

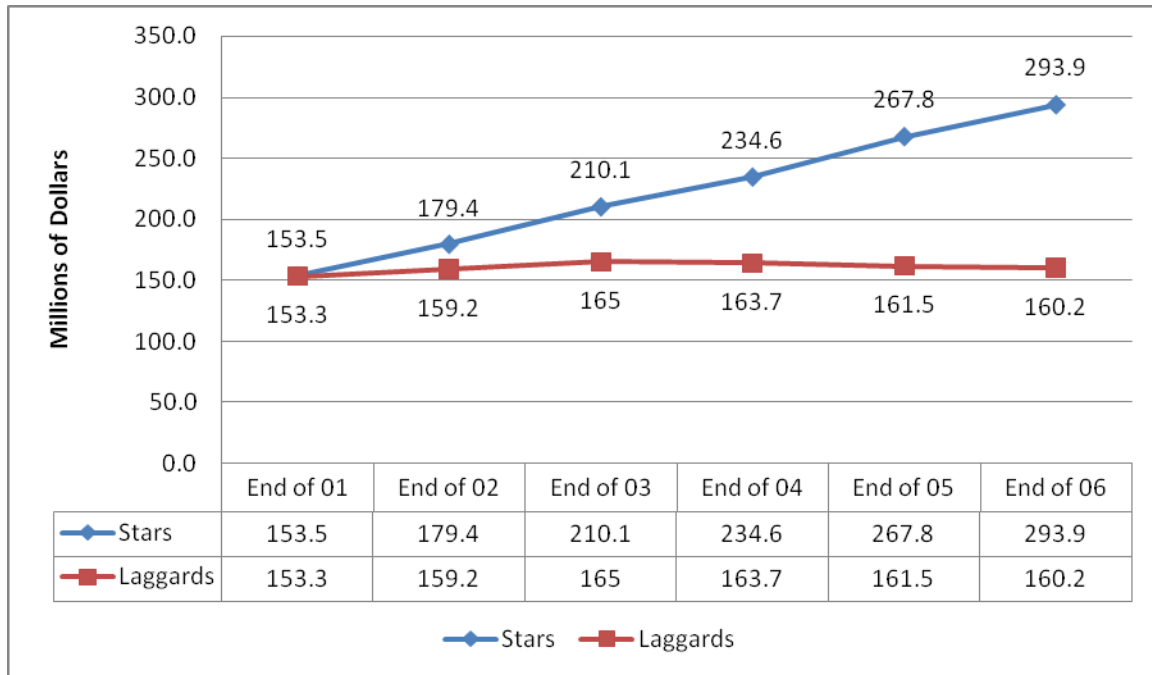
Appendix A—\$100M-\$250M Group

This appendix examines data about 42 star and 42 laggard credit unions over a five-year period beginning January 2002. All credit unions in this group begin the period with assets between \$100M and \$250M.

Asset Growth

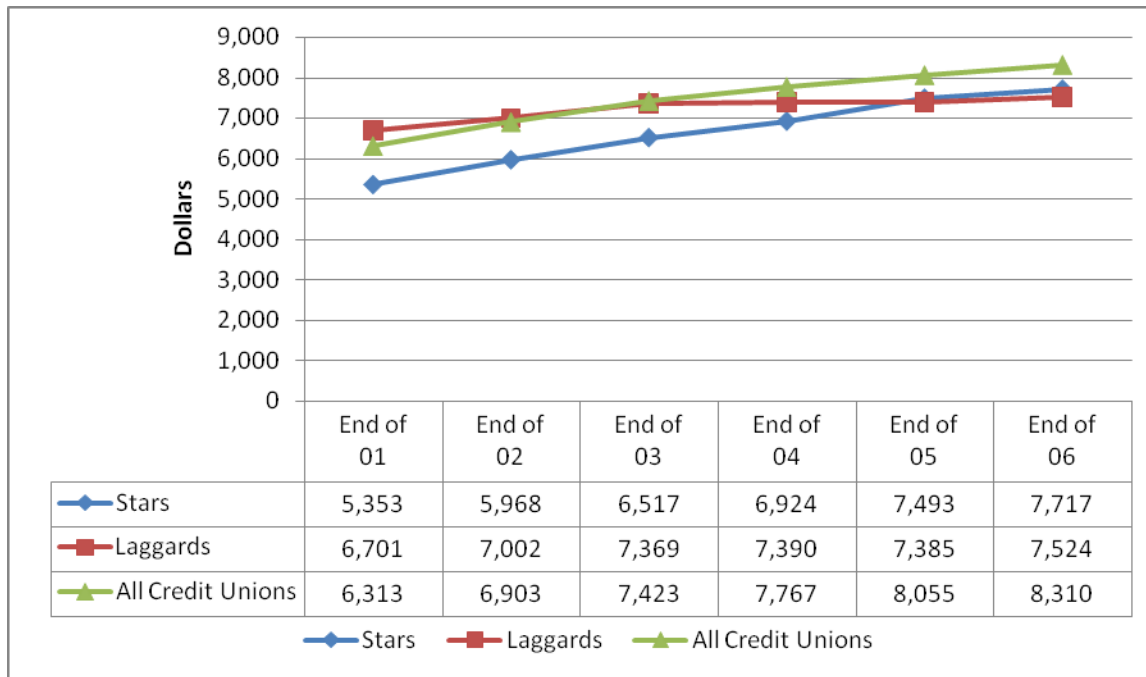
Total assets of the typical star credit union in this group nearly double over the five-year study period, increasing from \$153.5M to \$293.9M. In sharp contrast, the typical laggard credit union’s total assets increase less than 5% from \$153.3M to \$160.2M.

Figure A-1: Assets per Credit Union by Year (\$100M-\$250M Group)



Increases in assets per member are also impressive at star credit unions. Assets per member expand 44% over the five-year period at typical star credit unions, while they grow only 12% at laggard credit unions. The national credit union movement’s assets per member grow 32% over the same period.

Figures A-2: Assets per Member by Year (\$100M-\$250M Group)



Indicators of Credit Union Performance

Star credit unions outperform laggards on all primary performance measures except (1) operating expenses/average assets, (2) employees per million in assets, and (3) net worth/total assets. Their average net worth ratio exceeds government standards for “adequately-capitalized” credit unions (6%) and “well capitalized” credit unions (7%).

Figure A-3: Indicators of Credit Union Performance, Average Annual Data—2002-2006 (\$100M-\$250M Group)

| | Stars | Laggards | All U.S. CUs |
|--------------------------|---------|----------|--------------|
| Assets | | | |
| Total asset growth | 13.9% | 0.9% | 8.0% |
| Assets per member* | \$6,695 | \$7,227 | \$7,462 |
| Assets per member growth | 7.6% | 2.4% | 5.7% |
| Loans | | | |
| Loan growth | 15.1% | 1.8% | 9.1% |
| Loans per member | \$4,804 | \$4,296 | \$4,855 |
| Loans/Savings | 83.1% | 68.6% | 75.4% |

| Membership | | | |
|---|--------|--------|--------|
| Membership growth | 5.8% | -1.4% | 2.4% |
| Earnings and Expenses | | | |
| Net income/Average assets (bps) | 126 | 55 | 93 |
| Operating expenses/Average assets (bps) | 379 | 343 | 324 |
| Employees per million in assets | 0.42 | 0.38 | 0.34 |
| Capital Adequacy | | | |
| Net worth/Total assets | 10.45% | 11.96% | 11.01% |
| Asset Quality | | | |
| Delinquent loans/Average loans | 0.69% | 1.17% | 0.74% |
| Net charge-offs/Average loans | 0.48% | 0.79% | 0.52% |
| Bankruptcies per thousand members | 3.03 | 3.23 | 2.91 |

*Not considered a primary performance measure.

Distribution of Assets

In aggregate and in almost all loan categories, stars have more loans as a percent of assets than do laggards and all credit unions. Of special note are their strong performances in both new and used vehicle loans and in all mortgage types.

Figure A-4: Assets as a Percent of Total Assets, Average Annual Data—2002-2006
(\$100M-\$250M Group)

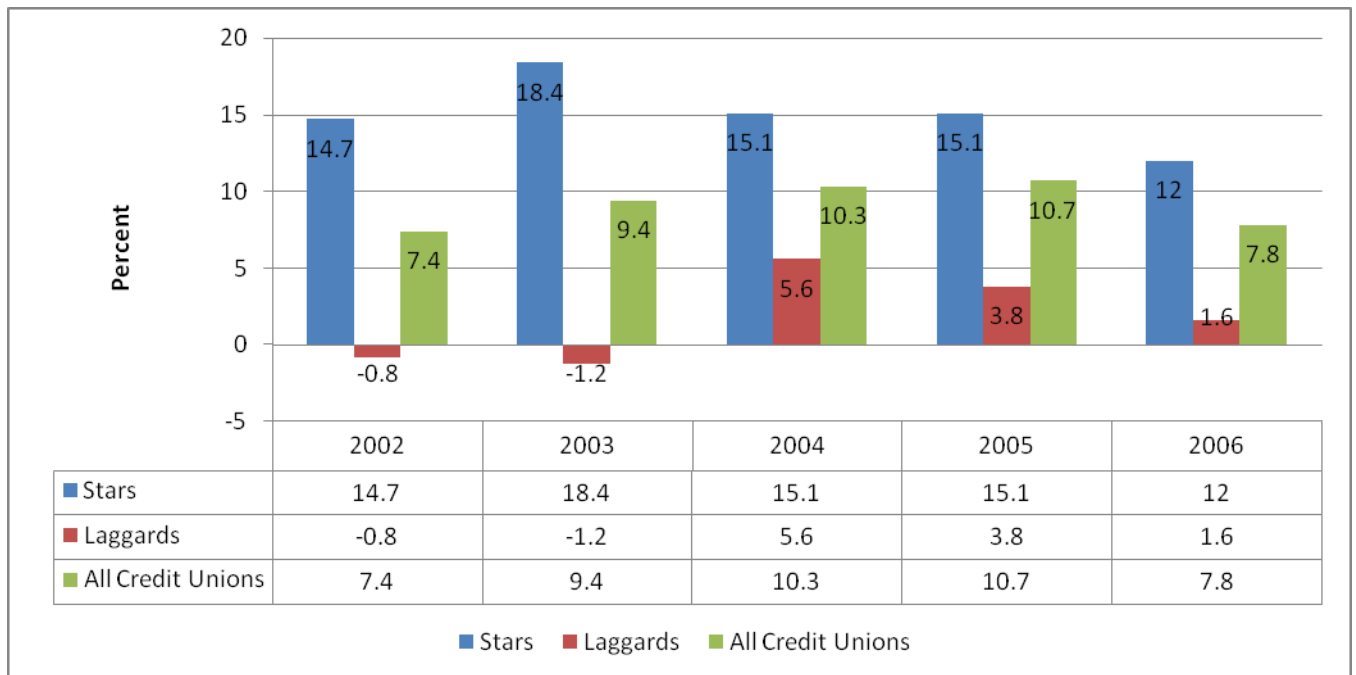
| | Stars | Laggards | All U.S. CUs |
|----------------------------------|--------------|-----------------|---------------------|
| Credit cards | 3.6% | 2.9% | 3.7% |
| Other unsecured loans | 3.5% | 3.7% | 3.5% |
| Total unsecured | 7.1% | 6.6% | 7.2% |
| New vehicle | 12.2% | 9.8% | 11.5% |
| Used vehicle | 16.9% | 12.8% | 12.9% |
| Total vehicle | 29.1% | 22.6% | 24.4% |
| First mortgage | 20.6% | 18.2% | 19.9% |
| Home equity | 5.1% | 4.4% | 4.8% |
| Other mortgages | 6.2% | 4.1% | 4.7% |
| Total mortgages | 31.9% | 26.7% | 29.5% |
| Other loans | 3.9% | 3.5% | 3.8% |
| Total loans | 71.9% | 59.4% | 64.9% |
| Total investments | 23.7% | 36.7% | 31.5% |
| Less loan loss allowances | 0.6% | 0.6% | 0.5% |

| | | | |
|---------------------|---------------|---------------|---------------|
| Other assets | 4.9% | 4.5% | 4.0% |
| Total assets | 100.0% | 100.0% | 100.0% |

Loans

Each year during the study period, total loans at star credit unions grow at a much faster rate than at laggards and all credit unions.

Figure A-5: Annual Growth in Total Loans by Year (\$100M-\$250M Group)



Also, loans in every category grow faster at star credit unions than at laggards.

Figure A-6: Growth by Loan Type, Average Annual Data—2002-2006 (\$100M-\$250M Group)

| | Stars | Laggards | All U.S. CUs |
|-------------------------|--------------|--------------|--------------|
| Credit cards | 3.7% | -9.2% | 4.3% |
| Other unsecured loans | 6.5% | -6.4% | 0.8% |
| Total unsecured | 5.0% | -7.7% | 2.6% |
| New automobile | 13.5% | 3.8% | 8.3% |
| Used automobile | 11.6% | 1.4% | 5.9% |
| Total automobile | 12.3% | 2.4% | 7.0% |
| First mortgage | 20.0% | 5.1% | 12.6% |
| Home equity | 23.2% | 2.7% | 15.2% |

| | | | |
|------------------------|--------------|-------------|--------------|
| Other mortgages | 21.4% | 7.4% | 15.5% |
| Total mortgages | 20.5% | 4.8% | 13.3% |
| Other loans | 12.8% | -5.1% | 4.9% |
| Total Loans | 15.1% | 1.8% | 9.1% |

Mortgages gain a growing share of assets at stars, laggards, and all credit unions over the study period. Stars have the highest percentage of their assets in mortgages.

Figure A-7: Mortgages as a Percent of Assets by Year (\$100M-\$250M Group)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------|-------|-------|-------|-------|-------|-------|
| Stars | 27.7% | 28.4% | 30.4% | 33.2% | 34.6% | 36.8% |
| Laggards | 25.6% | 25.1% | 24.0% | 26.3% | 28.5% | 30.9% |
| All U.S. Credit Unions | 26.3% | 26.4% | 27.5% | 29.7% | 32.3% | 34.5% |

Stars have greater penetration in total loans and in all but one loan category.

Figure A-8: Loan Product Penetration—Number Outstanding per Thousand Members, End of 2006 (\$100M-\$250M Group)

| | Stars | Laggards |
|---------------------------------|--------------|--------------|
| Credit card | 149.0 | 127.0 |
| Other unsecured | 110.6 | 93.7 |
| New vehicle | 63.6 | 54.8 |
| Used vehicle | 125.7 | 106.2 |
| First mortgage | 17.3 | 16.7 |
| Second mortgage and home equity | 32.9 | 26.1 |
| Business | 3.9 | 4.5 |
| Total loans | 491.4 | 413.3 |

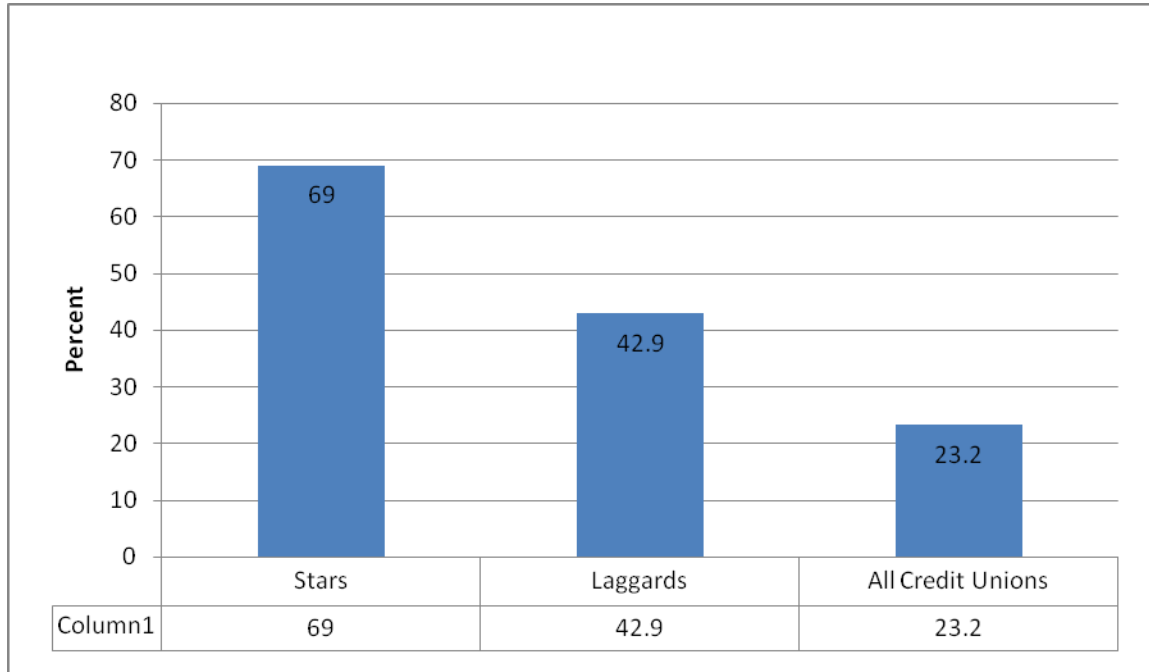
The average size of mortgage loans at a star credit union is larger than at a laggard credit union. Their average consumer loan size is somewhat smaller.

Figure A-9: Average Size of Loans Granted, 2006 (\$100M-\$250M Group)

| | Stars | Laggards |
|--------------------|-----------------|-----------------|
| Consumer loans | \$7,570 | \$8,580 |
| First mortgages | \$138,520 | \$123,720 |
| Second mortgages | \$41,940 | \$13,380 |
| Total loans | \$13,050 | \$11,610 |

Stars are more likely to offer business loans than are laggards and all credit unions.

Figures A-10: Business Loans—Percent of Credit Unions Offering, 2006
(\$100M-\$250M Group)



Deposit Growth

Stars experience superior growth in all deposit categories.

Figure A-11: Growth by Deposit Type, Average Annual Data—2002-2006
(\$100M-\$250M Group)

| | Stars | Laggards | All U.S. CUs |
|----------------------|--------------|-------------|--------------|
| Share drafts | 12.6% | 3.5% | 5.8% |
| Certificates | 18.1% | 1.1% | 10.5% |
| IRAs | 10.9% | 0.2% | 5.8% |
| Regular shares | 9.3% | 0.6% | 4.3% |
| Money market shares | 10.9% | -2.7% | 8.3% |
| Other savings | 32.3% | 11.2% | 6.1% |
| Total savings | 12.8% | 0.2% | 6.8% |

Stars have high account penetration in most savings and transaction account categories. They are particularly strong in certificates and checking accounts.

Figure A-12: Savings and Transaction Account Penetration--

Number of Accounts per Thousand Members, End of 2006 (\$100M-\$250M Group)

| | Stars | Laggards |
|-----------------------|----------------|---------------|
| Certificates | 135.0 | 116.1 |
| IRAs | 41.0 | 54.5 |
| Money market shares | 50.9 | 60.2 |
| Regular shares | 1,085.7 | 1081.6 |
| Share drafts/Checking | 472.7 | 395.5 |
| Other shares | 44.8 | 154.8 |
| Total savings | 1,808.7 | 1792.2 |

Stars have modestly higher average balances in certificate and money market accounts.

Figure A-13: Average Size of Savings and Transaction Accounts, End of 2006

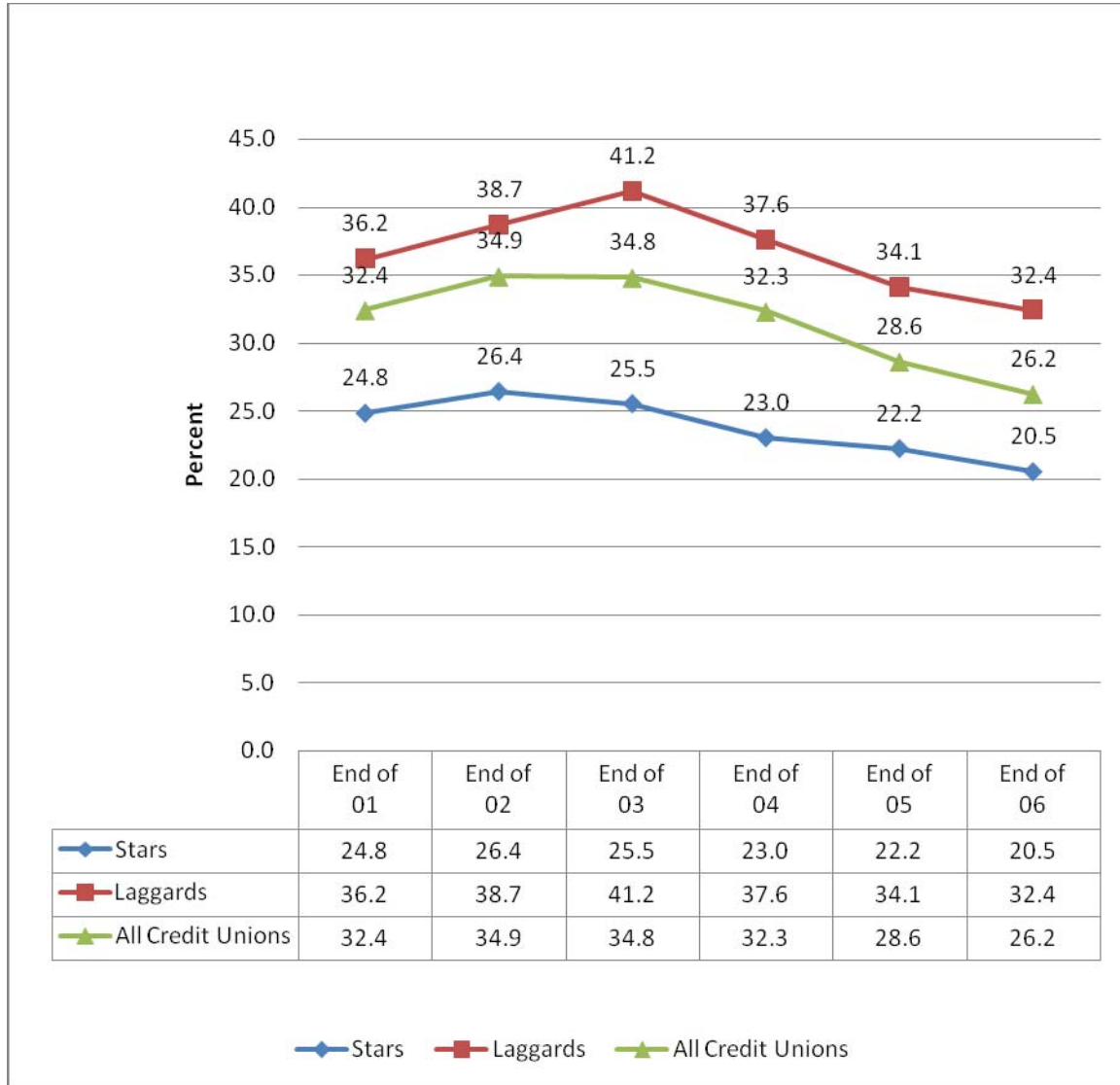
(\$100M-\$250M Group)

| | Stars | Laggards |
|-----------------------|----------|----------|
| Certificates | \$17,950 | \$16,790 |
| IRAs | \$10,800 | \$11,840 |
| Money market shares | \$18,700 | \$18,130 |
| Regular shares | \$1,540 | \$1,630 |
| Share drafts/Checking | \$2,090 | \$2,300 |
| Other shares | \$3,600 | \$1,280 |

Investments

Because of their success in lending, stars consistently have fewer of their assets in the investment category than do laggards and all credit unions.

Figure A-14: Investments as a Percent of Total Assets by Year (\$100M-\$250M Group)



Locations and Delivery Channels

Stars tend to have more branches and are more likely to engage in shared branching and indirect lending than are laggard credit unions.

Figure A-15: Delivery Channels, 2006 (\$100M-\$250M Group)

| | Stars | Laggards |
|----------------------------|-------|----------|
| Average number of branches | 7 | 6 |
| With shared branch | 42.9% | 40.5% |
| Indirect lending | 90.5% | 64.3% |

Expenses and Productivity

Stars have higher overall expenses than laggards, especially in the loan servicing and member education and promotion areas.

Figure A-16: Distribution of Operating Expenses in bps of Average Assets, 2006
(\$100M-\$250M Group)

| | Stars | Laggards |
|-----------------------------------|------------|------------|
| Compensation/Fringes | 189 | 190 |
| Travel/Conference | 6 | 6 |
| Office occupancy | 24 | 29 |
| Office operations | 79 | 76 |
| Education/Promotion | 18 | 15 |
| Loan servicing | 24 | 17 |
| Professional and outside services | 25 | 29 |
| Member insurance | 1 | 1 |
| Operating fees | 2 | 2 |
| Other expenses | 13 | 8 |
| Total expenses | 379 | 373 |

Stars and laggards employ about the same number of workers per million in assets and per member. Stars originate many more loans per FTE.

Figure A-17: Employee Productivity, 2006 (\$100M-\$250M Group)

| | Stars | Laggards |
|---|----------|----------|
| Number of members per FTE | 347 | 347 |
| Salary and benefits cost per FTE | \$48,534 | \$49,699 |
| Number of loans originated per FTE | 83.7 | 59.1 |
| Number of employees per million in assets | .37 | .38 |

Pricing

Comparing loan pricing at stars and laggards produces mixed results. Often stars have higher average rates than laggards.

Figure A-18: Average Loan Rates, 2006 (\$100M-\$250M Group)

| | Stars | Laggards |
|-----------------|-------|----------|
| Credit card | 11.2% | 11.5% |
| Other unsecured | 12.3% | 11.8% |
| New auto | 6.9% | 6.5% |
| Used auto | 7.4% | 7.1% |
| Leases | 8.5% | 6.5% |
| First mortgages | 6.4% | 6.2% |

Stars pay higher average dividend rates in all major product categories except checking where the rates are equal.

Figure A-19: Average Dividend Rates, 2006 (\$100M-\$250M Group)

| | Stars | Laggards |
|-----------------------|-------|----------|
| Regular shares | 1.0% | 0.8% |
| Share drafts/Checking | 0.5% | 0.5% |
| IRAs | 3.7% | 3.3% |
| Money market shares | 2.6% | 2.3% |

Comparative Spread Analysis

Compared to laggards, stars generate higher yields on assets, greater fee income, and superior net income.

Figure A-20: Comparative Spread Sheet Analysis—Annual Averages in bps, 2002-2006
(\$100M-\$250M Group)

| | Stars | Laggards | All U.S. Credit Unions |
|------------------------|-------|----------|------------------------|
| Yield of total assets | 552 | 530 | 552 |
| -Cost of total assets | 185 | 196 | 235 |
| = Gross spread | 367 | 335 | 317 |
| | | | |
| + Fee and other income | 176 | 113 | 129 |
| -Operating expense | 379 | 373 | 333 |
| = Net spread | 164 | 74 | 114 |
| | | | |
| -Loss provisions | 37 | 39 | 31 |
| | | | |
| = Net income | 126 | 35 | 82 |

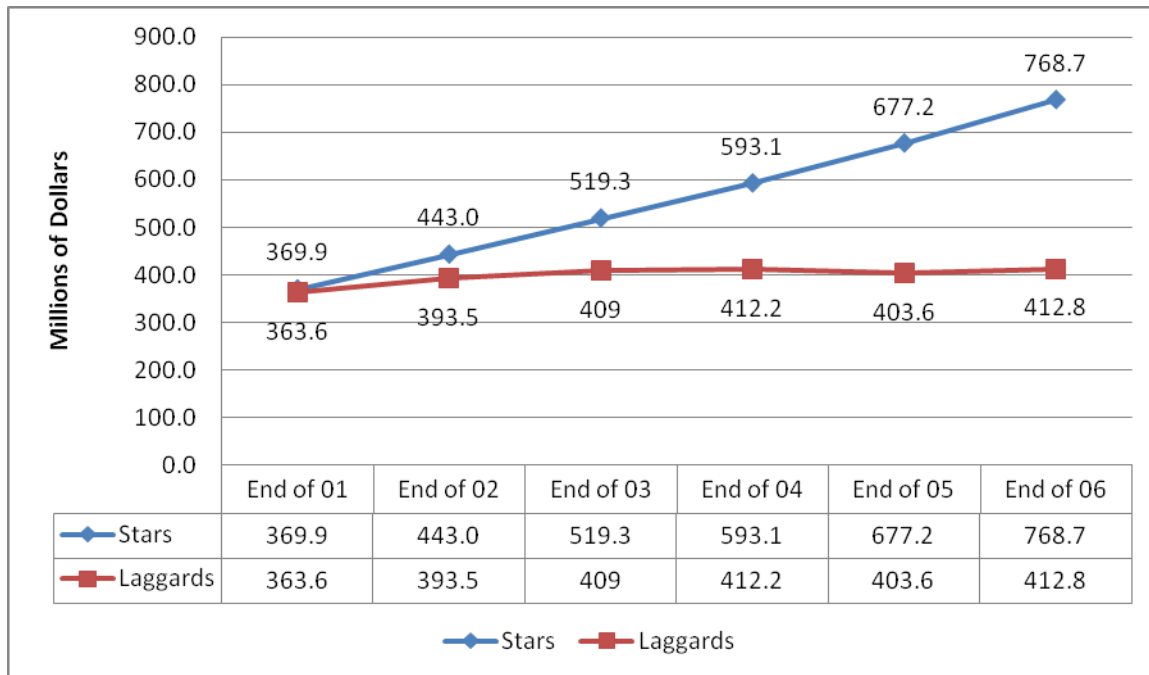
Appendix B—\$250M-\$500M Group

This appendix examines data about 18 star and 18 laggard credit unions over five-year period beginning January 2002. All credit unions in this group begin the period with assets between \$100M and \$250M.

Asset Growth

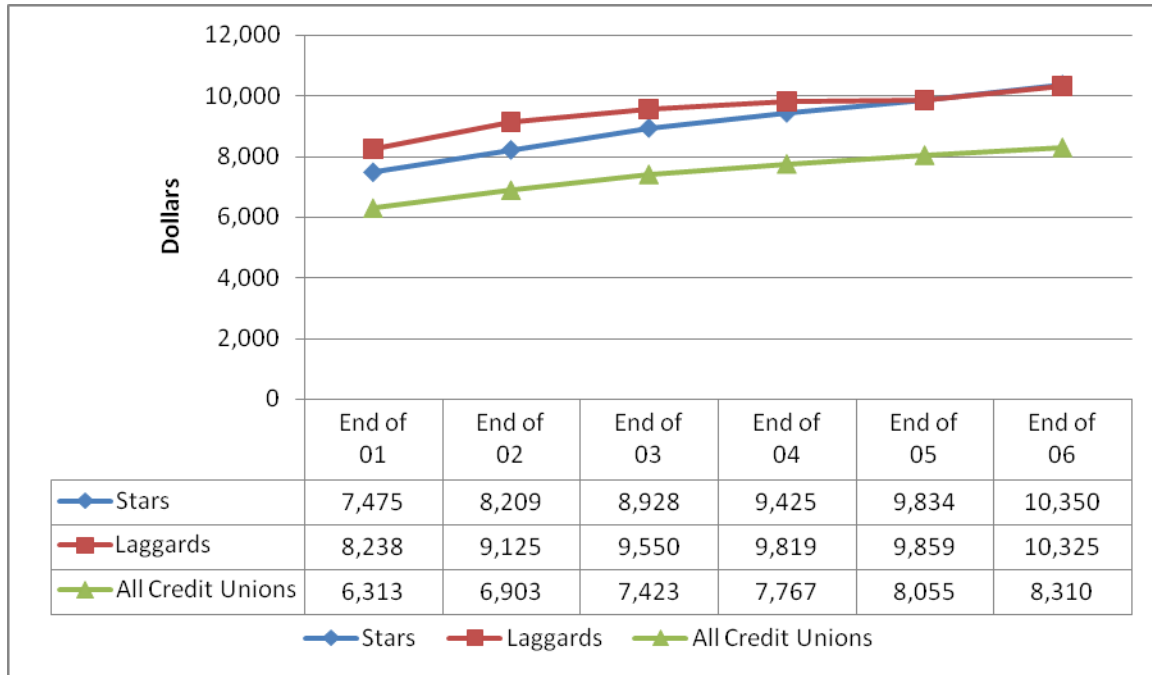
Total assets of the typical star credit union more than double over the five-year study period, increasing from \$369.9M to \$768.7M. In sharp contrast, the typical laggard credit union’s total assets increase less than 14% from \$363.6M to \$412.8M.

Figure B-1: Assets per Credit Union by Year (\$250M-\$500M Group)



Increases in assets per member are also impressive at star credit unions. Assets per member expand 38% over the five-year period at typical star credit unions, while they grow 25% at laggard credit unions. The national credit union movement’s assets per member grow 32% over the same period.

Figures B-2: Assets per Member by Year (\$250M-\$500M Group)



Indicators of Credit Union Performance

Star credit unions outperform laggards on all primary measures except net worth/total assets. Their average net-worth ratio exceeds government standards for “adequately capitalized” credit unions (6%) and “well capitalized” credit unions (7%).

Figure B-3: Indicators of Credit Union Performance, Average Annual Data—2002-2006
(\$250M-\$500M Group)

| | Stars | Laggards | All U.S. CUs |
|---|--------------|-----------------|---------------------|
| Assets | | | |
| Total asset growth | 15.8% | 2.6% | 8.0% |
| Assets per member* | \$9,037 | \$9,486 | \$7,462 |
| Assets per member growth | 6.7% | 4.7% | 5.7% |
| Loans | | | |
| Loan growth | 17.1% | 6.1% | 9.1% |
| Loans per member | \$6,502 | \$5,877 | \$4,855 |
| Loans/Savings | 83.6% | 71.3% | 75.4% |
| Membership | | | |
| Membership growth | 8.5% | -2.0% | 2.4% |
| Earnings and Expenses | | | |
| Net income/Average assets (bps) | 120 | 75 | 93 |
| Operating expenses/Average assets (bps) | 286 | 311 | 324 |
| Employees per million in assets | 0.26 | 0.28 | 0.34 |
| Capital Adequacy | | | |
| Net worth/Total assets | 9.96% | 10.92% | 11.01% |
| Asset Quality | | | |
| Delinquent loans/Average loans | 0.44% | 0.78% | 0.74% |
| Net charge-offs/Average loans | 0.33% | 0.79% | 0.52% |
| Bankruptcies per thousand members | 2.52 | 3.38 | 2.91 |

*Not considered a primary performance measure.

Distribution of Assets

In aggregate and in most loan categories, stars have more loans as a percent of assets than do laggards and all credit unions. Of special note are their strong performances in used vehicles and mortgages.

Figure B-4: Assets as a Percent of Total Assets, Average Annual Data—2002-2006

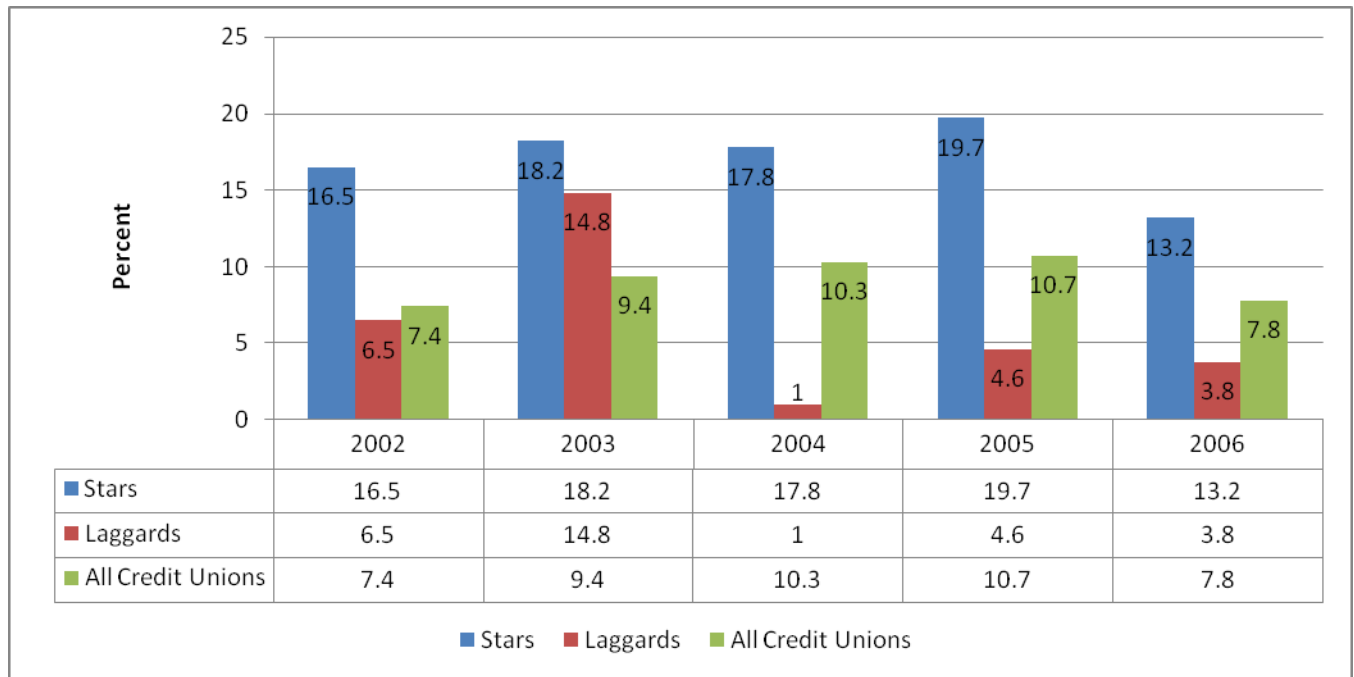
(\$250M-\$500M Group)

| | Stars | Laggards | All U.S. CUs |
|----------------------------------|---------------|-----------------|---------------------|
| Credit cards | 3.0% | 3.8% | 3.7% |
| Other unsecured loans | 2.2% | 2.6% | 3.5% |
| Total unsecured | 5.2% | 6.4% | 7.2% |
| | | | |
| New vehicle | 10.7% | 9.5% | 11.5% |
| Used vehicle | 13.8% | 10.8% | 12.9% |
| Total vehicle | 24.6% | 20.3% | 24.4% |
| | | | |
| First mortgage | 27.6% | 23.8% | 19.9% |
| Home equity | 6.8% | 4.9% | 4.8% |
| Other mortgages | 4.5% | 3.2% | 4.7% |
| Total mortgages | 38.8% | 30.8% | 29.5% |
| | | | |
| Other loans | 3.2% | 4.1% | 3.8% |
| | | | |
| Total loans | 71.7% | 63.7% | 64.9% |
| | | | |
| Total investments | 25.0% | 35.1% | 31.5% |
| Less loan loss allowances | 0.4% | 0.6% | 0.5% |
| Other assets | 3.7% | 3.6% | 4.0% |
| | | | |
| Total assets | 100.0% | 100.0% | 100.0% |

Loans

Each year during the study period, total loans at star credit unions grow at a much faster rate than at laggards and all credit unions.

Figure B-5: Growth in Total Loans by Year (\$250M-\$500M Group)



Also, loans in every category grow faster at star credit unions than at laggards and all credit unions.

Figure B-6: Growth by Loan Type, Average Annual Data—2002-2006 (\$250M-\$500M Group)

| | Stars | Laggards | All U.S. CUs |
|-------------------------|--------------|--------------|--------------|
| Credit cards | 4.7% | -4.1% | 4.3% |
| Other unsecured loans | 8.3% | -3.4% | 0.8% |
| Total unsecured | 6.2% | -3.9% | 2.6% |
| New automobile | 17.2% | 1.2% | 8.3% |
| Used automobile | 9.7% | 4.4% | 5.9% |
| Total automobile | 12.9% | 1.0% | 7.0% |
| First mortgage | 20.7% | 10.9% | 12.6% |
| Home equity | 19.6% | 8.0% | 15.2% |
| Other mortgages | 29.0% | 21.0% | 15.5% |
| Total mortgages | 21.3% | 8.8% | 13.3% |
| Other loans | 19.2% | -3.3% | 4.9% |
| Total Loans | 17.1% | 6.1% | 9.1% |

Mortgages gain a growing share of assets stars, laggards, and all credit unions over the study period. Stars have the highest percentage of assets in mortgages.

Figure B-7: Mortgages as a Percent of Assets by Year (\$250M-\$500M Group)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------|-------|-------|-------|-------|-------|-------|
| Stars | 35.4% | 34.8% | 36.1% | 39.4% | 42.3% | 44.8% |
| Laggards | 27.8% | 28.3% | 27.7% | 29.7% | 34.0% | 37.2% |
| All U.S. Credit Unions | 26.3% | 26.4% | 27.5% | 29.7% | 32.3% | 34.5% |

Stars have greater penetration in total loans and all loan categories except credit cards.

Figure B-8: Loan Product Penetration—Number Outstanding per Thousand Members, End of 2006 (\$250M-\$500M Group)

| | Stars | Laggards |
|---------------------------------|--------------|--------------|
| Credit card | 141.7 | 211.9 |
| Other unsecured | 94.4 | 92.0 |
| New vehicle | 74.4 | 66.5 |
| Used vehicle | 116.8 | 110.4 |
| First mortgage | 25.6 | 19.5 |
| Second mortgage and home equity | 39.5 | 30.8 |
| Business | 3.4 | 1.1 |
| Total loans | 500.6 | 496.0 |

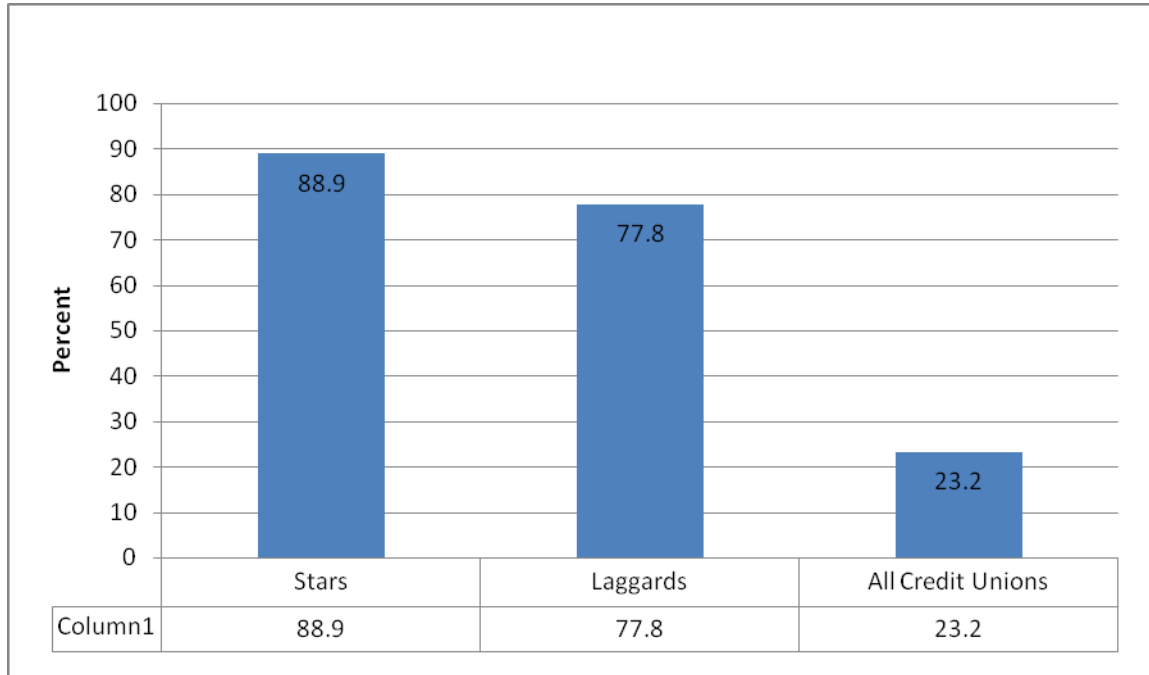
The average size of loans is larger at star credit unions than laggards, but not in all categories.

Figure B-9: Average Size of Loans Granted, 2006 (\$250M-\$500M Group)

| | Stars | Laggards |
|--------------------|-----------------|-----------------|
| Consumer loans | \$6,040 | \$6,470 |
| First mortgages | \$157,880 | \$216,970 |
| Second mortgages | \$44,400 | \$19,460 |
| Total loans | \$15,670 | \$12,340 |

Stars are more likely to offer business loans than are laggards and all credit unions.

Figures B-10: Business Loans—Percent of Credit Unions Offering, 2006
(\$250M-\$500M Group)



Deposit Growth

Stars experience superior growth in all loan categories.

Figure B-11: Growth by Deposit Type, Average Annual Data—2002-2006
(\$250M-\$500M Group)

| | Stars | Laggards | All U.S. CUs |
|----------------------|--------------|-------------|--------------|
| Share drafts | 8.8% | 3.6% | 5.8% |
| Certificates | 23.8% | 11.1% | 10.5% |
| IRAs | 13.0% | 1.5% | 5.8% |
| Regular shares | 11.5% | -0.3% | 4.3% |
| Money market shares | 11.0% | 2.8% | 8.3% |
| Other savings | 36.9% | -8.2% | 6.1% |
| Total savings | 15.1% | 2.0% | 6.8% |

Laggards have high account penetration in most savings and transaction account categories. Stars have higher penetration in checking accounts and certificates.

Figure B-12: Savings and Transaction Account Penetration—

Number of Accounts per Thousand Members, End of 2006 (\$250M-\$500M Group)

| | Stars | Laggards |
|-----------------------|---------------|---------------|
| Certificates | 161.5 | 150.7 |
| IRAs | 59.0 | 79.2 |
| Money market shares | 77.1 | 74.5 |
| Regular shares | 981.2 | 1067.9 |
| Share drafts/Checking | 497.0 | 485.5 |
| Other shares | 32.5 | 85.3 |
| Total savings | 1770.4 | 1890.2 |

Stars have higher average balances in certificate, money market, and IRA accounts.

Figure B-13: Average Size of Savings and Transaction Accounts, End of 2006

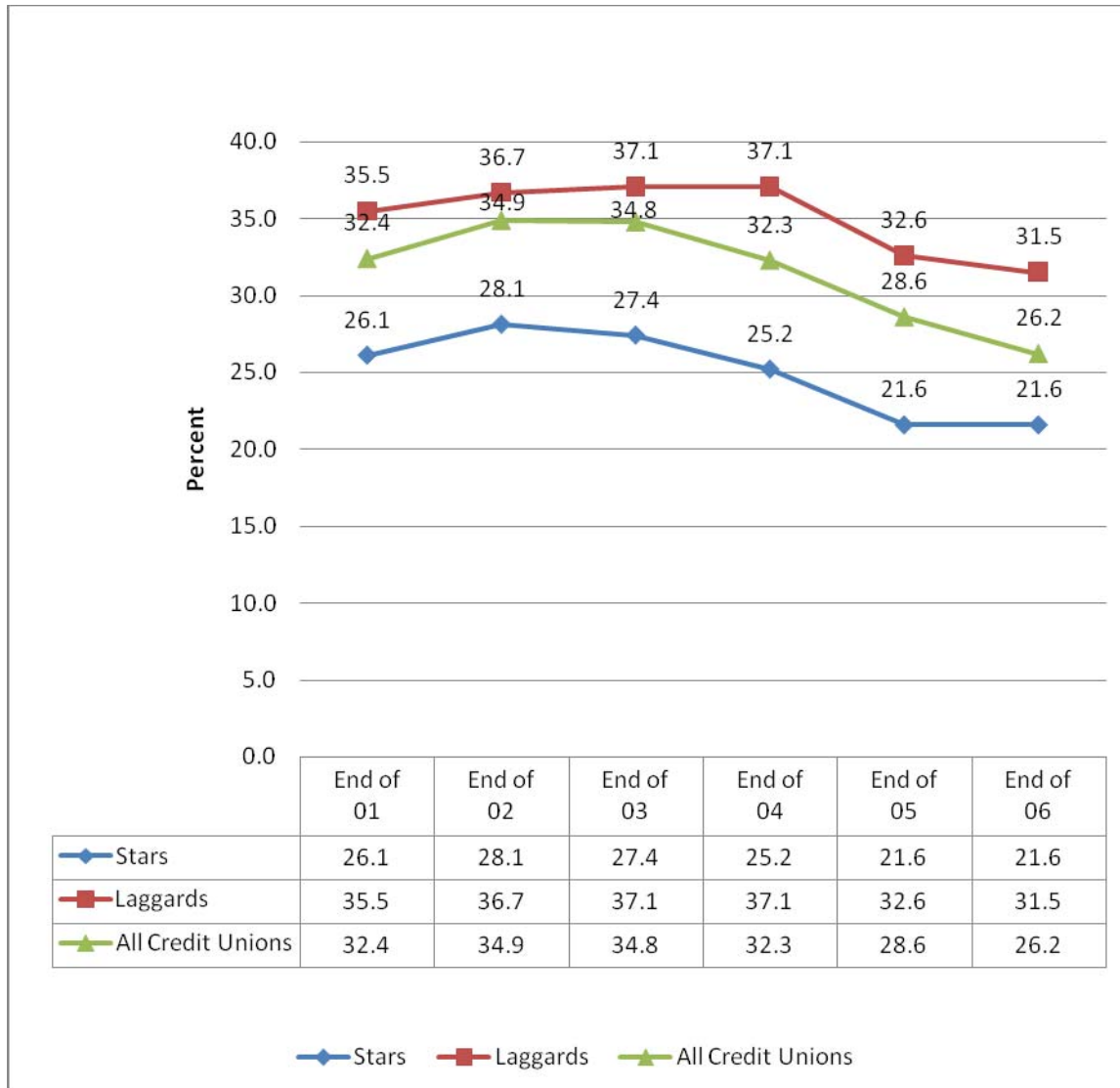
(\$250M-\$500M Group)

| | Stars | Laggards |
|-----------------------|----------|----------|
| Certificates | \$20,940 | \$17,500 |
| IRAs | \$12,760 | \$11,830 |
| Money market shares | \$20,530 | \$19,790 |
| Regular shares | \$2,080 | \$2,350 |
| Share drafts/Checking | \$1,970 | \$2,500 |
| Other shares | \$11,360 | \$2,380 |

Investments

Because of their success in lending, stars consistently have fewer of their assets in the investment category than do laggards and all credit unions.

Figure B-14: Investments as a Percent of Total Assets by Year (\$250M-\$500M Group)



Locations and Delivery Channels

Stars tend to have more branches and are more likely to engage in indirect lending than are laggard credit unions.

Figure B-15: Delivery Channels, 2006 (\$250M-\$500M Group)

| | Stars | Laggards |
|----------------------------|-------|----------|
| Average number of branches | 11 | 8 |
| With shared branch | 38.9% | 55.6% |
| Indirect lending | 83.3% | 61.1% |

Expenses and Productivity

Stars in asset group have lower total operating expenses than laggards.

Figure B-16: Distribution of Operating Expenses in bps of Average Assets, 2006
(\$250M-\$500M Group)

| | Stars | Laggards |
|-----------------------------------|------------|------------|
| Compensation/Fringes | 138 | 174 |
| Travel/Conference | 4 | 4 |
| Office occupancy | 19 | 26 |
| Office operations | 46 | 67 |
| Education/Promotion | 14 | 14 |
| Loan servicing | 14 | 18 |
| Professional and outside services | 26 | 19 |
| Member insurance | 1 | 1 |
| Operating fees | 1 | 2 |
| Other expenses | <u>8</u> | <u>8</u> |
| Total expenses | 272 | 333 |

Stars have fewer members per FTE employee, and they have fewer employees per million in assets. Stars originate more loans per FTE.

Figure B-17: Employee Productivity, 2006 (\$250M-\$500M Group)

| | Stars | Laggards |
|---|----------|----------|
| Number of members per FTE | 439 | 338 |
| Salary and benefits cost per FTE | \$58,983 | \$59,658 |
| Number of loans originated per FTE | 100.3 | 72.0 |
| Number of employees per million in assets | 22 | 29 |

Pricing

Comparing loan pricing at stars and laggards produces mixed results. Stars tend to have lower rates on new and used vehicle loans.

Figure B-18: Average Loan Rates, 2006 (\$250M-\$500M Group)

| | Stars | Laggards |
|-----------------|-------|----------|
| Credit card | 11.2% | 10.5% |
| Other unsecured | 12.0% | 13.1% |
| New auto | 6.5% | 6.8% |
| Used auto | 6.8% | 7.2% |
| Leases | 6.7% | 6.0% |
| First mortgages | 6.3% | 6.2% |

Stars pay higher average dividend rates in all major product categories.

Figure B-19: Average Dividend Rates, 2006 (\$250M-\$500M Group)

| | Stars | Laggards |
|-----------------------|-------|----------|
| Regular shares | 1.2% | 1.1% |
| Share drafts/Checking | 0.9% | 0.5% |
| IRAs | 4.4% | 3.6% |
| Money market shares | 3.3% | 3.1% |

Comparative Spread Analysis

Compared to laggards, stars generate higher yields on assets, greater fee income, and superior net income.

Figure B-20: Comparative Spread Sheet Analysis—Annual Averages in bps, 2002-2006
(\$250M-\$500M Group)

| | Stars | Laggards | All U.S. Credit Unions |
|------------------------|-------|----------|------------------------|
| Yield of total assets | 528 | 513 | 552 |
| -Cost of total assets | 217 | 185 | 235 |
| = Gross spread | 312 | 329 | 317 |
| | | | |
| + Fee and other income | 119 | 105 | 129 |
| -Operating expense | 286 | 311 | 333 |
| = Net spread | 144 | 123 | 114 |
| | | | |
| -Loss provisions | 24 | 47 | 31 |
| | | | |
| = Net income | 120 | 75 | 82 |

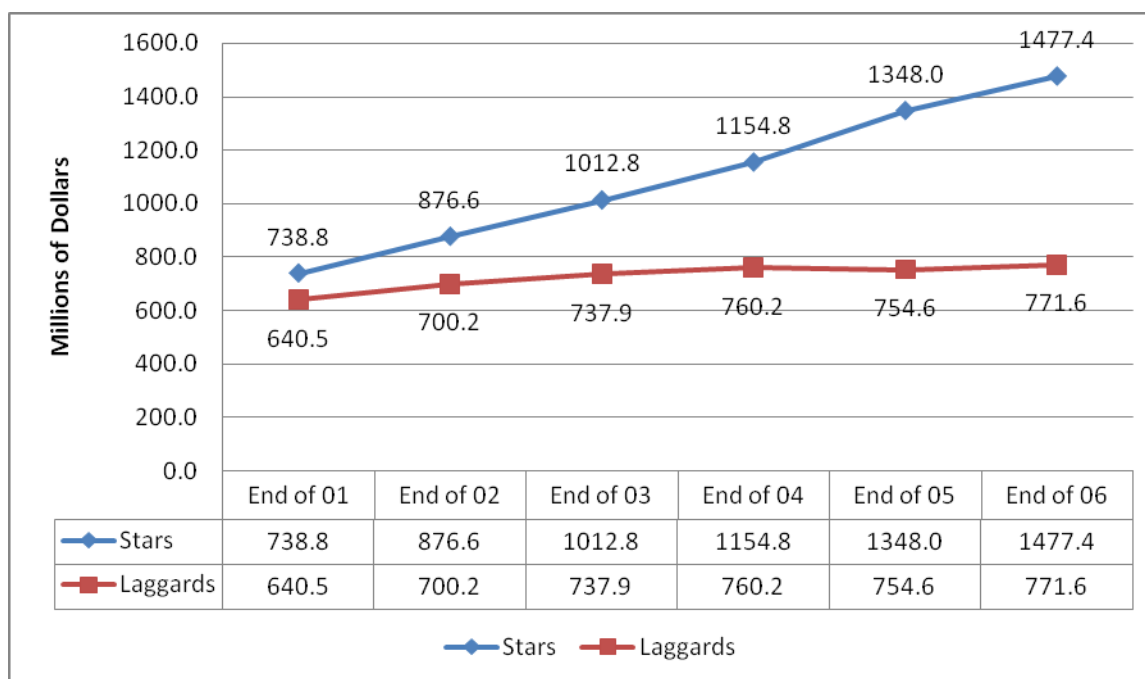
Appendix C—\$500M-\$1B Group

This appendix examines data about eight star and eight laggard credit unions over a five-year period beginning January 2002. All credit unions in this group begin the period with assets between \$500M and \$1B.

Asset Growth

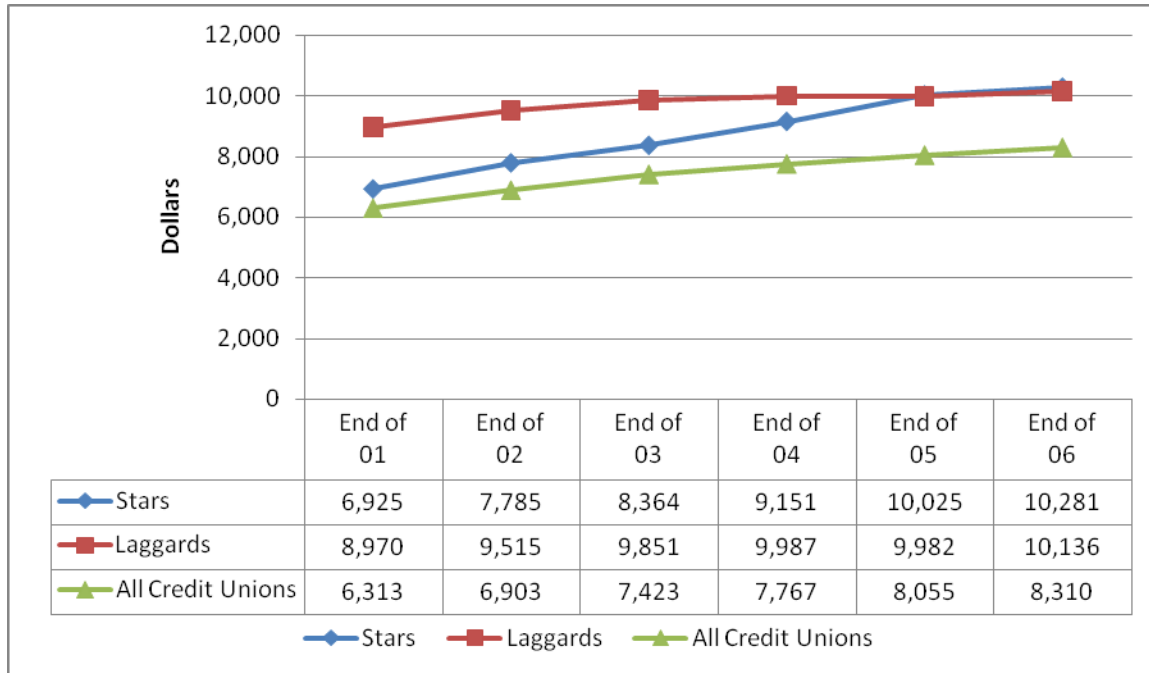
Total assets of the typical star credit union in this group double over the five-year study period, increasing from \$738.8M to \$1.477B. In sharp contrast, the typical laggard credit union's total assets increase 20% from \$640.5M to \$771.6M.

Figure C-1: Assets per Credit Union by Year (\$500-\$1B Group)



Increases in assets per member are also impressive at star credit unions. Assets per member expand 48% over the five-year period at typical star credit unions, while they grow only 13% at laggard credit unions. The national credit union movement's assets per member grow 32% over the same period.

Figures C-2: Assets per Member by Year (\$500M-\$1B c Group)



Indicators of Credit Union Performance

Star credit unions outperform laggards on all primary performance measures except (1) operating expenses/average assets, (2) employees per million in assets, and (3) net worth/total assets. Their average net-worth ratio exceeds government standards of “adequately capitalized” credit unions (6%) and “well capitalized” credit unions (7%).

Figure C-3: Indicators of Credit Union Performance, Average Annual Data—2002-2006 (\$500M-\$1B Group)

| | Stars | Laggards | All U.S. CUs |
|---------------------------------|---------|----------|--------------|
| Assets | | | |
| Total asset growth | 14.9% | 3.9% | 8.0% |
| Assets per member* | \$8,755 | \$9,740 | \$7,462 |
| Assets per member growth | 8.3% | 2.5% | 5.7% |
| Loans | | | |
| Loan growth | 14.6% | 4.8% | 9.1% |
| Loans per member | \$6,435 | \$5,438 | \$4,855 |
| Loans/Savings | 83.7% | 64.0% | 75.4% |
| Membership | | | |
| Membership growth | 6.1% | 1.3% | 2.4% |
| Earnings and Expenses | | | |
| Net income/Average assets (bps) | 125 | 79 | 93 |

| | | | |
|---|-------|--------|--------|
| Operating expenses/Average assets (bps) | 315 | 277 | 324 |
| Employees per million in assets | 0.30 | 0.25 | 0.34 |
| Capital Adequacy | | | |
| Net worth/Total assets | 9.30% | 10.66% | 11.01% |
| Asset Quality | | | |
| Delinquent loans/Average loans | 0.45% | 0.89% | 0.74% |
| Net charge-offs/Average loans | 0.46% | 0.74% | 0.52% |
| Bankruptcies per thousand members | 3.11 | 3.19 | 2.91 |

*Not considered a primary performance measure.

Distribution of Assets

In aggregate and in almost all loan categories, stars have more loans as a percent of assets than do laggards and all credit unions. Of special note are their strong performances in used vehicle loans in mortgages.

Figure C-4: Assets as a Percent of Total Assets, Average Annual Data—2002-2006

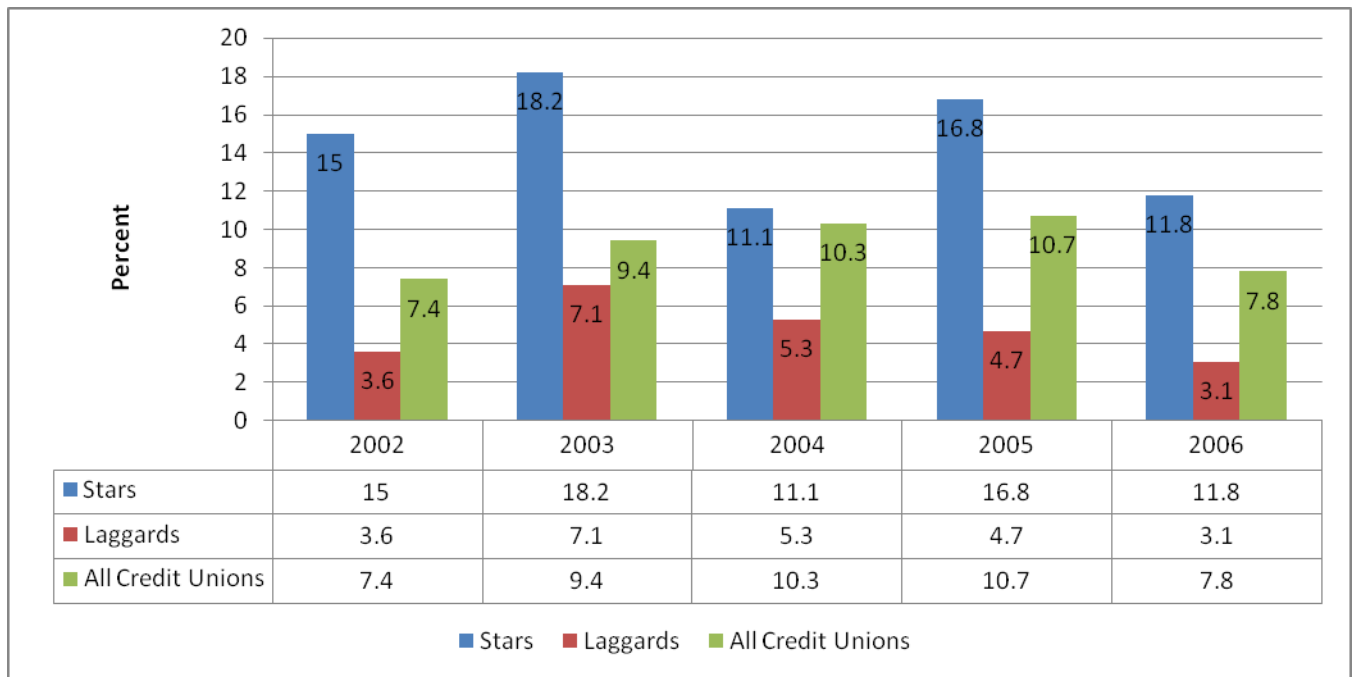
(\$500M-\$1B Group)

| | Stars | Laggards | All U.S. CUs |
|----------------------------------|---------------|-----------------|---------------------|
| Credit cards | 4.1% | 2.3% | 3.7% |
| Other unsecured loans | 2.2% | 2.3% | 3.5% |
| Total unsecured | 6.4% | 4.5% | 7.2% |
| | | | |
| New vehicle | 14.2% | 14.3% | 11.5% |
| Used vehicle | 17.2% | 12.0% | 12.9% |
| Total vehicle | 31.5% | 26.3% | 24.4% |
| | | | |
| First mortgage | 23.8% | 15.6% | 19.9% |
| Home equity | 5.8% | 4.0% | 4.8% |
| Other mortgages | 2.5% | 3.1% | 4.7% |
| Total mortgages | 32.1% | 22.7% | 29.5% |
| | | | |
| Other loans | 3.6% | 2.3% | 3.8% |
| | | | |
| Total loans | 73.6% | 55.8% | 64.9% |
| | | | |
| Total investments | 22.1% | 41.1% | 31.5% |
| Less loan loss allowances | 0.5% | 0.5% | 0.5% |
| Other assets | 4.8% | 3.6% | 4.0% |
| | | | |
| Total assets | 100.0% | 100.0% | 100.0% |

Loans

Each year during the study period, total loans at star credit unions grow at a much faster rate than at laggards and all credit unions.

Figure C-5: Annual Growth in Total Loans by Year (\$500M-\$1B Group)



Also, loans in every category grow faster at star credit unions than at laggards and all credit unions.

Figure C-6: Growth by Loan Type, Average Annual Data—2002-2006 (\$500M-\$1B Group)

| | Stars | Laggards | All U.S. CUs |
|-------------------------|--------------|--------------|--------------|
| Credit cards | 7.7% | 6.6% | 4.3% |
| Other unsecured loans | 6.1% | -3.4% | 0.8% |
| Total unsecured | 7.1% | 1.5% | 2.6% |
| New automobile | 14.7% | 1.7% | 8.3% |
| Used automobile | 11.0% | -1.6% | 5.9% |
| Total automobile | 12.6% | 0.1% | 7.0% |
| First mortgage | 18.4% | 14.9% | 12.6% |
| Home equity | 22.8% | 21.7% | 15.2% |
| Other mortgages | 30.2% | 6.7% | 15.5% |
| Total mortgages | 19.1% | 13.6% | 13.3% |
| Other loans | 8.4% | -11.3% | 4.9% |
| Total Loans | 14.6% | 4.8% | 9.1% |

Mortgages gain a growing share of assets at stars, laggards, and all credit unions over the study period. Stars have the highest percentage of assets in mortgages.

Figure C-7: Mortgages as a Percent of Assets by Year (\$500M-\$1B Group)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------|-------|-------|-------|-------|-------|-------|
| Stars | 29.3% | 30.2% | 32.3% | 32.4% | 33.4% | 35.0% |
| Laggards | 18.0% | 18.7% | 21.0% | 23.7% | 26.4% | 28.2% |
| All U.S. Credit Unions | 26.3% | 26.4% | 27.5% | 29.7% | 32.3% | 34.5% |

Stars have greater penetration in total loans and most loan categories.

Figure C-8: Loan Product Penetration—Number Outstanding per Thousand Members,

End of 2006 (\$500M-\$1B Group)

| | Stars | Laggards |
|---------------------------------|--------------|--------------|
| Credit card | 180.0 | 129.4 |
| Other unsecured | 92.6 | 98.3 |
| New vehicle | 86.8 | 90.2 |
| Used vehicle | 137.5 | 103.2 |
| First mortgage | 19.4 | 16.5 |
| Second mortgage and home equity | 30.0 | 29.7 |
| Business | 1.4 | 0.6 |
| Total loans | 578.9 | 481.3 |

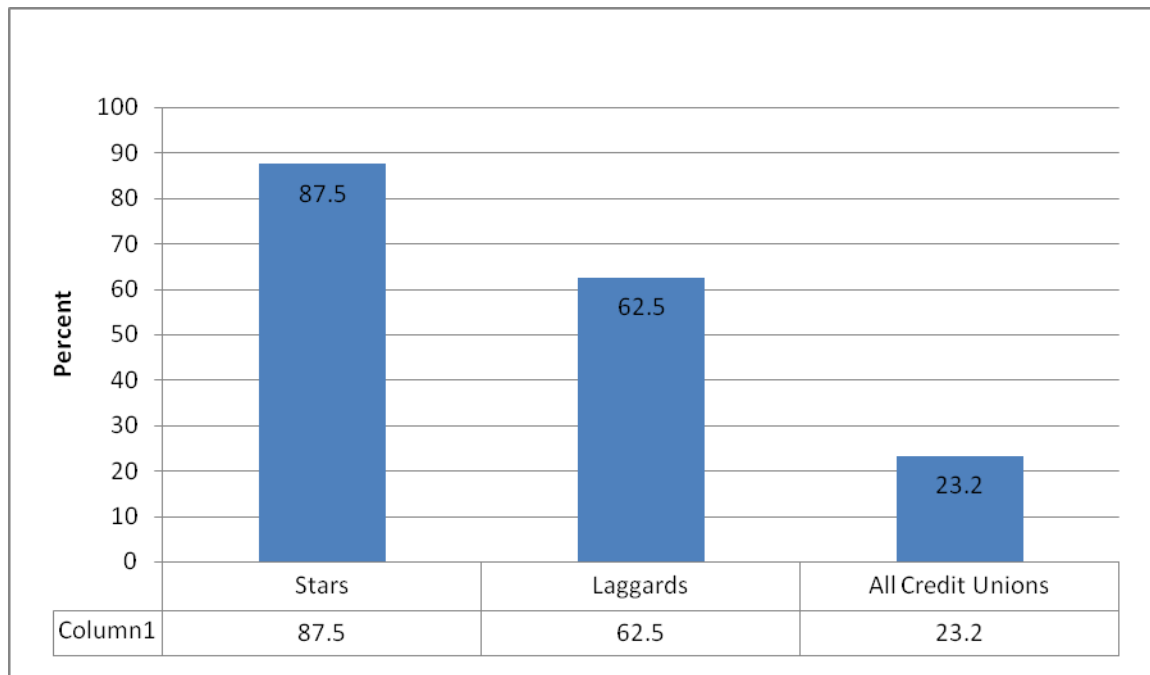
The average size of consumer loans and first mortgages are larger at a star credit union than at a laggard credit union.

Figure C-9: Average Size of Loans Granted, 2006 (\$500M-\$1B Group)

| | Stars | Laggards |
|--------------------|-----------------|-----------------|
| Consumer loans | \$10,970 | \$8,850 |
| First mortgages | \$180,330 | \$176,820 |
| Second mortgages | \$40,830 | \$45,470 |
| Total loans | \$16,560 | \$13,350 |

Stars are more likely to offer business loans than are laggards and all credit unions.

Figures C-10: Business Loans—Percent of Credit Unions Offering, 2006 (\$500-\$1B Group)



Deposit Growth

Stars experience superior growth in all deposit categories.

Figure C-11: Growth by Deposit Type, Average Annual Data—2002-2006 (\$500M-\$1B Group)

| | Stars | Laggards | All U.S. CUs |
|----------------------|--------------|-------------|--------------|
| Share drafts | 11.4% | 0.8% | 5.8% |
| Certificates | 19.8% | 4.2% | 10.5% |
| IRAs | 13.5% | 4.8% | 5.8% |
| Regular shares | 11.0% | 4.6% | 4.3% |
| Money market shares | 13.4% | 2.1% | 8.3% |
| Other savings | 67.4% | 7.8% | 6.1% |
| Total savings | 14.6% | 3.4% | 6.8% |

Stars have high account penetration in all savings and transaction account categories. They are very strong in certificates, IRAs, money market accounts, and checking accounts.

Figure C-12: Savings and Transaction Account Penetration—

Number of Accounts per Thousand Members, End of 2006 (\$500M-\$1B Group)

| | Stars | Laggards |
|-----------------------|---------------|---------------|
| Certificates | 179.2 | 100.6 |
| IRAs | 76.7 | 52.8 |
| Money market shares | 135.1 | 56.4 |
| Regular shares | 1143.0 | 1030.6 |
| Share drafts/Checking | 532.6 | 423.8 |
| Other shares | 47.8 | 45.5 |
| Total savings | 2105.4 | 1674.5 |

While they have fewer savings and transaction accounts per thousand members, laggards have higher average balances in accounts.

Figure C-13: Average Size of Savings and Transaction Accounts, End of 2006

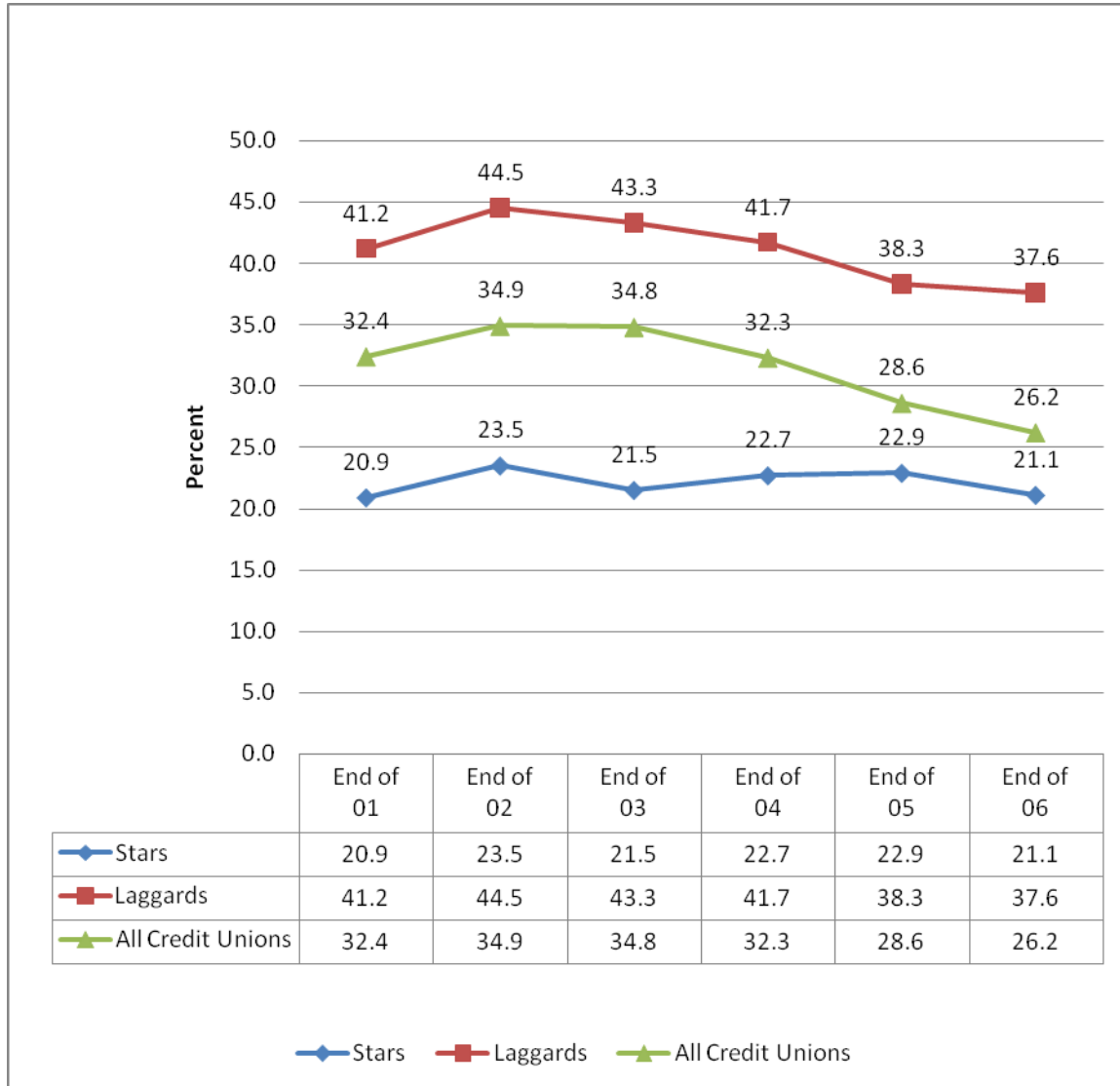
(\$500M-\$1B Group)

| | Stars | Laggards |
|-----------------------|----------|----------|
| Certificates | \$17,740 | \$22,050 |
| IRAs | \$9,130 | \$12,990 |
| Money market shares | \$17,230 | \$22,600 |
| Regular shares | \$1,390 | \$3,400 |
| Share drafts/Checking | \$1,900 | \$2,440 |
| Other shares | \$5,460 | \$9,330 |

Investments

Because of their success in lending, stars consistently have fewer of their assets in the investment category than do laggards and all credit unions.

Figure C-14: Investments as a Percent of Total Assets by Year (\$500M-\$1B Group)



Locations and Delivery Channels

Stars tend to have more branches and are more likely to engage in shared branching and indirect lending than are laggard credit unions.

Figure C-15: Delivery Channels, 2006 (\$500M-\$1B Group)

| | Stars | Laggards |
|----------------------------|-------|----------|
| Average number of branches | 19 | 13 |
| With shared branch | 75.0% | 50.0% |
| Indirect lending | 75.0% | 62.5% |

Expenses and Productivity

Stars have about the same operating costs as laggards at the end of the study period. However, they have substantially greater loan servicing costs.

Figure C-16: Distribution of Operating Expenses in bps of Average Assets, 2006
(\$500M-\$1B Group)

| | Stars | Laggards |
|-----------------------------------|------------|------------|
| Compensation/Fringes | 146 | 156 |
| Travel/Conference | 5 | 3 |
| Office occupancy | 24 | 25 |
| Office operations | 57 | 62 |
| Education/Promotion | 13 | 11 |
| Loan servicing | 25 | 12 |
| Professional and outside services | 18 | 23 |
| Member insurance | 0 | 2 |
| Operating fees | 1 | 1 |
| Other expenses | 7 | 5 |
| Total expenses | 298 | 299 |

Stars have fewer members per FTE and slightly more employees per million in assets. They originate more loans per FTE.

Figure C-17: Employee Productivity, 2006 (\$500M-\$1B Group)

| | Stars | Laggards |
|---|----------|----------|
| Number of members per FTE | 363 | 409 |
| Salary and benefits cost per FTE | \$52,339 | \$63,826 |
| Number of loans originated per FTE | 98.4 | 87.5 |
| Number of employees per million in assets | 0.27 | 0.24 |

Pricing

Stars tend to offer lower loan rates than do laggards.

Figure C-18: Average Loan Rates, 2006 (\$500M-\$1B Group)

| | Stars | Laggards |
|-----------------|-------|----------|
| Credit card | 10.1% | 11.0% |
| Other unsecured | 10.8% | 13.4% |
| New auto | 6.3% | 6.3% |
| Used auto | 6.4% | 6.7% |
| Leases | 5.8% | 7.8% |
| First mortgages | 6.1% | 6.5% |

However, they pay lower average dividend rates.

Figure C-19: Average Dividend Rates, 2006 (\$500M-\$1B Group)

| | Stars | Laggards |
|-----------------------|-------|----------|
| Regular shares | 1.2% | 1.5% |
| Share drafts/Checking | 0.6% | 0.7% |
| IRAs | 2.6% | 3.5% |
| Money market shares | 2.6% | 2.8% |

Comparative Spread Analysis

Compared to laggards, stars generate higher yields on assets, greater fee income, and superior net income.

Figure C-20: Comparative Spread Sheet Analysis—Annual Averages in bps, 2002-2006
(\$500M-\$1B Group)

| | Stars | Laggards | All U.S. Credit Unions |
|------------------------|-------|----------|------------------------|
| Yield of total assets | 520 | 481 | 552 |
| -Cost of total assets | 205 | 179 | 235 |
| = Gross spread | 315 | 302 | 317 |
| | | | |
| + Fee and other income | 160 | 93 | 129 |
| -Operating expense | 315 | 277 | 333 |
| = Net spread | 160 | 118 | 114 |
| | | | |
| -Loss provisions | 35 | 39 | 31 |
| | | | |
| = Net income | 125 | 79 | 82 |

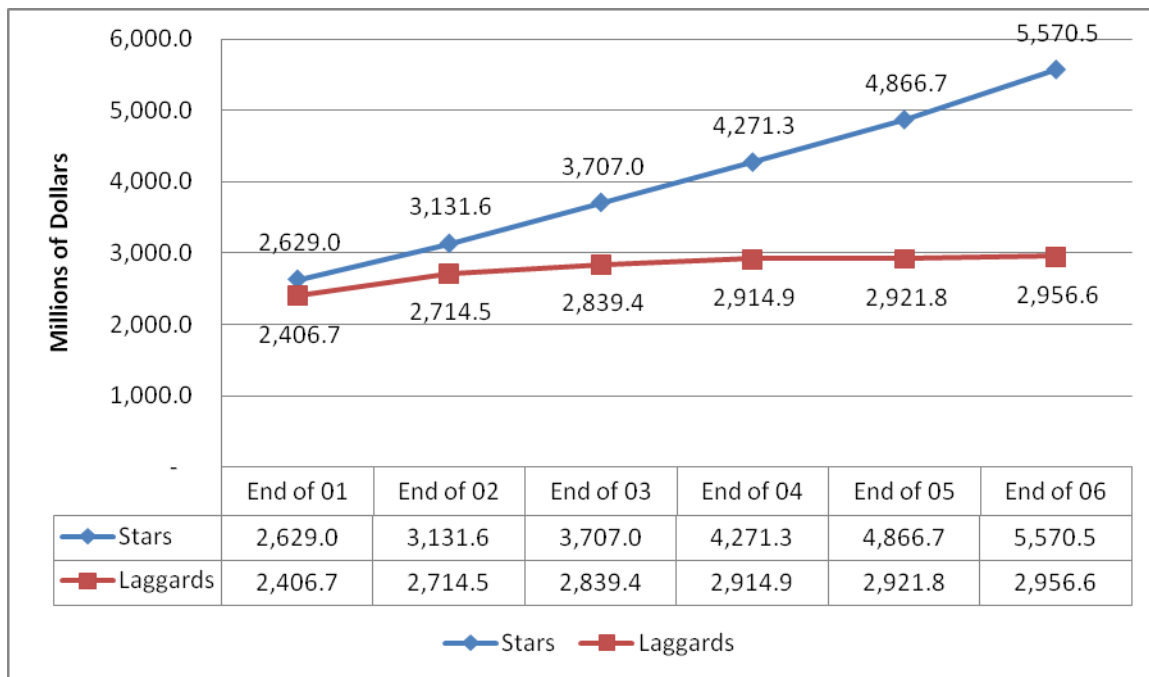
Appendix D—\$1B-\$2B Group

This appendix examines data about four star and four laggard credit unions over a five-year period beginning January 2002. All credit unions in this group begin the period with assets between \$1 billion and \$5 billion.

Asset Growth

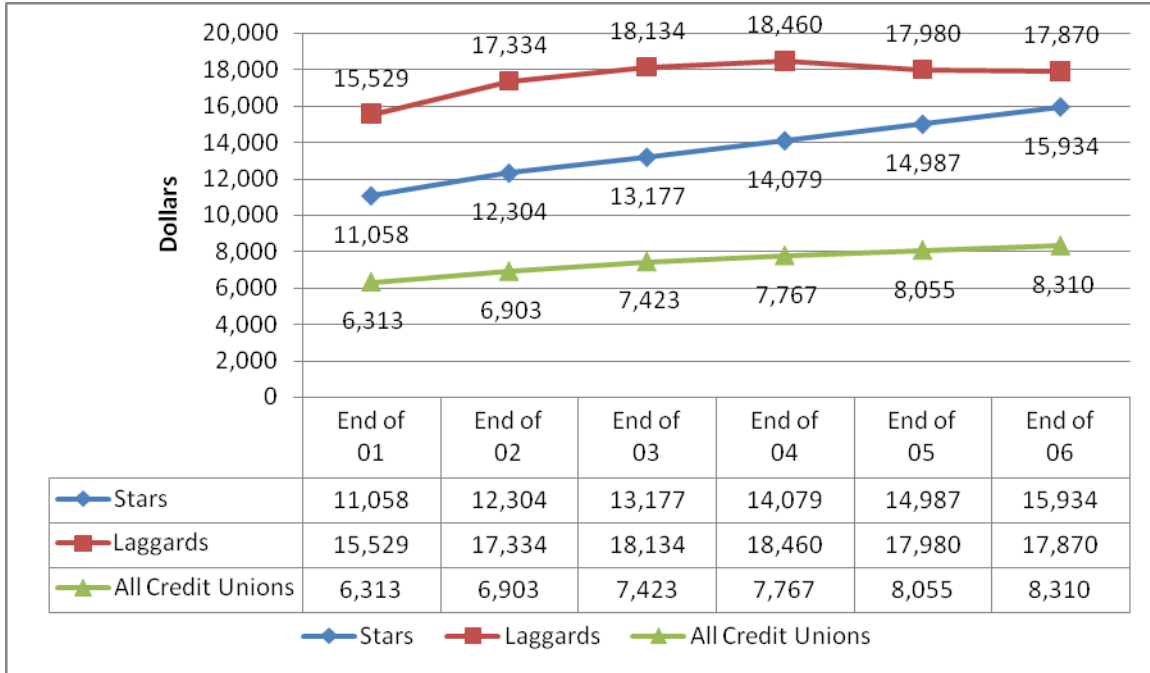
Total assets of the typical star credit union grow 112% over the study period, increasing from \$2.6B to \$5.6B. In sharp contrast, on average a laggard credit union’s assets grow 23% from \$2.4B to nearly \$3.0B.

Figure D-1: Assets per Credit Union by Year (\$1B-\$5B Group)



Increases in assets per member are also impressive at star credit unions. Assets per member expand 44% over the five-year period on average at star credit unions, while they grow only 15% at laggard credit unions. The national credit union movement’s assets per member grow 32% over the same period.

Figures D-2: Assets per Member by Year (\$1B-\$5B Group)



Indicators of Credit Union Performance

Star credit unions outperform laggards on all primary performance measures except (1) operating expenses/average assets, (2) employees per million in assets, and (3) net worth/total assets. Their average net-worth ratio exceeds government standards for “adequately capitalized” credit unions (6%) and “well capitalized” credit unions (7%).

Figure D-3: Indicators of Credit Union Performance, Average Annual Data—2002-2006
(\$1B-\$5B Group)

| | Stars | Laggards | All U.S. CUs |
|---|--------------|-----------------|---------------------|
| Assets | | | |
| Total asset growth | 16.2% | 4.3% | 8.0% |
| Assets per member* | \$13,950 | \$17,551 | \$7,462 |
| Assets per member growth | 7.6% | 3.1% | 5.7% |
| Loans | | | |
| Loan growth | 20.4% | 6.8% | 9.1% |
| Loans per member | \$9,545 | \$8,367 | \$4,855 |
| Loans/Savings | 80.1% | 56.3% | 75.4% |
| Membership | | | |
| Membership growth | 8.0% | 1.3% | 2.4% |
| Earnings and Expenses | | | |
| Net income/Average assets (bps) | 154 | 88 | 93 |
| Operating expenses/Average assets (bps) | 178 | 128 | 324 |
| Employees per million in assets | 0.16 | 0.10 | 0.34 |
| Capital Adequacy | | | |
| Net worth/Total assets | 10.58% | 11.08% | 11.01% |
| Asset Quality | | | |
| Delinquent loans/Average loans | 0.22% | 0.45% | 0.74% |
| Net charge-offs/Average loans | 0.28% | 0.39% | 0.52% |
| Bankruptcies per thousand members | 2.43 | 3.36 | 2.91 |

Distribution of Assets

In aggregate and in almost all loan categories, stars have more loans as a percent of assets than do laggards and all credit unions.

Figure D-4: Assets as a Percent of Total Assets, Average Annual Data—2002-2006

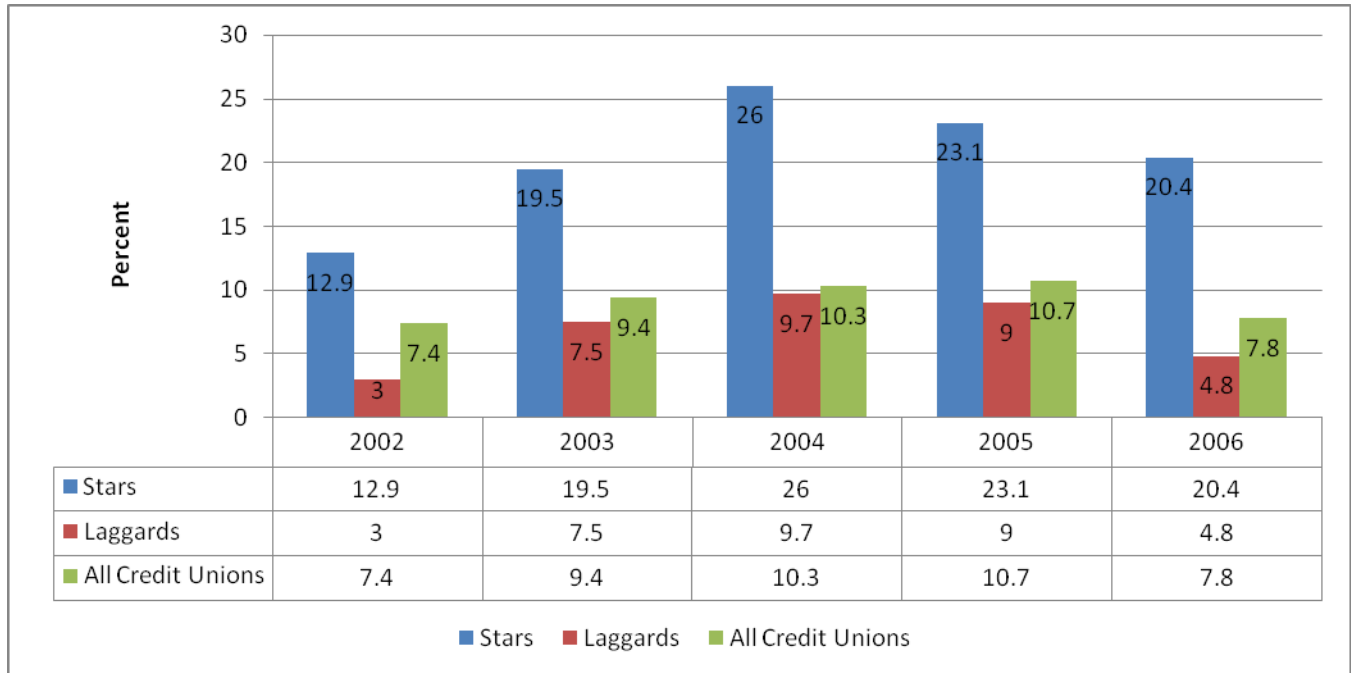
(\$1B-\$5B Group)

| | Stars | Laggards | All U.S. CUs |
|----------------------------------|---------------|-----------------|---------------------|
| Credit cards | 6.1% | 1.6% | 3.7% |
| Other unsecured loans | 2.9% | 3.0% | 3.5% |
| Total unsecured | 9.0% | 4.5% | 7.2% |
| | | | |
| New vehicle | 9.9% | 5.5% | 11.5% |
| Used vehicle | 8.1% | 5.6% | 12.9% |
| Total vehicle | 18.0% | 11.1% | 24.4% |
| | | | |
| First mortgage | 28.2% | 25.0% | 19.9% |
| Home equity | 7.5% | 2.6% | 4.8% |
| Other mortgages | 5.8% | 1.5% | 4.7% |
| Total mortgages | 41.5% | 29.2% | 29.5% |
| | | | |
| Other loans | 1.1% | 2.8% | 3.8% |
| | | | |
| Total loans | 69.7% | 47.6% | 64.9% |
| | | | |
| Total investments | 27.7% | 50.8% | 31.5% |
| Less loan loss allowances | 0.3% | 0.4% | 0.5% |
| Other assets | 3.0% | 2.0% | 4.0% |
| | | | |
| Total assets | 100.0% | 100.0% | 100.0% |

Loans

Each year during the study period, total loans at star credit unions grow at a much faster rate than at laggards and all credit unions.

Figure D-5: Annual Growth in Total Loans by Year (\$1B-\$5B Group)



Also, loans in every category except one (“other loans”) grow faster at star credit unions than at laggards and all credit unions.

Figure D-6: Growth by Loan Type, Average Annual Data—2002-2006 (\$1B-\$5B Group)

| | Stars | Laggards | All U.S. CUs |
|-------------------------|--------------|--------------|--------------|
| Credit cards | 13.5% | 6.6% | 4.3% |
| Other unsecured loans | 3.7% | -7.1% | 0.8% |
| Total unsecured | 10.3% | -2.4% | 2.6% |
| New automobile | 18.7% | 6.1% | 8.3% |
| Used automobile | 8.3% | 4.1% | 5.9% |
| Total automobile | 13.9% | 5.0% | 7.0% |
| First mortgage | 25.6% | 7.0% | 12.6% |
| Home equity | 26.8% | 19.0% | 15.2% |
| Other mortgages | 34.1% | 14.1% | 15.5% |
| Total mortgages | 26.5% | 8.1% | 13.3% |
| Other loans | 4.1% | 25.5% | 4.9% |
| Total Loans | 20.4% | 6.8% | 9.1% |

Mortgages gain a growing share of assets at stars, laggards, and all credit unions over the study period. Stars have the highest percentage of assets in mortgages, 52.8% at the end of the study.

Figure D-7: Mortgages as a Percent of Assets by Year (\$1B-\$5B Group)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------|-------|-------|-------|-------|-------|-------|
| Stars | 34.8% | 33.5% | 36.2% | 42.8% | 48.7% | 52.8% |
| Laggards | 27.8% | 25.6% | 27.8% | 29.4% | 31.4% | 33.3% |
| All U.S. Credit Unions | 26.3% | 26.4% | 27.5% | 29.7% | 32.3% | 34.5% |

Stars have greater penetration in total loans and most loan categories.

Figure D-8: Loan Product Penetration—Number Outstanding per Thousand Members,
End of 2006 (\$1B-\$5B Group)

| | Stars | Laggards |
|---------------------------------|--------------|--------------|
| Credit card | 399.4 | 159.7 |
| Other unsecured | 215.5 | 198.0 |
| New vehicle | 97.5 | 73.6 |
| Used vehicle | 98.1 | 100.5 |
| First mortgage | 23.8 | 31.8 |
| Second mortgage and home equity | 75.0 | 32.4 |
| Business | 1.0 | 1.1 |
| Total loans | 880.2 | 613.7 |

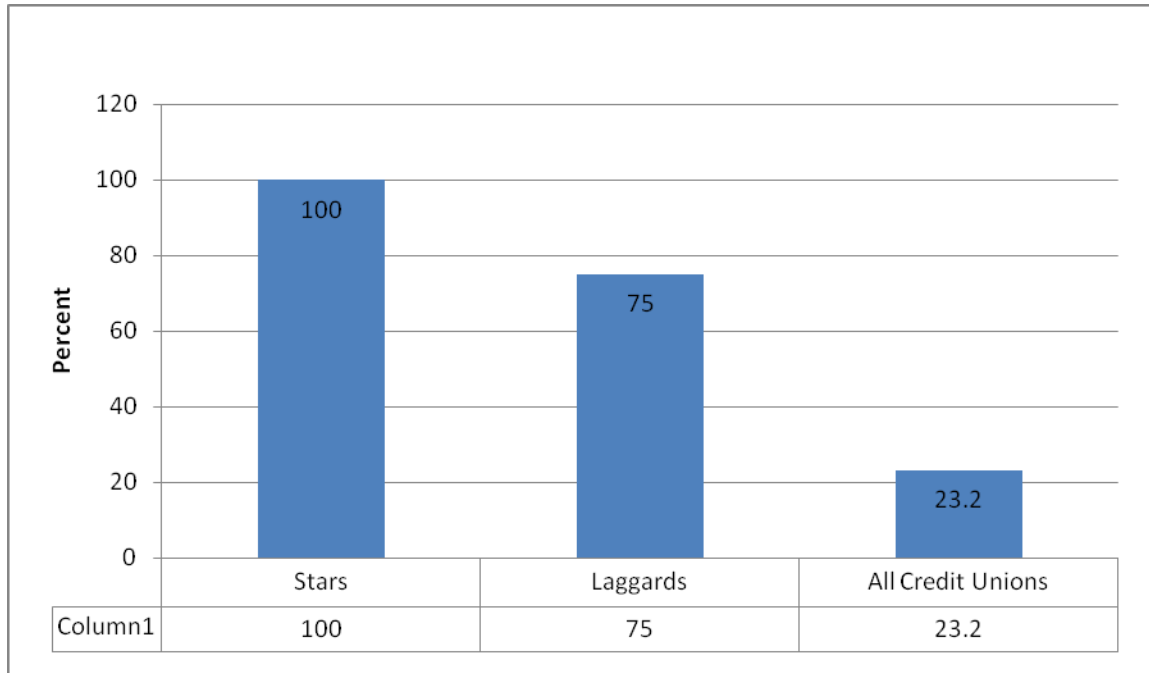
The average size of all loan types is larger at star credit unions.

Figure D-9: Average Size of Loans Granted, 2006 (\$1B-\$5B Group)

| | Stars | Laggards |
|--------------------|-----------------|-----------------|
| Consumer loans | \$22,080 | \$11,430 |
| First mortgages | \$308,950 | \$202,440 |
| Second mortgages | \$86,370 | \$41,660 |
| Total loans | \$40,080 | \$19,520 |

Stars are more likely to offer business loans than are laggards and all credit unions.

Figures D-10: Business Loans—Percent of Credit Unions Offering, 2006 (\$1B-\$5B Group)



Deposit Growth

Compared to laggards, stars experience superior growth in all deposit categories except certificates.

Figure D-11: Growth by Deposit Type, Average Annual Data—2002-2006 (\$1B-\$5B Group)

| | Stars | Laggards | All U.S. CUs |
|----------------------|--------------|-------------|--------------|
| Share drafts | 2.7% | -5.4% | 5.8% |
| Certificates | 24.6% | 28.3% | 10.5% |
| IRAs | 15.5% | 0.5% | 5.8% |
| Regular shares | 15.4% | 3.5% | 4.3% |
| Money market shares | 10.8% | -0.9% | 8.3% |
| Other savings | 163.8% | 2.8% | 6.1% |
| Total savings | 15.7% | 3.5% | 6.8% |

Stars have higher penetration in about half of the savings and transaction account categories. Interestingly, laggards have more penetration in the checking account category.

Figure D-12: Savings and Transaction Account Penetration—

Number of Accounts per Thousand Members, End of 2006 (\$1B-\$5B Group)

| | Stars | Laggards |
|-----------------------|----------------|----------------|
| Certificates | 273.1 | 81.9 |
| IRAs | 161.7 | 77.7 |
| Money market shares | 166.8 | 173.5 |
| Regular shares | 1,146.1 | 1,057.4 |
| Share drafts/Checking | 298.4 | 368.6 |
| Other shares | 78.2 | 107.4 |
| Total savings | 2,073.8 | 1,718.2 |

Stars have higher average balances in certificate and money market accounts, and lower balances in regular share accounts and IRAs.

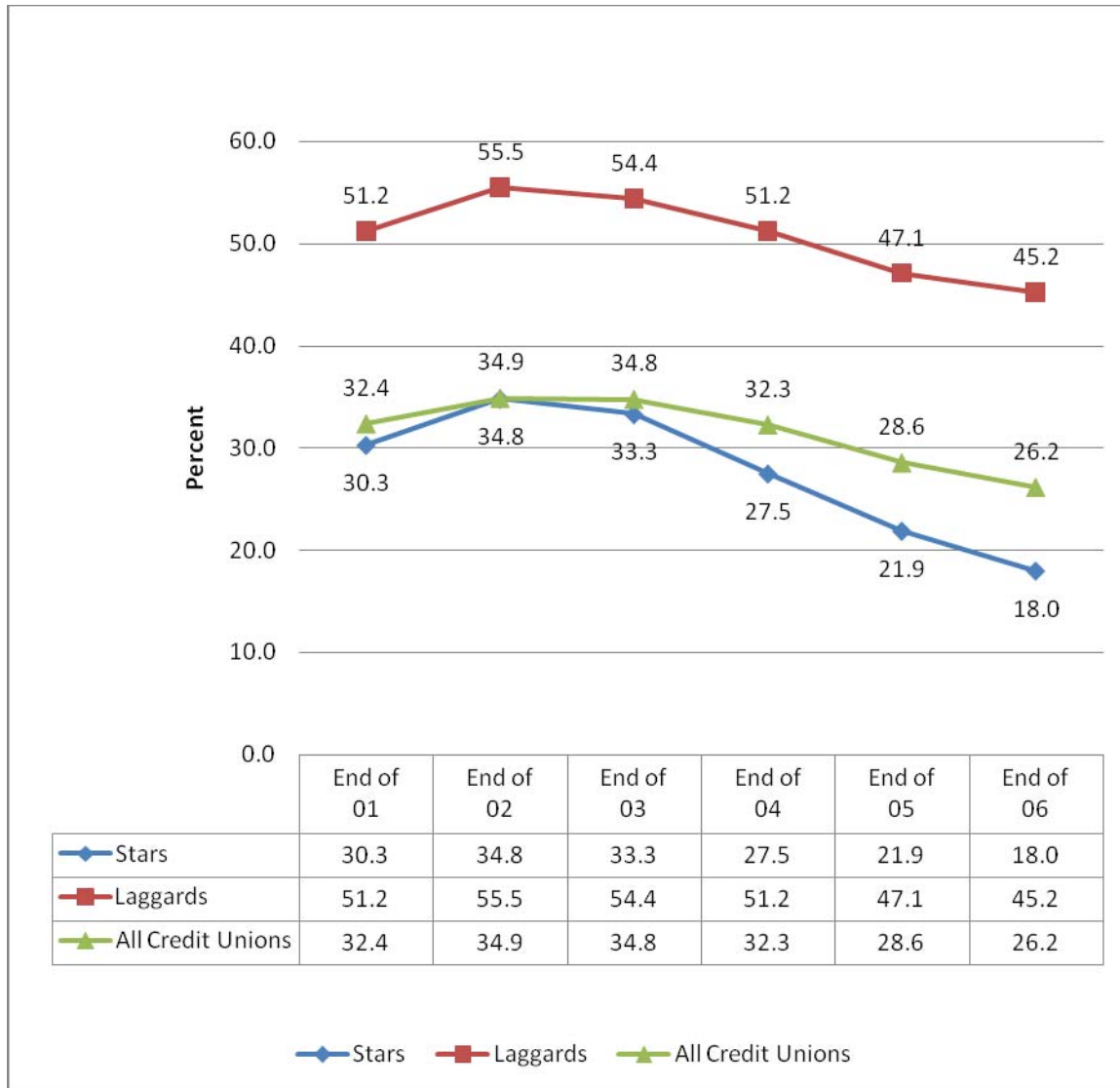
Figure D-13: Average Size of Savings and Transaction Accounts, End of 2006 (\$1B-\$5B Group)

| | Stars | Laggards |
|-----------------------|----------|----------|
| Certificates | \$23,130 | \$18,180 |
| IRAs | \$10,780 | \$18,430 |
| Money market shares | \$19,210 | \$15,450 |
| Regular shares | \$1,570 | \$9,210 |
| Share drafts/Checking | \$2,150 | \$1,280 |
| Other shares | \$2,060 | \$15,450 |

Investments

Because of their success in lending, stars consistently have fewer of their assets in the investment category than do laggards and all credit unions.

Figure D-14: Investments as a Percent of Total Assets by Year (\$1B-\$5B Group)



Locations and Delivery Channels

Stars operate more branches than laggard credit unions do. Participation in indirect lending is equal, and laggards are more likely to engage in shared branching.

Figure D-15: Delivery Channels, 2006 (\$1B-\$5B Group)

| | Stars | Laggards |
|----------------------------|-------|----------|
| Average number of branches | 23 | 18 |
| With shared branch | 25% | 75% |
| Indirect lending | 75% | 75% |

Expenses and Productivity

Stars have higher operating costs, especially in the loan servicing area.

Figure D-16: Distribution of Operating Expenses in bps of Average Assets, 2006
(\$1B-\$5B Group)

| | Stars | Laggards |
|-----------------------------------|------------|------------|
| Compensation/Fringes | 79 | 70 |
| Travel/Conference | 1 | 2 |
| Office occupancy | 11 | 9 |
| Office operations | 32 | 35 |
| Education/Promotion | 7 | 5 |
| Loan servicing | 18 | 6 |
| Professional and outside services | 8 | 10 |
| Member insurance | 0 | 1 |
| Operating fees | 1 | 1 |
| Other expenses | <u>-1</u> | <u>2</u> |
| Total expenses | 156 | 141 |

Stars have fewer members per FTE employees and more employees per million in assets in the final year of the study. Stars originate more loans per FTE.

Figure D-17: Employee Productivity, 2006 (\$1B-\$5B Group)

| | Stars | Laggards |
|---|----------|----------|
| Number of members per FTE | 521 | 546 |
| Salary and benefits cost per FTE | \$61,790 | \$67,687 |
| Number of loans originated per FTE | 93.2 | 85.0 |
| Number of employees per million in assets | 0.12 | 0.10 |

Pricing

Stars have lower rates in all loan categories than laggards do.

Figure D-18: Average Loan Rates, 2006 (\$1B-\$5B Group)

| | Stars | Laggards |
|-----------------|-------|----------|
| Credit card | 10.8% | 13.6% |
| Other unsecured | 11.7% | 13.1% |
| New auto | 5.9% | 7.4% |
| Used auto | 6.1% | 8.2% |
| Leases | 6.5% | ---- |
| First mortgages | 5.8% | 5.9% |

Comparing on savings and transaction accounts produces mixed results. Laggards pay substantially higher rates on regular shares.

Figure D-19: Average Dividend Rates, 2006 (\$1B-\$5B Group)

| | Stars | Laggards |
|-----------------------|-------|----------|
| Regular shares | 1.2% | 3.8% |
| Share drafts/Checking | 0.3% | 1.1% |
| IRAs | 5.4% | 4.6% |
| Money market shares | 3.7% | 3.9% |

Comparative Spread Analysis

Compared to laggards, stars generate higher yields on assets, greater fee income, and superior net income.

Figure D-20: Comparative Spread Sheet Analysis—Annual Averages in bps, 2002-2006
(\$1B-\$5B Group)

| | Stars | Laggards | All U.S. Credit Unions |
|------------------------|-------|----------|------------------------|
| Yield of total assets | 517 | 435 | 552 |
| -Cost of total assets | 242 | 251 | 235 |
| = Gross spread | 274 | 184 | 317 |
| | | | |
| + Fee and other income | 77 | 51 | 129 |
| -Operating expense | 178 | 128 | 333 |
| = Net spread | 173 | 108 | 114 |
| | | | |
| -Loss provisions | 19 | 20 | 31 |
| | | | |
| = Net income | 154 | 88 | 82 |

