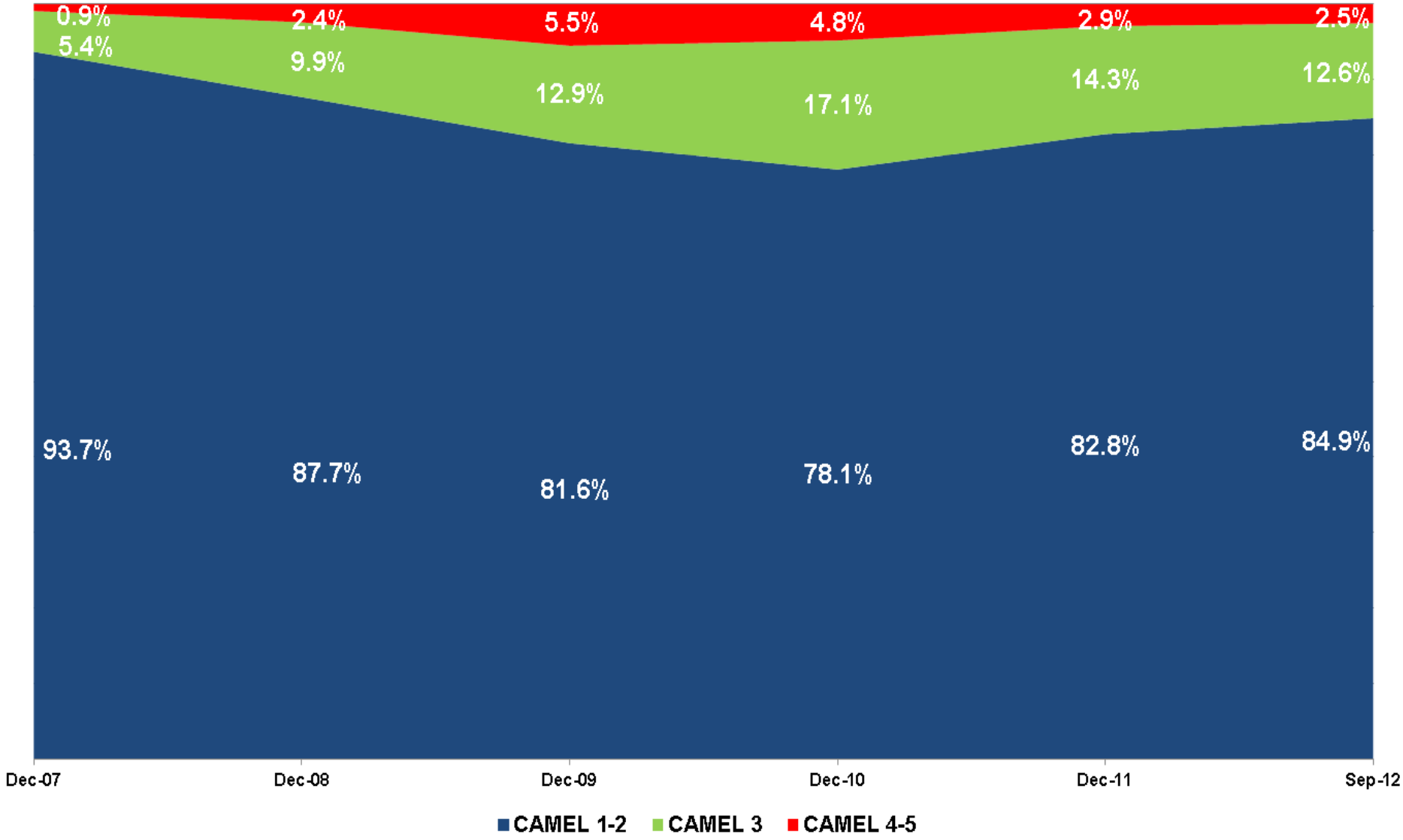
Chairman Debbie Matz
Office of the Board

The Long View

Presentation to:
CUES Directors Conference
December 11, 2012

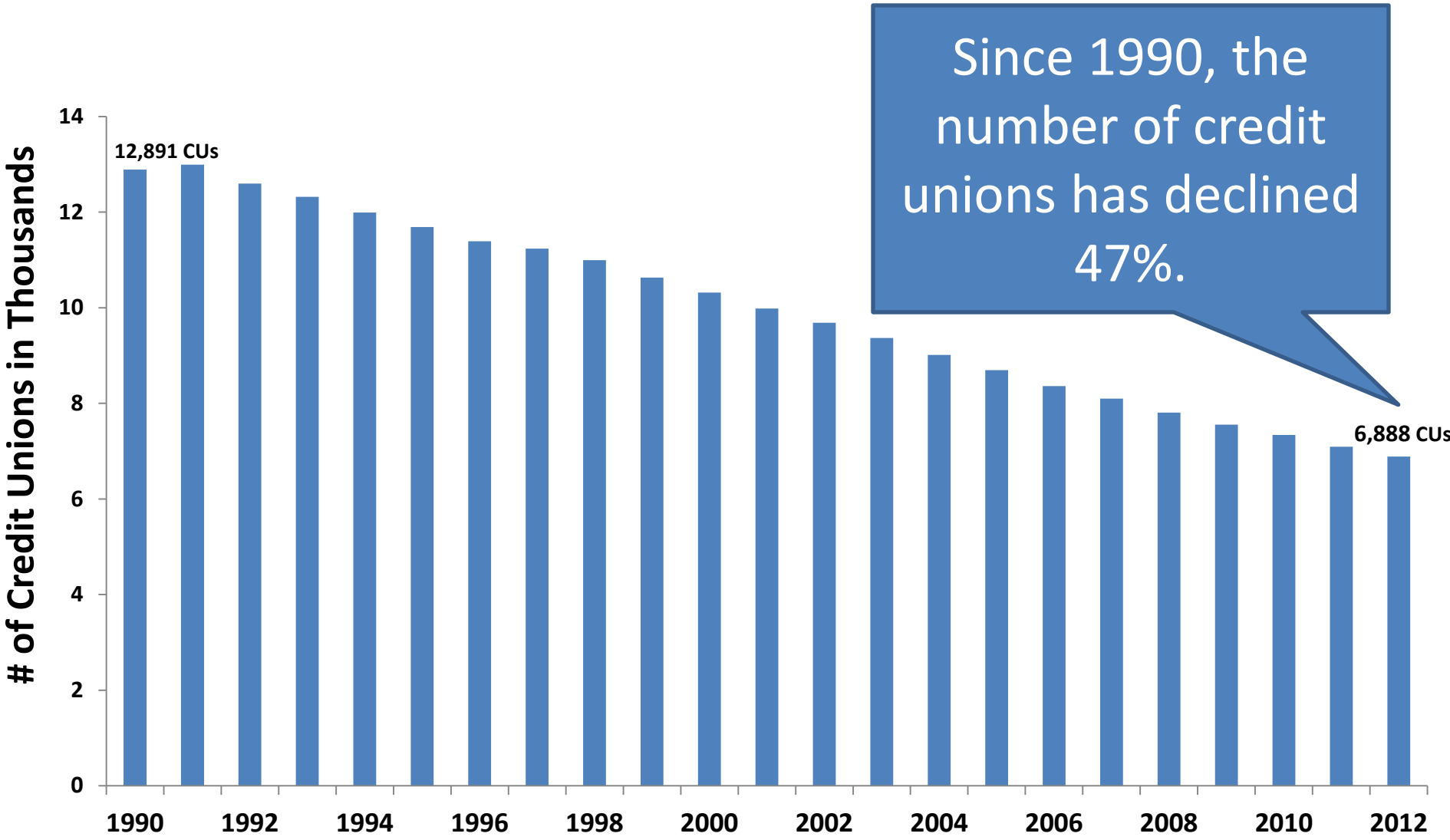
Fewer Assets in Code Red CAMELs



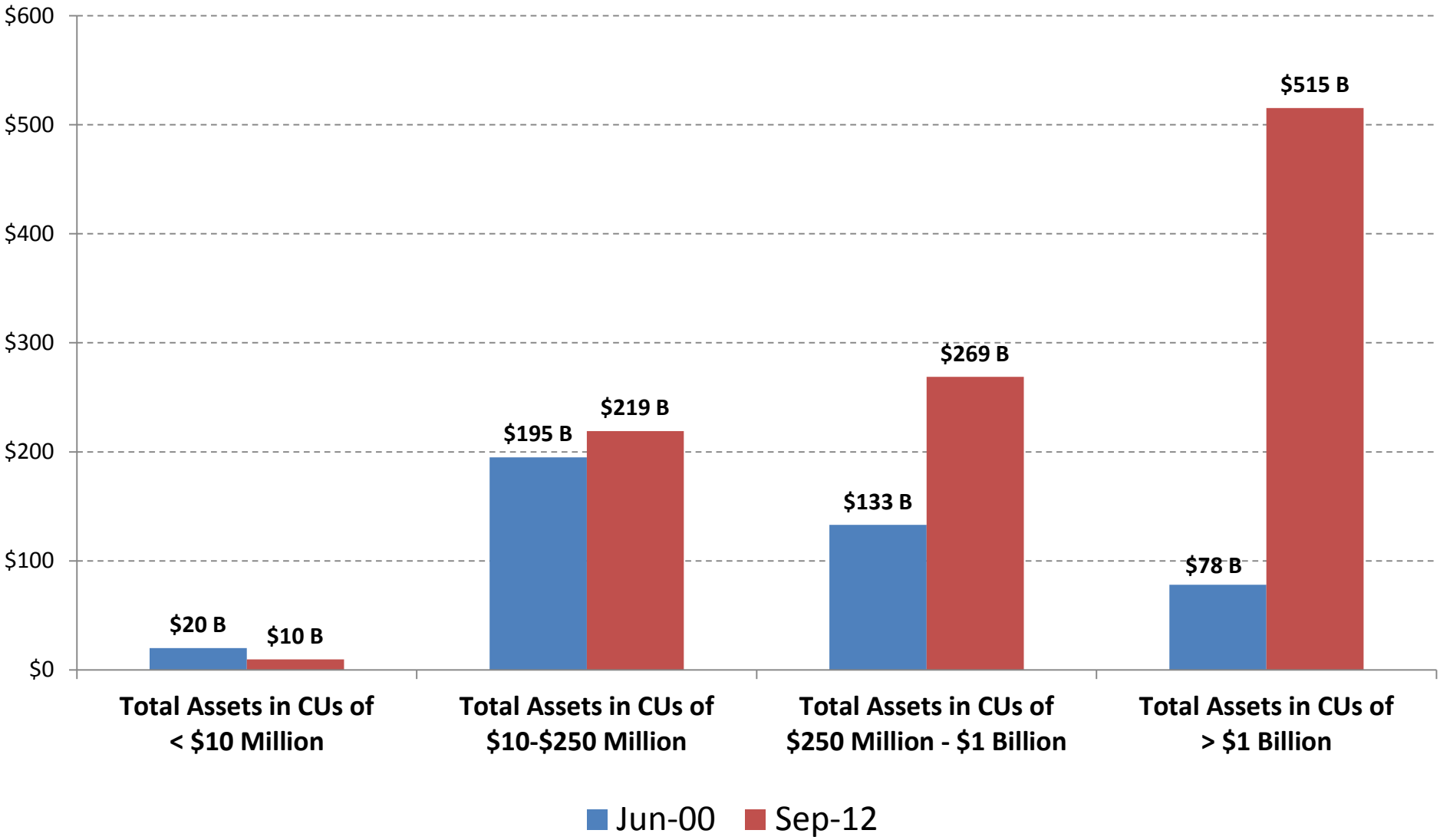
Success Story:
Credit Unions Are Recovering
Positive Trends in U.S. Credit Unions
2009 – 2012

	Year-End 2009	Year-End 2010	Year-End 2011	3RD Qtr. 2012
Return on Assets	0.18 %	0.50 %	0.68 %	0.86 %
Net Worth	9.92 %	10.08 %	10.23 %	10.31 %
Loan Growth	+ 1.15 %	- 1.34 %	+ 1.20 %	+ 4.58 %
Loan Delinquencies	1.84 %	1.76 %	1.60 %	1.17 %
Net Charge-offs	1.21 %	1.13 %	0.91 %	0.73 %
Membership Growth	+ 1.49 %	+ 0.63 %	+ 1.49 %	+ 2.98 %

Declining Number of Credit Unions

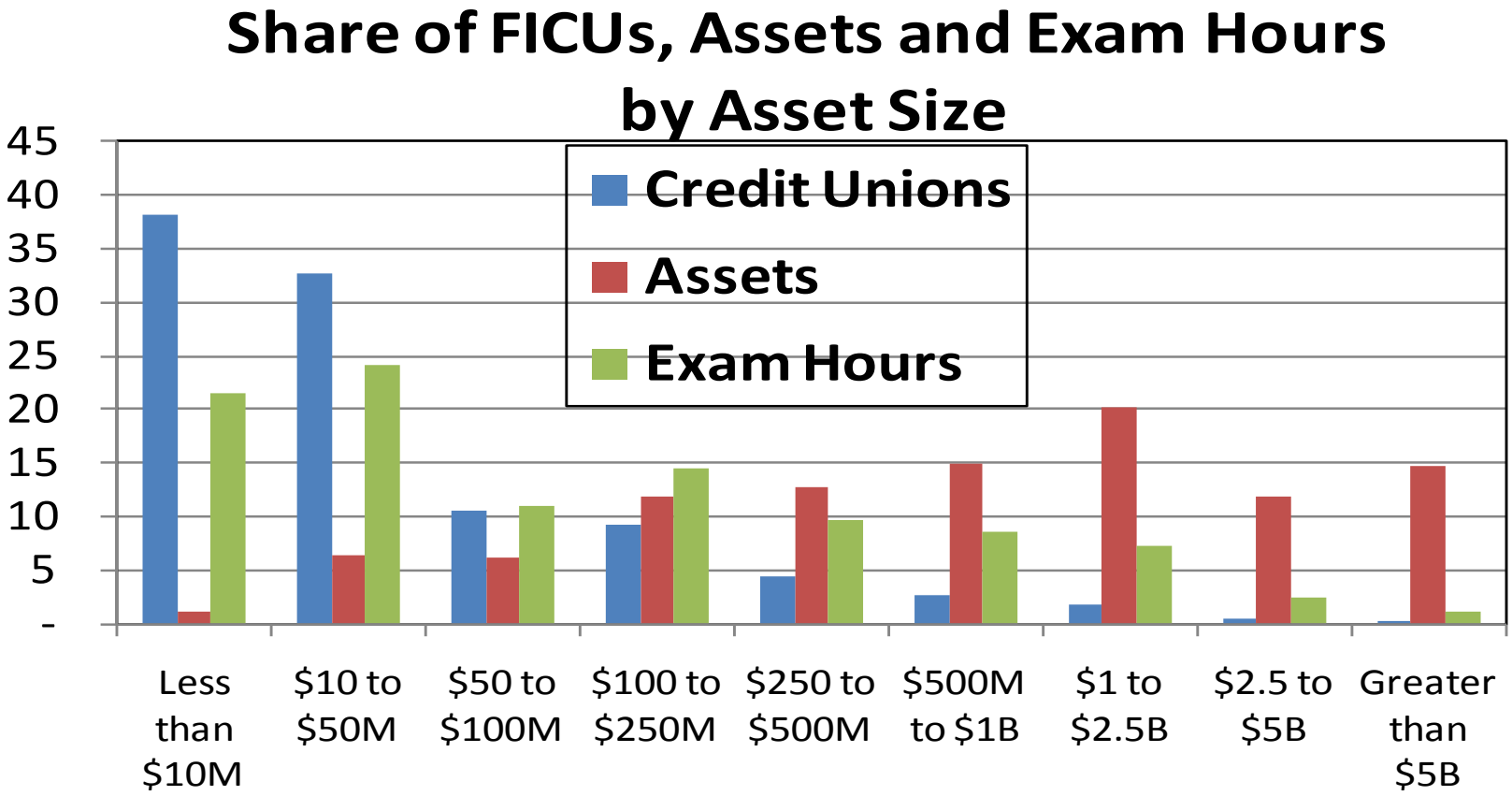


Assets Concentrating in Large CUs

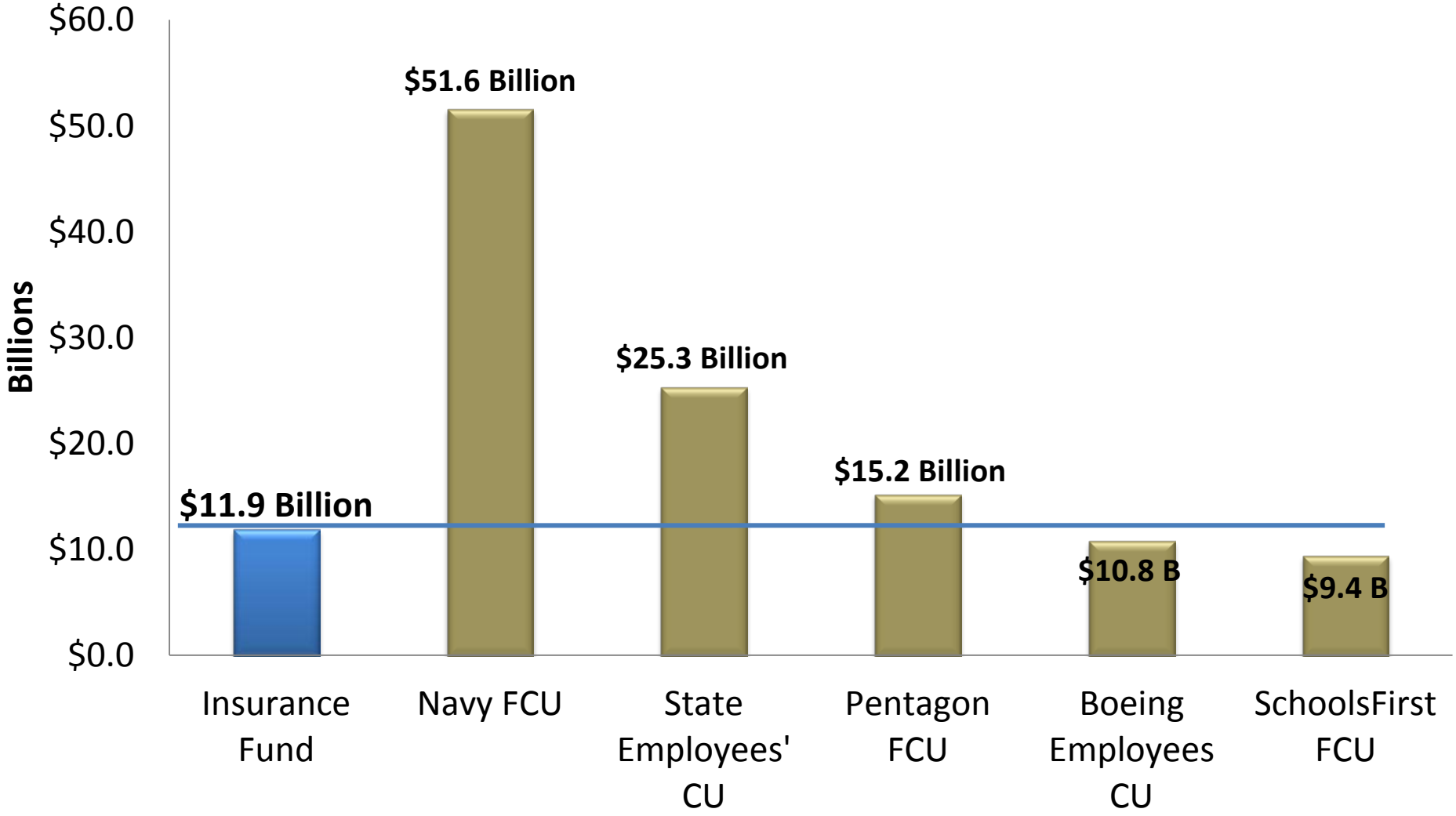


Reallocating NCUA Resources

Past allocations were based on # of **CUs**, rather than **assets** and **risks**



Largest Credit Unions Compared to Share Insurance Fund



New Office of National Examinations and Supervision (ONES)

- ✓ Responsible for Natural-Person CUs over $10 Billion + All Corporates
- ✓ Coordination = Consistency Across Regions
- ✓ Independent Quality Control
- ✓ Prevents Single Point of Failure
- ✓ No Net Increase in Office Staff or Budget $

Expanding Roles of OSCUI

- ✓ Economic Development Specialists
- ✓ Net Worth Restoration Plans
- ✓ Training
- ✓ Resource Referrals
- ✓ Grants and Loans

THE OFFICE OF
SMALL CREDIT UNION
INITIATIVES
Committed to small credit union success.

Regulatory Modernization

- ✓ Streamlining Existing Regs
- ✓ Targeting New Regs
- ✓ Minimizing Reg Burdens

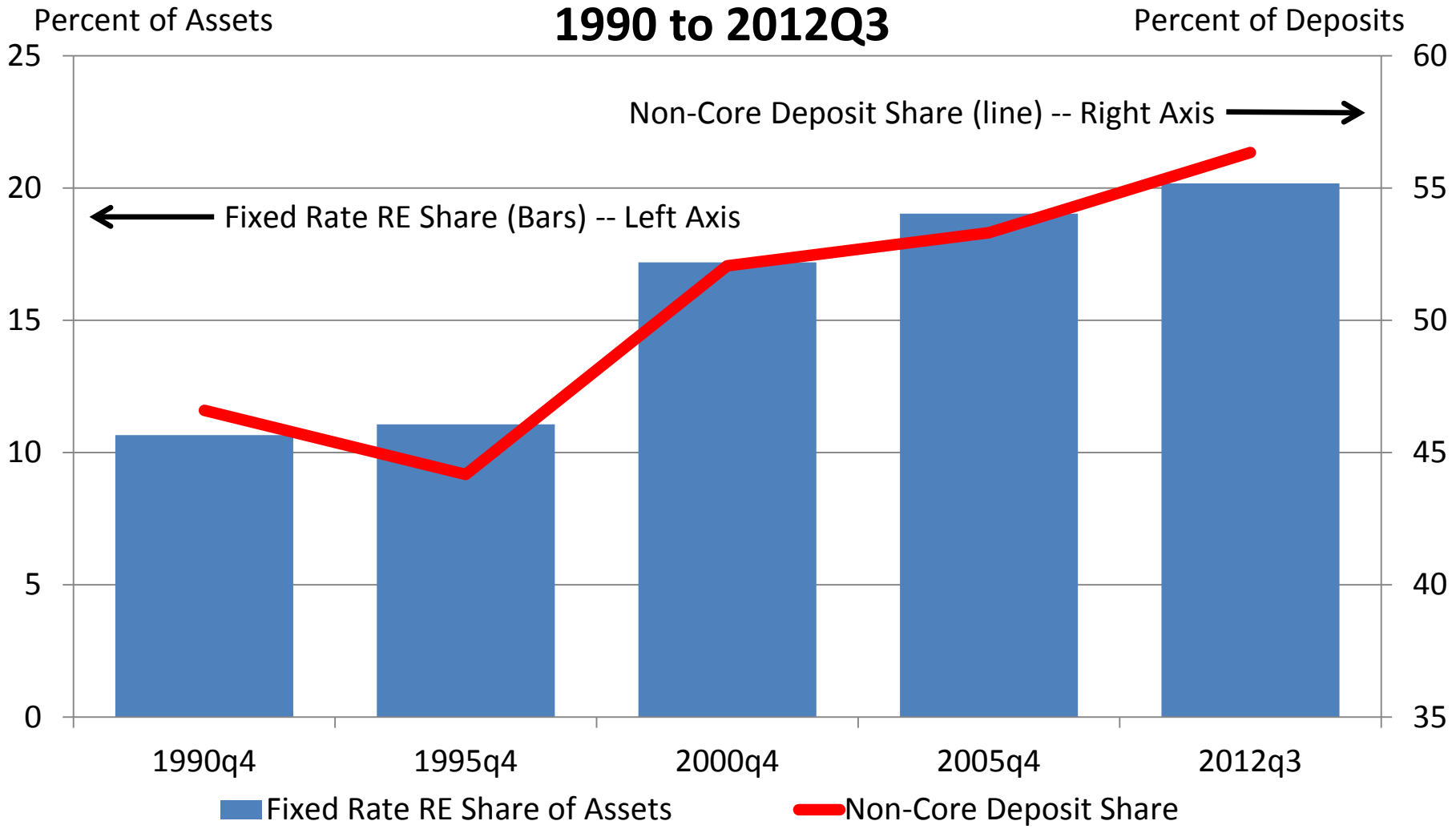
  - ➢ Troubled Debt Restructuring
  - ➢ RegFlex
  - ➢ Fields of Membership
  - ➢ Low-Income Designations

Regulatory Relief Proposals

- ✓ Increasing Small Credit Union Exemptions
- ✓ Expanding Rural Fields of Membership
- ✓ Permitting Treasury Inflation-Protected Securities
- ✓ Exploring Payday Loan Alternatives
- ✓ Pre-Approving Blanket Waivers for Business Loans

Long-Term Trends in Assets and Liabilities Point to Need for Increased Interest Rate Risk Management

1990 to 2012Q3



Non-Core deposits equal total deposits minus share draft and regular shares.

Third-Party Risks

Credit Union Times

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More Cards Still At Risk From Global Payments Breach

CREDIT UNION JOURNAL

CUSO Woes Mount At Huge NC

Credit Union Journal Daily Briefing | Monday, August 8, 201

CREDIT UNION JOURNAL

Card Processor Eyed As Breach Source

Credit Union Journal Daily Briefing | Friday, Ma

By Ed Roberts

Credit Union Times

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Loan Participation Originations May Trip Up Some Credit Unions: CUSO CEO

BY MICHELLE A. SAMAAD
April 3, 2012 • Reprints

With the recent takeover of Telesis Community Credit Union, the intricacies of the le participation transaction are in the spotlight.

The $318 million credit union in Chatsworth, Calif., amassed millions of dollars of the years. Telesis is the founder and was one of the owners of Business Partners L lending CUSO that serves 180 credit unions.

For most credit unions, entering into a loan participation arrangement is a com with the buyer exercising due diligence to ensure that the loan is viable. Howev point in the deal could potentially pose some risks.

Credit Union Times

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CU National Mortgage Court Docs Reveal Fraud

BY HEATHER ANDERSON
March 3, 2009 • Reprints

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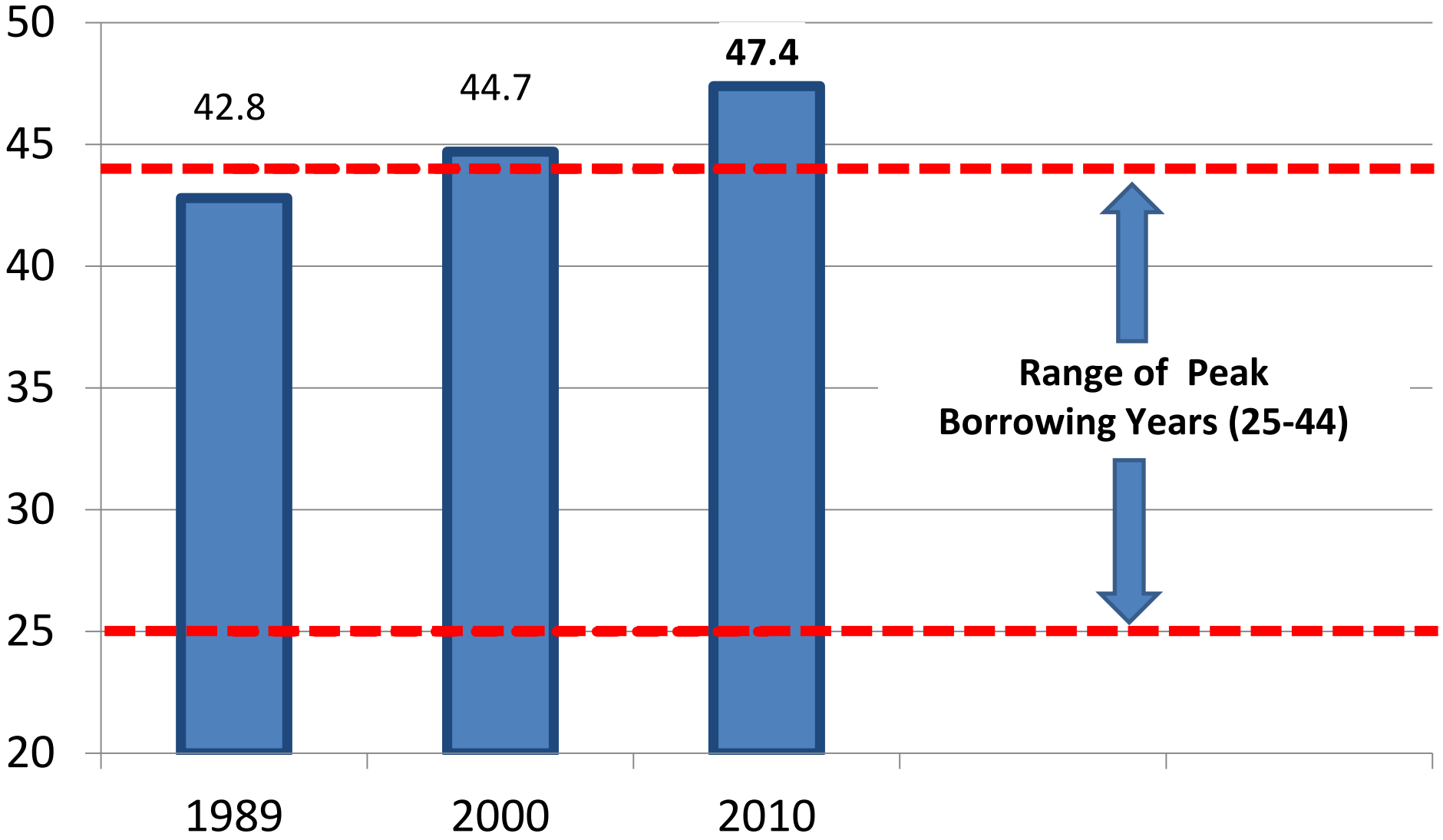
Court documents reveal details about alleged fraud committed by Pine Brook, N.J.-based U.S. Mortgage Corp. and its kaput credit union division, CU National Mortgage.

The $247 million Picatinny Federal Credit Union of Dover, N.J. was revealed to be the holdout credit union mentioned in a Feb. 26 press release announcing U.S. Mortgage's bankruptcy filing when it filed objection documents that detail alleged fraud.

Picatinny accused U.S. Mortgage of selling 58 of its mortgages, worth $14 million, to Fannie Mae without its knowledge or approval. Upon learning of the fraud, Picatinny asked for its loan files back; U.S. Mortgage refused. The credit union filed an order of restraint against U.S. Mortgage, but before the order could be heard, the mortgage company filed bankruptcy.

Aging Credit Union Membership

Average Age of Adult Credit Union Members



Source: CUNA's *National Member Survey Reports*, 1990 – 2011

Questions to Ask Management

1. How can your credit union reach more members in their prime borrowing years?

2. Does the younger generation know that your credit union can help secure their future?

3. How can your credit union use the technology needed to attract younger members?

4. What new media can your credit union use to reach young people?

Supplemental Capital & MBLs

Communications

At NCUA:

We Hear You!

National Credit Union Administration

Protecting credit unions and the consumers who own them through effective regulation

Credit Union Locator

Search this site...

Advanced Search

About NCUA | Credit Union Data and Applications | Credit Union Resources and Information | Regulations, Publications and Reports | News, Media and Events

NEW NCUA Report - December

In this issue: the Share Insurance and Stabilization Funds, recaps of the past year by the Board, and 2013

Quarterly Call Report Data

The September 2012 quarterly call report data is now available.

NGN

Information on the NGN Program and Legacy Assets associated with NCUA's Corporate System Resolution strategy.

NCUA 2013 Budget Facts

Learn more about NCUA's 2013 budget and budget trends.

Credit Union Resources

Most Requested Information:

- 5300 Call Report Quarterly Data
- Administrative Orders
- Corporate Systems Resolution Costs
- Credit Union Initiative
- Credit Union Online

Consumer Resources

MyCreditUnion.gov

NCUA has created a website solely for consumers -

www.mycreditunion.gov. Here you will find consumer

News & Press

Dec 04, 2012
The December 2012 Issue of the NCUA Report is Now Available

Dec 03, 2012
NCUA Third-Quarter State Map Review Shows Brisk Loan Growth

Nov 30, 2012
Border Lodge Credit Union Closes

Nov 30, 2012
NCUA Issues Prohibition Orders

Nov 29, 2012
Agenda for the 12/06/2012 NCUA Board Meeting

The NCUA REPORT
NATIONAL CREDIT UNION ADMINISTRATION

DECEMBER 2012 NUMBER 12 WWW.NCUA.GOV

HIGHLIGHTS

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2012: A Transformative Year for Credit Unions
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2013 Budget Holds the Line on Staffing Levels
4 Board Perspective
Time to Reassess
6 Funds Available to Help Hardest Hit Members with Their Mortgages
7 Office of Consumer Protection Report
Unlimited Share Insurance Coverage for Non-Interest Share Draft Accounts Ends Dec. 31, 2012
8 Region IV Report
What Makes a Sound Member Business Lending Program?
9 CFPB Delays New Mortgage Disclosures
10 With Corporate Credit Union System On Solid Footing, Share Guarantee Program Ends Dec. 31, 2012

SHARE INSURANCE AND STABILIZATION FUNDS IN STRONG POSITIONS

Positive Economic Performance Reflected in 2013 Projections for Premiums and Assessments

To assist credit unions in developing budget estimates for the upcoming year, NCUA Board Chairman Debbie Matz and Board Member Michael E. Fryzel received a briefing at November's open meeting about the 2013 projected ranges for National Credit Union Share Insurance Fund (NCUSIF) premiums and Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund) assessments.

NCUA projects an NCUSIF premium range between zero to five basis points of insured shares in 2013. NCUA also projects a Stabilization Fund assessment range of eight to 11 basis points of insured shares in 2013. The projected 2013 premium and assessment ranges correspond to the strong positions of the NCUSIF and Stabilization Fund. The ranges also reflect an improving economic environment.

Although NCUA has provided the 2013 premium and assessment ranges to assist credit unions with budgeting projections, the actual premium or assessment level remains subject to change based on a variety of factors. Credit unions should not expense for an assessment or premium until charged by NCUA.

2013 NCUSIF Premium Range Set

The projected 2013 NCUSIF premium range of zero to five basis points is consistent with a stable equity ratio, a declining number of troubled credit unions, improved performance of the NCUSIF, and a strengthening economy.

2013 RANGE PROJECTIONS	
NCUSIF Premium	Stabilization Fund Assessment
0 – 5 basis points	8 – 11 basis points

"The key to the current and continued success of the Share Insurance Fund is the prudent actions of credit unions, and careful supervision by NCUA and state regulators," NCUA Board Chairman Debbie Matz said. "While the demands on the Share Insurance Fund in 2013 will be determined by many economic factors and by possible unforeseeable losses, the most likely scenario we project would result in an

CONTINUED ON PAGE 5

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Contacting the Office of the Chairman

Feel free to contact our office with questions or comments.

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