Your online connection to important information, service updates, and happenings for Pennsylvania credit unions

In This Issue:

Page 2

Top 25 PA Credit Unions By % of Members with Auto Loans

Every Loan has a Story

Page 3

CEO Leadership Workshop: Preparing for Tomorrow's Challenges

Private Student Lending: An Opportunity to Deliver Economic Value to Members and Your Credit Union

Paae 4

Credit Unions in the News

Credit Unions for Kids Logo Gets a Facelift

Events Calendar





PA Credit Union Growth Outperforms Nation In Third Quarter 2010

Pennsylvania credit unions finished ahead of national statistics for the third quarter of 2010. The *Pennsylvania Profile, Third Quarter 2010,* shows assets, members, savings, and loans were up and outperformed the national growth rates.

As of September 30, 2010, there were 545 credit unions in Pennsylvania, with \$33.4 billion in assets, and 3.58 million members. Credit union membership grew 1.1 percent in the third quarter, and 1.9 percent in the 12-month period ending September 30, 2010, compared to 0.7 percent national growth for the period.

"The *iBelong* campaign has steadily raised awareness and the perception of credit unions, resulting in consistent membership growth that is stronger than the national average," said Jim McCormack, Association President/CEO. "Pennsylvania credit unions have also positioned themselves well during the tough economic times to gain consumer confidence in helping them make important financial decisions, as well as improving their visibility within their communities. These are all important factors in strengthening the foundation for future credit union growth."

Pennsylvania's total loan balances grew 3.5 percent for a 12-month period ending September 30, 2010. Loans rose 1.5 percent in the third quarter, faster than the national average of 0.3 percent.

Member business loans were the fastest growing loan category, up 4.9 percent for the third quarter, compared to 1.8 percent national growth. First mortgages and other

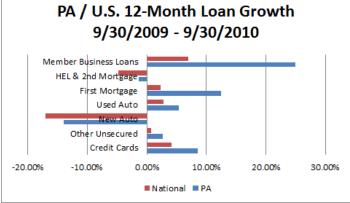
unsecured loans each grew 2.7 percent. Credit cards increased 2.2 percent.

Used automobile loans slowed in the third quarter, from 2.6 percent growth at mid-year, to 2.1 percent by September 30. For a 12-month period ending September 30, used automobile loans grew 5.4 percent in 2010, compared to 10.8 percent in 2009. Nationally, used auto loans grew 2.8 percent for the third quarter.

New auto loans ended the third quarter at -2.7 percent, and -14 percent for the 12-month period. Nationally, new auto loans dropped 17 percent during the 12-month period. The drop in 2010 loans reflects the surge of new automobile purchases in 2009 as a result of the government's Cash for Clunkers program.

The average number of bankruptcies per credit union was 16 as of September 30, up from 11 in 2009. The national average was 47. The increased number of delinquencies (60 days-plus) for third quarter was 1.1 percent for the quarter.

The weak economy continues to severely impact many credit union members. As debts become overwhelming,



members who experienced job losses and foreclosures are more likely to file for bankruptcy. NCUA reported that the number of members filing for bankruptcy increased by one-third in the third quarter of 2010 and is on pace to exceed the total for 2009. During the first nine months of 2010, the percentage of loans charged off due to bankruptcy increased from 20.8 percent to 23.7 percent among all federally-insured credit unions in the nation.

Nearly 96 percent of all Pennsylvania credit unions were well capitalized with net worth ratios of 7 percent or greater. Nationally, 94.5 percent of credit unions met the standard for being well capitalized. The industry's aggregate net worth is up slightly to just under 10 percent of total assets; Pennsylvania is a bit higher at 10.6 percent.

Credit unions were among "financing trends for 2011" noted in a recent *Reuters* article that told small

business owners that credit unions could be among the forces that have a real impact on financing needs in the coming year.

"These cooperative financial institutions are among the most active in making smaller loans to entrepreneurs and have only gotten busier in recent years, according to the National Credit Union Administration (NCUA)," the article noted. "NCUA figures show credit unions made more than \$33 billion worth of business loans in 2009, up from \$12 billion in 2004."

Reuters pointed out the lower default rates of credit unions loans, and noted that rates and terms that "are often better than traditional banks."

To read the complete quarterly summary of Pennsylvania credit unions contained in *Pennsylvania Profile*, visit *pcua.coop*. Click on the Credit Union Resources tab and select PA Profile.

Rank	Credit Union Name	% of Members with Auto Loans	Total Assets	Members
1	C.A.T. FCU	37.15%	\$1,401,211	288
2	Blair County FCU	33.07%	\$42,504,473	6,697
3	Sarco FCU	31.17%	\$6,747,861	738
4	Citadel FCU	30.32%	\$1,530,710,800	122,776
5	Johnstown School Employees FCU	30.17%	\$8,598,779	663
6	Central Susquehanna Community FCU	29.57%	\$23,551,349	2,442
7	Superior Credit Union	28.45%	\$37,911,072	4,419
8	Metro Wire FCU	28.15%	\$6,041,602	771
9	Diamond Credit Union	27.81%	\$356,200,076	40,403
10	P.N.G. Northern FCU	27.73%	\$2,543,724	476
11	Craftmaster FCU	27.72%	\$7,517,165	1,003
12	U. S. N. E. Penitentiary Employees FCU	27.58%	\$12,221,299	1,251
13	Dertown School FCU	27.29%	\$6,753,722	733
14	Ringgold School Employees FCU	27.28%	\$11,484,013	755
15	APEX Community FCU	26.95%	\$35,467,888	4,935
16	NABCO FCU	26.11%	\$6,195,620	1,329
17	NEWELL FCU	25.62%	\$7,716,271	1,542
18	S. T. P. Employees FCU	25.52%	\$1,408,197	337
19	Cross Valley FCU	24.65%	\$155,124,350	21,762
20	TETCO Employees FCU	24.31%	\$2,297,877	432
21	Westmoreland Water FCU	23.81%	\$14,369,518	1,554
22	PENNSTAR FCU	23.40%	\$32,239,534	4,188
23	Merck Sharp & Dohme FCU	23.10%	\$427,928,992	27,512
24	Post Gazette FCU	23.04%	\$11,552,089	1,619
25	Pennsylvania State Employees CU	22.86%	\$3,575,749,033	373,470

As of September 30, 2010, 37 of Pennsylvania's 545 credit unions had no recorded member

Every Loan has a Story

■ behind every loan granted at a credit union.

Share with us your favorite story that shows how the credit union made a difference and became a shining star for a member(s) — whether it was helping someone organize their finances and consolidate loans; a first car; home repairs; or a loan for a vacation trip, new computer, boat, or retirement/vacation

There is a member story

It is not necessary to include the name of the member, or you may choose to use a fictitious name to protect personal identity.

Send your story to highway@pcua.coop. We will feature the stories in a future issue.

Education & Professional Development

CEO Leadership Workshop: Preparing for Tomorrow's Challenges

The financial services industry continues to evolve. Changing consumer preferences, demographic shifts, technological advances, and new regulatory hurdles means we must continue to adapt and innovate. Yet, the core foundation of the credit union movement remains strong, and together we can meet the challenges ahead.

Join your peers at the CEO Leadership Workshop and discover keen insights that will help you and your credit union face tomorrow's challenges. The CEO Leadership Workshop is open to all credit unions, but is specifically designed for chief executives of small to mid-sized credit unions (less than \$90 million in assets).

We've planned a full day of valuable information and networking you won't want to miss.

- Strategic Update for Pennsylvania Credit Unions, presented by Association President/CEO Jim McCormack
- Reach Your Credit Union's Potential Leading Your Team in Sales and Service, by Sean McDonald, Liberty Savings FCU CEO, published author, and 2008 CUNA Business Development Professional of the Year
- Gen Y in the Workplace and the Boardroom, from the Association's 2010 Credit Union Youth Ambassador Amber Renick
- *Compliance Roundup:* Association Compliance Officers will provide the latest information on what you should know

Save the date! Registration details coming soon.

March 23, 2011 Central Hotel &

Central Hotel & Conference Center (former Sheraton) 800 East Park Dr. Harrisburg

March 24, 2011

Four Points by Sheraton Pittsburgh North 910 Sheraton Drive Mars

For more information, contact us at <code>education@pcua.coop</code> or visit the Education page at <code>www.pcua.coop</code>.

Products & Services

Private Student Lending: An Opportunity to Deliver Economic Value to Members and Your Credit Union

Delivering superior economic value to borrowers is an admirable goal for any credit union loan product. But creating a loan product that simultaneously delivers solid economic returns to the cooperative is



equally important, and by working within a collaborative networked environment, *Credit Union Student Choice* is helping credit unions do just that. The credit union service organization (CUSO) works with nearly 180 credit unions across the country (including 31 in Pennsylvania), enabling them to offer private student loans that meet the needs of both members and the credit union's bottom line.

"With our turn-key solution credit unions are able to recognize the full economic return from these attractive lending relationships without adding any additional staff or on-site expertise," said Jon Jeffreys, President of *Credit Union Student Choice*. "While we handle the key operational challenges and risks, credit unions set their own loan rates and are able to shape underwriting criteria to best suit their needs. By providing this type of unmatched flexibility regarding loan pricing, our program helps credit unions offer a loan that successfully meets the needs of members as well as the balance sheet."

"By controlling pricing, the program gives credit unions the ability to achieve a desired ROA. For example, if a credit union is looking for a net yield of 2 percent to 3 percent, they would likely need to charge a rate of 6.25 percent (Prime + 3 percent)," said Jeffreys. "This delivers a very profitable loan to the credit union and a great deal to the member."

To design your own customizable program with the help of *Credit Union Student Choice*, contact your Association Account Executive or visit www.studentchoice.org.



Pennsylvania Credit Union Association's 2011 Annual Convention & Exposition Details coming soon.

Credit Unions in the News



Several members of the Tobyhanna FCU management team recently climbed to the top of their new building to get an idea on how the construction is making progress. The location will replace the current Scranton branch and administrative offices. The building is expected to open in June 2011.



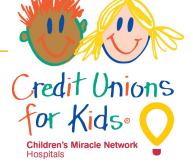
Santa and Mrs. Claus made their annual visit to Patriot FCU's Wayne Avenue on December 18. Children received a free photo and candy from Santa and Mrs. Claus.



UFCW FCU's Warriors Student Branch at Wyoming Area Secondary Center held a drawing for two Christmas Formal tickets to promote the Stash Your Cash savings program. Nina Magyar, UFCW Branch Advisor, presents the tickets to winner Michael Bugelholl.

Credit Unions For Kids Logo Gets a Facelift

For years, we've known them as the Children's Miracle Network, the organization which has raised \$4.2 billion for the 170 childrens hospitals, selling paper balloons and developing partnerships with corporations, credit unions, and television and radio stations.



On January 1, 2011, Children's Miracle Network announced a new name and logo: they are now Children's Miracle Network Hospitals®.

The artwork has a fresh new look and the familiar balloon icon has been updated to reflect the clean, simple and fresh personality of the new image. A new website was also launched — www.cmnhospitals.org.

The Credit Unions for Kids logo has also changed to reflect the new logo and name. Credit unions that participate in the program should begin the process of updating any materials and webpages with the new logo as soon as possible.

Keystone Extra is published bi-weekly online by the Pennsylvania Credit Union Association 4309 North Front Street, Harrisburg, PA 17110-1618 800-932-0661 • www.pcua.coop

President/CEO: Jim McCormack Managing Editor: Diane Powell, Director, Communications Editor: Janet Johnson, Communications Specialist



News stories and photographs are welcome. Submit information for publication to janet.johnson@pcua.coop.

Events Calendar

February

21 idents Do

Presidents Day Federal Reserve Bank Holiday

27-March 3
CUNA Governmental Affairs
Conference,
Washington, D.C.

March

17 NCUA Credit Union Workshop Philadelphia

23 CEO Leadership Workshop Harrisburg

24 CEO Leadership Workshop Pittsburgh

May

11-13 Annual Convention & Expo Hershey

Visit www.pcua.coop or contact the Association's Education Department for details on education programs and webinars.