FINANCIAL TRENDS IN FEDERALLY INSURED CREDIT UNIONS
January 1 – March 31, 2009

HIGHLIGHTS

This report summarizes the trends of all federally insured credit unions that reported as of March 31, 2009. Change is measured from December 31, 2008.[1]

Number of Credit Unions Reporting		
	Federal CUs	State CUs
2004	5,572	3,442
2005	5,393	3,302
2006	5,189	3,173
2007	5,036	3,065
2008	4,847	2,959
Mar-09	4,811	2,938

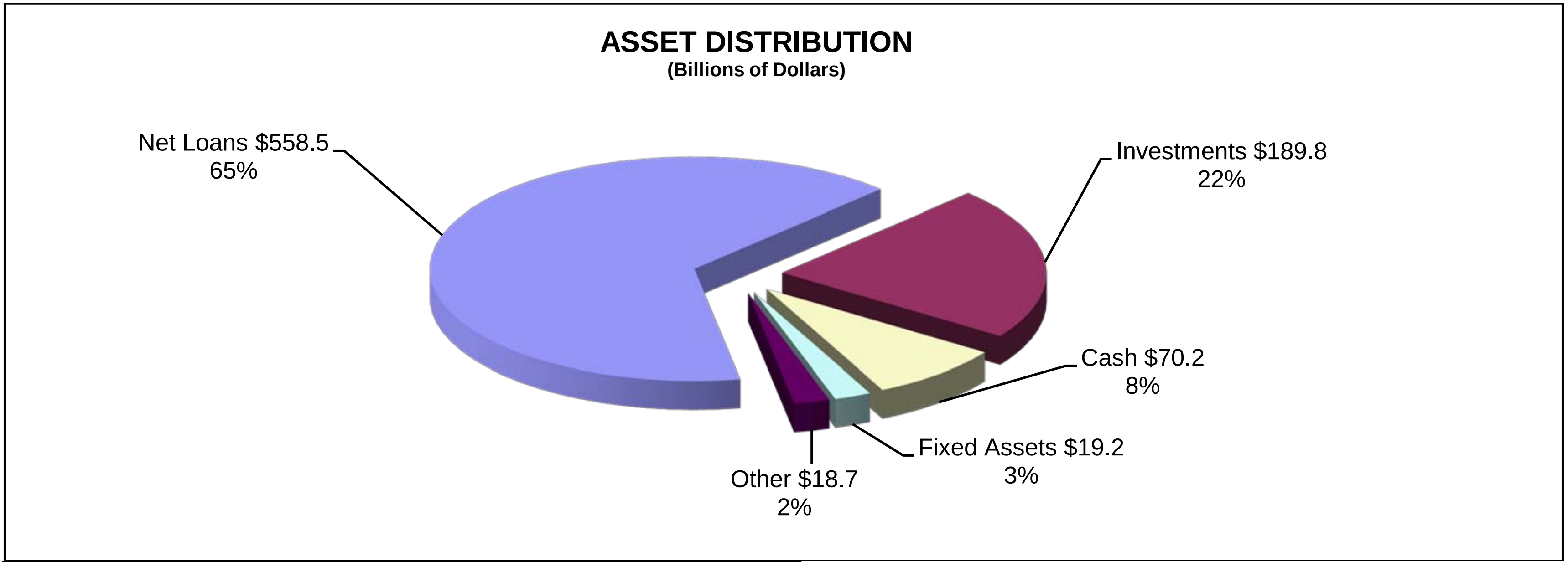
- **Assets** increased $45.04 billion or 5.55% to $856.41 billion. This equates to an annualized asset growth rate of 22.21%.
- **Net Worth** decreased $3.35 billion or -3.87%. The net worth to assets ratio decreased from 10.65% to 9.69%.[2]
- **Earnings** as measured by the return on average assets, remained at -0.01%.[3]
- **Loans** decreased $794 million or -0.14% (-0.56% annualized). The loan to share ratio decreased from 83.10% to 78.02%.
- **Delinquent** loans as a percentage of total loans increased from 1.37% to 1.44%. Delinquent real estate loans as a percentage of total real estate loans increased from 1.20% to 1.38%.
- **Net Loan Charge-Offs** (annualized) increased $1.63 billion or 35.26%.
- **Shares** increased $43.35 billion or 6.36% (25.46% annualized). The majority of the growth in shares continues to come from money market and certificate accounts.
- **Current members** increased by 0.65 million or 0.74% (2.95% annualized).

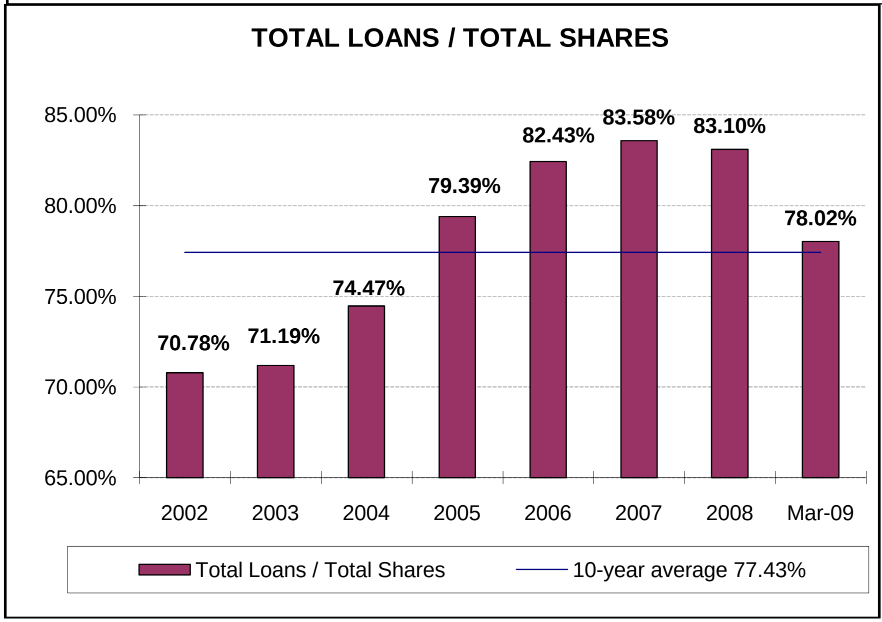
Overall, federally insured credit unions struggled with performance in the first quarter. Loans and net worth declined and the delinquent loan ratio increased 7 basis points while the loan loss ratio increased 26 basis points indicating ongoing concern remains in the credit quality of loan portfolios. Provision for loan and lease losses increased significantly impacting the operating results. Real estate loans remain the dominant loan category in credit unions, highlighting the need for continued vigilance in underwriting, portfolio analysis, collections, foreclosure pipeline management, and sound asset-liability management practices.

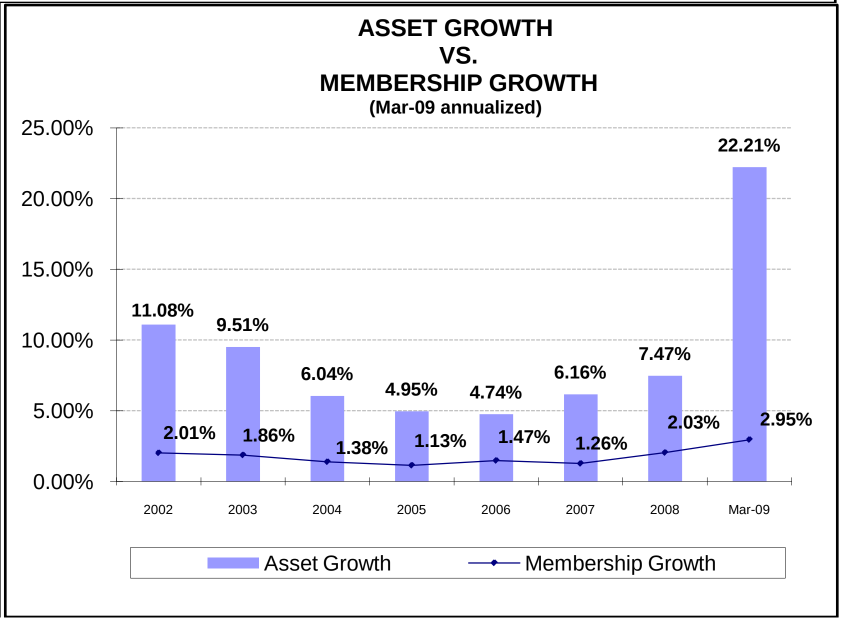
Total Shares and Deposits	2008 In Billions	Mar-09 In Billions	% Change
Insured Shares[4] & Deposits	$609.54	$645.35	5.88%
Uninsured Shares & Deposits	$71.59	$79.12	10.52%

[1] The financial results for prior periods may reflect changes when compared to the prior period trend letters due to subsequent call report modifications.
[2] The Net Worth Ratio is the reported percentage which includes the NCUSIF Stabilization Expense for March 31, 2009. The Net Worth Ratio would have been 10.34% excluding the March 31, 2009 recorded expense.
[3] The Return on Average Assets ratio is annualized net income divided by average assets for the period and is before NCUSIF Stabilization Expense. The Return on Average Assets for March 31, 2009 was -1.51% after recording the NCUSIF Stabilization Expense.
[4] Insured Shares at the $100,000 limit. Insured shares at the $250,000 limit are $700.21 billion for March 31, 2009.

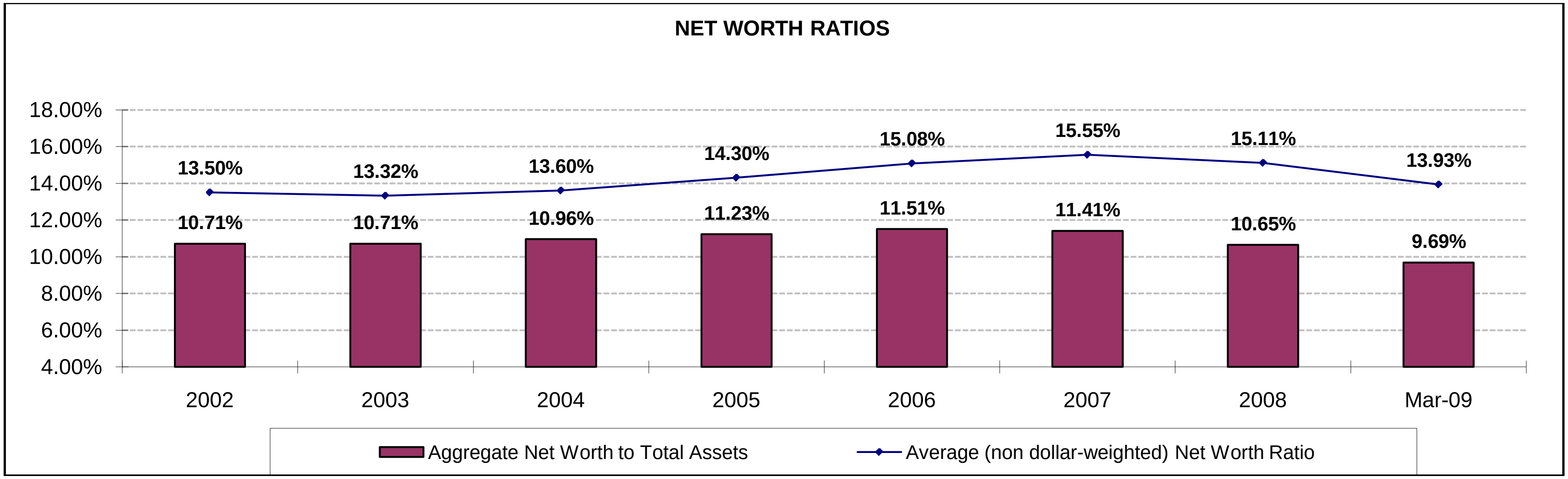
OVERALL TRENDS







NET WORTH

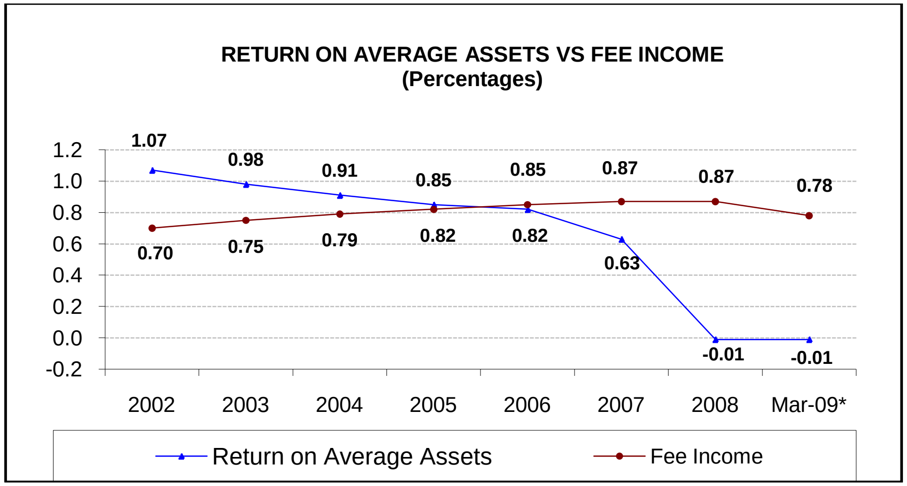


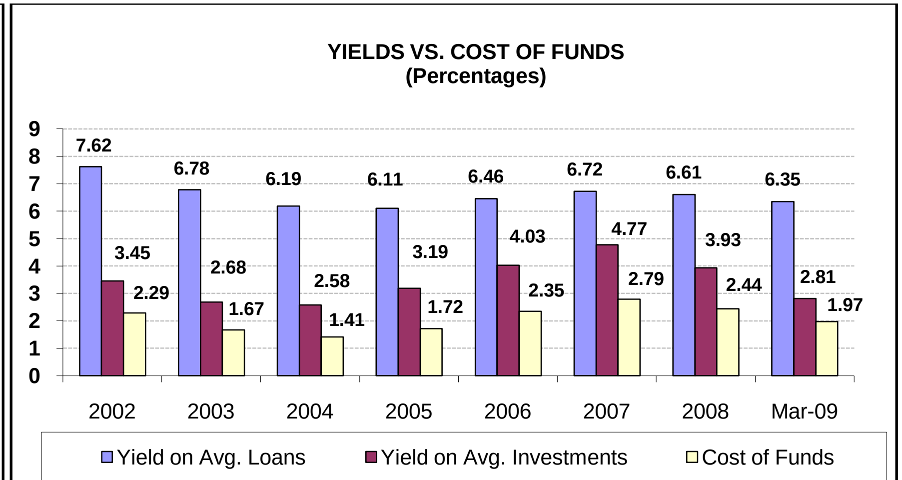
	December 2008 In Billions	**March 2009** In Billions	**% Change**
Total Net Worth	$86.41	$83.06	-3.87%
Secondary Capital	$.032	$.032	0.04%

NET WORTH RATIOS				
Number of Credit Unions	**December 2008**	**% of Total**	**March 2009**	**% of Total**
7% or above	7,649	98.00%	7,281	93.96%
Net Worth Ratios				
6% to 6.99%	83	1.06%	285	3.68%
4% to 5.99%	48	0.61%	131	1.69%
2% to 3.99%	8	0.10%	23	0.30%
0% t0 2.00%	15	0.19%	19	0.24%
Less than 0%	3	0.04%	10	0.13%

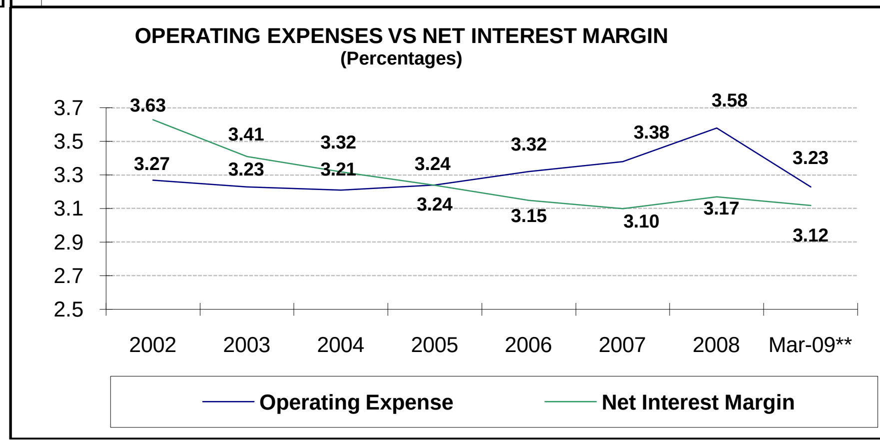
Net Worth remains strong; however, total dollars decreased $3.35 billion or 3.87% during the 1st quarter of 2009. The Net Worth Ratio declined to 9.69% as a result of the elevated share growth and NCUSIF stabilization expenses incurred during the same time period. The number of credit unions subject to Prompt Corrective Action, as a percentage of total credit unions, increased from 2.00% as of December 31, 2008, to 6.04% as of March 31, 2009.

EARNINGS





Ratio (% Average Assets)	As of 2008	As of March 2009	Effect on ROA
Net Interest Margin	3.17%	3.12%	- 5bp
+ Fee & Other Inc.	1.34%	1.26%	- 8bp
- Operating Expenses	3.58%	3.23%**	+35bp
- PLLL	0.89%	1.01%	- 12bp
+ Non-Opr. Income	-0.05%	-0.15%	- 10bp
= ROA	-0.01%	-0.01%*	0bp

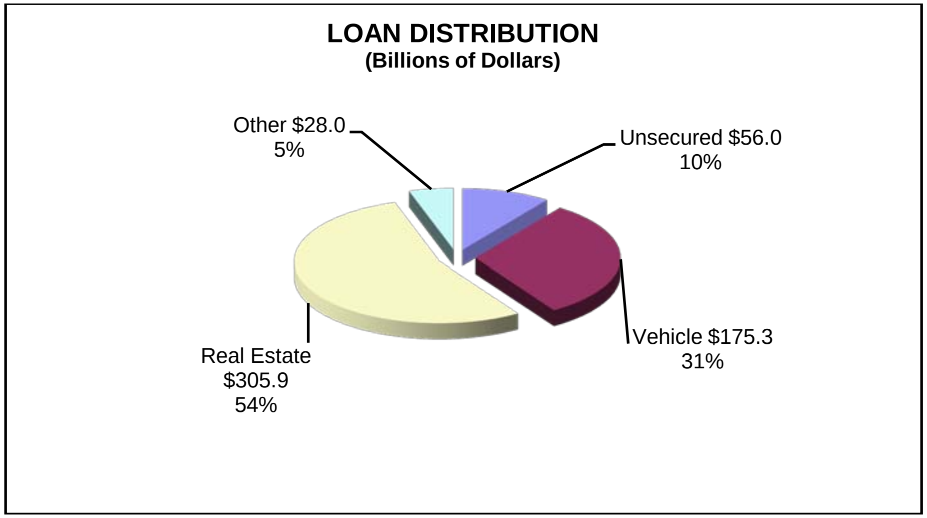


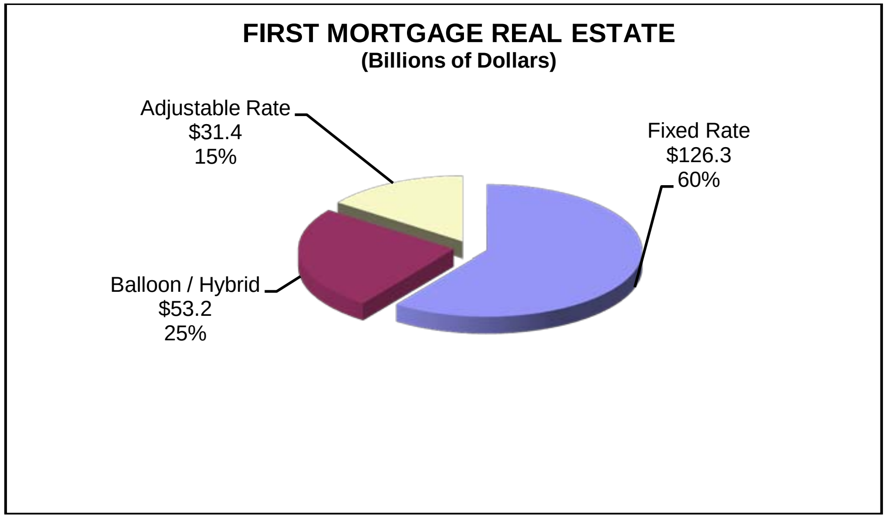
*ROA after NCUSIF Stabilization Expense was -1.51%

**Operating Expenses with NCUSIF Stabilization Expense was 4.74%.

The level of earnings is reflecting the increasing Provision for Loan & Lease Loss expense and the declining Net Interest Margin. Current Net Interest Margins are not covering the cost of operations and are affecting the overall net worth of credit unions. The Provision for Loan & Lease Loss expense continued to rise in relation to average assets and had the largest impact on the reduced Return on Average Assets level.

LOAN DISTRIBUTION

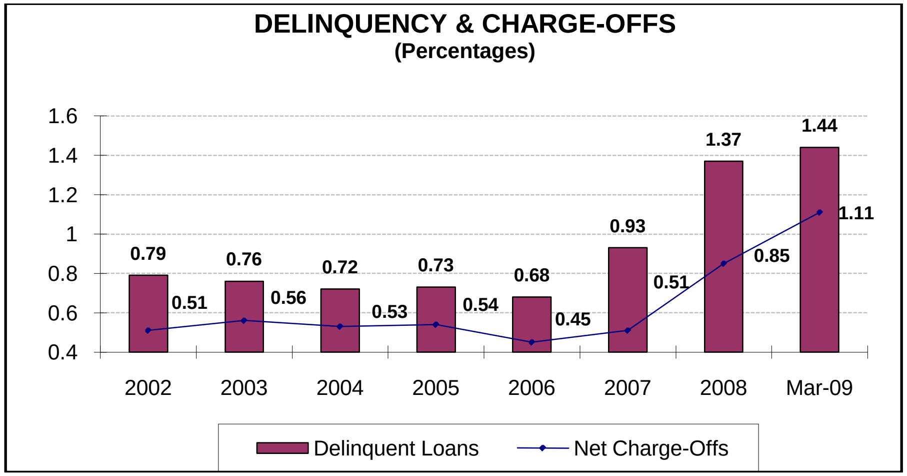


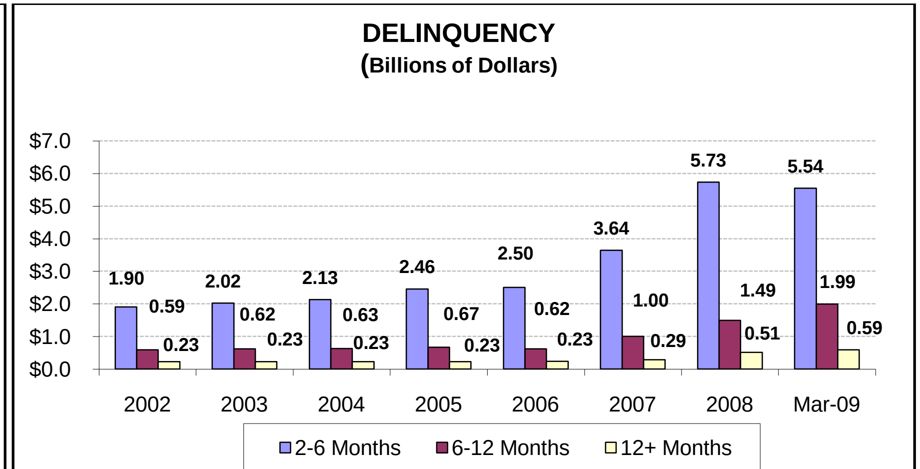


Loan Category	December 2008 Balance In Billions	% of Total Loans 2008	March 2009 Balance In Billions	% of Total Loans Mar-09	Growth In Billions	Growth Rate
Unsecured Credit Card	$32.71	5.78%	$31.50	5.57%	-$1.20	-3.71%
All Other Unsecured	$25.31	4.47%	$24.49	4.33%	-$0.82	-3.24%
New Vehicle	$81.54	14.41%	$80.21	14.19%	-$1.33	-1.63%
Used Vehicle	$94.29	16.66%	$95.06	16.82%	$0.76	0.81%
First Mortgage Real Estate	$207.92	36.73%	$210.94	37.32%	$3.03	1.46%
Other Real Estate	$96.57	17.06%	$94.97	16.80%	-$1.60	-1.66%
Leases Rec & All Other	$27.66	4.89%	$28.03	4.97%	$0.37	1.37%
Total Loans	**$566.00**		**$565.20**		**-$0.79**	**-0.14%**

Share growth outpaced loan growth during the 1st quarter of 2009 with total loans decreasing $0.79 billion, resulting in the loan to share ratio decreasing from 83.10% to 78.02%. The growth continues to be fueled by first mortgage real estate. Real estate loans comprise the largest portion of total loans at 54.12%, followed by vehicle loans at 31.01%. During the 1st quarter of 2009, fixed rate first mortgages increased $3.46 billion (2.82%), adjustable rate first mortgages increased $0.20 billion (0.64%), and balloon/hybrid first mortgages decreased $0.64 billion (-1.18%). Credit unions are reporting $7.27 billion or 3.45% of total first mortgage loans in Interest Only & Optional Payment First Mortgage Loans.

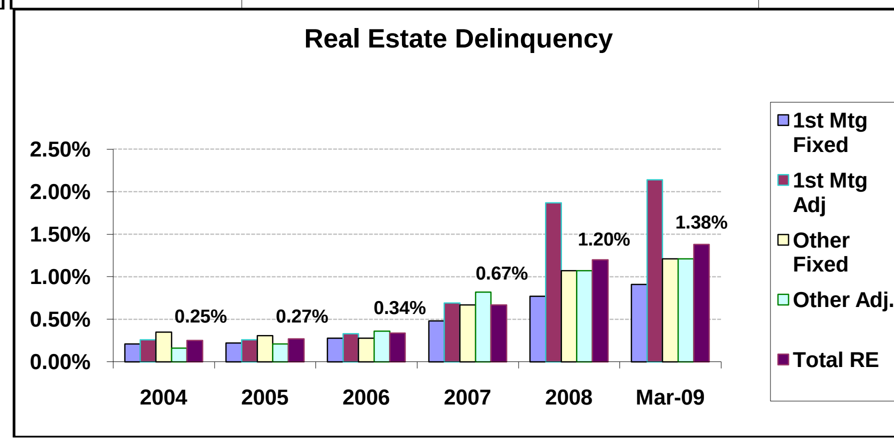
DELINQUENCY TRENDS





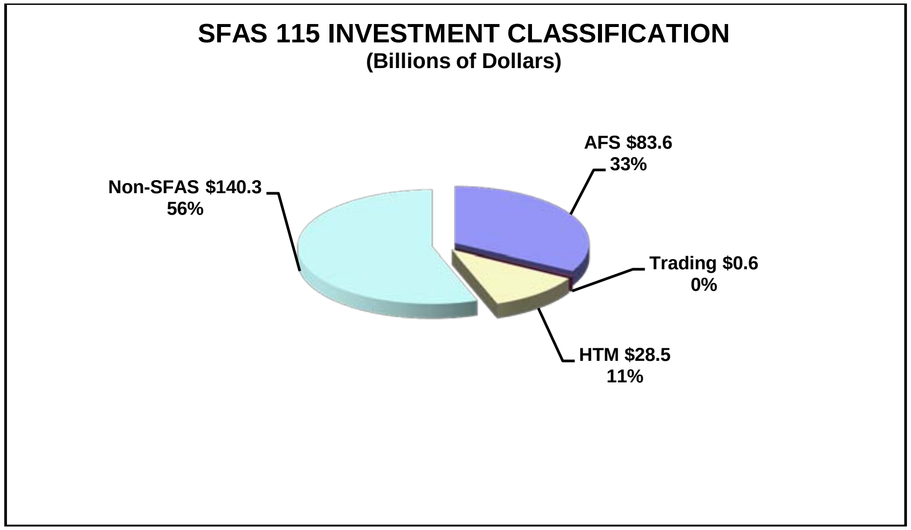
Total Loan Charge-Offs and Recoveries and Outstanding Foreclosed Real Estate	December 2008 In Billions	March 2009 In Billions	% Change
Total Loans Charged Off	$5.22	$6.93*	32.77%*
Total Loan Recoveries	$0.59	$0.67*	13.22%*
Total Net Charge-Offs	$4.63	$6.26*	35.26%*
Foreclosed Real Estate	$0.69	$0.83	20.64%
Repossessed Autos	$0.31	$0.30	-2.29%

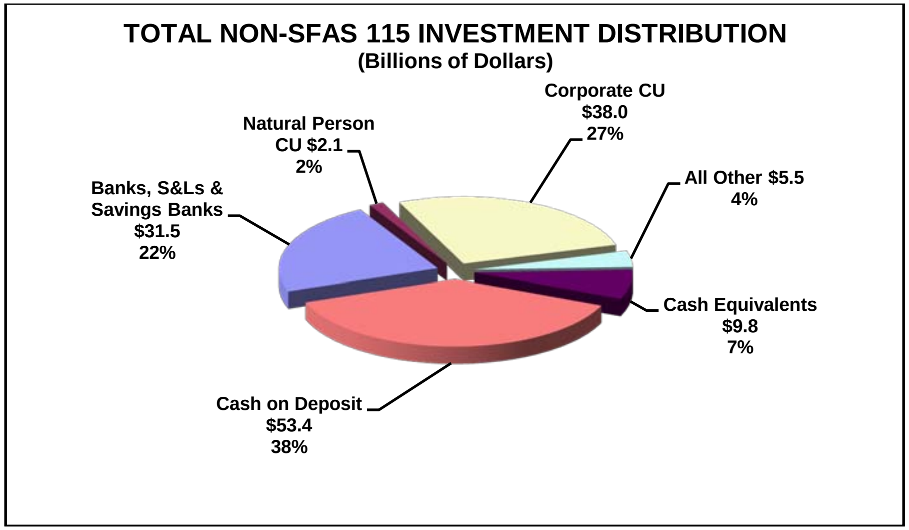
*Annualized



The quality of the loan portfolio deteriorated as noted by delinquency increasing from 1.37% to 1.44% (7 basis points) and the net charge-off ratio increasing from 0.85% to 1.11% (26 basis points). There are continued signs of stress in the performance of real estate loans, and the increasing real estate delinquency and loan losses are continuing to impact the performance of the overall loan portfolio. Total delinquent real estate loans greater than 2 months increased from 1.20% at year-end 2008 to 1.38% as of March 31, 2009. All real estate delinquency categories increased with the largest being in 1st Mortgage Adjustable Rate and Hybrid/Balloon loans which increased from 1.87% as of year-end 2008 to 2.14% as of March 31, 2009. 1st Mortgage Fixed Rate increased 15 basis points, Other Real Estate Adjustable Rate loans increased 14 basis points, and Other Real Estate Fixed increased 14 basis points.

INVESTMENT TRENDS

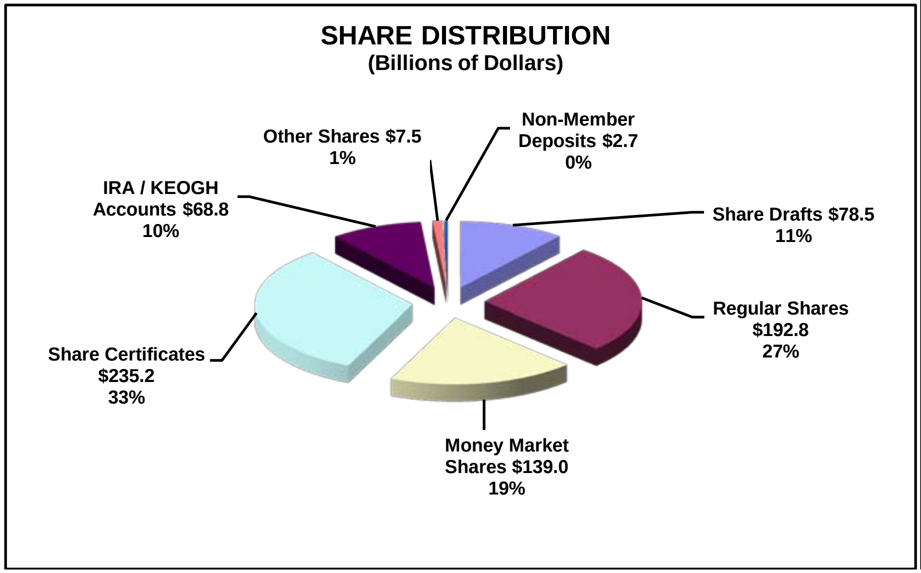


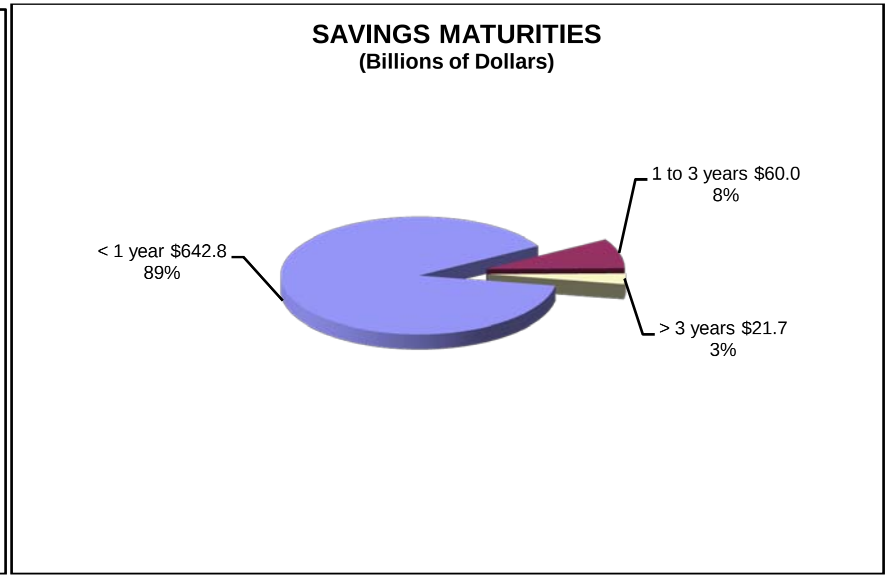


Investment Maturity or Repricing Intervals	December 2008 In Billions	% of Total Investments 2007	March 2009 In Billions	% of Total Investments 2008
Less than 1 year	$111.14	53.82%	$146.71	57.99%
1 to 3 years	$57.66	27.92%	$67.19	26.56%
3 to 5 years	$25.10	12.15%	$25.55	10.10%
5 to 10 years	$9.25	4.48%	$10.13	4.00%
Greater than 10 years	$3.37	1.63%	$3.41	1.35%
Total Investments	$206.52		$252.99	

Strong share demand outpaced loan growth, increasing the amount of funds available for investment in the first three months of 2009. The maturity structure of the investment portfolio remains very short, resulting in a low interest rate risk profile for this portion of the balance sheet. Credit unions maintain their investments in high quality, safe instruments. Almost 53% of investments are in cash or equivalents, deposits in corporate credit unions, and deposits in other financial institutions. These provide liquidity and are generally not vulnerable to changing market values. Of the remaining investments, which are subject to SFAS 115 classification, 84.28% are in U.S. Government or Federal Agency Securities.

SHARE TRENDS



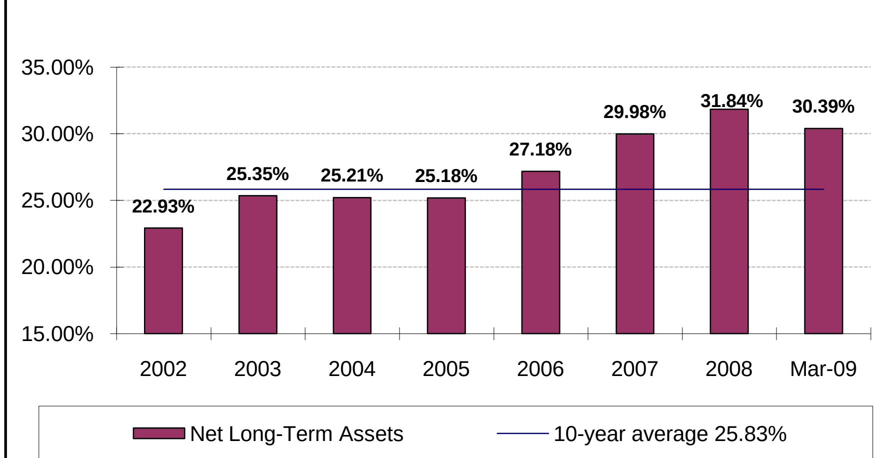


Share Category	December 2008 Balance In Billions	% of Total Shares 2008	March 2009 Balance In Billions	% of Total Shares Mar-09	Growth In Billions	Growth Rate
Share Drafts	$73.63	10.81%	$78.54	10.84%	$4.92	6.68%
Regular Shares	$178.70	26.24%	$192.80	26.61%	$14.10	7.89%
Money Market Shares	$128.50	18.87%	$138.99	19.19%	$10.50	8.17%
Share Certificates	$226.26	33.22%	$235.18	32.46%	$8.92	3.94%
IRA / KEOGH Accounts	$64.66	9.49%	$68.84	9.50%	$4.18	6.46%
All Other Shares	$6.78	0.99%	$7.46	1.03%	$0.68	10.02%
Non-Member Deposits	$2.60	0.38%	$2.66	0.37%	$0.05	2.14%
Total Shares	**$681.13**		**$724.47**		**$43.35**	**6.36%**

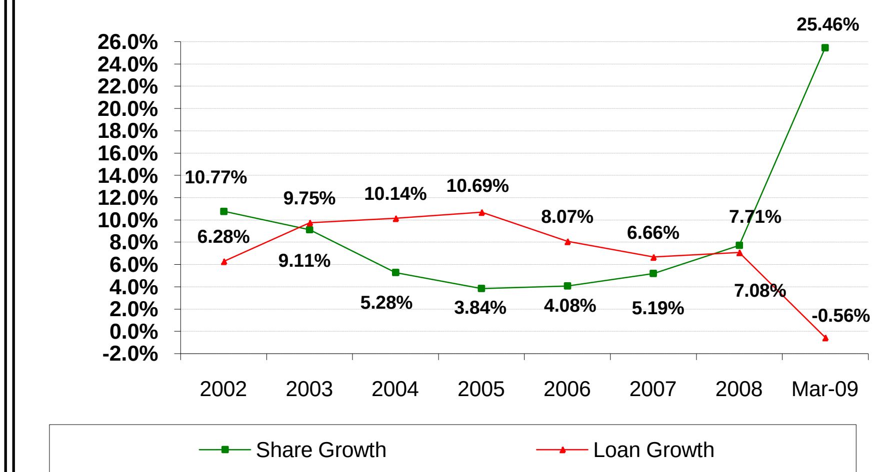
Total shares grew 6.36% or $43.35 billion in the first three months of 2009. The trend of the movement to rate-sensitive shares continued in the 1st quarter of 2009 with strong growth in money market shares, certificates, and IRA/KEOGH accounts accounting for the majority of the growth. Total share certificates remain the largest category since first exceeding regular shares in 2006.

ASSET LIABILITY MANAGEMENT TRENDS

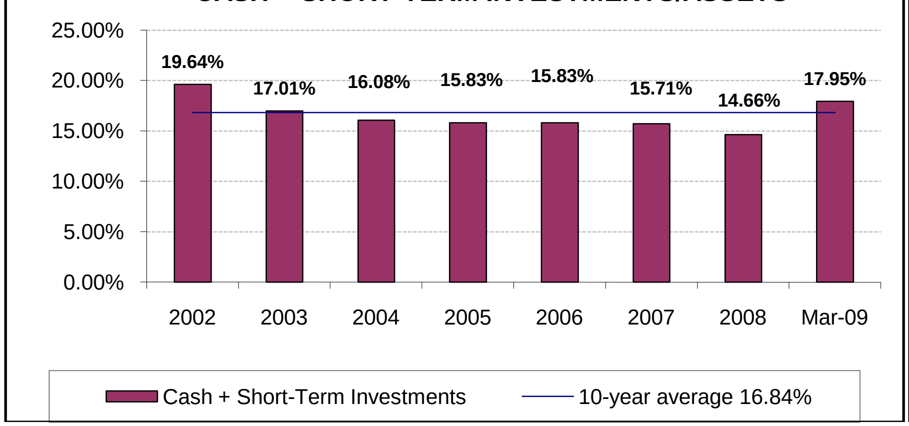
NET LONG-TERM ASSETS / TOTAL ASSETS



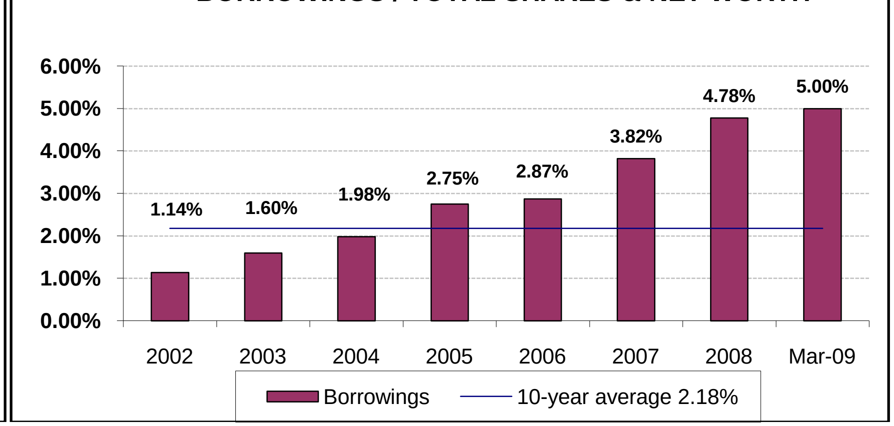
SHARE AND LOAN GROWTH



CASH + SHORT-TERM INVESTMENTS/ASSETS



BORROWINGS / TOTAL SHARES & NET WORTH



Credit unions hold adequate levels of liquidity; however, in a rising interest rate environment the potential for increasing interest rate and liquidity risk exists. The increase in cash and short-term investments during the 1st quarter of 2009 is due to the strong share growth outpacing loan growth. The Net Long-Term Asset Ratio of 30.39% presents potential interest rate risk exposure, particularly since the majority of the funding for the growth in long-term loans is coming from rate sensitive shares. Credit unions with higher levels of liquidity risk or interest rate risk must maintain 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	3,168	3,243	994	344
Total Assets	$12.07 billion	$113.31 billion	$216.00 billion	$515.02 billion
Average Assets	$3.81 million	$34.94 million	$217.31 million	$1.50 billion
Net Worth/Total Assets	15.54%	11.80%	10.04%	8.95%
Average Net Worth (non dollar-weighted)	17.10%	12.48%	10.12%	9.46%
Net Worth Growth*	-13.16%	-16.29%	-16.63%	-12.58%
Return on Average Assets (ROA)	-2.19%	-1.97%	-1.63%	-1.35%
ROA (Before NCUSIF Stabilization)	-0.20%	-0.05%	-0.08%	0.03%
Net Interest Margin/Average Assets	3.82%	3.46%	3.27%	2.95%
Fee & Other Income/Average Assets	0.63%	1.11%	1.41%	1.25%
Operating Expense/Average Assets	6.18%	5.90%	5.31%	4.19%
Members / Full-Time Employees	399.90	394.82	345.32	387.07
Provision for LLL/Average Assets	0.44%	0.54%	0.86%	1.20%
Loans/Shares	63.00%	67.31%	75.39%	81.93%
Delinquent Loans/Total Loans	2.47%	1.48%	1.44%	1.41%
% of Real Estate Lns Delinquent > 2 Mths	1.59%	1.35%	1.43%	1.36%
Net Charge-Offs/Average Loans	0.91%	0.79%	0.98%	1.22%
Share Growth*	19.65%	24.86%	26.58%	27.26%
Loan Growth*	-7.90%	-1.34%	0.65%	0.60%
Asset Growth*	14.55%	21.58%	24.77%	23.52%
Membership Growth*	-1.14%	0.91%	3.28%	6.30%
Net Long-Term Assets/Total Assets	7.55%	21.68%	29.75%	33.11%
Cash + Short-Term Invest./Assets	35.84%	24.93%	18.61%	15.72%
Borrowings/Shares & Net Worth	0.20%	1.16%	3.19%	6.80%

***Note: The growth trends are based on the same FICUs reporting 12/31/08 and 03/31/09 using assets as of 03/31/09.**

There is a distinct difference in the performance among the different asset groups. Net worth ratios are solid among all asset groups with the largest percentages being reported in the under $10 million category. The highest membership growth, share growth, loan to share ratio, and net charge-off ratio is noted in the over $500 million asset group.