

Production Reports



Loan production

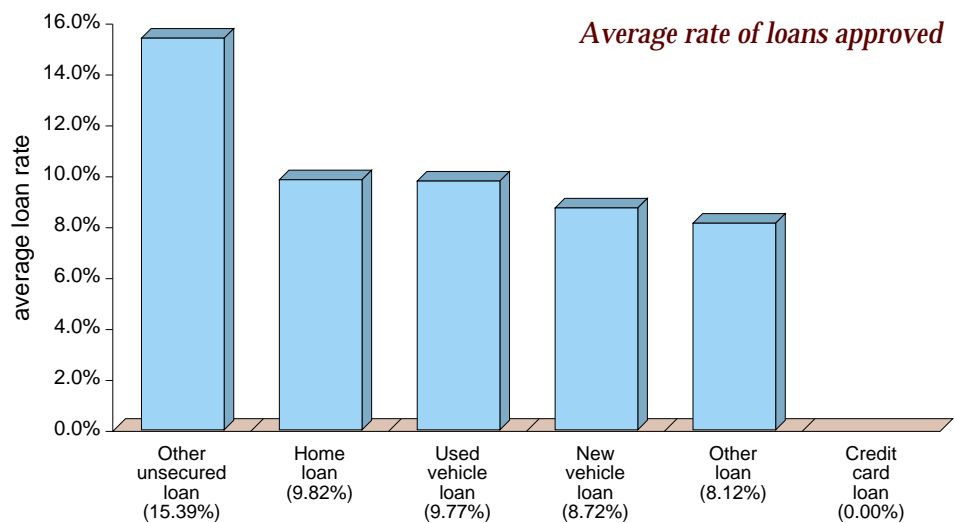
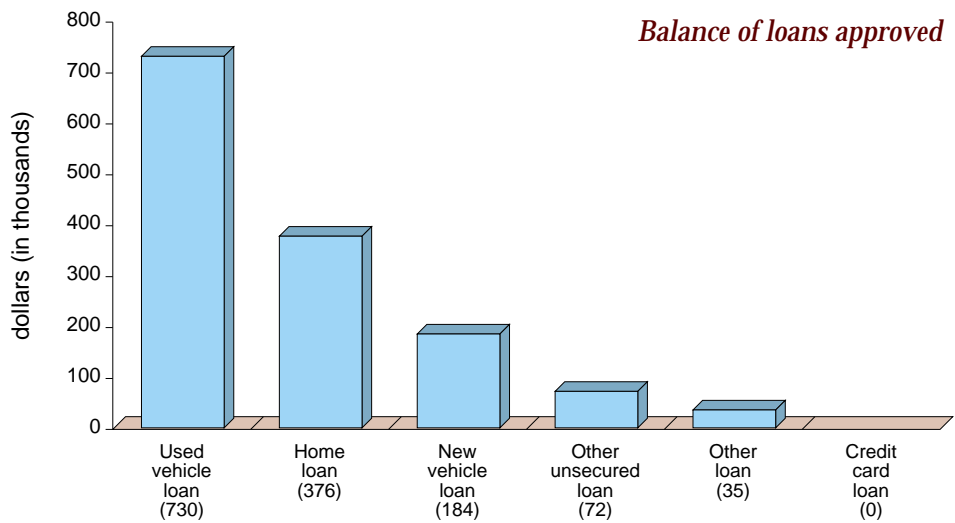
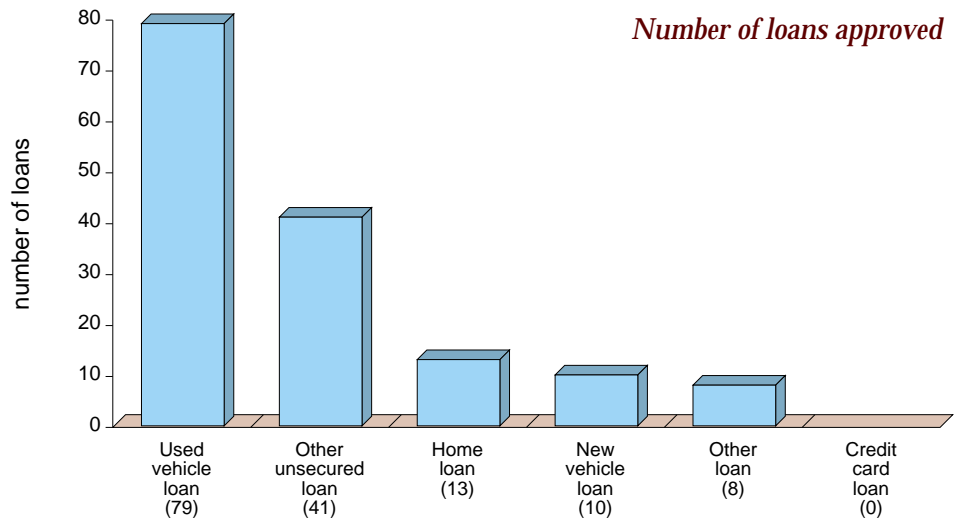
for the month of December, 2000

Total Loan Production

| Loan type | Loans approved | | | | Loans denied | |
|-----------------------------|----------------|---------------------|--------------|-------------|--------------|---------------------|
| | Num | Amount | Rate | Term | Num | Amount |
| New vehicle loan | 10 | 184,376.16 | 8.72% | 63.2 | 22 | 406,992.00 |
| Used vehicle loan | 79 | 729,828.90 | 9.77% | 42.5 | 106 | 1,189,396.26 |
| Other loan | 8 | 35,132.84 | 8.12% | 8.3 | 1 | 29,000.00 |
| Total secured loans | 97 | 949,337.90 | 9.51% | 41.8 | 129 | 1,625,388.26 |
| Credit card loan | 0 | | 0.00% | | 0 | |
| Other unsecured loan | 41 | 71,772.51 | 15.39% | 15.7 | 97 | 169,951.40 |
| Home loan | 13 | 376,372.00 | 9.82% | 93.2 | 1 | 6,023.15 |
| Total loans | 151 | 1,397,482.41 | 9.89% | 39.2 | 226 | 1,795,339.66 |

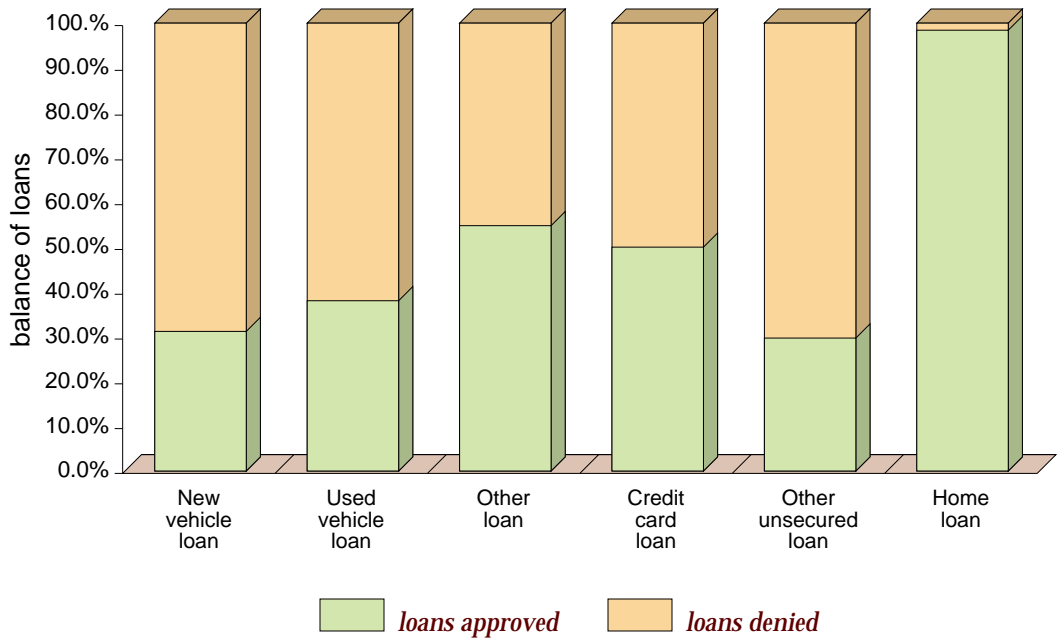
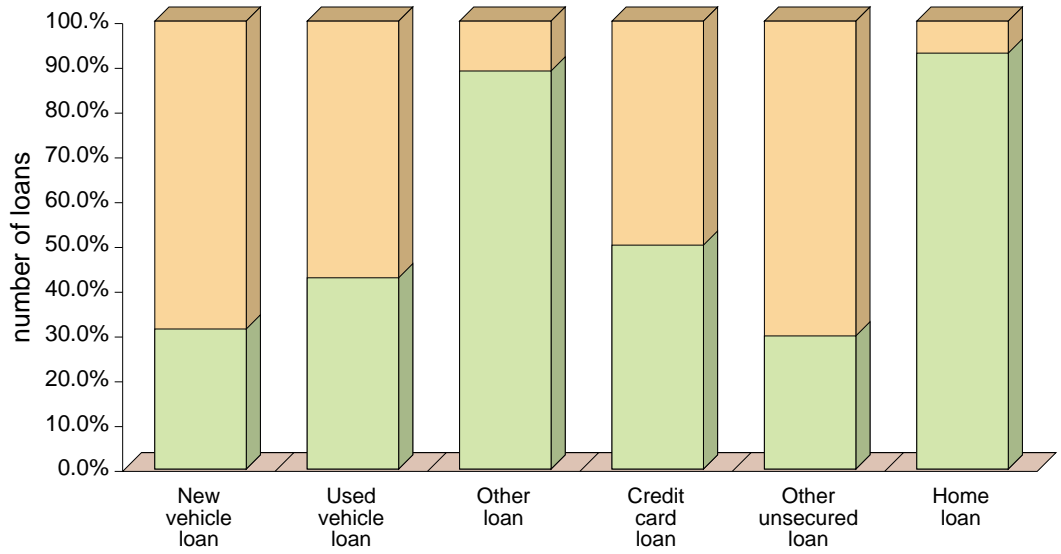
Loan production

for the month of December, 2000



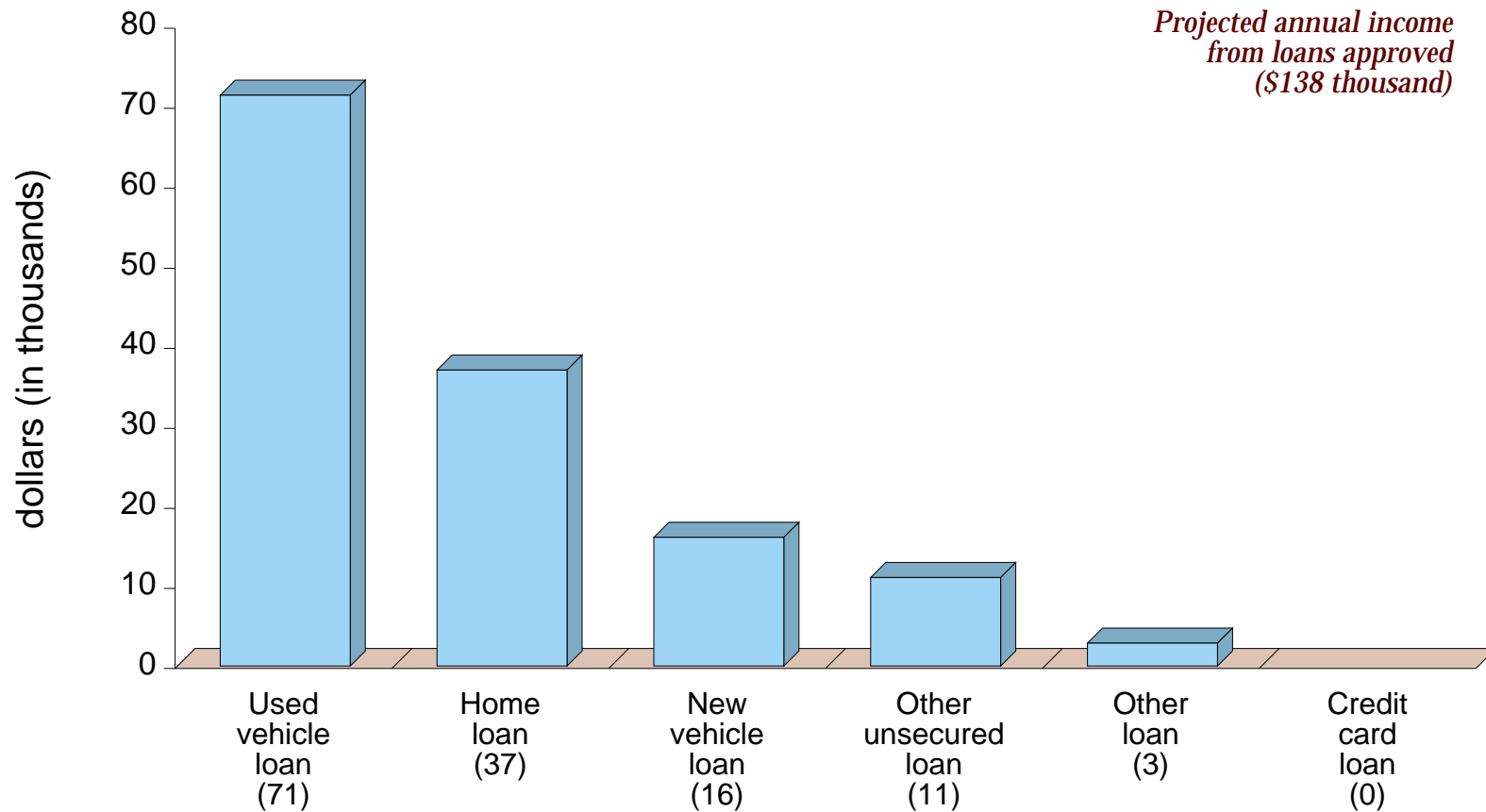
Loan production

for the month of December, 2000



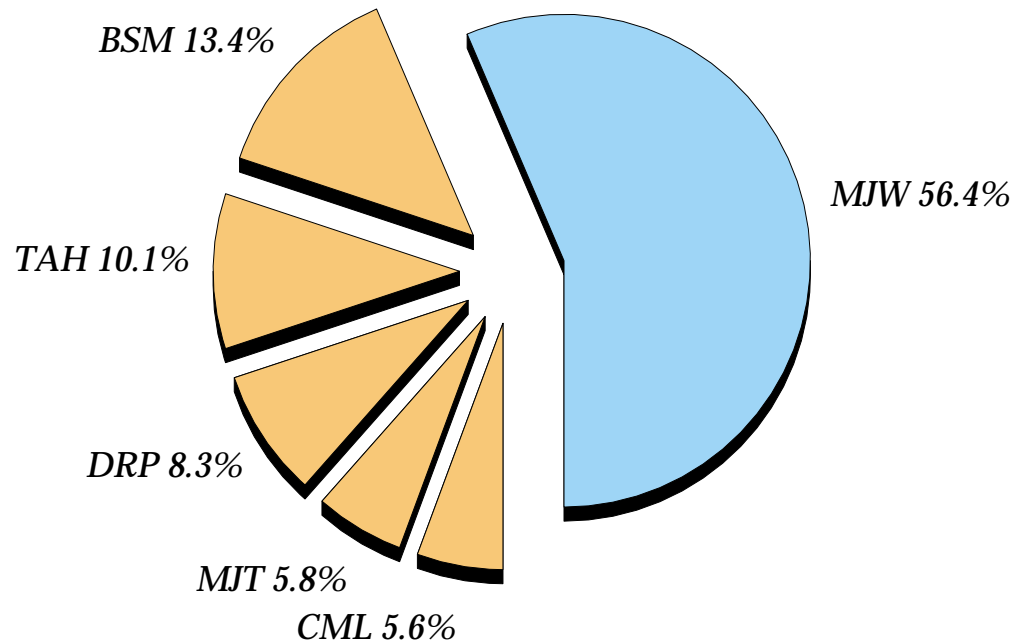
Contribution to interest income

for the month of December, 2000



Loans approved by officer

for the month of December, 2000



Loan production by officer

for the month of December, 2000

Broadway

| Loans approved | | | | | Loans denied | |
|----------------|-------|--------------|--------|-------|--------------|------------|
| Officer | Count | Amount | APR | Term | Count | Amount |
| MJW | 21 | 1,593,639.00 | 8.06% | 172.1 | 1 | 6,023.15 |
| BSM | 47 | 271,083.98 | 11.32% | 27.7 | 59 | 321,829.02 |
| TAH | 41 | 218,178.81 | 10.63% | 30.7 | 73 | 383,495.25 |
| DRP | 17 | 217,606.33 | 8.79% | 47.3 | | |
| MJT | 14 | 147,372.66 | 9.08% | 45.2 | | |
| CML | 13 | 147,741.63 | 8.70% | 40.6 | | |
| SY | 2 | 6,400.00 | 14.04% | 39.0 | 4 | 15,775.00 |
| CCZ | 1 | 510.00 | 17.25% | 2.8 | | |
| ARS | 2 | 600.00 | 14.25% | 15.7 | | |
| | 158 | 2,603,132.41 | 8.79% | 52.2 | 137 | 727,122.42 |

Monthly Loan Production

for the month of December, 2000

Definitions

❖ **Annual percentage rate (APR or rate)**

The APR is the weighted average rate of all loans approved during the month. It is calculated by multiplying the balance of each loan by its APR. The 'weights' are summed and divided by the total balance of the loans approved.

❖ **Contribution to income**

*The contribution to income is equal to the sum of the 'weights' (APR * balance).*

❖ **Loans approved**

Loans are counted as approved if the "Last-Date" is within the report period and the "Action" is equal to (A)pproved, (G)enerated, or (D)isbursed.

❖ **Loans denied**

Loans are counted as denied if the "Last-Date" is within the report period and the "Action" is equal to (T)urndown.

❖ **Term**

The term is the average term for all loans included. Open-ended loans are assumed to have an average maturity of 18 months.

Monthly Loan Production

for the month of December, 2000

Discussion

❖ Interpretations

It is important not to consider these performance measures alone or out of context. Higher total balances of approved loans may be offset by a lower APR, resulting in a lower contribution to income measurement. This may be acceptable when the loans have less inherent risk (higher credit ratings, better collateral values, etc.) The opposite is also true. Measures of asset quality (delinquency, charge-offs) should also be included to give a more complete assessment.

❖ Loans denied

A credit union heavily involved in indirect lending may have a higher proportion of loans denied. Dealers may try to push financing of sales to marginal members onto the credit union. This may be exacerbated if incentives paid to dealers are not at the top of the market. The best credits will have already been taken by institutions paying a higher incentive. It may be desirable to offer a higher incentive for applications with higher credit scores, and/or requiring dealer recourse on loans with low credit scores.

❖ Pie charts

Branches and/or officers are added to the 'other' category on the pie charts if their total contribution is less than 2%.

❖ Sorting

Branches and/or loan officers are sorted and compared on the basis of their contribution to income. This may not yield the same results as comparing them on the number of loans approved, or the total balances of loans approved. It does, however, more accurately reflect the benefits derived for the credit union.

Loan portfolio analysis

December 31, 2000

Total Loan Portfolio Analysis

| Number by delinquency | Total loan counts | | | | |
|-----------------------|-------------------|--------------|--------------|---------------|----------------|
| | Current | 2 - 3 months | 4 - 6 months | 7 - 12 months | over 12 months |
| Loan type | | | | | |
| New vehicle loan | 1,122 | 9 | | | |
| Used vehicle loan | 3,377 | 34 | 11 | | |
| Other loan | 175 | | 1 | | |
| Credit card loan | | | | | |
| Other unsecured loan | 2,702 | 80 | 66 | 103 | 517 |
| Home loan | 562 | 7 | 6 | 10 | 24 |
| Total loans | 7,938 | 130 | 84 | 113 | 541 |

| Balance by delinquency | Total loan balances (in thousands) | | | | |
|------------------------|------------------------------------|--------------|--------------|---------------|----------------|
| | Current | 2 - 3 months | 4 - 6 months | 7 - 12 months | over 12 months |
| Loan type | | | | | |
| New vehicle loan | 14,643 | 107 | | | |
| Used vehicle loan | 27,369 | 225 | 60 | 11 | |
| Other loan | 1,623 | | 19 | | |
| Credit card loan | | | | | |
| Other unsecured loan | 4,423 | 18 | 13 | 2 | |
| Home loan | 15,951 | 2 | | | |
| Total loans | 64,010 | 351 | 93 | 13 | |

| Rate by delinquency | Total loan rates | | | | |
|----------------------|------------------|---------------|---------------|---------------|----------------|
| | Current | 2 - 3 months | 4 - 6 months | 7 - 12 months | over 12 months |
| Loan type | | | | | |
| New vehicle loan | 8.64% | 10.20% | | | |
| Used vehicle loan | 9.60% | 10.33% | 10.00% | 9.89% | |
| Other loan | 10.51% | | 10.25% | | |
| Credit card loan | | | | | |
| Other unsecured loan | 14.85% | 15.08% | 14.35% | 14.79% | |
| Home loan | 8.29% | 10.12% | | | |
| Total loans | 9.44% | 10.53% | 10.68% | 10.80% | |

| Risk analysis by loan type | Total loan rates | | | | |
|----------------------------|------------------|--------------|---------------|---------------|--------------|
| | Portfolio | Current | Delinquent | Risk-adjusted | Worst case |
| Loan type | | | | | |
| New vehicle loan | 8.65% | 8.64% | 10.20% | 8.50% | 7.85% |
| Used vehicle loan | 9.61% | 9.60% | 10.24% | 9.34% | 8.43% |
| Other loan | 10.51% | 10.51% | 10.25% | 10.09% | 9.20% |
| Credit card loan | | | | | |
| Other unsecured loan | 14.85% | 14.85% | 14.77% | 14.59% | 13.98% |
| Home loan | 8.29% | 8.29% | 10.12% | 8.29% | 8.28% |
| Total loans | 9.45% | 9.44% | 10.57% | 9.27% | 8.66% |

Loan portfolio analysis

December 31, 2000

Fixed-rate Loan Portfolio Analysis

| Number by delinquency | Fixed-rate loan counts | | | | |
|-----------------------|------------------------|--------------|--------------|---------------|----------------|
| | Current | 2 - 3 months | 4 - 6 months | 7 - 12 months | over 12 months |
| Loan type | | | | | |
| New vehicle loan | 1,121 | 9 | | | |
| Used vehicle loan | 3,349 | 33 | 11 | | |
| Other loan | 173 | | 1 | | |
| Credit card loan | | | | | |
| Other unsecured loan | 210 | 3 | | 1 | |
| Home loan | 164 | | | | |
| Total loans | 5,017 | 45 | 12 | 1 | |

| Balance by delinquency | Fixed-rate loan balances (in thousands) | | | | |
|------------------------|---|--------------|--------------|---------------|----------------|
| | Current | 2 - 3 months | 4 - 6 months | 7 - 12 months | over 12 months |
| Loan type | | | | | |
| New vehicle loan | 14,638 | 107 | | | |
| Used vehicle loan | 27,153 | 221 | 60 | 11 | |
| Other loan | 1,622 | | 19 | | |
| Credit card loan | | | | | |
| Other unsecured loan | 186 | 3 | | 0 | |
| Home loan | 4,664 | | | | |
| Total loans | 48,263 | 331 | 79 | 11 | |

| Rate by delinquency | Fixed-rate loan rates | | | | |
|----------------------|-----------------------|---------------|---------------|---------------|----------------|
| | Current | 2 - 3 months | 4 - 6 months | 7 - 12 months | over 12 months |
| Loan type | | | | | |
| New vehicle loan | 8.64% | 10.20% | | | |
| Used vehicle loan | 9.60% | 10.36% | 10.00% | 9.89% | |
| Other loan | 10.51% | | 10.25% | | |
| Credit card loan | | | | | |
| Other unsecured loan | 17.28% | 17.61% | | 17.75% | |
| Home loan | 7.71% | | | | |
| Total loans | 9.19% | 10.38% | 10.06% | 9.95% | |

| Risk analysis by loan type | Fixed-rate loan rates | | | | |
|----------------------------|-----------------------|--------------|---------------|---------------|--------------|
| | Portfolio | Current | Delinquent | Risk-adjusted | Worst case |
| Loan type | | | | | |
| New vehicle loan | 8.65% | 8.64% | 10.20% | 8.50% | 7.85% |
| Used vehicle loan | 9.61% | 9.60% | 10.27% | 9.35% | 8.44% |
| Other loan | 10.51% | 10.51% | 10.25% | 10.09% | 9.20% |
| Credit card loan | | | | | |
| Other unsecured loan | 17.29% | 17.28% | 17.61% | 16.83% | 15.42% |
| Home loan | 7.71% | 7.71% | | 7.71% | 7.71% |
| Total loans | 9.20% | 9.19% | 10.31% | 8.99% | 8.24% |

Loan portfolio analysis

December 31, 2000

Variable-rate Loan Portfolio Analysis

| Number by delinquency | Variable-rate loan counts | | | | |
|-----------------------|---------------------------|--------------|--------------|---------------|----------------|
| | Current | 2 - 3 months | 4 - 6 months | 7 - 12 months | over 12 months |
| Loan type | | | | | |
| New vehicle loan | 1 | | | | |
| Used vehicle loan | 28 | 1 | | | |
| Other loan | 2 | | | | |
| Credit card loan | | | | | |
| Other unsecured loan | 2,492 | 77 | 66 | 102 | 517 |
| Home loan | 398 | 7 | 6 | 10 | 24 |
| Total loans | 2,921 | 85 | 72 | 112 | 541 |

| Balance by delinquency | Variable-rate loan balances (in thousands) | | | | |
|------------------------|--|--------------|--------------|---------------|----------------|
| | Current | 2 - 3 months | 4 - 6 months | 7 - 12 months | over 12 months |
| Loan type | | | | | |
| New vehicle loan | 5 | | | | |
| Used vehicle loan | 216 | 4 | | | |
| Other loan | 1 | | | | |
| Credit card loan | | | | | |
| Other unsecured loan | 4,237 | 15 | 13 | 2 | |
| Home loan | 11,287 | 2 | | | |
| Total loans | 15,747 | 21 | 13 | 2 | |

| Rate by delinquency | Variable-rate loan rates | | | | |
|----------------------|--------------------------|---------------|---------------|---------------|----------------|
| | Current | 2 - 3 months | 4 - 6 months | 7 - 12 months | over 12 months |
| Loan type | | | | | |
| New vehicle loan | 7.25% | | | | |
| Used vehicle loan | 9.26% | 8.00% | | | |
| Other loan | 8.25% | | | | |
| Credit card loan | | | | | |
| Other unsecured loan | 14.74% | 14.58% | 14.35% | 14.68% | |
| Home loan | 8.54% | 10.12% | | | |
| Total loans | 10.22% | 12.95% | 14.35% | 14.68% | |

| Risk analysis by loan type | Variable-rate loan rates | | | | |
|----------------------------|--------------------------|---------------|---------------|---------------|--------------|
| | Portfolio | Current | Delinquent | Risk-adjusted | Worst case |
| Loan type | | | | | |
| New vehicle loan | 7.25% | 7.25% | | 7.25% | 7.25% |
| Used vehicle loan | 9.24% | 9.26% | 8.00% | 8.95% | 7.47% |
| Other loan | 8.25% | 8.25% | | 8.25% | 8.25% |
| Credit card loan | | | | | |
| Other unsecured loan | 14.74% | 14.74% | 14.49% | 14.49% | 13.92% |
| Home loan | 8.54% | 8.54% | 10.12% | 8.53% | 8.52% |
| Total loans | 10.22% | 10.22% | 13.58% | 10.15% | 9.96% |

Definitions

❖ **Current rate**

The current rate is the weighted average rate of all loans in the category that are less than 2 months delinquent.

❖ **Delinquent loans**

Loan delinquency is based strictly on the due date of the loan.

❖ **Delinquent rate**

The delinquent rate is the weighted average rate of all loans in the category that are greater than (or equal to) 2 months delinquent.

❖ **Portfolio rate**

The portfolio rate is the weighted average rate of the entire category. It is calculated by multiplying the balance of each loan by its APR. The 'weights' are summed and divided by the total balance of all loans in the category.

❖ **Risk-adjusted rate**

The risk-adjusted rate assumes that all interest on delinquent loans is forfeited. In addition, the following principal amounts are also assumed to be lost on delinquent loans: 10% of loans 2-3 months, 25% of loans 4-6 months, 50% of loans 7-12 months, and 100% of loans over 12 months delinquent.

❖ **Variable rate loans**

Loans are identified on the basis of the variable rate code. A variable rate code of 0 indicates a fixed rate loan. A variable rate code greater than 0 indicates a variable rate loan.

❖ **Worst case rate**

The worst case rate assumes that all principal and interest on delinquent loans is forfeited.

Loan portfolio analysis

December 31, 2000

Discussion

All else being equal, you would expect to find a higher rate of interest on delinquent loans than on current loans. This would indicate that riskier loans were being identified and assigned a higher risk premium, in the form of a higher interest rate. You should also take into consideration the rate environment (rising or falling over the average term of your portfolio), and your charge-off policies.

An interest rate on delinquent loans that is lower than the current loans might indicate that the risk of default is not being accurately assigned. In this case, better credit risks are being charged higher rates of interest than are warranted. In a competitive interest rate environment, these members will be most likely to finance their loans elsewhere, leaving the credit union with a lower quality loan portfolio.

A lower risk-adjusted or worst case rate might be acceptable on portfolios of higher balance loans, since these loans would also have lower variable costs associated with making and maintaining them.