39.1	39.2	39.3	34.5	36.0	41.1	47.4

Earnings, net chargeoffs, and bankruptcies are annualized.

Due to significant seasonal variations, balance sheet growth rates are for the trailing 12 months.

US Totals include only credit unions that are released on the NCUA FOIA file.

U.S. CU Profile

	U.S. Credit Unions					Asset Groups - Jun 2009				
	Jun 09	2008	2007	2006	2005	< \$5Mil	\$5-\$20	\$20-\$100	> \$100 Mil	
Growth Rates										
Credit cards	6.0%	7.6%	13.5%	11.0%	6.3%	2.5%	1.5%	2.8%	7.2%	
Other unsecured loans	1.8%	3.4%	8.2%	6.7%	1.4%	-0.7%	0.2%	1.7%	3.5%	
New automobile	-3.8%	-6.6%	-2.0%	5.5%	18.1%	-10.0%	-8.5%	-3.5%	-2.5%	
Used automobile	5.2%	5.1%	1.7%	0.9%	2.5%	0.4%	2.0%	6.3%	6.6%	
First mortgage	8.1%	14.8%	12.3%	10.2%	11.7%	5.9%	9.3%	9.3%	9.4%	
HEL & 2nd Mtg	0.5%	4.9%	8.6%	14.8%	18.5%	-2.0%	-0.4%	2.6%	1.6%	
Member business loans	13.6%	18.1%	17.0%	24.3%	32.8%	36.5%	18.6%	16.5%	15.1%	
Share drafts	4.0%	3.1%	0.9%	-8.8%	7.1%	-4.5%	-1.2%	2.3%	5.4%	
Certificates	4.1%	3.8%	14.2%	23.9%	20.3%	1.0%	3.3%	4.8%	5.3%	
IRAs	16.7%	12.4%	9.5%	7.6%	3.4%	3.1%	11.7%	14.9%	18.3%	
Money market shares	15.3%	14.8%	10.6%	1.9%	-3.7%	28.6%	20.0%	19.2%	16.5%	
Regular shares	8.2%	5.3%	-6.7%	-6.2%	-3.8%	4.4%	6.4%	7.0%	10.6%	
Portfolio \$ Distribution										
Credit cards/total loans	5.7%	5.8%	5.7%	5.4%	5.2%	1.2%	3.5%	4.6%	5.9%	
Other unsecured loans/total loans	4.3%	4.5%	4.6%	4.5%	4.6%	20.0%	12.3%	6.6%	3.8%	
New automobile/total loans	13.8%	14.4%	16.4%	17.8%	18.2%	28.1%	22.0%	15.6%	13.3%	
Used automobile/total loans	16.9%	16.6%	16.9%	17.7%	18.9%	34.2%	28.4%	23.5%	15.8%	
First mortgage/total loans	37.5%	36.7%	34.2%	32.4%	31.7%	3.3%	13.4%	26.8%	39.5%	
HEL & 2nd Mtg/total loans	16.3%	17.0%	17.3%	17.0%	16.0%	3.9%	11.8%	16.1%	16.5%	
Member business loans/total loans	6.0%	5.7%	5.2%	4.7%	4.1%	0.4%	1.4%	3.1%	6.5%	
Share drafts/total savings	10.7%	10.8%	11.2%	11.7%	13.4%	3.3%	8.6%	11.7%	10.7%	
Certificates/total savings	31.5%	33.2%	34.2%	31.5%	26.5%	14.3%	22.8%	29.2%	32.2%	
IRAs/total savings	9.7%	9.5%	9.0%	8.6%	8.4%	2.5%	6.0%	8.7%	9.9%	
Money market shares/total savings	19.9%	18.9%	17.6%	16.7%	17.1%	1.3%	5.3%	11.5%	21.6%	
Regular shares/total savings	26.9%	26.3%	26.7%	30.1%	33.4%	75.7%	55.1%	37.4%	24.4%	
Percent of CUs Offering										
Credit cards	51.2%	51.0%	50.5%	50.6%	50.7%	8.1%	46.1%	78.4%	81.6%	
Other unsecured loans	97.8%	98.0%	98.0%	97.6%	97.3%	93.6%	98.7%	99.7%	99.9%	
New automobile	94.7%	94.7%	94.7%	94.6%	94.3%	81.4%	98.9%	99.9%	99.9%	
Used automobile	95.7%	95.7%	95.7%	95.6%	95.2%	85.4%	99.0%	99.7%	99.6%	
First mortgage	58.4%	57.9%	56.4%	55.4%	54.4%	10.7%	49.2%	87.8%	99.1%	
HEL & 2nd Mtg	58.0%	57.5%	57.0%	56.0%	54.4%	12.7%	52.9%	81.9%	96.8%	
Member business loans	27.7%	27.2%	25.2%	23.2%	21.3%	2.3%	12.0%	38.3%	74.0%	
Share drafts	73.9%	73.5%	72.3%	71.5%	70.4%	23.9%	81.5%	98.2%	99.3%	
Certificates	77.4%	77.3%	76.0%	74.7%	71.0%	38.5%	82.7%	96.0%	98.6%	
IRAs	64.5%	67.4%	63.5%	62.7%	61.2%	16.8%	60.6%	92.2%	99.0%	
Money market shares	43.4%	42.8%	41.1%	39.0%	36.0%	4.7%	27.6%	66.5%	90.7%	
Penetration										
Credit cards	14.2%	14.2%	14.3%	14.1%	14.3%	1.3%	6.2%	10.9%	15.7%	
Other unsecured loans	10.9%	11.3%	11.4%	11.1%	11.0%	14.4%	12.6%	10.2%	10.9%	
New automobile	6.1%	6.3%	6.5%	6.5%	6.1%	4.3%	4.7%	4.8%	6.5%	
Used automobile	11.0%	10.8%	10.6%	10.8%	11.0%	8.4%	10.0%	10.6%	11.2%	
First mortgage	1.8%	1.8%	1.7%	1.7%	1.6%	0.2%	0.6%	1.3%	2.0%	
HEL & 2nd Mtg	3.0%	3.1%	3.1%	3.1%	2.9%	0.3%	1.1%	2.0%	3.3%	
Member business loans	0.2%	0.2%	0.2%	0.2%	0.1%	0.0%	0.1%	0.1%	0.2%	
Share drafts	46.2%	45.9%	45.2%	42.9%	44.5%	7.5%	24.7%	37.3%	50.2%	
Certificates	13.8%	13.9%	13.9%	13.0%	10.7%	3.7%	7.4%	10.5%	15.1%	
IRAs	5.9%	5.7%	5.6%	5.6%	5.3%	0.6%	2.1%	4.0%	6.7%	
Money market shares	7.8%	7.4%	6.7%	6.2%	5.8%	0.3%	1.3%	3.3%	9.4%	

* Current period flow statistics are trailing four quarters.

U.S. CU Profile - Quarterly Results

U.S. Credit Unions					
Demographic Information	Jun 09	Mar 09	Dec 08	Sep 08	Jun 08
Number CUs	7,846	7,906	7,966	8,066	8,136
Growth Rates (Quarterly % Change)					
Total loans	1.1	0.1	1.4	2.5	2.8
Credit cards	3.2	-3.6	4.2	2.9	2.9
Other unsecured loans	1.1	-3.2	2.0	3.1	1.1
New automobile	-1.0	-1.6	-0.6	0.2	-2.0
Used automobile	2.3	0.9	0.5	2.3	2.9
First mortgage	2.0	1.7	2.2	3.1	5.5
HEL & 2nd Mtg	-1.3	-1.4	1.7	2.7	1.6
Member business loans	3.8	2.5	3.3	4.6	6.0
Total savings	1.8	6.6	2.2	-1.2	1.6
Share drafts	0.1	6.8	3.0	-4.7	-0.4
Certificates	-1.2	4.1	3.5	-1.4	-1.4
IRAs	3.7	6.6	5.1	1.4	2.9
Money market shares	5.2	8.7	1.5	0.5	5.7
Regular shares	3.0	8.3	-0.2	-1.5	3.0
Total members	0.9	1.0	0.5	0.8	0.7
Earnings (basis points)					
Yield on total assets	489	509	552	549	548
Dividend/interest cost of assets	176	197	230	228	240
Fee & other income *	277	111	94	132	128
Operating expense	311	324	427	331	329
Loss Provisions	116	102	144	88	64
Net Income (ROA) *	196	-145	-154	34	43
% CUs with positive ROA	54.5	21.6	71.2	78.8	79.1
Capital adequacy (%)					
Net worth/assets	10.0	9.7	10.6	11.2	11.0
% CUs with NW > 7% of assets	95.9	94.0	97.6	98.2	98.1
Asset quality (%)					
Loan delinquency rate - Total loans	1.59	1.44	1.37	1.13	0.97
Total Consumer	1.55	1.51	1.57	1.33	1.19
Credit Cards	1.98	1.99	1.88	1.64	1.41
All Other Consumer	1.49	1.45	1.52	1.29	1.16
Total Mortgages	1.62	1.38	1.20	0.96	0.78
First Mortgages	1.70	1.46	1.26	1.00	0.78
All Other Mortgages	1.43	1.21	1.06	0.86	0.78
Total MBLs	3.00	2.67	2.06	1.80	1.60
Ag MBLs	2.13	1.00	0.63	0.83	0.81
All Other MBLs	3.04	2.74	2.12	1.85	1.63
Net chargeoffs/average loans	1.22	1.11	1.11	0.86	0.74
Total Consumer	2.04	1.92	1.91	1.49	1.32
Credit Cards	4.52	4.09	3.60	2.80	2.58
All Other Consumer	1.69	1.62	1.66	1.30	1.14
Total Mortgages	0.52	0.43	0.43	0.31	0.24
First Mortgages	0.23	0.21	0.23	0.10	0.07
All Other Mortgages	1.18	0.90	0.86	0.75	0.61
Total MBLs	0.30	0.41	0.84	0.34	0.16
Ag MBLs	0.00	0.02	0.33	-0.08	0.22
All Other MBLs	0.31	0.43	0.87	0.36	0.16
Asset/Liability Management					
Loans/savings	77.5	78.0	83.1	83.7	80.7

Earnings & net chargeoffs are annualized quarterly results not seasonally adjusted.

Delinquency rates are 60+ day dollar delinquencies. Net chargeoffs are dollar chargeoffs net of recoveries.

Totals include only credit unions that are released on the NCUA FOIA file.

*Credit Unions did not uniformly report stabilization expense or reversals of the expense.

Therefore some income and expense ratios are not comparable to previous periods.



Economic Forecast

September 2009



	Actual Results		Quarterly Results/Forecasts				Annual Forecasts	
	5Yr Avg	2008	2009:1	2009:2	2009:3	2009:4	2009	2010
Growth rates:								
*Economic Growth (% chg GDP)	2.6%	1.1%	-6.4%	-1.0%	3.0%	2.0%	-0.6%	2.0%
Inflation (% chg CPI)	2.7%	-0.1%					1.5%	2.0%
Core Inflation (ex. food & energy)	2.2%	1.7%	1.8%	1.5%	1.5%	1.5%	1.6%	2.0%
Unemployment Rate	5.1%	5.8%	8.1%	9.0%	9.6%	9.9%	9.2%	10.2%
Fed Funds Rate	3.30%	1.94%	0.13%	0.13%	0.13%	0.13%	0.13%	0.75%
10-Year Treasury Rate	4.33%	3.68%	2.74%	3.07%	3.50%	3.75%	3.27%	4.00%
* Percent change, annual rate								
All other numbers are averages for the period								

Credit Union Forecast

September 2009



	Actual Results		Quarterly Results/Forecasts				Annual Forecasts	
	5Yr Avg	2008	2009:1	2009:2	2009:3	2009:4	2009	2010
Growth rates:								
Savings growth	4.8%	6.9%	5.7%	3.7%	0.9%	1.2%	12%	8%
Loan growth	8.5%	6.7%	0.0%	0.8%	1.8%	1.2%	4%	7%
Asset growth	6.8%	7.2%	4.2%	4.8%	2.0%	2.4%	13%	10%
Membership growth	2.3%	1.6%	1.0%	0.5%	0.0%	0.0%	1.5%	1.5%
Liquidity:								
Loan-to-share ratio**	77.6%	83.2%	78.7%	76.5%	77.2%	77.1%	77.1%	76.4%
Asset quality:								
Delinquency rate	0.87%	1.37%	1.50%	1.60%	1.70%	1.80%	1.65%	1.50%
Net chargeoff rate*	0.57%	0.84%	1.10%	1.15%	1.30%	1.20%	1.19%	1.00%
Earnings								
Return on average assets (ROA)**	0.71%	0.31%	0.00%	0.00%	0.20%	0.30%	0.13%	0.50%
Capital adequacy:								
Net worth ratio**	11.2%	10.8%	10.3%	9.9%	9.7%	9.6%	9.6%	9.2%

* End of period annualized rate

**End of period ratio

See also our MCUE website

If you have any questions or comments send an email to srick@cuna.coop