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LCUL's 2009 Economic Outlook Program Provides Insight into Upcoming Financial Conditions

(Harahan, LA) – Credit union professionals from across the state of Louisiana gathered in Baton Rouge on Tuesday, January 13 to attend the Louisiana Credit Union League's 2009 Economic Outlook program. The league offered this program in response to the many inquiries we received from member credit unions. The program was designed to help attendees better understand our current economic situation, where we are headed for the rest of 2009, and what this will mean to credit unions and their members.

Steven Rick, Senior Economist for CUNA & Affiliates, opened the program by sharing his insights on the economic outlook and its impact on credit unions, highlighting the many challenges we will face in the coming year, including the fear of wrenching recession and possible deflation, rising unemployment, falling home prices, and the financial stimulus package that will soon be implemented by the government. However, he did note that overall the credit union cooperative model is well suited to weather the economic turmoil.

One of the highlights of the program was a panel discussion, facilitated by Susie Fair, LCUL Vice President of Member Services, where panelists shared their unique perspectives on the impact that the current economic conditions will have on credit unions in Louisiana. Panelists included Mike Hooper, CFO of La Capitol FCU in Baton Rouge; Rhonda Hotard, President/CEO of Louisiana FCU in LaPlace; Donna Wagoner, President/CEO of Ouachita Valley FCU in Monroe; and Jon Flagg, NCUA Supervisory Examiner. Attendees presented questions to the panelists and each shared their thoughts on topics including:

- Specific challenges credit union members are facing during these difficult economic times, including any delinquency or collections issues;
- Asset liability management strategies;
- NCUA's exam focus and how it has shifted as a result of the current conditions;

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- The importance of having a liquidity contingency plan;
- Membership growth strategies;
- Any impact credit unions have seen to their credit card portfolios; and
- Human resources and hiring opportunities that now exist for credit unions

On the state-level, Dr. Loren C. Scott of Loren C. Scott & Associates, Inc., former Chairman of the Economics Department at Louisiana State University, shared his extensive knowledge of how Louisiana is faring. He discussed the seven metropolitan areas in the state and reviewed the opportunities and challenges that each area is facing.

- Overall, New Orleans is experiencing quite slow economic recovery, although there are currently over \$20.3 million construction projects currently planned or underway in the New Orleans area.
- Baton Rouge has a solid outlook for 2009, with a projected \$6.5 billion in construction, although the EPA's change of federal ozone standard could be a potential problem for this area.
- Construction will be a big player in the future of Lake Charles, which also looks solid for 2009.
- The really great news is for the Houma-Thibodaux area, which has a booming outlook, with several new shipyards and fabricators, as well as new state highway and coastal restoration projects.
- The future also looks strong for Lafayette, with a projected 2,800 new jobs in 2009.
- There is huge potential for the Shreveport-Bossier area, due in part to the film industry, federal highway funding, and the Haynesville Shale, but this area could be especially sensitive to recession effects, especially with the casinos.
- Monroe is really struggling, having experienced a significant decrease in jobs from 2004-2005 that they still have not recovered from. Alexandria is holding steady but could be entering a lull.

In our closing session sponsored by Southwest Corporate FCU, Dr. Charles Idol of Asset/Liability Management Consulting & Research, reviewed credit union ALM trends, noting that rapid share growth and low earnings diluted equity ratios; real estate lending continues to be dominant; investment portfolios grew rapidly in 2008; and delinquencies through the third quarter of 2008 were higher in all categories of loans. He reviewed projections for GDP growth

through 2009, discussed major issues plaguing the economy, and shared his rate outlook for 2009. In closing, he shared with attendees his specific recommendations for asset liability management strategies for 2009 and shared lessons learned from the credit crisis.

Although much of the information shared by presenters and credit union executives was not always positive and clearly portrayed the bleak state of our current economy, there was the underlying message of hope for our future. Credit unions are well positioned to be a safe harbor for members during these difficult times, and are certainly strong enough to weather this current storm.

For more than 70 years, the Louisiana Credit Union League has represented the unique interests of more than 200 not-for-profit credit unions and the more than one million credit union members that they serve in the state of Louisiana.

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Photo Attached: EconomicOutlookPanel.jpg