

GEORGIA CREDIT UNION

*Affiliates*

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**CONSUMERS STILL CONFIDENT IN CREDIT UNIONS  
DESPITE BUMPY ROAD FOR BANKING INDUSTRY**

Duluth, GA (July 25, 2008) -- With the recent collapse of mortgage monster IndyMac Bancorp, Inc., and the federal government's announcement that it will assist mortgage giants Freddie Mac and Fannie Mae, consumer confidence in the financial services industry is becoming a bit shaky. A June 23, 2008 Gallup poll reported the percentage of Americans saying that they have a "great deal" of confidence in U.S. banks fell to 32 percent, down nine percentage points from June 2007 and 17 percentage points from June 2006.

But many Georgians have found a safe and secure banking solution that has been available in the state since the 1920s—credit unions. Today, approximately 1.8 million Georgians belong to a credit union, but many more have not discovered the benefits of belonging. "Credit unions might be one of the best kept secrets in financial services," says Mike Mercer, president of Georgia Credit Union Affiliates, the organization that represents the state's 179 credit unions. "These not-for-profit institutions are structured to support the financial needs of members, who are also owners of the credit union. So everything credit unions do is in the interest of their members."

One of the things that makes credit unions a safe bet in this economy is that they have in large part steered clear of making risky subprime loans. In the 12 months ending in March 2008, mortgages at Georgia credit unions grew by

14.9 percent; this, at a time when mortgage losses have forced other lenders to scale back or close their doors entirely. Credit unions operate more conservatively and tend to hold more of their mortgage loans—about 70 percent—in portfolio rather than sell them to Fannie and Freddie on the secondary market. According to the National Credit Union Administration (NCUA), credit unions as a whole are healthy, with strong balance sheets. The same is true of credit unions in Georgia, which have a capital “cushion” of \$1.84 billion.

Another safeguard for credit union members is that funds are insured by the full faith and credit of the federal government. The National Credit Union Share Insurance Fund (NCUSIF) insures shares on deposit at credit unions up to \$100,000 and insures retirement funds up to \$250,000. According to the NCUSIF, not one penny of insured savings has ever been lost by a member of a federally insured credit union.

While the rest of the financial services industry is undergoing some dramatic challenges, it seems that credit unions really are the safe bet for consumers.

#### **About Georgia Credit Union Affiliates**

Georgia Credit Union Affiliates (GCUA) is comprised of three state support organizations—Cooperative Services, Inc., Georgia Central Credit Union and Georgia Credit Union League. Georgia Credit Union Affiliates is a trade association that provides advocacy, educational, operational and marketing support for Georgia credit unions. There are 179 credit unions in Georgia, with total assets of \$12 billion, serving over 1.8 million members.

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