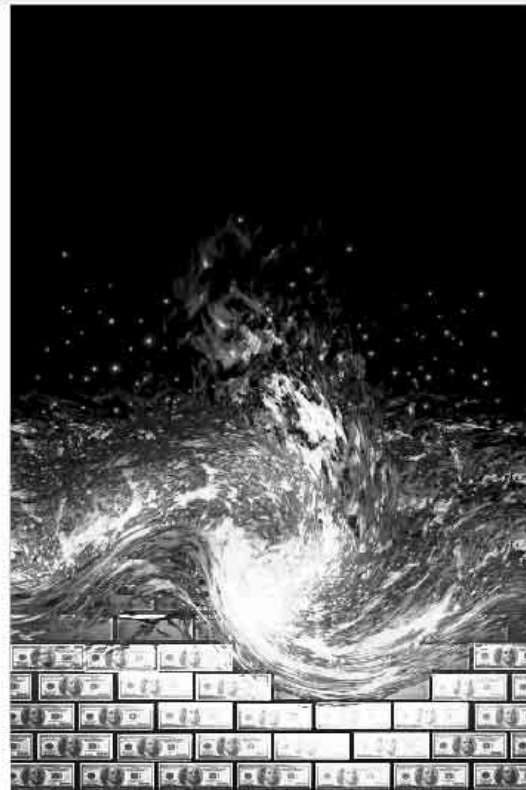




Income Explosion: Turndowns are Nuggets of Gold

**Presented by: Rex Johnson
December 12, 2006**



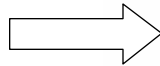
Loan Yield

- **Loan Yield Has Become Every Credit Union's #1 Priority**
- **Raise loan yield while controlling delinquencies and charge offs, and you will raise your R.O.A.**
- **You CANNOT raise loan yield without taking risk**
- **You NEED to focus more on C, D, and E paper lending**
- **You NEED to focus more on unsecured loans, and raise unsecured lending to 20% of your portfolio**

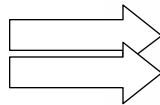


Expert training on the fundamentals of lending

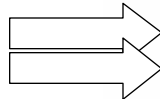
Net Yield
September 2006



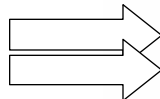
New Auto	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	Yield 05
A	5.40	2,896,866.37	4356.57	0.15	5.25	3.75
A+	5.25	16,040,011.16	11390.35	0.07	5.18	4.46
B	6.94	1,905,437.13	27141.44	1.42	5.52	4.95
B+	6.43	1,618,613.78		0.00	6.43	5.51
C	9.94	582,418.61	2552.62	0.44	9.50	-3.3
C-	12.50	23,722.13		0.00	12.50	8.31
C+	8.46	1,192,580.14	6401.11	0.54	7.92	5.5
D	11.84	323,423.59		0.00	11.84	13.37
D+	11.09	218,672.25		0.00	11.09	13.01
E	15.13	379,544.09		0.00	15.13	17.49
M	5.47	12,772,045.09	6595.97	0.05	5.42	4.81
Total	5.84	37,953,334.34	58438.06	0.15	5.68	4.65



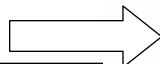
Used Auto	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
81	11.67	7,544.78	8155.22	108.09	-96.42	-96.39
A	6.40	2,534,978.57	10210.66	0.40	5.99	4.95
A+	5.81	10,781,273.63	8658.71	0.08	5.73	4.85
B	7.81	3,082,928.67	40450.57	1.31	6.50	6.32
B+	7.54	2,194,012.20	5895.96	0.27	7.27	6.45
C	11.64	1,278,848.40		0.00	11.64	12.52
C-	13.50	69,586.28	5826.74	8.37	5.13	12.84
C+	9.89	1,952,253.78	5756.4	0.29	9.59	6.63
D	13.70	1,386,778.65	21500.02	1.55	12.15	13.07
D+	13.50	756,132.82	15588.54	2.06	11.44	17.69
E	16.82	870,346.49	10937.61	1.26	15.57	15.58
M	6.18	13,651,294.79	12493.39	0.09	6.09	4.86
Total	7.34	38,565,979.06	145473.82	0.38	6.96	5.72



HELOC	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
A	8.30	1,571,964.61		0.00	8.30	6.81
A+	8.19	2,717,773.77		0.00	8.19	6.71
B	9.29	737,854.95		0.00	9.29	7.93
B+	8.81	311,665.31		0.00	8.81	7.06
C	10.60	253,691.77		0.00	10.60	9.18
C-	11.81	58,432.10		0.00	11.81	11.25
C+	10.37	584,844.68		0.00	10.37	8.75
D	14.42	210,222.62		0.00	14.42	12.54
D+	10.88	283,700.26		0.00	10.88	11.09
E	15.75	39,299.99		0.00	15.75	
M	9.82	24,331.46		0.00	9.82	5.75
Total	9.03	6,793,781.52		0.00	9.03	7.33



Indirect New Auto	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
A	6.36	620,006.39	10576.38	1.71	4.65	4.29
A+	5.48	1,762,161.42		0.00	5.48	4.38
B	8.36	498,089.17	9760.55	1.96	6.40	1.19
B+	6.68	190,827.86		0.00	6.68	4.18
C	12.90	120,656.70	15862.61	13.15	-0.25	7.41
C-	8.84	19,622.33		0.00	8.84	-0.44
C+	9.51	212,884.65	10098.96	4.74	4.76	9.95
D	14.80	62,139.17		0.00	14.80	15.02
M	6.90	27,666.14		0.00	6.90	
Total	6.80	3,514,053.83	46298.5	1.32	5.48	4.56



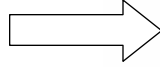
Net Yield
September 2006

Unsecured - LOC	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
45TT	15.05	38,589.03		0.00	15.05	14.77
47VV	6.00	504.54		0.00	6.00	6
48AAA	14.64	1,267,119.67	16506.86	1.30	13.34	12
81	11.87	100,241.05		0.00	11.87	12.5
98C	11.00	3,588.80		0.00	11.00	11.03
98CC	12.27	41,898.95	447.17	1.07	11.20	12.43
A	10.86	1,264,955.64	32790.22	2.59	8.27	4.65
A+	10.39	1,287,609.98	10907.39	0.82	9.56	10.08
B	11.50	1,180,993.02	16568.45	1.40	10.10	7.55
B+	10.29	237,328.15	2661.57	1.12	9.17	9.89
C	13.30	388,267.53	3544.25	0.91	12.39	6.28
C-	13.59	77,168.46	4792.35	6.21	7.38	7.27
C+	11.59	378,263.28	1436.17	0.38	11.21	9.45
CCU	14.57	4,415.98		0.00	14.57	-25.39
D	15.28	154,526.38	2054.37	1.33	13.95	10.72
D+	16.85	95,599.76		0.00	16.85	16.4
E	16.70	21,138.72	450.73	2.13	14.57	17.9
LCA	13.90	520.54		0.00	13.90	13.9
LOC	9.90	3,198.19		0.00	9.90	11.13
M	9.67	11,049.48		0.00	9.67	9.02
WO	14.64	99,183.35		0.00	14.64	10.18
Total	12.11	6,656,160.50	91859.53	1.38	10.73	8.8

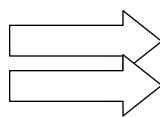
Signature	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
50	8.90	882.38	287.78	32.61	-23.71	8.9
51	4.25	405.32		0.00	4.25	
A	9.97	154,907.52		0.00	9.97	7.37
A+	10.13	730,801.49		0.00	10.13	8.95
B	11.38	258,365.27	8878.02	3.44	7.94	6.35
B+	10.30	295,788.70		0.00	10.30	9.12
C	12.86	272,496.66		0.00	12.86	6.41
C-	11.00	1,235.52	728.9	59.00	-48.00	-190.42
C+	12.27	293,394.52	16545.29	5.64	6.63	4.03
D	16.85	194,441.41	7264.28	3.74	13.11	15.25
D+	15.91	127,489.34		0.00	15.91	6.49
E	17.96	178,341.01		0.00	17.96	17.79
M	9.31	101,056.85		0.00	9.31	
Total	12.07	2,609,605.99	33704.27	1.29	10.78	7.63

5 Year Home Equity	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
A	6.23	864,179.09		0.00	6.23	5.9
A+	5.96	6,416,529.27		0.00	5.96	5.34
B	7.64	587,219.20		0.00	7.64	7.51
B+	6.37	945,895.96		0.00	6.37	6.16
C	9.98	243,776.42		0.00	9.98	9.74
C+	9.21	383,783.71		0.00	9.21	8.3
D	10.05	323,750.87		0.00	10.05	5.68
D+	11.06	198,371.26		0.00	11.06	9.95
E	11.08	228,250.92		0.00	11.08	9.56
HE	7.83	28,882.73		0.00	7.83	9.74
M	5.19	176,775.91		0.00	5.19	5.1
Total	6.66	10,397,415.34		0.00	6.66	5.87

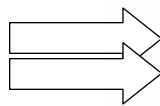
Net Yield
September 2006



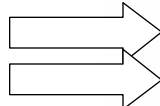
10 Year Home Equity	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
A	7.80	2,612,220.87		0.00	7.80	7.47
A+	7.60	6,726,639.44		0.00	7.60	7.42
B	8.77	2,530,541.89		0.00	8.77	8.58
B+	8.07	2,268,460.88		0.00	8.07	7.4
C	10.98	1,382,563.94		0.00	10.98	11.17
C-	12.49	20,648.52		0.00	12.49	12.37
C+	9.16	2,256,268.48		0.00	9.16	9.22
D	12.98	816,107.45		0.00	12.98	9.29
D+	12.06	857,228.46		0.00	12.06	10.99
E	12.73	706,993.53		0.00	12.73	12.74
HE	6.74	27,466.33		0.00	6.74	6.74
M	7.65	663,252.44		0.00	7.65	5.71
Total	8.78	20,868,392.23		0.00	8.78	8.33



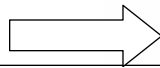
15 yr Home Equity	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
81	8.55	102,575.32		0.00	8.55	8.56
A	8.40	3,200,272.95		0.00	8.40	8.31
A+	8.05	6,884,088.83		0.00	8.05	7.54
B	9.60	1,934,559.94		0.00	9.60	9.58
B+	8.81	2,242,586.26		0.00	8.81	8.17
C	11.29	924,196.75		0.00	11.29	11.36
C-	12.74	47,875.52		0.00	12.74	12.6
C+	10.28	1,301,373.57		0.00	10.28	9.8
D	13.43	651,497.80		0.00	13.43	8.99
D+	11.82	517,928.97		0.00	11.82	10.99
E	12.91	590,928.96		0.00	12.91	11.99
M	8.11	306,942.23		0.00	8.11	7.65
Total	9.14	18,704,827.10		0.00	9.14	8.59



Indirect Used Auto	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
A	7.27	325,950.44		0.00	7.27	5.91
A+	6.15	1,461,003.46		0.00	6.15	6.18
B	8.80	279,638.44	11227.52	4.02	4.79	6.33
B+	7.55	138,041.90	4702.64	3.41	4.14	4.05
C	11.10	121,489.95		0.00	11.10	13.84
C-	14.95	13,768.48		0.00	14.95	14.05
C+	11.23	177,764.63	2523.05	1.42	9.81	6.6
D	16.47	33,393.27		0.00	16.47	16.92
D+	17.99	26,430.57		0.00	17.99	17.99
E	8.29	13,399.21		0.00	8.29	9.33
M	5.42	45,425.62		0.00	5.42	
Total	7.51	2,636,305.97	18453.21	0.70	6.81	6.79



New Boat	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
13M	7.00	13,261.89		0.00	7.00	7
A	7.52	704,592.05		0.00	7.52	6.96
A+	6.78	1,659,632.95	7840.58	0.47	6.31	5.91
B	8.75	694,319.95		0.00	8.75	8.29
B+	7.45	291,647.05		0.00	7.45	7.01
C	10.49	92,981.21		0.00	10.49	5.54
C-	12.90	36,972.93		0.00	12.90	11.88
C+	10.69	186,868.84		0.00	10.69	10.7
D	12.24	724.74		0.00	12.24	12.24
D+	12.76	41,199.12		0.00	12.76	11.99
M	6.64	862,142.38		0.00	6.64	6.28
Total	7.55	4,584,343.11	7840.58	0.17	7.38	6.94



Net Yield
September 2006

Indirect New Boat	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
A	7.28	568,290.34		0.00	7.28	7.07
A+	6.51	1,700,438.43		0.00	6.51	6.19
B	8.25	723,031.21		0.00	8.25	8.16
B+	7.28	545,540.36		0.00	7.28	6.89
C	10.27	111,046.66	10821.62	9.75	0.53	10.7
C-	14.68	29,262.32		0.00	14.68	13.94
C+	9.66	245,428.62		0.00	9.66	9.32
D	10.00	17,420.57	11000	63.14	-53.14	13.79
D+	12.99	42,524.59		0.00	12.99	12.99
M	7.00	251,835.87		0.00	7.00	5.88
Total	7.46	4,234,818.97	21821.62	0.52	6.94	7.35

7 Year Home Equity	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
A	7.25	643,558.22		0.00	7.25	7.03
A+	6.89	3,321,077.49		0.00	6.89	6.27
B	8.67	434,788.30		0.00	8.67	9.01
B+	7.61	484,773.72		0.00	7.61	7.03
C	9.95	472,627.27		0.00	9.95	10.47
C+	8.99	387,784.63		0.00	8.99	9.86
D	11.47	416,712.87		0.00	11.47	10.44
D+	11.38	368,298.94		0.00	11.38	10.34
E	12.48	387,231.44		0.00	12.48	10.9
M	7.69	133,961.06		0.00	7.69	5.89
Total	8.23	7,050,813.94		0.00	8.23	8.06

New RV	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
A	7.48	222,531.85		0.00	7.48	3.85
A+	6.16	1,069,070.74		0.00	6.16	5.87
B	8.03	175,406.52		0.00	8.03	8.05
B+	7.10	72,561.51		0.00	7.10	5.92
C	9.06	52,975.07		0.00	9.06	8.45
C+	8.05	103,014.68		0.00	8.05	8.14
E	12.25	26,700.31		0.00	12.25	12.25
M	6.57	763,025.48		0.00	6.57	5.95
Total	6.77	2,485,286.16		0.00	6.77	6.09

Used Boat	WAY	Loan Bal	Loan C/O	C/O %	Net Yield	
A	7.92	157,167.43		0.00	7.92	8.06
A+	7.37	674,126.35		0.00	7.37	6.94
B	9.13	82,166.74	9978.26	12.14	-3.02	9.09
B+	7.95	145,513.69		0.00	7.95	8.77
C	12.66	48,189.40		0.00	12.66	10
C+	9.73	135,590.48	210.64	0.16	9.57	3.87
D	14.50	17,067.92		0.00	14.50	14.59
D+	13.50	40,385.77		0.00	13.50	12.53
E	17.85	10,687.95	10553.28	98.74	-80.89	
M	7.74	167,062.94		0.00	7.74	6.31
Total	8.34	1,477,958.67	20742.18	1.40	6.94	7.4

Hospitality Federal Credit Union
Key Performance Indicators

	<u>5/31/05</u>	<u>12/31/05</u>	<u>3/31/06</u>	<u>6/30/06</u>	<u>7/31/06</u>	<u>8/31/06</u>
Total Loans (in 000s)	26,944	27,684	27,202	26,633	26,740	26,905
Loan Yield %	7.23%	7.57%	7.76%	7.95%	8.07%	8.19%
D Grade Loans (in 000s)	1,528	1,642	1,664	1,678	1,734	1,722
E Grade Loans (in 000s)	2,168	2,485	2,654	2,617	2,687	2,829
Total D & E Loans	3,697	4,127	4,318	4,295	4,421	4,551
% D & E Loans	13.72%	14.91%	15.87%	16.13%	16.53%	16.92%

	<u>GROSS</u>	<u>NET</u>	<u>\$ OUTSTANDING</u>
• Signature Loans	12.07	10.78	2.6 million
• Unsecured	12.11	10.73	6.6 million
• 15 yr Home Eq.	9.14	9.14	18.7 million
• HELOC	9.03	9.03	7.0 million
• 10 yr Home Eq.	8.78	8.78	20.9 million
• 7 yr Home Eq	8.23	8.23	7.0 million
• New Boat	7.55	7.38	4.5 million
• Used Auto	7.34	6.96	38.0 million
• Used Boat	8.34	6.94	1.5 million
• Indirect New Boat	7.46	6.94	4.2 million
• Indirect UA	7.51	6.81	2.3 million
• New R.V.	6.77	6.77	2.5 million
• 5 yr Home Eq.	6.66	6.66	10.4 million
• New Auto	5.84	5.68	38.0 million
• Indirect N/A	6.80	5.48	3.5 million

Formula for Success

- **Training, Training, Training**
- **Don't be afraid to take risk**
- **Reward your employees**
- **Delight your members**
- **Communicate, Communicate, Communicate**
- **Challenge yourself**
- **Re-Invent yourself**
- **Don't let your EGO get in the way**



Expert training on the fundamentals of lending

C.U.
Strategy #1

Return to cover		Ratio Analysis							
11/6/2006		For Charter							
CU Name:		Count of CU: 1							
Peer Group: N/A		Asset Range: N/A							
		Criteria: N/A							
		Count of CU in Peer Group: 0							
				June-2006		September-2006			
				PEER Avg		PEER Avg			
				Percentile**		Percentile**			
CAPITAL ADEQUACY		September-2005		December-2005		March-2006		June-2006	
Net Worth/Total Assets		9.20	9.22	9.34	9.49	11.45	24	9.66	N/A
Net Worth/Total Assets-Including Optional Total Assets Election (if used)		9.20	9.22	9.34	9.49	11.47	24	9.66	N/A
Total Delinquent Loans / Net Worth		2.64	2.80	2.00	1.48	4.04	27	1.27	N/A
Solvency Evaluation (Estimated)		110.08	110.01	109.90	110.17	113.31	17	110.38	N/A
Classified Assets (Estimated) / Net Worth		5.08	4.68	4.29	3.84	4.34	56	3.62	N/A
ASSET QUALITY									
Delinquent Loans / Total Loans		0.38	0.40	0.29	0.21	0.63	21	0.18	N/A
*Net Charge-Offs / Average Loans		0.61	0.54	0.43	0.36	0.46	53	0.35	N/A
Fair (Market) HTM Invest Value/Book Value HTM Invest		0.00	0.00	0.00	0.00	99.48	N/A	0.00	N/A
Accum Unreal G/L On AFS/Cost Of AFS		-1.29	-1.87	-2.35	-3.20	-1.38	22	-2.19	N/A
Delinquent Loans / Assets		0.24	0.26	0.19	0.14	0.43	21	0.12	N/A
EARNINGS									
*Return On Average Assets		0.68	0.65	0.44	0.50	0.80	28	0.45	N/A
*Gross Income/Average Assets		5.79	5.82	5.85	5.95	6.77	23	6.05	N/A
*Yield on Average Loans		5.68	5.75	5.74	5.78	6.41	14	5.88	N/A
*Yield on Average Investments		3.54	3.54	3.82	3.90	3.83	56	3.92	N/A
* Fee & Other Op Income / Avg. Assets		1.16	1.15	1.03	1.08	1.39	36	1.09	N/A
*Cost of Funds / Avg. Assets		1.15	1.27	1.76	1.81	1.94	42	1.91	N/A
*Net Margin / Avg. Assets		4.64	4.55	4.09	4.14	4.82	26	4.14	N/A
*Operating Exp / Avg. Assets		3.68	3.65	3.50	3.52	3.76	36	3.55	N/A
*Provision For Loan & Lease Losses / Average Assets		0.27	0.23	0.15	0.12	0.29	32	0.14	N/A
*Net Interest Margin/Avg. Assets		3.47	3.40	3.06	3.06	3.43	23	3.04	N/A
Operating Exp/Gross Income		63.53	62.75	59.86	59.08	54.81	63	58.64	N/A
Fixed Assets & Foreclosed & Repossessed Assets / Total Assets 1/		4.07	3.99	4.18	4.32	2.76	84	4.47	N/A
*Net Operating Exp. /Avg. Assets		3.02	3.00	2.88	2.89	2.74	55	2.90	N/A
ASSET / LIABILITY MANAGEMENT									
Net Long-Term Assets / Total Assets		25.11	27.24	29.68	25.73	26.70	51	26.51	N/A
Reg. Shares / Total Shares & Borrowings		28.93	25.61	26.29	25.41	32.66	37	24.85	N/A
Total Loans / Total Shares		71.36	72.07	71.81	75.07	79.41	37	75.07	N/A
Total Loans / Total Assets		63.64	64.33	65.23	66.65	67.98	41	67.65	N/A
Cash + Short-Term Investments / Assets		6.71	7.94	7.19	6.82	15.42	15	6.52	N/A
Total Shares, Dep. & Borrs / Earning Assets		96.61	96.76	97.35	97.67	93.25	88	97.34	N/A
Reg Shares + Share Drafts / Total Shares & Borrs		46.13	42.25	43.97	42.14	46.71	44	41.61	N/A
Borrowings / Total Shares & Net Worth		1.71	1.68	0.00	2.05	2.16	29	0.40	N/A
PRODUCTIVITY									
Members / Potential Members		4.00	4.01	4.05	4.09	26.74	19	4.11	N/A
Borrowers / Members		49.38	51.30	48.22	48.14	49.09	49	47.76	N/A
Members / Full-Time Employees		392.45	398.69	399.06	411.10	379.80	71	415.46	N/A
Avg. Shares Per Member		\$8,497	\$8,608	\$8,653	\$8,369	\$7,419	77	\$8,378	N/A
Avg. Loan Balance		\$12,279	\$12,092	\$12,888	\$13,049	\$12,515	71	\$13,167	N/A
* Salary And Benefits / Full-Time Empl.		\$69,667	\$70,672	\$69,125	\$70,949	\$51,477	93	\$69,951	N/A
OTHER RATIOS									
* Net Worth Growth		7.59	7.34	4.78	5.41	8.21	34	4.86	N/A
* Market (Share) Growth		5.36	5.49	6.49	1.50	5.94	18	0.13	N/A
* Loan Growth		24.02	20.86	5.06	6.76	7.09	52	5.42	N/A
* Asset Growth		7.66	7.14	-0.54	-0.43	5.90	22	-1.40	N/A
* Investment Growth		-16.90	-13.78	-21.63	-22.81	12.73	20	-20.50	N/A
* Annualization factor: March = 4; June = 2; September = 4/3; December = 1 (or no annualizing)									
* Percentile Rankings and Peer Average Ratios are produced once a quarter after the data collection is complete. Subsequent corrections to data after this date are not reflected in the Percentile Rank or the Peer Average Ratios until the next cycle.									
Percentile Rankings show where the credit union stands in relation to its peers in key areas of performance. To arrive at the percentile ranking, all data for all credit unions in a peer group are arranged in order from highest (100) to lowest (0) value. The percentile ranking assigned to the credit union is a measure of the relative standing of that ratio in the entire range of ratios. A high or low ranking does not imply good or bad performance. However, when reviewed in relation to other available data, users may draw conclusions as to the importance of the percentile rank to the credit union's financial performance.									
1/ For periods before 2004, the Fixed Assets & Foreclosed and Repossessed assets did not include repossessed vehicles.									

"No Loan Yield" - Very Conservative

1.
2.

3.
4.

5.
6.

Very low.

NOT MAKING \$
BIG PROBLEM.

NOT GROWING
LAST 3 QTRS NOT GROWING.

C.U Rex worked at 5-6 years go – They want to make a commitment to lending.

Not earning money - Very low yield.

Ratio Analysis									
Return to cover									
11/6/2006									
CU Name: [REDACTED]									
Peer Group: 5									
Asset Range: 100,000,000 - 500,000,000									
Criteria: N/A									
Count of CU in Peer Group: 921									
	December-2001	December-2002	December-2003	December-2004	PEER Avg	Percentile**	December-2005	PEER Avg	Percentile**
CAPITAL ADEQUACY									
Net Worth/Total Assets	8.83	9.35	9.07	9.20	11.06	23	9.22	11.35	21
Net Worth/Total Assets-Including Optional Total Assets Election (if used)	8.83	9.35	9.07	9.20	11.08	23	9.22	11.37	21
Total Delinquent Loans / Net Worth	4.67	6.75	5.74	4.73	4.73	66	2.80	5.15	40
Solvency Evaluation (Estimated)	109.69	110.43	109.92	110.10	112.90	20	110.01	113.25	15
Classified Assets (Estimated) / Net Worth	6.14	6.89	5.72	6.19	4.48	79	4.68	4.61	65
ASSET QUALITY									
Delinquent Loans / Total Loans	0.61	1.00	0.90	0.76	0.77	64	0.40	0.80	34
*Net Charge-Offs / Average Loans	0.49	0.65	1.07	0.70	0.54	74	0.54	0.54	63
Fair (Market) HTM Invest Value/Book Value HTM Invest	0.00	0.00	0.00	0.00	100.04	N/A	0.00	99.52	N/A
Accum Unreal G/L On AFS/Cost Of AFS	-0.14	0.61	-0.37	-0.25	-0.23	78	-1.87	-0.92	43
Delinquent Loans / Assets	0.41	0.63	0.52	0.44	0.49	58	0.26	0.54	33
EARNINGS									
*Return On Average Assets	1.00	1.34	0.48	0.43	0.90	13	0.65	0.80	35
*Gross Income/Average Assets	8.27	7.23	6.11	6.51	6.45	33	6.82	6.44	29
*Yield on Average Loans	8.66	8.08	7.07	6.18	6.37	44	5.75	6.28	21
*Yield on Average Investments	4.79	3.37	2.65	2.94	2.51	76	3.54	3.11	80
* Fee & Other Op Income / Avg. Assets	1.03	1.03	0.97	0.99	1.27	37	1.15	1.38	40
*Cost of Funds / Avg. Assets	2.75	1.67	1.20	0.95	1.32	16	1.27	1.59	23
*Net Margin / Avg. Assets	5.52	5.54	4.91	4.66	4.83	42	4.55	4.85	37
*Operating Exp / Avg. Assets	4.15	3.95	3.87	3.76	3.63	53	3.65	3.69	46
*Provision For Loan & Lease Losses / Average Assets	0.40	0.57	0.57	0.47	0.36	73	0.23	0.40	56
*Net Interest Margin/Avg. Assets	4.49	4.51	3.94	3.67	3.56	58	3.40	3.47	42
Operating Exp./Gross Income	50.17	54.78	63.24	67.05	58.19	79	62.75	56.61	70
Fixed Assets & Foreclosed & Repossessed Assets / Total Assets 1/	4.95	4.89	4.57	4.34	2.52	89	3.99	2.69	80
*Net Operating Exp. /Avg. Assets	3.55	3.35	3.31	3.14	2.67	73	3.00	2.67	66
ASSET / LIABILITY MANAGEMENT									
Net Long-Term Assets / Total Assets	27.37	23.44	27.57	32.19	26.69	70	27.24	25.74	59
Reg. Shares / Total Shares & Borrowings	29.07	28.56	28.28	29.09	35.64	41	25.61	33.69	36
Total Loans / Total Shares	73.77	69.64	63.99	62.90	75.39	24	72.07	78.86	32
Total Loans / Total Assets	67.12	62.94	58.12	57.02	65.07	28	64.33	67.46	37
Cash + Short-Term Investments / Assets	9.69	15.03	10.88	7.40	14.36	19	7.94	15.01	21
Total Shares, Dep. & Borrs / Earning Assets	98.28	97.45	97.08	96.60	93.28	82	96.76	93.21	82
Reg Shares + Share Drafts / Total Shares & Borrs	45.61	43.47	44.10	45.85	49.13	49	42.25	47.69	42
Borrowings / Total Shares & Net Worth	0.00	0.00	0.00	0.00	1.82	1	1.68	2.23	26
PRODUCTIVITY									
Members / Potential Members	3.74	3.77	3.78	3.88	31.09	14	4.01	27.82	18
Borrowers / Members	58.36	58.62	53.74	49.78	49.64	52	51.30	49.24	58
Members / Full-Time Employees	366.91	346.27	361.96	380.33	388.80	56	398.69	385.63	67
Avg. Shares Per Member	\$7,132	\$7,692	\$8,381	\$8,428	\$7,274	78	\$8,608	\$7,335	80
Avg. Loan Balance	\$9,015	\$9,461	\$9,980	\$10,650	\$11,283	60	\$12,092	\$12,212	67
* Salary And Benefits / Full-Time Empl.	\$59,438	\$60,168	\$66,216	\$69,632	\$47,979	95	\$70,672	\$49,348	95
OTHER RATIOS									
* Net Worth Growth	11.71	15.98	5.36	4.89	10.15	17	7.34	8.41	45
* Market (Share) Growth	18.54	8.26	9.20	8.44	6.01	38	5.49	4.74	65
* Loan Growth	4.90	2.68	0.34	1.38	10.56	19	20.86	10.54	87
* Asset Growth	17.86	9.50	8.68	3.34	6.73	34	7.14	5.83	66
* Investment Growth	48.93	28.13	29.20	7.39	3.43	72	-13.78	-0.89	34
* Annualization factor: March = 4; June = 2; September = 4/3; December = 1 (or no annualizing)									
**Percentile Rankings and Peer Average Ratios are produced once a quarter after the data collection is complete. Subsequent corrections to data after this date are not reflected in the Percentile Rank or the Peer Average Ratios until the next cycle.									
Percentile Rankings show where the credit union stands in relation to its peers in key areas of performance. To arrive at the percentile ranking, all data for all credit unions in a peer group are arranged in order from highest (100) to lowest (0) value. The percentile ranking assigned to the credit union is a measure of the relative standing of that ratio in the entire range of ratios. A high or low ranking does not imply good or bad performance. However, when reviewed in relation to other available data, users may draw conclusions as to the importance of the percentile rank to the credit union's financial performance.									
1/ For periods before 2004, the Fixed Assets & Foreclosed and Repossessed assets did not include repossessed vehicles.									

Now .45%

5.88% -
Goal should
be 8%

3.04% -
Goal should
be 6%

Very aggressive – Mostly C, D, & E Paper Loans

Return to cover	Ratio Analysis														
11/6/2006	For Charter														
CU Name:	Count of CU : 1														
Peer Group:	Asset Range : 50,000,000 - 100,000,000														
	Criteria : N/A														
	Count of CU in Peer Group : 765					March 2006					June 2006				
	June 2005	September 2006	December 2005	March 2006	PEER Avg	Percentile**	June 2006	PEER Avg	Percentile**						
CAPITAL ADEQUACY															
Net Worth/Total Assets	9.59	9.72	10.14	9.89	11.80	29	9.50	12.05	23						
Net Worth/Total Assets-Including Optional Total Assets Election (if used)	9.59	9.72	10.14	9.89	11.81	28	9.50	12.06	22						
Total Delinquent Loans / Net Worth	25.88	26.37	29.51	26.46	5.03	99	24.43	5.19	96						
Solvency Evaluation (Estimated)	110.78	111.69	111.89	111.14	113.61	34	110.65	113.93	23						
Classified Assets (Estimated) / Net Worth	7.49	6.76	6.56	6.26	4.18	82	2.65	4.20	41						
ASSET QUALITY															
Delinquent Loans / Total Loans	3.26	3.11	3.50	3.19	0.81	98	3.00	0.84	98						
*Net Charge-Offs / Average Loans	0.85	0.83	0.97	1.53	0.48	95	2.57	0.46	99						
Fair (Market) HTM Invest Value/Book Value HTM Invest.	0.00	0.00	0.00	0.00	98.56	N/A	0.00	98.21	N/A						
Accum Unreal G/L On AFS/Cost Of AFS	0.00	0.00	0.00	0.00	-1.99	N/A	0.00	-2.60	N/A						
Delinquent Loans / Assets	2.48	2.56	2.99	2.62	0.54	99	2.32	0.56	98						
EARNINGS															
*Return On Average Assets	1.68	1.61	1.64	1.41	0.62	92	1.34	0.69	88						
*Gross Income/Average Assets	8.66	8.90	9.35	9.85	6.62	96	9.83	6.77	98						
*Yield on Average Loans	9.03	8.92	9.16	9.54	6.64	99	9.58	6.65	99						
*Yield on Average Investments	2.43	2.57	2.75	2.37	3.45	5	3.37	3.81	18						
*Fee & Other Op Income / Avg. Assets	1.36	1.44	1.58	1.63	1.27	74	1.64	1.32	71						
*Cost of Funds / Avg. Assets	0.97	1.03	1.12	1.28	1.69	20	1.40	1.77	25						
*Net Margin / Avg. Assets	7.69	7.87	8.23	8.57	4.94	98	8.43	5.01	98						
*Operating Exp / Avg. Assets	5.45	5.58	5.74	5.91	4.03	94	5.71	4.03	91						
*Provision For Losses & Lease Losses / Average Assets	0.56	0.68	0.85	1.24	0.32	95	1.38	0.31	97						
*Net Interest Margin/Avg. Assets	6.33	6.42	6.66	6.93	3.66	100	6.78	3.69	99						
Operating Exp./Gross Income	62.96	62.70	61.41	60.08	60.17	46	58.09	58.69	44						
Fixed Assets & Foreclosed & Repossessed Assets / Total Assets %	3.08	2.96	2.93	2.84	2.85	52	3.03	2.92	55						
*Net Operating Exp. / Avg. Assets	4.61	4.68	4.82	4.98	3.08	98	4.73	3.04	97						
ASSET / LIABILITY MANAGEMENT															
Net Long-Term Assets / Total Assets	11.81	13.87	13.59	11.04	22.77	16	10.10	23.18	13						
Reg. Shares / Total Shares & Borrowings	73.10	65.77	65.47	64.50	39.33	94	58.60	38.61	90						
Total Loans / Total Shares	85.57	98.97	100.32	92.46	73.75	86	86.78	75.46	72						
Total Loans / Total Assets	76.16	82.34	85.58	82.12	63.90	89	77.43	65.09	76						
Cash + Short-Term Investments / Assets	11.43	10.27	6.62	11.89	18.80	23	16.27	18.38	48						
Total Shares, Dep. & Borr. / Earning Assets	97.70	96.39	96.06	95.23	93.14	67	95.25	93.03	67						
Reg Shares + Share Drafts / Total Shares & Borr	82.48	75.44	76.04	74.54	53.28	88	68.24	52.29	81						
Borrowings / Total Shares & Net Worth	0.00	6.25	3.57	0.00	0.89	1	0.00	1.03	1						
PRODUCTIVITY															
Members / Potential Members	47.01	47.73	49.02	46.43	30.89	72	43.84	30.45	70						
Borrowers / Members	38.03	41.13	44.33	44.25	45.80	49	45.52	46.04	53						
Members / Full-Time Employees	667.56	621.60	684.00	609.67	408.80	92	612.16	406.77	92						
Avg. Shares Per Member	\$3,283	\$3,073	\$3,066	\$3,249	\$6,117	5	\$3,429	\$6,086	6						
Avg. Loan Balance	\$7,387	\$7,394	\$6,939	\$6,790	\$10,224	17	\$6,536	\$10,389	14						
* Salary And Benefits / Full-Time Empl	\$64,308	\$62,224	\$67,822	\$63,248	\$48,645	90	\$62,793	\$47,976	91						
OTHER RATIOS															
* Net Worth Growth	18.30	17.69	18.06	12.81	6.06	90	13.42	6.84	89						
* Market (Share) Growth	18.45	6.01	7.08	40.81	13.81	96	38.30	5.73	98						
* Loan Growth	14.38	24.83	23.19	6.29	1.14	75	6.13	5.75	57						
* Asset Growth	18.98	16.11	11.99	23.39	10.57	88	27.81	5.33	98						
* Investment Growth	39.14	-24.13	-44.48	296.03	62.50	96	345.80	12.26	99						
* Annualization factor: March = 4; June = 2; September =4/3; December = 1 (or no annualizing)															
**Percentile Rankings and Peer Average Ratios are produced once a quarter after the data collection is complete. Subsequent corrections to data after this date are not reflected in the Percentile Rank or the Peer Average Ratios until the next cycle.															
Percentile Rankings show where the credit union stands in relation to its peers in key areas of performance. To arrive at the percentile ranking, all data for all credit unions in a peer group are arranged in order from highest (100) to lowest (0) value. The percentile ranking assigned to the credit union is a measure of the relative standing of that ratio in the entire range of ratios. A high or low ranking does not imply good or bad performance. However, when reviewed in relation to other available data, users may draw conclusions as to the importance of the percentile rank to the credit union's financial performance.															
1/ For periods before 2004, the Fixed Assets & Foreclosed and Repossessed assets did not include repossessed vehicles.															

Return to cover	Liabilities, Shares & Equity								
11/6/2006	For Charter :								
CU Name:	Count of CU : 1								
Peer Group: 4	Asset Range : 50,000,000 - 100,000,000								
	Criteria : N/A								
	Count of CU in Peer Group : 765								
	June-2005	September-2005	% Chg	December-2005	% Chg	March-2006	% Chg	June-2006	% Chg
LIABILITIES, SHARES AND EQUITY									
LIABILITIES:									
Other Notes, Promissory Notes, and Interest Payable ¹	0	3,000,000	N/A	1,759,655	-41.3	0	-100.0	0	N/A
Reverse Repo Agreement	0	0	N/A	0	N/A	0	N/A	0	N/A
Subordinated CDCU Debt	0	0	N/A	0	N/A	0	N/A	0	N/A
Uninsured Second Capital	0	0	N/A	0	N/A	0	N/A	0	N/A
DIV / INT Payable	44,372	46,423	4.6	48,667	4.8	54,885	12.8	55,380	0.9
Acct. Payable & Liabilities	661,890	611,687	-7.6	539,634	-11.8	651,765	20.8	687,582	5.5
TOTAL LIABILITIES	706,262	3,658,110	418.0	2,347,956	-35.8	706,650	-69.9	742,962	5.1
SAVINGS/DEPOSITS:									
Share Drafts	4,213,704	4,445,802	5.5	4,843,713	9.0	4,872,689	0.6	5,058,533	3.8
Regular Shares	32,839,621	30,242,949	-7.9	29,984,166	-0.9	31,301,795	4.4	30,747,680	-1.8
Money Market Shares	1,964,672	2,029,028	3.3	2,416,632	19.1	3,141,434	30.0	3,921,831	24.8
Share Certificates	4,513,910	4,918,428	9.0	5,456,318	10.9	7,890,031	44.6	11,439,336	45.0
IRA / KEOGH Accounts	1,390,749	1,346,098	-3.2	1,338,567	-0.6	1,326,099	-0.9	1,304,949	-1.6
All Other Shares	0	0	N/A	0	N/A	0	N/A	0	N/A
Non-Member Deposits	0	0	N/A	0	N/A	0	N/A	0	N/A
TOTAL SAVINGS/DEPOSITS	44,922,656	42,982,305	-4.3	44,039,396	2.5	48,532,048	10.2	52,472,329	8.1
EQUITY:									
Undivided Earnings	3,886,764	3,886,764	0.0	4,687,684	20.6	4,667,861	-0.4	4,667,860	0.0
Regular Reserves	549,141	549,141	0.0	549,141	0.0	549,141	0.0	549,141	0.0
Approp For Non-Conform Invest	0	0	N/A	0	N/A	0	N/A	0	N/A
Other Reserves	0	0	N/A	0	N/A	0	N/A	0	N/A
Miscellaneous Equity	0	0	N/A	0	N/A	0	N/A	0	N/A
Unrealized G/L A-F-S SEC	0	0	N/A	0	N/A	0	N/A	0	N/A
Unrealized G/L CF HEDGES	0	0	N/A	0	N/A	0	N/A	0	N/A
Other Comprehensive Income	0	0	N/A	0	N/A	0	N/A	0	N/A
Net Income	405,905	588,590	45.0	0	-100.0	187,493	N/A	371,157	98.0
EQUITY TOTAL	4,841,810	5,024,495	3.8	5,236,825	4.2	5,404,495	3.2	5,588,158	3.4
TOTAL SAVINGS/EQUITY	49,764,466	48,006,800	-3.5	49,276,221	2.6	53,936,543	9.5	58,060,487	7.6
TOTAL LIAB/SAVINGS/EQUITY	50,470,728	51,664,910	2.4	51,624,177	-0.1	54,643,193	5.8	58,803,449	7.6
NCUA INSURED SAVINGS:									
Uninsured Shares	0	0	N/A	1,732,661	N/A	990,919	-42.8	835,450	-15.7
Uninsured Non-Mem Depos	0	0	N/A	0	N/A	0	N/A	0	N/A
Tot Uninsur Shrs & Depos	0	0	N/A	1,732,661	N/A	990,919	-42.8	835,450	-15.7
Insured Shrs & Deposits	44,922,656	42,982,305	-4.3	42,306,735	-1.6	47,541,129	12.4	51,636,879	8.6
¹ / Includes Draws Against Lines of Credit									
# Means the number is too large to display in the cell									
5. LiabShEqui									

Growth

June 2005

\$50,470,728

June 2006

\$58,803,449



Expert training on the fundamentals of lending

C.U. Strategy #3

Great, Great Job, Truly Outstanding Performance, and Just Keeps Getting Better!

LAST 12 mos

Ratio Analysis
For Charter [REDACTED]
Count of CU: 1
Asset Range: 100,000,000 - 500,000,000
Criteria: N/A
Peer Group: 5
Count of CU in Peer Group: 930

	June-2005	September-2005	December-2005	March-2006	PEER Avg	Percentile**	June-2006	PEER Avg	Percentile**
CAPITAL ADEQUACY									
Net Worth/Total Assets	10.27	9.94	10.26	10.28	11.26	37	9.67	11.45	26
Net Worth/Total Assets-Including Optional Total Assets Election (if used)	10.27	9.94	10.26	10.28	11.30	37	9.67	11.47	26
Total Delinquent Loans / Net Worth	2.05	0.71	1.02	0.41	4.06	7	0.81	4.04	14
Solvency Evaluation (Estimated)	111.71	111.32	111.83	111.81	113.05	46	111.01	113.31	29
Classified Assets (Estimated) / Net Worth	5.17	4.83	4.36	4.15	4.46	59	3.89	4.34	57
ASSET QUALITY									
Delinquent Loans / Total Loans	0.26	0.09	0.13	0.05	0.65	4	0.10	0.63	8
Net Charge-Offs / Average Loans	0.56	0.55	0.46	0.04	0.50	8	0.09	0.46	12
Fair (Market) HTM Invest Value/Book Value HTM Invest	0.00	0.00	0.00	0.00	101.55	N/A	0.00	99.48	N/A
Accum Unreal G/L On AFS/Cost Of AFS	0.00	0.00	0.00	0.00	-0.82	N/A	0.00	-1.38	N/A
Delinquent Loans / Assets	0.21	0.07	0.10	0.04	0.43	6	0.08	0.43	11
EARNINGS									
*Return On Average Assets	4.46	1.44	1.57	1.94	0.74	96	1.91	0.80	95
*Gross Income/Average Assets	7.99	8.04	8.26	8.64	6.57	95	8.67	6.77	94
*Yield on Average Loans	6.45	6.45	6.58	6.55	6.39	83	7.07	6.41	84
*Yield on Average Investments	2.49	2.41	2.82	3.02	3.46	19	3.10	3.83	9
* Fee & Other Op Income / Avg. Assets	2.44	2.49	2.55	3.02	1.33	93	2.56	1.39	92
*Cost of Funds / Avg. Assets	1.18	1.25	1.37	1.65	1.85	34	1.79	1.94	40
*Net Margin / Avg. Assets	6.81	6.78	6.90	6.99	4.72	96	6.88	4.82	95
*Operating Exp / Avg. Assets	5.82	5.92	5.86	5.79	3.72	97	5.67	3.76	96
*Provision For Loan & Lease Losses / Average Assets	0.30	0.33	0.26	0.03	0.30	13	0.06	0.29	16
*Net Interest Margin/Avg. Assets	4.37	4.29	4.35	4.42	3.40	94	4.32	3.43	91
Operating Exp/Gross Income	72.79	72.38	70.90	67.02	55.82	86	65.44	54.81	85
Fixed Assets & Foreclosed & Repossessed Assets / Total Assets %	2.43	2.47	2.47	2.39	2.68	44	2.26	2.76	39
*Net Operating Exp. / Avg. Assets	3.38	3.33	3.31	3.22	2.75	73	3.11	2.74	67
ASSET / LIABILITY MANAGEMENT									
Net Long-Term Assets / Total Assets	27.89	20.59	21.64	24.13	25.82	50	30.11	26.70	65
Reg. Shares / Total Shares & Borrowings	24.70	22.41	21.80	22.40	33.64	25	19.90	32.66	19
Total Loans / Total Assets	81.50	81.65	82.96	84.72	76.75	86	89.45	79.41	69
Cash + Short-Term Investments / Assets	13.73	13.40	11.11	11.75	16.99	31	16.40	15.42	61
Total Shares, Dep. & Bors / Earning Assets	93.25	93.24	93.38	93.34	93.24	47	93.77	93.25	53
Reg Shares + Share Drafts / Total Shares & Bors	48.76	47.81	46.47	46.85	48.06	54	43.38	46.71	48
Borrowings / Total Shares & Net Worth	0.00	0.37	0.37	0.35	1.91	6	0.32	2.16	6
PRODUCTIVITY									
Members / Potential Members	6.16	6.25	6.31	6.42	27.10	26	6.58	26.74	27
Borrowers / Members	71.09	71.14	79.00	79.64	48.84	96	81.57	49.09	97
Members / Full-Time Employees	275.84	272.22	275.77	278.46	382.41	16	267.87	379.80	13
Avg. Loan Balance	\$5,730	\$6,053	\$6,007	\$6,205	\$7,504	42	\$6,823	\$7,419	55
*Salary And Benefits / Full-Time Empl	\$43,023	\$43,004	\$44,016	\$50,113	\$52,183	47	\$47,322	\$51,477	36
OTHER RATIOS									
* Net Worth Growth	14.73	15.06	16.52	19.38	7.73	96	20.14	8.21	96
* Market (Share) Growth	15.16	20.41	15.52	20.11	13.24	75	36.60	5.94	98
* Loan Growth	18.45	22.92	20.69	16.25	2.64	89	21.40	7.09	96
* Asset Growth	15.63	20.61	17.04	18.75	10.90	79	33.62	5.90	96
* Investment Growth	1.72	14.42	-9.79	51.60	60.40	62	148.07	12.73	97

* Annualization factor: March = 4; June = 2; September = 3; December = 1 (or no annualizing)
**Percentile Rankings and Peer Average Ratios are produced once a quarter after the data collection is complete. Subsequent corrections to data after this date are not reflected in the Percentile Rank or the Peer Average Ratios until the next cycle.

Percentile Rankings show where the credit union stands in relation to its peers in key areas of performance. To arrive at the percentile ranking, all data for all credit unions in a peer group are arranged in order from highest (100) to lowest (0) value. The percentile ranking assigned to the credit union is a measure of the relative standing of that ratio in the entire range of ratios. A high or low ranking does not imply good or bad performance. However, when reviewed in relation to other available data, users may draw conclusions as to the importance of the percentile rank to the credit union's financial performance.

† For periods before 2004, the Fixed Assets & Foreclosed and Repossessed assets did not include repossessed vehicles.

2. Ratio

Return to cover		Summary Financial Information									
10/23/2006		For Charter :									
CU Name:		Count of CU : 1									
Peer Group: 5		Asset Range : 100,000,000 - 500,000,000									
		Criteria : N/A									
		Count of CU in Peer Group : 930									
		LAST 12 mos									
ASSETS:		June-2005	September-2005	% Chg	December-2005	% Chg	March-2006	% Chg	June-2006	% Chg	
		Amount	Amount		Amount		Amount		Amount		
Cash & Equivalents		34,664,955	36,703,418	5.9	30,857,005	-15.9	34,154,381	10.7	52,608,248	54.0	
TOTAL INVESTMENTS		1,466,503	1,679,734	14.5	1,679,734	0.0	1,581,423	-5.9	1,581,423	0.0	
Loans Held for Sale		1,003,490	592,200	-41.0	2,500,200	322.2	2,229,280	-10.8	2,106,625	-5.5	
Real Estate Loans		91,280,909	99,515,486	9.0	104,964,913	5.5	115,968,836	10.5	128,989,782	11.2	
Unsecured Loans		19,887,190	19,772,776	-0.6	21,597,750	9.2	21,125,739	-2.2	22,710,323	7.5	
Other Loans		97,339,228	104,430,530	7.3	103,835,491	-0.6	102,665,571	-1.1	103,355,842	0.7	
TOTAL LOANS		208,507,327	223,718,792	7.3	230,398,154	3.0	239,760,146	4.1	255,055,947	6.4	
(Allow. Ln & Lease Losses)		(1,359,761)	(1,316,144)	-3.2	(1,242,618)	-5.6	(1,241,389)	-0.1	(1,221,006)	-1.6	
Land And Building		3,566,343	4,209,411	18.0	4,190,760	-0.4	4,188,634	-0.1	4,441,806	6.0	
Other Fixed Assets		2,345,533	2,411,975	2.8	2,484,910	3.0	2,674,924	7.6	2,783,846	4.1	
NCUSIF Deposit		1,959,114	1,959,114	0.0	2,097,757	7.1	2,097,757	0.0	2,218,840	5.8	
All Other Assets		3,688,601	4,022,990	9.1	4,760,426	18.3	5,299,891	11.3	4,841,026	-8.7	
TOTAL ASSETS		255,842,105	273,981,490	7.1	277,726,328	1.4	290,745,047	4.7	324,416,755	11.6	
LIABILITIES & CAPITAL:											
Dividends Payable		1,140	790	-30.7	0	-100.0	1,707	N/A	2,850	67.0	
Notes & Int. Payable		0	1,000,000	N/A	1,000,000	0.0	1,000,000	0.0	1,000,000	0.0	
Accnts. Pay. & Other Liab.		5,110,215	5,161,049	1.0	7,185,746	39.2	6,701,788	-6.7	6,889,557	2.8	
Uninsured Sec. Capital		0	0	N/A	0	N/A	0	N/A	0	N/A	
TOTAL LIABILITIES		5,111,355	6,161,839	20.6	8,185,746	32.8	7,703,495	-5.9	7,892,407	2.5	
Share Drafts		53,998,379	61,354,878	13.6	59,703,551	-2.7	62,140,733	4.1	67,181,118	8.1	
Regular shares		55,446,744	54,136,605	-2.4	52,750,803	-2.6	56,919,650	7.9	56,953,141	0.1	
All Other Shares & Dep.		115,004,062	125,084,009	8.8	128,564,197	2.8	134,077,290	4.3	160,996,097	20.1	
TOTAL SHARES & DEPOSITS		224,449,185	240,575,492	7.2	241,018,551	0.2	253,137,673	5.0	285,130,356	12.6	
Regular Reserve		2,376,786	2,433,963	2.4	2,376,786	-2.3	2,376,786	0.0	2,376,786	0.0	
Other Reserves		0	0	N/A	0	N/A	0	N/A	0	N/A	
Undivided Earnings		23,904,779	24,810,196	3.8	26,145,245	5.4	27,527,093	5.3	29,017,206	5.4	
TOTAL EQUITY		26,281,565	27,244,159	3.7	28,522,031	4.7	29,903,879	4.8	31,393,992	5.0	
TOTAL LIAB. & EQUITY		255,842,105	273,981,490	7.1	277,726,328	1.4	290,745,047	4.7	324,416,755	11.6	
INCOME & EXPENSE											
Loan Income*		6,443,083	10,029,834	3.8	13,861,215	3.6	4,083,248	17.8	8,585,870	5.1	
Investment Income*		398,956	608,684	1.7	857,026	5.6	231,396	8.0	611,497	32.1	
Other Income*		3,010,629	4,772,759	5.7	6,562,865	3.1	1,822,637	11.1	3,849,450	5.6	
Salaries & Benefits*		3,054,610	4,708,885	2.8	6,404,315	2.0	1,835,391	14.6	3,691,091	0.6	
Total Other Oper. Exp.*		4,117,484	6,445,706	4.4	8,684,416	1.0	2,277,553	4.9	4,847,324	6.4	
Non-Oper. Income & (Exp)*		953,135	1,538,064	7.6	2,033,964	-0.8	552,831	8.7	1,145,878	3.6	
Prov for Loan/Lease Losses*		374,483	624,483	11.2	663,064	-20.4	24,171	-85.4	89,137	84.4	
Cost of Funds*		1,456,286	2,404,734	10.1	3,519,869	9.8	1,171,150	33.1	2,693,182	15.0	
Net Income*		1,802,940	2,765,533	2.3	4,043,406	9.7	1,381,847	36.7	2,871,961	3.9	
* Items are year-to-date. %Change ratios are Annualized.											
# Means the number is too large to display in the cell											
		UP 1 million OUTSTANDING									
		We Could Hit 6 Million									
		1. Summary Financial									

Growth
3 million

Goal of
50m - Big
Opportunity

Growth
47 million

The Top 8 Reasons that Credit Union's Turn down a Member

- 1. The loan request doesn't fit in the box**
- 2. Employees are programmed not to take risk**
- 3. Policies are often written so there is no choice but to say no (i.e. Suffering a loss due to bankruptcy is an automatic rejection unless the loss is made good)**
- 4. The employee making the decision often does so without ever talking to the member**
- 5. Risk scores that are low strongly influence an employee**
- 6. Credit unions are afraid of being written up by the examiners**
- 7. We highlight what we don't like vs. what we do like**
- 8. Some loan officers become very judgmental because they personally have high scores and use themselves as the standard**



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The Fact of the Matter is:

- **Credit unions desperately need more income**
- **Members are confused and frustrated because they paid us, we have their paycheck and now we're saying no**
- **Credit union deposits aren't growing**
- **Board members are more focused on low delinquencies and charge-offs than they are income**
- **Our employees go somewhere else to get their loans**
- **Millions of dollars of income are lost to our competitors who are willing to take the risk**



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What's the Answer?

- **Training, Training, Training**
- **Your policy should also say the member can only be turned down by the decision maker and the decision maker must talk to the member FIRST**
- **Change your policy so that the only reason you can turn a member down is you don't believe the member will pay the credit union**



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Taking Risk on Car Loans

You Won't Recapture
Sub-Prime Car Loans
Unless You're Willing
to Over-Finance.



Trans Union Report

Applicant

Name: John A. XXXXXXX

Address: 123 Main Street

City, State, Zip: Anytown, USA
12345

Status: Unknown

DOB: 06/06/1964 **42 Yrs Old**

Employer: AVI Food Systems

Position: Delivery Driver

Years: 3.5 years

Gross Income: \$22,360

- **Joined Credit Union in 2003**

Mother's address, lived with her for 20 years

Job likes him and he likes job

John A. XXXXXXXX
123 Main Street
Anytown, USA 12345

SS: xxx-xx-xxxx

DOB: 06/06/64

380

830

SPECIAL MESSAGES

***ID MISMATCH ALERT: 9 INQUIRIES IN THE LAST 60 DAYS
HIGH RISK FRAUD ALERT: CLEAR FOR ALL SEARCHES PERFORMED
OFAC NAME ACREEN ALERT - CLEAR

550

MODEL PROFILE

***FICO CLASSIC 04 ALERT: SCORE=
***RECORD OR COLLECTION FILED: TIME SINCE DELINQUENCY IS TOO RECENT OR
***UNKNOWN; NUMBER OF ACCOUNTS WITH DELINQUENCY; LENGTH OF TIME SINCE
***DEROGATORY PUBLIC RECORD OR COLLECTION IS TOO SHORT ***

ALERT

+433

CREDIT SUMMARY

PR=5 COL=5 NEG=9 HSTNEG=3-16 TRD=11 RVL=2 INST=7 MTG=0 OPN=2 INQ=39

	HIGH CRED	CRED LIM	BALANCE	PAST DUE	MONTHLY PAY AVAILABLE
INSTALLMENT:	\$10.1K\$	\$	\$10.1K	\$0	\$126
CLOSED W/BAL:			\$7417	\$7263	\$4893
TOTALS:	\$10.1K\$	\$	\$17.5K	\$7263	\$5019

REVOLVING (CREDIT CARDS)

\$500 LIMIT 0=100 POINTS
\$100 OWED 80 POINTS

PUBLIC RECORDS

SOURCE TYPE	DATE	LIAB	EOA	COURT	ASSETS	PAID	DOCKET# PLAINTIFF/ATTORNEY
XXXXXXX PAID CIVIL JUDGMENT	1/06R	\$884	C	CI		6/06	XXXXXXX EPS DEVELOPMENT
XXXXXXX CIVIL SUIT FILED	8/05R	\$2764	C	CI	Paid by Garnishments		XXXXXXX ATLANTIC FINANCIAL SER
XXXXXXX CIVIL SUIT FILED	8/05R	\$4656	C	CI			XXXXXXX ATLANTIC FINANCIAL SER
XXXXXXX PAID CIVIL JEDGMENT	2/04R	\$77	I	CI		1/05	XXXXXXX CITY OF
XXXXXXX CIVIL SUIT FILED	1/02R	\$1683	I	CI		1/05	XXXXXXX OSI/N

COLLECTION S

SUBNAME ACCOUNT#	SUBCODE	ECOA	OPENED VERIFIED	CLOSED	SPLACED BALANCE	CREDITOR REMARKS	MOP
NCO FIN /99	X XXXXXXX	I	3/06 10/06A		\$1025 \$1025	10 EAST OHIO PLACED FOR COLLECTION	09B
CAVALRY PORT XXXXXXX	X XXXXXXX	I	12/04 10/06A		\$163 \$163	11 SPRINT PCS PLACED FOR COLLECTION	09B
FID COLECT XXXXXXX	X XXXXXXX	I	4/06 10/06A		\$283 \$283	MEDICAL PLACED FOR COLLECTION	09B
RECOVERY MNG XXXXXX	XXXXXXX	C	5/06 9/06		\$1878 \$1022	14 ATLANTIC FINA PLACED FOR COLLECTION	09B
ASSET ACCEPT	XXXXXX	I	8/05 9/06A		\$119 \$123	SBC PLACED FOR COLLECTION	09B

TRADES

SUBNAME ACCOUNT# ECOA COLLATRI/LOANTYPE	SUBCODE	OPENED VERIFIED CLSD/PD	HIGHCRED CREDLIM BALANCE	TERMS PAST DUE REMARKS	MAZDELQ AMT-MOP	PAYPAT 1-12 PAYPAT 13/2	MOP
ALLTEL COMM OIB I TELECOMMUNICATION	XXXXXX	4/06 9/06A 9/06F	\$256 \$256	\$0 TRANSFERRD TO RECOVERY			MO 30/60/90
ATLANTIC FIN F XXXXXX C AUTOMOBILE	XXXXXX	12/04 8/06A 8/06F	\$4656 \$4746	36M286 \$4906 P AND L WRITEOFF			I09
CAPITAL I BK B XXXXXXXXXX I CREDIT CARD	XXXXXXX	3/02 8/05A 6/03F	\$334 \$479	\$479 CLOSED BY CRDT GRANTOR			R09
ATLANTIC FINE XXXXXX C AUTOMOBILE	XXXXXXX	4/05 6/05A 6/05	\$4513 \$0	1M4607 \$0 TRANSFER			I09

ATLANTIC FIN F XXXXXXXX	12/04	\$7239	36M286		IO9
	6/05A		\$0		
C AUTOMOBILE	6/05F	\$0	TRANSFER		
PROVIDIAN B XXXXXXXX	1/00	\$964			R09
	2/02A	\$500			
I CREDIT CARD	9/00F	\$0	PURCH BY OTHER LENDER		
SAGE TELECOM U XXXXXXXX	2/04	\$58			09B
	9/04		\$0		
I UTILITY COMPANY	7/04F	\$58	PLACED FOR COLLECTION		
ATLANTIC FIN P XXXXXXXX	10/03	\$8997	36M361	XX2X221X11X1	I02
	12/04A		\$0	TIXITI	
C AUTOMOBILE	12/04C	\$0	REFINANCED	18	3/ 0/ 0
KEYBANK/GLHEC F XXXXXXXX	9/02	\$6741	M76	3/04	111111111114 I01
	9/06A	\$6741	\$0	05	111111111111
I DEFERRED TO 0515			PAYMENT DEFERRED		38 0/ 0/ 7
US DEP ED XXXXXXXX	9/01	\$3387	105M50	10/05	XXXXXXXXXX554 IUR
	9/06A	\$3387	\$0	\$250	05 3111XX1X1
1 STUDENT LOAN			STU LOAN NOT IN REPMT	48	0/ 3/ 3

INQUIRIES

DATE	SUBCODE	SUBNAME	DATE	SUBCODE	SUBNAME
11/06/06	XXXX	XXXX	8/17/06	XXXX	DRIVE FINANC
10/26/06	XXXX	DRIVE FINANC :	8/17/06	XXXX	COASTAL CR
10/16/06	XXXX	SLIMANS SLS :	8/17/06	XXXX	1 ST MERIT
9/28/06	XXXX	WF BANK :	8/10/06	XXXX	SERPENTINI O
9/28/06	XXXX	COAF :	8/08/06	XXXX	CREDO IMS
9/28/06	XXXX	DRIVE FINANC :	8/08/06	XXXX	GANLEY FORD
9/28/06	XXXX	SPITZER AUTO :	8/04/06	XXXX	1 ST MERIT
9/25/06	XXXX	WOLPOFF & AB :	8/03/06	XXXX	COURTESY AUT
9/23/06	XXXX	DRIVE FINANC :	7/17/06	XXXX	PROGRESSIVE
9/23/06	XXXX	MONTROSE LIN :	3/03/06	XXXX	NCO GRP
8/26/06	XXXX	1 ST MERIT :	1/20/06	XXXX	T-MOBILE
8/26/06	XXXX	WF BANK :	6/22/06	XXXX	1 ST PREMIER
8/26/06	XXXX	DRIVE FINANC :	6/04/05	XXXX	STERLING INC
8/26/06	XXXX	DON JOSEPH T :	5/24/04	XXXX	US BANK
8/19/06	XXXX	CNAC_OH114 :	3/29/05	XXXX	WACHOV/F
8/19/06	XXXX	1 ST MERIT :	3/25/05	XXXX	COAF
8/19/06	XXXX	CPS :	3/25/05	XXXX	PRO CAR
8/19/06	XXXX	CHASE :	2/05/05	XXXX	T-MOBILE
8/19/06	XXXX	DRIVE FINANC :	11/08/04	XXXX	NES
8/19/06	XXXX	AN/MULLINAX :			

The Best Strategy for John:

- **Direct Deposit**
- **Regular Savings**
- **Checking**
- **Pay off Drive Financial on the car loan**
- **Give member a credit card with a \$500 limit**
- **All payments will come out of direct deposit**
- **Raise credit card limit to \$1,000 after 12 months**
- **Lower car rate to 12.5%, to 'D' Paper rate, once the score reaches 550 – Provided member contacts credit union after about 12 months.**



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Great New Strategy for All Marginal Members

- **Hold FREE Seminars that are directed to C,D, & E Paper MBRS**
- **Have a drawing for a \$1,000 down payment for a member (Note: Member must finance the car with the credit union).**
- **Refreshments and drinks for attendees**
- **Show the member how to buy a car**
 - **The dealer CANNOT pull the member's credit report under any circumstances**
 - **The member will advise the dealer they have cash and they want the very best price**
 - **The member will let the dealer know that they plan on calling their credit union to have them look up the book value**
- **Members will be approved and given a draft they can use at any franchise dealer**



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Signature Loans

We Used to Like Them.



What to Look for in Approving Unsecured Loans:

- **Is there evidence the member is making their current payments?**
- **Has the member slowed down on their spending?**
- **Are there few inquiries for new credit?**
- **Is the member willing to shorten the term?**
- **Do they have a good job?**
- **Is it likely to continue?**
- **Do we have direct deposit and/or payroll deduction?**
- **Finally, what motivated the member?**



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Taking Risk on Mortgage Loans



Would You Consider
a 458 Score?

Why is the Loan Worth Considering?

- **Wife has a 6 year old job as a school teacher**
- **Husband is the manager of a grill for 6 years**
- **Combined incomes are almost \$100,000**
- **Little or no debt**
- **We have direct deposit on wife where our payments can be deducted**
- **They are trying to re-establish themselves**
- **Colorful credit is 2+ years ago**
- **Few inquiries**
- **We are getting paid**
- **They're excited about becoming a home owner**
- **Homes are appreciating in this area**
- **They are more than happy to pay you 9.5%**

CHALLENGE TO CREDIT UNIONS:

Look are your losses on mortgage loans and your delinquencies. Are you taking enough risk?

Who are you Marketing to?



We Can Learn from the Competition

How Capital One Auto
Makes it Easy.



Indirect Lending and What's A Fact?

- **Indirect Lending to non-members is usually “one-and-done”**
- **Members aren't looking for a new financial institution**
- **They are not looking for a lifetime relationship**
- **They simply want a car**
- **Do not get into indirect lending to build your new member base**
- **Get into this business for one reason only:**
“To make \$ for your shareholders, your existing members.”

A horizontal bar composed of two segments: a light grey segment on the left and a dark grey segment on the right.

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TAKE^{off the} handcuffs!

a policy manual
that really works!

<Rex Johnson's Online Institute>

Webinar #12 • March 9, 2007 • 1 PM CST

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