

Message from the President/CEO

## NorthStar CU Economic Update

Dear Member,

Given the on-going turmoil in the world's credit and financial markets, your Board of Directors and I felt it important to update you on how NorthStar is weathering this economic environment and more importantly, what it means to you.

I am both proud and pleased to inform you that although we cannot completely remove ourselves from the economics of the world, NorthStar continues to maintain a very strong capital to asset ratio of 8.48% at September 30, 2008. As a member owned, not for profit cooperative, we are not publicly traded, and therefore, do not come under the pressure of earnings estimates like our counterparts in the for-profit banking industry.

**Why is that important to you?** NorthStar does not have market pressures to bolster earnings on a short term basis to meet those market expectations. **We are organized and operated for the LONG TERM benefit of you, our credit union members, as well as the organization, which we believe creates a direct benefit to you.**

NorthStar is an independent entity who deals directly with members located in and around the Chicago area. As a credit union, we know our members and our members know us. **Our sole purpose is to help the many individuals and families we serve to attain their personal financial goals.** Although we do have some members who are experiencing financial difficulties, we pride ourselves on our ability to work with each one on a direct, personal and case-by-case basis. The difference between NorthStar and those that we read and hear about lately is that NorthStar maintains a well capitalized balance sheet, our loan portfolio is well managed and diversified, and most important of all, the members and collateral are located right here in our own backyard.

Capital is considered the safety net of dollars accumulated over the years to absorb losses of any kind. It is typically expressed as a percentage of total assets and will fluctuate based on asset growth, decline, earnings or losses. As you can see by the charts (*shown to the right*), we have maintained a very stable relationship between capital and total assets over the years.

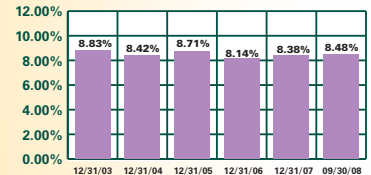
Unfortunately, the world we find ourselves in is in a very precarious state and all of your friends at NorthStar want to be sure that you know that we always have, and always will continue to emphasize service to our members. We accomplish this by offering our members competitively priced products, federal deposit insurance up to \$250,000 per account, and personalized, unparalleled service to our credit union members.

**We are here for our members**, and should you need to discuss any financial needs with us, call us today and set up an appointment with one of our trained Financial Service Representatives.

Sincerely,

Lloyd M. Fredendall  
President/CEO

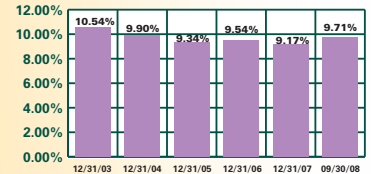
NorthStar Credit Union Net Capital to asset ratio (not including Allowance for Loan Losses)



These charts delineate NorthStar's Capital to Asset position over each of the past five years. The first chart shows that our Net Capital to Asset Ratio (before considering loan losses and typically referred to as "net capital") has remained very stable level at an average of 8.49%.

The second chart delineates the same measure but includes our Allowance for Loan Loss accounts.

NorthStar Credit Union Gross Capital to asset ratio (includes Allowance for Loan Losses)



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630.393.7201 • 630.393.7353 (fax)

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150 Warrenville Road • Naperville, IL 60563  
630.420.5505 • 630.420.4847 (fax)

528 Main Street • West Chicago, IL 60185  
630.876.5519 • 630.876.3361 (fax)

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MEMBERSHIP PAY \$  
PASS IT ON.

Improve Your  
Credit Score  
Ask us how.

# 'Tis the Season...

## to Skip-a-Payment!

### Skip Your December or January Loan Payment

We know that the holidays have a way of sneaking up on your budget. Entertaining, gifts, clothes and travel expenses add up quickly.

NorthStar Credit Union is allowing you to skip an upcoming loan payment (mortgage, home equity loans and VISA® payments are not eligible).

To skip your December or January loan payment, complete this form and return it to the credit union by November 28th. Consider faxing it today!

### Skip-a-Payment this December or January

Signature X \_\_\_\_\_

Date \_\_\_\_\_

Daytime Phone \_\_\_\_\_

NSCU Member # \_\_\_\_\_

NSCU Savings Account to Debit Fee  
(if different from above) \_\_\_\_\_

Loan Number \_\_\_\_\_

Loan Number \_\_\_\_\_

Month to Skip Payment/Year \_\_\_\_\_

I hereby authorize NorthStar Credit Union to defer my installment loan payment(s) for the month indicated above. By signing this form, I understand that waiving my designated payment(s) will not affect my credit history with NSCU or any credit reporting agency. I also understand that interest will continue to accrue.

Skip-a-Pay is subject to approval. Skip-a-Pay generally does not apply to Mortgage, Home Equity or Visa loans. I understand that a \$15 administrative fee applies.

Simply sign and return this coupon to any NorthStar office no later than Friday, November 28, 2008.

If you have any questions, please feel free to call one of our Financial Service Representatives at (630) 393-7201 ext. 213 or outside Chicagoland at (800) 983-6828.

## Identity Scam Alert!



These days, you can never be too safe. Even the most tech-savvy people can be victims of phishing/vishing attacks. Despite being educated and prepared, you still may be fooled into giving out your personal information. **One thing to remember is if you get a message asking you to verify personal information, it didn't come from your credit union!**

NorthStar will **never** send you a letter, e-mail or voice mail asking for your account numbers, user names, passwords, or Social Security number. A message like that — called phishing and vishing — don't respond.

Instead, call NorthStar to report any attempts of identity theft.

## Holiday Closing

NorthStar Credit Union Branches will be closed Thursday, November 27, 2008, in observance of Thanksgiving. Have a safe and pleasant holiday!

## It's a GREEN Thing!

Use this coupon to earn an additional .50% discount on your qualifying rate when used to finance the purchase of a hybrid or alternative fuel vehicle.

**As low as 3.24% APR\***

Ask a Financial Service Representative for more details!

\*APR = Annual Percentage Rate. Membership required. Rate and term will be determined by individual credit worthiness. Not valid on current NorthStar Credit Union auto loans. Hybrid car must be two model years or newer.

This limited offer is valid 10/20/2008 – 11/29/2008.



**Save 0.50% off your rate**  
on a qualified purchase of  
a hybrid or alternative fuel vehicle.

HYB\_NL1008