CUNA MUTUAL GROUP

Economic & Credit Union Update

December 2020

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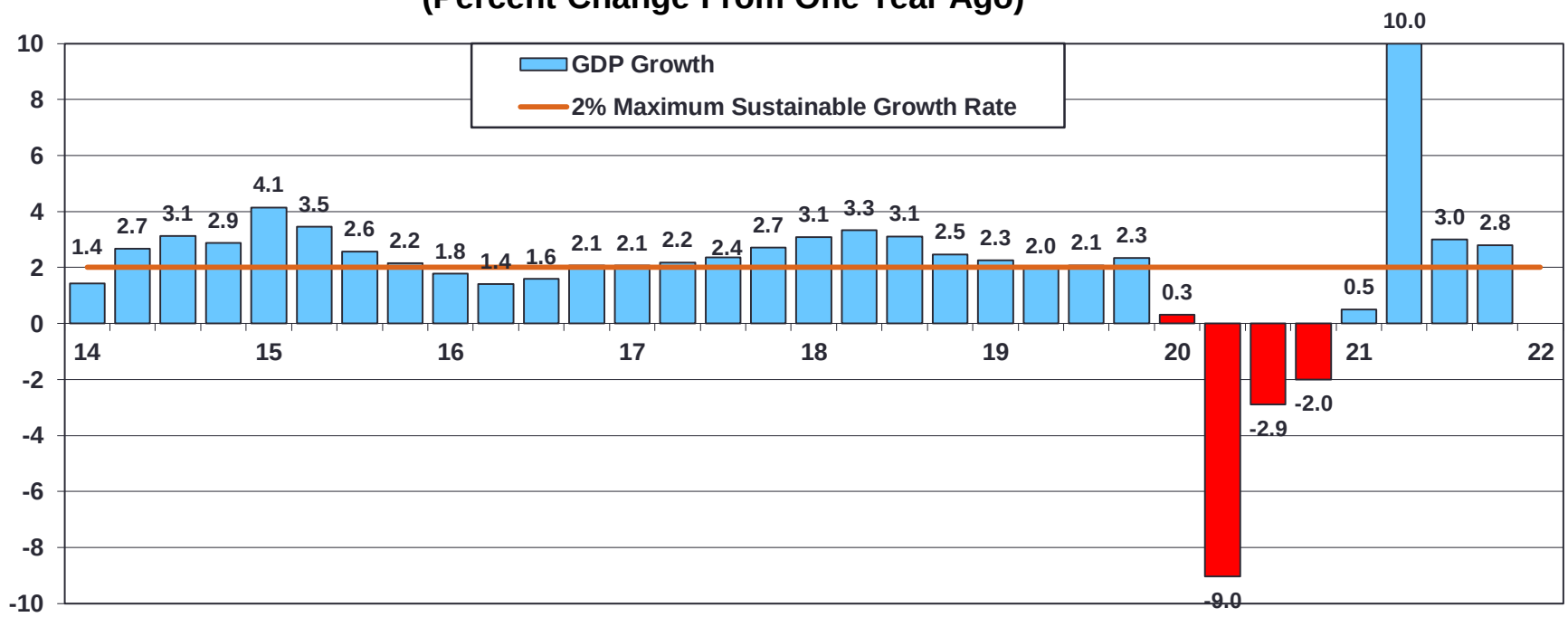
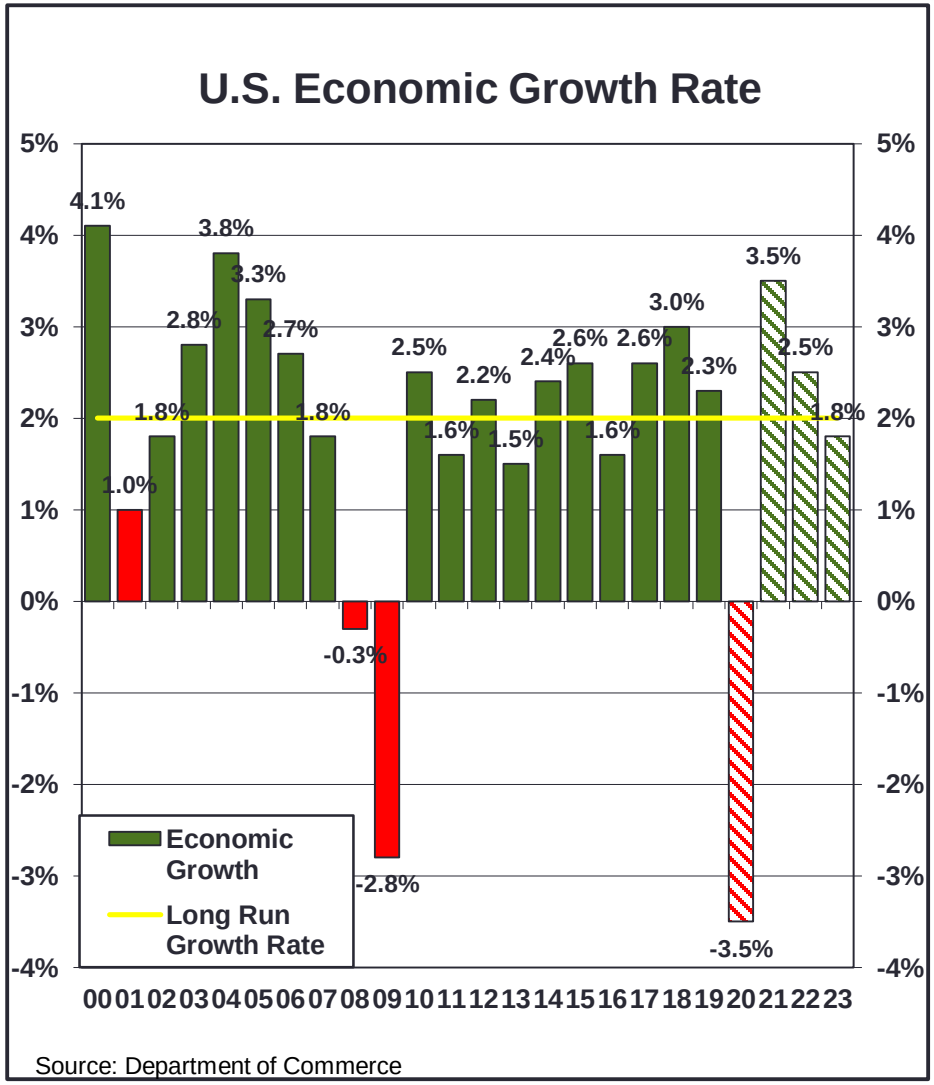
The COVID-19 Recession Reduced Output by 2.9% in the 3rd Quarter of 2020 Vs. 1-Year Ago



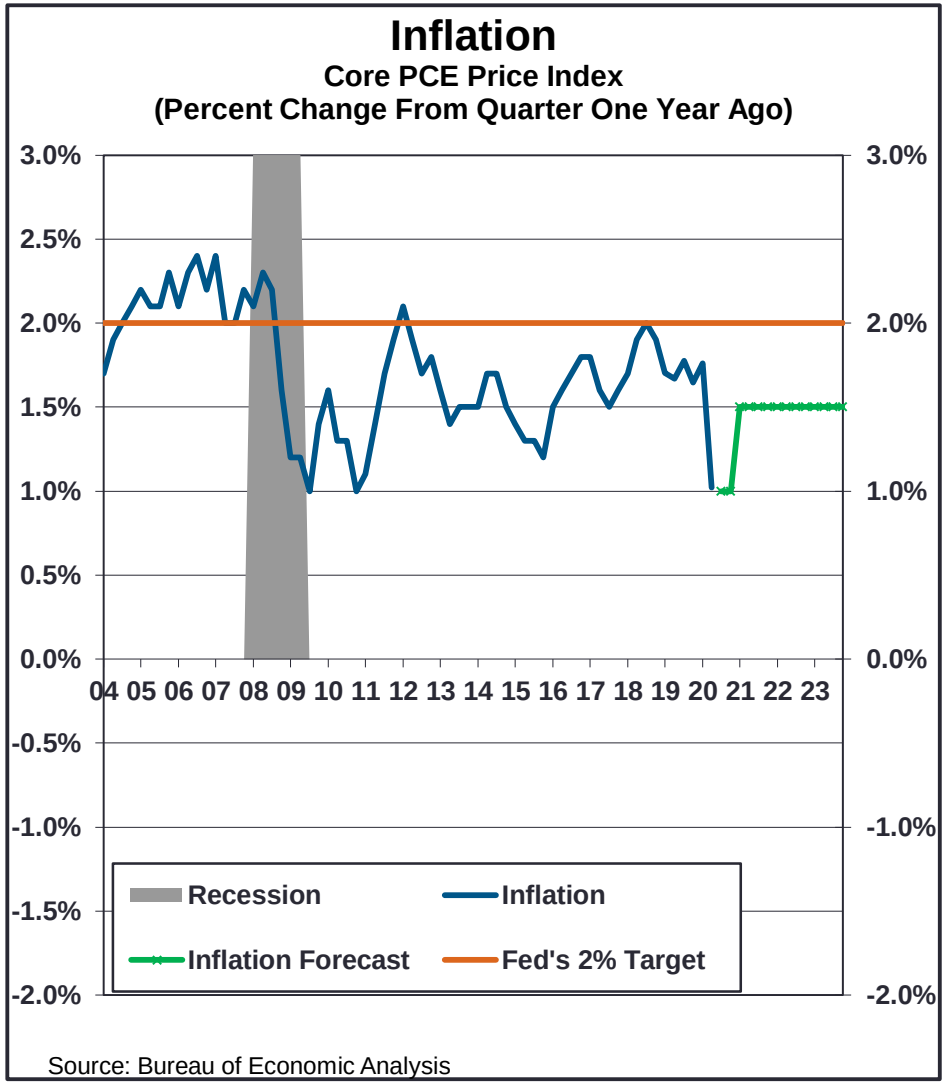
Source: Department of Commerce

The Coronavirus (COVID-19) Recession. Five external shocks are simultaneously impacting the US economy which has increased the probability and severity of a 2020 recession: (COVID-19), OPEC oil price war, trade war, Boeing 737 Max airplane, and election uncertainty. We expect gross domestic product, GDP, to decline in the 1st and 2nd quarters of 2020, which economists typically classify as a recession. We expect the economy to contract 5% at a seasonally adjusted annual rate in the first quarter and then a massive 32% in the second quarter.

Recession in 2020, around -3.5%

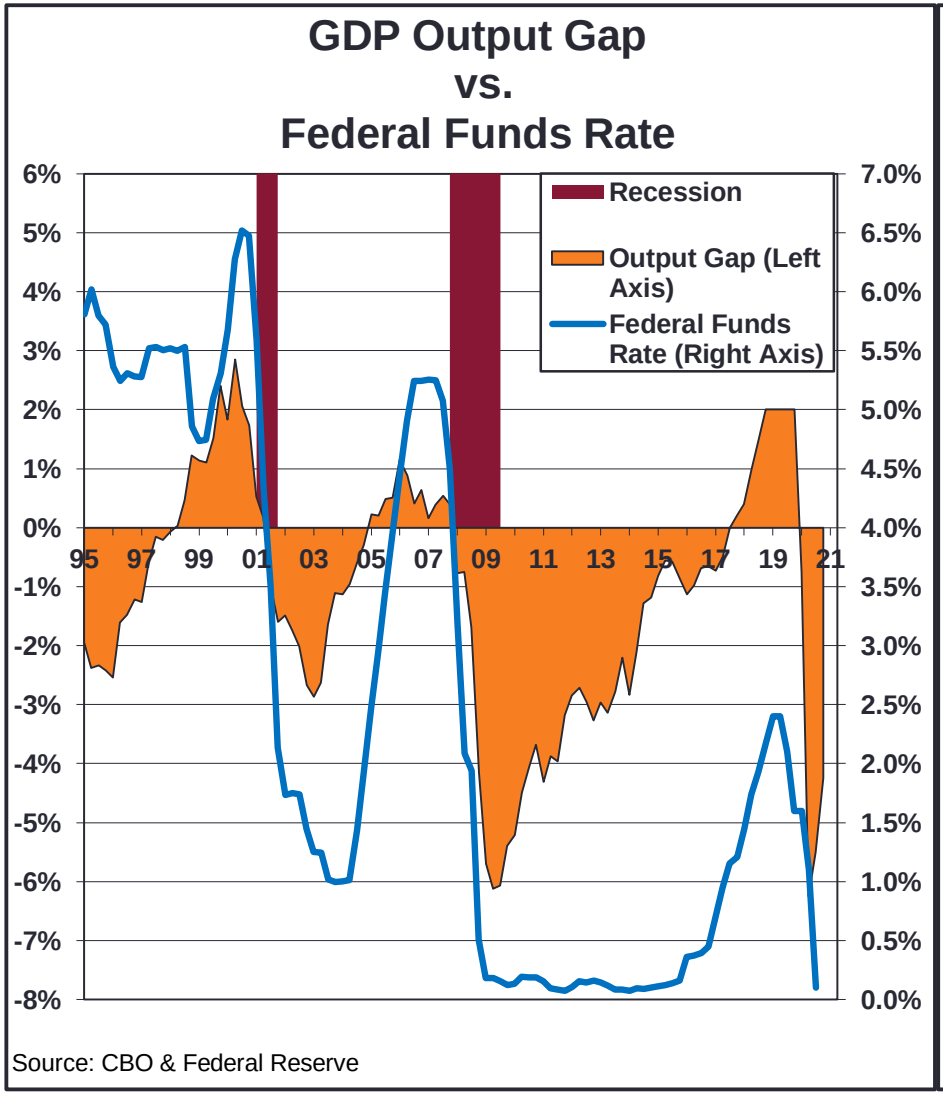


Source: Department of Commerce



Source: Bureau of Economic Analysis

Moving from Positive GDP Output Gap in 2019 to Negative Gap in 2020 With the Economy Operating Below its Potential Level of Output

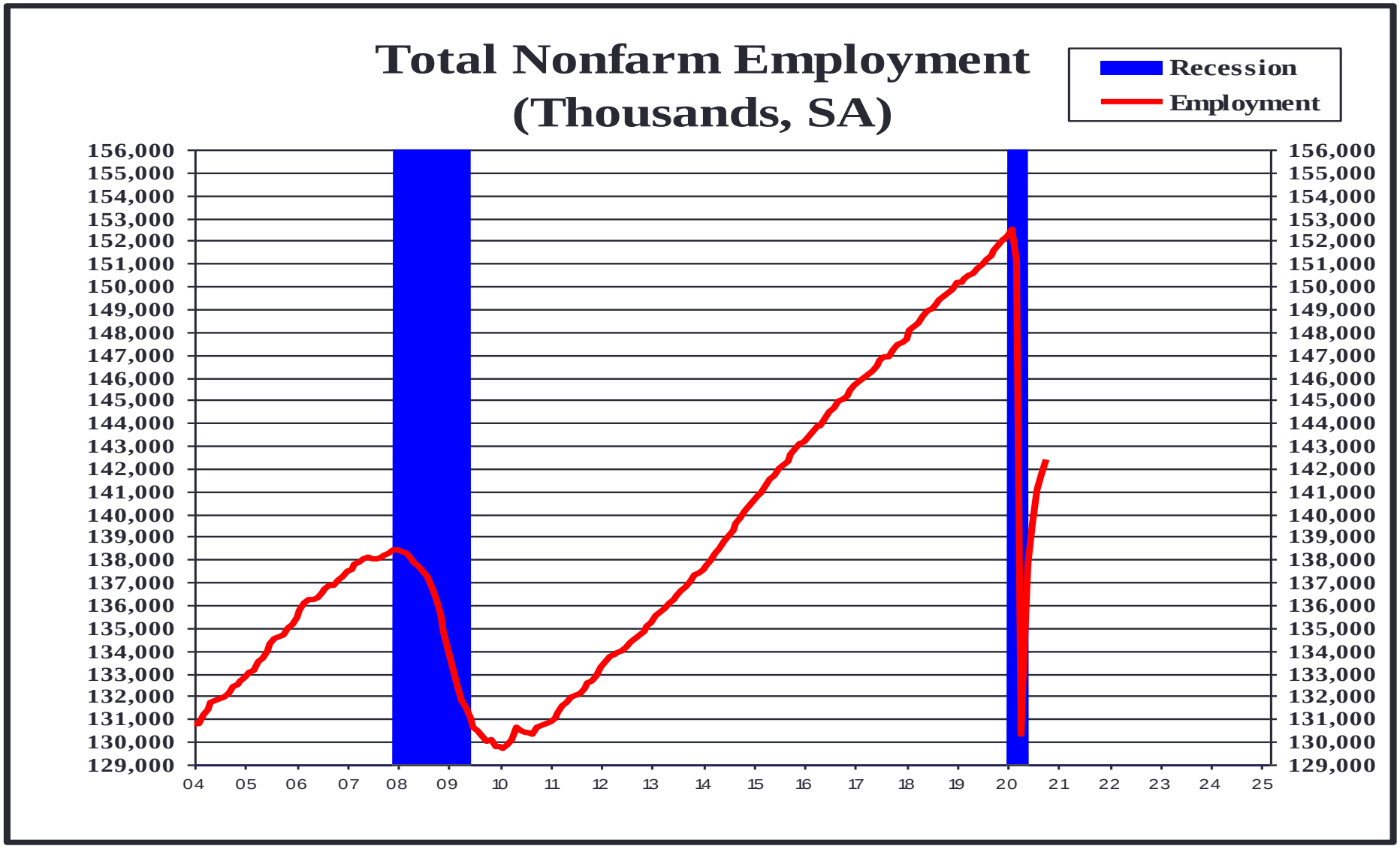


Source: CBO & Federal Reserve

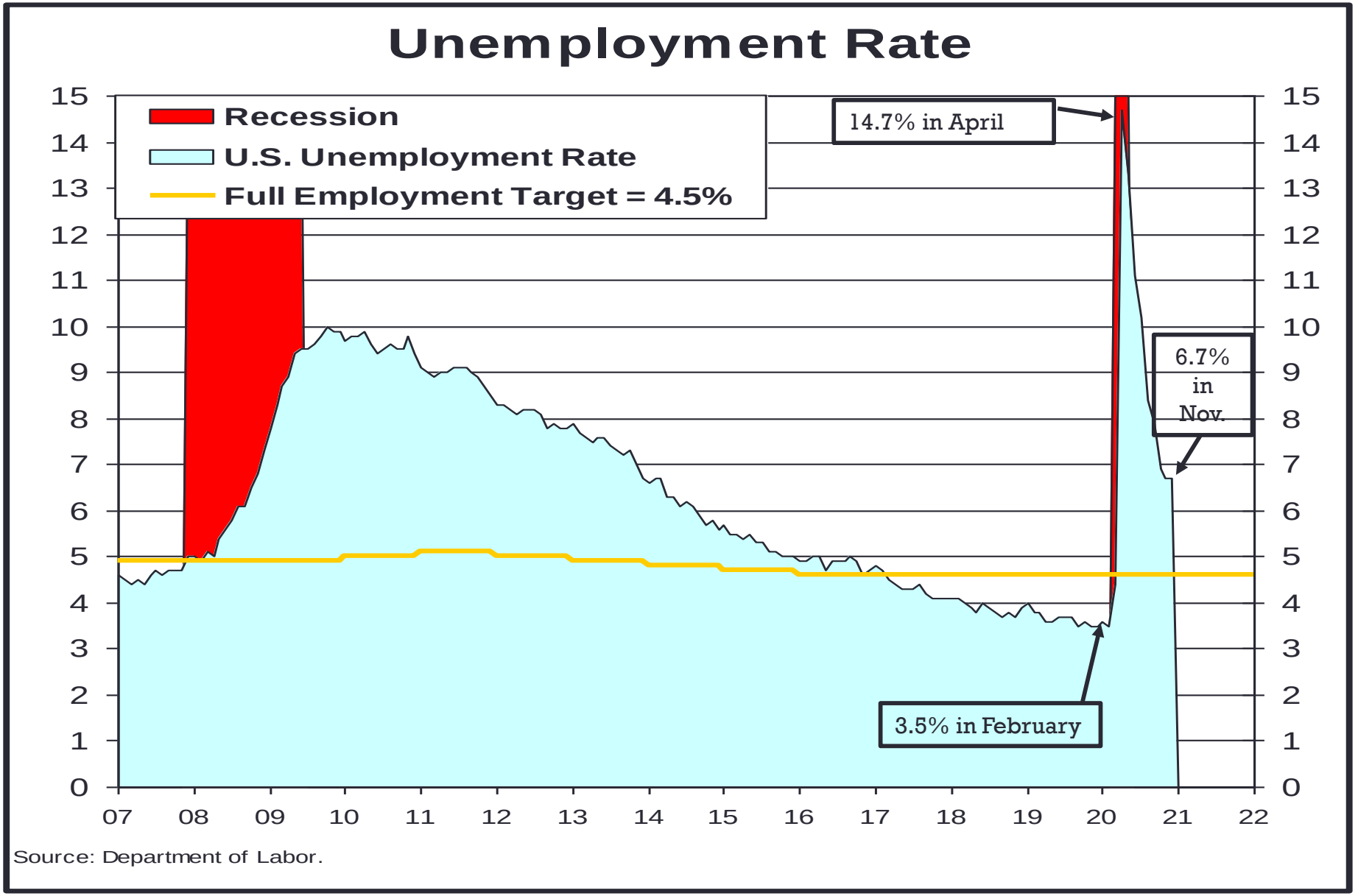
13 Risks to Markets and Economy in 2020

1. Covid-19 Pandemic will cause a major recession.
2. Trade war will slow GDP growth and earnings
3. Slowing housing construction will slow GDP growth
4. Lower oil prices is negative for energy capital expenditure
5. Slowing global growth, a rising value of dollar and trade wars will reduce exports.
6. U.S. inflation moving lower
7. Negative EU government bond rates remaining through 2020, and impacting global bond markets.
8. U.S. Investment Grade and High Yield bond spreads to widen because of lower foreign appetite.
9. New Fed leadership to be tested (will Jerome Powell be politically driven, or driven by incoming data).
10. Lower term premia in Treasuries as global central bank QE continues.
11. Valuation and fundamentals mismatch in US equities, are markets ready for a small correction.
12. Continued rise in US inequality => more dissatisfied voters => more populism coming..
13. Housing bubble burst in China, Australia and Canada => slower economic growth => Minsky Moment

10 million Few Americans Working Today Compared to February's 152.5 million



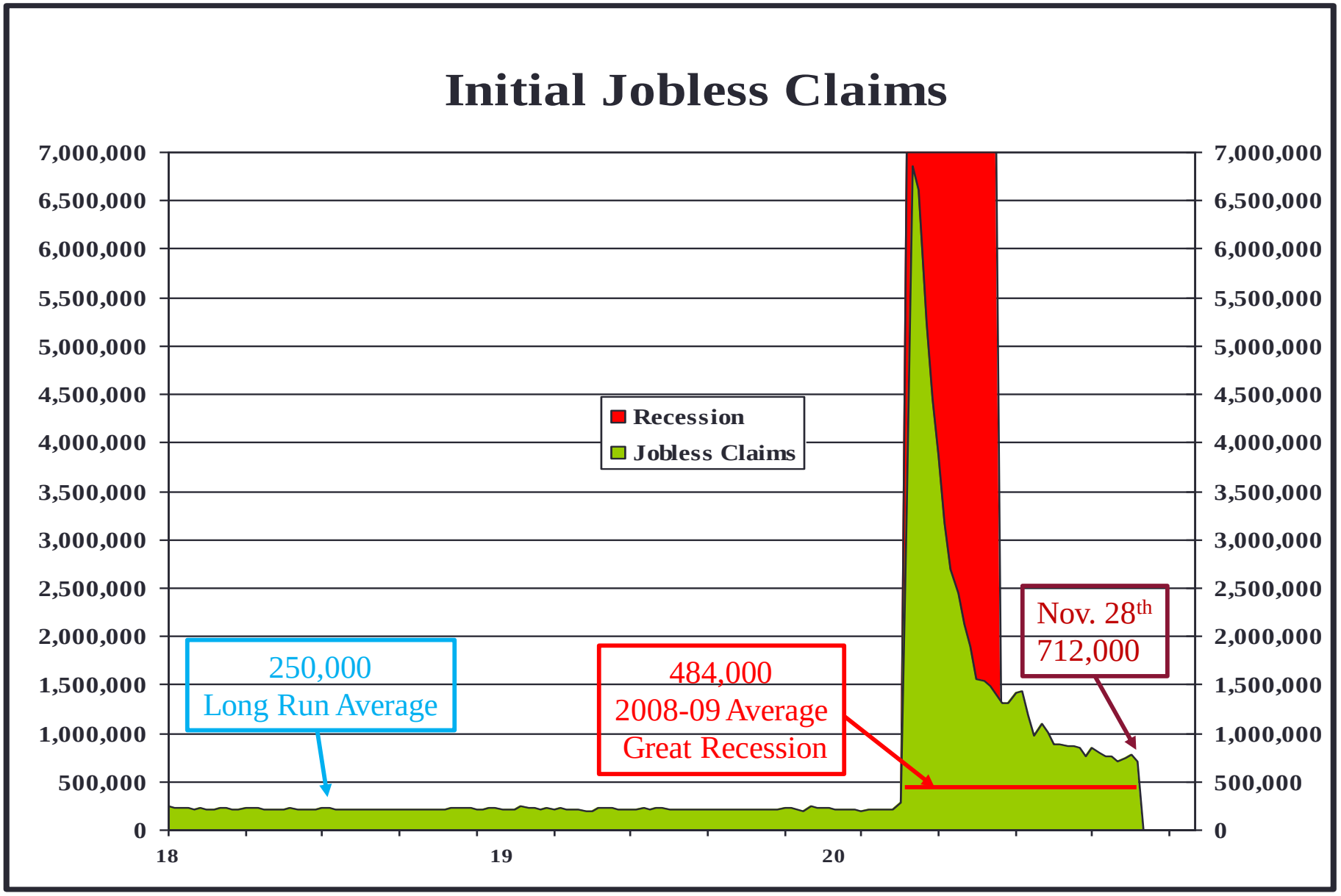
6.7% U.S. Unemployment Rate is Above the Natural Unemployment of 4.5%



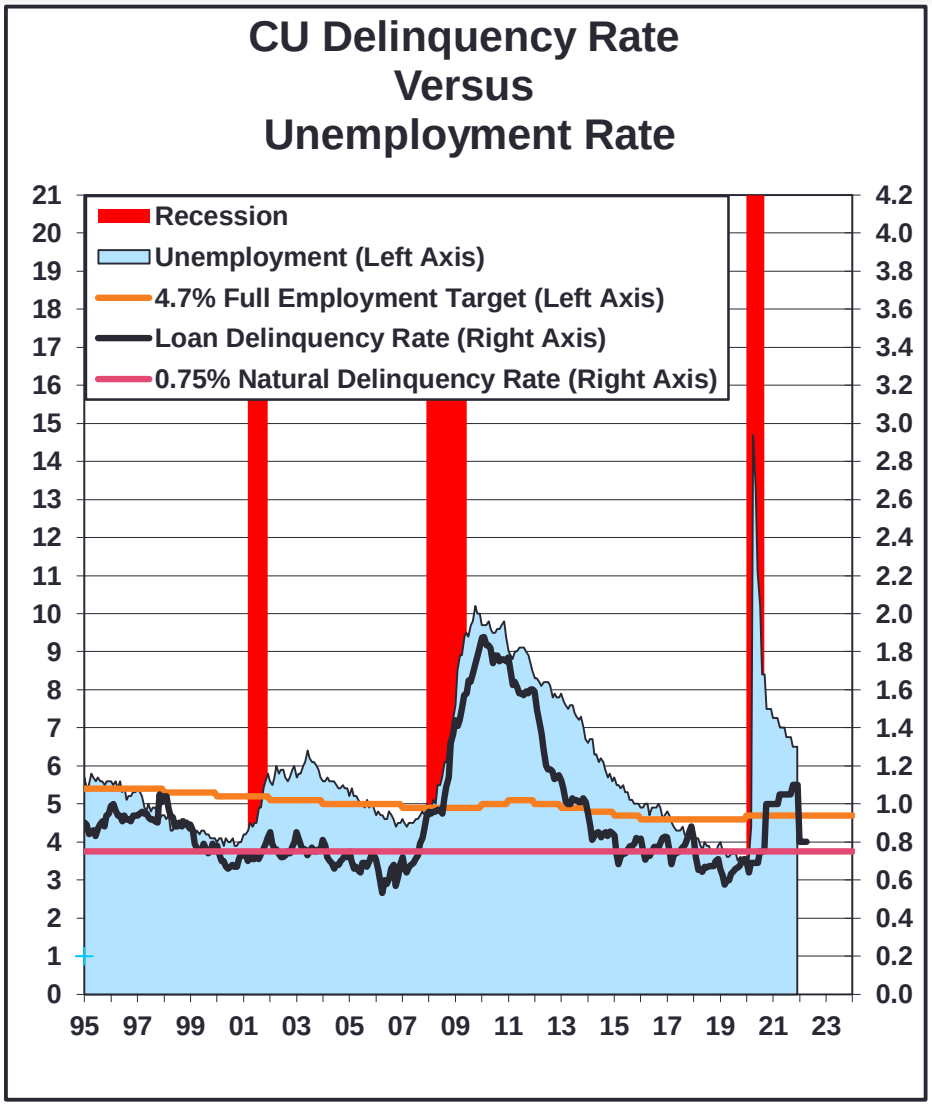
Source: Department of Labor.

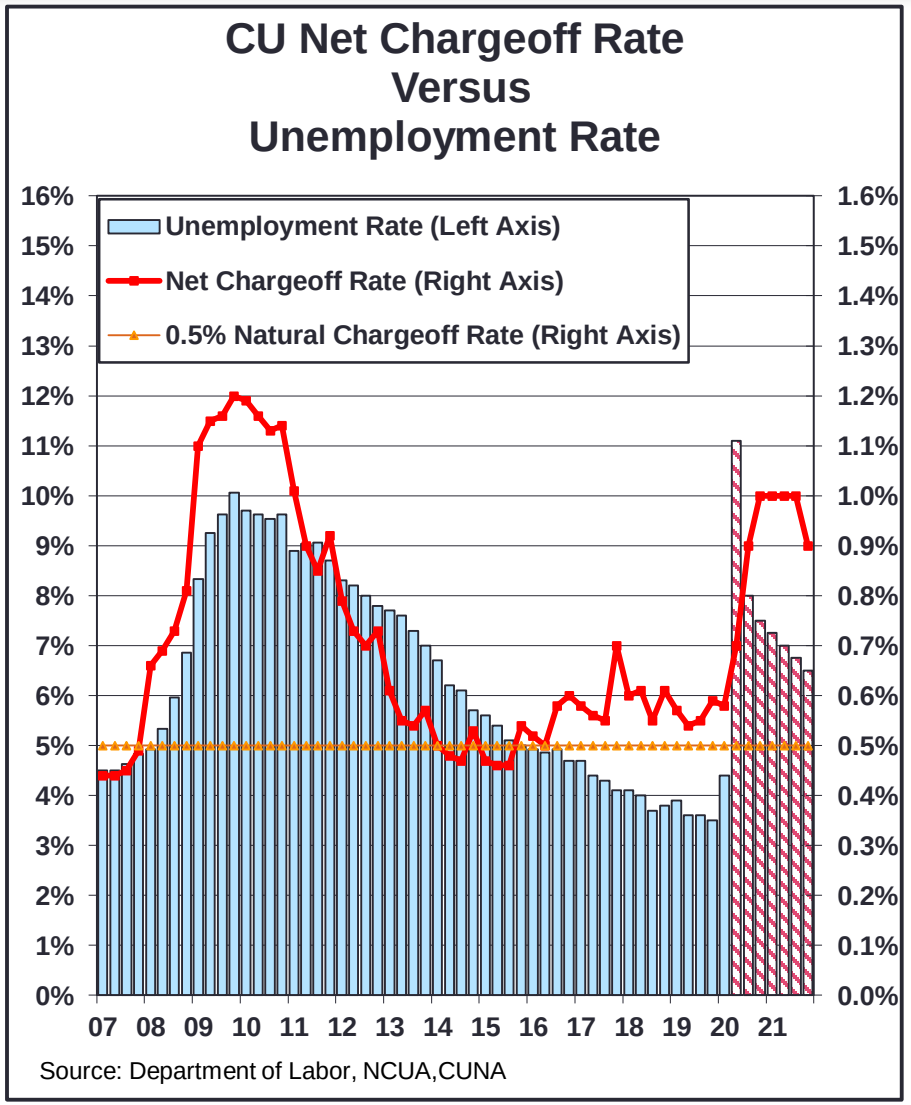
712,000 Initial Jobless Claims Last Week

50% above the Great Recession Average



CU Loan Delinquency Rate Rising to 1.1%
CU Loan Charge-off Rates Rising to 1.0%





Source: Department of Labor, NCUA,CUNA

Hysteresis: The Degree to Which an Economic System Returns to Its Original State after an External Shock

Top 10 Household Behavioral Changes:

1. Increase in precautionary savings
2. More space between seats at cinemas sporting events, airplanes, etc.
3. Fewer traveling for vacation and going out until vaccine developed
4. Older generations staying at home until vaccine developed
5. Less willingness to put parents in retirement homes
6. More online shopping, more online doctor visits
7. Fewer people going to fitness centers, or participating in group sports
8. More people avoiding public transportation and driving their own car
9. Health insurance premiums going up
10. Lower consumer spending

Hysteresis: The Degree to Which an Economic System Returns to Its Original State after an External Shock

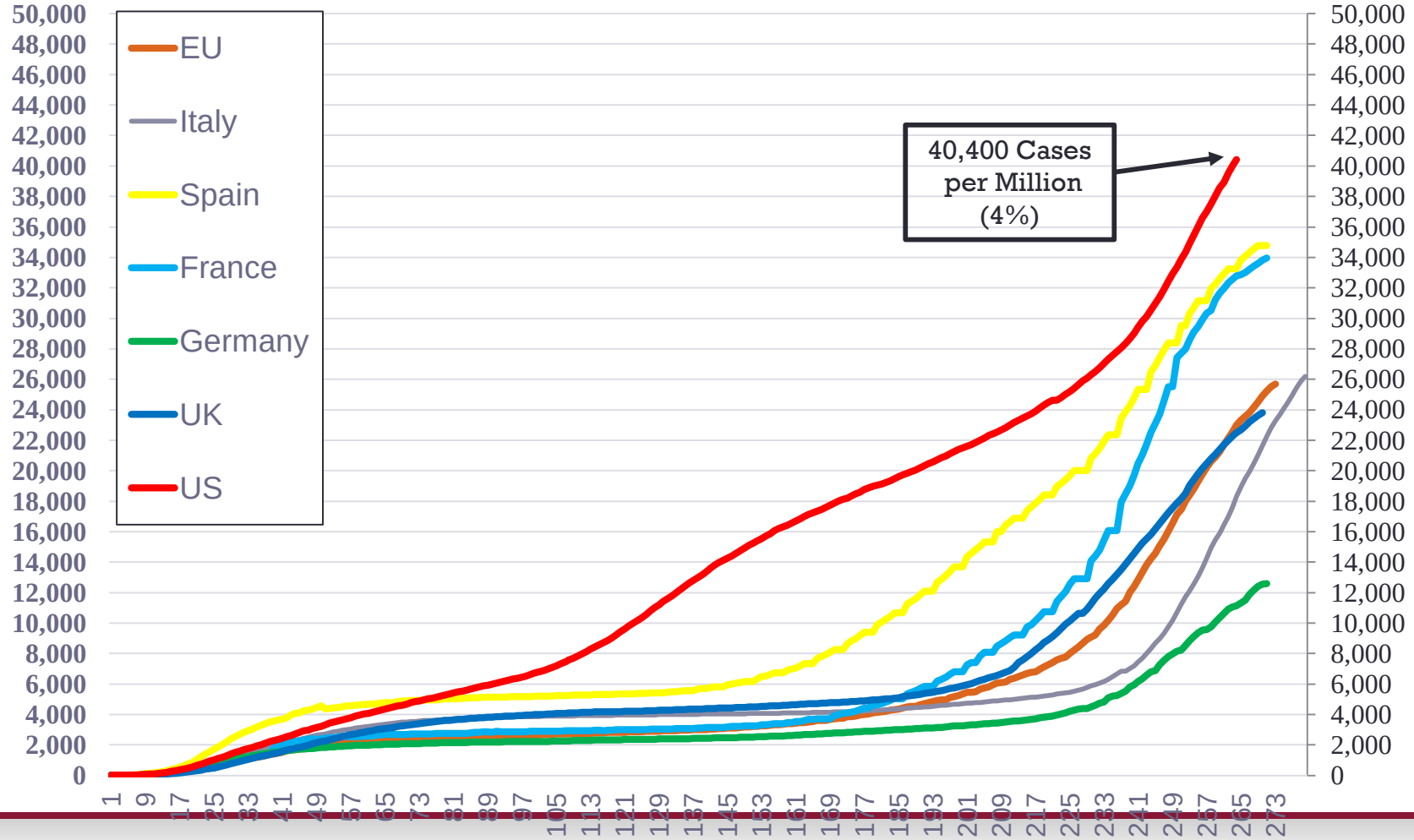
Top 10 Corporate Sector Behavioral Changes:

1. Less global business travel, more video conferencing
2. More disaster planning
3. More permanent work from home solutions
4. Staggered work schedules, more distance between seats in offices, fewer cubicles
5. Fewer stock buybacks, lower dividend payouts
6. Health insurance costs going up, higher insurance premiums
7. Increased pressure for paid sick leave
8. Increased pressure for health benefits
9. Regulations forcing corporations to hold 3 months of emergency cash.
10. Increased health safety regulations for retirement homes

Confirmed COVID Cases

Per 1 million population

(Days since reaching 5 cases per million, to November 29)

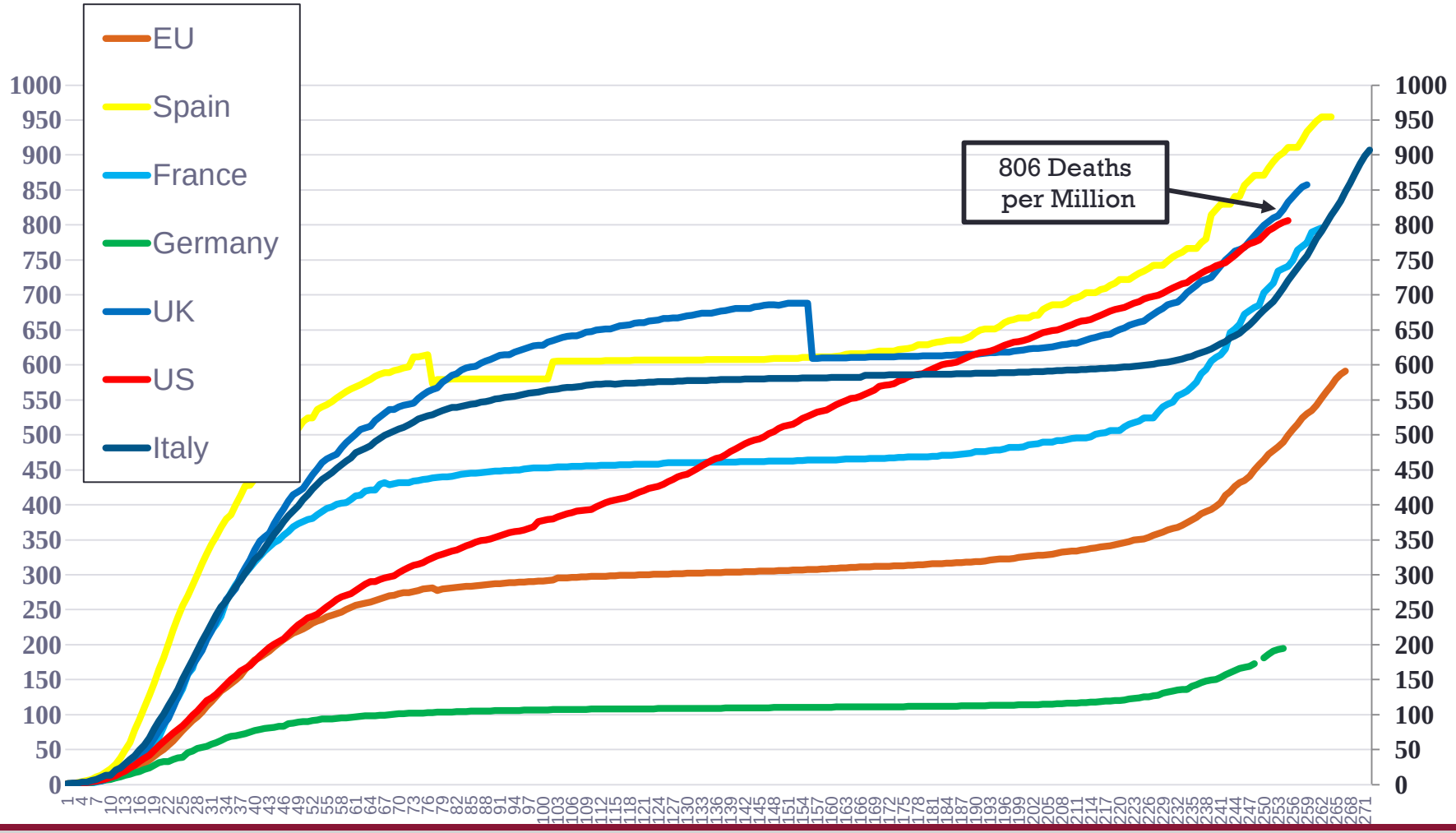


Source: John Hopkins University

COVID DEATHS

Per 1 million population

(Days since reaching 1 death per million, to November 29)



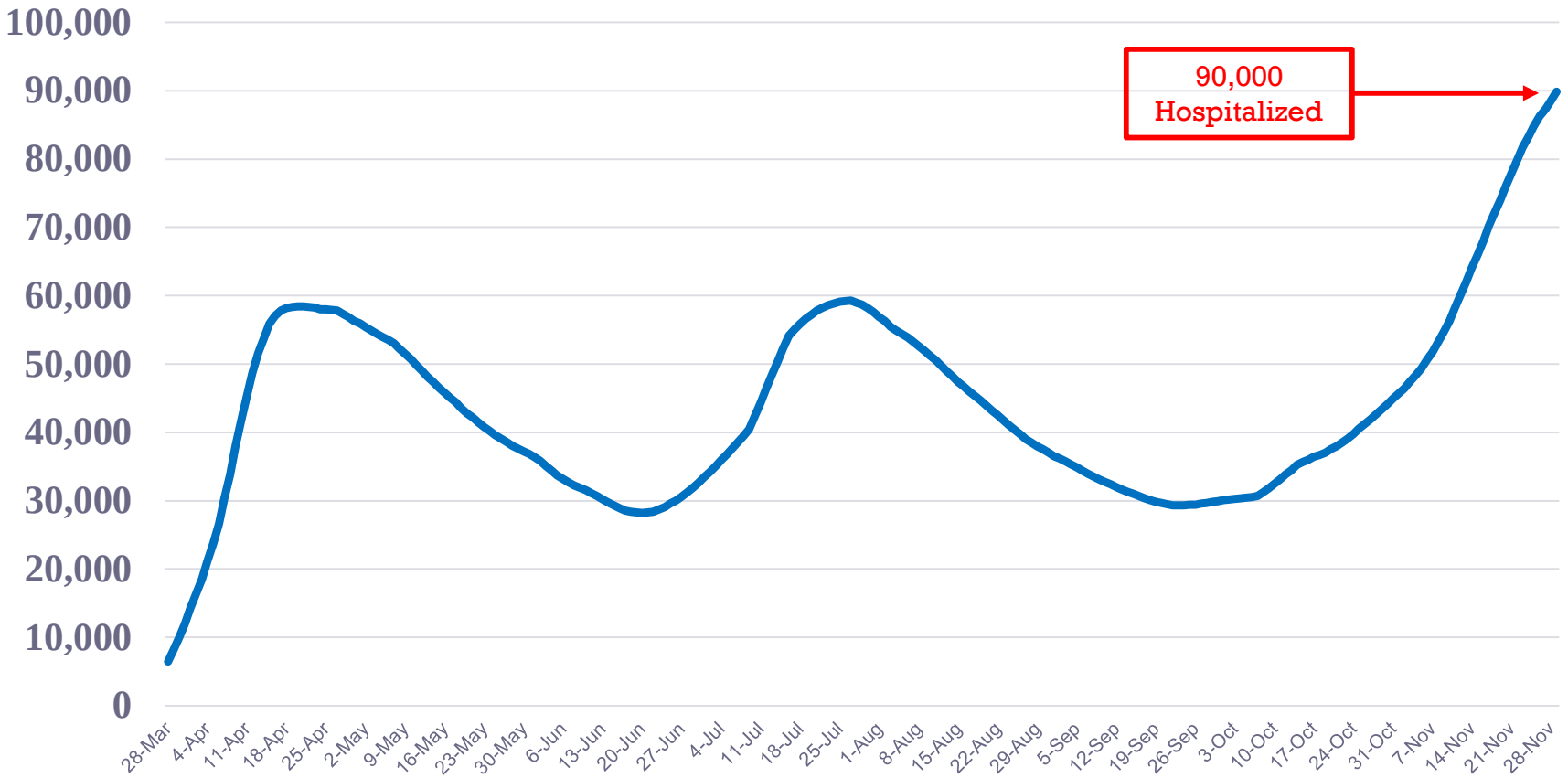
Confirmed Cases in the US per Day to November 29

(Daily Changes, Seven Day Moving Average)

Source: John Hopkins University

Currently in Hospital to November 29

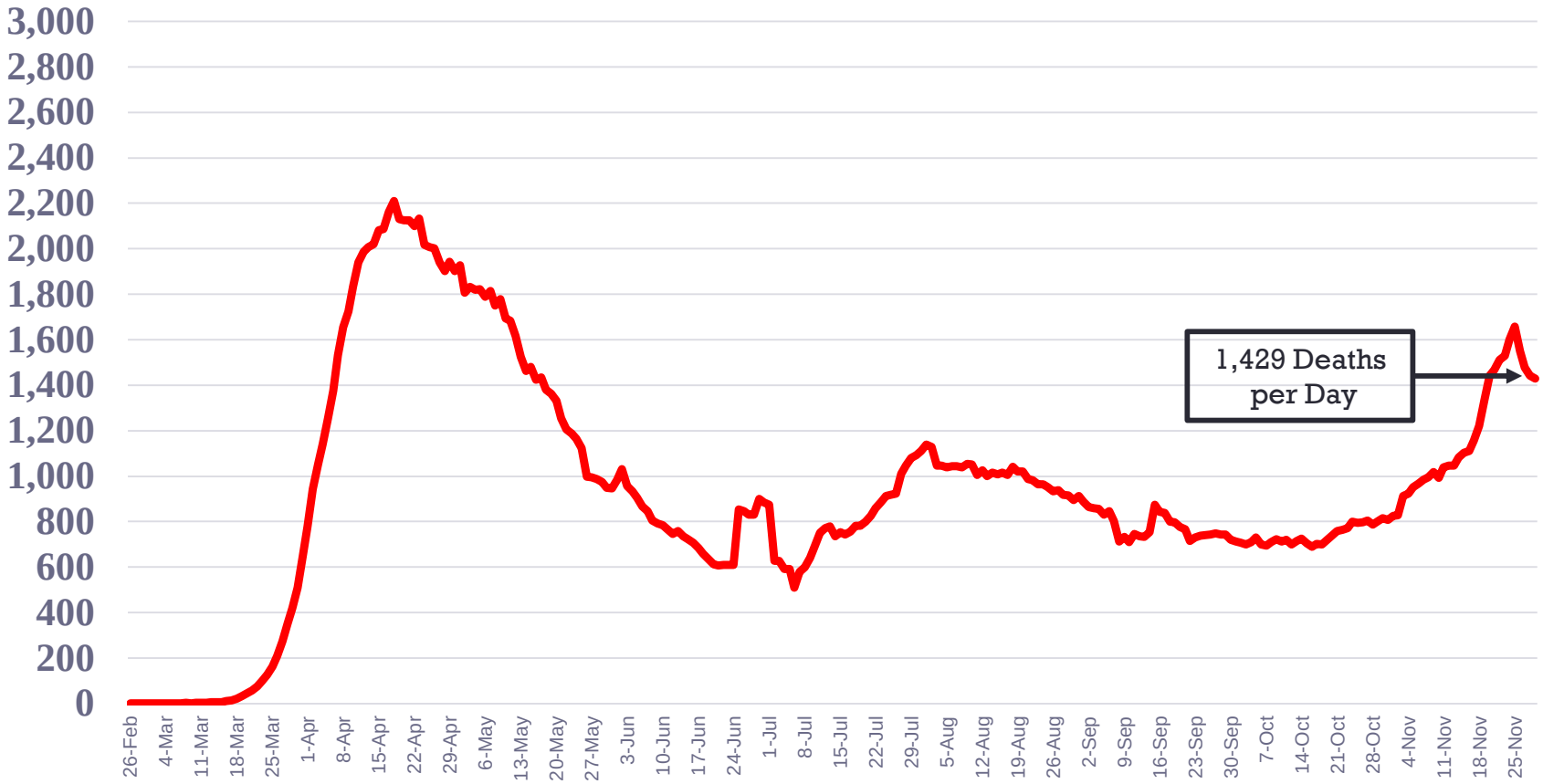
(Seven Day Moving Average)



Source: John Hopkins University

Confirmed Deaths in the US Per Day to November 29

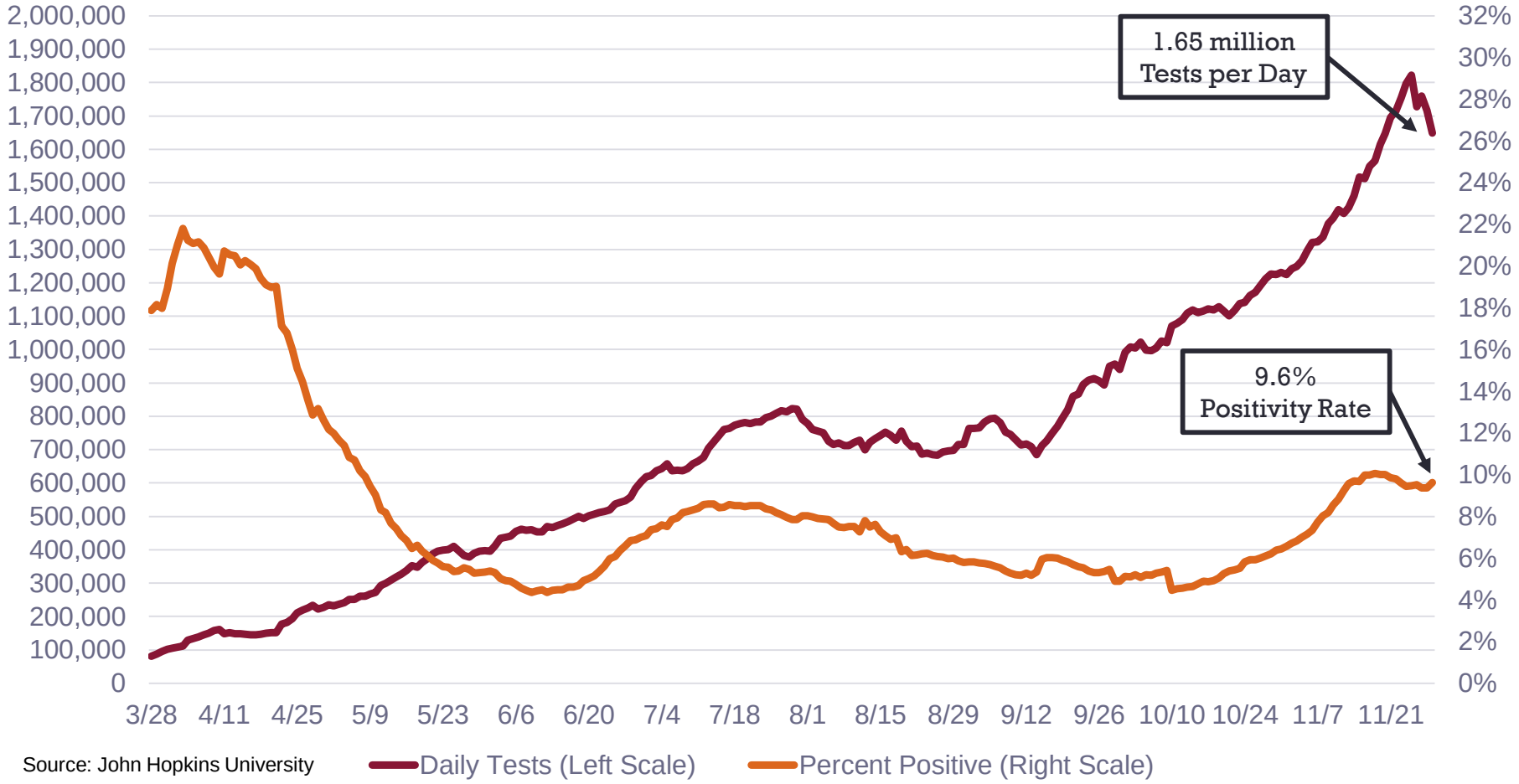
(Daily Changes, Seven Day Moving Average)



Source: John Hopkins University

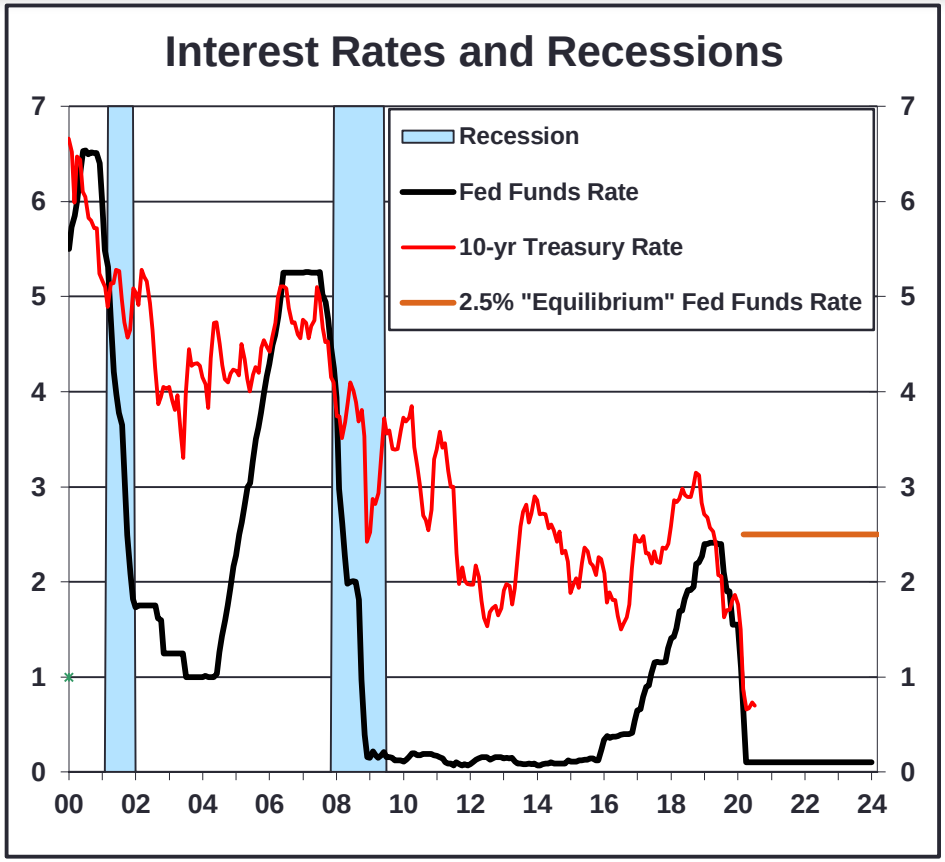
Daily COVID Tests, and Percent of Tests Positive

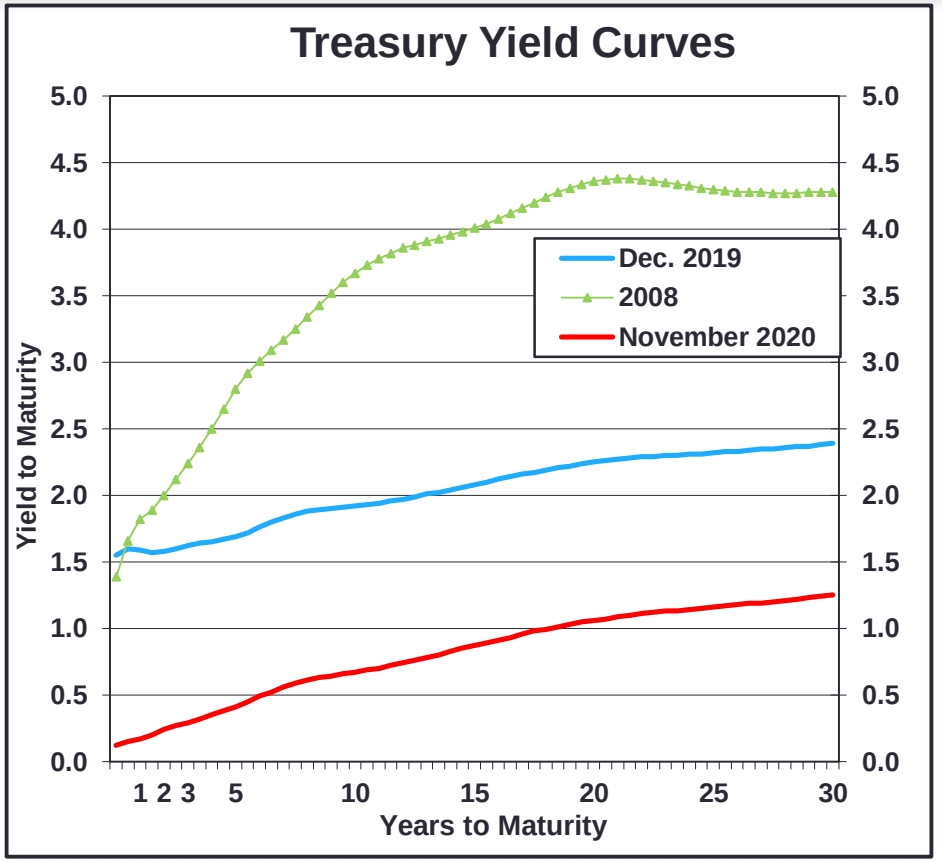
Seven Day Moving Averages, to November 29



Source: John Hopkins University

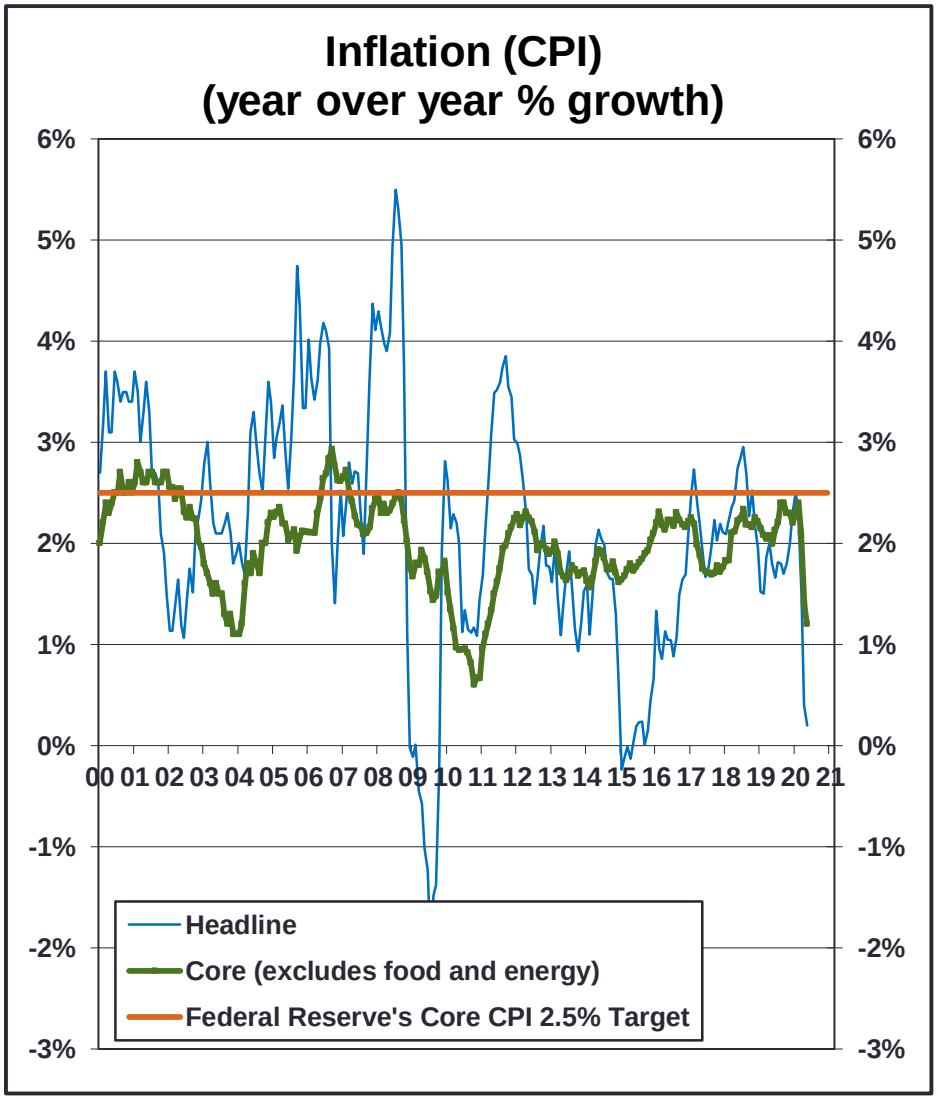
Record Low Interest Rates and Yield Curve Shifting Down

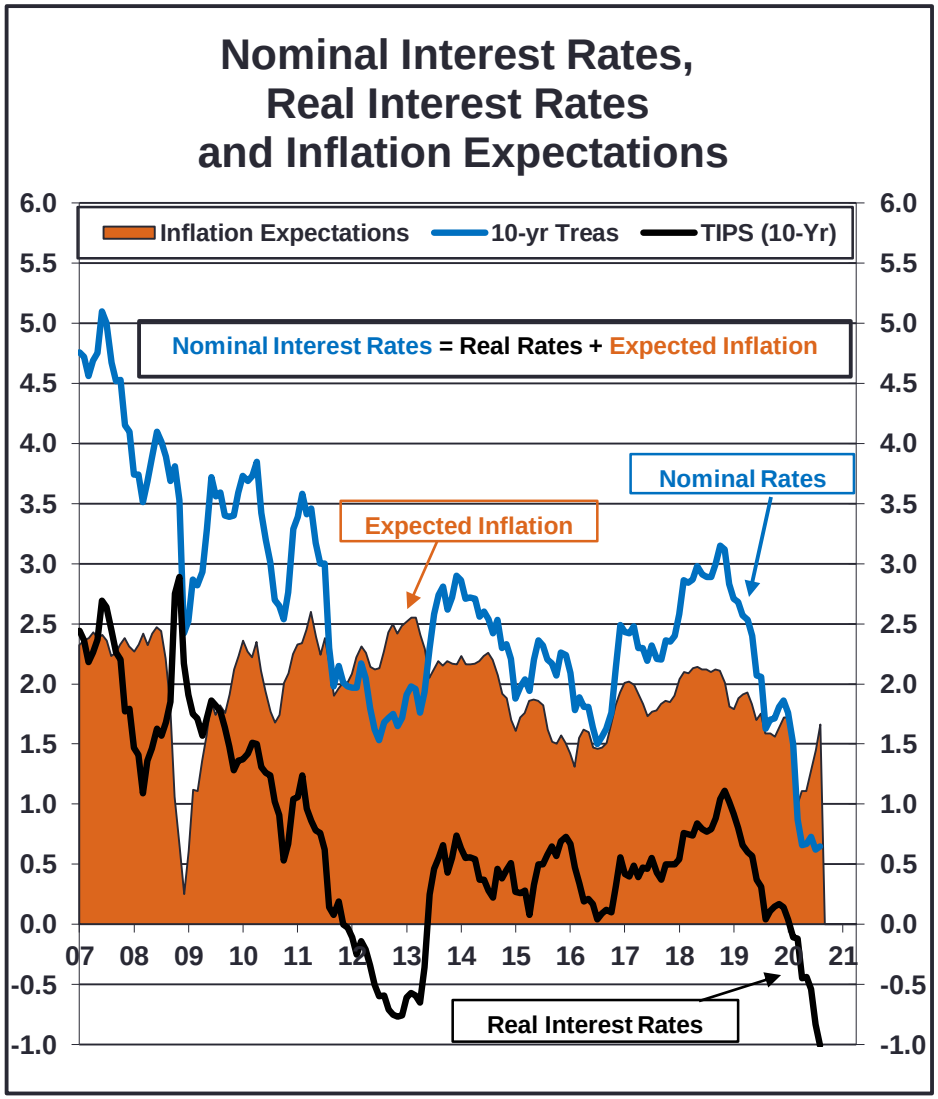




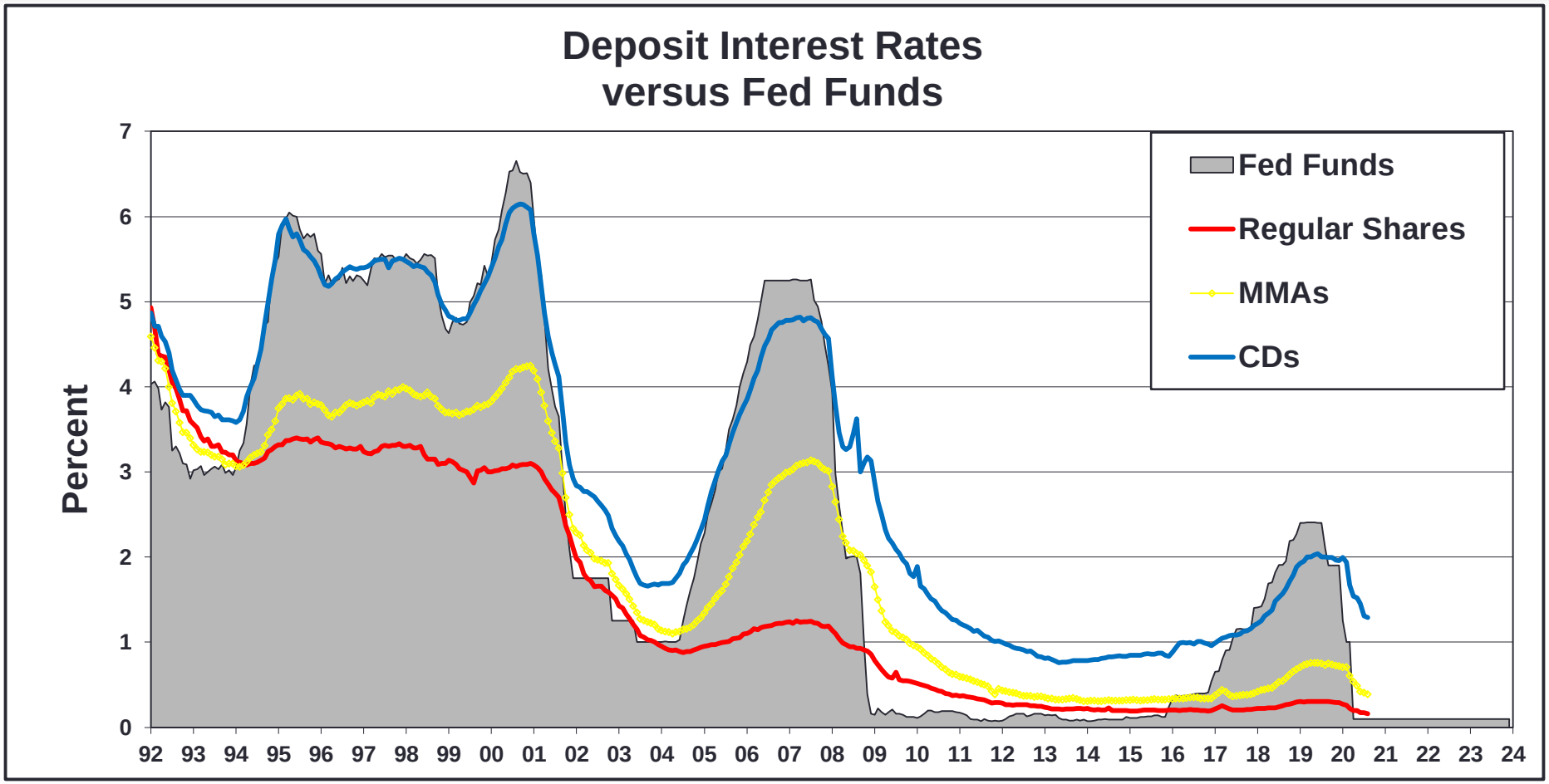
We expect the Fed to keep the fed funds rate at 0.1% during 2020 and 2021. The Fed believes the new **neutral/equilibrium fed funds rate** is 2.5%, the rate which is neither accommodative or restrictive. Interest rates will "normalize" in 2021 at levels below previous plateaus due to lower real interest rates and lower expected inflation. The increase of the size of the Fed's balance sheet will lower the term premium on long-term bonds. Expect the 10-year Treasury bond interest rate to stay below 1.5% during 2020-2021. Expect the yield curve to remain flat over the next two years, which typically leads to downward pressure on financial institutions' net interest margins.

Negative Real Interest Rates, Low Inflation Expectations are Pushing Nominal Interest Rates to Record Lows



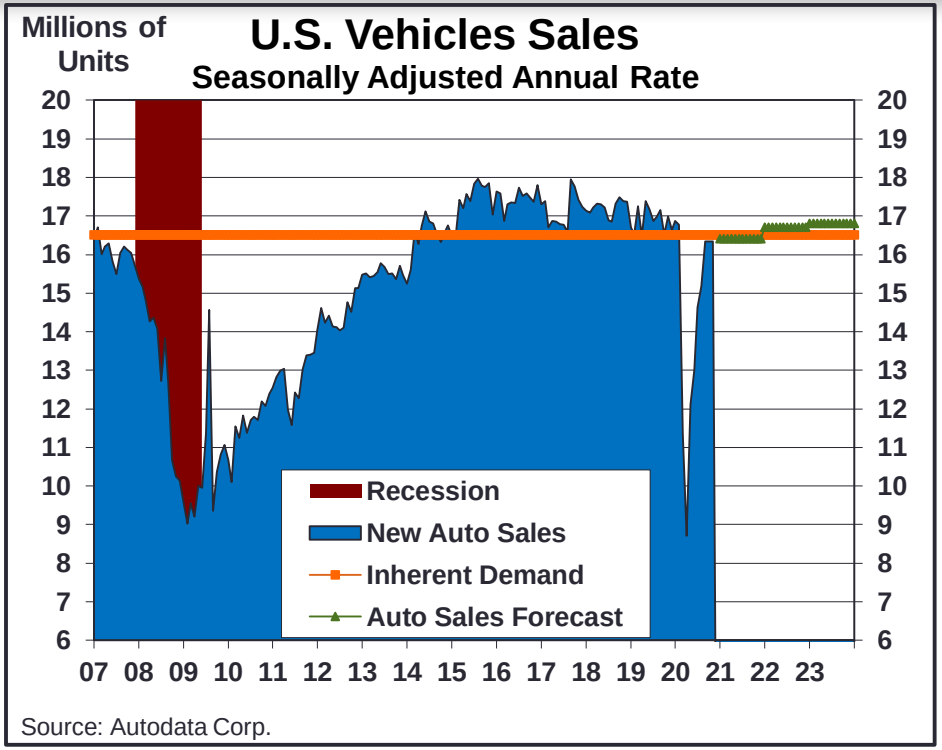


Falling Deposit Pricing and Lower Fed Funds Interest Rate



Credit union deposit interest rates will fall significantly in 2020 due to the Federal Reserve pushing the Fed Funds interest rates to around zero. Certificate of deposit rates will fall below 1% and MMDA interest rates will fall to 0.25%.
Expect the Federal Reserve to keep short-term interest rates around zero until late 2023.

Auto Sales and Home Sales Bounced Back



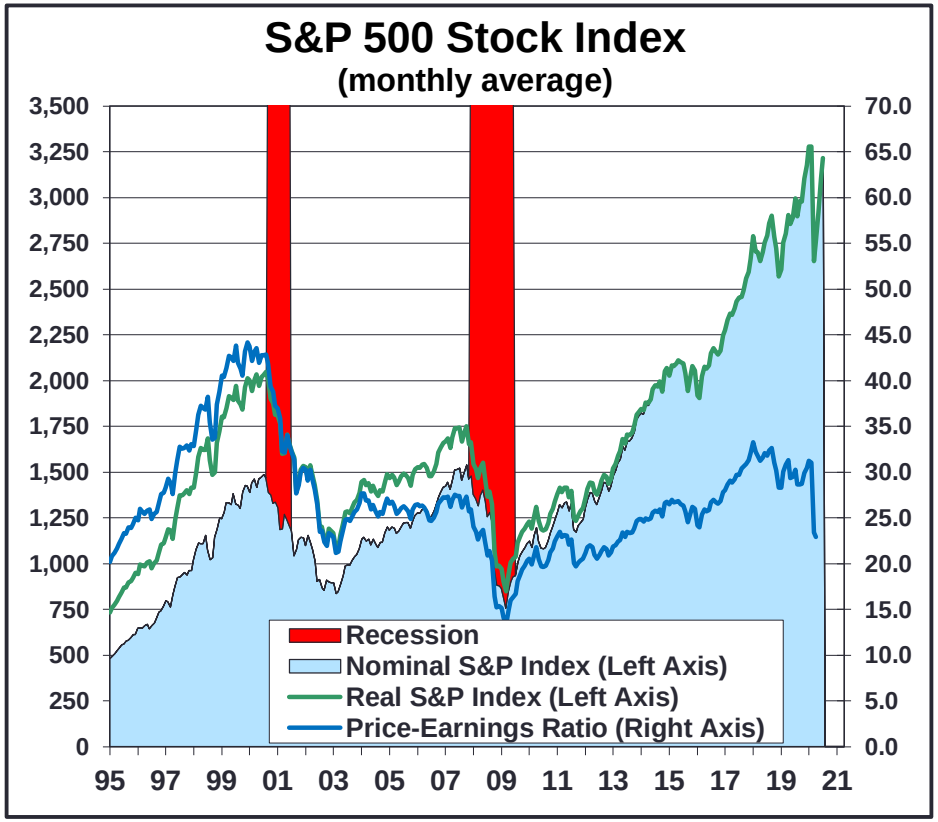
Source: Autodata Corp.

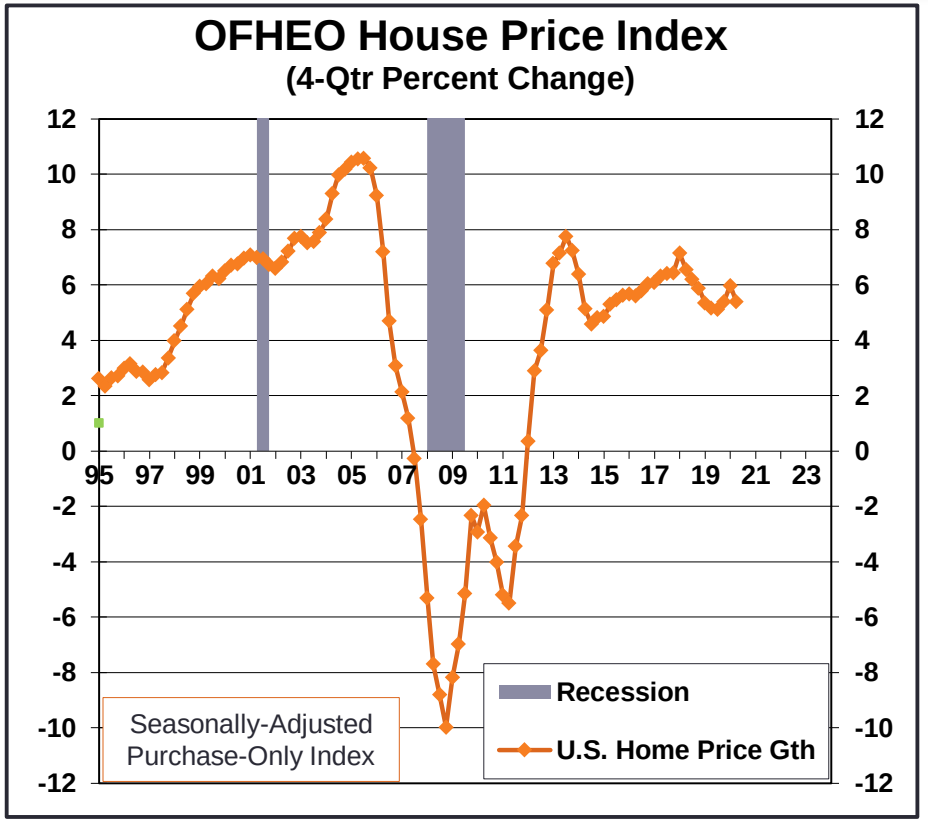
Expect **vehicle sales** to plummet in the second quarter to around 8 million, approximately half the 16.5 million pace considered normal due to the COVID-19 recession. U.S. **vehicle sales** fell to 8.582 million unit seasonally-adjusted annualized pace in April, down from 16.5 million units one year earlier, a 48% drop, due to closed dealerships and a stay-at-home order. The need for new cars is reduced as people are not putting miles on their vehicles. Vehicle sales will fall to levels not seen in 40 years due to fewer people employed, high levels of pandemic uncertainty and low stock prices.

The Pandemic Recession will reduce potential homebuyers' jobs, income and confidence and therefore lead to a 30% drop in home sales. Home prices will fall but not as far as sales. Mortgage agreements effectively constrain many homeowners from selling properties at a loss. So sellers must delay any planned sale until the economy recovers and home prices increase.

Existing home sales frose 24% in July from a year earlier, falling to a 5.8 million annual rate. Home inventories remain tight (1.88 million) leading to median home prices rising 8.5% year over year.

Higher Stock Prices and Faster Home Price Growth Rates will Boost Household Wealth and Consumer Spending



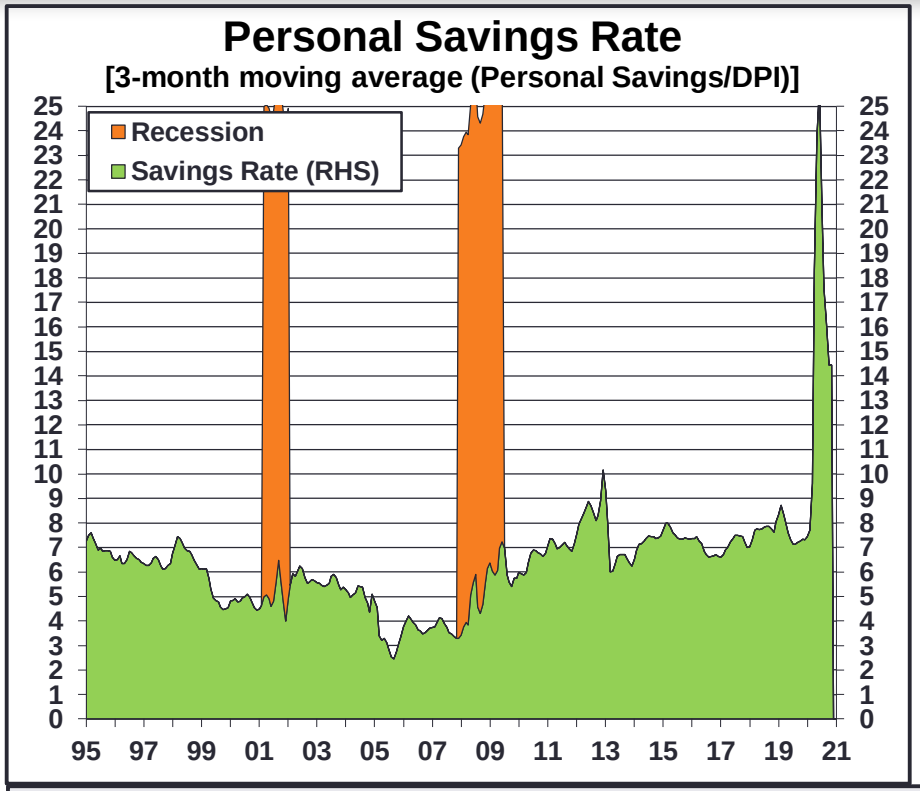


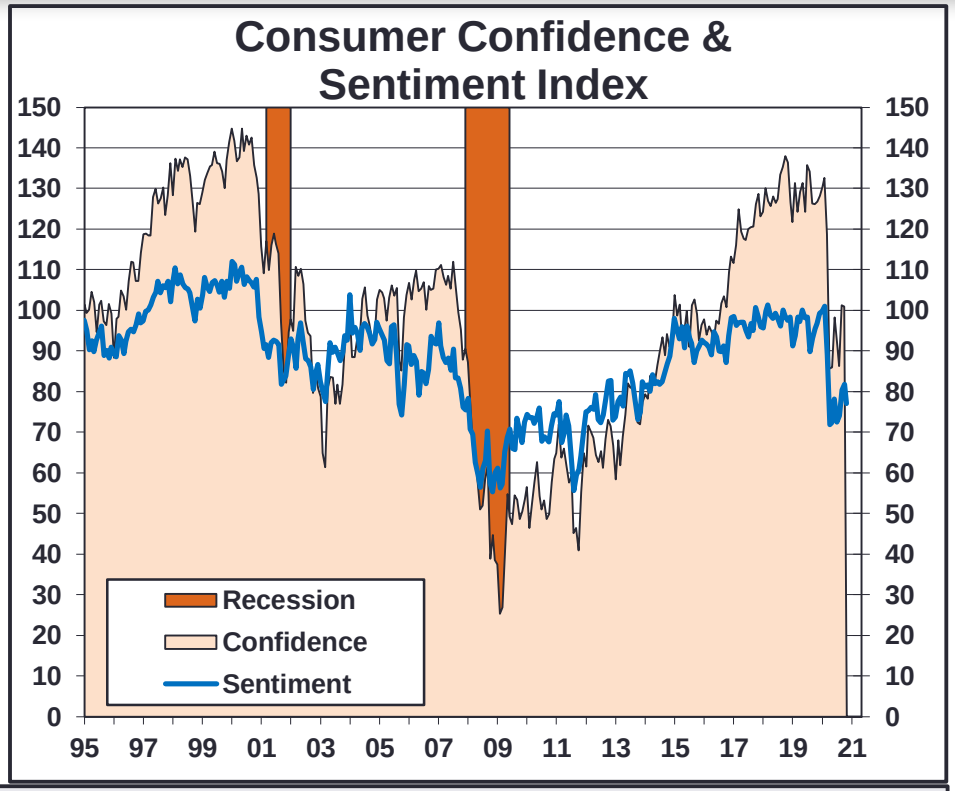
Household balance sheets have deteriorated significantly as stock prices have fallen into "Bear Market" territory. This will cause a negative wealth effect and reduce spending on consumer durables.

The S&P 500 **Price-Earnings ratio fell** to 22.93 in March 2019, below the past 22-year average price-earnings ratio of 26.8 but above the average since 1950 of 19.1. This price-earnings ratio is the Shiller *Cyclically Adjusted Price-Earnings* ratio (CAPE) which is based on the average inflation-adjusted earnings from the previous 10 years.

Home prices rose 5.4 over the last year, due to rising home demand colliding with a lack of housing inventory for sale. We expect home price growth to grow over 6-7% for the next year due to strong demand and low supply.

Consumers' Confidence Has Plummeted in 2020





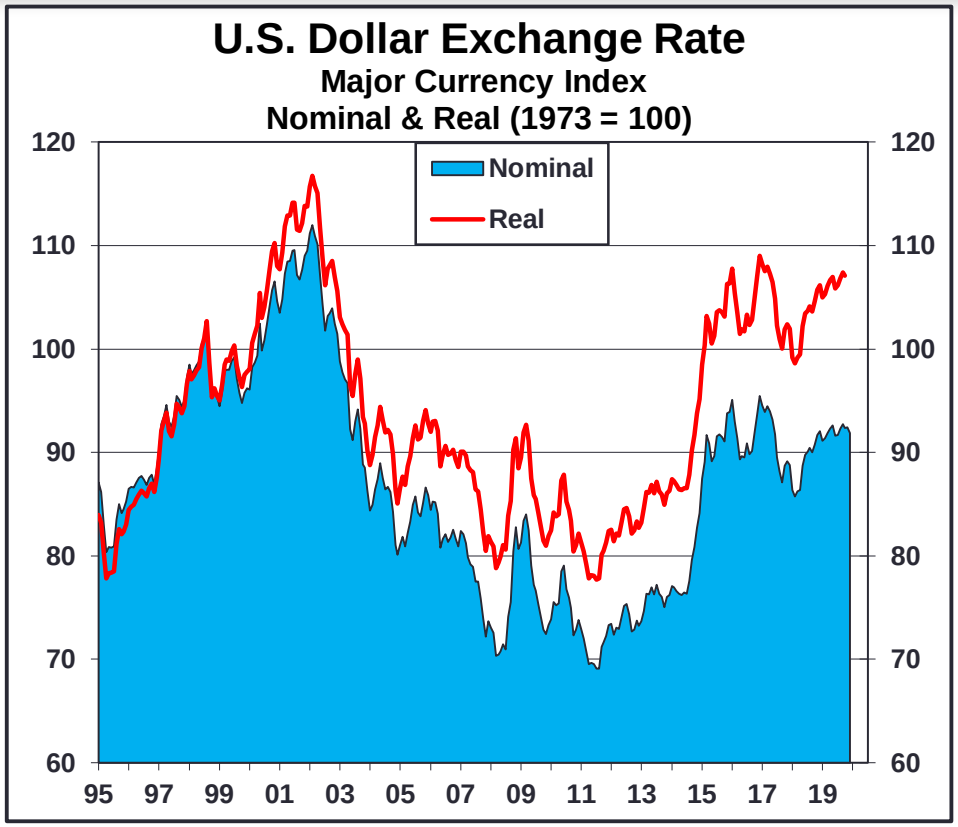
The saving rate (savings / disposable personal income) rose to 8.1% in December from 7.2% in December 2018. Savings should remain high as lower consumer confidence leads consumers to save rather than spend. In this environment of rising savings, spending gains will be highly dependent on income growth and consumers preferences for additional savings.

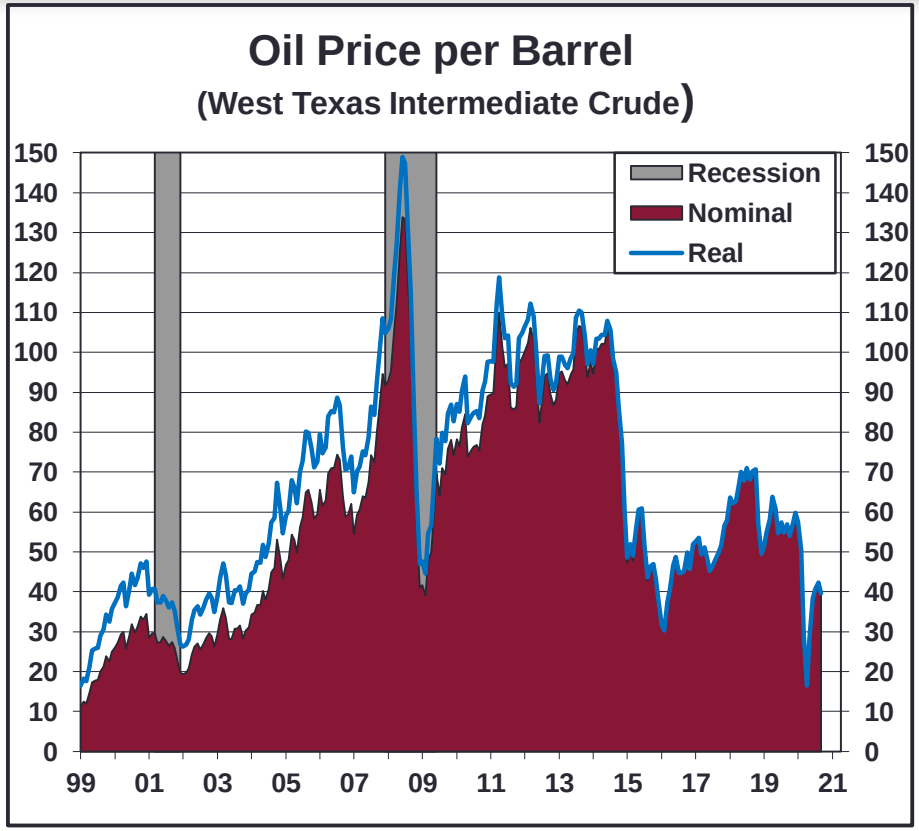
Consumer Confidence continues to fall rapidly, not surprising given the continued expansion of shutdowns and massive job losses. The stay-in-place orders are limiting consumers movement and opportunities to shop and spend. Confidence will fall further. There is uncertainty related to how far and how fast will confidence decline.

Consumer Confidence Index will fall due to slowing labor market.

Consumer Sentiment Index will fall due to more volatile stock prices. Slowing GDP growth will lower consumer confidence and also lower the demand for credit.

The Dollar is Rising and Oil Prices Crashing





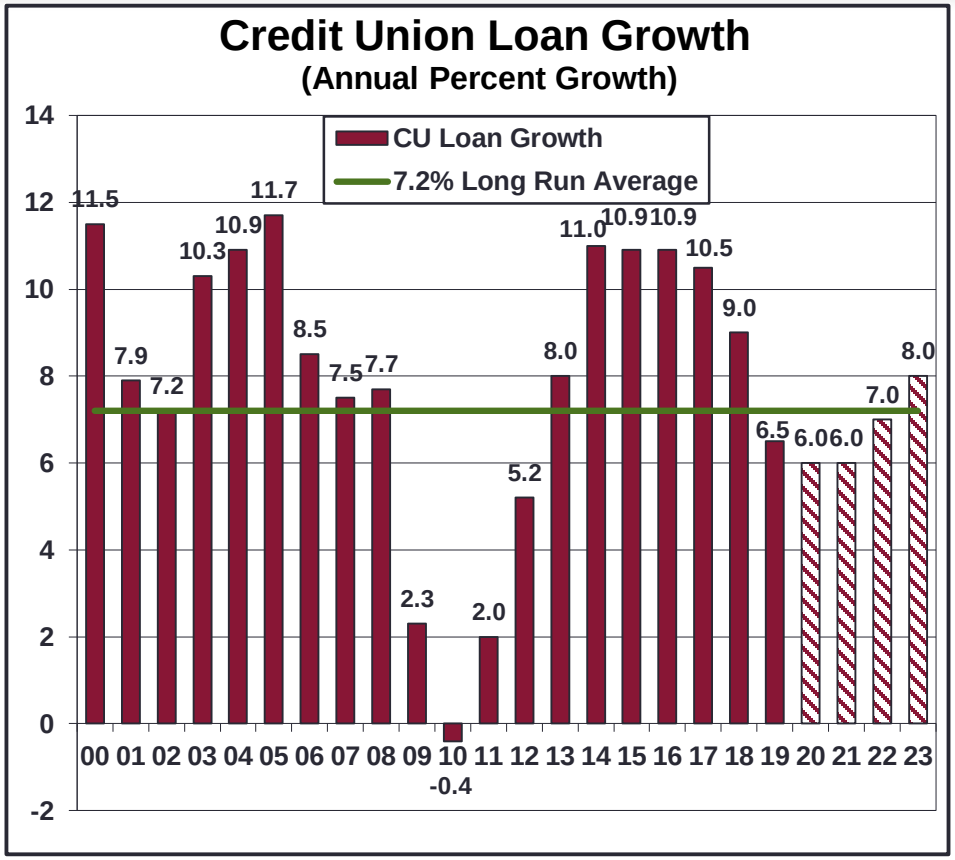
The **U.S. dollar rose 2.0**% over the last year. Market expectations are for the Fed to reduce interest rates over the next year which will reduce the value of the dollar. The past rise in the value of the dollar will reduce the cost of imports to U.S. residents but raise the cost of exports from the point of view of foreign buyers. This will worsen the trade deficit and slow economic growth.

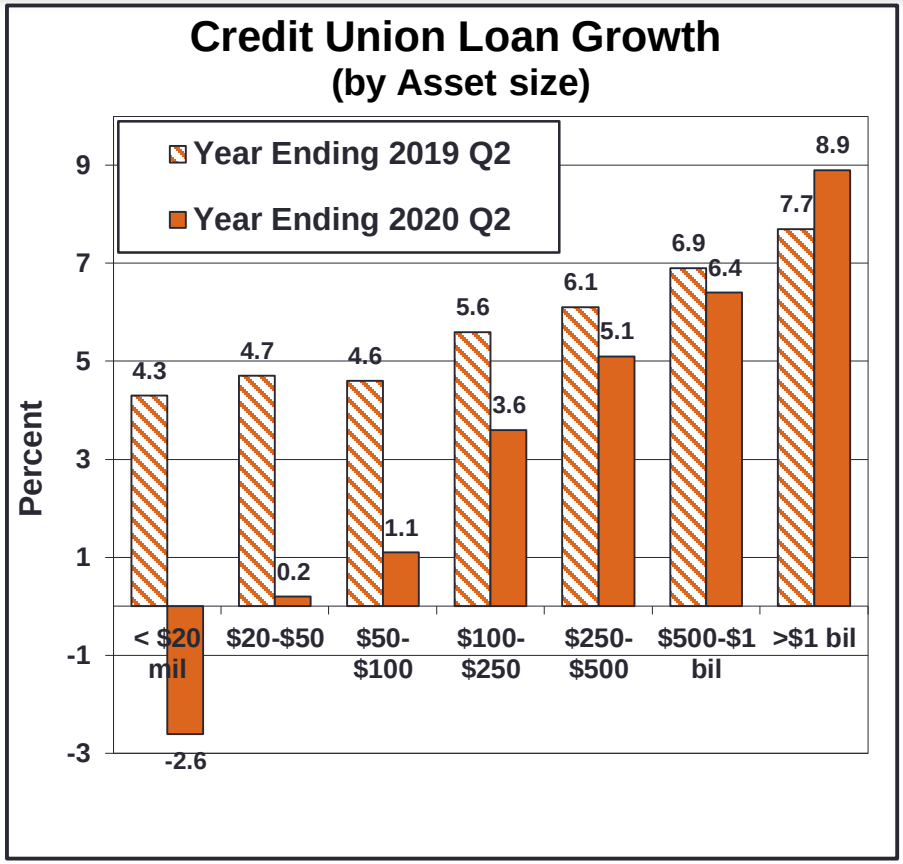
A country's exchange rate partly represents international investors' confidence in its government policies.

The **price of a barrel of oil** fell to 23.59 in March due to the OPEC/Russian Price War, below the $56.96 one year earlier, a 58% decrease. This will decelerate energy investment but increase consumer spending.

Oil Economics: $\downarrow P_{oil}$ = \$10 => $\downarrow P_{Gas}$ = \$0.25 => $\uparrow$ growth 0.3% - 0.5% over next two years.

6% Credit Union Loan Growth in 2020

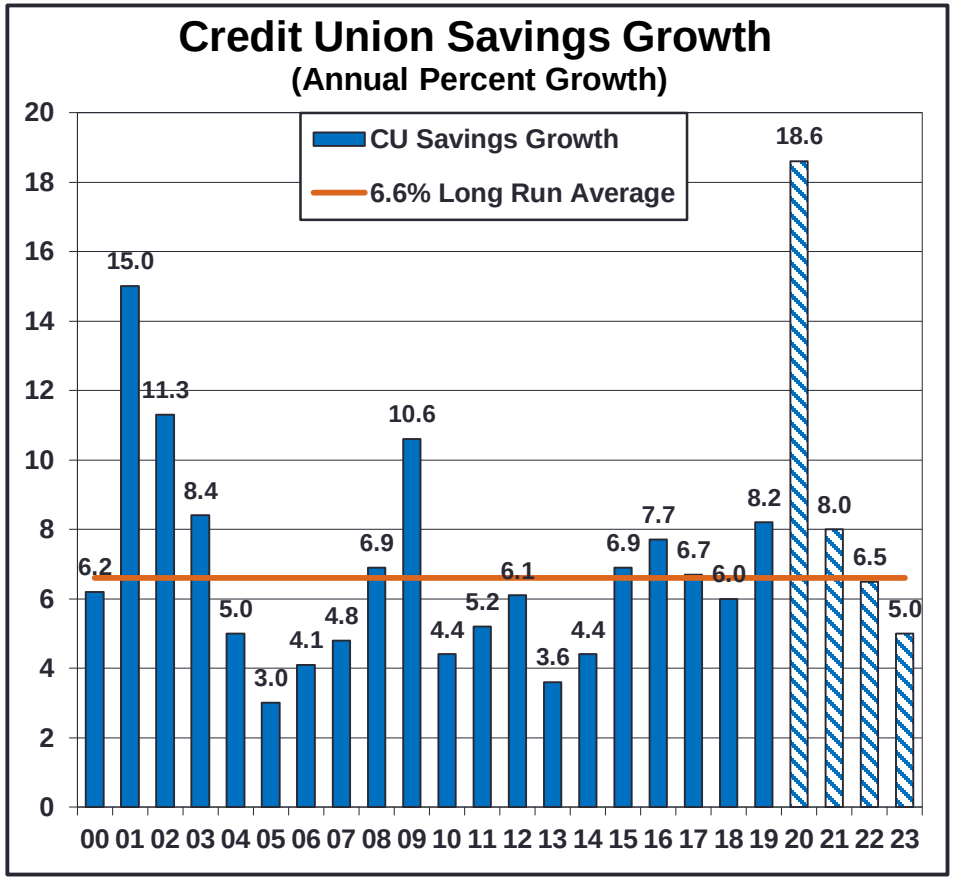


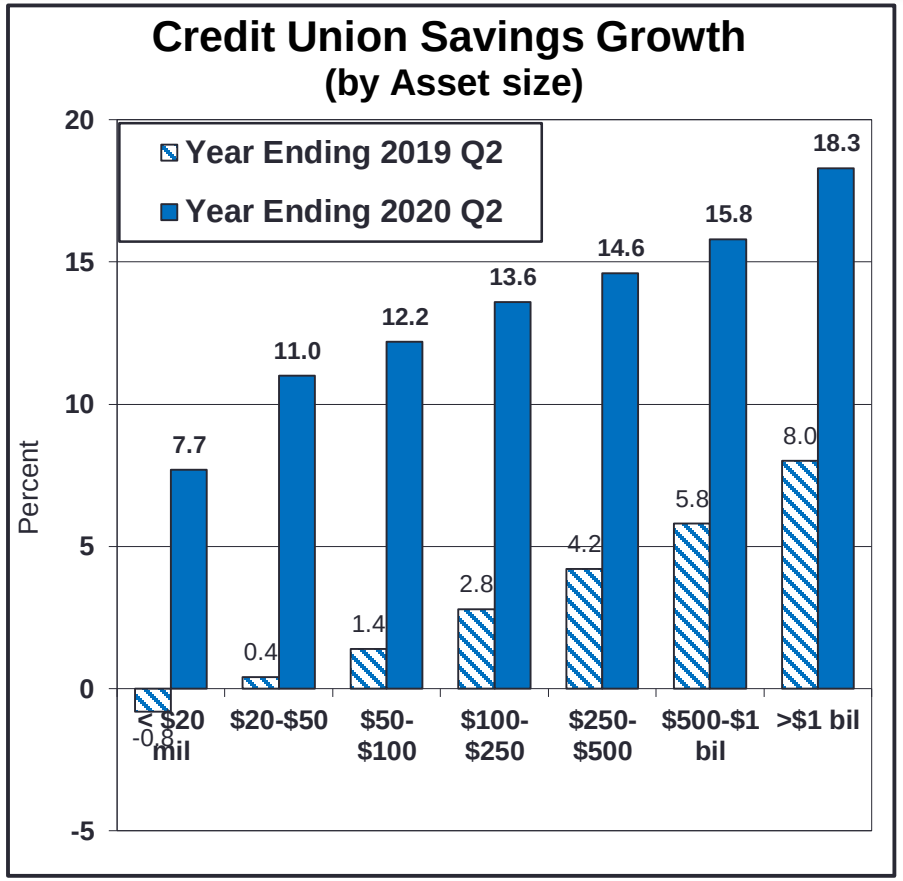


Expect loan balances to grow only 2% in 2020 as the economy enters a recession, consumer confidence falls and pent up demand for cars and appliances becomes satiated.

The COVID-19 pandemic will push the economy into recession and increase the unemployment to over 15%. Consumer will pay off existing debt and increase savings to prepare for potential layoffs. The government decreed shutdown has reduced consumer spending and therefore credit demand. Credit unions may tighten lending standards on credit card and auto loans as credit quality deteriorates. As the unemployment rate rises, delinquencies will rise and credit worthiness will fall dramatically.

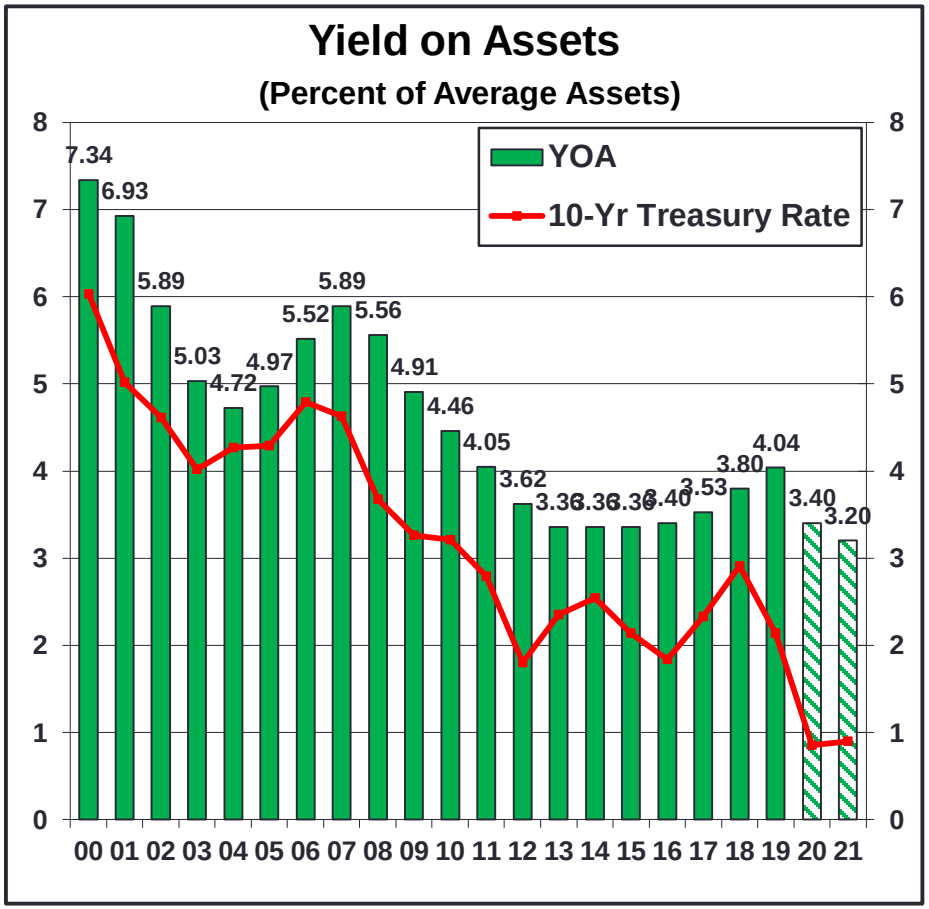
18.6% Credit Union Saving Growth in 2020

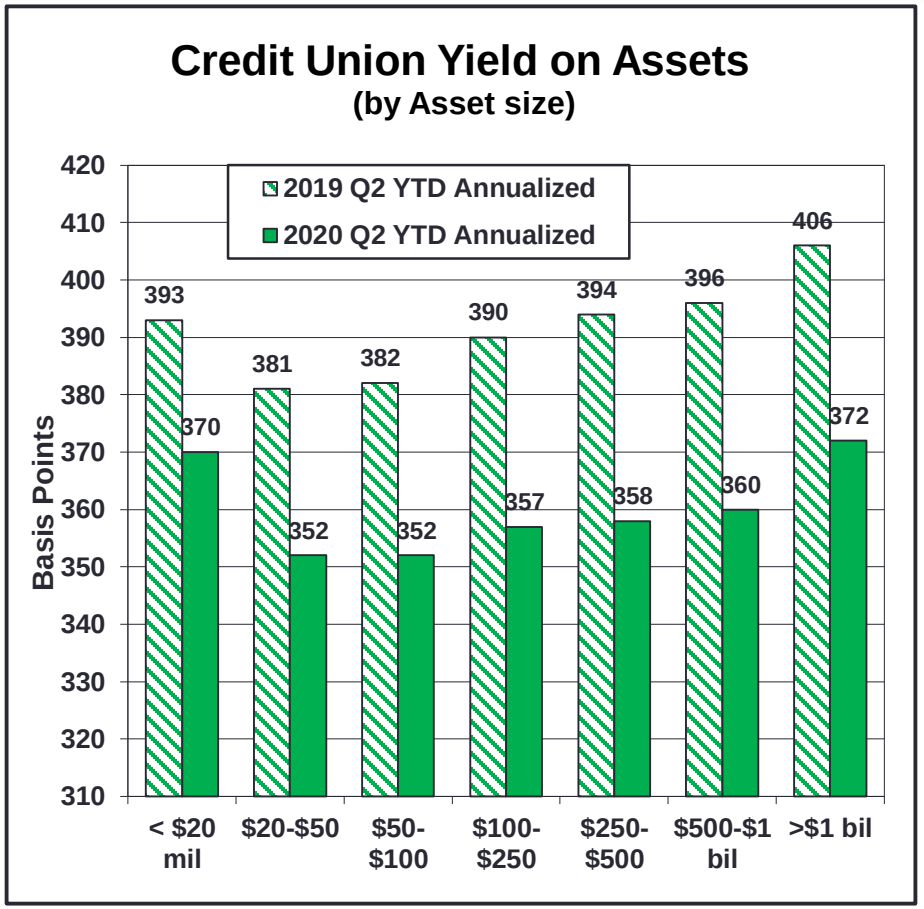




Savings balances are expected to rise 12% in 2020 due to fears of the COVID 19, savings at the gas pump, falling consumer confidence, and modest membership growth. Savings balances are driven by the following 9 factors: 1) ↑ Wealth/Income => ↓ Savings, 2) ↑ Interest Rates => ↑ Savings, 3)↑ Price Oil => ↓ Savings, 4) ↑ Income Growth Expectations => ↓ Savings Incentives, 5) ↑ Balance Sheet Repair => ↑ Savings, 6) ↑ Retirement Catchup (underfunded HHs near retirement) => ↑ Savings, 7) ↑ Risk/Uncertainty => ↑ Precautionary Savings, 8) ↑ Demographic Changes (fewer households in working age group) => ↓ Aggregate Savings, 9) ↑ Income Inequality => ↑ Savings of High Income Households.

Yield-on-Assets Falling to Record Lows in 2021

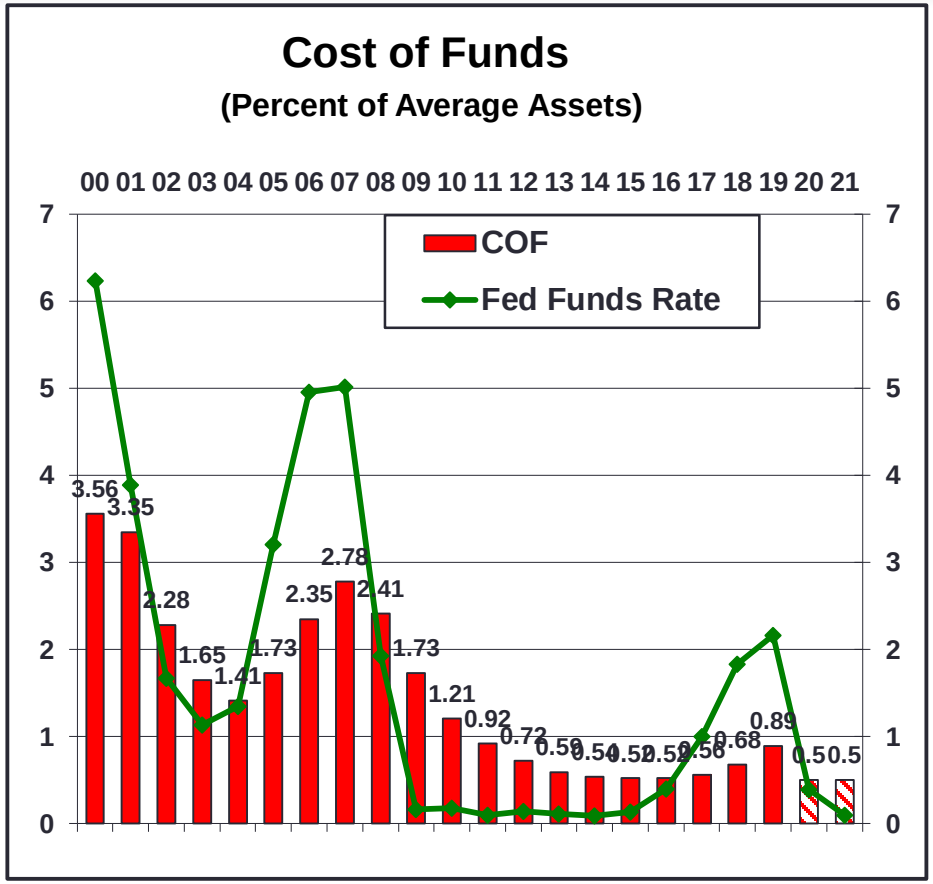


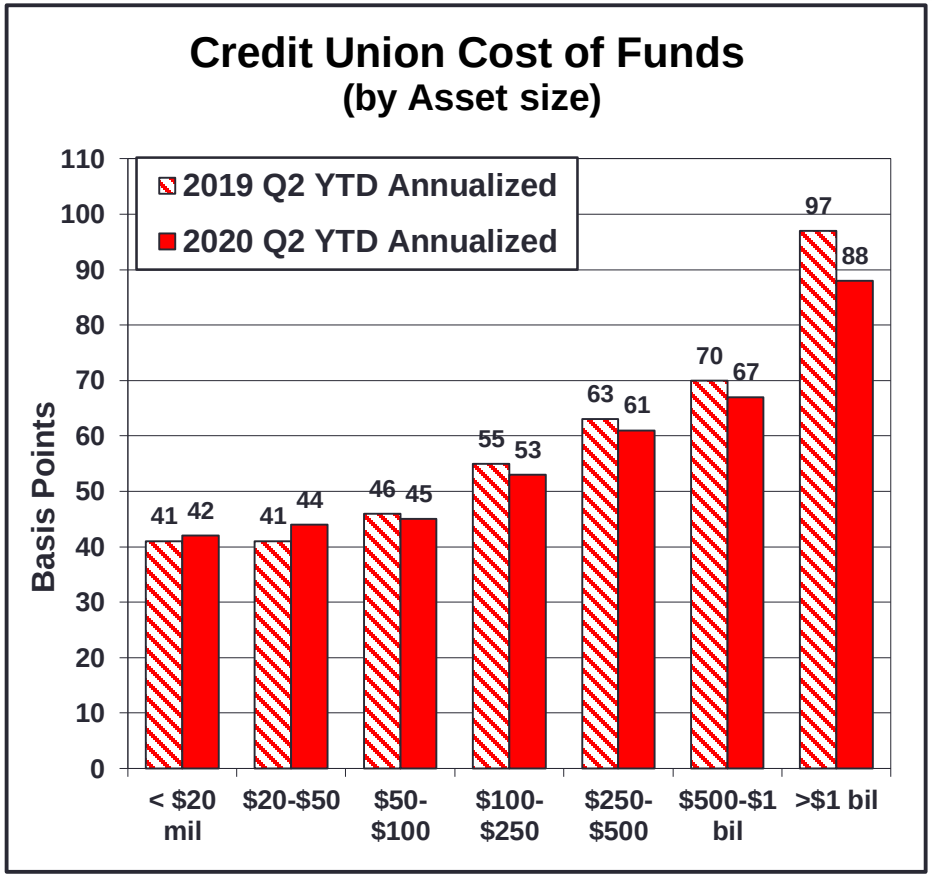


Expect yield-on-asset ratios to fall 64 basis points to a record low of 3.20% in 2021 due to record low interest rates and slow loan growth.

Credit union loan growth of 6% in 2020 will shift assets toward low yielding investments and away from higher yielding auto and mortgage loans (mix effect). This will push credit union assets yields to 3.40% in 2020. The COVID-19 recession will keep the 10-year Treasury note interest rate around 1%. The Fed will keep the fed funds interest rate at 0.10% during 2020 and 2021 lowering the yields on short-term credit union investments (rate effect).

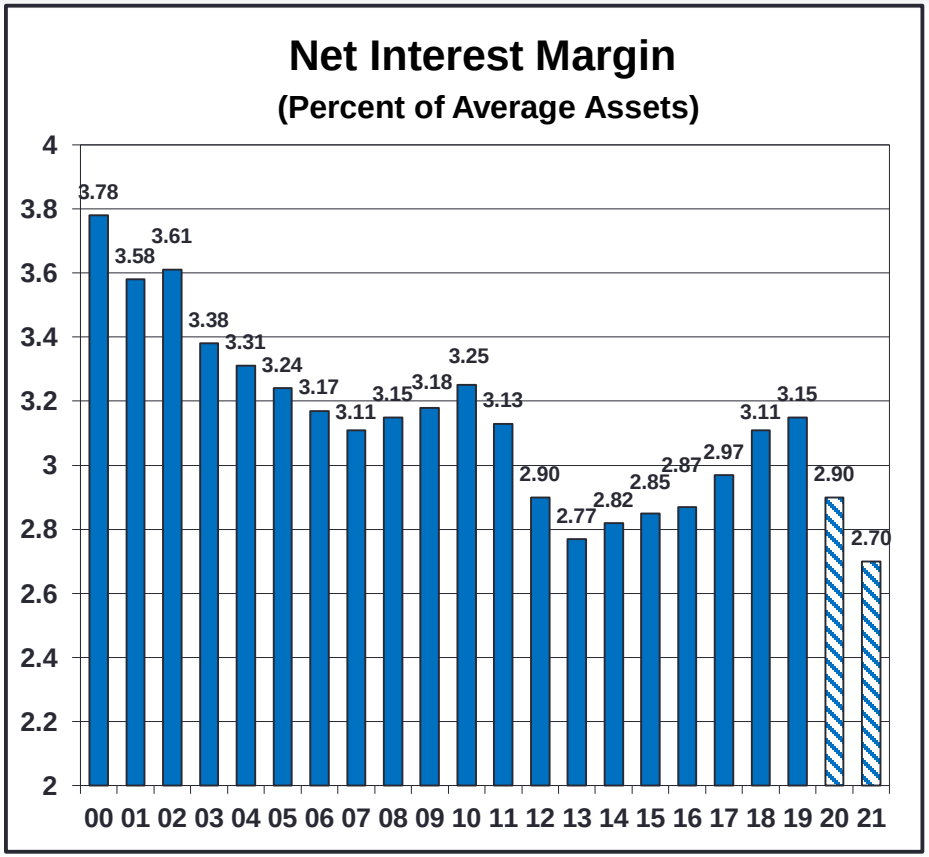
Cost of Funds will Decline as Market Rates Fall

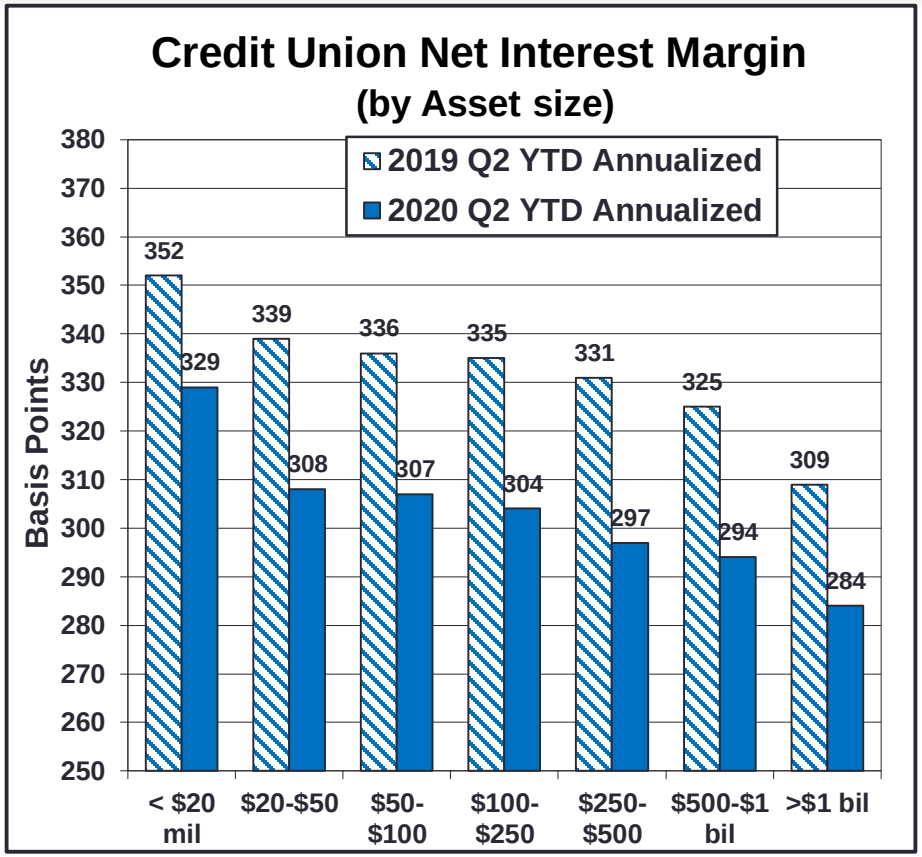




Falling short-term interest rates in 2020 will decrease credit union cost of funds to a record low of 0.50%. Surplus credit union liquidity will cause credit union deposit interest rates to fall quickly as market interest rates decrease. With certificate of deposits making up only 22% of total credit union savings balances today, down from 34% in 2007, falling market interest rates today will reduce cost of funds sooner than it did during the last falling interest rate cycle of 2008. Low market interest rates will encourage members to shift funds out of term certificate of deposits and into cheaper core deposits (share drafts, regular shares and MMDA), creating a **liability mix effect** which will also push down cost of funds.

Net Interest Margins will Fall to Record Lows in 2021

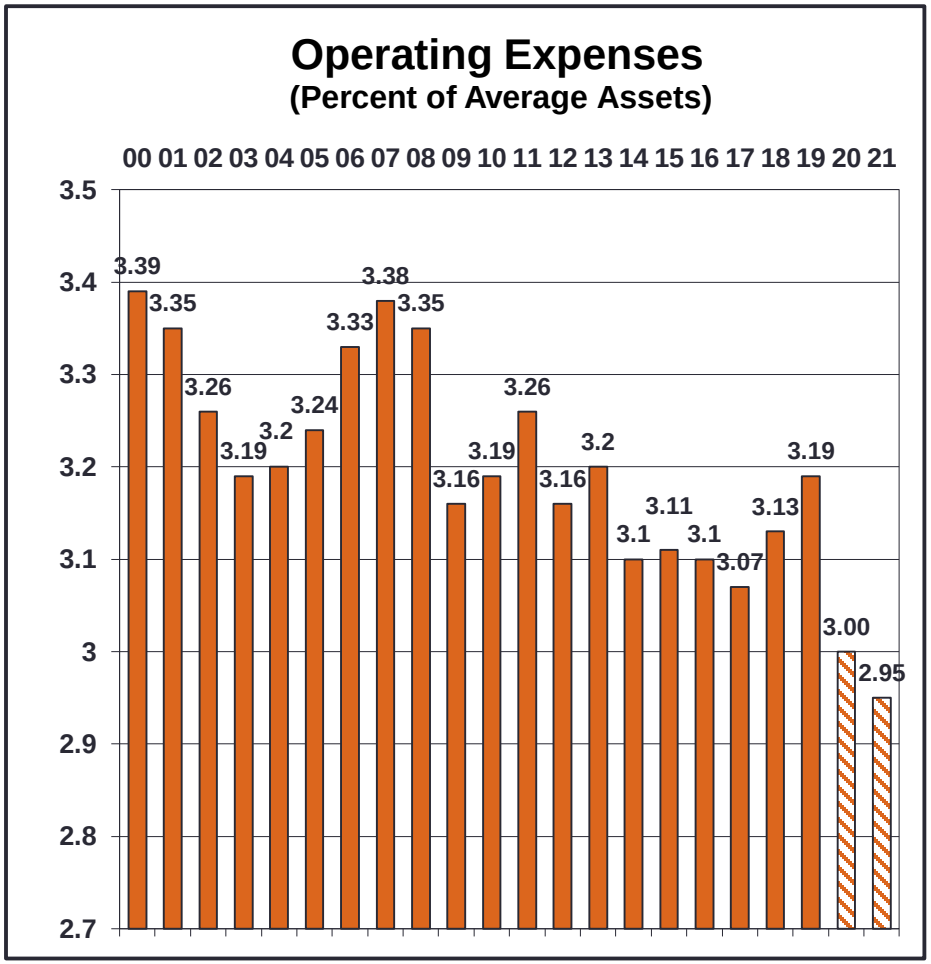


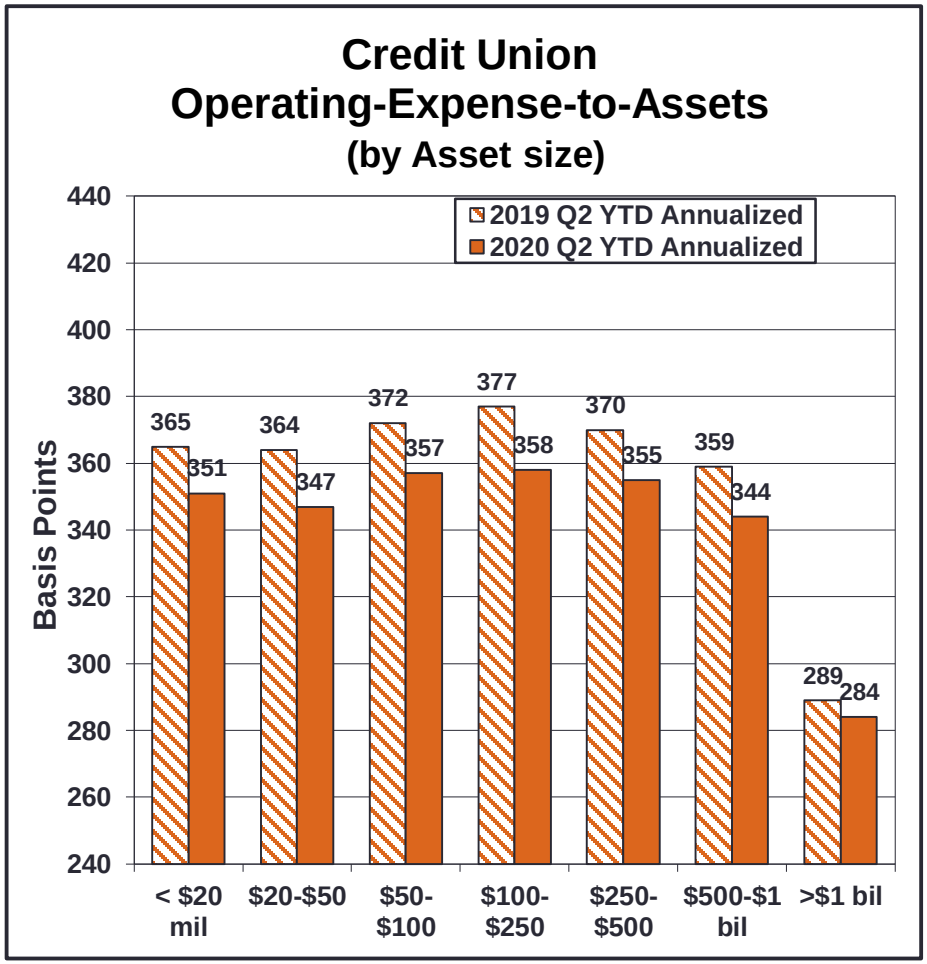


Net interest margins will decrease to record lows in 2021 as asset yields fall faster than cost of funds. Credit union net interest margins reached the lowest in history in 2013 due to historically low interest rates and excess liquidity. This will occur again in 2021 with net interest margins falling to 2.70%.

Deregulation over the last 30 years has increased competition in the financial services arena, resulting in lower net interest margins. For an individual CU, margins will also be determined by local market demographics: population growth, median household income, local industry, age trends. Tight margin are forcing CUs to increase the array of financial products and services offered while at the same time boosting efficiency and productivity.

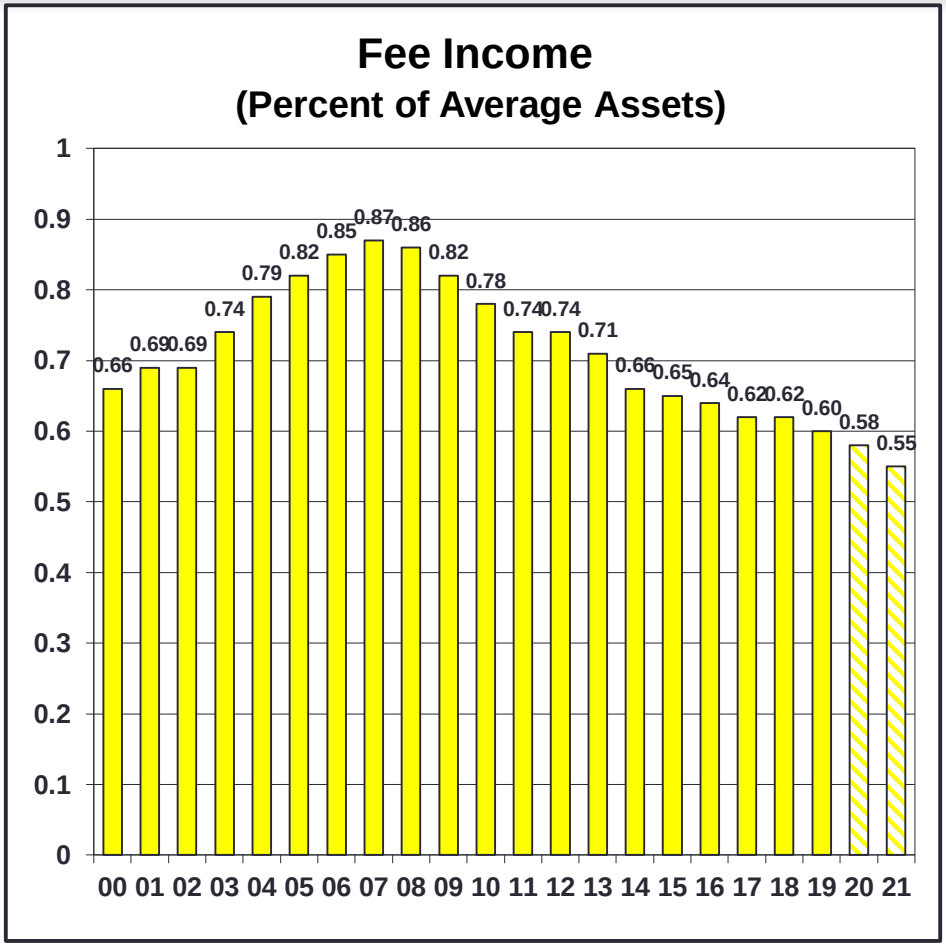
Falling Operating Expense Ratios

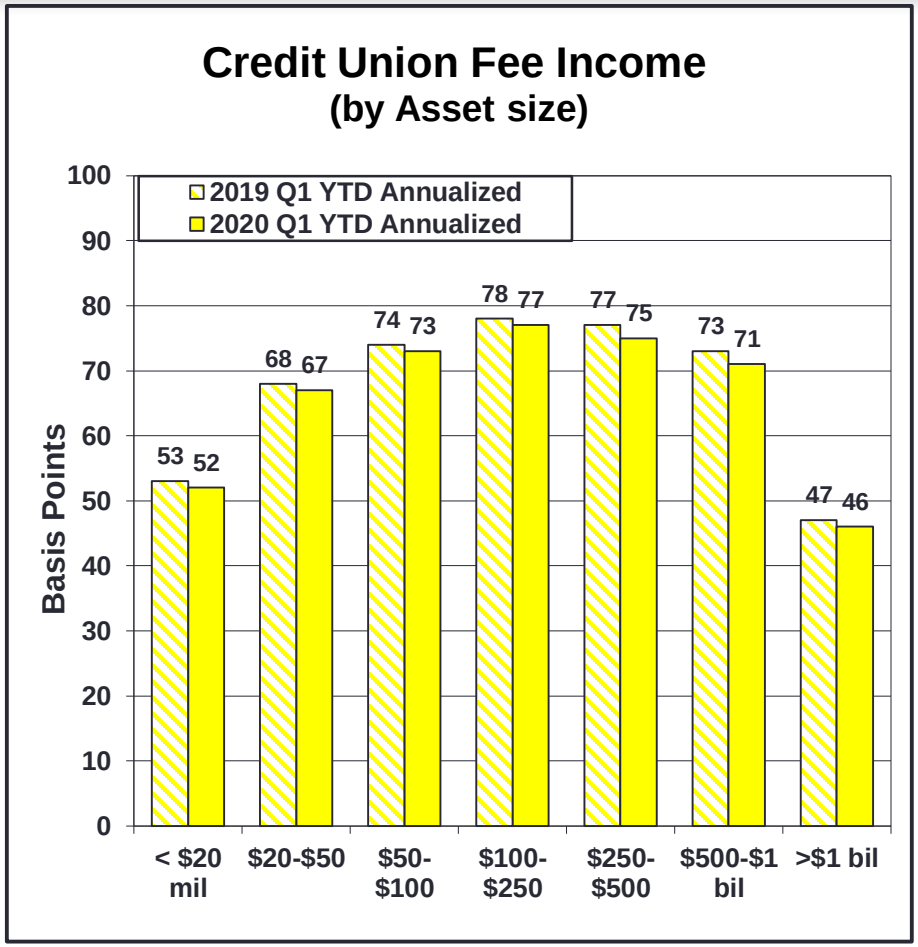




Operating expense ratios will decline over the next 2 years as the growth rate in assets exceed that of operating expenses. Credit unions will reduce new hiring and pull back on expense growth. Lower consumer loan processing costs due to decline in consumer lending. Decreased credit and debit card costs consistent with lower transaction costs.

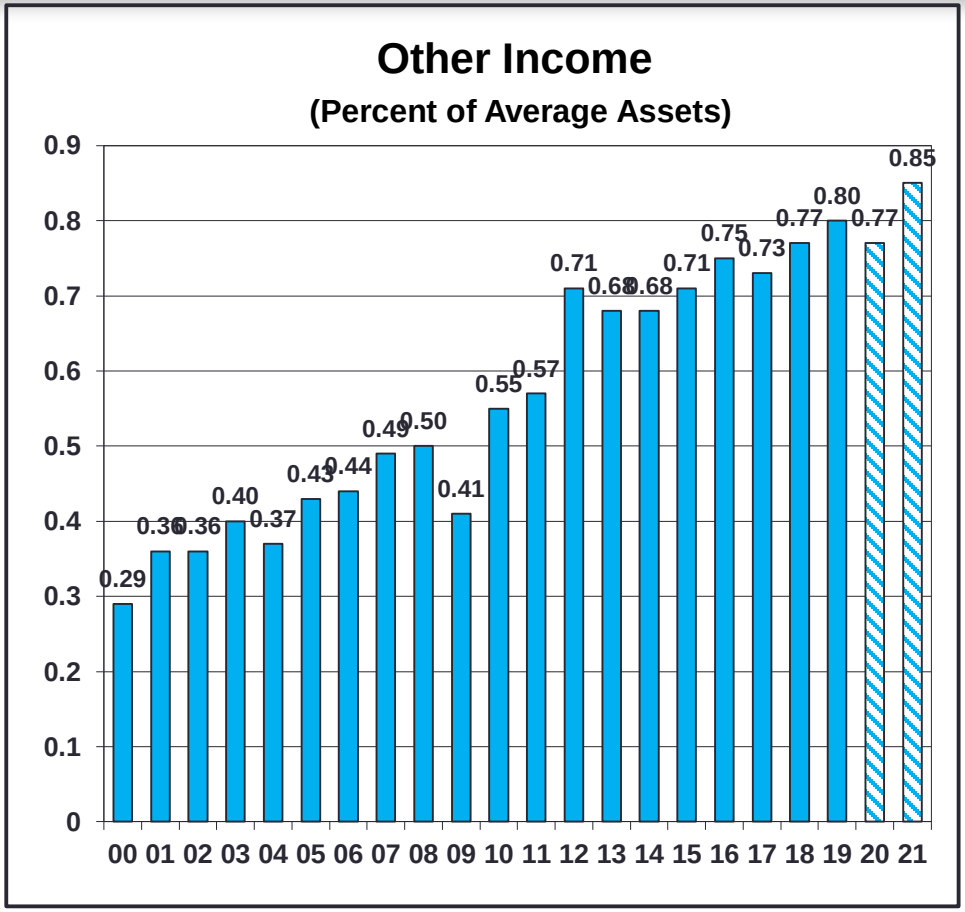
Falling Fee Income Ratios

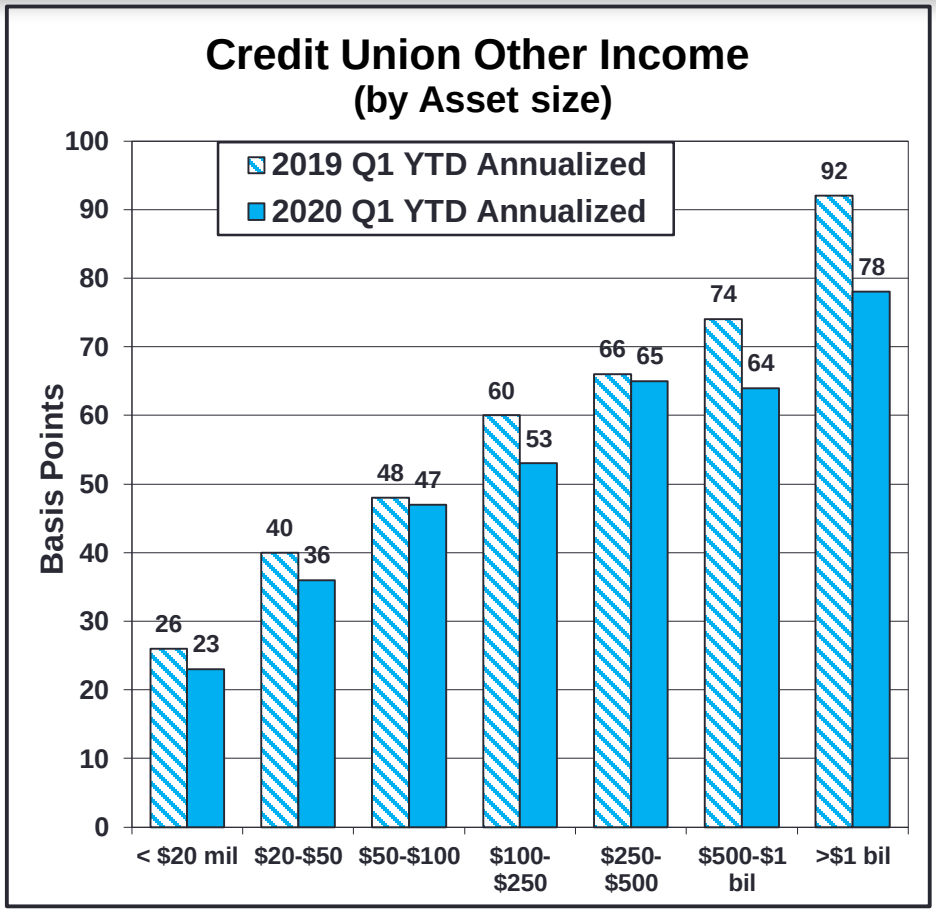




Fee income as a percent of average assets will continue its 12 year decline. The economic recession, however, may increase some penalty fee income. But web and mobile banking is providing members easier access to account balance information which reduces penalty fees. Fees from checking accounts serves as the single largest source of credit unions' fee income. The average percentage of fee income derived from nonsufficient funds (NSF), overdraft, and courtesy pay fell to 34% recently.

Falling "Other Income" Ratios

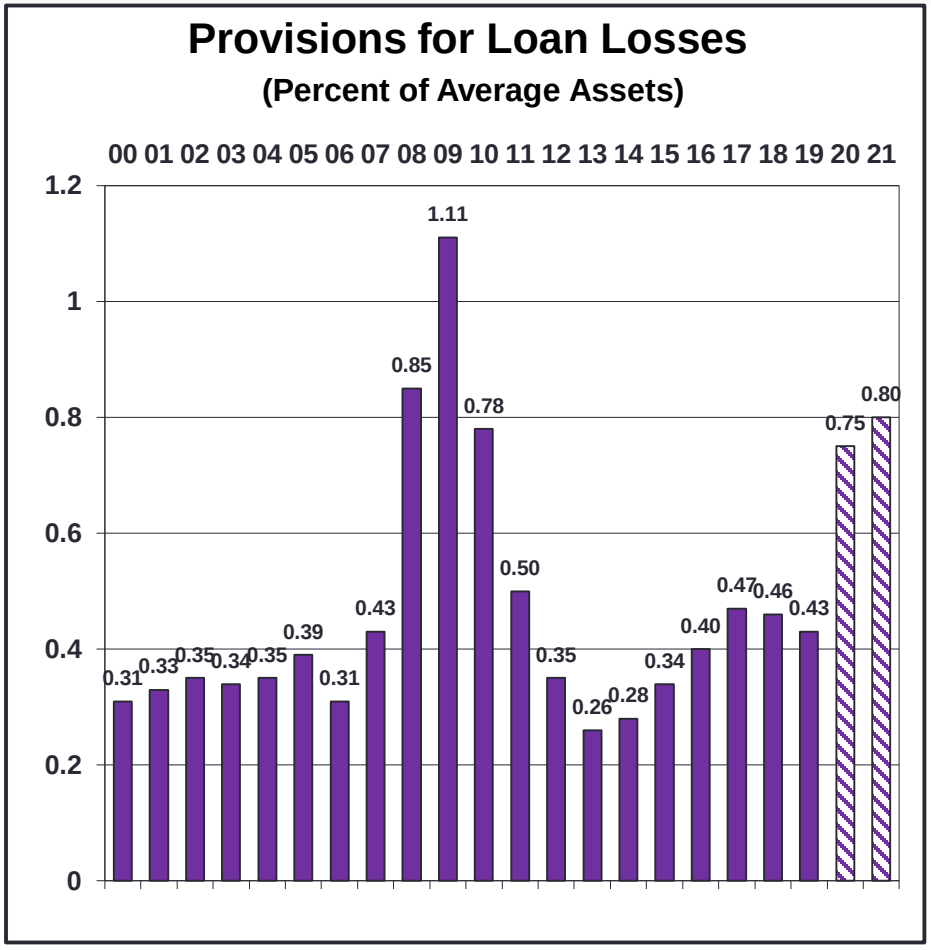


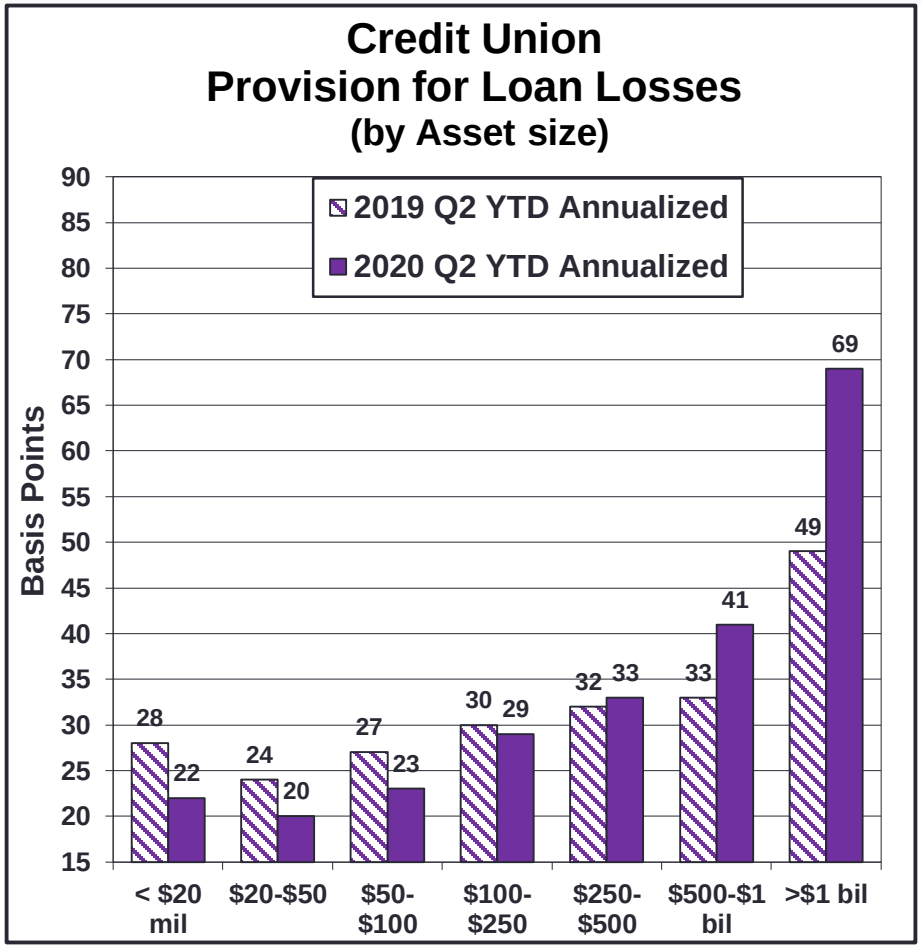


Interchange income will decline in 2020 as the number of debit card and credit card swipes fall 30-40% due to the stay-at-home orders and therefore a big drop in consumer spending. The mortgage refinance boom, however will boost **loan origination fees** and **"gains on sale"** of mortgages during the first half of 2020, therefore offsetting some of the loss in interchange income.

The ***interchange fee cap rule*** (October 1, 2011) capped the maximum fee charged per debit card transaction to 21 cents (plus an additional 2-3 cents for fraud prevention) for institutions greater than $10 billion.

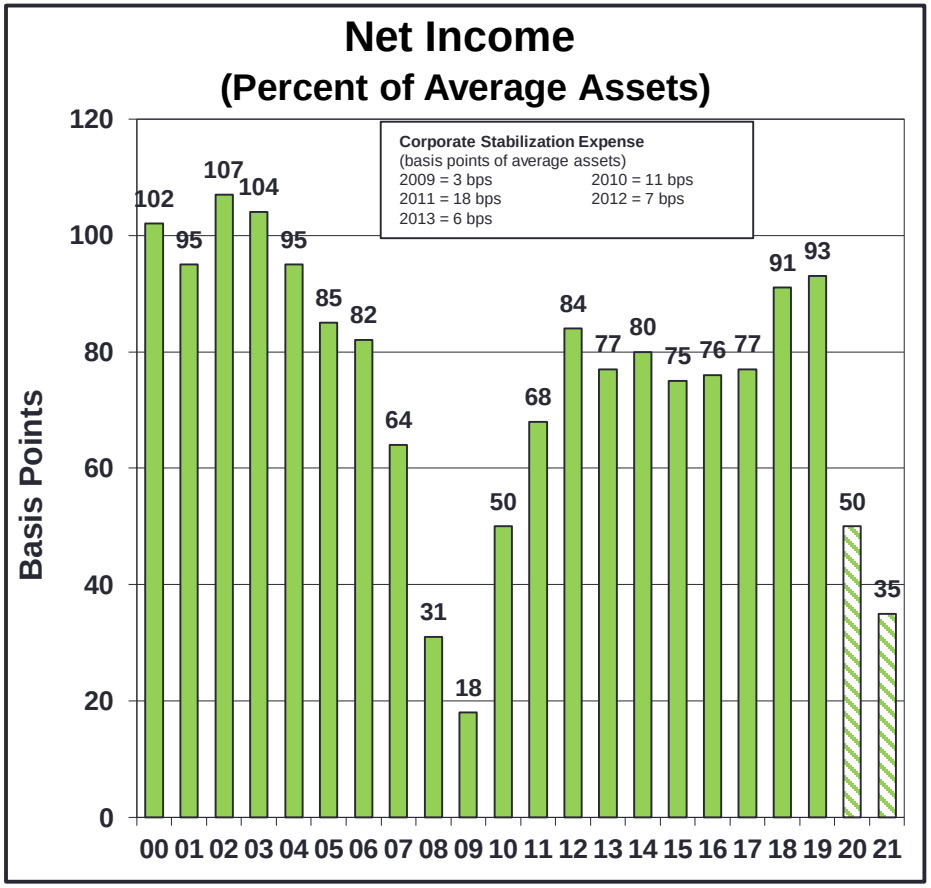
Rising Provisions for Loan Loss Ratios

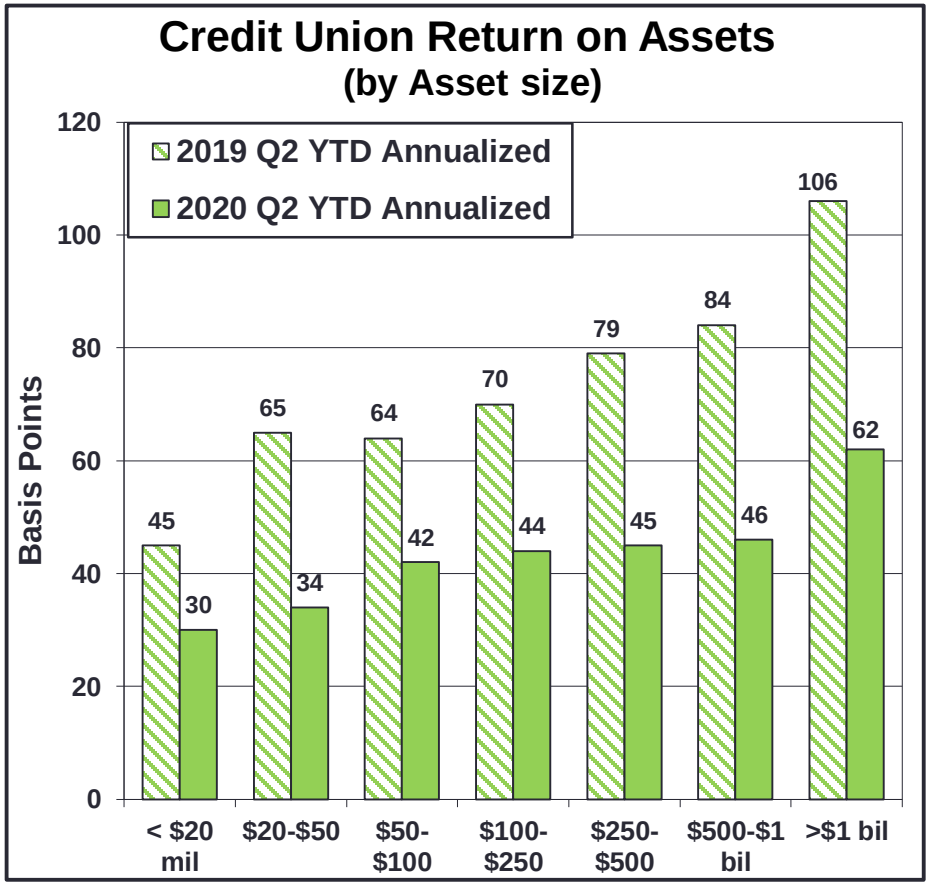




Provision for loan loss ratios will increase in 2020 due to rising loan delinquency and loan chargeoffs. Rising loan net charge-offs ratios (1.1%), a weaker labor market, and falling home prices will double loan loss provisions to 0.75% of average assets. This will be significantly above the historical average of 0.35%-0.45%. This will have a significant negative impact on earnings.

Falling Return-on-Asset Ratios





Credit union return-on-asset ratio will fall by 43 basis points in 2020. Falling asset yields – due to slower loan growth and lower market interest rates - will outpace lower funding costs. This will decrease net interest margins. Rising loan charge-offs will also increase provision for loan loss expense.

The disparity between large and small credit unions return-on-asset ratios remained large in Q1 2020. Credit unions with assets exceeding $1 billion reported ROA ratios of 0.57%, roughly twice that reported by credit unions with assets less than $20 million.

Top 12 CU Issues For 2021

1. Record low net interest margins will lead to expense containment
2. High unemployment rates will lead to larger collections departments and higher provisions for loan losses
3. Monitor employee stress and morale during pandemic
4. Invest in better technology for employees working at home
5. Update business activity expectations and reallocate staff
6. The new economic environment will create new path for profitability
7. Opportunities for prime real estate purchases and future branching
8. Adopt COVID-19 related design changes for old and new buildings
9. Excess liquidity will intensify search for higher yielding assets
10. Monitor closely the drop in capital-to-asset ratios
11. Focus on serving financially stressed members will build brand loyalty
12. Plan for post recession opportunities

5-Year Strategic Plan Focus Areas

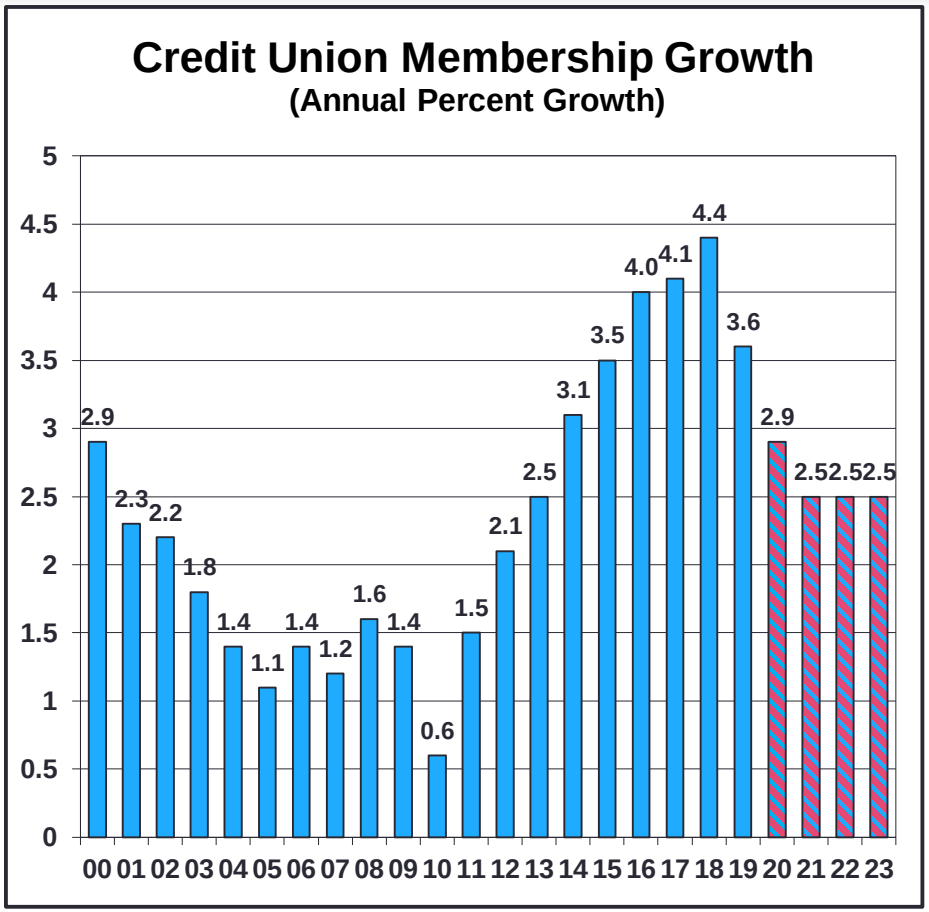
(How the Pandemic May Change Financial Institutions)

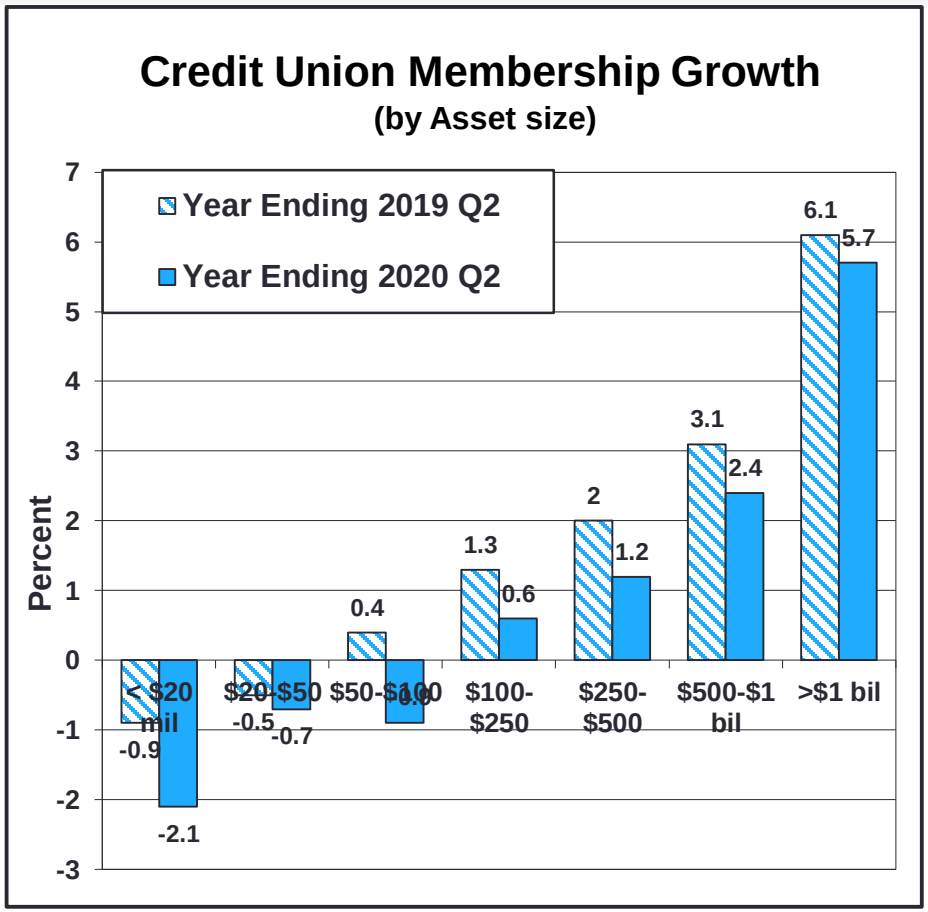
FOCUS AREAS	Temporary vs Permanent (1-3)	Impact to Credit Union (1-3)	Management Focus (1-3)	Freak-out Score (Multiply previous 3 numbers together)
Low Market Interest Rates				
Low Net Interest Margins				
Weaker Consumer Finances (higher loan chargeoffs & weaker loan demand)				
Digital Acceleration				
Less Face-to-Face Product Delivery and Less Branching				
Lower Capital Ratios				
Higher Consumer Savings Rates				
Rising Health Insurance Costs and Premiums				
COVID-19 Building Design Changes				
More Remote & Less Onsite Staffing				
Loss of Tax-Exempt Status				

Joe Biden's Economic Plan

- Raise the top income tax rate to 39.6% from 37%.
- Apply Social Security payroll tax for those earning over $400,000 per year.
- Raise top corporate income tax rate to 28% from 21%.
- Forgive all undergraduate tuition-related federal student debt of those who make up to $125,000.
- Cancel immediately a minimum of $10,000 of federal student debt per person and forgiving the remainder of loans after 20 years with no tax burden.
- Supports making student loans dischargeable in personal bankruptcy.
- Supports making public colleges and universities free for families whose income is below $125,000.
- Protect and build on the Affordable Care Act. Does not support Medicare for all nor eliminating private health insurance.
- Supports lowering employees' maximum contribution for health insurance coverage to 8.5%.
- Supports lowering Medicare eligibility age to 60 from 65.
- Supports raising the minimum wage to $15 per hour.
- Supports giving workers more bargaining power by getting rid of abusive non-compete clauses, removing rules in contracts that prevent employees from discussing pay with each other, and stopping companies from classifying low wage workers as managers to order to avoid paying them overtime.
- Supports spending $1.3 trillion over 10 years on infrastructure (roads, bridges, airports, broadband) and clean energy research.
- Supports the Green New Deal and will rejoin the Paris agreement. Wants the U.S. to reach net-zero emissions no later than 2050 and to ensure a carbon pollution-free power sector by 2035.

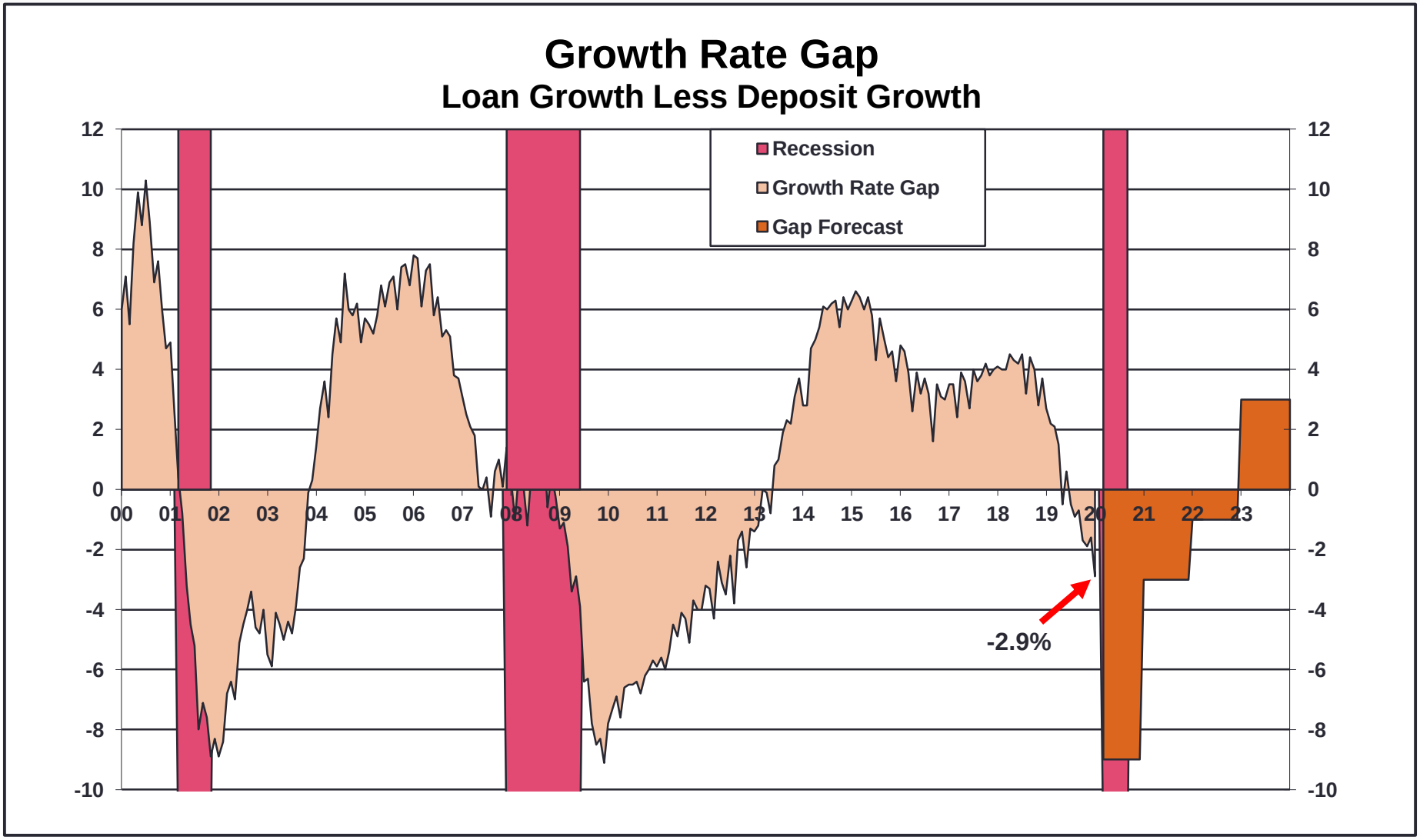
Membership Growth Slows





Credit unions should expect membership growth of 1.0% in 2020 due to slowing loan growth and weaker job growth. This will push the total number of credit union memberships to 125 million by year end 2020, which is equal to 33% of the total U.S. population. In the last 12 months ending in Q1 2020, credit union with assets over $1 billion reported 5.8% membership growth, compared with less than 1% for credit unions with assets less than $100 million. The 2,344 credit unions with assets less than $20 million reported a 1.8% decline in memberships.

The Short-Term Debt Cycle and Forecasting Recessions



Limerick of the Day

Credit Unions have always depended
On a rate of borrowing that is splendid
By consumers for whom
Their means to consume
May soon find them overextended

Economic Forecast

Economic Growth: In February 2020, the U.S. economy officially entered a recession, ending the longest economic expansion on record. According to the Bureau of Economic Analysis, the economy contracted at an annualized pace of 5.0 percent in the first quarter of 2020 followed by an incredibly steep decline of 31.4 percent (annualized) in the third quarter. The BEA's "advance" estimate shows the economy rebounding a strong 33.1 percent in the third quarter, but GDP remains well below its 2019 year-end level. CUNA economists expect real GDP to grow at a significantly slower pace of just 4.0 percent in the fourth quarter due to the resurgence of the COVID-19 pandemic. Overall, the economy will contract 3.5 percent in 2020 before rebounding 2.5 percent in 2021. GDP is not expected to reach its 2019 year-end level until mid to late 2022.

Inflation: Given the better-than-expected economic recovery to date, prices have also risen faster than expected. After two quarters of declining prices, CPI headline inflation grew a healthy 1.2 percent during the third quarter. However, with an expected slowdown in economic growth in the fourth quarter, prices will rise at a slower pace of 0.5 percent in the fourth quarter and will reach 1.2 percent for the year. In 2021, we expect inflation to pick up significantly as the economy expands and rise 2.0 percent for the year.

Unemployment: The labor market has recovered much quicker than most economists predicted. For example, in June, the Federal Reserve's Federal Open Market Committee (FOMC) projected the unemployment rate to remain at 9.3 percent at the end of 2020, but it has already fallen to 6.9 percent through October. Nonetheless, the novel coronavirus is surging to record levels and leading to newly imposed restrictions, including new mask mandates, school closures, limits on mass gatherings, and reduced business occupancy allowances. The colder fall and winter months are likely to further accelerate the spread of the virus as people are forced to gather indoors, and restaurants and other businesses are less able to allow flexible outdoor options, such as outdoor dining. This will have a significantly negative impact on the economy and labor markets, and lead to either a slowdown in the economic recovery or possibly a double-dip recession. There are already signs that labor markets are deteriorating, such as a recent increase in the number of initial claims for unemployment insurance. We expect the unemployment rate to increase slightly by year-end 2020 to 7.0 percent, up from its current rate of 6.9 percent. However, labor markets should improve significantly in 2021—particularly in the second-half of the year after vaccines are made available to the general public—with the unemployment rate falling to 6.3 percent.

Interest Rates: Credit unions can expect a prolonged period of low interest rates through at least 2022. The FOMC has signaled that it is unlikely to raise the federal funds rate until the end of 2023. We also expect the Federal Reserve to continue to engage in quantitative easing and other measures to hold down long-term interest rates. The low interest rate environment will help boost mortgage lending at credit unions—particularly refinances—but will continue to put significant downward pressure on interest margins.

Economic Forecast – November 18th, 2020

	Actual Results		Quarterly Results/Forecasts				Annual Forecasts	
	5 Year Average	2019	2020:1	2020:2	2020:3	2020:4	2020	2021
Growth Rates:								
Economic Growth (% Change GDP)*	2.43%	2.33%	-5.00%	-31.4%	33.1%	4.00%	-2.5%	2.5%
Inflation (% Change CPI)*	1.55%	1.81%	-0.2%	-0.3%	1.2%	1.2%	0.5%	2.0%
Unemployment Rate	4.70%	3.50%	4.4%	11.1%	7.9%	7.0%	7.2%	6.25%
Federal Funds Rate (effective)	1.18%	1.55%	0.08%	0.08%	0.09%	0.10%	0.10%	0.10%
10-Year Treasury Rate	2.35%	1.92%	0.70%	0.66%	0.69%	0.90%	0.90%	1.25%
10-Year-Fed Funds Spread	1.17%	0.37%	0.55%	0.58%	0.60%	0.80%	0.80%	1.15%

*Percent change, annual rate.
All other numbers are end of period values.

Credit Union Forecast

Loan & Membership Growth: According to CUNA's Monthly Credit Union Estimates, credit union loan portfolios grew a healthy 2 percent in the third quarter and credit union memberships grew 0.7 percent. As in the second quarter, the growth was largely driven by first mortgages which increased 2.3 percent during the three-month period, largely driven by historically low interest rates. Used auto loans also grew a healthy 1.2 percent, but most other loan categories fell, including HELOCs and second mortgages (-2.6%), new auto loans (-0.5%), credit cards (-1.1%) and personal loans (-0.7%). Loan growth is forecasted to reach 6.0 percent in 2020 and in 2021. The low interest rate environment is expected to continue to fuel growth in first mortgages; however, the new 0.5% adverse market refinance fee takes effect starting in December and may mute demand to some extent. In 2021, particularly in the second half of the year, the economic recovery will likely boost demand for credit union consumer loans, such as auto loans, credit cards and personal loans. Therefore, although we expect a similar rate of loan growth in 2021 as in 2020, the composition of loan growth will include more consumer loans and fewer mortgage loans. This will help drive membership growth to 3.0 percent in 2021, slightly higher than the 2.8 percent membership growth anticipated in 2020.

Savings Growth: Due to a combination of tax refunds, government stimulus checks and precautionary savings, credit union deposits grew an incredible 8.3 percent in the second quarter alone. However, in the third quarter, CUNA's Monthly Credit Union Estimates show that credit union savings balances grew at a significantly slower pace of 2.6 percent. We expect credit union savings growth to reach 18.0 percent in 2020 before returning to its long-term average annual growth rate of 8.0 percent in 2021.

Asset quality: Despite the pandemic and worst recession in decades, credit union asset quality continues to improve: The Monthly Estimates show that the credit union delinquency rate fell to 0.53 percent in September, well below its 2019 year-end level of 0.70 percent. This trend is being driven by three main factors: 1) Significant government stimulus via the CARES Act earlier in the year, including extended unemployment benefits and direct payments to consumers; 2) Relatively strong year-to-date loan growth; and 3) Credit unions working with members to modify and defer loans, and thereby avoid delinquencies and charge-offs. Delinquencies and charge-offs are often understated during periods of significant loan modifications, nonetheless, many loan modifications and deferments are now expiring and delinquency rates are likely to rise during the coming months. CUNA economists expect the delinquency rate to rise to 1.0 percent by year-end 2020, and the net charge-off rate to rise to 0.59 percent. Portfolio quality is likely to deteriorate further in 2021 as deferments and forbearances expire, temporary unemployment becomes permanent, and government stimulus dissipates. Delinquency and net charge-off rates will increase slightly to 1.10 percent and 0.80 percent by the end of 2021.

ROA: Credit union earnings—as measured by ROA—increased in the second quarter of 2020, from 0.53 percent to 0.61 percent. This was largely a result of very strong mortgage lending and proceeds from sales to the secondary mortgage market. While NCUA call report data is not yet available for the third quarter, the data is expected to show that credit union earnings fell to 45 basis points, as interest margins have fallen precipitously. This trend will continue in the fourth quarter and into 2021 as newly originated loans will have very low interest margins, while existing balances with higher margins will be paid off. Therefore, credit union industry ROA will fall to 0.50 percent by year-end 2020 and 0.35 percent by the end of 2021.

Credit Union Forecast – November 9th, 2020

	Actual Results		Quarterly Results/Forecasts				Annual Forecasts	
	5 Year Average	2019	2020:1	2020:2	2020:3	2020:4	2020	2021
Growth Rates:								
Savings Growth	6.8%	8.1%	4.3%	8.3%	2.6%	2.8%	18.0%	8.0%
Loan Growth	9.3%	6.5%	0.9%	2.1%	2.0%	1.0%	6.0%	6.0%
Asset Growth	6.9%	7.7%	4.6%	6.8%	2.3%	2.3%	16.0%	7.0%
Membership Growth	3.9%	3.6%	0.8%	0.8%	0.7%	0.5%	2.7%	3.0%
Liquidity:								
Loan-to-Share Ratio**	82.1%	84.4%	81.1%	77.0%	76.6%	75.2%	75.2%	73.8%
Asset Quality:								
Delinquency Rate**	0.77%	0.70%	0.63%	0.57%	0.53%	1.00%	1.00%	1.10%
Net Charge-off Rate*	0.55%	0.56%	0.57%	0.48%	0.50%	0.80%	0.59%	0.80%
Earnings:								
Return on Average Assets (ROA)*	0.83%	0.93%	0.53%	0.61%	0.45%	0.35%	0.50%	0.35%
Capital Adequacy:								
Net Worth Ratio**	11.1%	11.4%	11.0%	10.5%	10.3%	10.2%	10.2%	9.9%

*Quarterly data, annualized.
**End of period ratio.

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