FINANCIAL TRENDS IN FEDERALLY INSURED CREDIT UNIONS
January 1 – September 30, 2010
HIGHLIGHTS

This report summarizes the trends of all federally insured credit unions that reported as of September 30, 2010. Change is measured from December 31, 2009.[1]

Number of Credit Unions Reporting			
	Federal Charter	State Charter	Total
2006	5,189	3,173	8,362
2007	5,036	3,065	8,101
2008	4,847	2,959	7,806
2009	4,714	2,840	7,554
Sep-10	4,631	2,771	7,402

- **Assets** increased $23.25 billion, or 3.50% annualized. Assets of federally insured credit unions total $907.86 billion.

- **Net Worth** dollars increased $2.99 billion to $90.55 billion, or 4.55% growth annualized. The net worth to assets ratio also increased from 9.89% to 9.97%.

- **Earnings** as measured by the return on average assets increased from 0.18% to an annualized 0.45%.

- **Loans** declined $5.43 billion, or -1.27% annualized. The loans to shares ratio decreased from 76.07% to 72.71%. The new vehicle loan and leases receivable categories had the largest percentage declines.

- **Delinquent** loans as a percentage of total loans declined from 1.84% to 1.75%. Delinquent real estate loans as a percentage of total real estate loans increased from 1.99% to 2.06%, while delinquent business loans to total business loans increased from 3.70% to 4.29%.

- **Net Loan Charge-Offs** as a percent of average loans decreased from 1.21% to 1.13%.

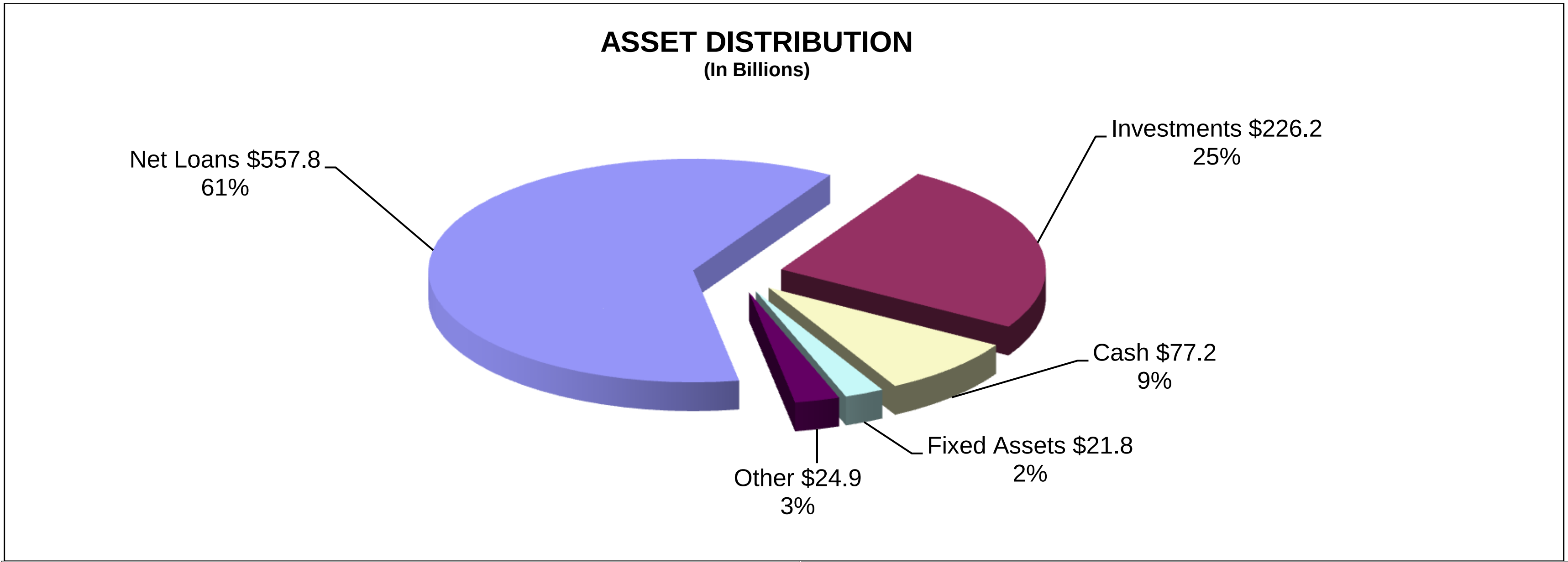
- **Shares** increased $27.24 billion, or 4.83% annualized. The largest growth in share dollars was in regular shares followed by money market shares, while the largest decline was in share certificates.

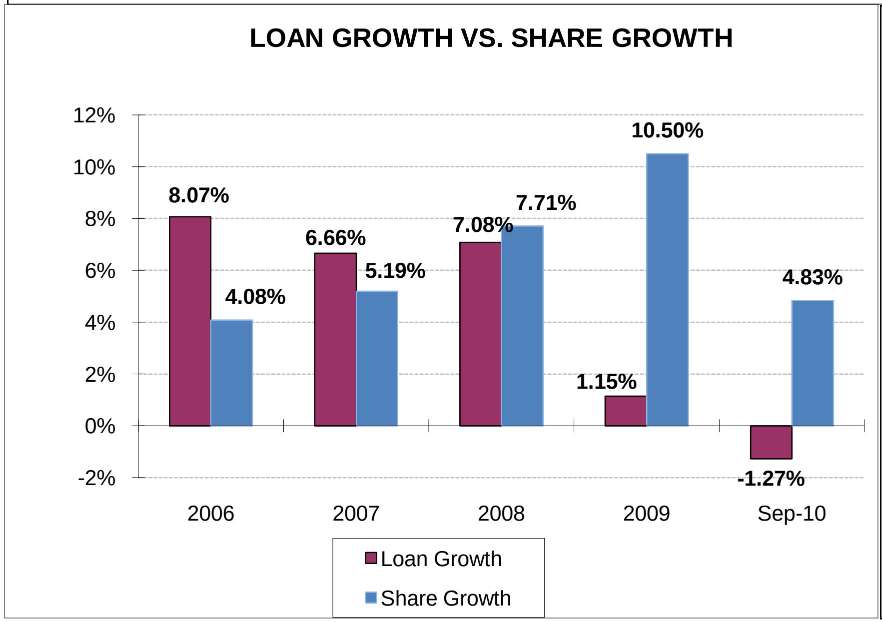
- **Current members** increased by 0.85 million, or growth of 1.27% annualized.

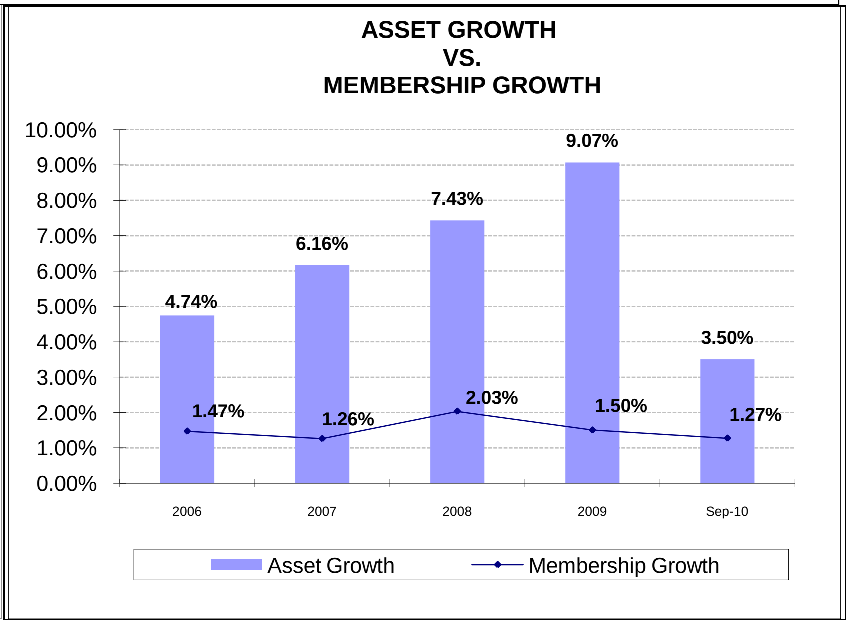
Federally insured credit unions reported improved earnings performance and slightly lower loan delinquency. Continued caution is necessary due to declining loan volume and increasing foreclosures and loan modifications. Real estate delinquency and member business loan delinquency remain high. Vigilant underwriting and sound asset-liability management practices remain essential in the current economic environment.

[1] The financial results for prior periods may reflect changes when compared to the prior period trend letters due to subsequent call report modifications.

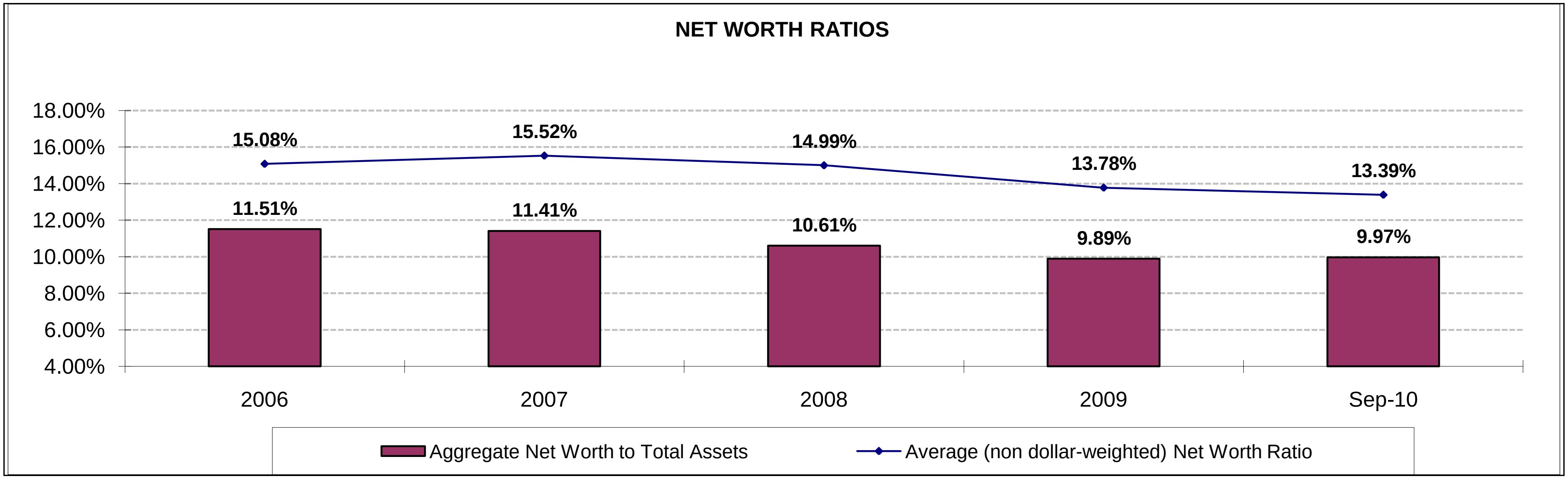
OVERALL TRENDS







NET WORTH

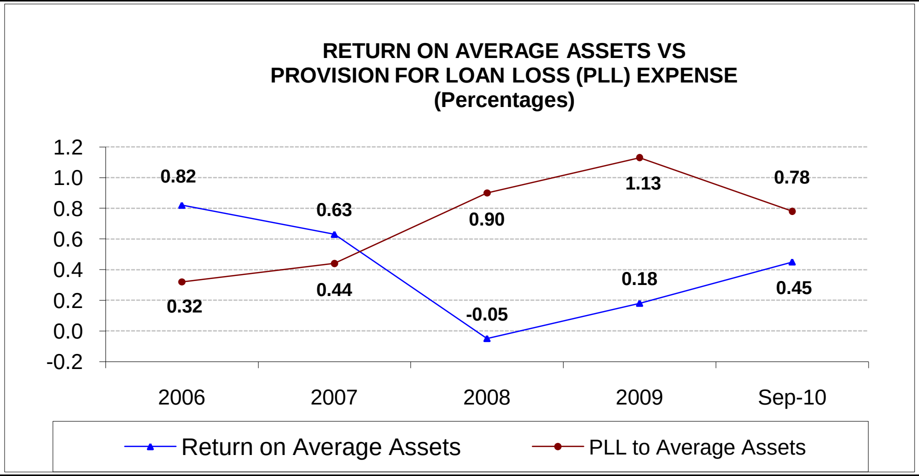


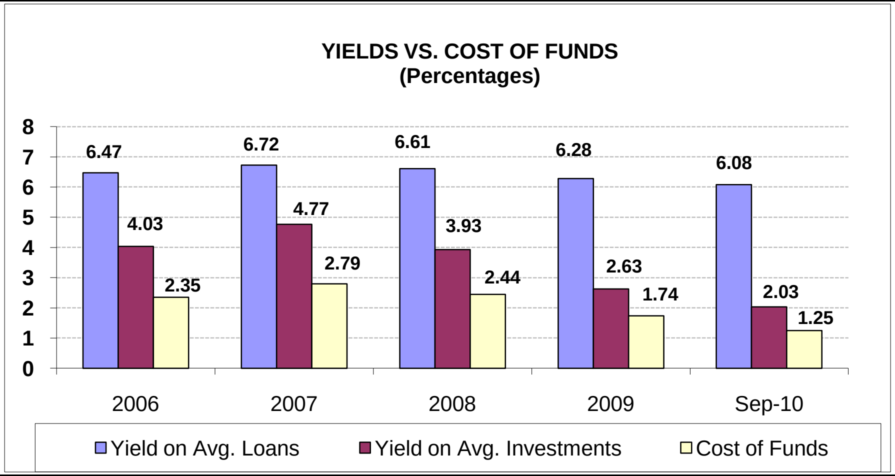
	December 2009 In Billions	**September 2010** In Billions	**% Change** (Annualized)
Total Net Worth	$87.56	$90.55	4.55%
Secondary Capital	$0.079	$0.157	131.82%

NET WORTH RATIOS				
Number of Credit Unions	**December 2009**	**% of Total**	**September 2010**	**% of Total**
7% or above	7,154	94.70%	7,005	94.64%
6% to 6.99%	223	2.95%	242	3.27%
4% to 5.99%	127	1.68%	109	1.47%
2% to 3.99%	33	0.44%	37	0.50%
0% to < 2.00%	8	0.11%	4	0.05%
Less than 0%	9	0.12%	5	0.07%

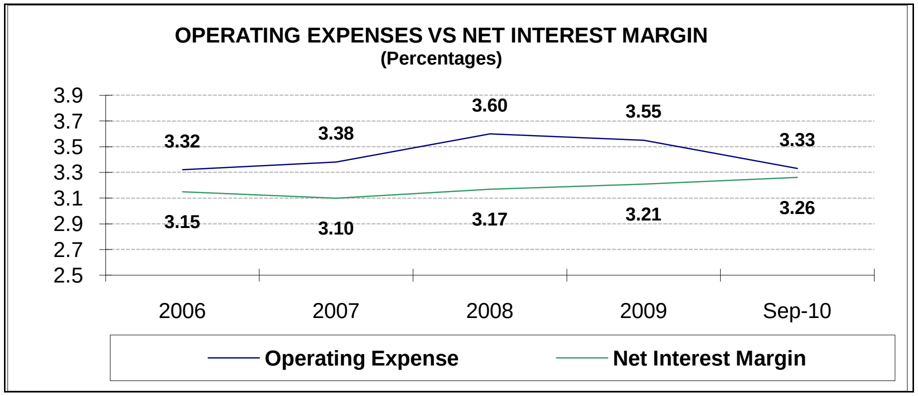
Net worth dollars increased by $2.99 billion during the first nine months of 2010, while the aggregate net worth ratio increased slightly to 9.97%. The number of credit unions subject to Prompt Corrective Action, as a percentage of total credit unions, increased from 5.30% as of December 31, 2009 to 5.36% as of September 30, 2010, indicating greater stress on individual credit unions from the current economic environment. At December 31, 2008, only 2% of credit unions were subject to Prompt Corrective Action.

EARNINGS





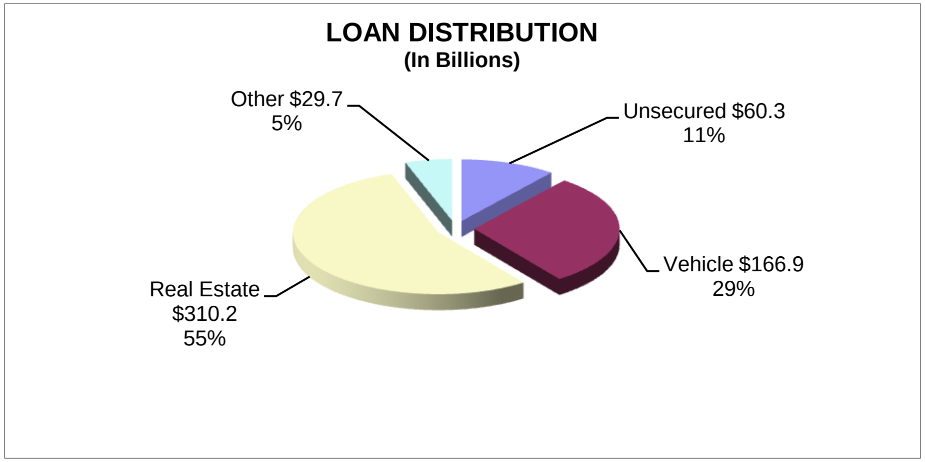
Ratio (% Average Assets)	December 2009	September 2010	Effect on ROA
Net Interest Margin	3.21%	3.26%	+5 bp
+ Fee & Other Inc.	1.36%	1.30%	-6 bp
- Operating Expenses*	3.55%	3.33%	+22 bp
- PLLL	1.13%	0.78%	+35 bp
+ Non-Operating Income*	0.29%	0.00%	-29 bp
= ROA	0.18%	0.45%	+27 bp

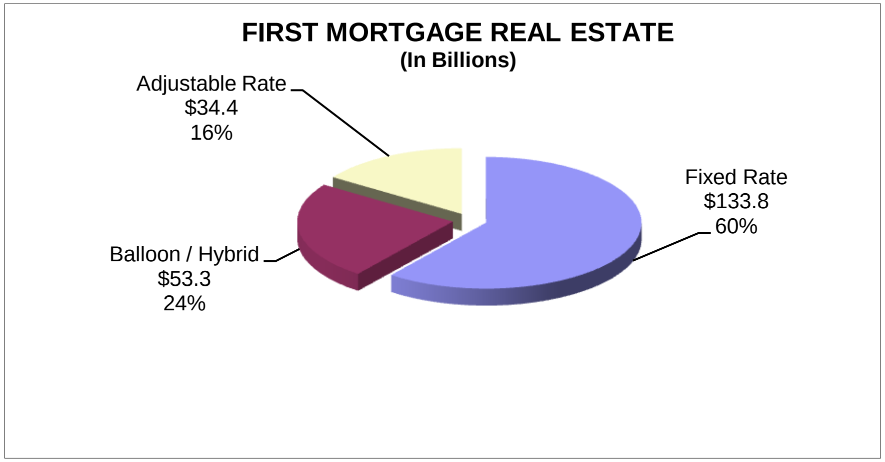


*Reflects income and expenses associated with Corporate Stabilization Efforts

Declines in Provision for Loan & Lease Loss expense and total operating expenses primarily contributed to the increase in the return on average assets ratio to 0.45% annualized through September 30th. These declines more than offset the lower non-operating income. Net interest margin also increased, as the cost of funds declined at a faster rate than loan yield. Loans represent the largest income-producing asset on credit unions' balance sheets.

LOAN DISTRIBUTION

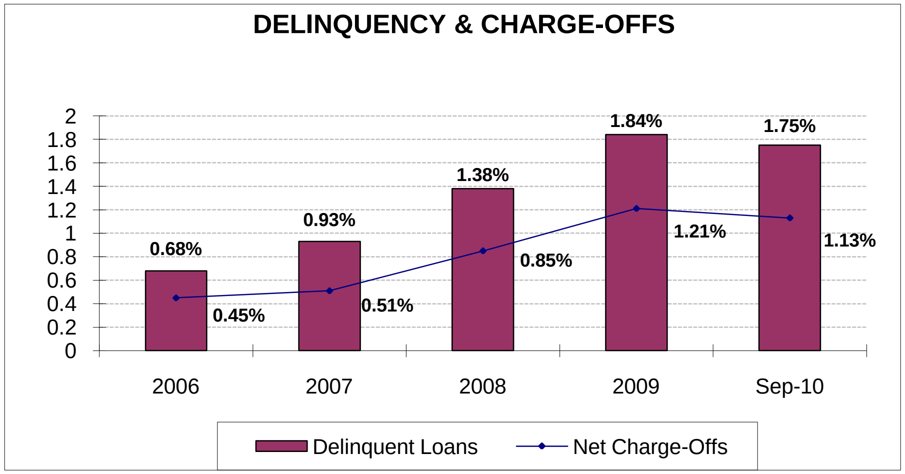


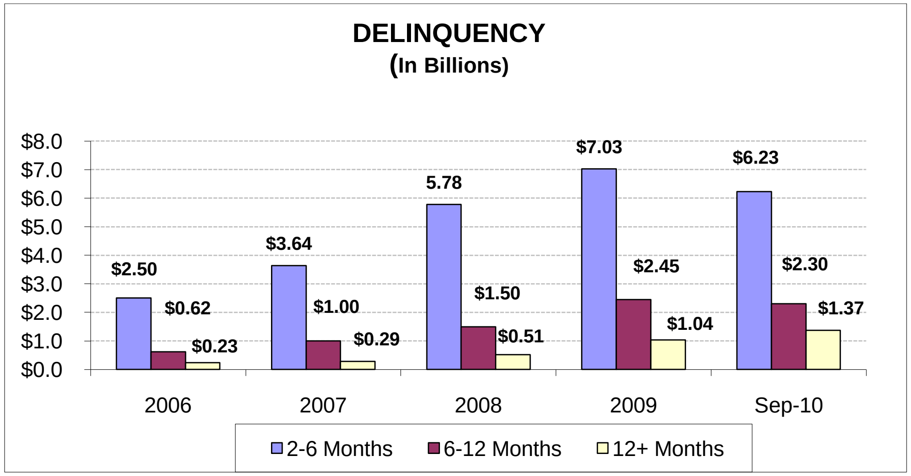


Loan Category	**December 2009 Balance** In Billions	**% of Total Loans December 2009**	**September 2010 Balance** In Billions	**% of Total Loans September 2010**	**Growth** In Billions	**Growth Rate**
Unsecured Credit Card	$34.87	6.09%	$34.86	6.15%	-$0.01	-0.04%
All Other Unsecured	$25.54	4.46%	$25.41	4.48%	-$0.13	-0.52%
New Vehicle	$75.25	13.14%	$65.59	11.56%	-$9.66	-12.84%
Used Vehicle	$98.15	17.14%	$101.33	17.87%	$3.18	3.24%
First Mortgage Real Estate	$217.20	37.94%	$221.45	39.05%	$4.25	1.96%
Other Real Estate	$92.38	16.14%	$88.79	15.66%	-$3.59	-3.88%
Leases Receivable & All Other	$29.13	5.09%	$29.66	5.23%	$0.53	1.81%
Total Loans	**$572.52**		**$567.09**		**-$5.43**	**-0.95%**

Loans declined by $5.43 billion during the first three quarters of 2010. This decline, coupled with moderate share growth, resulted in a decrease in the loans to shares ratio to 72.71%, the lowest since 2004. Real estate loans grew $667.26 million in 2010 and continue to comprise the largest portion of total loans at 54.71%, followed by vehicle loans at 29.43%. Attaining positive growth while ensuring safe and sound loan origination will continue to be a challenge in the current economic environment.

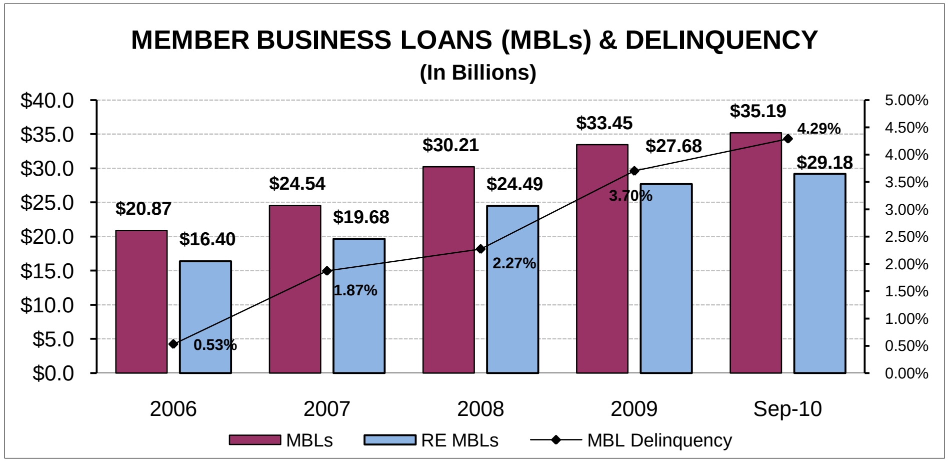
LOAN AND DELINQUENCY TRENDS





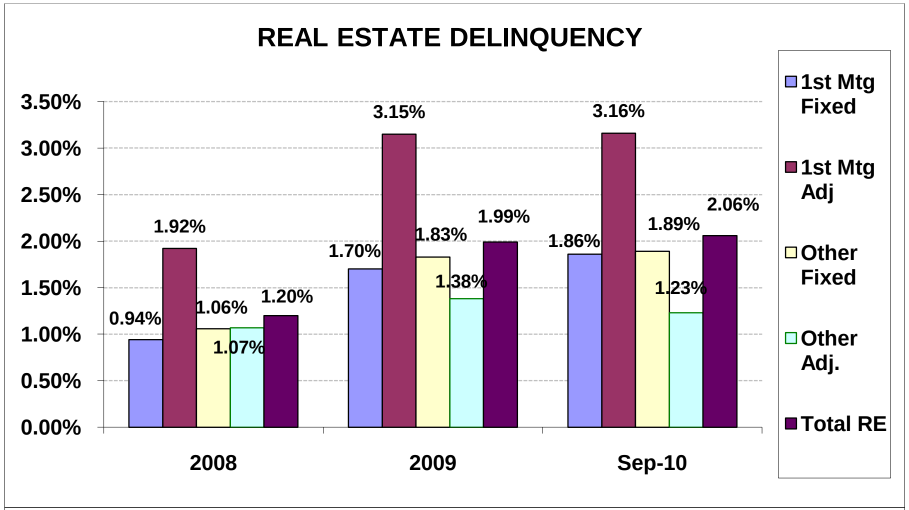
Total Loan Charge-Offs and Recoveries	December 2009 In Billions	September 2010 In Billions	% Change
Total Loans Charged Off*	$7.62	$7.27	-4.61%
Total Loan Recoveries*	$0.72	$0.83	14.92%
Total Net Charge-Offs	$6.90	$6.44	-6.65%

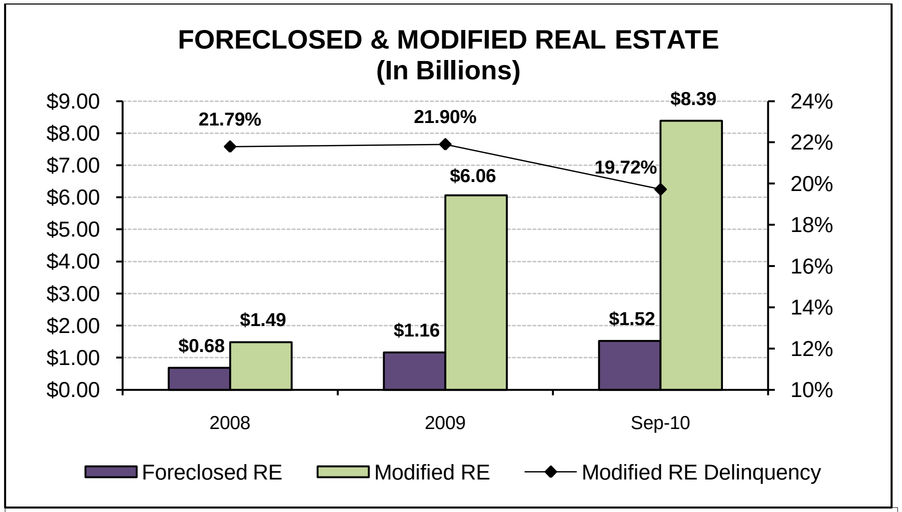
*Annualized

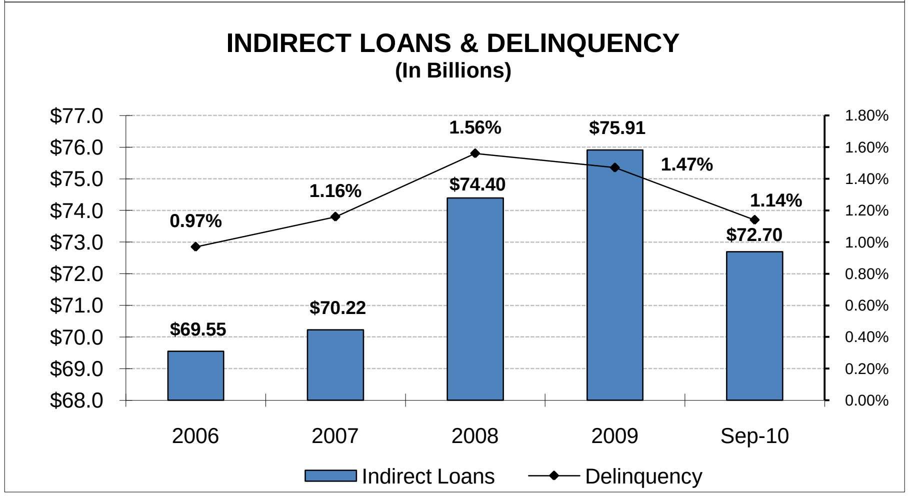


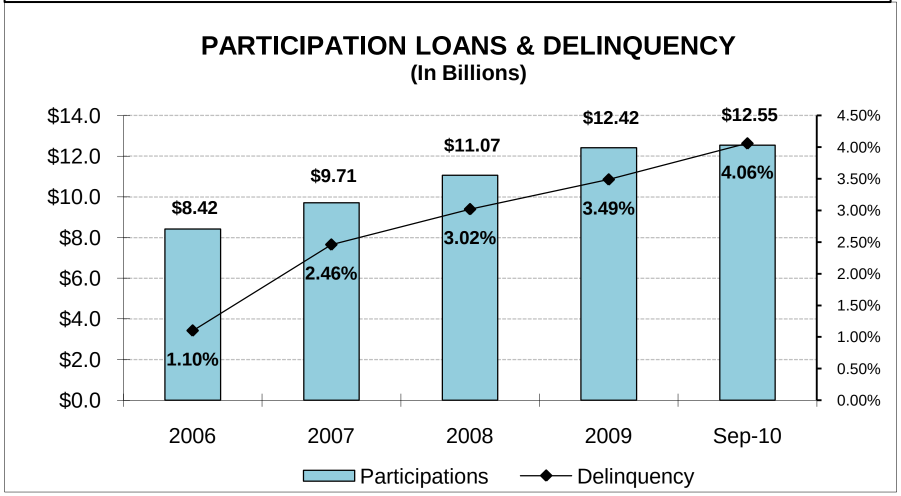
Overall, delinquent dollars declined by $616.26 million, and net charge-offs decreased by 6.65% (annualized) in the first nine months of 2010. This trend is encouraging, but loans delinquent in excess of 12 months have steadily increased. Further, member business loan (MBL) delinquency has increased by $270.39 million to 4.29% of total MBLs in the first three quarters of 2010. Net charge-offs in this category have increased from 0.65% to 0.71% annualized. Credit unions engaged in this type of lending must closely monitor these trends and employ sound risk management, underwriting, and collections practices.

LOAN AND DELINQUENCY TRENDS (continued)



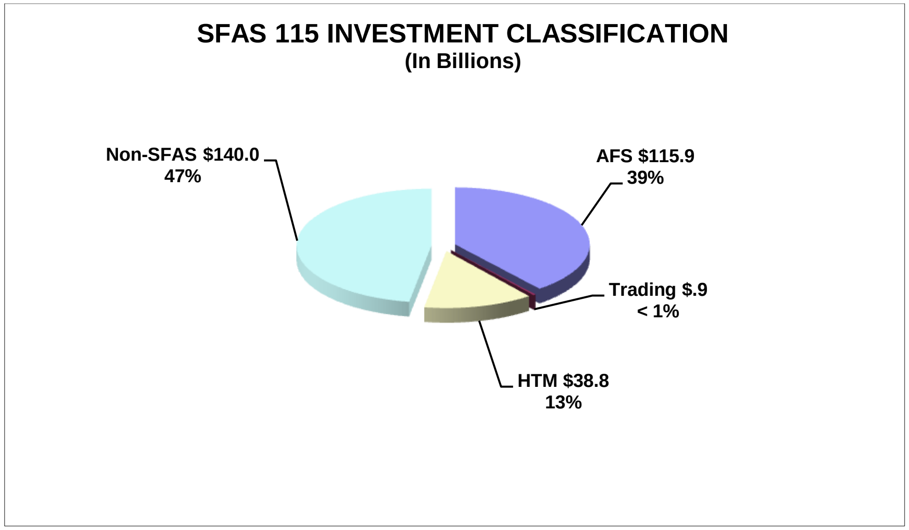


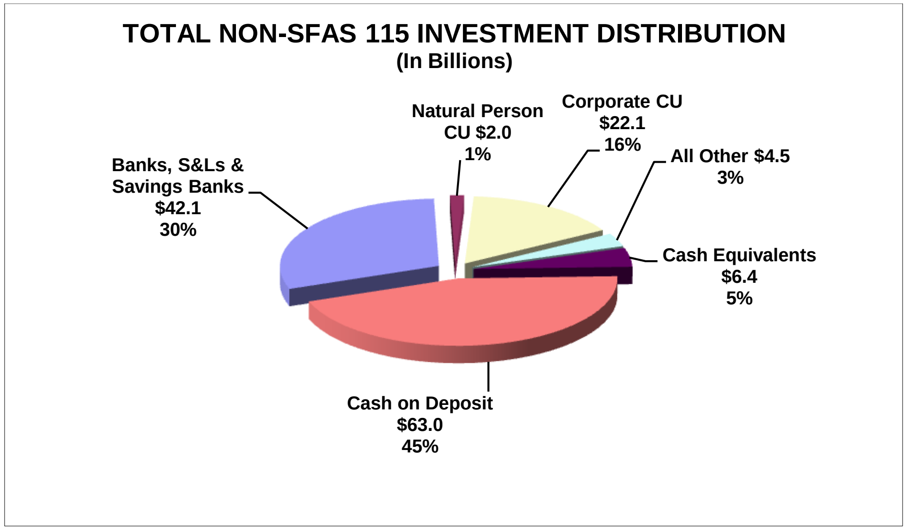




Total real estate loan delinquencies rose slightly, from 1.99% to 2.06%, while net charge-offs increased from 0.55% to 0.63% of average real estate loans in the first nine months of 2010. Foreclosed real estate increased by $361 million, and modified real estate loans increased by $2.33 billion. As of September 30, 2010, credit unions held $8.39 billion in modified real estate loans, with 19.72% of these loans reported as delinquent. In addition, participation loan delinquency increased by $75 million to 4.06%. These factors indicate credit risk is still an area that requires the full attention of credit union management.

INVESTMENT TRENDS

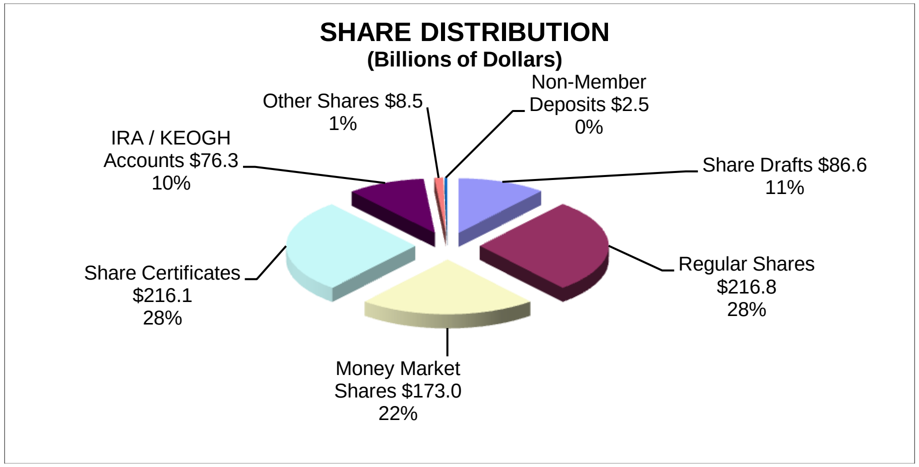


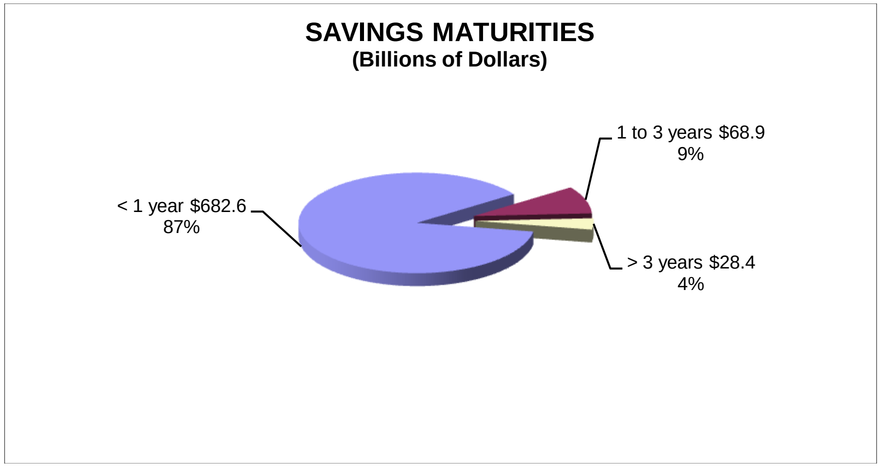


Investment Maturity or Repricing Intervals	December 2009 In Billions	% of Total Investments December 2009	September 2010 In Billions	% of Total Investments September 2010
Less than 1 year	$141.12	52.12%	$143.30	48.48%
1 to 3 years	$79.10	29.21%	$96.37	32.61%
3 to 5 years	$33.13	12.24%	$37.40	12.66%
5 to 10 years	$13.05	4.82%	$14.40	4.87%
Greater than 10 years	$4.36	1.61%	$4.09	1.38%
Total Investments	**$270.76**		**$295.56**	

The maturity structure of the investment portfolio remains short-term, resulting in a low interest rate risk profile for this portion of the balance sheet. However, there is some movement from the under 1 year to the 1-3 year category. Credit unions maintain their investments in high quality, safe instruments. Forty-six percent of all investments are in cash deposits or cash equivalents, deposits in corporate credit unions, and deposits in other financial institutions. These investments provide liquidity and are generally not vulnerable to changing market values. Of the remaining investments, which are subject to SFAS 115 classification, 88% are in U.S. Government or Federal Agency Securities.

SHARE TRENDS

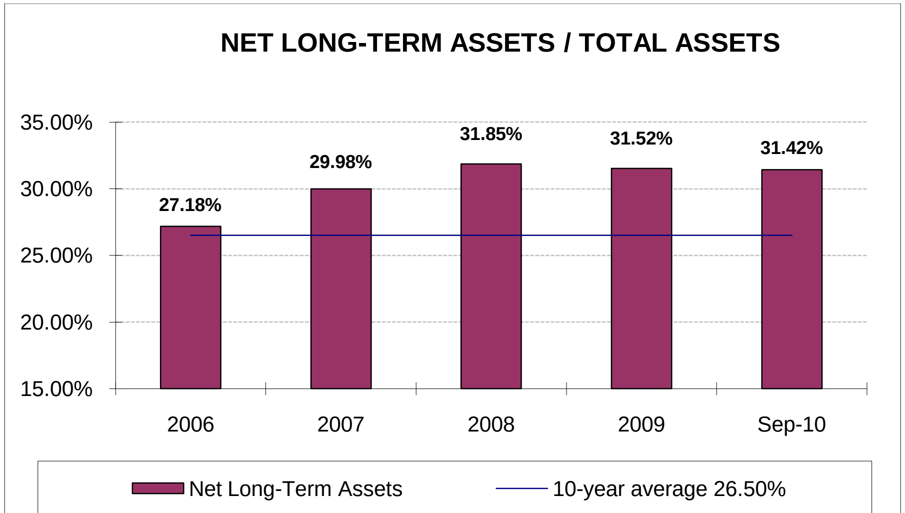


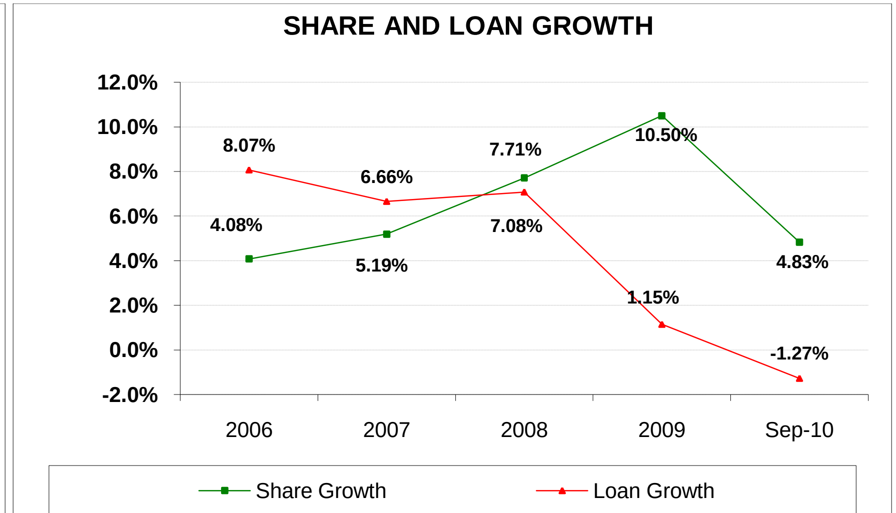


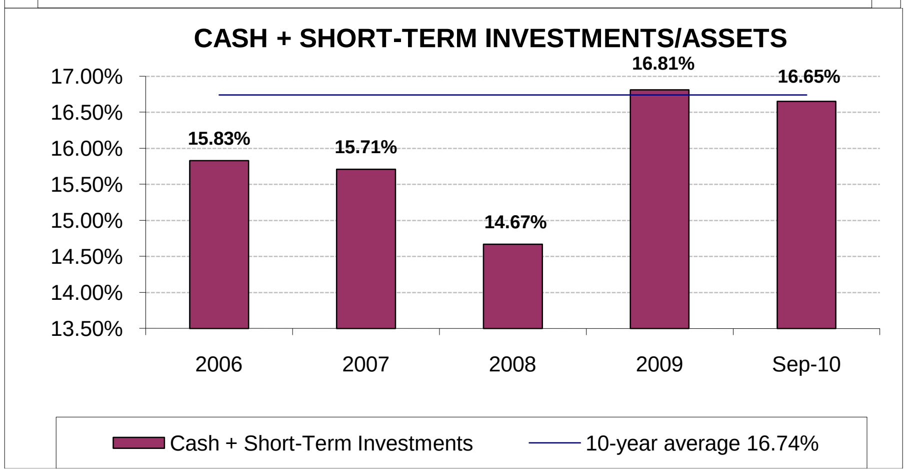
Share Category	**December 2009 Balance** In Billions	**% of Total Shares 2009**	**September 2010 Balance** In Billions	**% of Total Shares September 2010**	**Growth** In Billions	**Growth Rate**
Share Drafts	$85.30	11.33%	$86.58	11.10%	$1.27	1.49%
Regular Shares	$199.91	26.56%	$216.84	27.80%	$16.93	8.47%
Money Market Shares	$158.32	21.04%	$172.95	22.18%	$14.64	9.25%
Share Certificates	$225.56	29.97%	$216.18	27.72%	-$9.38	-4.16%
IRA / KEOGH Accounts	$73.39	9.75%	$76.35	9.79%	$2.96	4.03%
All Other Shares	$7.71	1.02%	$8.53	1.09%	$0.82	10.69%
Non-Member Deposits	$2.48	0.33%	$2.48	0.32%	$0.00	-0.19%
Total Shares	**$752.67**		**$779.91**		**$27.24**	**3.62%**

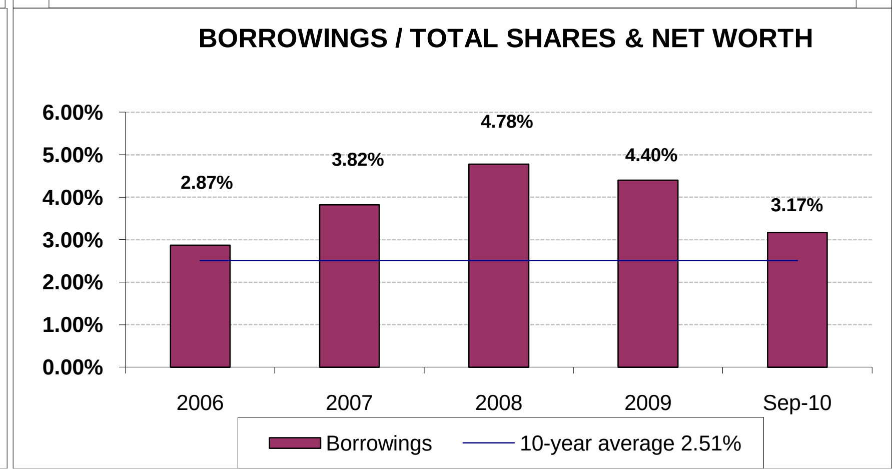
Total shares increased $27.24 billion. Share certificates declined 5.54% annualized, continuing a trend which started in the second quarter of 2009. The largest dollar growth is in regular shares and money market accounts. While the growth in regular shares reflects continued member loyalty, 60% of total shares are in rate-sensitive accounts. Share maturities remain short-term, as 87% of total shares mature within one year.

ASSET LIABILITY MANAGEMENT TRENDS









Credit unions maintain adequate levels of liquidity; however, in a rising interest rate environment, the potential for increasing interest rate and liquidity risk exists. The slight decrease in cash and short-term investments is due to an upward movement in investments with maturities in excess of one year. The net long-term asset ratio of 31.42% represents potential interest rate risk exposure. Credit unions with higher levels of liquidity or interest rate risk must continue to demonstrate diligent risk management procedures.

SUMMARY OF TRENDS BY ASSET GROUP

	Asset Group Under $10 million	**Asset Group** $10 million to $100 million	**Asset Group** $100 million to $500 million	**Asset Group** Over $500 million
# of Credit Unions	2,833	3,196	1,013	360
Total Assets	$11.08 billion	$113.55 billion	$223.36 billion	$559.87 billion
Average Assets/CU	$3.91 million	$35.53 million	$220.49 million	$1.56 billion
Net Worth/Total Assets	14.79%	11.58%	10.16%	9.47%
Average Net Worth (non dollar-weighted)	16.42%	12.13%	10.16%	9.78%
Net Worth Growth*	-2.00%	0.97%	3.26%	7.15%
Return on Average Assets (ROA)	-0.26%	0.04%	0.28%	0.61%
Net Interest Margin/Average Assets	3.70%	3.55%	3.42%	3.15%
Fee & Other Income/Average Assets	0.72%	1.17%	1.46%	1.28%
Operating Expense/Average Assets	4.19%	4.06%	3.84%	2.98%
Members / Full-Time Employees	442.78	400.03	353.75	402.50
Provision for LLL/Average Assets	0.44%	0.49%	0.71%	0.88%
Loans/Shares	59.15%	63.63%	71.07%	75.55%
Delinquent Loans/Total Loans	2.43%	1.64%	1.67%	1.78%
% of Real Estate Lns Delinquent > 2 Mths	1.92%	1.79%	1.95%	2.13%
% of Member Business Loans Delinquent > 2 Mths	1.77%	2.84%	3.77%	4.58%
Net Charge-Offs/Average Loans	0.82%	0.79%	1.01%	1.25%
Share Growth*	5.10%	5.17%	4.87%	5.88%
Loan Growth*	-1.75%	-0.33%	-0.29%	-0.66%
Asset Growth*	3.79%	3.50%	2.81%	4.87%
Membership Growth*	-1.52%	0.12%	1.16%	3.69%
Net Long-Term Assets/Total Assets	8.98%	23.20%	31.26%	33.60%
Cash + Short-Term Invest./Assets	33.65%	23.17%	16.95%	14.88%
Borrowings/Shares & Net Worth	0.09%	0.32%	1.39%	4.58%

***Note: The growth trends are based on the same FICUs reporting at 12/31/09 and 9/30/10, using assets as of 9/30/10.**

A distinct difference exists in the performance among the different asset groups. Net worth ratios remain strong in all asset groups, particularly in the under $10 million category. However, these credit unions are having the greatest challenge with earnings, loan growth, delinquency, and membership growth. The larger credit union categories benefit from their economies of scale, as reflected in lower operating expense ratios, and generate greater net income due to these efficiencies.