



Business

YESTERDAY ON WALL STREET

▲ Dow Jones	9,683.41 (+56.61)
▲ Nasdaq	2,102.64 (+10.86)
▲ S&P 500	1,052.63 (+3.29)
▲ 10-year T-bond	3.46%

Credit unions in state see stability

Mortgage refinancing creates new business for the institutions.

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Despite the tattered economy, Georgia credit unions say lending held up in the first six months of the year. It was an unexpected sign of stability, though credit union

leaders are quick to say it's not clear if the trend will hold. Much of the new business generated was homeowners refinancing their mortgages, said Mike Mercer, president and CEO of Georgia Credit Union Affiliates, which represents the state's 168 credit unions. "We were pleasantly surprised that originations have been as good as they have," Mercer said. "I would have guessed the first half of this year would have been atrocious."

In all, the state's credit unions reported \$2.1 billion in loans made during the first half of 2009, compared to \$2 billion a year earlier. The number of loans generated has dropped slightly in 2009, but the average loan size rose. No Georgia credit unions have failed during the recession, but the economic doldrums have taken a toll. Loan volume growth has slowed, and earnings are down by about 50 percent across the board, Mercer said. About

a quarter of the state's credit unions reported a loss over the first six months of the year. Part of the problem, Mercer said, is that deposit levels at credit unions have shot up faster than money can be lent out. Credit unions are parking cash in overnight or short-term investment accounts, which earn far less than the 1 to 2 percent returns paid on the deposits. The difference eats into earnings, he said. Deposits are up about 16 per-

cent over the past year, Mercer said, in part because customers are keeping money in their credit union rather than spending or investing. It's a bit difficult to gauge the performance of credit unions to the state's banks when it comes to lending, as federal regulators don't break out loan originations. But total loan volume at Georgia banks has dipped slightly, standing at \$207 billion at the end of June compared to \$214 billion in June 2008.