CREDIT UNION TRENDS REPORT

CUNA Mutual Group – Economics ● February 2020 (December 2019 Data)

Highlights

- During December, credit unions picked up 203,000 in new memberships and loan and savings balances grew at an 7.6% and 9.9% seasonally-adjusted annualized pace, respectively. Firms hired 147,000 workers, nominal consumer spending increased 0.3% and long-term interest rates increased 5 basis points. The economy grew 2.1% in the fourth quarter and 2.3% over the last year.

- At the end of December, CUNA's monthly estimates reported 5,439 credit unions in operation, 30 fewer than one month earlier. Year-over-year, the number of credit unions declined by 164, less than the 197 lost in the 12 months ending in December 2018.

- Total credit union assets fell 0.3% in December, the same 0.3% drop reported in December of 2018. Assets rose 7.7% during the past year due to an 8.2% increase in deposits, a 12.8% drop in borrowings and a 10.6% increase in capital.

- The nation's credit unions increased their loan portfolios by 0.8% in December, more than the 0.5% pace reported in December 2018. Loan balances are up 6.5% over the last 12 months. With loan balances growing slower than assets during the last year, the credit union average loan-to-asset ratio fell to 71.3%, down from 72% in December 2018.

- Credit union memberships rose 0.2% in December, down from the 0.3% gain reported in December 2018. Memberships are up 3.3% over the past year due to modest demand for credit, solid job growth and comparatively lower fees and loan interest rates.

- Credit union loan delinquency rates rose to 0.72% in December, up from 0.71% one year earlier due to slower loan growth. The credit union net capital-to-asset ratio rose to 11.2% in December, up from 10.9% in December 2018 and slightly below the community banks' core capital ratio of 11.24%.

ECONOMIC, COMPETITIVE AND INTEREST RATE ENVIRONMENT

During December, the economy added 147,000 jobs, the unemployment rate remained at 3.5%, personal income was rose 0.2%, personal spending rose 0.3%, consumer prices rose 0.2%, consumer confidence rose, new home sales fell 0.4%, existing home sales rose 3.6%, auto sales fell 1%, home prices rose 0.3% and the 10-year Treasury interest rate increased 5 basis points to average 1.86%.

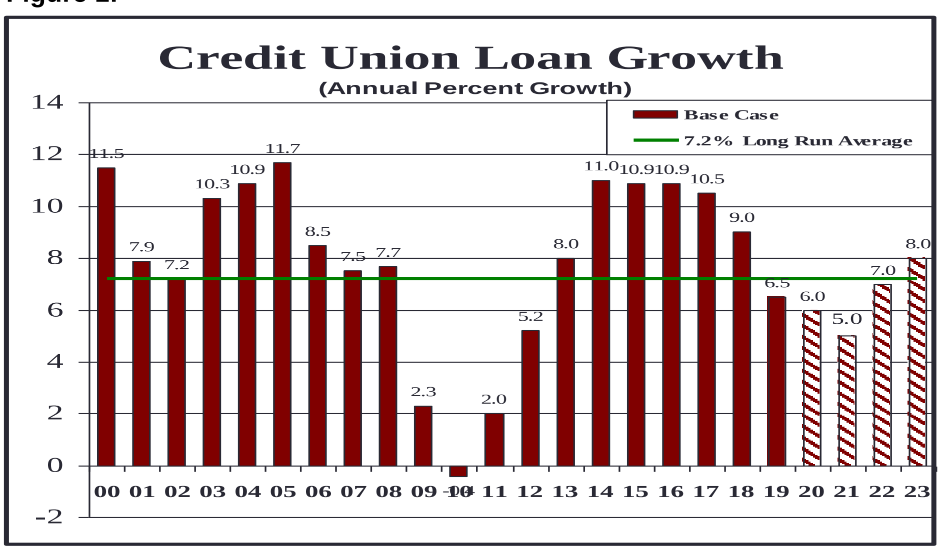
The nations' 5,439 credit unions outperformed the 4,825 community banks in the credit arena in 2019. Community bank total loan balances rose only 4% in the year ending in third quarter of 2019, below the 6.5% gain for credit unions. Community bank "loans to individuals" rose only 4% during the 12 month period. Community bank real estate loans fell 0.8%%, versus 9.3% for credit unions. However, community banks' return on assets of 1.22% in the third quarter was significantly above credit unions' 0.97%, due to higher net interest margins of 3.69% versus 3.17% for credit unions. Asset growth was slower at community banks, rising 0.5% during the last 12 months versus 6.8% for all credit unions.

Total Credit Union Lending

Credit union loan balances rose 0.8% in December, slightly above the 0.5% pace reported in December 2018. Driving overall loan growth was strong growth in credit card loans (2.6%), unsecured personal loans (1.5%) and fixed-rate mortgages (1.9%). December credit card seasonal factors – such as holiday shopping – typically add 3.1 percentage points to the underlying credit card trend loan growth. The muted December credit card growth was caused by the continuing windfall from lower gasoline prices.

Credit union loan balances rose 6.5% in 2019, down from the 9% reported in 2018 **(Figure 1)** due to a slowdown in consumer installment credit especially new auto loans. Expect loan growth to decelerate to 6% in 2020, slightly below the 7.2% long run average. Rising household formations of 1.7 million and continued job creation will keep home sales and mortgage lending above their long run averages.

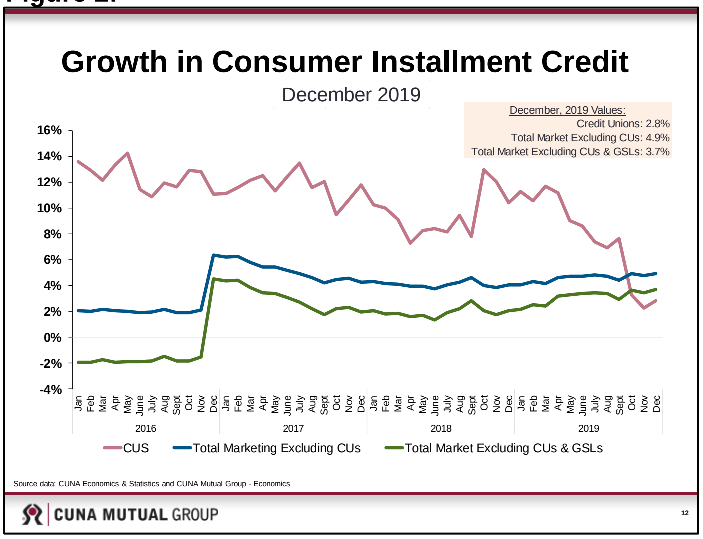
Figure 1:



Credit Union Consumer Installment Credit (CUCIC)

Credit union consumer installment credit balances (auto, credit card and other unsecured loans) were unchanged in December, which was better than the 0.5% drop set in December 2018. During 2018 credit union consumer installment credit grew only 2.8%, slower than the total market excluding credit unions, which grew 4.9% **(Figure 2)**. If guaranteed student loans are removed, then consumer credit increased only 3.7% for non-credit-union lenders. Household debt burdens, as measured by household debt as a percent of disposable household income, rose to 101.5% in the third quarter of 2019, the highest rate in three years, according to the Federal Reserve's Flow of Funds report **(Figure 3)**. Debt levels around the 100% level are considered sustainable in the long run.

Figure 2:



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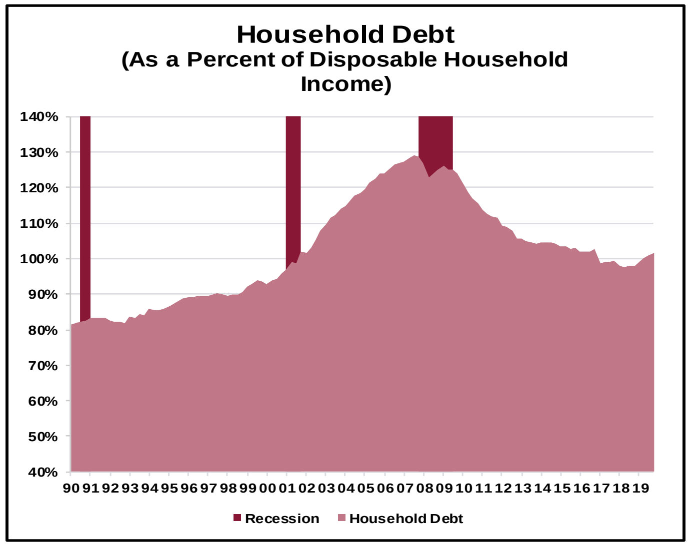
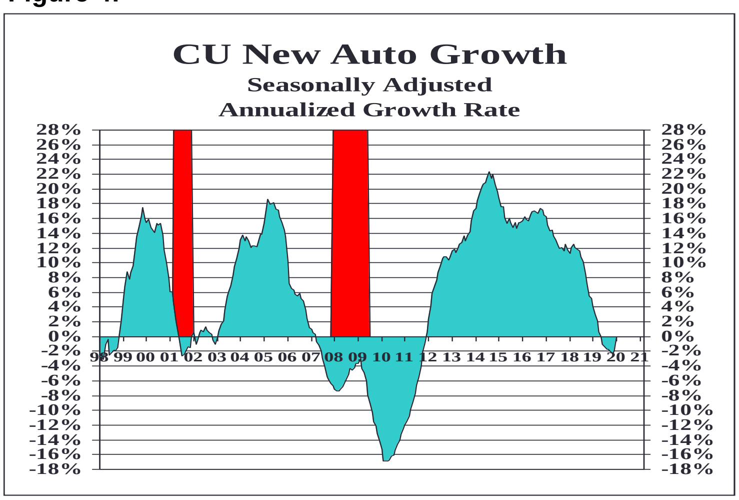


Vehicle Loans

Credit union new auto loan balances rose 0.1% in December, significantly below the 1.1% pace set in December 2018, and fell 1% for the full year. On a seasonally-adjusted annualized basis, new auto loan balances fell 2% in December **(Figure 4)**, which is below the 5.2% pace reported in December 2018. Five factors drove this decline; credit unions raised their new auto loan interest rates 2 percentage points over the last year, rapid loan originations 2-3 years ago precipitate larger loan balance amortization today, new auto sales declined 2% over the last year, members used "cash out" funds from mortgage refinances to pay off auto loans and rapid growth of indirect auto lending has leveled off.

Figure 4:



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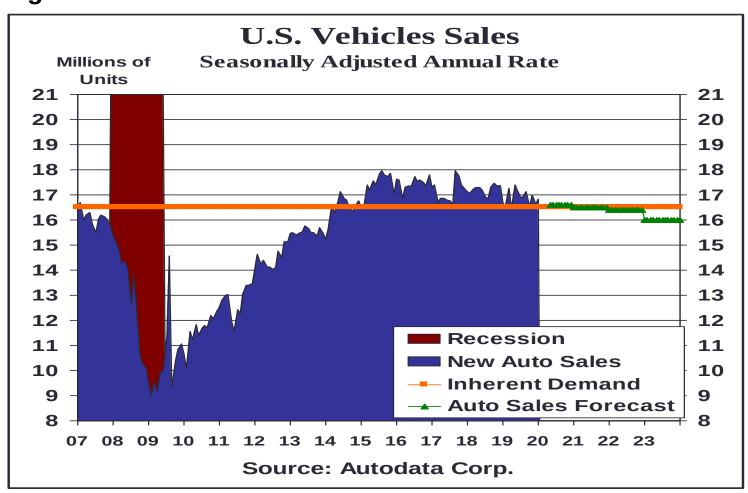


Vehicle sales were 16.9 million in December, which at a seasonally-adjusted annualized sales rate is 3.3% below the 17.7 million pace set one year earlier **(Figure 5).** Total vehicle sales in 2019 were 17 million units, 0.2% below the 17.3 million pace set in 2018 and below the record high set in 2016 at 17.5 million units. Expect auto sales to slow 2% to 16.7 million units in 2020, which is still above the 16.5 million sales rate that economists believe is the inherent long run demand. Factors supporting auto sales include: ample access to credit, low debt burdens, strong job growth, growing hourly earnings, rising stock prices and rising home prices. Rising stock prices produce an asymmetric "wealth effect," whereby an increase in wealth has a bigger impact on consumer spending than a decline in wealth due to stock market wealth concentrated in higher income households.

Real Estate Secured Lending – First Mortgages and Other Real Estate

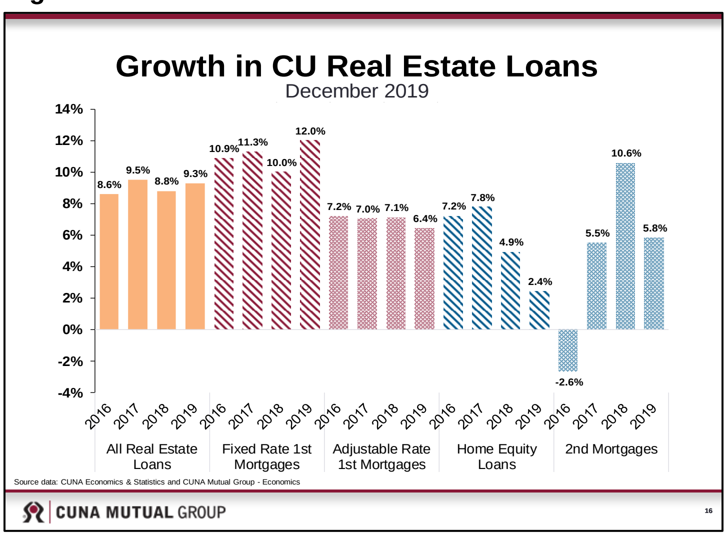
Credit union real estate loan balances grew 9.3% in 2019 **(Figure 6)**, the second fastest pace during the last decade and only slightly behind the 9.5% pace set back in 2017. Second mortgage loan balances and home equity loans reported weak growth in 2019, 5.8% and 2.4% respectively, due to members rolling existing loan balances into refinanced first mortgages. By year-end, fixed-rate first mortgages made up 30.9% of all loans, up from 22.6% in December of 2007 at the beginning of the Great Recession.

Credit unions are making headway in serving their members' mortgage needs. Currently 2.5% of members have a first mortgage loan at their credit union, up from 1.9% in 2009. First mortgage credit quality deteriorated slightly in 2019 with delinquency rates rising to 0.55%, up from 0.53% in 2018.

The housing market closed 2019 on a strong note as existing home sales rose 3.6% in December from November and 10.8% from December 2018. Improving homeowner confidence about future economic activity was one of the factors behind the large rise. Meanwhile price appreciation remains strong amid a tight housing market. Median single-family home prices rose only 8% over the last year, up from the 5-6% pace recorded over the last few years. Housing demand is expected to remain around its long-term trend of 5 million home sales per year over the next year or so due to a tight labor market, rising wages and low mortgage interest rates. This will help support credit union purchase mortgage originations. The contract interest rate on a 30-year, fixed-rate conventional home mortgage rose to 3.72% in December, up from 3.7% in November and down from the 4.64% reported in December 2018. Low interest rates around the world and rising economic uncertainty led to a drop in inflation expectations during November and December. This pushed down the 10-year treasury interest rate to 1.86% in December from 2.83% one year ago.

Home prices rose 0.3% in December from November, according to the Core Logic Home Price Index, and 4% year-over-year. House price appreciation accelerated in December, driven partly by homebuyers taking advantage of rock-bottom financing costs spurred by low mortgage rates.

Figure 6:



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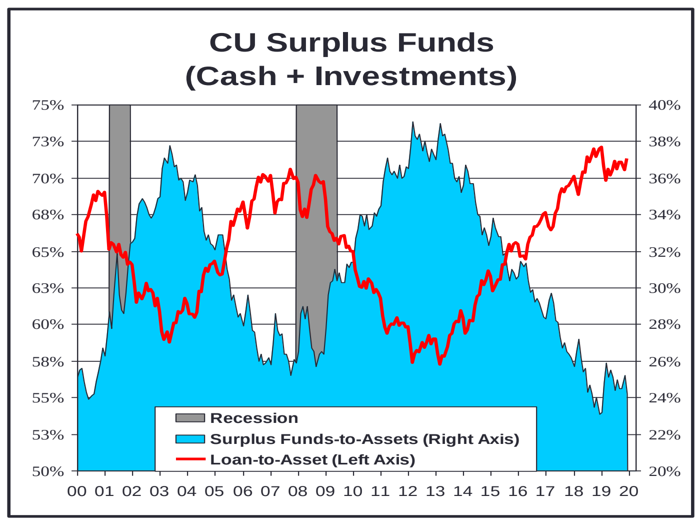


Surplus Funds (Cash + Investments)

In December credit union liquidity remained tight but less so than a year ago. Credit union surplus funds as a percent of assets rose to 24.2% in December **(Figure 7)**, up from 26.3.1% one year earlier, due to savings growth outpacing loan growth. Credit unions are increasing the liquidity of their surplus funds. In December, 51% of surplus funds had a maturity of less than one year, up from 48% one year earlier.

During 2019 credit union savings balances rose $102 billion, up from $64 billion in 2018. These "sources of funds" helped fund the $71 billion increase in credit union loan balances in 2018. The resulting $31 billion funding surplus along with $17 billion increase in capital was used to increase investments $44 billion and pay off down outstanding borrowings.

Loans fell to 71.3% of assets in December, down from the recent cyclical high of 72% one year earlier, which was also the highest level since July 1980. With loan and asset balances expected to increase 6% and 9%, respectively, in 2020, the credit union aggregate loan-to-asset ratio will fall to 69.3% by the end of this year. Alas, the last two recessions have been preceded by credit union loan-to-asset ratios climbing above 69%. Is this correlation or causation? In any event, this less rich mix of assets along with lower market interest rates should weigh on credit union yield-on-asset ratios this year.

Savings and Assets

Credit union savings balances fell 0.1% in December due to the surge in deposits in November when the month ended near a payroll Friday. Savings balances typically decline 0.14% in December due to recurring seasonal factors such as holiday spending. Savings balances rose 8.2% for all of 2019 **(Figure 8)**, faster than the 6% pace set in 2018. Expect faster savings growth in 2020 of around 9% due to low gasoline prices, falling loan and spending growth rates and increased volatility in the stock market, which will create an incentive for members to choose the safety of insured deposit products to store part of their wealth.

With personal income growth outpacing spending growth over the last few years, the national savings rate (savings to disposable personal income) has moved higher. In December, the savings rate rose to close to 8%, more than twice the rate set back in 2004-2007 **(Figure 9)** due to the recent tax cuts and an aging society.

Figure 8:

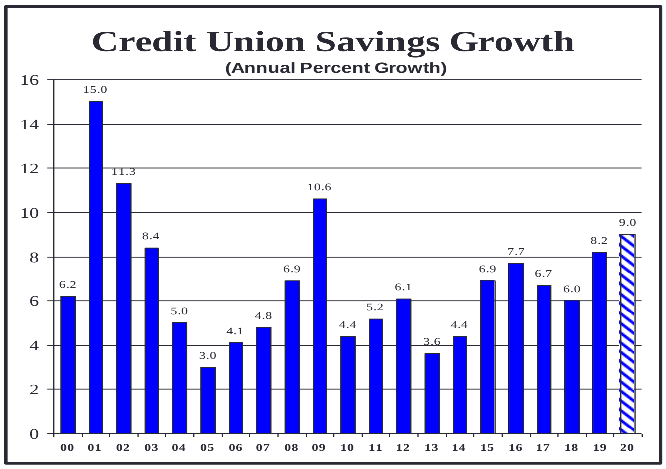
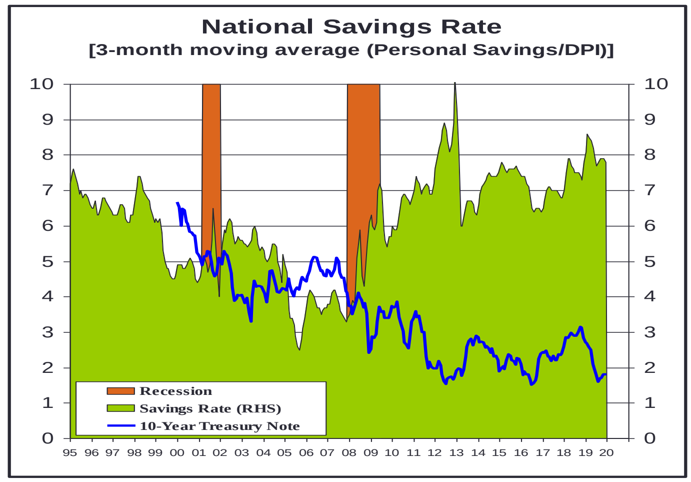


Figure 9:

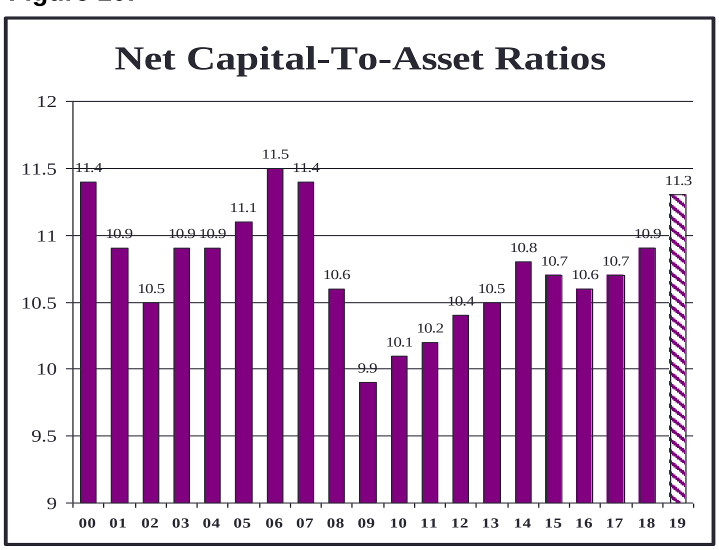


Capital and Other Key Measures

The credit union industry's net capital-to-asset ratio ended 2019 at 11.3%, up from the 10.9% reported at year-end 2018, as capital growth outpaced asset growth **(Figure 10)**. The capital ratio is expected to fall to 11.1% in 2020 as the expected pace of capital growth (7%) is expected to fall below the expected pace of asset growth (9%). Credit union capital balances grew 10.6% in the year ending in December, significantly above the 7% average set over the last 20 years **(Figure 11)**. The growth rate of capital is also known as the return on equity ratio and is an important measure of credit union financial performance

The credit union loan delinquency rate (loans two or more months delinquent as a percent of total loans outstanding) rose to 0.72% in December from 0.71 in November, and up from the 0.71% reported one year earlier **(Figure 11)**. With the labor market beyond "full employment" it appears the delinquency rate has dropped below its long run "natural" rate of 0.75%. Credit union loan delinquency rates typically reached their nadir in the first quarter, and then slowly rise as the year progresses to ultimately reach their apex late in the fourth quarter.

Figure 10:



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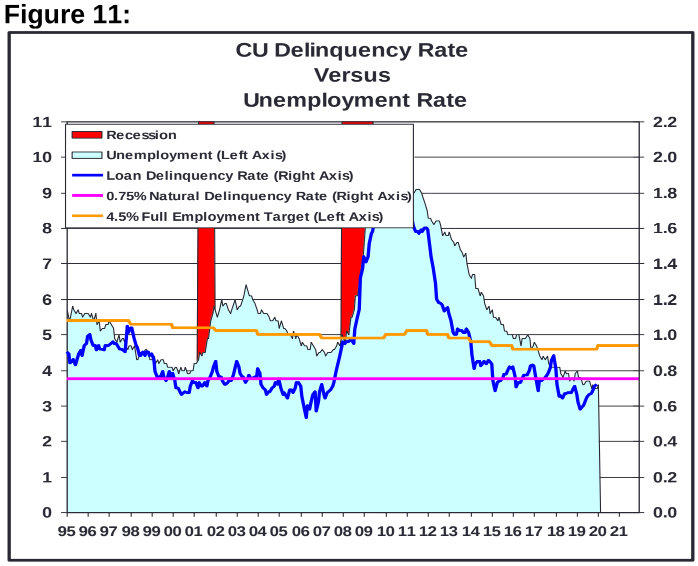


Credit Unions and Members

As of December 2019, CUNA estimates 5,439 credit unions are in operation, down 164 from December 2018 **(Figure 12)**. Consolidation of the credit union movement will continue due to retiring baby-boomer CEOs, rising regulatory/compliance burdens, low net interest margins, rising concerns over scale and operating efficiency, rising competitive pressures and members' demand for more products, services and access channels.

The number of credit unions with assets less than $20 million fell by 124 over the last year to approximately 2,051, which is 38% of all credit unions. There are now approximately 322 credit unions in the U.S. with assets greater than $1 billion **(Figure 13)**, according to NCUA call report data.

Figure 12:

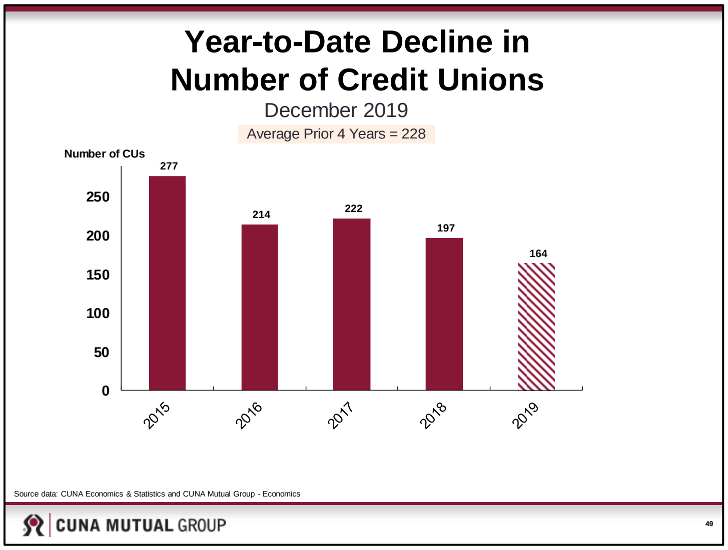
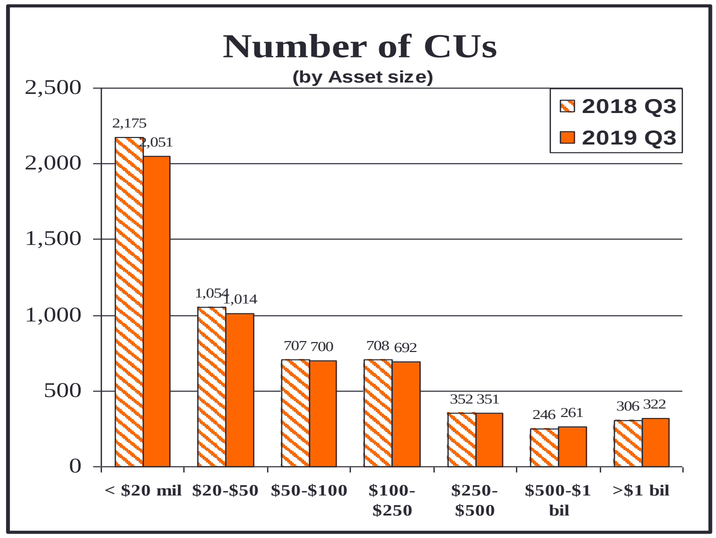


Figure 13:



Credit unions added 203,000 memberships in December, bringing the 2019 membership growth to 3.96 million new members **(Figure 14)**, the slowest pace in four years. This membership slowdown is due in large part to the recent drop in credit demand. But membership growth is also driven by job growth. In 2019, the economy added 2.1 million jobs, according to the Bureau of Labor Statistics. For 2020, expect another 1.8 million jobs to be created and credit union membership growth to exceed 2.5%.

Total credit union memberships reached 122.5 million at year-end 2019, which is 37.2% of the total U.S. population of 329.5 million. This is up from 36.2% of the population at year-end 2018. Large credit unions reported the fastest annual membership growth while credit unions with less than $50 million in assets reported falling memberships **(Figure 15)**.

Figure 14:

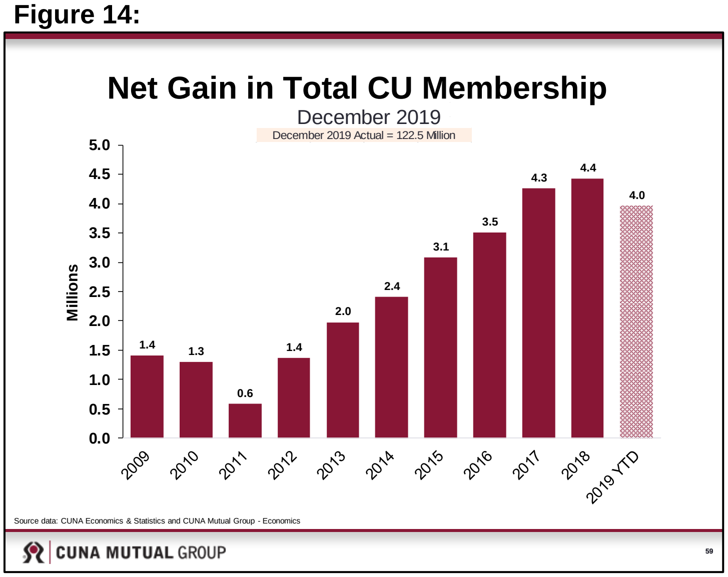
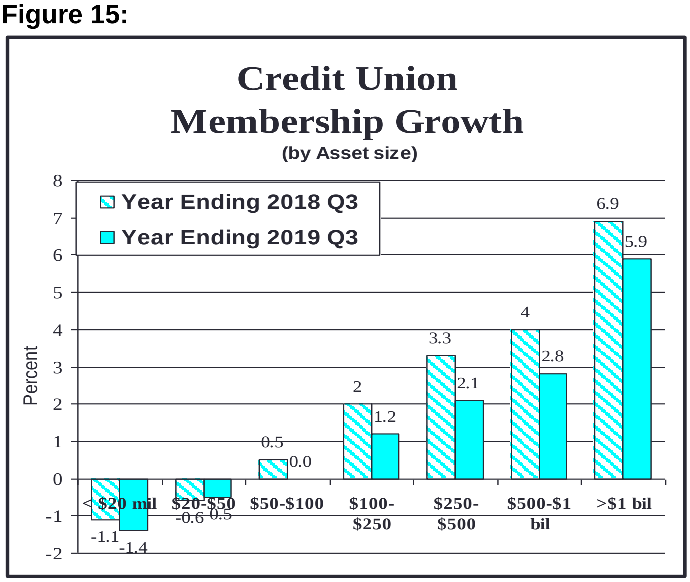


Figure 15:



National Monthly Credit Union Aggregates

YR/MO	LOANS	ASSETS	SAVINGS	CAPITAL	(Millions) MEMBERS	CREDIT UNIONS	LOAN / SAVINGS	CAPITAL/ ASSET RATIO
	|----- ($ Billions) -----|							
17 12	978.4	1,404.0	1,181.0	149.9	113.6	5,800	82.8	10.7
18 01	982.6	1,401.7	1,170.9	149.7	114.1	5,790	83.9	10.7
18 02	984.6	1,418.1	1,197.8	149.8	114.6	5,789	82.2	10.6
18 03	992.4	1,442.0	1,225.7	151.3	115.0	5,759	81.0	10.5
18 04	1,003.0	1,439.0	1,217.5	151.7	115.4	5,724	82.4	10.5
18 05	1,016.3	1,443.0	1,218.7	152.8	115.9	5,722	83.4	10.6
18 06	1,023.8	1,455.2	1,229.8	154.1	116.4	5,708	83.2	10.6
18 07	1,032.1	1,445.0	1,215.8	156.0	116.8	5,706	84.9	10.8
18 08	1,039.9	1,462.6	1,229.2	157.0	117.3	5,695	84.6	10.7
18 09	1,047.9	1,465.8	1,230.4	157.7	117.8	5,662	85.2	10.8
18 10	1,054.5	1,465.0	1,227.6	158.2	118.0	5,625	85.9	10.8
18 11	1,060.2	1,483.7	1,244.8	159.3	118.2	5,615	85.2	10.7
18 12	1,065.2	1,479.6	1,242.1	161.5	118.6	5,603	85.8	10.9
19 01	1,067.7	1,480.2	1,240.9	163.2	118.8	5,576	86.0	11.0
19 02	1,067.4	1,508.7	1,272.2	164.3	119.2	5,572	83.9	10.9
19 03	1,069.7	1,532.6	1,295.7	166.6	119.7	5,561	82.6	10.9
19 04	1,075.2	1,522.7	1,288.2	167.9	119.9	5,556	83.5	11.0
19 05	1,082.8	1,543.1	1,304.7	170.1	120.3	5,548	82.0	11.0
19 06	1,090.9	1,547.0	1,302.7	172.2	120.7	5,534	83.7	11.1
19 07	1,097.3	1,542.5	1,298.9	172.4	121.2	5,530	84.5	11.2
19 08	1,106.6	1,567.4	1,319.6	174.9	121.7	5,518	83.9	11.2
19 09	1,112.9	1,565.3	1,315.1	176.5	122.0	5,506	84.6	11.3
19 10	1,120.1	1,575.6	1,324.8	177.2	122.1	5,482	84.5	11.2
19 11	1,126.4	1,597.1	1,345.1	177.3	122.3	5,469	83.7	11.1
19 12	1,135.7	1,593.1	1,344.1	178.6	122.5	5,439	84.5	11.1

Credit Union Growth Rates

Percent Change Previous Year

YR/MO	LOANS	ASSETS	SAVINGS	CAPITAL	MEMBERS	# OF CUs	# OF CUs DECLINE	Delinquency Ratio*
17 12	10.0	6.6	6.0	7.5	4.1	(3.7)	(222)	0.881%
18 01	9.8	5.9	5.7	6.5	4.3	(3.6)	(216)	0.810%
18 02	9.8	5.4	5.8	6.0	4.3	(3.5)	(208)	0.721%
18 03	9.6	5.8	5.6	6.5	4.2	(3.6)	(214)	0.655%
18 04	9.8	5.0	5.2	5.5	4.2	(3.9)	(233)	0.655%
18 05	9.9	5.4	5.7	5.7	4.2	(3.9)	(231)	0.642%
18 06	9.5	5.7	5.3	5.9	4.2	(3.9)	(234)	0.669%
18 07	9.3	5.3	4.8	6.5	4.2	(3.6)	(211)	0.666%
18 08	9.2	6.4	5.9	6.2	4.4	(3.4)	(199)	0.672%
18 09	9.3	5.6	5.0	6.4	4.4	(3.6)	(211)	0.671%
18 10	9.3	5.4	5.3	6.1	4.5	(3.8)	(223)	0.674%
18 11	9.2	6.1	6.4	6.5	4.4	(3.8)	(224)	0.698%
18 12	8.9	5.4	5.2	7.8	4.3	(3.4)	(197)	0.709%
19 01	8.7	5.6	6.0	9.0	4.2	(3.7)	(214)	0.660%
19 02	8.4	6.4	6.2	9.7	4.1	(3.8)	(217)	0.622%
19 03	7.8	6.3	5.7	10.1	4.0	(3.4)	(198)	0.576%
19 04	7.2	5.8	5.8	10.7	3.9	(2.9)	(168)	0.557%
19 05	6.5	6.9	7.1	11.4	3.8	(3.0)	(174)	0.599%
19 06	6.6	6.3	5.9	11.8	3.7	(3.0)	(174)	0.631%
19 07	6.3	6.7	6.8	10.5	3.8	(3.1)	(176)	0.645%
19 08	6.4	7.2	7.4	11.4	3.7	(3.1)	(177)	0.660%
19 09	6.2	6.8	6.9	11.9	3.6	(2.8)	(156)	0.665%
19 10	6.2	7.6	7.9	12.0	3.5	(2.5)	(143)	0.677%
19 11	6.2	7.6	8.1	11.4	3.5	(2.6)	(146)	0.707%
19 12	6.6	7.7	8.2	10.6	3.3	(2.9)	(164)	0.720%

* Loans two or more months delinquent as a percent of total loans.

Distribution of Credit Union Loans

Estimated $ (Billions) Outstanding

YR/MO	TOTAL LOANS	NEW VEHICLE LOANS	USED VEHICLE LOANS	TOTAL VEHICLE LOANS	UNSEC Ex. CC'S	CREDIT CARDS	CUCIC	1ST MORT TOTAL	TOT. OTHR MORT 2ND +HE	TOTAL REAL ESTATE	MBLs*
17 12	978.4	134.2	203.9	338.0	41.3	58.4	425.0	397.7	84.0	481.7	71.8
18 01	982.6	135.0	205.6	340.6	41.1	58.3	423.7	398.3	84.7	483.0	75.9
18 02	984.6	135.0	206.6	341.6	40.4	57.7	426.4	400.8	84.2	485.0	73.2
18 03	992.4	136.6	209.1	345.7	40.4	57.6	422.2	407.3	83.6	490.9	79.3
18 04	1,003.0	138.3	212.2	350.4	40.3	57.7	427.2	411.1	84.6	495.6	80.2
18 05	1,016.3	140.9	215.7	356.6	41.1	58.3	434.5	415.0	85.5	500.5	81.3
18 06	1,023.8	141.4	216.3	357.7	41.6	58.8	438.3	418.1	85.5	503.5	81.9
18 07	1,032.1	142.8	218.1	361.0	42.0	59.6	445.2	418.5	87.4	505.9	81.1
18 08	1,039.9	144.8	220.0	364.8	42.5	60.0	451.3	420.5	88.1	508.6	79.9
18 09	1,047.9	146.4	221.1	367.5	42.8	60.2	449.4	427.1	87.6	514.7	83.7
18 10	1,054.5	147.5	221.5	369.0	43.2	60.6	468.3	426.2	89.8	516.0	70.3
18 11	1,060.2	148.2	222.7	370.3	43.7	61.4	471.4	428.8	90.5	519.3	69.5
18 12	1,065.2	149.8	222.3	372.0	44.2	62.7	469.2	434.2	89.8	524.0	72.0
19 01	1,067.7	149.6	223.1	372.7	44.2	62.4	471.5	433.7	91.2	524.9	71.3
19 02	1,067.4	148.8	223.5	372.3	43.7	61.8	471.3	435.0	90.9	525.9	70.2
19 03	1,069.7	148.2	224.2	372.4	43.8	61.9	471.6	438.2	90.3	528.5	69.6
19 04	1,075.2	148.1	225.2	373.3	44.4	62.5	475.0	438.3	92.4	530.6	69.6
19 05	1,082.8	148.6	226.3	374.9	44.1	62.9	473.7	442.0	91.8	533.9	75.3
19 06	1,090.9	148.8	227.8	376.6	45.0	63.3	476.1	446.1	92.0	538.1	76.6
19 07	1,097.3	148.8	228.7	377.5	45.5	64.0	478.1	448.4	92.8	541.2	78.0
19 08	1,106.6	149.2	229.7	378.8	46.2	64.4	482.5	453.3	92.8	546.2	78.0
19 09	1,112.9	149.6	230.7	380.3	46.2	64.7	483.6	457.8	93.0	550.9	78.5
19 10	1,120.1	148.5	231.4	379.9	46.7	64.9	483.7	464.1	94.0	558.0	78.4
19 11	1,126.2	148.2	232.1	380.3	47.0	65.1	482.0	470.1	94.2	564.2	80.0
19 12	1,135.7	148.3	233.2	381.5	47.7	66.8	482.4	479.5	93.1	572.6	80.7

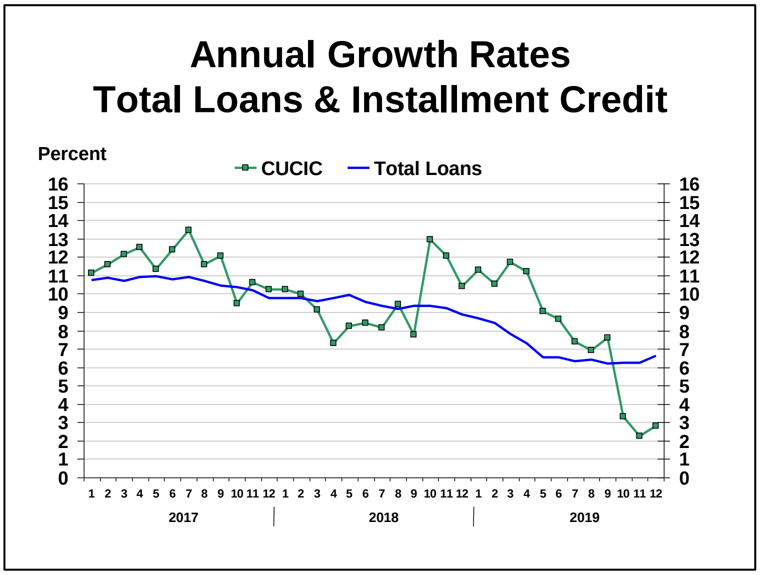
* Member Business Loans

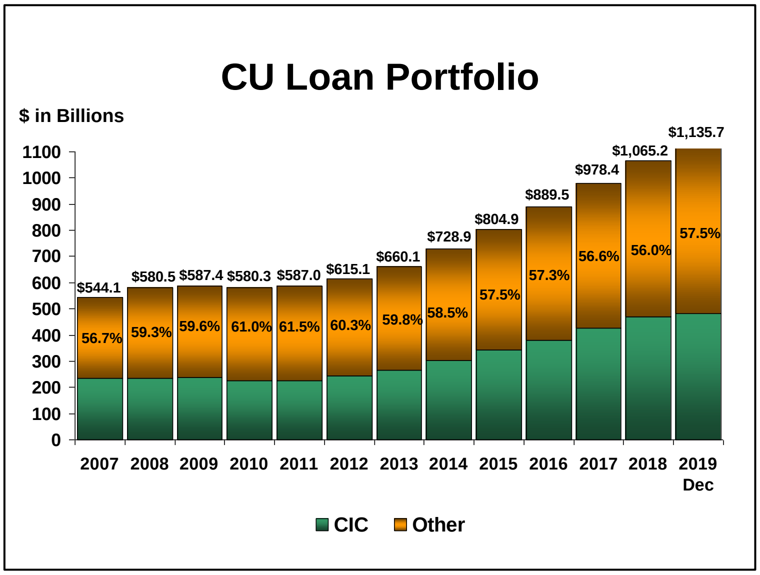
CUCIC = Total Loans – Total Real Estate - MBLs CUCIC = Total Vehicle Loans + Unsecured Loans + Credit Card – 17% of MBLs

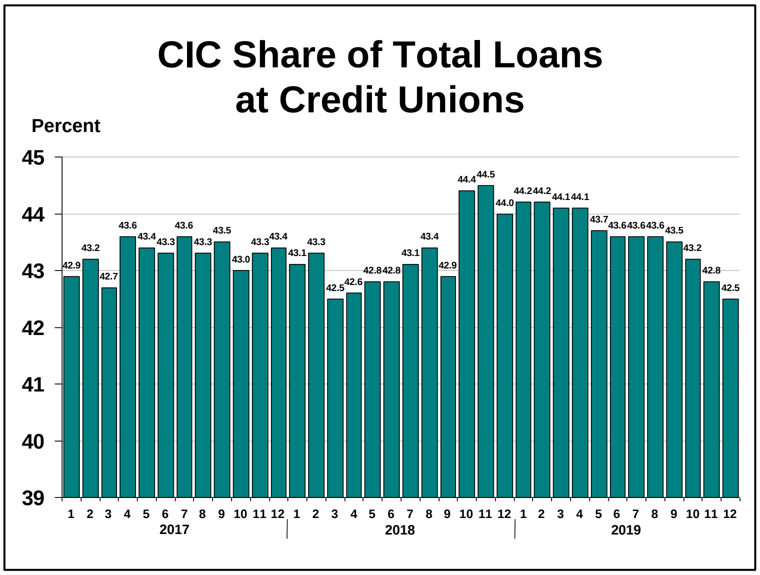
Distribution of Credit Union Loans

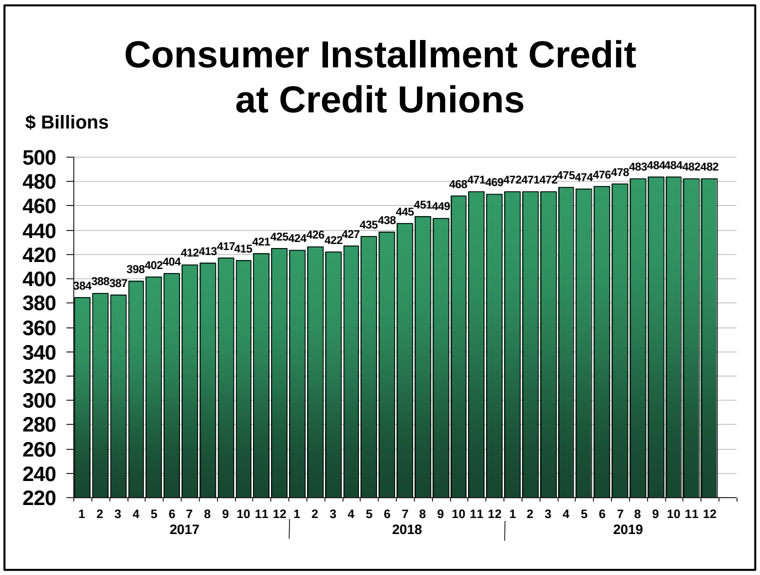
Percent Change From Prior Year

YR/MO	TOTAL LOANS	NEW VEHICLE LOANS	USED VEHICLE LOANS	TOTAL VEHICLE LOANS	UNSEC Ex. CC'S	CREDIT CARDS	CUCIC	1ST MORT TOTAL	TOT. OTHR MORT 2ND +HE	TOTAL REAL ESTATE	MBLs*
17 12	10.0	13.0	10.1	11.3	8.4	9.1	11.8	10.0	6.9	9.5	3.5
18 01	9.8	12.3	10.1	11.0	7.8	9.8	10.2	9.5	7.5	9.1	11.0
18 02	9.8	11.9	10.0	10.8	6.3	9.9	10.0	10.1	7.2	9.6	9.8
18 03	9.6	12.1	10.0	10.8	7.5	9.8	9.1	10.5	5.7	9.6	12.2
18 04	9.8	11.6	10.3	10.8	5.9	9.1	7.3	11.4	4.9	10.2	22.0
18 05	9.9	12.5	10.6	11.3	7.0	9.0	8.2	11.5	5.4	10.4	16.5
18 06	9.5	11.6	9.8	10.5	7.2	9.0	8.4	10.5	5.0	9.5	16.2
18 07	9.3	11.3	9.7	10.3	7.1	8.9	8.1	10.0	5.8	9.2	17.2
18 08	9.2	12.1	9.6	10.6	7.2	8.3	9.4	9.4	6.2	8.8	9.7
18 09	9.3	12.5	9.7	10.8	5.9	8.4	7.8	9.8	6.4	9.2	19.1
18 10	9.3	12.2	9.7	10.7	7.1	8.1	13.0	8.9	7.0	8.6	-6.1
18 11	9.2	11.9	9.6	10.5	6.7	7.8	12.1	9.0	6.9	8.6	-3.6
18 12	8.9	11.6	9.0	10.1	6.9	7.4	10.4	9.2	6.9	8.8	0.3
19 01	8.7	10.8	8.5	9.4	7.3	7.0	11.3	8.9	7.7	8.7	-6.1
19 02	8.4	10.2	8.2	9.0	8.1	7.2	10.5	8.5	8.0	8.4	-4.2
19 03	7.8	8.5	7.2	7.7	8.4	7.6	11.7	7.6	8.0	7.7	-12.2
19 04	7.2	7.2	6.0	6.0	9.4	8.3	11.2	6.6	8.8	7.1	-12.6
19 05	6.5	5.5	4.9	4.9	7.3	7.9	9.0	6.5	7.4	6.7	-7.5
19 06	6.6	5.2	5.3	5.3	8.2	7.6	8.6	6.7	7.7	6.9	-6.5
19 07	6.3	4.2	4.8	4.6	8.4	7.3	7.4	7.2	6.2	7.0	-3.8
19 08	6.4	3.0	4.4	3.8	8.7	7.4	6.9	7.8	5.4	7.4	-2.5
19 09	6.2	2.2	4.4	3.5	8.1	7.4	7.6	7.2	6.3	7.0	-6.3
19 10	6.2	0.7	4.5	3.0	8.1	7.2	3.3	8.9	4.7	8.2	11.5
19 11	6.2	0.0	4.5	2.7	7.5	5.9	2.2	9.6	4.1	8.7	15.0
19 12	6.6	-1.0	4.9	2.5	8.0	6.4	2.8	10.4	3.7	9.3	12.1









This report on key CU indicators is based on data from CUNA E&S's *Monthly Credit Union Estimates*, the Federal Reserve Board and CUNA Mutual Group – Economics.

To access this report on the Internet, go to www.cunamutual.com/CUTrends.

If you have any questions, comments, or need additional information, please call. Thank you.

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