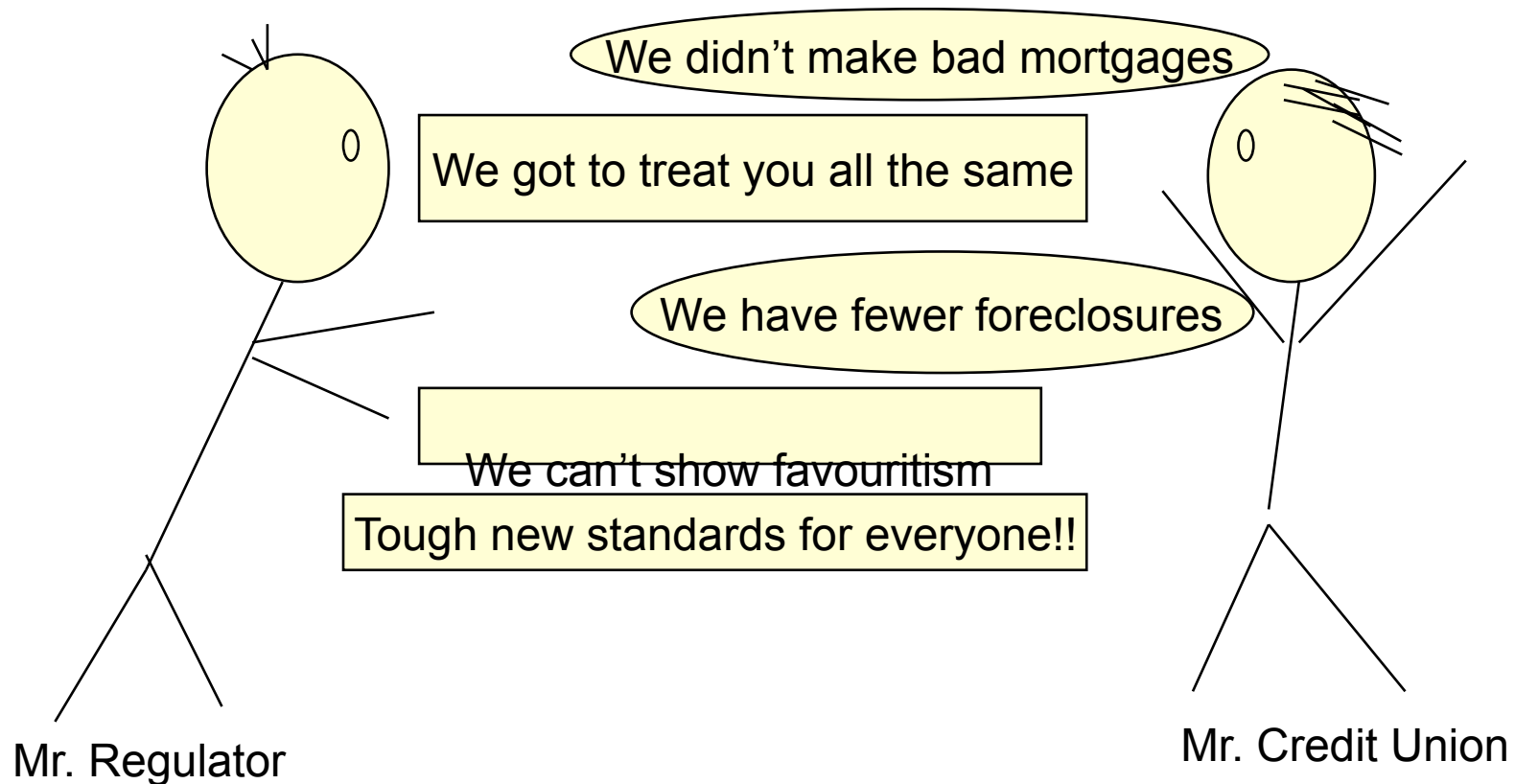
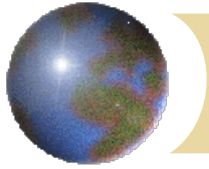


Regulation and Accounting Standards



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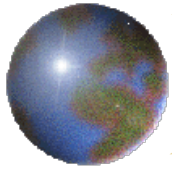


Appropriate Regulation?

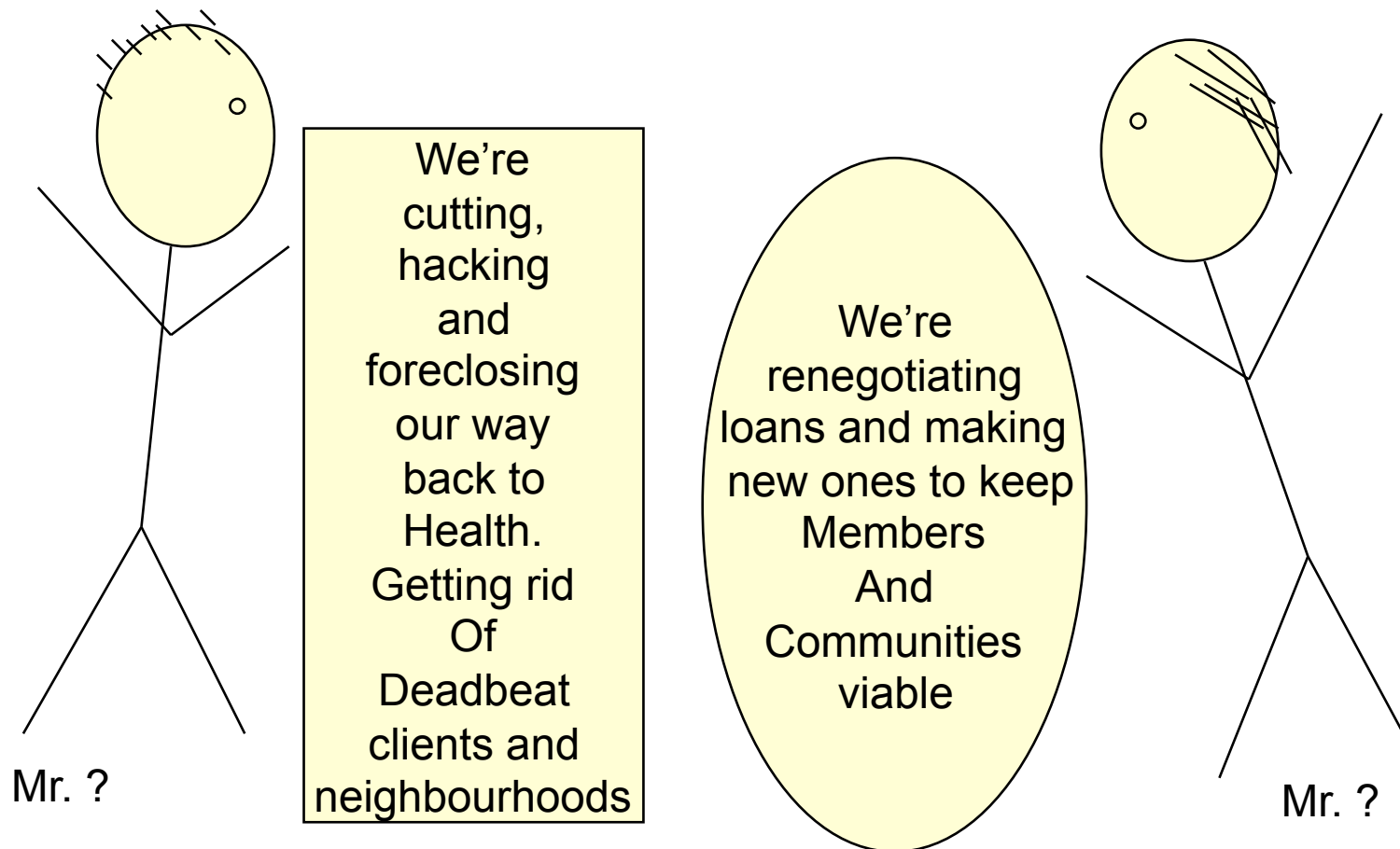
“For example, it does not address the concern that many have raised that an asset that can be held to maturity should not be marked to current market prices.” CUNA Letter to FASB, 9 Oct, 2008

“Through its actions, NCUA is demonstrating the same behaviour that it was ascribing to WesCorp—picking numbers to fit a preferred outcome.” Chip Filson, President, Callahan & Associates, Inc. 11 May 2009

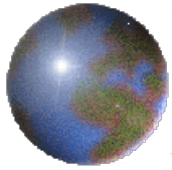
“Standard & Poor's Ratings Services said today that it placed its counterparty credit ratings on nine of the 10 U.S. corporate credit unions it rates on CreditWatch.” Standard and Poor's, Feb. 10, 2009



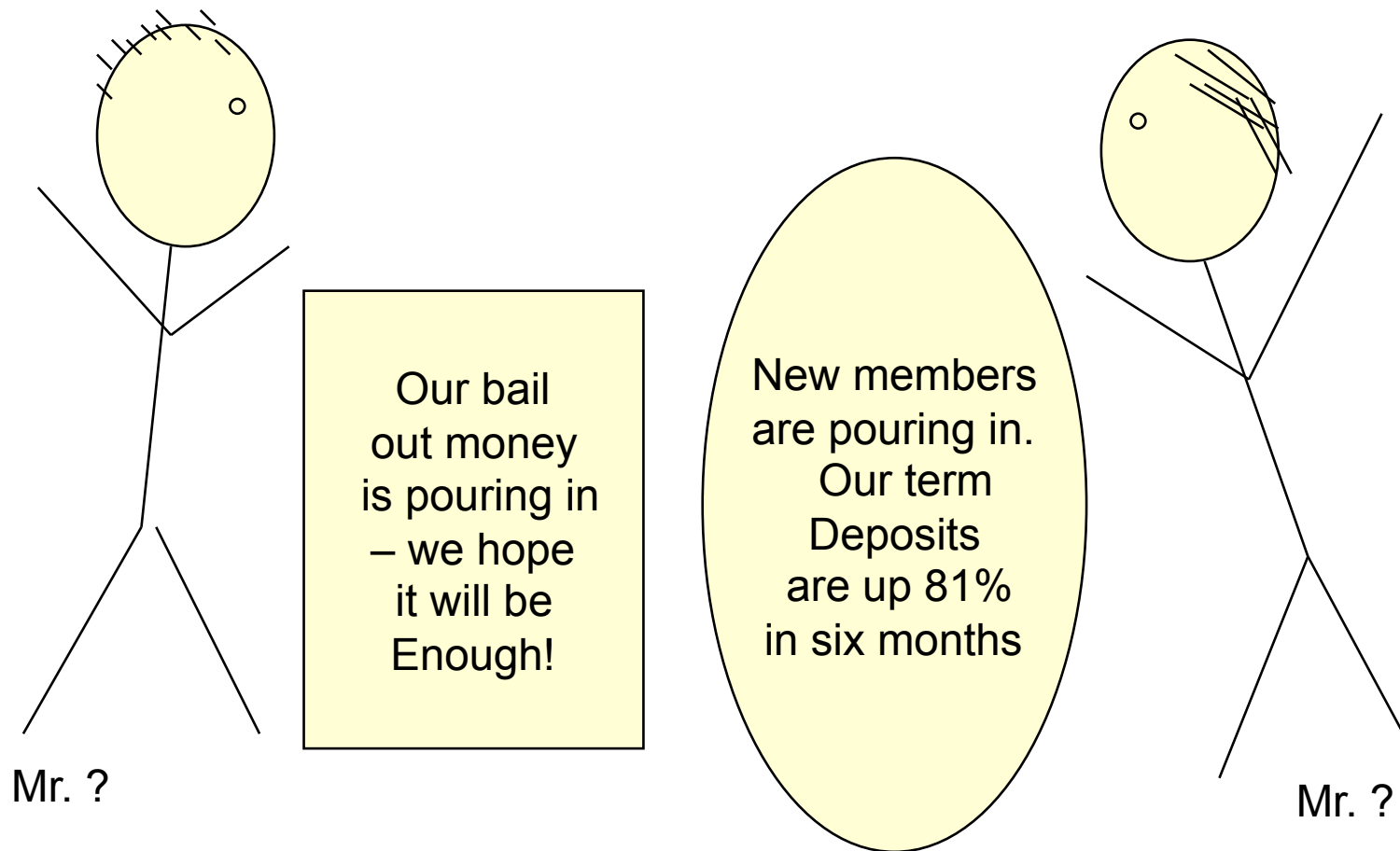
Impact on Credit Unions



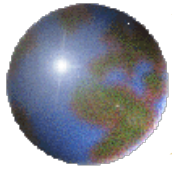
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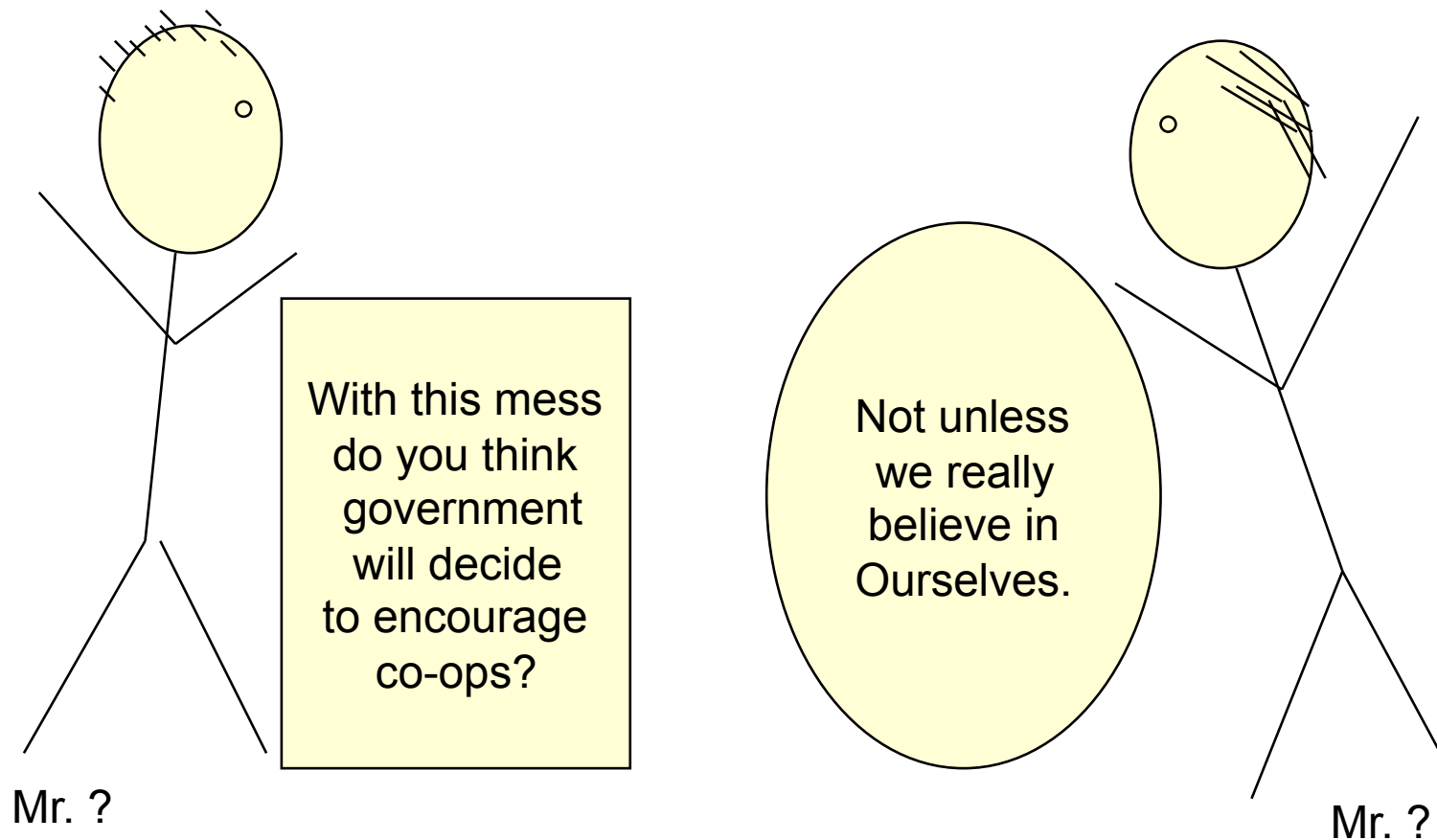
An Opportunity for Co-operatives?



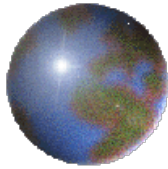
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Managing the Co-operative Difference



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Thursday, January 22, 2009

▼ THE FTSE 100 FELL
31.52 TO 4059.88

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by STEVE HAWKES, BUSINESS EDITOR

THE PAGE YOU CAN TRUST

SUPERBANK II

Now Britannia and Co-op join forces

BRITANNIA BUILDING SOCIETY is merging with the CO-OP to form a new "friendly" superbank.

The two announced plans for a tie-up yesterday – and vowed to poach millions of disillusioned customers from the likes of BARCLAYS and LLOYDS.

The new "mega-mutual" will have £70billion of assets, a workforce of 12,000 and nine million customers.

Combined pre-tax profits in 2007 were nearly £270million. Britannia specialises in mortgages while the Co-op is now best known for its internet bank Smile.

The merger comes days after Lloyds TSB formally completed its takeover of HALIFAX BANK of SCOTLAND to create Britain's first superbank, as *The Sun* dubbed it last week, above.

Britannia chief executive Neville Richardson told *Sun City*: "The more we talk to

customers the more concerned they are about the shareholder-owned banks.

"People have lost trust in them, and are crying out for an ethical organisation."

Both Britannia and Co-op Financial Services (CFS) are owned by their customers, or members, who receive a profit-share bonus every

year. Under the merger, the two companies will be integrated as part of the wider Co-operative Group, which also runs supermarkets, travel agents and undertakers. Britannia members will receive a Co-op dividend.

Mr Richardson admitted the Britannia brand could one day disappear.

And 1,000 jobs may be

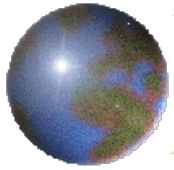
lost in the next three years in a £60million cost-cutting drive. Mr Richardson will run the new business while Bob Burton, CFS non-executive chairman, will chair the new board.

Rob Macgregor, of the Unite trade union welcomed the deal, saying: "This is good news amidst all the gloom in finance."

Brawn again
... Co-op's
Burton, left,
and supremo
Richardson



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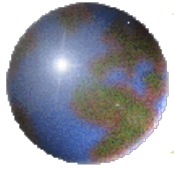


People moving to trustworthy CUs

"I wouldn't trust any banks any more." Instead, she has opted for Speke's nearest thing to a home-grown, insulated economy - the communally-owned Riverside Credit Union ..." Guardian Oct 14 2008

"Saskatchewan credit unions posted one of their best years ever in 2008, with net income of over \$90 million. Credit unions in the province returned \$14.9 million to their members ...and contributed over \$6.8 million to their communities... "Given the disruption we have seen in global financial markets, the performance of Saskatchewan credit unions is very impressive," said Ken Anderson, CEO of SaskCentral." Co-op News Brief, Vol 10, No 8 April 16 2009

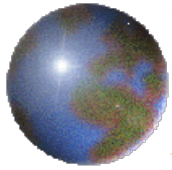
"Plenty of shareholders in storm-tossed banks must look across the bay to the calm waters of mutuality with envy." Financial Times 22 Jan 09



People Moving to Trustworthy CUs

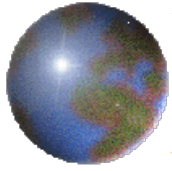
“In spite of the global financial environment, Canada's credit union system ended 2008 on solid financial ground. According to Credit Union Central of Canada, system assets, savings/deposits and loans all recorded solid gains ... Assets rose 8.7 per cent to reach \$113.8 billion; ...” OnCoop, E-newsletter, Volume 4, Issue 1, April 8, 2009

Co-ops have never been big in Central Canada, especially in urban areas. But if the economy goes into a deeper funk, Central Canada's city folk may want to take a cue from people in other parts of the country and join or create retail co-ops. Daniel Drolet, Calgary Herald, Monday Dec. 15, 2008 Page C9



Co-operative Leadership Reaction

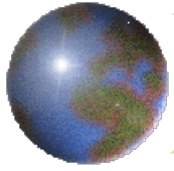
“The people of the world have watched with shock and disbelief as ... bastions of the investment and banking industry have collapsed and disappeared. They have wondered as the world’s political leaders have been forced to commit vast amounts of taxpayers’ money, in an effort to bolster and stabilize banks and stock markets ... shaken ... by corporate greed and profit-driven mismanagement.” Ivano Barberini, President ICA, et al, Oct 22, 2008



Co-operative Leadership Reaction

“Free of many of the short-term pressures felt by shareholder companies who must continually produce dividends, co-ops in Canada and around the world should be relatively well positioned to weather the storm because of the stability inherent in the business model.” Kathy Bardswick, CEO, The Co-operators, Jan 2009

“At a time of increasing concern about the national economy and the integrity of many corporations, co-operatives – owned and controlled by their members – are creating jobs, income and opportunity in their communities every day.” Dan Kelley, Chair, GrowMark, Jan 2009(?)

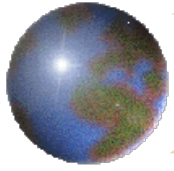


The Long view

So now, in 2008, we have:

- **communities facing some of the toughest economic conditions since 1930,**
- **the claimed reliability of “the market” and the superiority of investor-owned companies being seriously challenged,**
- **a justifiable loss of confidence in the smartness of the financial engineers and creative accountants,**

Robb, Alan (2009) Mutuality in the Global Financial Crisis, Christchurch, NZ, 27 Nov. 2008



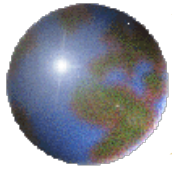
The Long view...

The present global financial crisis shows the failure of three interconnected ideas which have underpinned economic matters in the last half century. Those ideas are:

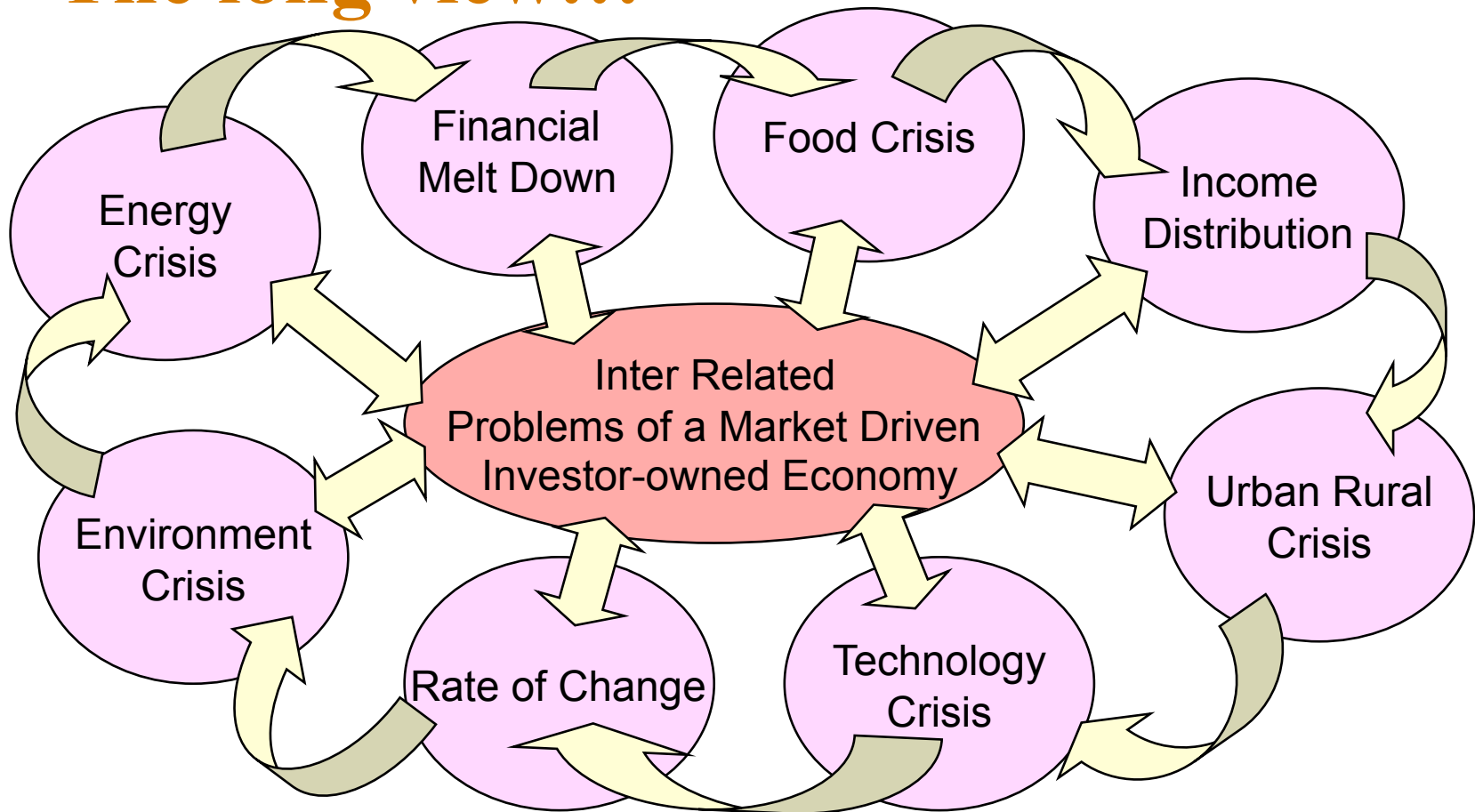
- Economic rationalism
- Infallibility of markets
- Accounting credibility

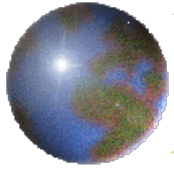
The global financial crisis is likely to be long-lasting and severe. In my view it will have an impact close to that of the Long Depression of 1873-96 and the Great Depression of 1929-37.

Robb, Alan (2009) Mutuality in the Global Financial Crisis, Christchurch, NZ, 27 Nov. 2008



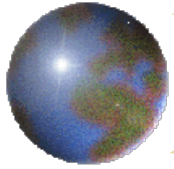
The long view...



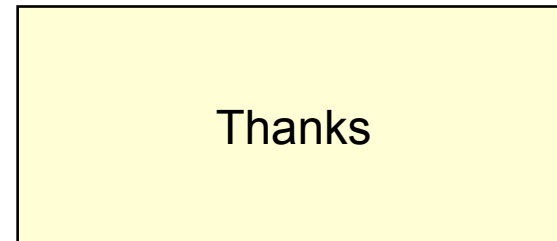
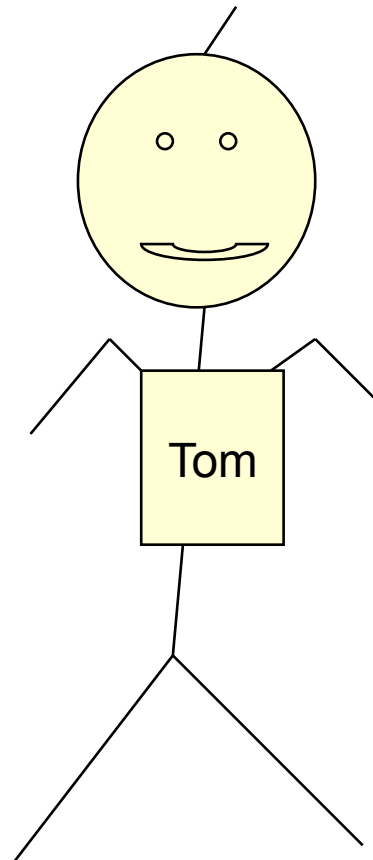


The long view...

**Can co-operatives position themselves
to respond to these problems and
provide people with a
real alternative?**



Managing the Co-operative Difference



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