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CREDIT UNION ECONOMICS GROUP

NEWS RELEASE

Credit Union Economics Group (CUEG)

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**ATLANTA FED OFFICIALS APPRISED ON STATE OF INDUSTRY
BY CREDIT UNION ECONOMICS GROUP**

ATLANTA – A group of the credit union industry's leading economic observers told Federal Reserve Bank of Atlanta staff Tuesday how credit unions are faring in a difficult economy and that they are continuing to meet consumers' financial needs.

Federal Reserve Bank of Atlanta staff participating in the meeting with eight members of the Credit Union Economics Group (CUEG), included, Dennis Lockhart, president/CEO; Patrick Barron, First VP, COO; David Altig, SVP, director of research; Bill Estes, SVP; Anne DeBeer, and SVP; Bobbie McCrackin, VP, public affairs. Scott Frame, a federal financial economist and policy advisor, also joined the discussion.

Tun Wai, CUEG chair and NAFCU director of research, joined seven other economists and financial professionals Tuesday in providing Fed staff a credit union perspective on current consumer financial activities.

"CUEG appreciates the opportunity to meet with President Lockhart, a member of the Federal Open Market Committee, and his staff," Wai said. "It's important that the Fed hears credit unions' direct experiences with consumers and how the financial turmoil is affecting their daily operations."

Dave Colby, CUNA Mutual Group, chief economist, and Eli Vazquez, CFO, American Airlines FCU, provided Fed staff with one of several snapshots of the credit union industry.

Colby said CUEG sees a very slow economic recovery, beginning late in 2009. "2009 will be the most challenging year for credit union loan growth. Some credit unions view this as an opportunity to grow while others need to manage share and asset growth in light of stress on capital." Colby added the group expects interest rates and inflation to remain low in 2009, but pressures will force both moderately higher in 2010.

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Vazquez told Fed leaders credit unions increased consumer loans in 2008 by 7.1 percent and that business lending grew by 23 percent.

“By following sound business practices, credit unions are helping members while maintaining a sound capital structure and ample liquidity,” Vazquez said. “Credit unions did not cause our current economic troubles, but they will continue to be part of the solution.”

Cory Johnston, chief investment officer, Georgia Central Credit Union, updated Fed staff on the Corporate Stabilization Program. He said corporate credit unions are reaching out to natural person credit unions to encourage their participation in building a stronger system.

“The corporates are laying groundwork to raise additional capital and participate in a restructuring of the network that provides added safeguards for natural person credit unions,” Johnston said.

Sam Inman, CFO, Community First CU of Florida, said credit unions are continuing to meet their members’ lending needs in a safe and sound manner. “This has especially been the case in the area of refinancing mortgages in the first quarter. As an industry, we can’t just look at net loan growth. We must also include the amount of originations in evaluating our success as secondary marketing participation increases.”

Terrin Griffiths, economist/industry analyst, California/Nevada Credit Union Leagues, said despite worsening economic conditions, credit unions in the West aggressively marketed loan products, due mainly to their strong capital positions. “Though loan growth slowed late in 2008, credit unions in the West reported an increase in lending for the fourth quarter and the entire year,” said Griffiths.

“Western credit unions won’t escape another difficult year,” added Dwight Johnson, VP, Western Corporate FCU. “However, they will use this period of time to develop stronger member relationships. One way they’re doing that is by ramping up existing programs to counsel members who are having financial difficulties.”

Another way credit unions are deepening member relationships is through retirement planning, according to Steve Brewer, CFO, Michigan Schools & Government Credit Union. Brewer provided some unique examples of retirement-related products and services offered by credit unions as well an update on credit union efforts to provide members with retirement planning, education and member concerns with retirement preparation. “More members are looking to credit unions as a trusted source of information on retirement planning,” Brewer said.

The Federal Reserve Bank of Atlanta is one of 12 Federal Reserve Banks nationwide that, together with the Fed’s Board of Governors in Washington, D.C., serve as the

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country's central bank. Atlanta is part of the Sixth Federal Reserve District, covering the states of Alabama, Florida, Georgia and parts of Louisiana, Mississippi and Tennessee.

The Credit Union Economics Group is a working group of credit union officials located throughout the country who are dedicated to the current and future financial well being of the credit union movement. CUEG's objective is to provide credit unions with consensus macroeconomic forecasts and industry trend analyses that will be helpful in their planning and operations. This independent, non-profit group also provides a credit union perspective on national and regional economic trends by exchanging information with the NCUA, the Federal Reserve Board and the various Federal Reserve District Banks.

CUEG prepares a regional economic and descriptive credit union trends report bi-annually as well as a quarterly consensus macroeconomic and industry-trend forecast, available at www.cueg.org.

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CAPTION: Credit Union Economics Group members on Tuesday provided Federal Reserve Bank of Atlanta staff with a credit union perspective on current consumer financial activities. Left to right are, Dave Colby, CUNA Mutual Group; Dwight Johnston, Western Corp. FCU; Cory Johnston, Georgia Central CU; Tun Wai, NAFCU; Federal Reserve Bank of Atlanta President Dennis Lockhart; Terrin Griffiths, California/Nevada League; Eli Vazquez, American Airlines FCU; Sam Inman, Community First CU of Florida; and Steve Brewer, Michigan Schools and Government CU.