



## *Louisiana* **Credit Union League**

December 18, 2008

### **FOR IMMEDIATE RELEASE**

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## **Louisiana 3rd Quarter Financial Review: Now is the time to stay the course**

**HARAHAN, LA** - Our nation is now officially in a recession and like everyone else, Louisiana credit unions are wondering what is in store for our industry. And the best answer is really no answer at all... we will just have to wait and see. Economic data looks promising for Louisiana, but we cannot ignore the events going on around us that will undoubtedly have an impact on our members and our credit unions.

According to NCUA Call Report data for the third quarter of 2008, Louisiana credit unions experienced a very modest 1% increase in assets to \$7.21 billion from \$7.14 billion in June 2008. Louisiana credit unions' asset growth ratio is 9.68%, which is down from 12.46% in June 2008. Net worth ratio is 13.23%, which is up slightly from 13.16% in June 2008 and higher than the national of 11.18%, indicating that Louisiana's credit unions may be better positioned than most to ride out what are predicted to be tough economic times.

Total number of credit unions is at 234, down from 237 at this time last year. Although the number of credit unions is decreasing, the number of branches continues to increase, as the number of CU branches increased by 1.6% to 433 from 426 as of June 2008. The number of full time employees has increased by 0.4% to 3,110 from 3,099, but the number of part-time employees has decreased significantly by -6.4% to 427 from 456 in June of 2008. Membership continues to increase ever so slightly, showing a 0.8% gain to 1,139,995 members in September 2008 from 1,131,337 members in June 2008. Year to date membership percentage growth is 2.08%, compared to 1.53% nationally.

Return on average assets (annualized) is higher than national average of 50 basis points, at 80 basis points, which shows that Louisiana credit unions continue to experience efficiency in our asset liability management by curtailing drastic dividend expenses and maintaining a higher yield on loans. Louisiana credit unions reported a cost of funds (annualized) average of

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2.39%, compared to 2.96% nationally, indicating that we are conservative with regards to dividend increases. Our members are continuing to trust their credit unions as a safe, sound place for their savings, as evidenced by the 6.9% increase in total shares & deposits from this time last year.

As of September 2008, Louisiana's credit union loan growth ratio is 7.25%, which is up from 5.71% in June 2008. Total loans increased to \$4.46 billion from \$4.35 billion (2.5%), and real estate loans increased 3.1% from June 2008. However, delinquent real estate loans (>2 months) increased 18.3% from June 2008 to \$8,714,994; this is a 122% increase from September 2007, indicating that credit unions and our members are not immune to the economic downturn. Net charge offs are up 16% from this time last year and total delinquent loans are up 27% from this time last year. Louisiana credit unions reported a yield on loans (annualized) of 7.28%, compared to 6.60% nationally. This figure is holding steady for Louisiana, as it was 7.22% at this time last year and 7.30% in June 2008. We haven't seen a reduction in our loan yield, and remain higher than the national average.

In light of the current economic conditions and the future uncertainty, credit unions are being advised to just stay the course. Although you must look at the bigger picture and certainly prepare for the future, economists do not predict that this economic downturn will be long lasting. According the recent Economic Profile published by CUNA, credit unions are not encouraged to increase pricing for members, who may already be financially strapped for a period of time. Credit unions are also advised to take caution when pursuing new activities.

***About the Louisiana Credit Union League ([www.lcul.com](http://www.lcul.com))***

For more than 70 years, the Louisiana Credit Union League has represented the unique interests of over 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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