

An Important Statement Regarding New South Credit Union's Strength Richard Schulz, President & CEO

The recent turbulence in the financial markets has created serious unrest across our country. We are aware of the heightened anxiety that exists among bank customers because of the recent closings of several banks at the direction of the FDIC. It's true credit unions offer many of the same services that banks do, but that is where the similarities end. Credit unions are regulated and structured differently and are federally insured by a much stronger government agency, the National Credit Union Administration (NCUA). Our management wants to reassure all of our members that New South remains in a very strong financial position today.

Delivering Financial Strength When Members Need Us Most

Financial strength enables us to keep our commitment to be there when our members need us. From the safety of your accounts, to the rates we offer on loans and deposits, we take the trust you have placed in us very seriously. As a not-for-profit, member-owned company, we answer to our members, not outside shareholders or Wall Street. We take a conservative approach to financial management because we understand that protecting the money our members entrust with us is the most important thing we do. This philosophy has served us well for 56 years, and it has allowed us to avoid the problems that have been rocking the markets.

New South's Strong Balance Sheet: The Security Backbone of our Financial Strength

The credit union industry is considered very strong, and New South Credit Union remains one of the strongest credit unions within the industry. Our solid position has been built over time. We are well-capitalized and maintain strong liquidity. Our prudent management and lending practices, along with our strong balance sheet have earned us the highest overall ratings from the major rating agencies. In fact, we recently received BauerFinancial's Superior, 5-Star rating for the 73rd consecutive quarter for our financial strength. We can say with confidence that New South Credit Union is extremely strong as demonstrated in the facts and figures below.



Capital & Liquidity

- Our Capital position of 15.19% is over 2 times above NCUA's top, "Code 1" benchmark of 7.0%.
- Our Capital position is 8.5% higher than the national peer-comparison between credit unions.

Loan Portfolio

- We did not participate in sub-prime lending and have never participated in buying or selling mortgage loans.
- We have maintained our traditional 1st mortgage lending policies while many lenders made theirs too lenient.

Delinquency

- Our extremely low delinquency rate of 0.014% is nearly 10 times below our peers' national average.
- We currently do not have any mortgage-related delinquency, and in our 56 year history, the credit union has never foreclosed on any mortgage-related loan.

Investment Portfolio

- 100% of our investment portfolio is federally insured.
- We have never invested in any stock market-related or mortgage-backed security investments.

Earnings

- While not-for-profit, credit unions do have earning requirements. Our earnings remain very strong. Our ROA (Return on Assets) is 1.10%, well above the national average of 0.44%

It's All About the Member

Since 1952, we have always put our members first. We have built our long-standing reputation on our commitment to operating with safety and soundness as a top priority, our not-for-profit principles, and our vision to deliver great value to our members. These ideals have guided us through 56 years of twists, turns and change, and they still guide us today. We trust this gives you confidence that you have entrusted your resources with a company that has earned it. On behalf of our Board of Directors and Management, we appreciate your trust, and be assured, New South Credit Union is here for you today, and will be here for you in the future.