

Loan Portfolio Analysis

Prepared for

Sample Federal Credit Union

*As of
June 30, 2011*

Sample Federal Credit Union Loan Portfolio Analysis

Table of Contents

Letter to Management	3
Procedures Performed	4
Key Characteristics of the Loan Portfolio	8
Portfolio Results	9
Collateral Values	10
Unfunded Commitments	12
Median Home Values	14
Credit Risk	15
Period to Period Comparative Default Risk	21
Period to Period Comparative Default Score	21
Risk of Loss	22
 Charts and Graphs	
Comparative CLTV Groupings on Real Estate	23
Real Estate CLTV Grouping by Year of Origination	25
Comparative CLTV Groupings on Auto Loans	26
Auto Loan CLTV Grouping by Year of Origination	29
CLTV Grouping by Loan Type	30
FICO Scoring by Origination Year	32
FICO Scoring by Loan Type	34
Migration of Credit Risk by Loan Type	36
Migration of Credit Risk by Origination Year	38
Risk of Default by the Year of Origination	39
Combined Risk Default Level by Loan Type	40
Risk of Loss by Loan Type	42
Payment Status by Loan Type	44
FICO Grade / Migration Analysis Chart	45
Interest Rate Profile	46
Capital Risk Matrix	48
 Stress Analysis	
Static Pool	49
Allowance for Loan & Lease Losses	50
5% Improvement in Collateral and Credit Quality	51
5% Deterioration in Collateral and Credit Quality	52
About Us	53

Sample Federal Credit Union
 Loan Portfolio Analysis

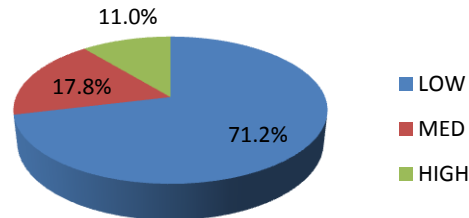
Key Characteristics of the Loan Portfolio

	Average Orig FICO	Average Curr FICO	Average Balance	Average Avail Credit	Average CLTV	Average Default Risk Score	Average Default Risk Profile
Auto - Direct New	725	716	13,349	0	70.3%	6.2	LOW
Auto - Direct Used	704	698	9,191	0	76.7%	6.4	LOW
Auto - Indirect New	688	680	14,094	0	87.4%	7.3	LOW
Auto - Indirect Used	681	671	11,589	0	100.5%	8.0	LOW
Auto	692	683	11,351		89.2%	7.3	LOW
Cons - Secured NV	714	709	14,246	0	NR	3.8	LOW
Cons - Share / CD Secured	677	675	5,336	0	100.0%	14.5	HIGH
Cons - Unsecured	713	706	3,285	0	NR	4.0	LOW
Cons - Unsecured LOC	700	699	1,357	1,603	NR	4.0	LOW
Consumer	702	700	3,611			5.8	LOW
R/E - First Mortgage	714	709	137,563	0	73.4%	8.1	LOW
R/E - HELOC	740	737	31,943	29,486	86.1%	7.7	LOW
R/E - Lot Loan	751	751	79,676	0	73.4%	6.3	LOW
R/E - Second Mortgage	727	723	44,674	0	86.6%	7.3	LOW
Real Estate	730	727	60,284		83.1%	7.5	LOW
Total	702	696	18,768			6.9	

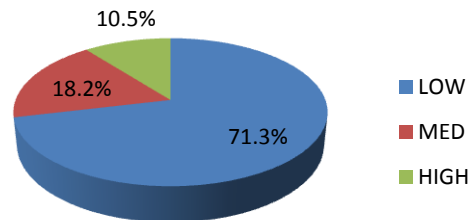
Sample Federal Credit Union
Loan Portfolio Analysis

Portfolio Results

We evaluated 14,002 loans with a related balance of \$262.8 million. The following chart shows the overall classification of the loan portfolio by Risk Level.



During the previous period we evaluated 14,448 loans with a related balance of \$267.0 million. The following chart shows the comparable overall classification of the loan portfolio by Risk Level.



The following is a comparative summary of the key performance indicators for the Sample loan portfolio:

	Current Analysis	Previous Analysis	Average Change	Percent Change
Average Balance	18,768	18,483	284	1.5%
Average Exposure	(1,808)	(1,550)	(258)	16.7%
Average Available Credit	2,020	1,888	133	7.0%
Average Exposure on Available Credit	(648)	(495)	(153)	30.9%
Average Interest Rate	8.4%	8.2%	0.2%	2.8%
Average Original FICO Score	702	699	3	0.4%
Average Current FICO Score	696	693	3	0.5%
Average Default Risk	6.9	6.7	0.2	3.1%

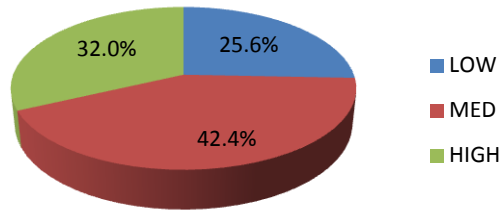
As can be noted from the information above, Sample has increased their average loan balance, FICO score and average interest rate since the previous analysis. The increase in the average exposed balance is primarily related to an increase in unsecured debt and some continued downward pressure on the collateral values securing the loans.

Sample Federal Credit Union
 Loan Portfolio Analysis

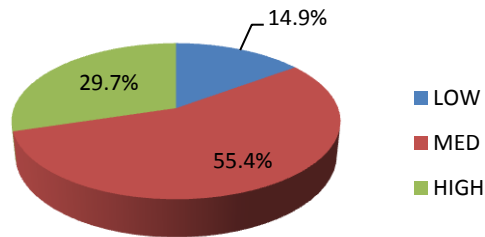
Collateral Values

Residential Real Estate

Of 2,741 real estate loans that were included in our analysis 281 had negative equity of approximately \$6.2 million. The following chart shows the overall classification of the uncollateralized portion of the real estate portfolio by Default Risk Level:



During the previous period 202 real estate loans had negative equity of approximately \$5.6 million. The following chart shows the overall classification of the uncollateralized portion of the real estate portfolio by Default Risk Level:



The following is a summary of the differences in the current period exposure for the Real Estate portfolio:

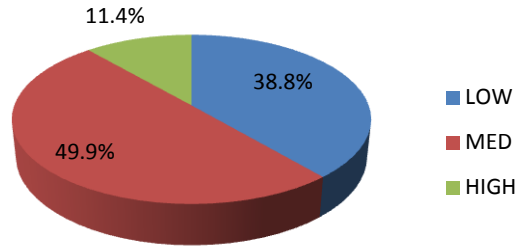
	Current Analysis	Previous Analysis	Average Change	Percent Change
Average Balance	60,284	58,029	2,255	3.9%
Average Exposure	(2,247)	(1,975)	(271)	13.7%
Average Available Credit	8,929	8,333	596	7.1%
Average Exposure on Available Credit	(1,918)	(1,211)	(706)	58.3%
Average Interest Rate	6.0%	5.6%	0.3%	6.2%
Average Original FICO Score	730	729	1	0.2%
Average Current FICO Score	727	725	2	0.3%
Average Default Risk	7.5	7.5	(0.1)	-0.7%

Sample Federal Credit Union
Loan Portfolio Analysis

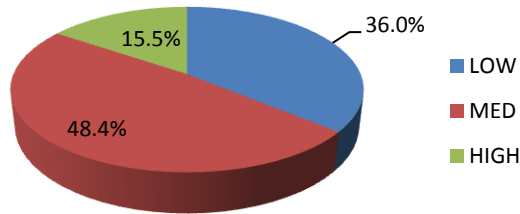
Collateral Values – continued

Vehicles

Of the loans 7,349 loans secured by vehicles and included in our analysis, approximately 2,886 had negative equity of approximately \$8.7 million. The following chart shows the overall classification of the uncollateralized portion of the auto portfolios by Default Risk Level:



During the previous period 2,056 auto loans had negative equity of approximately \$6.3 million. The following chart shows the overall classification of the uncollateralized portion of the auto portfolio by Default Risk Level:



The following is a comparative summary of the key performance indicators for Sample’s vehicle portfolio:

	Current Analysis	Previous Analysis	Average Change	Percent Change
Average Balance	11,351	11,404	(53)	-0.5%
Average Exposure	(1,184)	(802)	(382)	47.7%
Average Interest Rate	7.8%	7.6%	0.2%	2.1%
Average Original FICO Score	692	690	2	0.2%
Average Current FICO Score	683	681	2	0.2%
Average Default Risk	7.3	6.9	0.4	5.8%

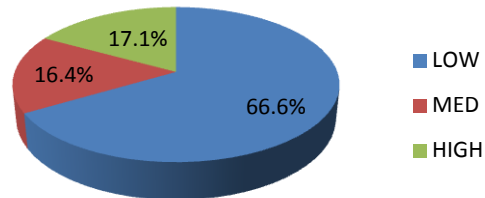
As can be noted from the information above there has been an increase in the overall risk assessment of auto loans. This change is primarily the result of newer loans added to the portfolio which originate at a higher risk score based on the nature of auto loans being under collateralized during the first few months of their life.

Sample Federal Credit Union
Loan Portfolio Analysis

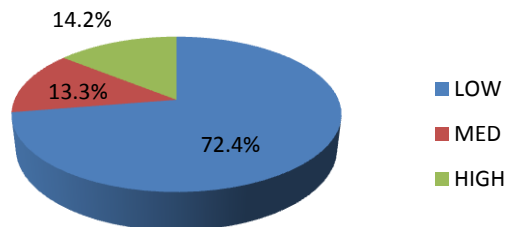
Unfunded Commitments

Home Equity Lines

Included in our evaluation were 826 Home Equity loans with unfunded commitments of \$24.5 million. The following chart shows the overall default risk classification of the unfunded commitments.



During the previous analysis 800 Home Equity loans had unfunded commitments of \$23.5 million. The following chart shows the overall default risk classification of the unfunded commitments



The following is a comparative summary of the key performance indicators for the HELOC portfolio:

	Current Analysis	Previous Analysis	Average Change	Percent Change
Average Balance	31,943	31,492	451	1.4%
Average Exposure	(2,561)	(2,236)	(324)	14.5%
Average Available Credit	29,486	28,294	1,192	4.2%
Average Exposure on Available Credit	(6,333)	(4,113)	(2,220)	54.0%
Average Interest Rate	4.2%	4.1%	0.1%	2.7%
Average Original FICO Score	740	739	2	0.2%
Average Current FICO Score	737	735	2	0.2%
Average Default Risk	7.7	7.5	0.2	3.2%

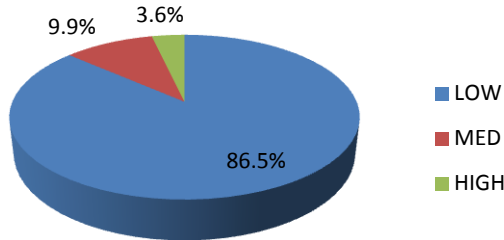
As can be noted from the information above the quality of the HELOC portfolio has declined slightly, primarily as the result of continued pressure on the real estate collateral values. The portfolio has seen an increase in the average rate earned and credit score which helps to offset the risk associated with the changes in collateral value.

Sample Federal Credit Union
Loan Portfolio Analysis

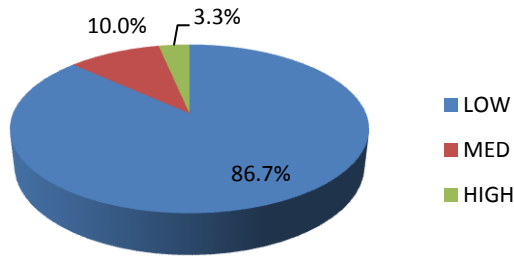
Unfunded Commitments – continued

Consumer Lines of Credit and Credit Cards

Included in our evaluation were 2,251 Consumer Lines of Credit with unfunded commitments of \$3.8 million. The following chart shows the overall default risk classification of the unfunded commitments.



During the previous analysis 2,134 Consumer Lines of Credit loans with unfunded commitments of \$3.7 million. The following chart shows the overall default risk classification of the unfunded commitments.



The following is a comparative summary of the key performance indicators for Sample’s Unsecured Lines:

	Current Analysis	Previous Analysis	Average Change	Percent Change
Average Balance	1,357	1,342	15	1.1%
Average Exposure	(1,357)	(1,342)	(15)	1.1%
Average Available Credit	1,603	1,569	34	2.2%
Average Exposure on Available Credit	(1,603)	(1,569)	(34)	2.2%
Average Interest Rate	14.0%	14.0%	0.0%	0.0%
Average Original FICO Score	700	694	6	0.8%
Average Current FICO Score	699	692	7	1.0%
Average Default Risk	4.0	4.3	(0.3)	-7.0%

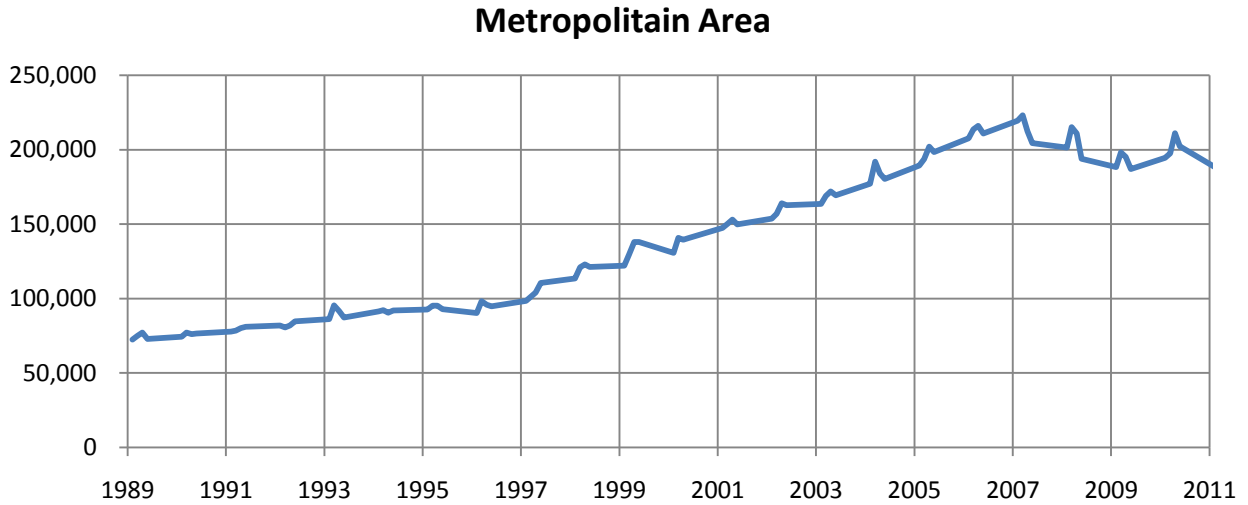
As can be noted from the information above, Sample has improved the quality of the Unsecured Lines primarily through an improvement in their overall FICO scores, which results in an improved overall default risk profile throughout this portfolio.

Sample Federal Credit Union
Loan Portfolio Analysis

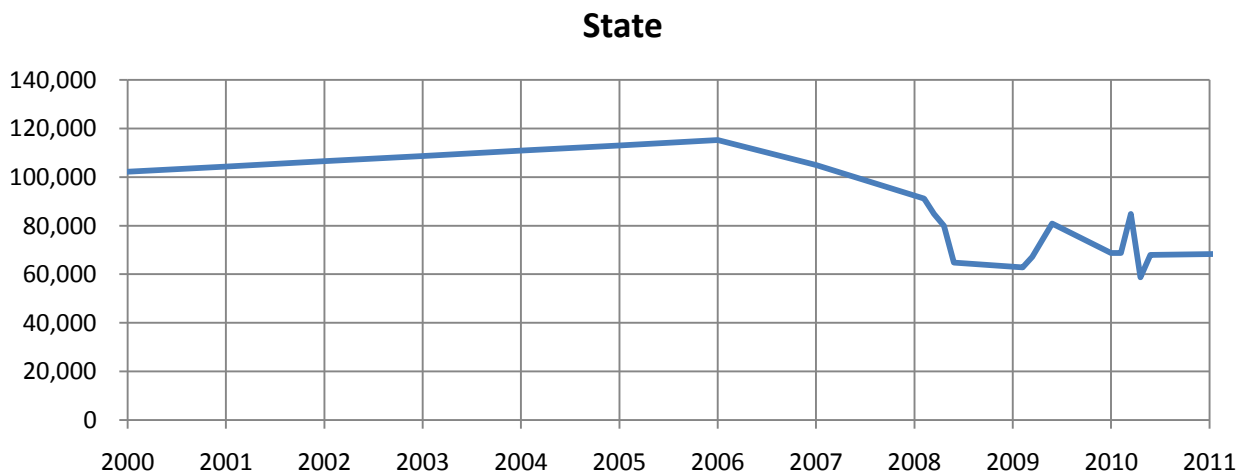
Median Home Values

As of the date of our analysis, the credit union had approximately \$146.9 million of real estate loans in the local metropolitan area. This concentration equates to approximately 88.9% of the overall real estate portfolio.

The chart below demonstrates the change in the median home value for the local metropolitan area from 1989 to the present.



The chart below demonstrates the change in the median home value for the State from 2000 to the present.

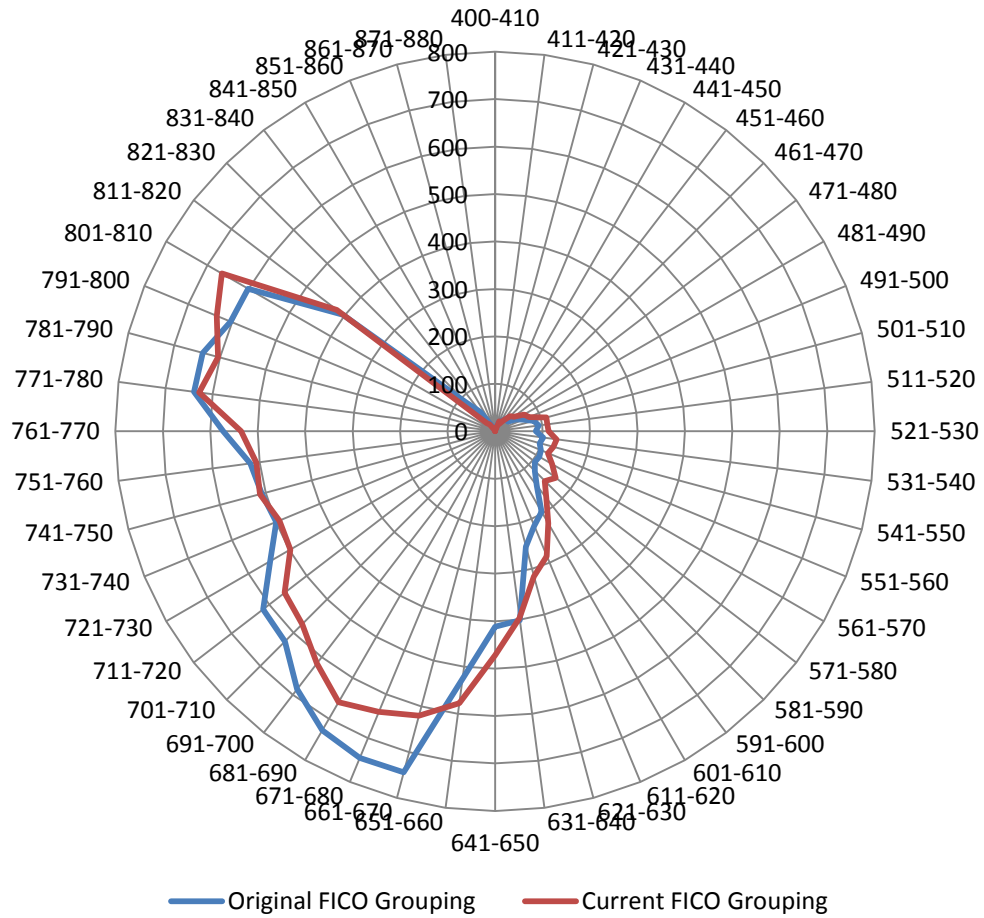


* Changes in Median home values for metropolitan areas obtained from the National Association of Realtors and can be found at www.realtors.org

Sample Federal Credit Union
Loan Portfolio Analysis

Credit Risk

Total Loan Portfolio FICO Profile



The above chart is a comparison of the current FICO scores to the oldest scores available or the scores recorded at the loan origination date.

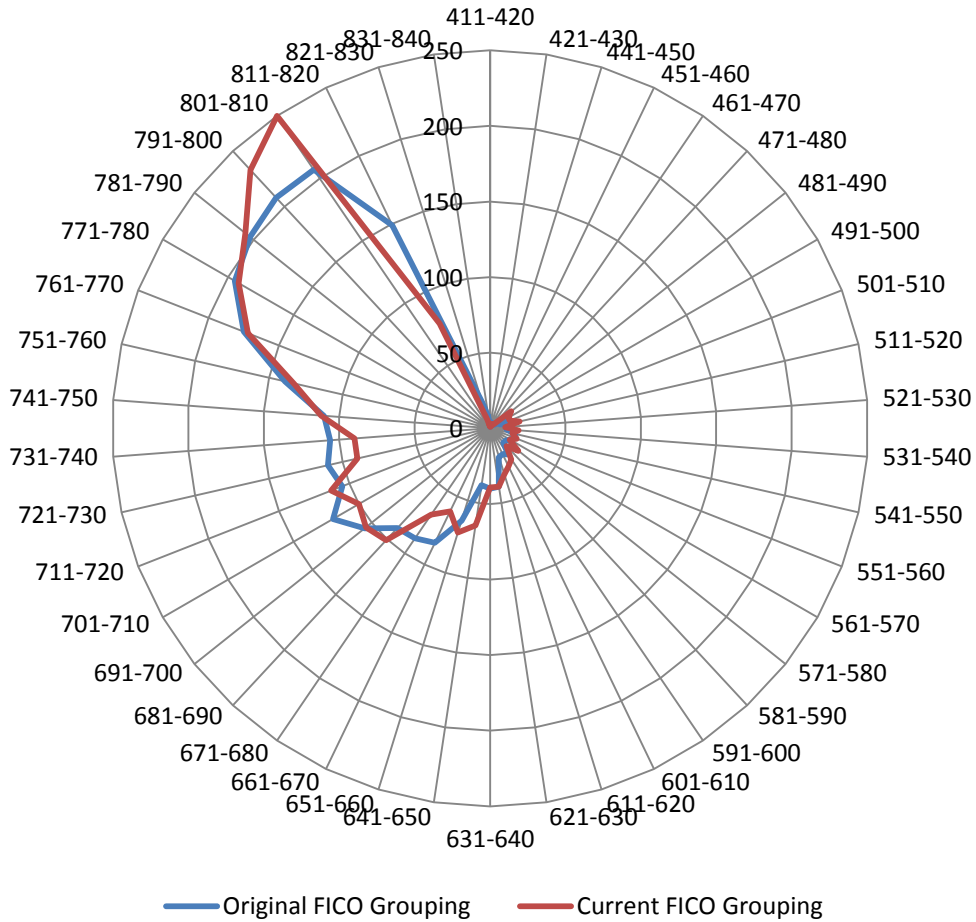
At origination 63.4% of the loans had a FICO score greater than 680 as compared to 60.5% currently.

At origination 5.6% of the loans had a FICO score less than 550 as compared to 7.0% currently.

Sample Federal Credit Union
 Loan Portfolio Analysis

Credit Risk – continued

Real Estate Portfolio FICO Profile



The above chart is a comparison of the current FICO scores to the oldest scores available or the scores recorded at the loan origination date.

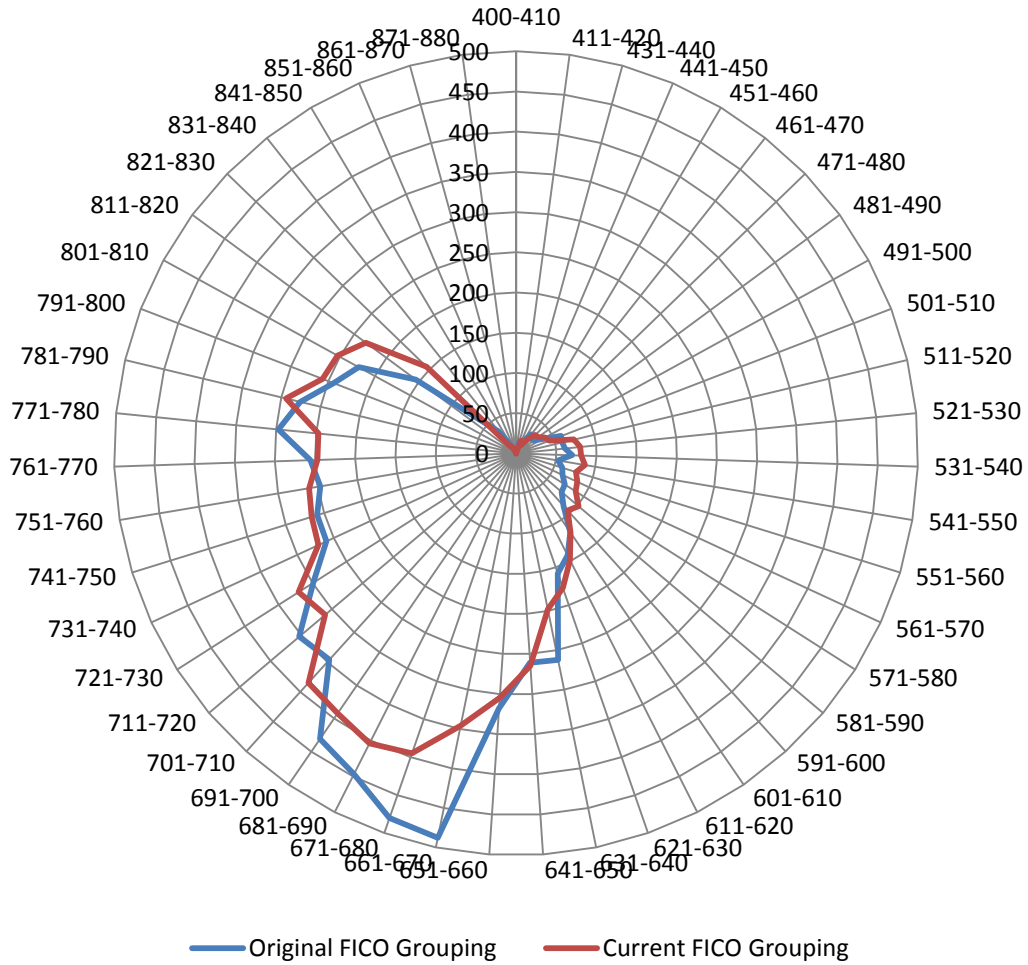
At origination 78.4% of the loans had a FICO score greater than 680 as compared to 76.6% currently.

At origination 3.5% of the loans had a FICO score less than 550 as compared to 4.6% currently.

Sample Federal Credit Union
 Loan Portfolio Analysis

Credit Risk – continued

Auto Portfolio FICO Profile



The above chart is a comparison of the current FICO scores to the oldest scores available or the scores recorded at the loan origination date.

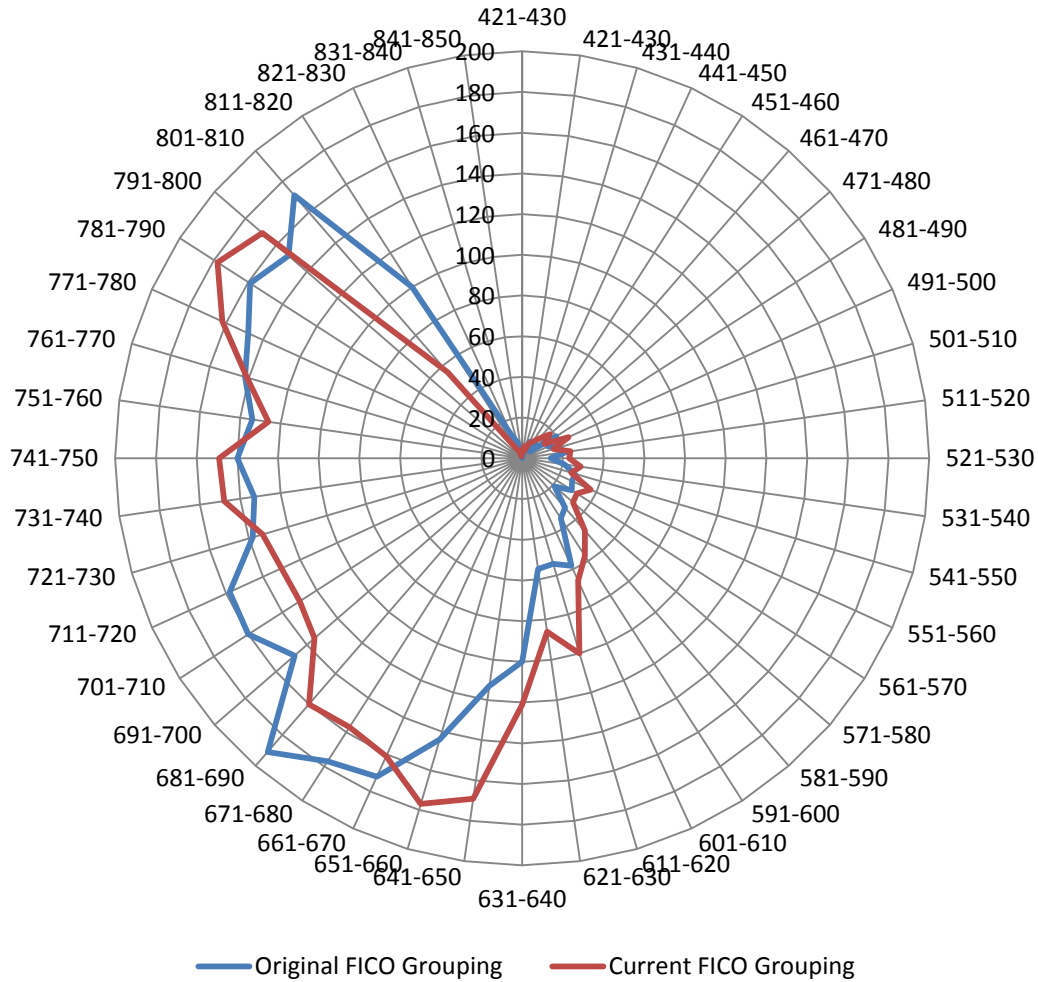
At origination 64.5% of the loans had a FICO score greater than 680 as compared to 65.0% currently.

At origination 5.7% of the loans had a FICO score less than 550 as compared to 6.1% currently.

Sample Federal Credit Union
 Loan Portfolio Analysis

Credit Risk – continued

Consumer Loan Portfolio FICO Profile



The above chart is a comparison of the current FICO scores to the oldest scores available or the scores recorded at the loan origination date.

At origination 63.7% of the loans had a FICO score greater than 680 as compared to 66.9% currently.

At origination 5.3% of the loans had a FICO score less than 550 as compared to 4.7% currently

Sample Federal Credit Union
Loan Portfolio Analysis

Credit Risk – continued

As part of our procedures we considered the direction of the credit risk within the portfolio. This is measured by the current FICO score as compared to the original score provided. Based on this criterion, 2,725 FICO scores improved while 3,721 FICO scores declined. The following chart shows the degree of change based on the individual members and the current balance for the loan portfolio:

	Number of Loans	Current Balance	% of Loans	% of Balance
5 - 25 Imp	1,459	34,805,004	10.4%	13.2%
25 - 50 Imp	753	17,283,761	5.4%	6.6%
50 - 75 Imp	292	6,262,797	2.1%	2.4%
75 - 100 Imp	146	3,771,185	1.0%	1.4%
> 100 Imp	75	1,785,690	0.5%	0.7%
Total Improving	2,725	63,908,437	19.5%	24.3%
5 - 25 Dec	1,645	33,664,228	11.7%	12.8%
25 - 50 Dec	987	20,021,462	7.0%	7.6%
50 - 75 Dec	411	8,250,078	2.9%	3.1%
75 - 100 Dec	270	5,722,560	1.9%	2.2%
> 100 Dec	408	10,346,308	2.9%	3.9%
Total Declining	3,721	78,004,635	26.6%	29.7%
No Change	6,712	106,008,254	47.9%	40.3%
NR	844	14,862,325	6.0%	5.7%
Total Unchanged or Unrated				
	14,002	262,783,652		
Grand Total	1,459	34,805,004	10.4%	13.2%

The credit union’s average credit score for the loan portfolio was 702 at origination as compared to the current average score of 696. The scores compare favorably to the national average of 692¹ and the State average of 674¹. These scores also compare favorably to all the credit unions that we have reviewed in the current year where the average credit has been 695.

For the members where their credit score has migrated more than 100 points, the average improvement was 121 points as compared to the average decline of 142 points. The following tables illustrate the key characteristics of the members that experienced a change greater than 100 points:

During the current period the older loans have generally migrated to lower credit scores, however the migration is offset with the new loans classified as “No Change” which have resulted in an increase in the average FICO score and decrease in the credit risk profile for the Credit Union.

¹ — Provided by Experian National Score Index at www.nationalscoreindex.com

Sample Federal Credit Union
Loan Portfolio Analysis

Credit Risk – continued

Greater than 100 point improvement

	Number of Loans	Current Balance	Average Orig FICO	Average Curr FICO	Average CLTV	Average Default Score	Average Default Profile
Auto - Direct New	1	24,606	663	773	100.0%	4.0	LOW
Auto - Direct Used	9	58,126	628	754	49.7%	2.1	LOW
Auto - Indirect New	7	131,127	639	764	114.6%	4.4	LOW
Auto - Indirect Used	6	73,666	633	770	105.0%	4.2	LOW
Cons - Secured NV	2	34,050	525	667	NR	2.0	LOW
Cons - Share / CD Secured	1	180	659	775	100.0%	4.0	LOW
Cons - Unsecured	1	1,325	648	767	NR	1.0	LOW
Cons - Unsecured LOC	25	26,280	574	698	NR	1.7	LOW
R/E - First Mortgage	5	780,890	606	727	80.1%	5.0	LOW
R/E - HELOC	11	380,389	623	734	91.7%	5.2	LOW
R/E - Second Mortgage	7	275,051	627	754	81.3%	4.0	LOW
Total	75	1,785,690	607	731		3.2	

Greater than 100 point decline

	Number of Loans	Current Balance	Average Orig FICO	Average Curr FICO	Average CLTV	Average Default Score	Average Default Profile
Auto - Direct New	13	203,975	702	556	91.4%	15.0	HIGH
Auto - Direct Used	58	571,559	690	549	76.7%	14.6	HIGH
Auto - Indirect New	39	785,995	705	558	111.5%	16.1	HIGH
Auto - Indirect Used	122	1,627,540	705	557	114.3%	16.2	HIGH
Cons - Secured NV	8	54,670	709	573	NR	11.4	HIGH
Cons - Share / CD Secured	1	4,373	702	596	100.0%	14.0	HIGH
Cons - Unsecured	6	12,885	712	577	NR	11.8	HIGH
Cons - Unsecured LOC	63	97,065	703	566	NR	12.1	HIGH
R/E - First Mortgage	26	3,526,242	706	568	80.1%	15.2	HIGH
R/E - HELOC	30	1,238,211	740	597	86.7%	14.8	HIGH
R/E - Second Mortgage	42	2,223,792	714	576	90.3%	16.1	HIGH
Total	408	10,346,308	706	564		15.0	

Sample Federal Credit Union
 Loan Portfolio Analysis

Period to Period Comparative Default Risk

Of the combined portfolio of approximately \$262.8 million included in the current analysis, approximately \$231.9 million were graded previously. The following grading matrix illustrates the changes in combined default risk grade from the prior analysis to the current analysis by current balance.

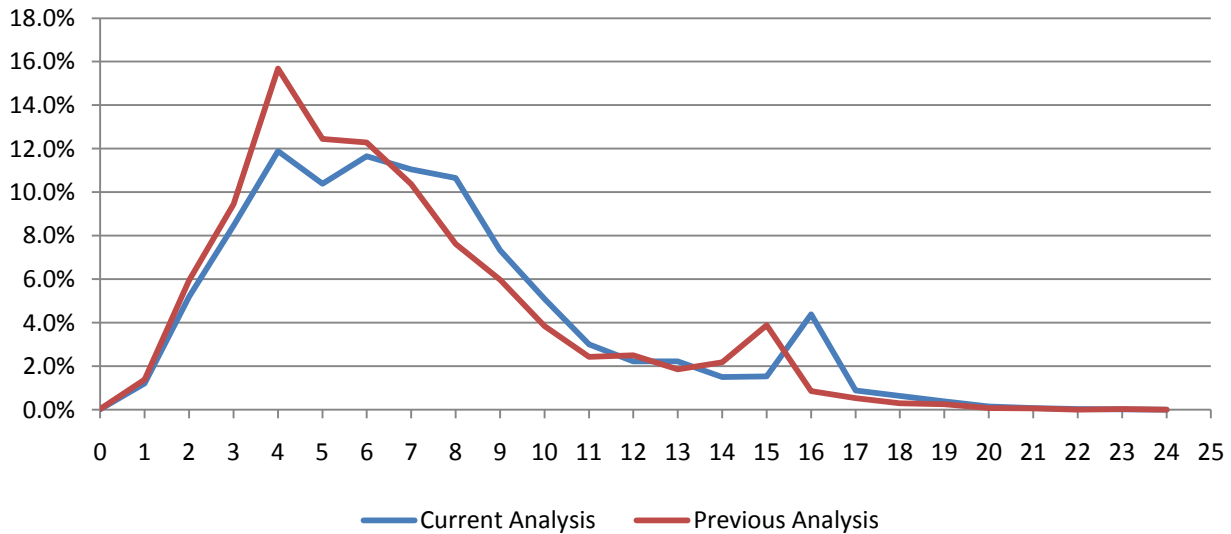
		Current Risk Profile			
		LOW	MED	HIGH	Total Loans
Previous Risk Profile	LOW	159,623,046	5,095,778	0	164,718,824
	MED	2,290,120	38,152,167	2,093,871	42,536,158
	HIGH	269,469	1,439,508	22,972,707	24,681,684
	NEW	24,923,569	2,191,846	3,731,572	30,846,987
	Total Loans	187,106,203	46,879,298	28,798,150	262,783,652

The matrix above illustrates that \$1.7 million of loans that were risk graded high risk during the previous analysis are currently graded low and medium risk; this change is related to more complete FICO information in the current period and incomplete collateral values assigned to the auto loans in the previous period, which resulted in a higher credit default scores.

Inversely, the matrix illustrates that \$2.1 million of loans that were risk graded medium risk during the prior analysis are graded as High Risk for the current analysis. This is largely due to some downward migration in credit scores and continued pressure on real estate values.

Period to Period Comparative Default Score

The following chart show the current period and previous period by comparative default grade, by loan balance outstanding:



Sample Federal Credit Union
Loan Portfolio Analysis

Risk of Loss

As part of our procedures we considered concentrations of risk as it relates to the potential losses within the portfolio, based on the combined default risk profile and the current collateral values.

The risk of loss within the portfolio is as follows:

	Risk of Loss High	% of Total Portfolio	Risk of Loss Med	% of Total Portfolio	Risk of Loss Low	% of Total Portfolio
Real Estate						
R/E - First Mortgage	447,174	0.2%	2,262,483	0.9%	65,521,796	24.9%
R/E - HELOC	795,045	0.3%	3,371,672	1.3%	22,345,932	8.5%
R/E - Lot Loan	0	0.0%	97,927	0.0%	16,474,661	6.3%
R/E - Second Mortgage	691,213	0.3%	4,664,231	1.8%	48,565,694	18.5%
Total Real Estate	1,933,432	0.7%	10,396,313	4.0%	152,908,082	58.2%
Auto						
Auto - Direct New	29,949	0.0%	175,901	0.1%	4,065,739	1.5%
Auto - Direct Used	65,697	0.0%	693,496	0.3%	20,857,315	7.9%
Auto - Indirect New	256,184	0.1%	2,072,258	0.8%	16,402,337	6.2%
Auto - Indirect Used	545,860	0.2%	4,761,987	1.8%	33,493,454	12.7%
Total Auto	897,691	0.3%	7,703,641	2.9%	74,818,845	28.5%
Consumer						
Cons - Secured NV	57,606	0.0%	248,616	0.1%	5,477,718	2.1%
Cons - Share / CD Secured	0	0.0%	20,664	0.0%	3,656,085	1.4%
Cons - Unsecured	18,040	0.0%	77,932	0.0%	1,339,410	0.5%
Cons - Unsecured LOC	117,603	0.0%	477,688	0.2%	2,634,284	1.0%
Total Consumer	193,249	0.1%	824,901	0.3%	13,107,498	5.0%
Total Portfolio	3,024,372	1.2%	18,924,855	7.2%	240,834,425	91.6%

Risk of Loss is a measurement of the probability of expected losses within the portfolio. These potential losses are measured by considering the loans with the highest probability of default, based on the information included in this analysis and the current deficiency in collateral values securing these loans.

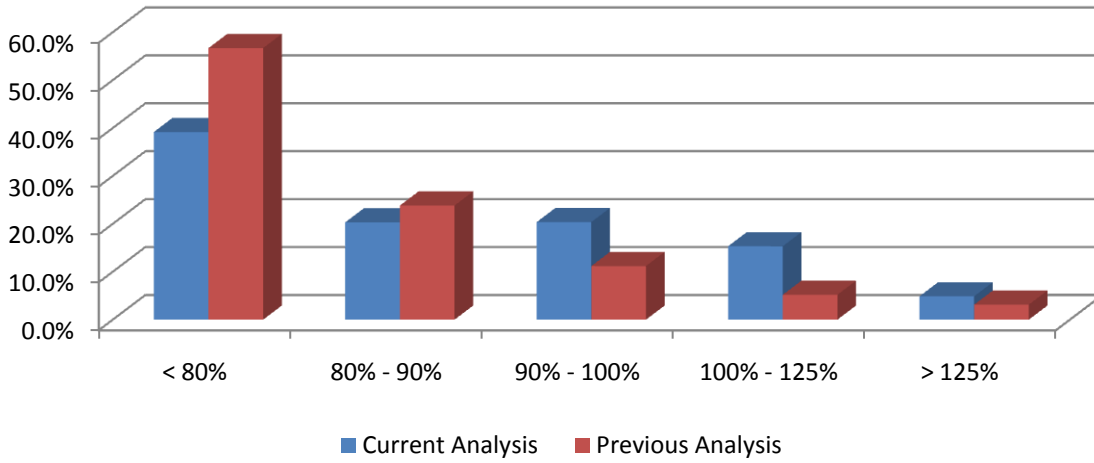
Included in the Risk of Loss High balance is \$57,006 in total balances of collateralized loans that we did not obtain current collateral values, had we obtained these collateral values the Risk of Loss High balance would have been lower.

Included in the Risk of Loss Med balance is \$248,616 in total balances of collateralized loans that we did not obtain current collateral values, had we obtained these collateral values the Risk of Loss Med balance would have been lower.

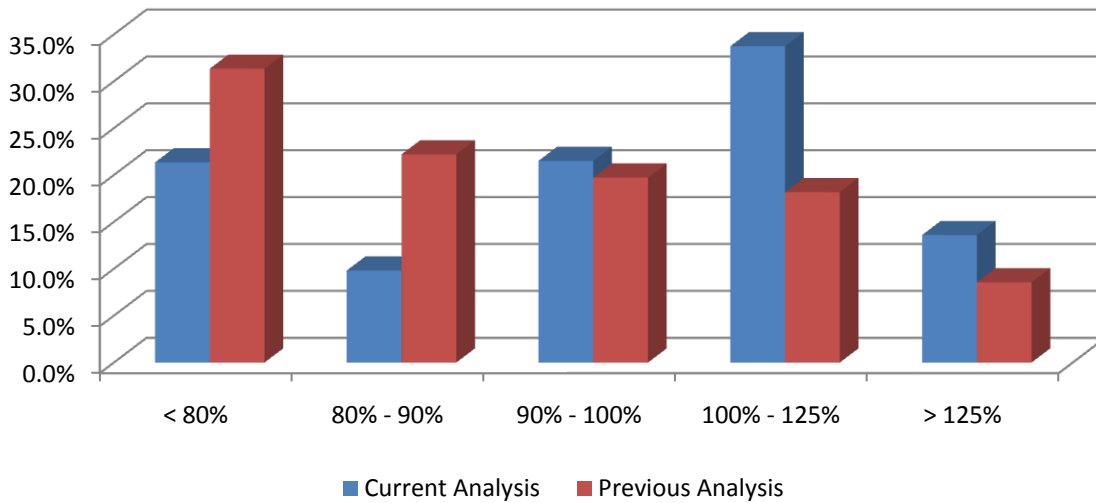
Sample Federal Credit Union
 Loan Portfolio Analysis

Comparative CLTV Groupings on Real Estate

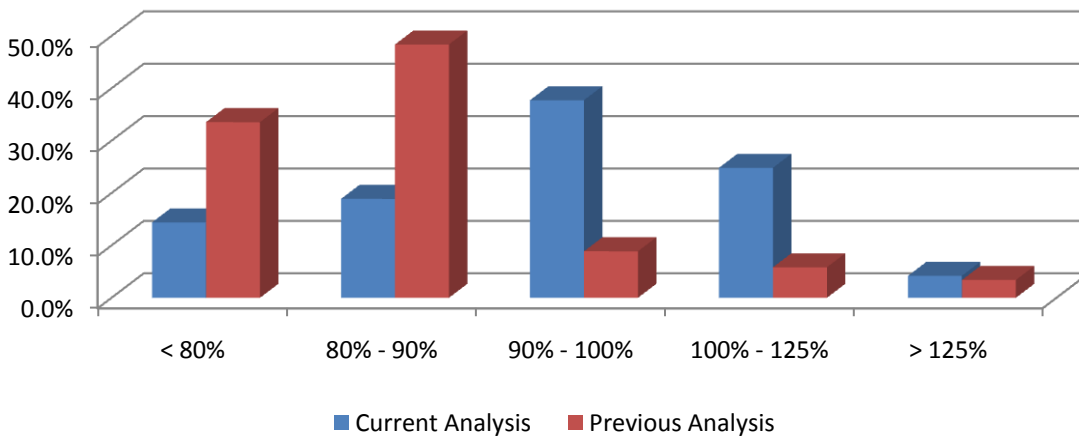
First Mortgage



HELOC



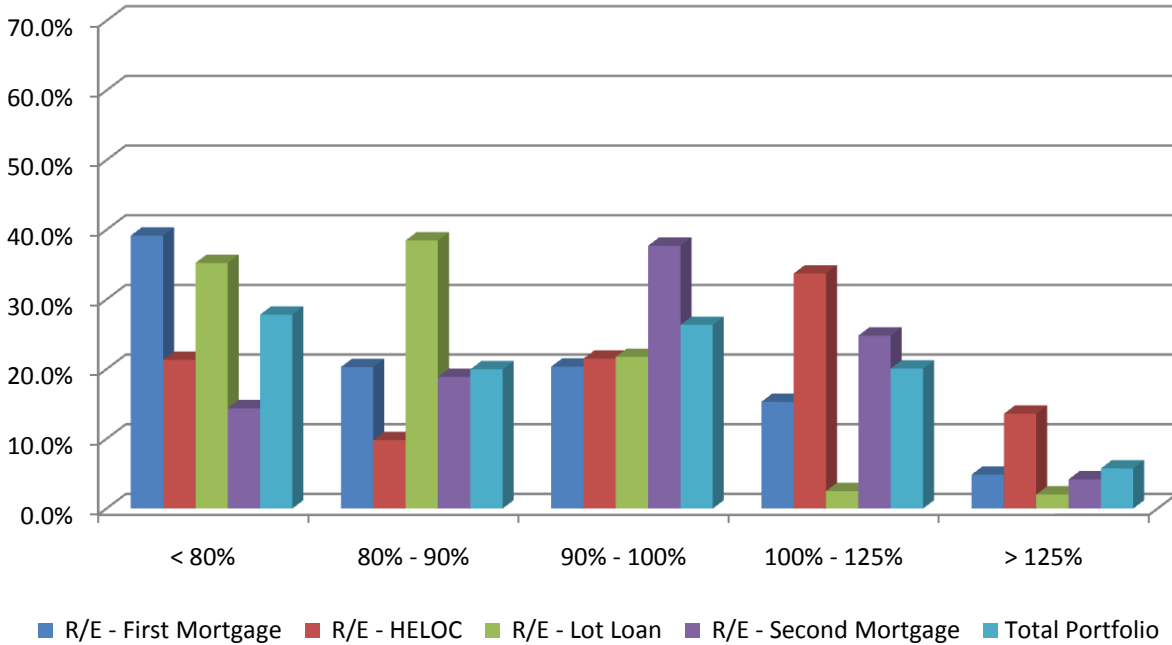
Second Mortgage



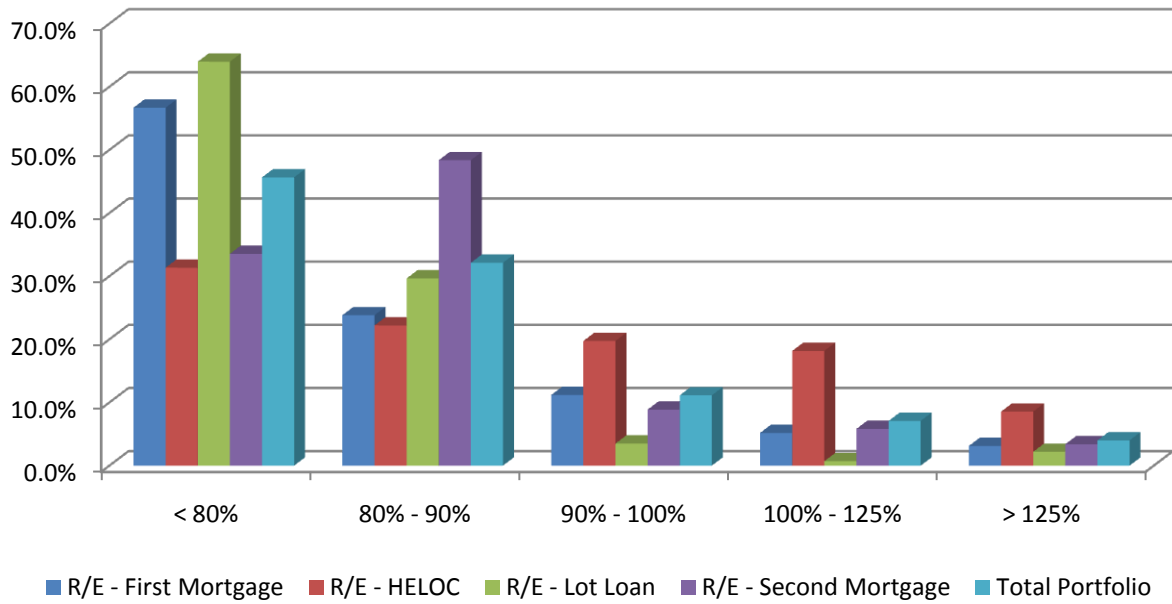
Sample Federal Credit Union
 Loan Portfolio Analysis

Comparative CLTV Groupings on Real Estate – continued

Current Period Comparative CLTV Grouping for Real Estate Loans



Previous Period Comparative CLTV Grouping for Real Estate Loans



Sample Federal Credit Union
Loan Portfolio Analysis

Real Estate CLTV Grouping by Year of Origination

The following charts show the current CLTV based on the year of origination:

By Current Balance

	2005	2006	2007	2008	2009	2010	2011	Grand Total
< 80%	3,931,519	1,295,828	14,581,826	8,452,304	15,661,290	9,144,983	4,112,750	57,180,500
80% - 90%	1,542,836	847,947	9,517,813	6,973,453	12,698,114	9,467,686	2,708,534	43,756,381
90% - 100%	954,687	2,071,163	9,338,337	10,354,837	2,900,958	12,059,650	1,948,536	39,628,167
100% - 125%	1,111,133	1,690,525	7,141,393	5,134,540	664,438	1,566,181	127,314	17,435,526
> 125%	305,004	1,309,963	3,779,736	667,832	648,423	526,296	0	7,237,253
Grand Total	7,845,179	7,215,426	44,359,105	31,582,966	32,573,223	32,764,795	8,897,134	165,237,828

By Balance Exposure

	2005	2006	2007	2008	2009	2010	2011	Grand Total
< 80%	0	0	0	0	0	0	0	0
80% - 90%	0	0	0	0	0	0	0	0
90% - 100%	0	0	0	0	0	0	0	0
100% - 125%	(197,197)	(212,664)	(1,191,186)	(425,031)	(323,101)	(170,268)	0	(2,519,447)
> 125%	(152,138)	(787,708)	(1,559,254)	(298,376)	(521,812)	(319,119)	0	(3,638,406)
Grand Total	(349,335)	(1,000,371)	(2,750,440)	(723,407)	(844,913)	(489,387)	0	(6,157,853)

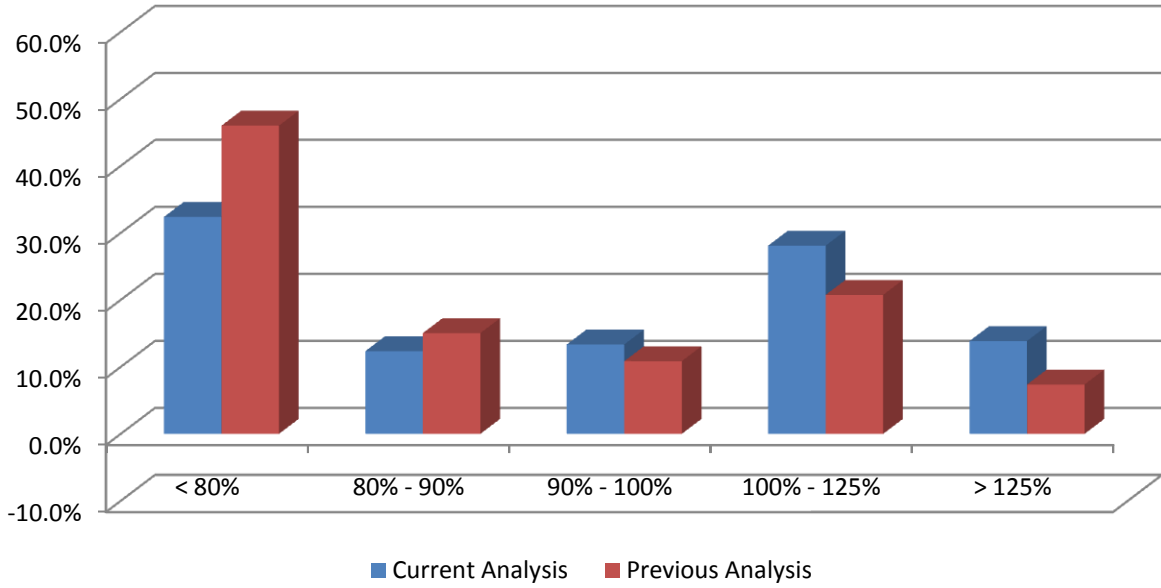
Loans made prior to 2005 are included in the totals for 2005.

As can be noted from the information provided above, the balance exposure as a percentage of all real estate loans was approximately 13.9% for loans originating during 2006 as compared to all other years at 3.3%.

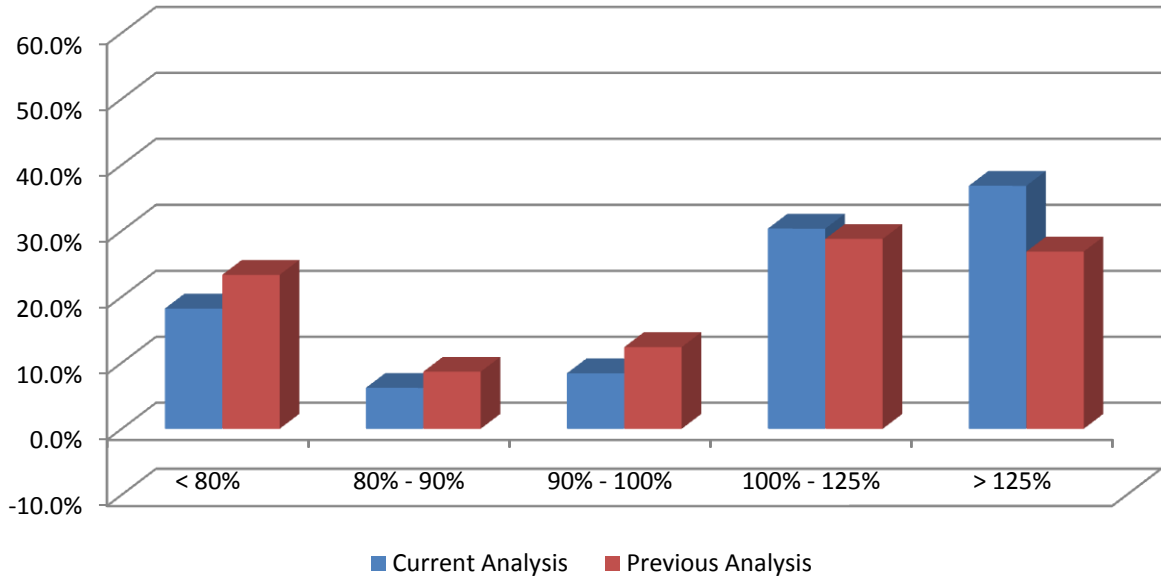
Sample Federal Credit Union
Loan Portfolio Analysis

Comparative CLTV Groupings on Auto Loans

Auto – New Direct



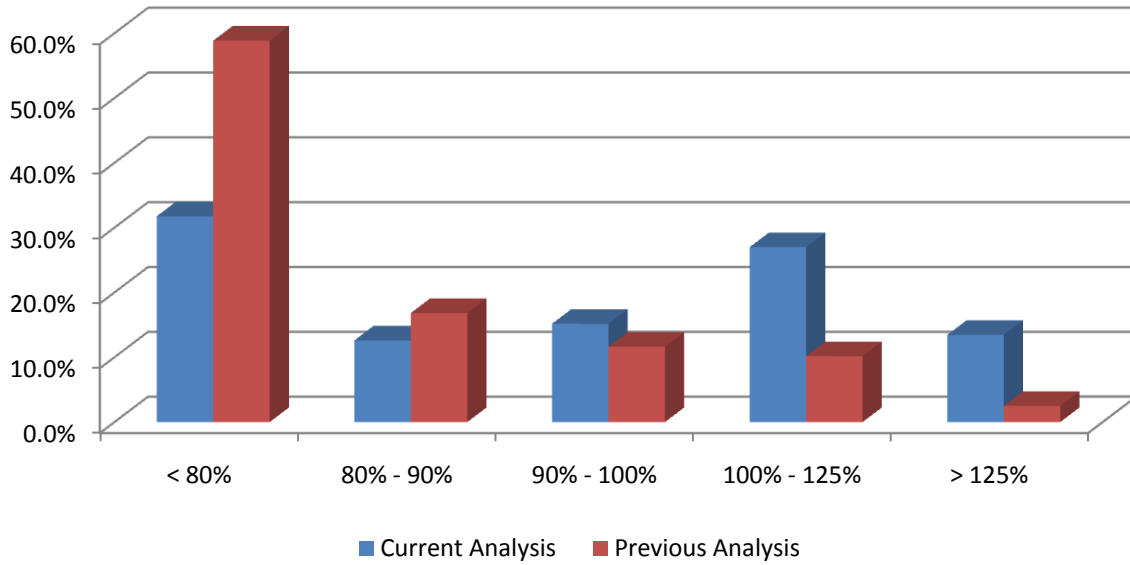
Auto – New Indirect



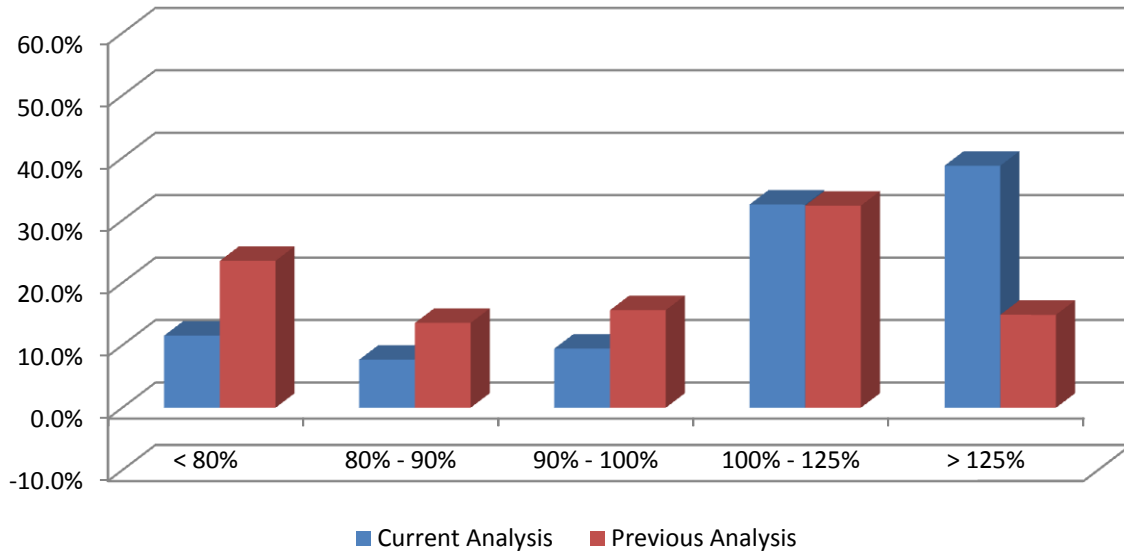
Sample Federal Credit Union
Loan Portfolio Analysis

Comparative CLTV Groupings on Auto Loans – continued

Auto – Used Direct



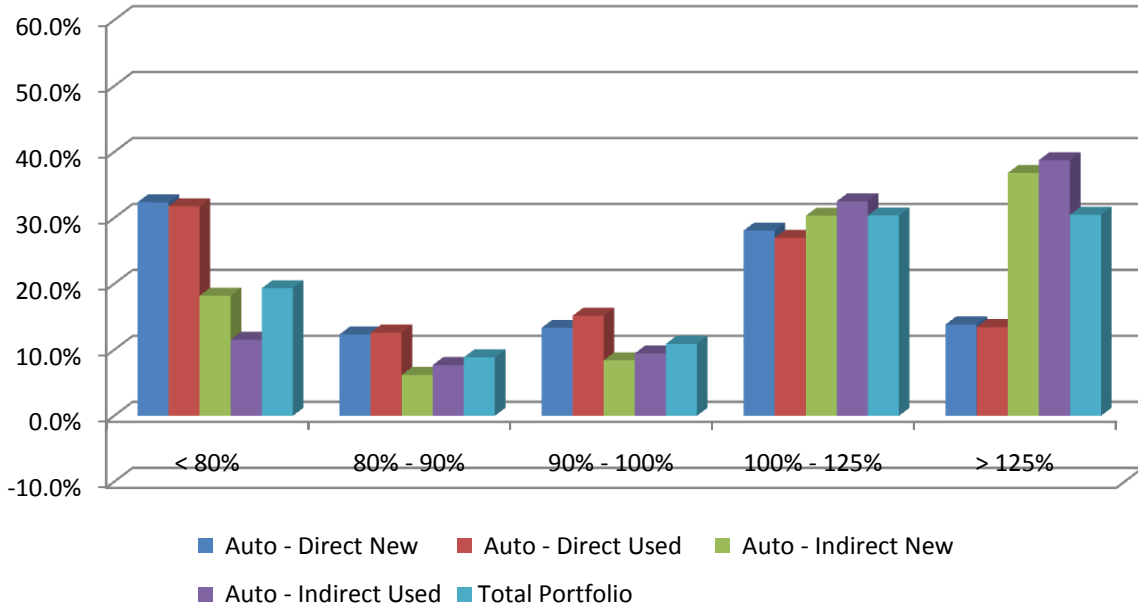
Auto – Used Indirect



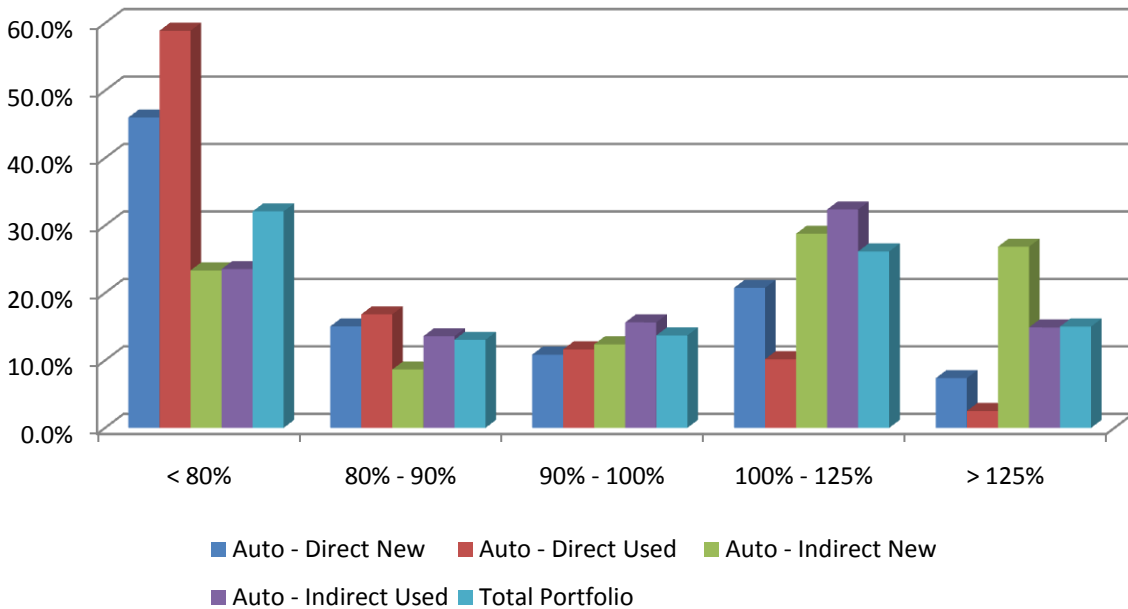
Sample Federal Credit Union
 Loan Portfolio Analysis

Comparative CLTV Groupings on Auto – continued

Current Period Comparative CLTV Grouping for Auto Loans



Previous Period Comparative CLTV Grouping for Auto Loans



Sample Federal Credit Union
Loan Portfolio Analysis

Auto Loan CLTV Grouping by Year of Origination

The following charts show the current CLTV based on the year of origination:

By Current Balance

	2005	2006	2007	2008	2009	2010	2011	Grand Total
< 80%	712,149	1,067,694	2,501,495	4,919,879	4,847,058	3,325,945	1,481,523	18,855,742
80% - 90%	45,741	102,438	810,572	2,106,785	2,358,295	2,239,564	967,116	8,630,511
90% - 100%	45,913	66,475	373,389	2,283,438	2,881,966	3,532,697	1,484,729	10,668,607
100% - 125%	100,806	52,848	794,611	4,721,050	6,487,484	8,561,646	4,854,258	25,572,703
> 125%	71,081	44,868	975,779	3,947,889	4,618,935	7,114,988	2,919,073	19,692,614
Grand Total	975,690	1,334,323	5,455,845	17,979,040	21,193,738	24,774,840	11,706,700	83,420,177

By Balance Exposure

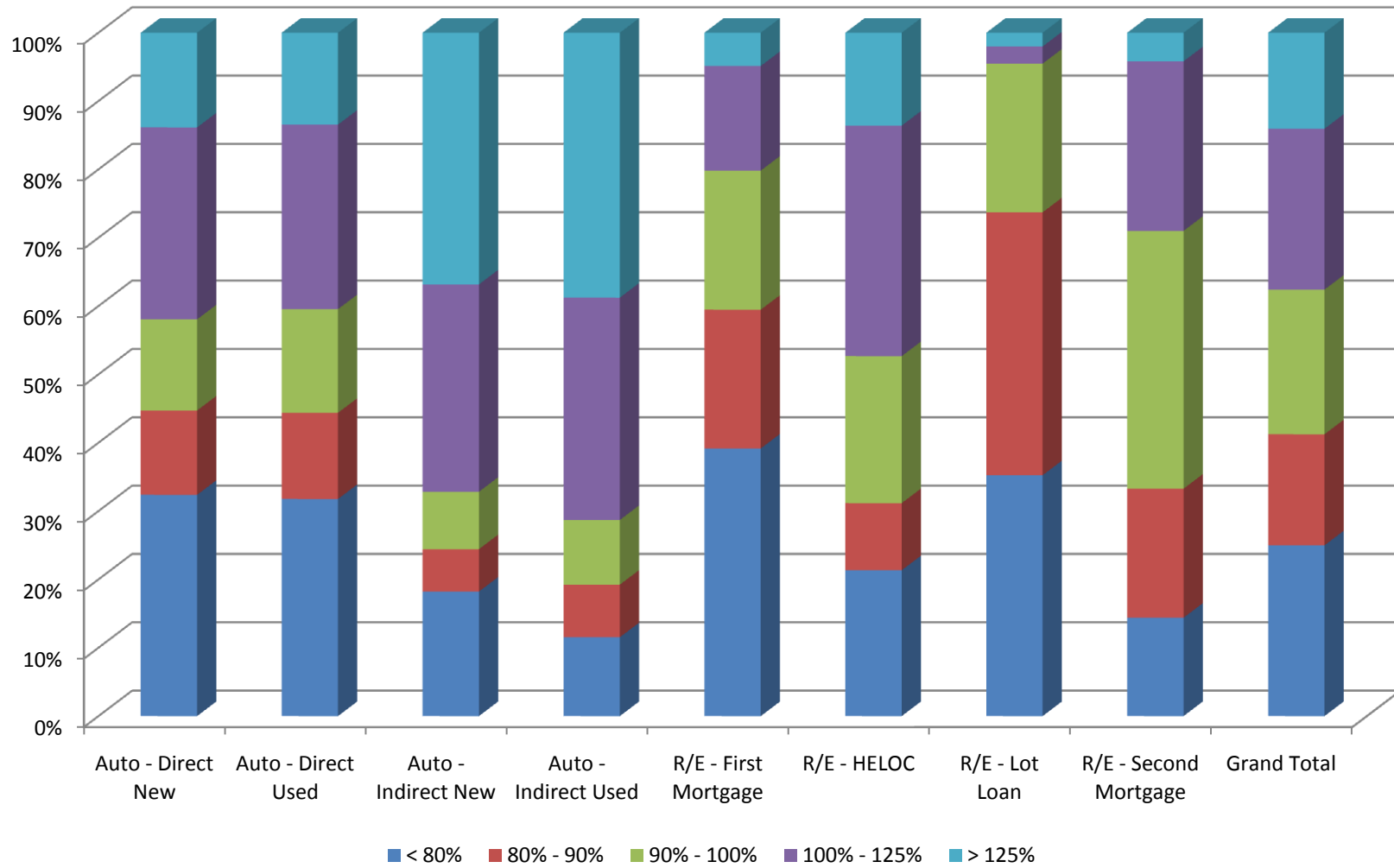
	2005	2006	2007	2008	2009	2010	2011	Grand Total
< 80%	0	0	0	0	0	0	0	0
80% - 90%	0	0	0	0	0	0	0	0
90% - 100%	0	0	0	0	0	0	0	0
100% - 125%	(12,012)	(6,298)	(74,534)	(483,843)	(641,083)	(868,387)	(541,462)	(2,627,619)
> 125%	(25,827)	(17,193)	(322,742)	(1,216,594)	(1,388,298)	(2,196,891)	(908,329)	(6,075,875)
Grand Total	(37,839)	(23,491)	(397,276)	(1,700,437)	(2,029,382)	(3,065,278)	(1,449,792)	(8,703,494)

Loans made prior to 2005 are included in the totals for 2005.

Sample Federal Credit Union
Loan Portfolio Analysis

CLTV Grouping by Loan Type

The following graph shows the fully funded CLTV for all loans included in our analysis by loan type:



Sample Federal Credit Union
 Loan Portfolio Analysis

CLTV Grouping by Loan Type – continued

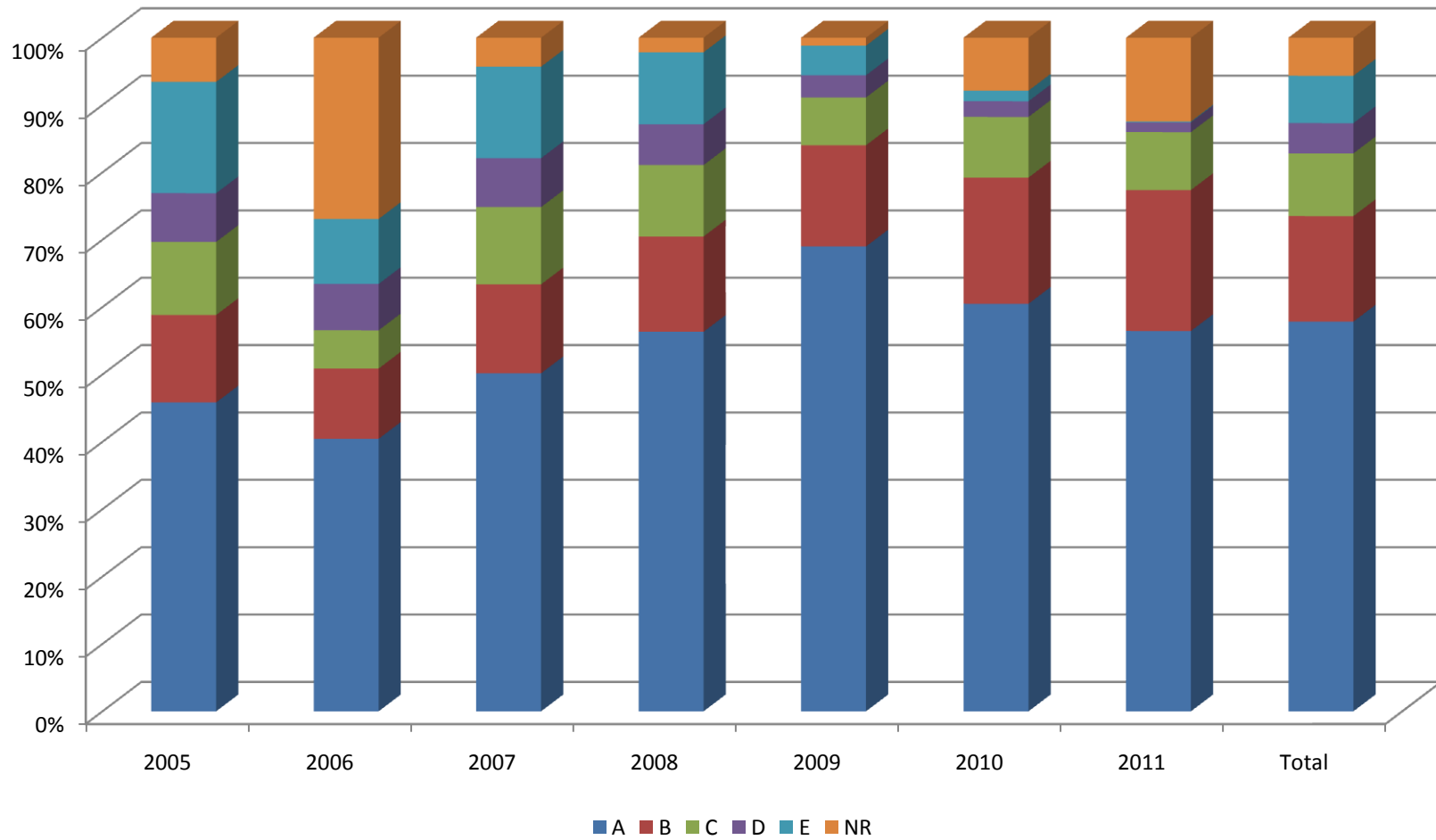
The table below includes the account balances by loan type and CLTV that were used to complete the graph above.

	< 80%	80% - 90%	90% - 100%	100% - 125%	> 125%	Total
Auto - Direct New	1,552,865	658,145	499,349	1,258,197	303,034	4,271,589
Auto - Direct Used	7,882,825	3,207,254	3,160,853	5,353,501	2,012,074	21,616,508
Auto - Indirect New	3,853,566	1,379,829	2,149,034	6,088,459	5,259,892	18,730,779
Auto - Indirect Used	5,566,486	3,385,283	4,859,372	12,872,546	12,117,614	38,801,301
R/E - First Mortgage	31,577,757	15,666,172	12,653,821	5,817,788	2,515,915	68,231,453
R/E - HELOC	6,521,465	4,167,692	6,912,739	6,027,898	2,882,854	26,512,648
R/E - Lot Loan	8,799,721	4,789,022	2,466,574	364,183	153,089	16,572,588
R/E - Second Mortgage	10,281,556	19,133,496	17,595,033	5,225,656	1,685,397	53,921,139
Grand Total	76,036,242	52,386,892	50,296,775	43,008,228	26,929,867	248,658,005

Sample Federal Credit Union
Loan Portfolio Analysis

FICO Scoring by Origination Year

The following graph shows the latest FICO Grade of all loans included in our analysis by year of origination. All loans made prior to 2005 have been included in the totals for the year 2005:



Sample Federal Credit Union
 Loan Portfolio Analysis

FICO Scoring by Origination Year – continued

The table below includes the account balances by origination year and FICO grade that was used to complete the graph above:

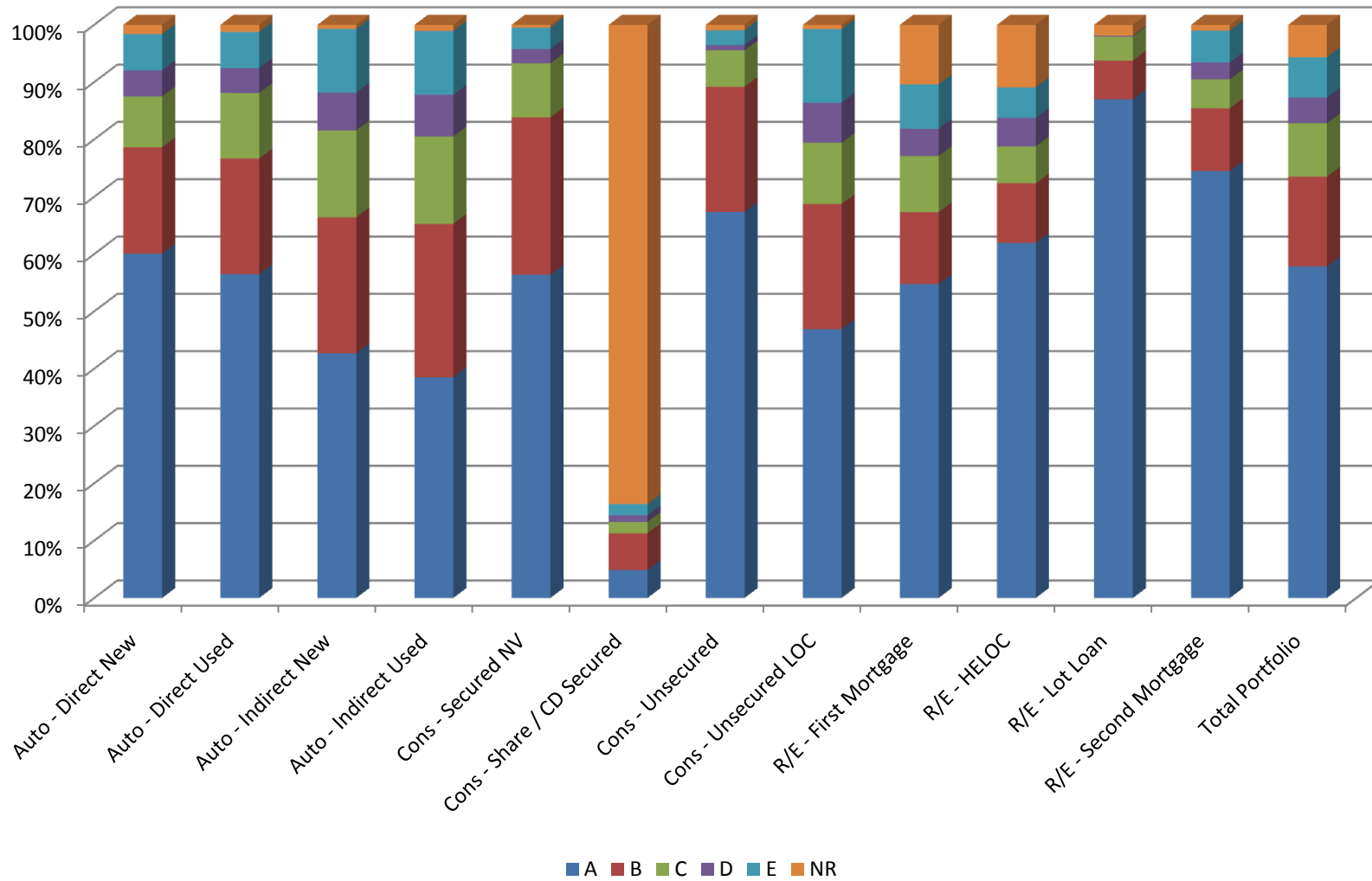
	2005	2006	2007	2008	2009	2010	2011	Total
A	5,231,366	3,889,050	27,783,300	31,894,106	41,917,850	40,290,996	15,020,630	166,027,299
B	1,387,433	871,242	6,813,213	6,266,104	6,481,016	11,071,735	4,097,415	36,988,159
C	975,706	388,172	5,094,469	4,501,337	3,104,936	3,450,459	1,486,104	19,001,183
D	854,636	707,950	2,913,235	2,656,851	1,547,088	1,021,485	98,664	9,799,909
E	1,417,258	719,794	6,224,894	4,813,929	2,078,827	835,032	15,041	16,104,776
NR	693,017	2,421,176	2,197,294	1,108,872	661,067	4,837,131	2,943,769	14,862,325
Total	10,559,415	8,997,385	51,026,406	51,241,199	55,790,784	61,506,839	23,661,623	262,783,652

Currently 63.2% of all loans have a credit grade of A; of these 75.1% of the loans that originated in 2009 have a credit grade of A as compared to 60.0% in all other periods. Of the loans included in the analysis \$25.9 million or 9.9% of the loans have a current credit grade of D or E; these grades represent those loans where current member's credit score is 600 or below. The highest percentage of these loans originated during or prior to 2005; during this period approximately 21.5% of all loans have a FICO score below 600; this period additionally account for 8.8% of all loans with a FICO score below 600.

Sample Federal Credit Union
Loan Portfolio Analysis

FICO Scoring by Loan Type

The following graph shows the latest FICO grade of all loans included in our analysis by loan type:



Sample Federal Credit Union
 Loan Portfolio Analysis

FICO Scoring by Loan Type – continued

The table below includes the latest FICO grade of all loans that was used to complete the graph above:

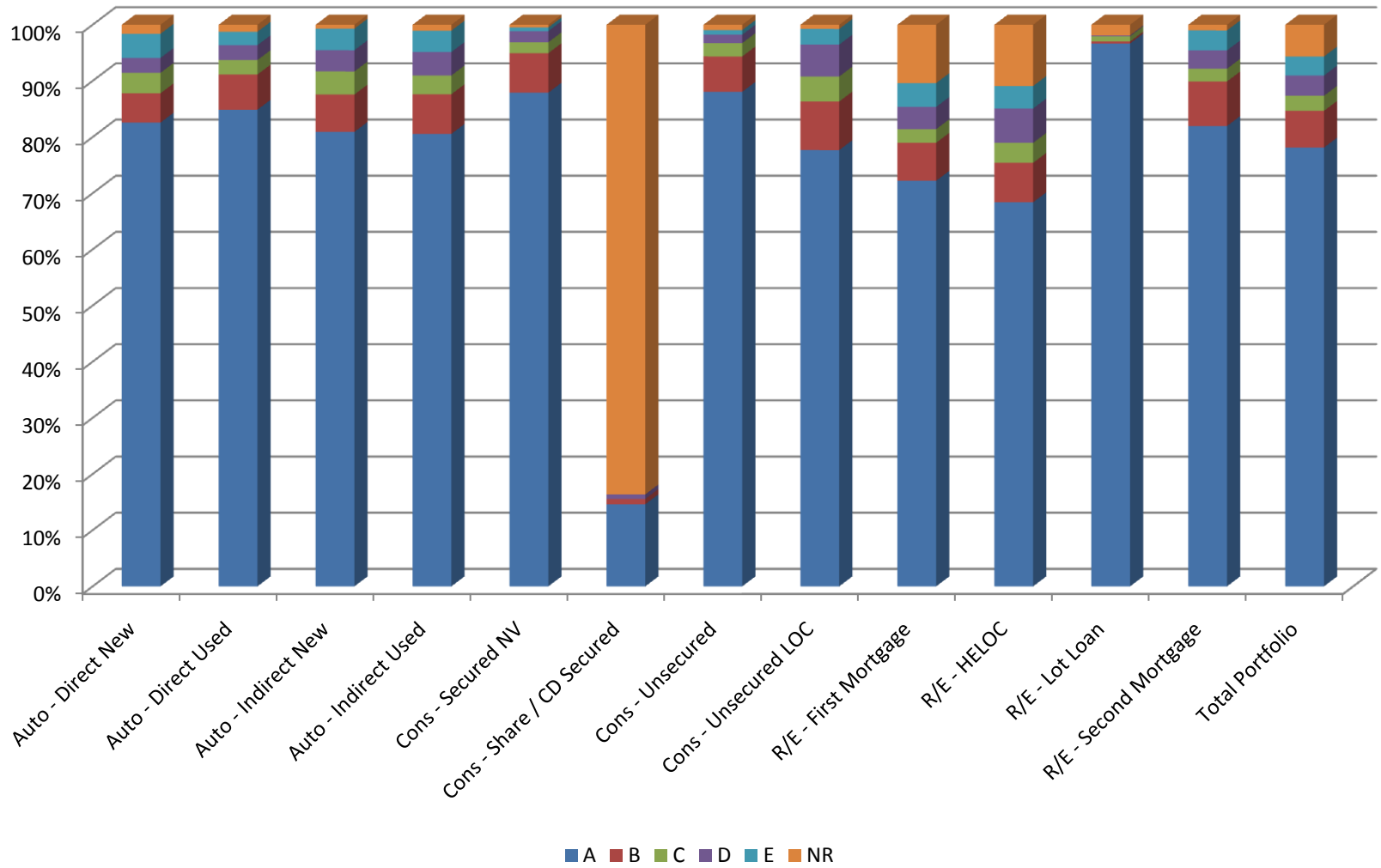
	A	B	C	D	E	NR	Total
Auto - Direct New	2,935,938	493,907	319,082	239,330	214,586	68,748	4,271,589
Auto - Direct Used	13,516,263	4,046,070	1,849,913	798,745	1,134,406	271,110	21,616,508
Auto - Indirect New	9,362,401	4,219,848	2,048,971	1,129,346	1,838,898	131,315	18,730,779
Auto - Indirect Used	18,027,451	9,721,608	4,715,715	2,194,873	3,732,790	408,864	38,801,301
Cons - Secured NV	3,808,372	1,235,693	414,340	140,019	157,454	28,061	5,783,940
Cons - Share / CD Secured	239,146	177,428	82,120	44,774	58,633	3,074,648	3,676,749
Cons - Unsecured	1,066,449	253,621	56,149	13,891	31,692	13,582	1,435,383
Cons - Unsecured LOC	1,703,279	644,530	301,826	207,772	347,971	24,198	3,229,576
R/E - First Mortgage	40,558,234	8,160,317	5,397,444	2,192,173	4,832,634	7,090,651	68,231,453
R/E - HELOC	17,478,829	2,490,816	1,343,476	1,205,657	1,100,342	2,893,528	26,512,648
R/E - Lot Loan	14,841,184	1,009,215	407,971	0	0	314,218	16,572,588
R/E - Second Mortgage	42,489,755	4,535,105	2,064,176	1,633,330	2,655,371	543,402	53,921,139
Total Portfolio	166,027,299	36,988,159	19,001,183	9,799,909	16,104,776	14,862,325	262,783,652

The best performing type of loans are the Real Estate Lot Loans of which had 89.5% of these loan types had an A credit grade; inversely the Consumer Lines of Credit have the highest percent of D or E credit grades of which 17.2% of these loans had a current FICO score of less than 600.

Sample Federal Credit Union
Loan Portfolio Analysis

Migration of Credit Risk by Loan Type

The following graph shows the migration of all loans included in our analysis by loan type:



Sample Federal Credit Union
 Loan Portfolio Analysis

Migration of Credit Risk by Loan Type – continued

The table below includes the account balances by loan type and the FICO migration grade that was used to complete the graph above:

	A	B	C	D	E	NR	Total
Auto - Direct New	3,651,845	176,385	147,289	43,916	183,407	68,748	4,271,589
Auto - Direct Used	19,249,831	894,877	362,415	459,365	378,910	271,110	21,616,508
Auto - Indirect New	15,975,134	859,105	573,643	616,280	575,302	131,315	18,730,779
Auto - Indirect Used	33,101,521	1,765,152	982,027	1,317,570	1,226,166	408,864	38,801,301
Cons - Secured NV	5,380,557	202,865	93,247	54,869	24,341	28,061	5,783,940
Cons - Share / CD Secured	572,570	78	9,308	20,145	0	3,074,648	3,676,749
Cons - Unsecured	1,329,974	38,679	20,648	26,314	6,187	13,582	1,435,383
Cons - Unsecured LOC	2,706,496	193,626	109,161	114,846	81,249	24,198	3,229,576
R/E - First Mortgage	52,858,584	1,635,706	2,130,022	2,773,420	1,743,071	7,090,651	68,231,453
R/E - HELOC	19,447,238	1,019,202	845,234	1,416,111	891,336	2,893,528	26,512,648
R/E - Lot Loan	16,052,074	179,915	0	26,381	0	314,218	16,572,588
R/E - Second Mortgage	47,028,568	2,168,465	1,311,487	1,685,129	1,184,088	543,402	53,921,139
Total Portfolio	217,354,390	9,134,055	6,584,480	8,554,345	6,294,057	14,862,325	262,783,652

Overall 82.7% of all loans had a FICO migration grade of A, of these the best performing loan types were the Real Estate Lot Loans with 96.9% of these loan types having a FICO migration grade of A.

Currently \$14.8 million or 5.7% of the rated portfolio has a FICO Migration grade of D or E; these grades represent those loans where current member's credit score has deteriorated greater than 80 points from origination, of these loans the HELOC loans have the highest percent of credit migration with 8.7% of these loans migrating more than 80 points.

Sample Federal Credit Union
 Loan Portfolio Analysis

Migration of Credit Risk by Origination Year

All loans made prior to 2005 have been included in the totals for the year 2005.

	2005	2006	2007	2008	2009	2010	2011	Grand Total
A	8,729,526	5,950,048	41,244,725	43,794,517	46,091,810	50,826,119	20,717,646	217,354,390
B	203,034	124,017	1,543,279	849,774	3,467,476	2,946,475	0	9,134,055
C	260,551	140,669	1,532,581	1,603,504	1,901,614	1,145,561	0	6,584,480
D	593,035	176,745	2,632,864	2,102,372	1,936,384	1,112,738	208	8,554,345
E	80,253	184,731	1,875,664	1,782,161	1,732,434	638,815	0	6,294,057
NR	693,017	2,421,176	2,197,294	1,108,872	661,067	4,837,131	2,943,769	14,862,325
Grand Total	10,559,415	8,997,385	51,026,406	51,241,199	55,790,784	61,506,839	23,661,623	262,783,652

The overall migration of credit scores lowest in 2010 and 2011 with 82.6% and 87.6% of all loans having a FICO migration credit grade of A; these loans account for 32.4% of the total portfolio. The deepest migration relates to loans originating during 2007, where the total percentage of the credit scores that have migrated downward more than 80 points is approximated 8.8% of the loans these loans; these loans account for approximately 1.7% of the total portfolio.

Sample Federal Credit Union
Loan Portfolio Analysis

Risk of Default by the Year of Origination

All loans made prior to 2005 have been included in the totals for the year 2005.

	2005	2006	2007	2008	2009	2010	2011	Grand Total
LOW	6,974,827	4,623,991	31,319,582	36,662,608	43,277,354	45,252,324	18,995,517	187,106,203
MED	2,527,297	1,207,832	12,043,710	9,743,109	9,564,342	10,056,691	1,736,317	46,879,298
HIGH	1,057,291	3,165,563	7,663,114	4,835,482	2,949,088	6,197,825	2,929,789	28,798,150
Grand Total	10,559,415	8,997,385	51,026,406	51,241,199	55,790,784	61,506,839	23,661,623	262,783,652
% of High Risk Loans	3.7%	11.0%	26.6%	16.8%	10.2%	21.5%	10.2%	
% of High Risk Loans by Origination Year	10.0%	35.2%	15.0%	9.4%	5.3%	10.1%	12.4%	11.0%

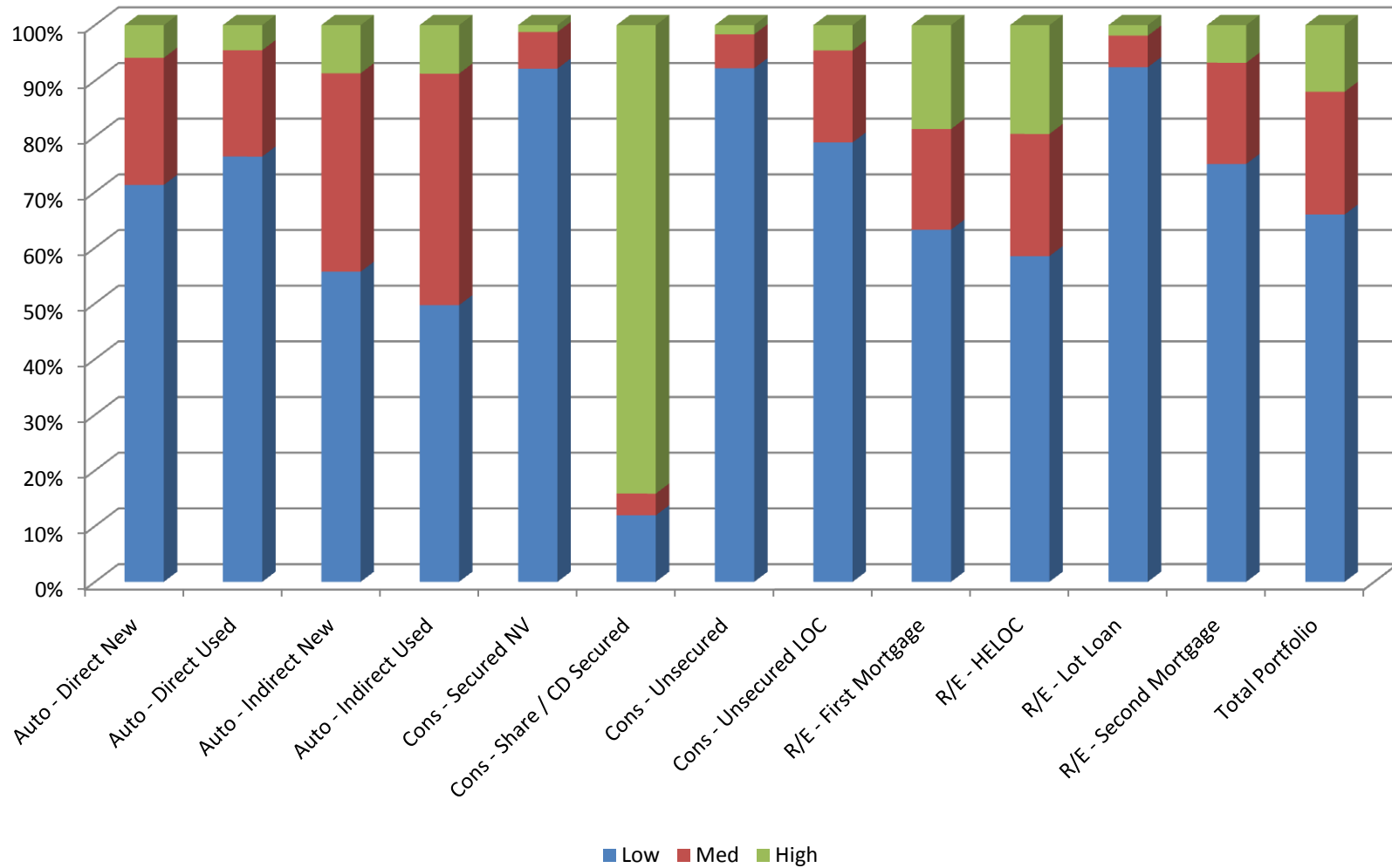
77.6% and 80.3% of all loans that originated in 2009 or 2011 are currently classified as Low Risk. These loans account for approximately 33.3% of all Low Risk Loans and 23.7% of the total portfolio.

35.2% of all loans originating in 2006 are classified as High Risk, these loans account for approximately 11.0% of the total High Risk loans and 1.2% of the total portfolio.

Sample Federal Credit Union
 Loan Portfolio Analysis

Combined Default Risk Level by Loan Type

The following graph shows the Combined Default Risk Level for all categories of loans included in our analysis:



Sample Federal Credit Union
Loan Portfolio Analysis

Combined Default Risk Level by Loan Type – continued

The table below includes the account balances by loan type and risk level that was used to complete the graph above:

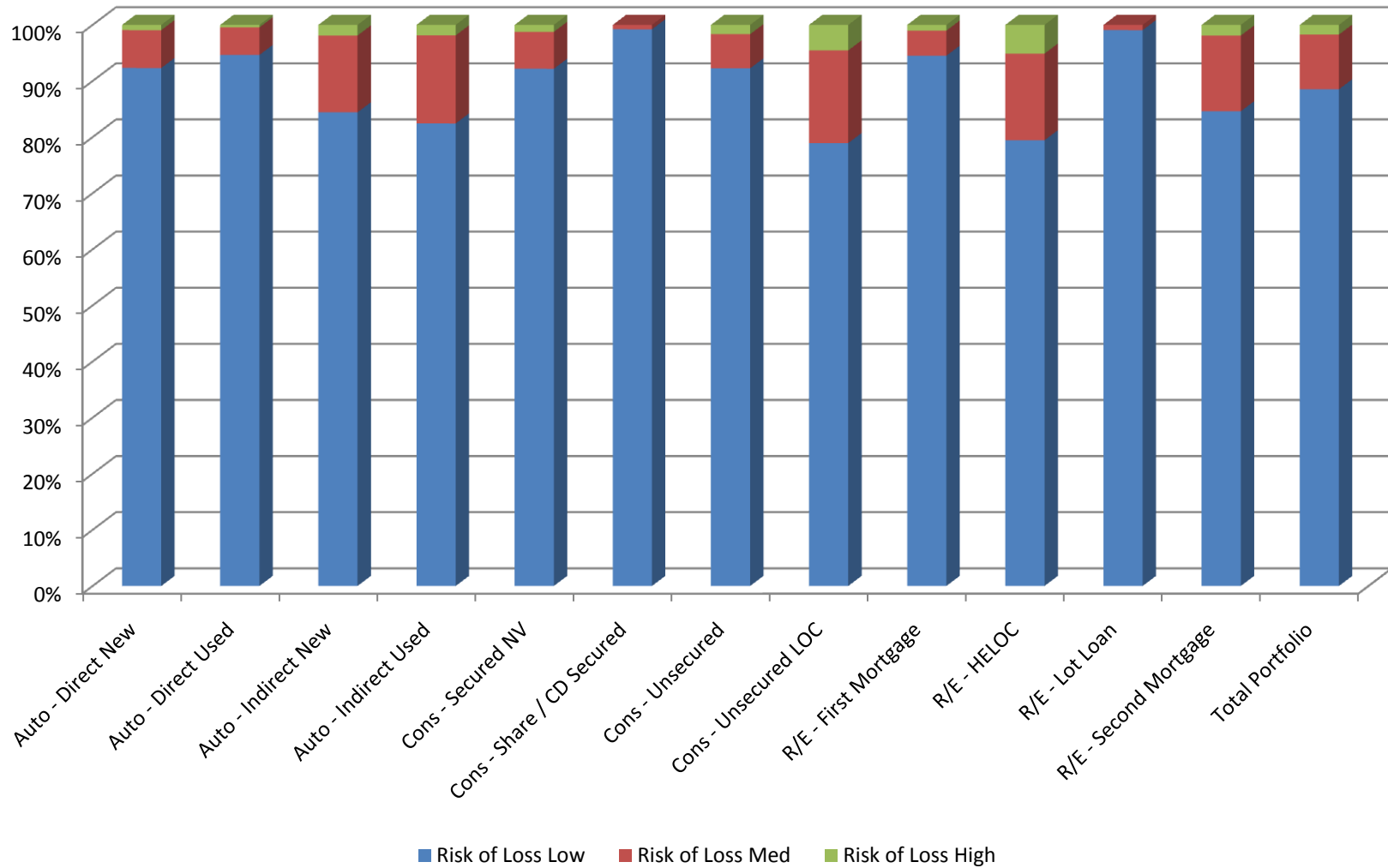
	Low	Med	High	Total
Auto - Direct New	3,315,626	716,449	239,514	4,271,589
Auto - Direct Used	17,843,265	2,937,886	835,357	21,616,508
Auto - Indirect New	11,634,272	5,814,810	1,281,697	18,730,779
Auto - Indirect Used	22,610,020	13,405,215	2,786,066	38,801,301
Cons - Secured NV	5,477,718	248,616	57,606	5,783,940
Cons - Share / CD Secured	484,893	103,320	3,088,537	3,676,749
Cons - Unsecured	1,339,410	77,932	18,040	1,435,383
Cons - Unsecured LOC	2,634,284	477,688	117,603	3,229,576
R/E - First Mortgage	45,817,325	10,239,544	12,174,584	68,231,453
R/E - HELOC	16,745,919	5,106,092	4,660,638	26,512,648
R/E - Lot Loan	15,892,878	365,492	314,218	16,572,588
R/E - Second Mortgage	43,310,593	7,386,255	3,224,291	53,921,139
Total Portfolio	187,106,203	46,879,298	28,798,150	262,783,652

Currently 10.9% and 17.8% of the total portfolio are classified as High or Medium Risk, which represents a slight change in the mix from the previous period where 10.5% and 18.2% of the portfolio were classified as High or Medium Risk.

Sample Federal Credit Union
 Loan Portfolio Analysis

Risk of Loss by Loan Type

The following graph shows the Risk of Loss for all categories of loans included in our analysis:



Sample Federal Credit Union
 Loan Portfolio Analysis

Risk of Loss by Loan Type – continued

The table below includes the account balances by loan type and the current risk of loss used to complete the graph above:

	Risk of Loss Low	Risk of Loss Med	Risk of Loss High	Total
Auto - Direct New	4,065,739	175,901	29,949	4,271,589
Auto - Direct Used	20,857,315	693,496	65,697	21,616,508
Auto - Indirect New	16,402,337	2,072,258	256,184	18,730,779
Auto - Indirect Used	33,493,454	4,761,987	545,860	38,801,301
Cons - Secured NV	5,477,718	248,616	57,606	5,783,940
Cons - Share / CD Secured	3,656,085	20,664	0	3,676,749
Cons - Unsecured	1,339,410	77,932	18,040	1,435,383
Cons - Unsecured LOC	2,634,284	477,688	117,603	3,229,576
R/E - First Mortgage	65,521,796	2,262,483	447,174	68,231,453
R/E - HELOC	22,345,932	3,371,672	795,045	26,512,648
R/E - Lot Loan	16,474,661	97,927	0	16,572,588
R/E - Second Mortgage	48,565,694	4,664,231	691,213	53,921,139
Total Portfolio	240,834,425	18,924,855	3,024,372	262,783,652

Currently the high default risk loans account for approximately 11.0% of all the loans; whereas the high risk of loss associated with these same loans account for 10.5% of the high risk loans or 1.2% of the total portfolio.

Sample Federal Credit Union
 Loan Portfolio Analysis

Payment Status by Current Balance and Loan Type

	Current	15 - 30	30 - 60	60 - 90	90 +	Total
Auto - Direct New	4,149,866	121,723	0	0	0	4,271,589
Auto - Direct Used	21,258,309	253,857	80,758	23,583	0	21,616,508
Auto - Indirect New	18,021,079	502,567	191,044	8,719	7,370	18,730,779
Auto - Indirect Used	36,381,506	1,658,859	488,910	136,966	135,059	38,801,301
Cons - Secured NV	5,750,103	30,366	3,471	0	0	5,783,940
Cons - Share / CD Secured	3,652,608	23,510	631	0	0	3,676,749
Cons - Unsecured	1,403,456	25,059	6,867	0	0	1,435,383
Cons - Unsecured LOC	3,121,650	68,619	39,308	0	0	3,229,576
R/E - First Mortgage	65,475,698	2,047,810	0	0	707,945	68,231,453
R/E - HELOC	26,234,246	0	98,784	151,527	28,090	26,512,648
R/E - Lot Loan	16,272,588	0	300,000	0	0	16,572,588
R/E - Second Mortgage	52,181,869	812,689	547,283	246,794	132,504	53,921,139
Total Portfolio	253,902,979	5,545,058	1,757,056	567,590	1,010,969	262,783,652

As of the date of this analysis 98.7% of the total loans were paid current, which is an improvement over the previous analysis where 98.1% of all loans were paid current.

Payment Status by Available Credit and Loan Type

	Current	15 - 30	30 - 60	60 - 90	90 +	Total
Cons - Unsecured LOC	3,749,183	40,685	25,534	0	0	3,815,401
R/E - HELOC	24,217,667	0	98,784	151,527	5,329	24,473,307
Total Available Credit	27,966,850	40,685	124,318	151,527	5,329	28,288,709

Sample Federal Credit Union
 Loan Portfolio Analysis

FICO Grade / Migration Analysis Chart

FICO Migration Risk Grading is generally the simplest method to measure the direction of credit risk within a portfolio. The following chart shows the most recent FICO grade on all borrowers based on their current FICO migration grade for all loans included in our analysis.

		Migration Loan Grade					Total
		A	B	C	D	E	
FICO Loan Grade	A	158,555,132 7,625	3,893,003 196	2,146,002 91	1,361,855 51	71,308 5	166,027,299 7,968
	B	31,458,700 2050	2,435,375 126	1,145,102 57	1,145,951 54	803,031 28	36,988,159 2,315
	C	12,567,120 942	1,954,710 105	1,855,094 78	1,987,270 67	636,988 34	19,001,183 1,226
	D	5,399,395 434	487,981 30	1,047,399 41	2,065,476 91	799,658 34	9,799,909 630
	E	9,374,043 747	362,986 28	390,882 29	1,993,793 95	3,983,072 188	16,104,776 1,087
	Total Balance	217,354,390	9,134,055	6,584,480	8,554,345	6,294,057	247,921,327
	Total Loans	11,798	485	296	358	289	13,226

		Prior Analysis		
Low Risk	211,055,332	85.1%	210,883,412	79.0%
	11,030	83.4%	10,991	76.2%
Medium Risk	26,996,126	10.9%	31,279,733	11.7%
	1,725	13.0%	2,037	14.1%
High Risk	9,869,869	4.0%	24,885,872	9.3%
	471	3.6%	1,402	9.7%

Since our previous analysis Sample has seen significant improvement in their overall credit risk, this improvement is primarily related to more complete FICO score information and more restrictive underwriting on new loans.

Sample Federal Credit Union
Loan Portfolio Analysis

Interest Rate Profile

The following charts are provided to assist management in their understanding of how the loan products are currently priced:

Current Rate by Loan Product

	Number of Loans	Current Balance	Average Rate	Average Loan Age	Average CLTV	Average FICO Score
Auto - Direct New	320	4,271,589	6.1%	2.6	70.3%	717
Auto - Direct Used	2,352	21,616,508	6.5%	1.8	76.7%	699
Auto - Indirect New	1,329	18,730,779	7.8%	3.0	87.4%	685
Auto - Indirect Used	3,348	38,801,301	8.8%	2.3	100.5%	674
Cons - Secured NV	406	5,783,940	7.9%	2.0	NR	710
Cons - Share / CD Secured	689	3,676,749	3.3%	1.5	100.0%	677
Cons - Unsecured	437	1,435,383	12.5%	1.2	NR	706
Cons - Unsecured LOC	2,380	3,229,576	14.0%	10.7	NR	702
R/E - First Mortgage	496	68,231,453	5.4%	3.0	73.4%	713
R/E - HELOC	830	26,512,648	5.4%	4.3	86.1%	738
R/E - Lot Loan	208	16,572,588	7.1%	1.4	73.4%	748
R/E - Second Mortgage	1,207	53,921,139	5.4%	2.9	86.6%	724
Total	14,002	262,783,652	8.4%	3.8	88.3%	698

Current Rate by Default Risk Profile

	Number of Loans	Current Balance	Average Rate	Average CLTV	Average CLTV	Average FICO Score
LOW	10,296	187,106,203	8.6%	4.1	80.5%	723
MED	2,403	46,879,298	9.0%	3.1	108.5%	618
HIGH	1,303	28,798,150	6.1%	2.7	102.1%	548
Total	14,002	262,783,652	8.4%	3.8	88.3%	698

Sample Federal Credit Union
 Loan Portfolio Analysis

Interest Rate Profile - Continued

Original FICO Grouping	Average Curr FICO	Current Balance	Average Rate	Loan Age	Average Default Risk Score
400-410	400	4,669	8.2%	3.9	9.0
411-420	426	47,674	8.0%	3.4	13.0
421-430	495	6,199	14.0%	14.5	6.5
431-440	437	190,239	10.1%	4.1	11.2
441-450	480	238,550	10.5%	6.4	9.5
451-460	469	273,953	10.3%	5.4	10.4
461-470	477	379,663	9.7%	5.1	10.0
471-480	487	475,226	10.2%	4.2	10.4
481-490	503	358,359	11.1%	6.1	9.5
491-500	511	1,101,124	10.2%	5.0	10.1
501-510	511	1,199,993	9.8%	4.8	10.3
511-520	516	986,540	10.0%	5.1	10.0
521-530	532	1,231,828	9.6%	4.9	10.5
531-540	542	1,354,925	10.0%	5.0	10.1
541-550	557	1,859,600	10.0%	5.2	9.4
551-560	563	1,361,650	9.6%	5.4	9.2
561-570	573	1,830,508	10.1%	5.0	8.2
571-580	582	1,360,348	10.0%	5.0	8.0
581-590	590	1,624,143	10.6%	4.9	8.1
591-600	597	2,065,545	10.4%	3.8	8.4
601-610	612	1,999,861	10.4%	3.7	7.2
611-620	615	3,242,222	10.1%	4.2	7.3
621-630	622	4,171,558	10.2%	3.6	7.7
631-640	632	6,144,706	9.9%	2.8	7.5
641-650	639	5,528,048	10.0%	3.0	6.8
651-660	650	9,060,545	9.2%	3.5	6.9
661-670	660	12,832,054	9.0%	3.3	6.9
671-680	665	12,467,936	8.8%	2.7	7.1
681-690	675	12,260,045	9.0%	3.6	6.5
691-700	688	13,670,689	8.5%	3.0	6.2
701-710	698	11,838,242	8.7%	3.2	5.9
711-720	709	11,949,319	8.5%	3.9	5.7
721-730	720	11,557,030	8.3%	3.7	5.6
731-740	726	11,292,507	8.4%	4.8	5.8
741-750	737	11,124,909	8.3%	3.3	5.6
751-760	746	11,071,257	7.7%	4.4	5.5
761-770	759	13,313,836	7.6%	3.7	5.3
771-780	770	14,563,053	7.5%	3.7	5.2
781-790	779	15,379,794	7.6%	4.1	5.2
791-800	787	13,426,068	7.5%	5.4	5.0
801-810	795	12,954,349	7.9%	5.9	5.0
811-820	804	7,499,864	7.3%	4.9	5.4
821-830	803	1,441,408	6.6%	1.4	6.3
831-840	810	932,519	6.7%	1.2	6.1
841-850	787	157,321	7.0%	1.1	8.0
851-860	739	43,057	7.3%	1.5	8.5
861-870	790	26,418	6.3%	1.4	9.5
871-880	739	21,975	6.8%	1.3	9.0
NR	0	14,862,325	4.7%	2.4	15.8
Total	739	262,783,652	8.4%	3.8	6.9

Sample Federal Credit Union
Loan Portfolio Analysis

Capital Risk Matrix

According to the NCUA, a risk concentration is any single exposure or group of exposures with the potential to produce losses large enough (relative to capital, total assets or overall risk level) to threaten a financial institution's health or ability to maintain its core operations. The following table illustrates how potential losses in excess of the current allowance will affect the Credit Union's net worth:

Capital Risk Matrix		
Total Assets	426,124,823	Total Assets @ 6/30/2011
Regulatory net Worth	38,337,599	Capital @ 6/30/2011
Credit Risk		
Real Estate	(1,933,432)	Risk of Loss High
Auto	(897,691)	Risk of Loss High
Unsecured	(135,644)	Risk of Loss High
Other Loans Included	(57,606)	Risk of Loss High
Liquidity Risk	(4,343,725)	High Risk Unfunded Commitments ¹
Total	<u>(7,368,098)</u>	
Adjusted Capital	30,969,501	
Credit Risk Coverage	<u>5,822,019</u>	ALLL Balance 3/31
Adjusted Capital plus ALLL	36,791,520	
Minimum Capital Position	<u>25,567,489</u>	6% of Total Assets
Capital Cushion (Deficiency)	<u>11,224,031</u>	

¹ - Included in the unfunded commitments are \$4.1 million in commitments not included in our analysis. For the purpose of this matrix we assumed that percent of high risk unfunded commitments was consistent with the loans reviewed; we reviewed 28.3 or 87.5% of all unfunded commitments.

Sample Credit Union has a regulatory net worth of approximately 9.0% as of June 30, 2011. This compares favorably to the NCUA's 7.0% benchmark for Well Capitalized Credit Unions. The adjusted capital position results in a net worth of approximately 8.6%. This adjusted capital additionally compares favorably to the NCUA's 6.0% Risk Based Net Worth requirement and 7.0% benchmark for Well Capitalized Credit Unions.

Sample Federal Credit Union
Loan Portfolio Analysis

Static Results

	Total Loans	Current Balance	Current Balance Exposed	Available Credit	Exposure on Avail Credit	Risk of Loss Low	Risk of Loss Med	Risk of Loss High	Low Default Risk	Med Default Risk	High Default Risk
Real Estate											
R/E - First Mortgage	496	68,231,453	(1,157,526)	0	0	65,521,796	2,262,483	447,174	341	68	87
R/E - HELOC	830	26,512,648	(2,125,566)	24,473,307	(5,256,278)	22,345,932	3,371,672	795,045	620	120	90
R/E - Lot Loan	208	16,572,588	(70,614)	0	0	16,474,661	97,927	0	192	7	9
R/E - Second Mortgage	1,207	53,921,139	(2,804,147)	0	0	48,565,694	4,664,231	691,213	962	184	61
Total Real Estate	2,741	165,237,828	(6,157,853)	24,473,307	(5,256,278)	152,908,082	10,396,313	1,933,432	2,115	379	247
Auto											
Auto - Direct New	320	4,271,589	(223,222)	0	0	4,065,739	175,901	29,949	264	40	16
Auto - Direct Used	2,352	21,616,508	(1,069,428)	0	0	20,857,315	693,496	65,697	1,968	295	89
Auto - Indirect New	1,329	18,730,779	(2,232,356)	0	0	16,402,337	2,072,258	256,184	925	338	66
Auto - Indirect Used	3,348	38,801,301	(5,178,488)	0	0	33,493,454	4,761,987	545,860	2,121	1,024	203
Total Auto	7,349	83,420,177	(8,703,494)	0	0	74,818,845	7,703,641	897,691	5,278	1,697	374
Consumer											
Cons - Secured NV	406	5,783,940	(5,783,940)	0	0	5,477,718	248,616	57,606	373	23	10
Cons - Share / CD Secured	689	3,676,749	0	0	0	3,656,085	20,664	0	89	17	583
Cons - Unsecured	437	1,435,383	(1,435,383)	0	0	1,339,410	77,932	18,040	392	36	9
Cons - Unsecured LOC	2,380	3,229,576	(3,229,576)	3,815,401	(3,815,401)	2,634,284	477,688	117,603	2,049	251	80
Total Consumer	3,912	14,125,647	(10,448,898)	3,815,401	(3,815,401)	13,107,498	824,901	193,249	2,903	327	682
Total Portfolio	14,002	262,783,652	(25,310,245)	28,288,709	(9,071,679)	240,834,425	18,924,855	3,024,372	10,296	2,403	1,303

Sample Federal Credit Union
Loan Portfolio Analysis

Allowance for Loan & Lease Losses

	Auto - Direct	Auto - Indirect	R/E - First Mortgage	R/E - HELOC	R/E - Second Mortgage	Cons - Unsecured / LOC	Cons - Other	Cons - Share Secured	Consumer TDR	First Mtg TDR	HELOC TDR	Second Mtg TDR	Total Loans
Balance 6/30/2011	25,525,466	56,367,592	79,867,146	26,008,906	51,669,268	4,628,602	5,756,368	3,676,749	1,591,047	4,936,895	503,742	2,251,870	262,783,652
Balance 12/31/2010	22,849,520	64,369,670	79,241,431	25,603,489	51,791,953	4,161,033	6,282,921	3,569,540	1,883,984	4,620,017	597,704	2,077,755	267,049,017
Average Balance	24,187,493	60,368,631	79,554,289	25,806,197	51,730,611	4,394,818	6,019,644	3,623,145	1,737,516	4,778,456	550,723	2,164,813	264,916,334
Current Exposed Balance	(1,230,682)	(7,177,284)	(849,780)	(1,900,762)	(2,262,378)	(4,628,602)	(591,007)	0	(359,456)	(378,360)	(224,803)	(541,769)	(20,144,884)
Average Exposure	(492,570)	(5,765,234)	(555,402)	(1,123,601)	(1,435,080)	(4,161,033)	(441,779)	0	(738,407)	(347,512)	(276,906)	(567,890)	(15,905,414)
Percent Exposed at 12/31/2010	-1.9%	-10.2%	-0.7%	-4.3%	-2.8%	-89.9%	-7.7%	0.0%	-46.4%	-7.0%	-55.0%	-25.2%	-7.7%
Average Exposure	-2.0%	-9.6%	-0.7%	-4.4%	-2.8%	-94.7%	-7.3%	0.0%	-42.5%	-7.3%	-50.3%	-26.2%	-6.0%
Effective Charge-offs	71,936	903,338	425,839	1,229,484	689,017	116,863	172,829	110,390	76,494	78,968	71,438	90,087	4,036,684
% Charge-off as % of Exposure	14.6%	15.7%	76.7%	109.4%	48.0%	2.8%	39.1%	0.0%	10.4%	22.7%	25.8%	15.9%	25.4%
Net ALLL Balance - Exposure	71,936	903,338	425,839	1,229,484	689,017	116,863	172,829	110,390	76,494	78,968	71,438	90,087	4,036,684
Specific Reserve									195,922	260,203	212,566	507,151	1,175,841
Total ALLL Required													5,212,525
Recovery Ratio													8.60%
Total ALLL													4,865,370
Effective Loss Ratio	0.28%	1.60%	0.53%	4.73%	1.33%	2.52%	3.00%	3.00%	4.81%	1.60%	14.18%	4.00%	1.54%
Net Loss Ratio	0.28%	1.60%	0.53%	4.73%	1.33%	2.52%	3.00%	3.00%	4.81%	1.60%	14.18%	4.00%	
ALLL at 6/30/2011	5,569,507												
Calculated ALLL at 3/31/2011	4,865,370												
Over (Short)	704,137												
Percent Variance	12.6%												

Not included in the Twenty Twenty allowance calculation are approximately \$4.3 million in Credit Cards and Other Loans.

Sample Federal Credit Union
Loan Portfolio Analysis

Stress Analysis – 5% Improvement in Collateral and Credit Quality

The following chart shows the difference in the portfolio based on a 5% improvement in collateral values and the average FICO scores:

	Current Balance Exposed	Exposure on Avail Credit	Risk of Loss Low	Risk of Loss Med	Risk of Loss High	Low Default Risk	Med Default Risk	High Default Risk
Real Estate								
R/E - First Mortgage	234,565	0	591,151	(402,898)	(188,253)	18	(11)	(7)
R/E - HELOC	544,941	1,212,695	834,558	(519,293)	(315,265)	27	(20)	(7)
R/E - Lot Loan	20,772	0	64,744	(64,744)	0	3	(3)	0
R/E - Second Mortgage	887,254	0	1,844,178	(1,543,121)	(301,057)	48	(42)	(6)
Total Real Estate	1,687,532	1,212,695	3,334,631	(2,530,057)	(804,575)	96	(76)	(20)
Auto								
Auto - Direct New	57,893	0	47,962	(42,919)	(5,043)	13	(12)	(1)
Auto - Direct Used	281,009	0	260,265	(243,196)	(17,069)	85	(73)	(12)
Auto - Indirect New	427,607	0	434,518	(346,307)	(88,211)	58	(47)	(11)
Auto - Indirect Used	922,605	0	1,304,839	(1,166,485)	(138,354)	225	(197)	(28)
Total Auto	1,689,113	0	2,047,584	(1,798,907)	(248,677)	381	(329)	(52)
Consumer								
Cons - Secured NV	0	0	40,036	(40,036)	0	5	(5)	0
Cons - Share / CD Secured	0	0	2,477	(2,477)	0	3	(2)	(1)
Cons - Unsecured	0	0	6,255	(5,571)	(683)	5	(4)	(1)
Cons - Unsecured LOC	0	0	84,679	(70,507)	(14,172)	51	(41)	(10)
Total Consumer	0	0	133,446	(118,591)	(14,855)	64	(52)	(12)
Total Portfolio	3,376,645	1,212,695	5,515,662	(4,447,555)	(1,068,107)	541	(457)	(84)
Allowance @ 6/30	5,569,507							
Calculated Balance	4,492,975							
Over (Short)	1,076,532							
Capital Cushion (Deficiency)	12,702,192							

Sample Federal Credit Union
Loan Portfolio Analysis

Stress Analysis – 5% Deterioration in Collateral and Credit Quality

The following chart shows the difference in the portfolio based on a 5% deterioration in collateral values and average FICO scores:

	Current Balance Exposed	Exposure on Avail Credit	Risk of Loss Low	Risk of Loss Med	Risk of Loss High	Low Default Risk	Med Default Risk	High Default Risk
Real Estate								
R/E - First Mortgage	(494,014)	0	(1,036,138)	787,535	248,603	(14)	9	5
R/E - HELOC	(986,998)	(1,535,762)	(1,283,396)	720,879	562,517	(38)	28	10
R/E - Lot Loan	(25,868)	0	(55,543)	55,543	0	(6)	6	0
R/E - Second Mortgage	(1,958,880)	0	(2,945,770)	2,615,151	330,619	(61)	50	11
Total Real Estate	(3,465,761)	(1,535,762)	(5,320,847)	4,179,109	1,141,738	(119)	93	26
Auto								
Auto - Direct New	(74,488)	0	(121,918)	112,146	9,772	(11)	10	1
Auto - Direct Used	(352,724)	0	(398,305)	368,261	30,044	(115)	99	16
Auto - Indirect New	(487,228)	0	(589,596)	492,307	97,289	(67)	49	18
Auto - Indirect Used	(1,053,184)	0	(1,508,235)	1,329,945	178,291	(252)	208	44
Total Auto	(1,967,624)	0	(2,618,054)	2,302,659	315,395	(445)	366	79
Consumer								
Cons - Secured NV	0	0	(145,858)	131,594	14,264	(8)	5	3
Cons - Share / CD Secured	0	0	(8,072)	8,072	0	(4)	2	2
Cons - Unsecured	0	0	(15,138)	9,425	5,713	(12)	11	1
Cons - Unsecured LOC	0	0	(84,935)	55,775	29,160	(48)	41	7
Total Consumer	0	0	(254,003)	204,866	49,137	(72)	59	13
Total Portfolio	(5,433,385)	(1,535,762)	(8,192,904)	6,686,634	1,506,271	(636)	518	118
Allowance @ 6/30	5,569,507							
Calculated Balance	5,221,714							
Over (Short)	347,793							
Capital Cushion (Deficiency)	9,129,705							

Sample Federal Credit Union Loan Portfolio Analysis

About Us

Twenty Twenty Analytics is a dedicated group of financial consulting professionals and certified public accountants with over 60 years of collective experience related to financial institutions, mortgage lending and loan analysis.

Steve Miller, CPA

Director of Operations

Steve started his career with Coopers & Lybrand in Birmingham, Alabama as a member of their Financial Institutions Group. Since that time Steve has worked almost exclusively on providing consulting, due diligence and auditing services to financial institutions. As a one of the founding members of Twenty Twenty Analytics, Steve has been and continues to be, heavily involved in the development and customization of the models used by Twenty Twenty, for our clients throughout the United States.

Steve received his Bachelor of Business Administration Degree in Accounting from the University of Montevallo in Alabama.

Dan J. Johnson, CPA

Managing Director

Dan spent ten years with Arthur Andersen, LLP in Tampa and Chicago. He has extensive experience in providing consulting, due diligence and audit services to credit unions, financial institutions and credit union service organizations. Dan is one of the founding members of Twenty Twenty Analytics and he was heavily involved in the development of the consulting models created by the Company.

Dan received his Bachelor of Science Degree in Accounting and Finance from Augustana College in Rock Island, Illinois.

Joaquin Urquiola, CPA, CFFA

Managing Director

Joaquin R. Urquiola, CPA/CFFA has over 20 years of experience primarily serving financial institutions. Joaquin has an extensive background in internal and external auditing and he has served as a consulting expert and an expert witness in several litigation cases throughout his career. Joaquin earned his Bachelor of Accounting degree from Florida International University.

He is a Certified Public Accountant and a Certified Forensic Financial Analyst. He is a member of the Board of Directors of Pacific National Bank and is Treasurer and Board Member of Switchboard of Miami.