Economic Recovery Committee:
Maine Credit Union Report to the Infrastructure Subcommittee

June 19, 2020
Maine Credit Union Landscape

• Credit Unions (not-for-profit, cooperative financial institutions)
  • 55

• Branches
  • 200+

• Employees
  • 2,300+

• Members
  • 720K

• Services and Reach
  • Transportation (auto loans), housing/construction (mortgage and commercial loans), retail (payments), agriculture (farm loans) New Mainers (citizenship), education and career advancement (student loans), small businesses (commercial lending and services), savings and more.
COVID-19 Actions and Support to Date

- Modernization of Regulation/Legislation to Support Digital/Remote Services
- Loan Modifications, Skip-A-Pay, Emergency Loans, PPP
- Virtual Financial Fitness Fairs and Financial Guidance
- Campaign for Ending Hunger
- Public Service Announcements and Fraud Prevention
- Chambers of Commerce, Trade Associations, SBA, FAME, and Other Outreach
COVID-19 Concerns

• Continued upticks in fraud

• Looming potential defaults in consumer and commercial loans

• Slow down in demand for loans and other financing

• Interest rate compression

• Delayed legislative/regulatory advancements and progress on non-COVID-19 matters
COVID-19 Concerns Will Have an Impact

Went Into COVID-19 Strong

Ability to help remains

<table>
<thead>
<tr>
<th>Actual results</th>
<th>Quarterly results/forecasts</th>
<th>Annual forecasts</th>
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</thead>
<tbody>
<tr>
<td>Growth rates:</td>
<td></td>
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<tr>
<td>Savings growth</td>
<td>6.8%</td>
<td>4.3%</td>
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<tr>
<td>Loan growth</td>
<td>9.3%</td>
<td>0.9%</td>
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<tr>
<td>Asset growth</td>
<td>6.9%</td>
<td>4.3%</td>
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<tr>
<td>Membership growth</td>
<td>3.9%</td>
<td>0.4%</td>
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<tr>
<td>Liquidity:</td>
<td></td>
<td></td>
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<tr>
<td>Loan-to-share ratio**</td>
<td>82.1%</td>
<td>81.7%</td>
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<tr>
<td>Asset quality:</td>
<td></td>
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<tr>
<td>Delinquency rate**</td>
<td>0.77%</td>
<td>0.63%</td>
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<tr>
<td>Net charge-off rate*</td>
<td>0.55%</td>
<td>0.58%</td>
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<tr>
<td>Earnings:</td>
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<tr>
<td>Return on average assets (ROA)*</td>
<td>0.83%</td>
<td>0.80%</td>
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<td>Capital adequacy:</td>
<td></td>
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<tr>
<td>Net worth ratio**</td>
<td>11.1%</td>
<td>11.0%</td>
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</tbody>
</table>

Source: Credit Union National Association
https://www.cuna.org/economicupdate
Industry Needs

• **Support Continued Health of Credit Unions**
  • Avoid policies that negatively impact the health of financial services providers and detract from their ability to help Mainers

• **Streamline Digital Access**
  • Update laws, regulations and systems that impede digital and remote financial services

• **Encourage Public/Private Partnerships**
  • Seek to ensure Maine’s financial services sector acts as a driver of economic stabilization and growth in the state
How Credit Unions Can Help Move Maine Forward

**ECONOMY**
Amplify the impact of state, federal and other programs.

**COMMUNITY**
Serve as a catalyst for community collaboration to strengthen where Mainers live, work and raise families.

**PEOPLE**
Improve the financial lives of Mainers and access to needed financial services.
For More Information

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