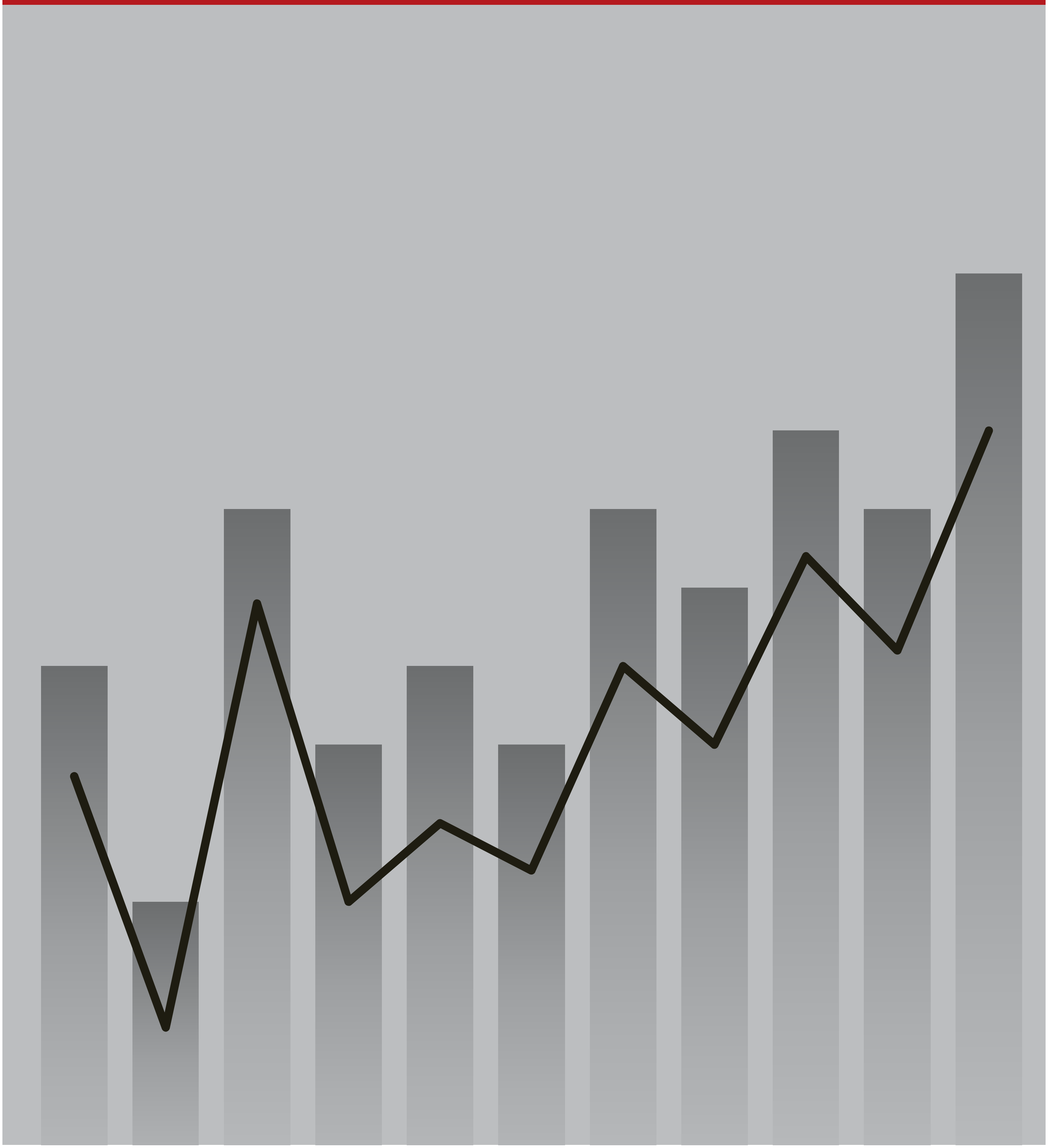
U.S. Credit Union Profile

First Quarter 2018

Credit Union National Association



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Executive Summary

The U.S. economy's expansion slowed slightly to 2.3% GDP growth in the first quarter of 2018, down from an average of 3.1% growth over the previous three quarters; however, at 3.9%, unemployment fell to its lowest level since 2000 and most economists expect higher economic growth through the rest of 2018.

Although wage increases remain muted, inflation is at or above the Fed's 2.0% target, indicating that the Federal Open Market Committee (FOMC) is likely to continue to gradually raise interest rates into the foreseeable future. Rising inflation and interest rates has put upward pressure on ten-year Treasury yields, which remain above 3.0% for the first time since 2011 and are now competing with stock returns, which have been constant after a nearly nine-year bull run.

However, rising interest rates have also pushed mortgage rates higher: at 4.60%, mortgage rates are at the highest level since shortly after the financial crisis. Combined with low housing inventory and rising home prices, existing home sales have fallen and may continue to decline as interest rates rise further. Nonetheless, the strong economy and low unemployment bode well for credit unions, which should continue to expect strong loan and membership growth—and healthy portfolios—throughout 2018 and into 2019.

Recent Economic Developments

Economic Growth & Gross Domestic Product (GDP)

According to the Bureau of Economic Analysis (BEA), the U.S. economy grew 2.6% in 2017 and 2.3% in the first quarter of 2018. While still below the Administration's target of 3% to 4% growth, the economy continues on a robust pace of expansion. Furthermore, most economists expect economic growth to pick up even further in coming quarters as households and corporations benefit from tax reductions under the recently passed Tax Cuts and Jobs Act.

U.S. GDP Growth

Annualized Quarterly Change (%)	2Q17	3Q17	4Q17	1Q18
Real Gross Domestic Product	3.1	3.2	2.9	2.3
Personal Consumption	3.3	2.2	4.0	1.1
Durable Goods	7.6	8.6	13.7	-3.3
Private Domestic Investment	3.9	7.3	4.7	7.3
Residential	-7.3	-4.7	12.8	0.0
Net Exports				
Exports	3.5	2.1	7.0	4.8
Imports	1.5	-0.7	14.1	2.6
Government Expenditures	-0.2	0.7	3.0	1.2

As is typical in the first quarter of the year, personal consumption was down relative to previous quarters. This category is an important indicator of the health of an economy, as consumption makes up about 70% of GDP and also reflects consumer sentiment. In other words, consumer spending increases when households feel wealthier and more optimistic about the future. Consumer spending increased only 1.1% in the first quarter of 2018, but this follows a very strong 4th quarter growth of 4.0%. The variation likely reflects high consumption during the holiday season as people pay for vacation, travel, and gifts, followed by a natural reduction as the holiday season ends, credit cards are paid down, and the winter months slow tourism and other economic activity.

With very high employment, low interest rates, and recent tax cuts to individuals and corporations, most economists expect the economy to continue to perform well into the near future. In fact, the Wall Street Journal's survey of economists puts the average forecast of GDP growth at 3.2% for the second quarter of 2018 and 2.9% for the year. However, in the longer-term, growth is likely to slow as the economy faces a number of headwinds, including rising interest rates, slow productivity growth, and an aging population. The same economists expect 2019 GDP growth of 2.4% and 2020 growth of just 1.9%. CUNA economists share a similar outlook, with an optimistic forecast of 2.75% GDP growth in 2018, followed by more typical growth of closer to 2% to 2.5% in subsequent years.

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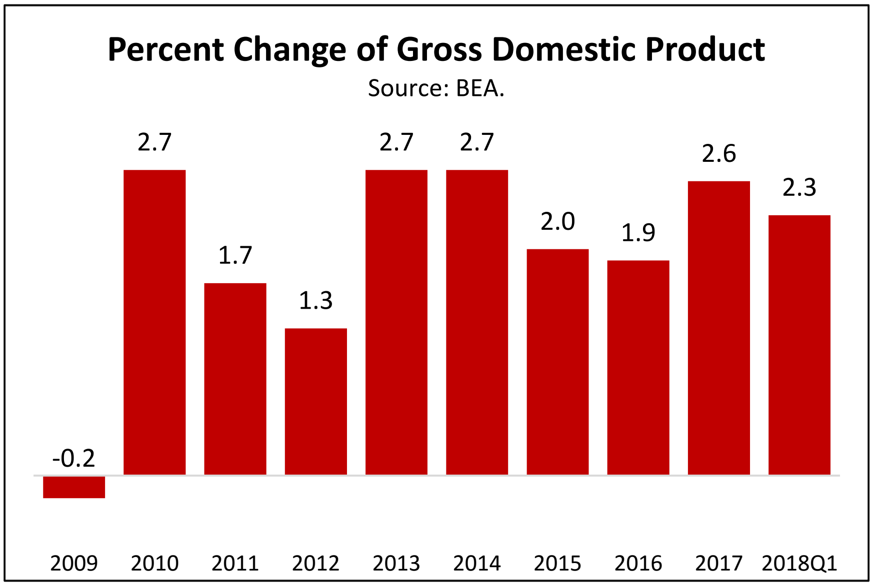
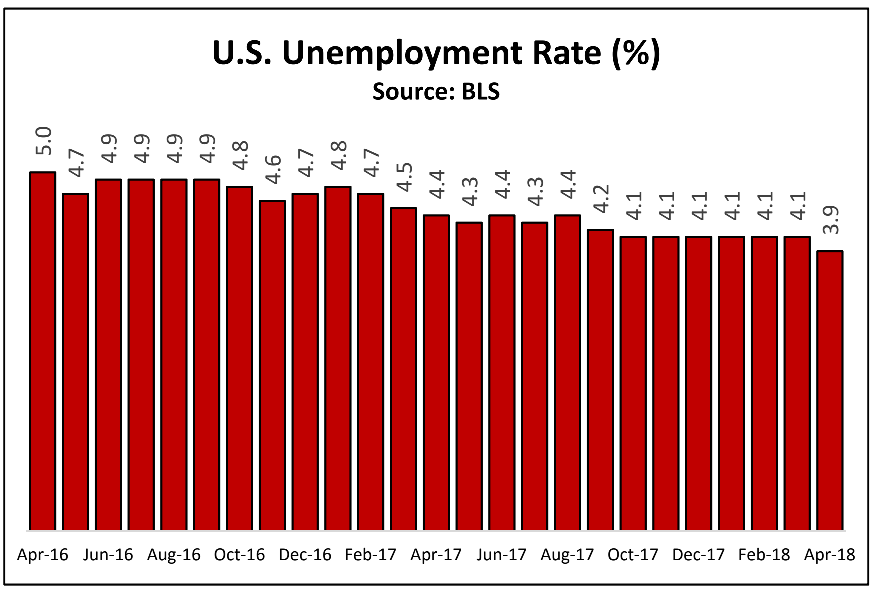
The strong economy should continue to bolster credit union memberships, loans and earnings in the short-term. In 2017, credit unions experienced the fourth straight year of double-digit loan growth and we expect that to taper only slightly to 9.0% in 2018, and 8.0% in 2019, as interest rates rise and the economy return to a more normal pace of growth.



Employment and Labor Markets

The U.S. economy added 635,000 jobs in the first quarter of 2018, an average of 212,000 per month, well above last year's average monthly rate of 182,000 new jobs. This was a very strong first quarter of job creation. April saw a slightly slower pace of job creation at 164,000 new jobs, but the unemployment rate fell to 3.9%, the lowest level since 2000. The low unemployment indicates a tight labor market, which may make it more challenging for employers to recruit qualified workers.

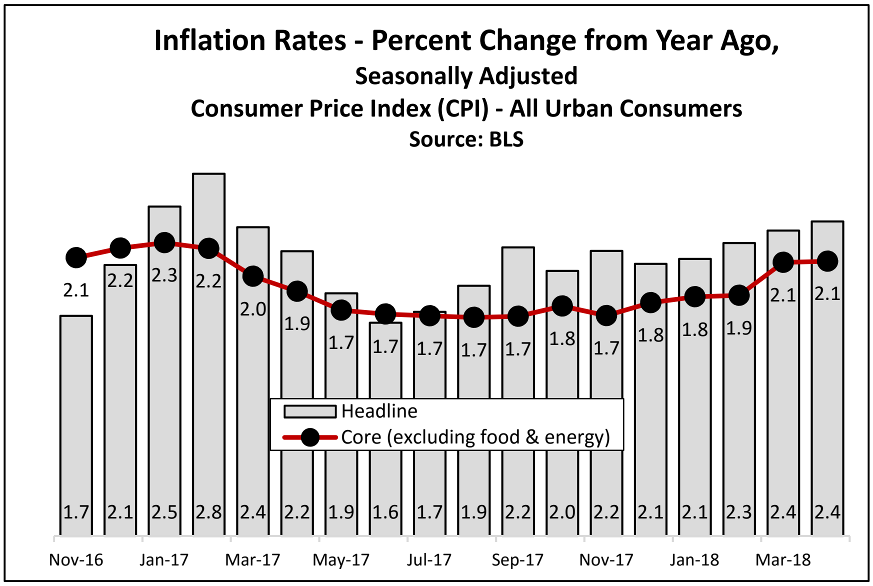


As the labor market continues to tighten, economists expect wages to increase. As of April, wages rose 2.6% over the past year; however, after accounting for inflation, *real* wages have only increased 0.2%. This is very tepid wage growth and a bit of a puzzle for economists, who would expect greater wage increases given such low unemployment. When labor markets are tight, economists expect employers to raise wages in order to attract scarce talent. Some of the reasons that wages might not be rising as quickly as expected include demographic changes with higher paid older workers retiring and younger entry-level workers entering the workforce; the rise of noncompete clauses in employment contracts; the decrease in unions and union bargaining power; the low and stagnant federal minimum wage; the rise in monopoly power and large firms' ability to suppress wages; and the transition of the economy towards more contract and informal employment, which tend to offer lower and more unstable compensation.

Although the percentage of employed workers has increased in recent quarters, the percentage of the population that is looking for work has remained relatively stagnant. This may indicate that people are feeling less optimistic about job prospects, or that there simply is not that much "slack" left in the labor market. In other words, there may not be that many people left that want jobs but aren't looking for them. Therefore, the pace of job creation is likely to slow in coming quarters, as employers have a more difficult time finding workers and the number of people looking for work continues to fall. Nonetheless, the unemployment rate is likely to continue to decline in the short-term: CUNA economists have the unemployment rate falling to 3.8% in 2019, and the Fed forecasts an unemployment rate as low as 3.6% in 2019.

Prices and Inflation

Inflation ticked up in recent months, with the headline Consumer Price Index (CPI) increasing 2.4% over the past year and core CPI—which excludes volatile food and energy prices—increasing 2.1%. Furthermore, the Fed's preferred inflation index—the personal consumption expenditures (PCE) index—increased to 2.0% over the past year, right at the Fed's target rate.



This normally, of course, would create concern that the Fed might increase rates at a faster pace to control mounting inflation pressures. However, in a recent meeting the FOMC indicated that inflation above 2.0% for a short period is consistent with the 2.0% target, since inflation may fluctuate slightly above or below the target while still averaging 2.0%. Fed officials see 2.0% inflation as a level that sustains economic growth without putting too much upward pressure on prices.

Housing

According to the National Association of Realtors, as of March 2018 the national median existing-home price for all housing types increased 5.8% to $250,400. This was the 73rd consecutive month of year-over-year gains in home prices. However, fewer homes are available, and inventory is down 7.2% over the past year, which is contributing to the increased prices.

Mortgage rates are also rising and the average rate for a 30-year fixed-rate mortgage rose to 4.61% in May, up from a low of 3.31% in 2012 and the highest rate since 2011. According to LendingTree Inc., an increase in mortgage rates from 4.0% to 5.0% can increase average monthly payments by approximately $150. The combination of rising home prices and mortgage rates make homes less affordable, which may have contributed to the drop in existing-home sales of 1.2% from last year. According to the National Association of Realtors, a one percentage point increase in mortgage rates can lead to a 7% to 8% reduction in home sales.

Mortgages and home equity loans are an important part of credit union lending. First mortgages represent approximately 40% of credit unions' outstanding loan balances, and 44% of the lending growth since the financial crisis of 2008 to 2009. Second mortgages make up another 8.5% of outstanding loans, meaning that roughly half of all outstanding credit union loans are backed by home equity. CUNA economists expect mortgage lending to stay strong as rates remain low relative to historical standards and potential home buyers aim to lock in low rates before they rise further. However, as interest rates continue to creep up, mortgage lending is likely to decline—particularly for home equity loans—as mortgages become more expensive and existing home owners become more reluctant to sell homes with very low fixed interest rates.

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Financial Markets & Interest Rates

In April, the ten-year Treasury yields surpassed 3.0% for the first time since 2014—when yields only briefly surpassed this level—and appear to be on a sustained upward trend. This would mark the first time since 2011 that ten-year Treasurys have sustained yields above 3.0%. Long-term Treasurys are an important indicator of consumer confidence, including concerns about inflation, economic growth, and geopolitical stability.

Ten-year Treasury notes also act as a substitute for the stock market, so rising Treasury yields may lead investors to transfer funds from stocks to bonds. In fact, after nearly nine years of consistent increases in the stock market, the "bull market" may finally be ending. Since January, major stock indices are all down and have remained relatively constant over the past quarter. Concerns about rising interest rates, inflation, and the potential for a trade war have all contributed to more cautious investing.

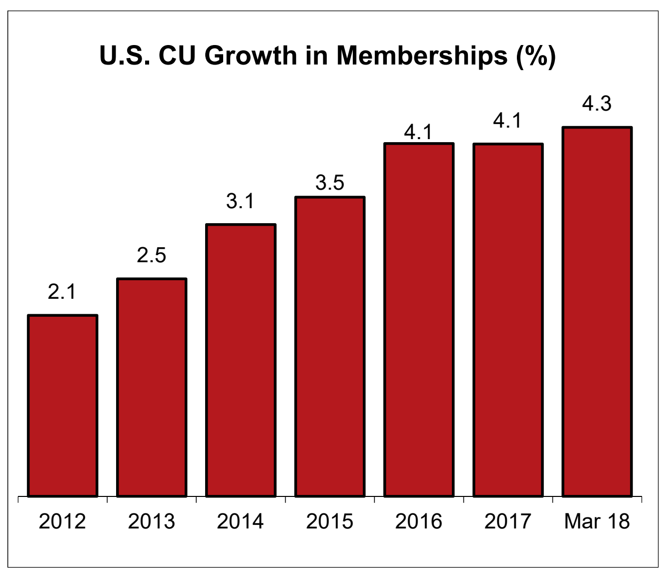
CUNA economists are relatively optimistic about the economy and expect strong GDP growth of 2.75% in 2018 and only a slight drop-off to 2.50% in 2019. The low unemployment and growing economy should continue to fuel inflationary pressures, leading to stronger wage growth and inflation at or slightly above 2.0%. This will lead the FOMC to continue to gradually raise interest rates and we expect the Fed's target fed funds rate to reach 2.00% - 2.25% by the end of 2018 and 2.75% - 3.00% by the end of 2019.

CREDIT UNION RESULTS

Economic developments were broadly supportive of favorable credit union operating results during the quarter. Continued strong membership growth, solid loan growth, and healthy earnings results were hallmarks of the movement-wide experience at the start of 2018.

Growth

Credit unions report a 1.4% increase in total memberships in the first quarter of 2018 and memberships increased 4.3% in the year ending in March 2018, slightly outpacing the 4.1% full-year 2017 advance. U.S. credit unions now report a total of 112.7 million memberships.



Looking forward, we continue to expect slightly slower national credit union membership growth of 3.5% in 2018 followed by 2.5% growth in 2019. Credit union memberships have grown at a torrid pace of 3.5% annually over the past five years, over four times the rate of population growth. This has been driven by strong economic growth and extremely low interest rates. As rates rise and pent-up demand for auto loans dwindles, we expect membership growth to level off to more sustainable rates.

Credit union savings balances grew 3.9% in the first quarter, about four times faster than the 0.9% increase in the final quarter of 2017 – but a bit slower than the 4.4% first quarter 2017 advance. We expect credit union savings balances are likely to increase 6.0% nationally in 2018 and 7.0% in 2019 – a bit slower than our previous forecasts of 7.0% and 8.0%. Despite the increasing Federal Funds Rate, credit union deposit rates remain low and have only grown gradually in recent quarters. Furthermore, consumer confidence and retail sales remain high, leading to very low household savings.

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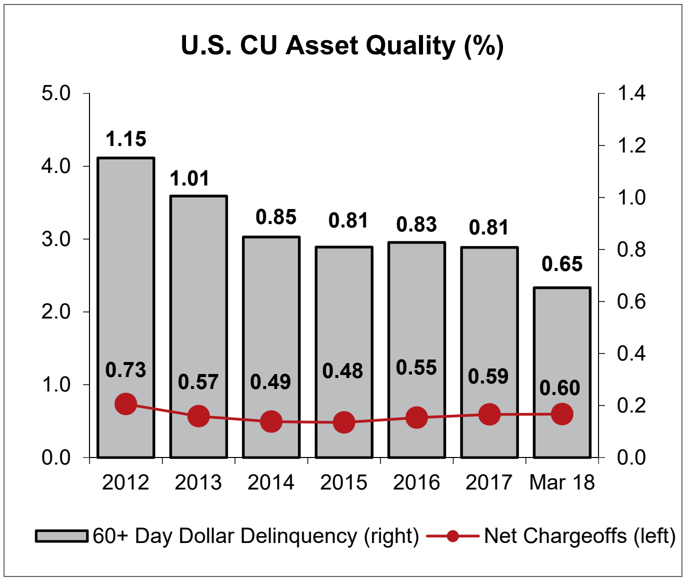
Credit union loan portfolios grew by 1.6% in the first quarter - a solid 6.4% annualized pace – but slightly below the 2.3% fourth-quarter 2017 gain. Commercial loans and used auto loans led the way with three-month gains of 3.1% (12.4% annualized) and 2.7% (10.8% annualized) respectively. At the other end of the spectrum unsecured personal loans and credit card balances declined in the first quarter (by 2.2% and 1.6% respectively) reflecting post-holiday pay-offs. Looking forward, we expect a continued (though modest) slowing in loan growth - to 9.0% in 2018 and 7.0% in 2019. Over the past five years, credit unions have experienced tremendous loan growth averaging 9.8% annually. This is likely to taper off as interest rates rise and the economy slows. Higher rates make home-equity loans, mortgages and auto loans more expensive, so credit unions should expect lower demand for these products, which have driven much of the loan growth over the past five years.

<u>Risk Exposure</u>

With savings growth outpacing loan growth, the movement's aggregate credit union loan-to-savings ratio decreased from 82.5% at the start of the first quarter 2018 to 80.7% by the end of March.



Asset quality held steady near cyclical highs in the first quarter. Delinquency rates dropped slightly - from 0.81% at the end of 2017 to 0.65% at the end of the first quarter of 2018. The credit union net charge-off rate came in at 0.60% during the quarter- essentially unchanged from the 0.59% rate at the end of 2017. Expectations for continued labor market improvement, higher wages, and fast loan growth signal the possibility of further near-term improvement in these metrics.

Looking forward, we expect credit quality will remain healthy in 2018 and 2019, with only slight increases in delinquencies and charge-offs. The strong economy and low unemployment should keep loan portfolios relatively healthy through 2018 and 2019. We expect year-end 2018 delinquency and charge-off rates of 0.85% and 0.60%, respectively. In 2019 those rates will likely rise, but only modestly. We now expect delinquency and net chargeoff rates to inch up to 0.90% and 0.65% in 2019.

Expectations for continued healthy loan growth and relatively slow savings growth should put upward pressure on loan-to-savings ratios, while healthy increases in purchase money mortgages look likely to nudge net long-term asset ratios higher.

<u>Earnings Results</u>

Loan growth continues to help buoy earnings results. Credit unions reported annualized ROA (net income as a percentage of average assets) totaling 0.90% in the first quarter. This result outpaced the 0.73% ROA of 2017's fourth quarter and also outpaced the 0.77% figure for full-year 2017.

Credit Union Earnings Performance
(Basis Points of Average Assets)
Source: NCUA and CUNA

	Full-Year 2017	1st Quarter 2018	Basis Point Change
Asset Yield	353	363	+10
- Int./Div. Cost	56	60	+4
= Net Int. Margin	297	303	+6
+ Fee/Other Inc.	135	142	+7
- Operating Exp	307	308	+1
- Loss Provisions	47	48	+1
= Net Inc. (ROA)	77	90	+13

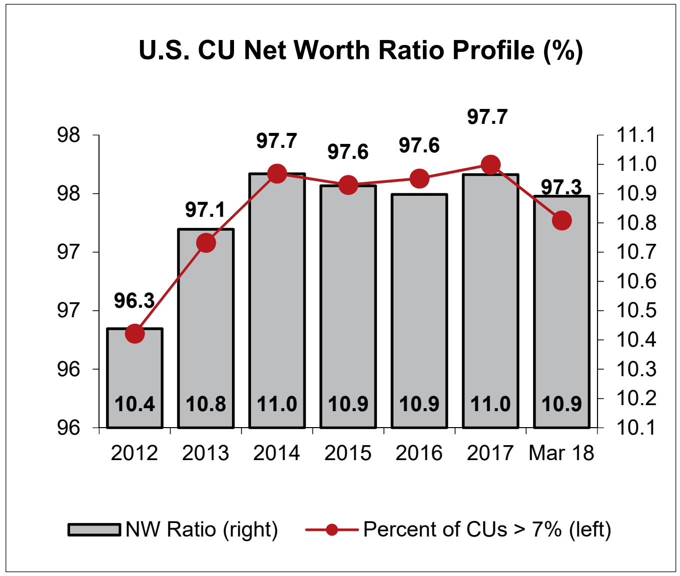
Recent higher earnings arose primarily from the combination of higher net interest margins (with increases in asset yields outpacing increases in funding costs) and higher fee/other income. Increases in both operating expenses and loss provisions have been modest.

We expect strong credit union earnings of 83 basis points in 2018. This will likely fall to 70 basis points in 2019. As many credit unions began to book their share insurance fund dividends, first-quarter 2018 ROA jumped to 90 basis points. However, we expect this to revert to an average ROA of about 80 basis points for the rest of 2018. In 2019, ROA is likely to fall modestly - to 0.70% as the economy slows, interest rates rise, and the high loan-to-share ratio leads many credit unions to increase borrowing putting more obvious pressure on interest margins.

<u>Capital Adequacy</u>
The credit union capital ratio was essentially unchanged in the first quarter – beginning the period at 11.0% and ending at 10.9%.

Overall, 97.3% of all U.S. credit unions are well capitalized with net worth ratios above the 7.0% regulatory threshold level.

Healthy earnings and slow savings (hence asset) growth should keep net worth ratios at lofty levels for the foreseeable future. CUNA economists expect the aggregate credit union net worth ratio to rise from 11.0% at the start of 2018 to 11.1% at year-end 2019.



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Overview: National Trends

	U.S.	U.S. Credit Unions					
Demographic Information	**Mar 18**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Number of CUs	5,644	5,684	5,906	6,143	6,398	6,680	6,956
Assets per CU ($ mil)	253.9	245.5	221.7	198.5	177.6	161.0	148.8
Median assets ($ mil)	32.5	31.2	29.1	26.8	24.5	22.7	21.1
Total assets ($ bil)	1,433	1,395	1,309	1,219	1,136	1,075	1,035
Total loans ($ bil)	986	972	884	799	723	655	610
Total surplus funds ($ bil)	390	366	372	372	366	378	386
Total savings ($ bil)	1,218	1,174	1,107	1,029	963	922	890
Total memberships (thousands)	114,052	112,649	108,237	103,992	100,512	97,449	95,058
Growth Rates (%)							
Total assets	5.8	6.6	7.4	7.3	5.7	3.9	6.2
Total loans	9.6	10.0	10.6	10.5	10.4	7.3	4.8
Total surplus funds	-3.2	-1.7	0.0	1.6	-3.1	-2.1	8.3
Total savings	5.6	6.0	7.6	6.8	4.5	3.6	6.1
Total memberships	4.3	4.1	4.1	3.5	3.1	2.5	2.1
% CUs with increasing assets	68.1	70.0	73.8	73.9	65.6	63.7	75.5
Earnings - Basis Pts.							
Yield on total assets	363	353	340	336	336	336	362
Dividend/interest cost of assets	60	56	52	52	54	59	72
Net interest margin	303	297	287	285	283	278	290
Fee & other income	142	135	139	136	134	140	145
Operating expense	308	307	310	311	310	320	322
Loss Provisions	48	47	40	34	28	26	35
Net Income (ROA) with Stab Exp	90	77	76	75	80	72	78
Net Income (ROA) without Stab Exp	90	77	76	75	80	77	84
% CUs with positive ROA	83.3	82.4	80.6	79.2	77.7	73.3	74.5
Capital Adequacy (%)							
Net worth/assets	10.9	11.0	10.9	10.9	11.0	10.8	10.4
% CUs with NW > 7% of assets	97.3	97.7	97.6	97.6	97.7	97.1	96.3
Asset Quality							
Delinquencies (60+ day $)/loans (%)	0.65	0.81	0.83	0.81	0.85	1.01	1.15
Net chargeoffs/average loans (%)	0.60	0.59	0.55	0.48	0.49	0.57	0.73
Total borrower-bankruptcies	209,820	171,336	160,694	166,474	169,396	185,432	225,987
Bankruptcies per CU	37.2	30.1	27.2	27.1	26.5	27.8	32.5
Bankruptcies per 1000 members	1.8	1.5	1.5	1.6	1.7	1.9	2.4
Asset/Liability Management							
Loans/savings	81.0	82.8	79.8	77.7	75.1	71.0	68.6
Loans/assets	68.8	69.7	67.5	65.6	63.7	60.9	59.0
Net Long-term assets/assets	32.8	32.9	33.0	32.8	33.7	36.0	33.0
Liquid assets/assets	13.7	12.5	13.5	13.5	13.7	14.9	17.5
Core deposits/shares & borrowings	51.3	50.1	49.4	48.7	46.9	45.2	43.6
Productivity							
Members/potential members (%)	4	4	4	5	5	5	6
Borrowers/members (%)	57	58	57	56	54	52	51
Members/FTE	387	385	385	384	385	384	385
Average shares/member ($)	10,681	10,419	10,229	9,896	9,582	9,462	9,358
Average loan balance ($)	15,103	14,883	14,275	13,770	13,261	12,870	12,690
Employees per million in assets	0.21	0.21	0.21	0.22	0.23	0.24	0.24
Structure (%)							
Fed CUs w/ single-sponsor	11.9	11.9	12.1	12.4	12.5	12.9	13.1
Fed CUs w/ community charter	18.0	18.0	17.7	17.5	17.4	16.9	16.5
Other Fed CUs	31.7	31.7	31.3	31.4	31.5	31.6	31.8
CUs state chartered	38.4	38.5	38.9	38.8	38.7	38.6	38.6

Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months. US Totals include only credit unions that are released on the NCUA 5300 Call Report file.

Source: NCUA and CUNA E&S.

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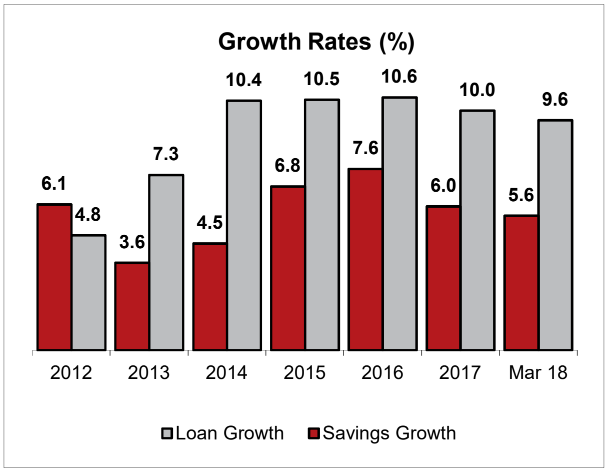
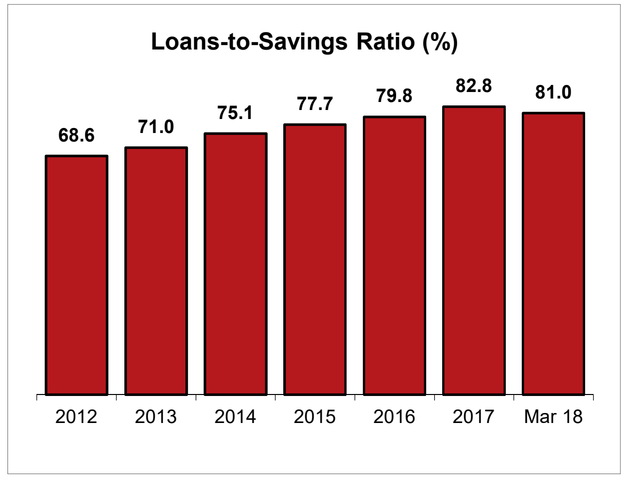
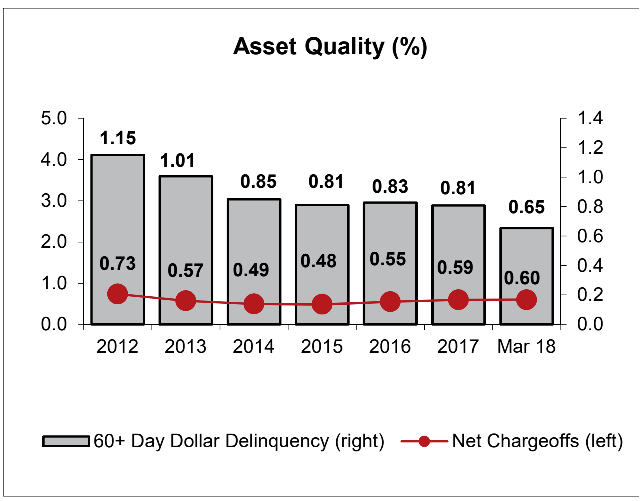
Loan and Savings Growth Trends



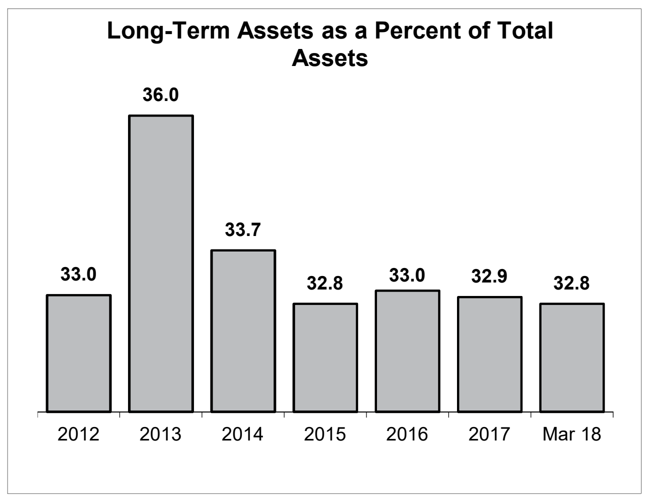
Liquidity Trends



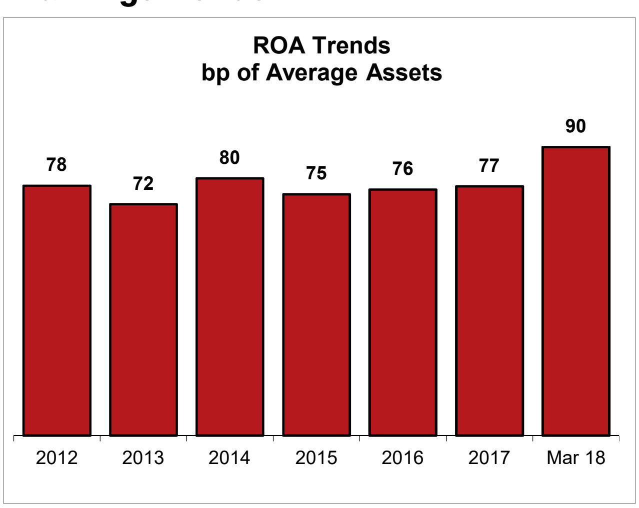
Credit Risk Trends



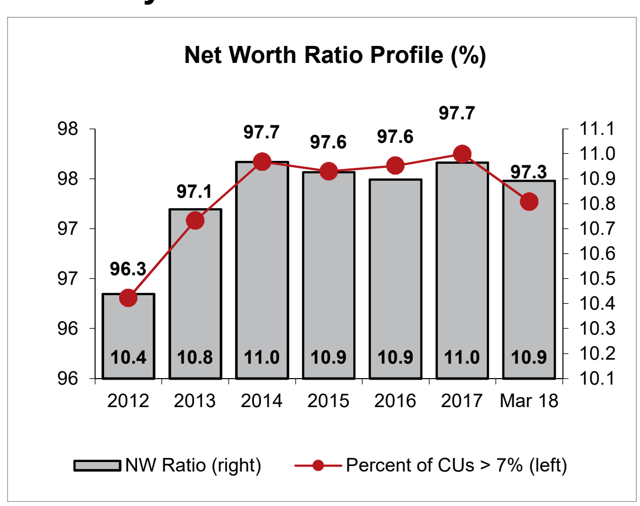
Interest Rate Risk Trends



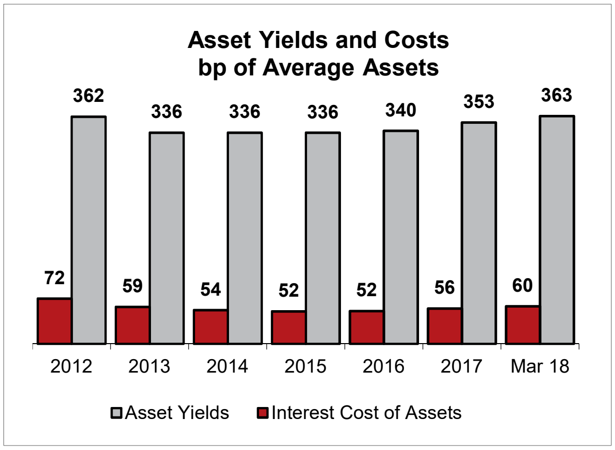
Earnings Trends



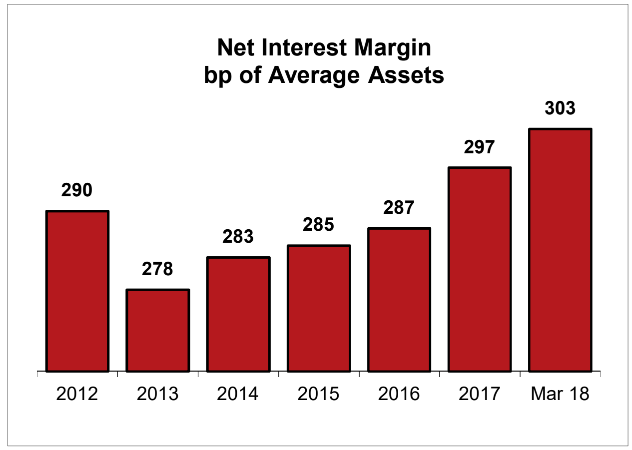
Solvency Trends



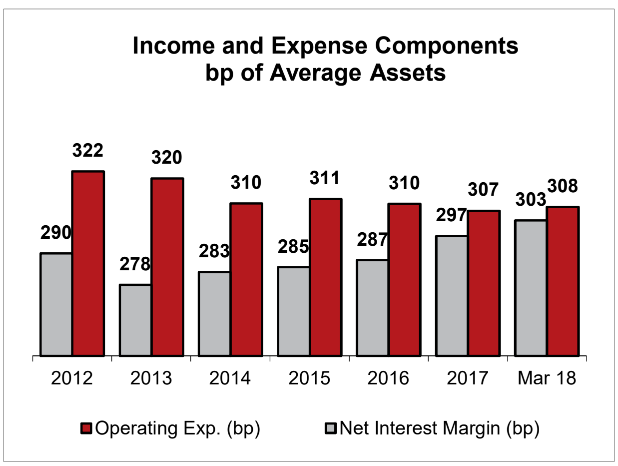
Asset Yields and Funding Costs



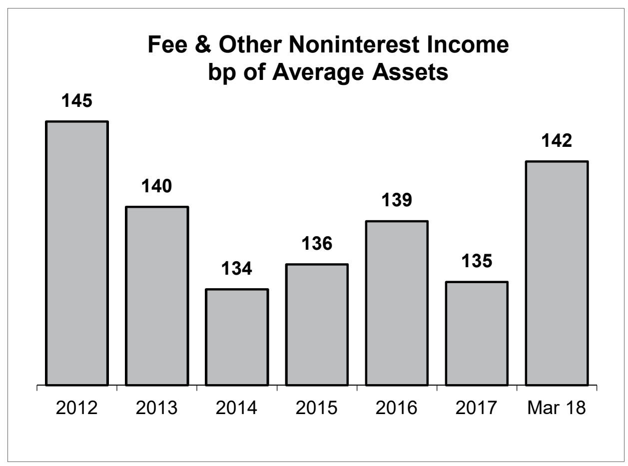
Interest Margins



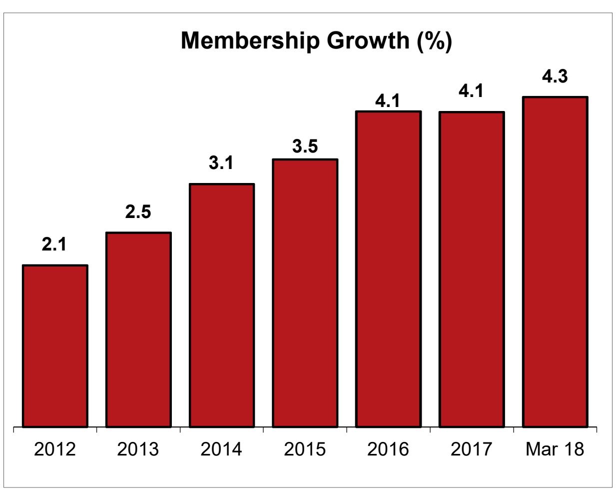
Interest Margins & Overhead



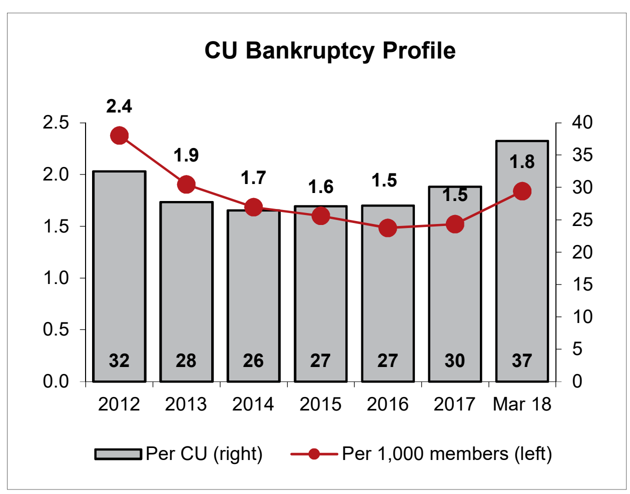
Noninterest Income



Membership Growth Trends



Borrower Bankruptcies



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Overview: National Results by Asset Size

	U.S.	All U.S. Credit Unions Asset Groups - 2018						
Demographic Information	**Mar 18**	**< $20Mil**	**$20-$50**	**$50-$100**	**$100-$250**	**$250-$500**	**$500-$1B**	**> $1 Bil**
Number of CUs	5,644	2,246	1,060	721	717	352	251	297
Assets per CU ($ mil)	253.9	7.5	32.5	71.8	159.5	357.8	714.6	3,064.8
Median assets ($ mil)	32.5	6.4	31.3	70.1	151.2	348.3	694.9	1,725.2
Total assets ($ bil)	1,433	17	34	52	114	126	179	910
Total loans ($ bil)	986	8	17	29	72	83	125	651
Total surplus funds ($ bil)	390	8	16	21	37	36	45	227
Total savings ($ bil)	1,218	145	30	45	100	110	154	764
Total memberships (thousands)	114,052	2,653	3,944	5,491	10,955	11,552	14,712	64,743
Growth Rates (%)								
Total assets	5.8	0.8	2.1	2.8	3.5	4.9	6.0	7.3
Total loans	9.6	3.7	5.1	6.2	7.5	8.4	9.7	11.0
Total surplus funds	-3.2	-1.9	-1.2	-2.0	-3.8	-2.7	-3.5	-2.4
Total savings	5.6	0.7	1.9	2.5	3.2	4.7	5.5	7.3
Total memberships	4.3	-0.9	-0.4	0.4	1.3	3.7	4.3	6.9
% CUs with increasing assets	68.1	50.7	68.1	76.8	84.0	88.1	90.4	96.6
Earnings - Basis Pts.								
Yield on total assets	363	358	340	347	357	358	360	367
Dividend/interest cost of assets	60	32	30	33	38	44	49	70
Net interest margin	303	327	310	314	319	314	311	297
Fee & other income	142	80	108	130	144	159	156	141
Operating expense	308	367	355	365	367	364	347	279
Loss Provisions	48	28	23	28	34	36	38	55
Net Income (ROA) with Stab Exp	90	12	40	52	61	74	82	102
Net Income (ROA) without Stab Exp	90	12	40	52	61	74	82	102
% CUs with positive ROA	83.3	70.2	85.8	90.6	94.3	98.3	98.8	99.3
Capital Adequacy (%)								
Net worth/assets	10.9	14.0	12.1	11.4	10.9	10.9	10.8	10.8
% CUs with NW > 7% of assets	97.3	96.4	96.7	97.8	97.6	99.1	99.6	99.3
Asset Quality								
Delinquencies (60+ day $)/loans (%)	0.65	1.36	0.90	0.81	0.73	0.77	0.61	0.62
Net chargeoffs/average loans (%)	0.60	0.55	0.44	0.52	0.56	0.58	0.55	0.62
Total borrower-bankruptcies	209,820	6,036	7,988	10,332	22,656	22,824	29,856	110,128
Bankruptcies per CU	37.2	2.7	7.5	14.3	31.6	64.8	118.9	370.8
Bankruptcies per 1000 members	1.8	2.3	2.0	1.9	2.1	2.0	2.0	1.7
Asset/Liability Management (%)								
Loans/savings	81.0	56.1	58.0	63.4	71.8	76.1	81.5	85.2
Loans/assets	68.8	48.0	50.7	55.6	63.0	66.2	69.9	71.5
Net Long-term assets/assets	32.8	12.7	21.0	24.5	28.5	31.2	33.5	34.7
Liquid assets/assets	13.7	29.0	24.2	20.6	17.0	14.6	12.9	12.3
Core deposits/shares & borrowings	51.3	79.8	70.7	65.8	60.4	57.4	54.4	46.4
Productivity								
Members/potential members (%)	4	5	3	3	3	4	3	5
Borrowers/members (%)	57	41	48	52	53	53	56	60
Members/FTE	387	421	408	374	342	350	346	413
Average shares/member ($)	10,681	5,458	7,641	8,276	9,156	9,485	10,460	11,806
Average loan balance ($)	15,103	7,532	9,262	10,066	12,297	13,541	15,109	16,626
Employees per million in assets	0.21	0.37	0.28	0.28	0.28	0.26	0.24	0.17
Structure (%)								
Fed CUs w/ single-sponsor	11.9	23.1	8.1	3.9	2.4	2.3	2.8	2.4
Fed CUs w/ community charter	18.0	8.9	20.9	26.8	31.2	27.6	18.3	11.1
Other Fed CUs	31.7	36.6	34.1	29.3	23.4	22.2	23.1	31.0
CUs state chartered	38.4	31.4	36.9	40.1	43.0	48.0	55.8	55.6

Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months. US Totals include only credit unions that are released on the NCUA 5300 Call Report file.

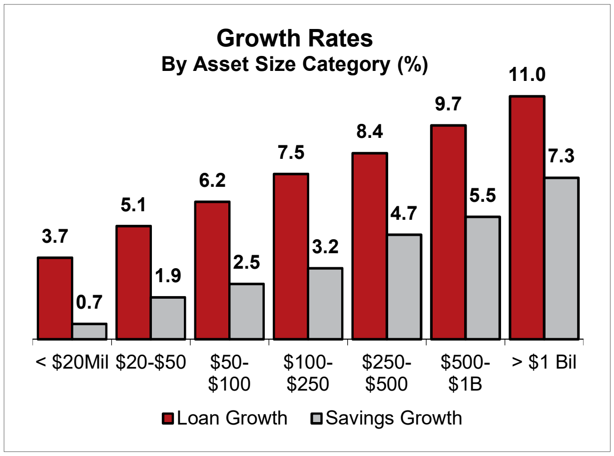
Source: NCUA and CUNA E&S.

U.S. Credit Union Profile

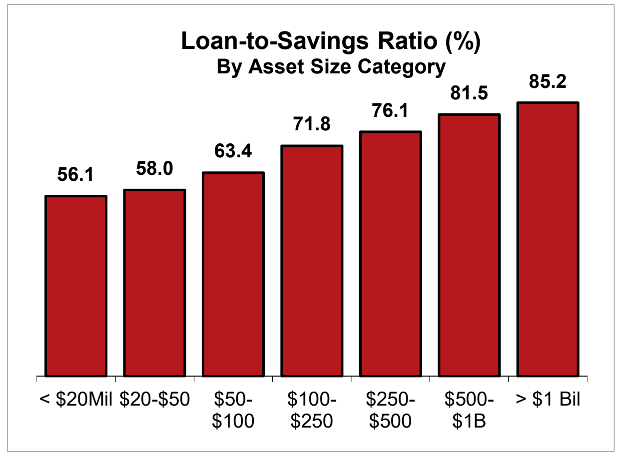
First Quarter 2018

Results By Asset Size

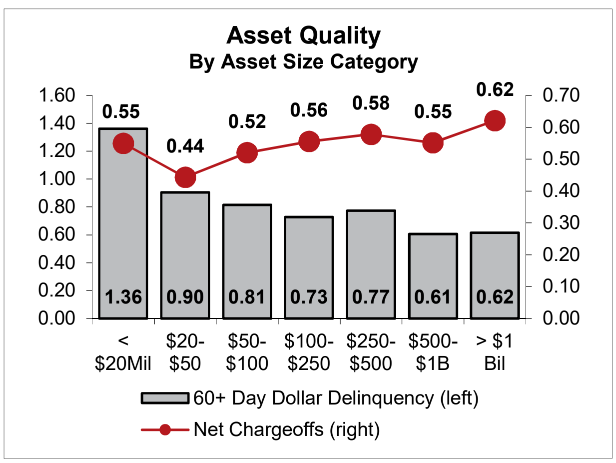
Loan and Savings growth



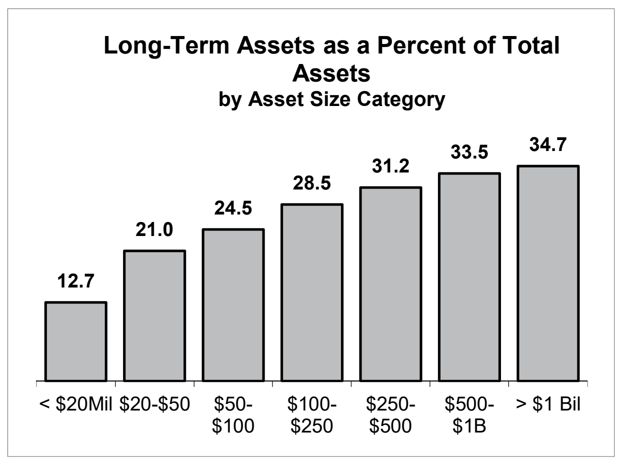
Liquidity Risk Exposure



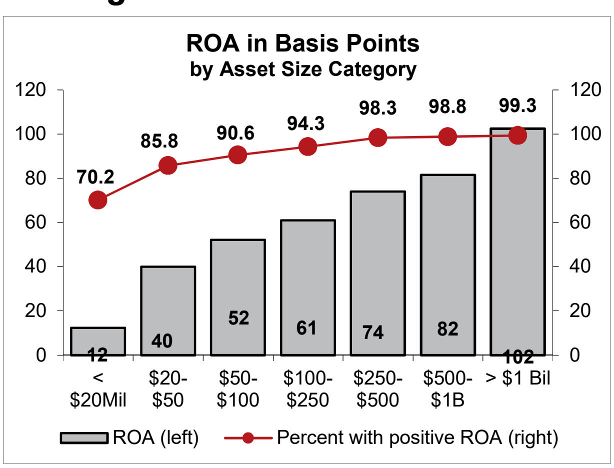
Credit Risk Exposure



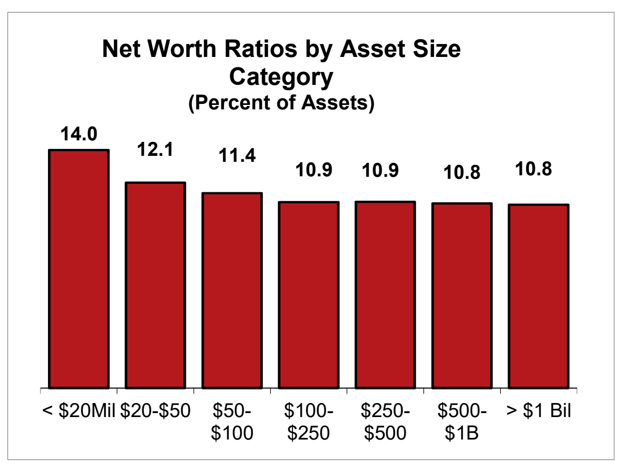
Interest Rate Risk Exposure



Earnings



Solvency



Portfolio: National Trends

	U.S.	U.S. Credit Unions					
Growth Rates	**Mar 18**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Credit cards	9.8%	9.1%	7.9%	6.1%	7.9%	7.7%	5.7%
Other unsecured loans	7.5%	8.5%	7.3%	8.5%	10.0%	9.1%	4.8%
New automobile	12.1%	13.1%	16.8%	16.0%	20.9%	12.7%	8.6%
Used automobile	10.0%	10.2%	12.4%	12.7%	12.9%	10.5%	7.9%
First mortgage	10.2%	10.1%	9.8%	10.3%	9.1%	8.7%	5.9%
HEL & 2nd Mtg	5.7%	7.0%	3.5%	3.5%	1.3%	-4.0%	-8.1%
Commercial loans*	-5.4%	-5.0%	14.4%	12.4%	12.4%	10.0%	6.5%
Share drafts	8.7%	9.5%	2.5%	14.5%	10.3%	6.6%	10.6%
Certificates	6.6%	6.2%	5.0%	0.4%	-1.3%	-3.2%	-3.1%
IRAs	-1.0%	-0.6%	1.9%	-0.3%	-2.0%	-0.8%	1.8%
Money market shares	2.8%	4.0%	7.5%	5.7%	3.1%	4.5%	7.5%
Regular shares	6.8%	7.0%	11.8%	9.6%	8.0%	8.1%	12.4%
Portfolio $ Distribution							
Credit cards/total loans	5.8%	6.0%	6.0%	6.2%	6.4%	6.6%	6.5%
Other unsecured loans/total loans	4.1%	4.2%	4.3%	4.4%	4.5%	4.5%	4.4%
New automobile/total loans	13.8%	13.7%	13.3%	12.6%	12.0%	11.0%	10.5%
Used automobile/total loans	21.1%	20.8%	20.8%	20.5%	20.1%	19.6%	19.1%
First mortgage/total loans	40.9%	40.6%	40.6%	40.9%	41.0%	41.5%	41.0%
HEL & 2nd Mtg/total loans	8.4%	8.6%	8.8%	9.4%	10.1%	11.0%	12.3%
Commercial loans/total loans	6.8%	6.7%	7.8%	7.5%	7.4%	7.2%	7.1%
Share drafts/total savings	15.1%	14.6%	14.1%	14.8%	13.8%	13.1%	12.7%
Certificates/total savings	17.9%	18.3%	18.2%	18.7%	19.9%	21.0%	22.5%
IRAs/total savings	6.4%	6.7%	7.1%	7.5%	8.1%	8.6%	9.0%
Money market shares/total savings	21.9%	22.4%	22.8%	22.8%	23.0%	23.3%	23.1%
Regular shares/total savings	37.0%	36.4%	36.0%	34.7%	33.8%	32.7%	31.4%
Percent of CUs Offering							
Credit cards	61.2%	61.2%	60.1%	58.8%	57.6%	56.3%	54.9%
Other unsecured loans	99.3%	99.4%	98.6%	98.3%	98.2%	98.2%	98.1%
New automobile	95.7%	95.6%	95.5%	95.3%	95.1%	94.9%	94.7%
Used automobile	96.8%	96.9%	96.8%	96.5%	96.4%	96.2%	96.0%
First mortgage	67.9%	67.9%	66.9%	65.8%	64.9%	63.5%	62.3%
HEL & 2nd Mtg	69.9%	69.8%	69.8%	69.6%	69.4%	68.5%	68.2%
Commercial loans	33.8%	34.2%	37.8%	36.8%	35.8%	34.0%	32.6%
Share drafts	79.8%	79.8%	79.2%	78.6%	78.0%	77.1%	76.4%
Certificates	81.0%	80.9%	80.3%	79.6%	79.1%	78.6%	78.3%
IRAs	68.3%	68.3%	67.9%	67.1%	66.7%	66.2%	66.0%
Money market shares	50.9%	50.8%	49.8%	48.8%	48.0%	47.1%	46.1%
Number of Loans as a Percent of Members in Offering CUs							
Credit cards	18.8%	18.9%	18.9%	18.7%	18.4%	17.9%	17.4%
Other unsecured loans	11.6%	12.2%	12.4%	12.2%	12.1%	11.8%	11.3%
New automobile	5.9%	5.8%	5.5%	5.0%	4.6%	4.2%	4.2%
Used automobile	14.7%	14.6%	14.1%	13.5%	13.0%	12.5%	11.9%
First mortgage	2.4%	2.4%	2.4%	2.4%	2.3%	2.2%	2.2%
HEL & 2nd Mtg	2.1%	2.1%	2.1%	2.2%	2.2%	2.3%	2.4%
Commercial loans	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%
Share drafts	56.9%	56.8%	56.0%	55.7%	54.8%	53.4%	52.2%
Certificates	7.6%	7.7%	7.8%	8.1%	8.8%	9.4%	10.3%
IRAs	4.3%	4.3%	4.6%	4.8%	5.2%	5.4%	5.7%
Money market shares	6.9%	6.9%	7.1%	7.4%	7.6%	7.8%	8.1%

Current period flow statistics are trailing four quarters.

**Prior to third quarter 2017, these were reported as member business loans. This change may cause fluctuations from prior cycles.*

Source: NCUA and CUNA E&S.

Portfolio Detail: National Results by Asset Size

	U.S.	All U.S. Credit Unions Asset Groups - 2018						
Growth Rates	**Mar 18**	**< $20 Mil**	**$20-$50**	**$50-$100**	**$100-$250**	**$250-$500**	**$500-$1Bil**	**> $1Bil**
Credit cards	9.8%	0.1%	0.0%	1.0%	3.2%	3.5%	4.6%	12.3%
Other unsecured loans	7.5%	3.2%	2.7%	4.4%	5.1%	5.0%	12.3%	9.2%
New automobile	12.1%	7.1%	9.4%	11.5%	13.7%	13.0%	14.4%	12.2%
Used automobile	10.0%	5.3%	6.2%	7.9%	8.8%	10.1%	8.3%	12.0%
First mortgage	10.2%	2.0%	4.9%	4.8%	7.7%	7.5%	11.0%	11.2%
HEL & 2nd Mtg	5.7%	-2.4%	1.1%	3.8%	3.1%	9.1%	8.1%	6.1%
Commercial loans*	-5.4%	-13.4%	-17.0%	-11.6%	-10.1%	-8.9%	1.9%	-5.1%
Share drafts	8.7%	6.0%	6.7%	6.8%	7.2%	7.9%	8.2%	10.7%
Certificates	6.6%	-4.4%	-3.6%	-2.3%	-0.1%	3.3%	5.2%	9.5%
IRAs	-1.0%	-6.1%	-4.3%	-4.1%	-3.3%	-1.8%	-1.5%	0.5%
Money market shares	2.8%	-2.3%	-1.2%	-0.6%	0.0%	1.1%	2.6%	3.8%
Regular shares	6.8%	1.2%	3.3%	4.0%	5.0%	6.2%	6.6%	8.9%
Portfolio $ Distribution								
Credit cards/total loans	5.8%	2.8%	4.1%	4.0%	3.9%	4.2%	4.3%	6.7%
Other unsecured loans/total loans	4.1%	15.9%	8.5%	6.7%	5.1%	4.4%	4.0%	3.5%
New automobile/total loans	13.8%	20.2%	14.4%	13.3%	12.1%	12.7%	13.6%	14.0%
Used automobile/total loans	21.1%	35.3%	29.9%	28.7%	26.5%	26.0%	23.8%	18.6%
First mortgage/total loans	40.9%	11.1%	25.4%	29.5%	34.5%	35.7%	38.8%	44.0%
HEL & 2nd Mtg/total loans	8.4%	5.7%	9.6%	9.5%	9.5%	9.9%	8.7%	8.0%
Commercial loans/total loans	6.8%	0.8%	1.9%	3.9%	5.9%	7.4%	8.3%	6.9%
Share drafts/total savings	15.1%	10.2%	15.5%	18.0%	18.9%	19.5%	19.8%	12.9%
Certificates/total savings	17.9%	10.9%	12.3%	13.8%	15.4%	16.3%	16.9%	19.2%
IRAs/total savings	6.4%	3.2%	5.6%	6.1%	6.3%	6.0%	5.9%	6.7%
Money market shares/total savings	21.9%	4.0%	9.4%	12.4%	15.7%	17.8%	20.4%	25.0%
Regular shares/total savings	37.0%	69.6%	55.3%	48.0%	41.7%	38.3%	35.4%	34.5%
Percent of CUs Offering								
Credit cards	61.2%	25.7%	75.3%	84.9%	87.6%	92.3%	93.2%	93.9%
Other unsecured loans	99.3%	98.3%	100.0%	99.7%	100.0%	100.0%	100.0%	100.0%
New automobile	95.7%	89.4%	99.8%	99.9%	100.0%	100.0%	99.6%	100.0%
Used automobile	96.8%	92.3%	99.8%	99.9%	99.7%	99.7%	100.0%	99.7%
First mortgage	67.9%	29.0%	83.3%	95.3%	99.3%	100.0%	100.0%	99.7%
HEL & 2nd Mtg	69.9%	33.7%	85.1%	94.6%	98.0%	99.7%	100.0%	100.0%
Commercial loans	33.8%	5.0%	23.8%	42.6%	67.5%	77.8%	84.1%	90.2%
Share drafts	79.8%	51.5%	96.5%	99.2%	99.4%	100.0%	100.0%	99.0%
Certificates	81.0%	57.5%	92.7%	97.1%	98.6%	99.4%	99.2%	98.7%
IRAs	68.3%	32.0%	82.9%	92.1%	97.8%	98.6%	99.6%	99.3%
Money market shares	50.9%	13.3%	54.0%	74.3%	87.9%	90.9%	93.2%	94.9%
Number of Loans as a Percent of Members in Offering CUs								
Credit cards	18.8%	13.0%	13.5%	13.8%	15.1%	15.2%	16.8%	21.1%
Other unsecured loans	11.6%	17.0%	13.4%	12.2%	11.3%	11.0%	11.1%	11.4%
New automobile	5.9%	3.6%	3.8%	4.9%	4.2%	4.5%	5.6%	6.8%
Used automobile	14.7%	11.3%	13.2%	15.3%	15.3%	15.4%	15.8%	14.4%
First mortgage	2.4%	1.3%	2.0%	2.3%	2.6%	2.4%	2.3%	2.5%
HEL & 2nd Mtg	2.1%	1.2%	1.5%	1.6%	1.9%	2.0%	2.1%	2.2%
Commercial loans	0.2%	0.6%	0.5%	0.4%	0.3%	0.3%	0.3%	0.2%
Share drafts	56.9%	33.2%	42.5%	48.1%	52.7%	54.8%	58.4%	60.4%
Certificates	7.6%	4.8%	5.2%	5.7%	6.4%	6.3%	6.8%	8.7%
IRAs	4.3%	2.4%	2.9%	3.3%	3.7%	3.7%	3.8%	4.7%
Money market shares	6.9%	3.8%	3.6%	3.9%	4.6%	5.3%	5.9%	8.1%

Current period flow statistics are trailing four quarters.

**Prior to third quarter 2017, these were reported as member business loans. This change may cause fluctuations from prior cycles.*
Source: NCUA and CUNA E&S.

U.S. Credit Union Profile

First Quarter 2018

U.S. CU Profile - Quarterly Trends

	U.S.	U.S. Credit Unions			
Demographic Information	**Mar 18**	**Dec 17**	**Sep 17**	**Jun 17**	**Mar 17**
Number CUs	5,643	5,684	5,757	5,811	5,857
Growth Rates (Quarterly % Change)					
Total loans	1.6	2.3	2.7	3.2	2.0
Credit cards	-1.4	5.1	3.1	2.9	-1.9
Other unsecured loans	-2.2	2.5	4.4	3.3	-1.3
New automobile	1.9	3.2	2.9	4.0	2.9
Used automobile	2.7	1.4	2.5	3.6	2.9
First mortgage	2.2	2.3	2.9	2.6	2.3
HEL & 2nd Mtg	-0.4	2.2	1.3	2.9	1.0
Commercial loans*	3.1	2.2	-14.2	5.0	3.7
Total savings	3.9	0.9	0.6	0.6	4.4
Share drafts	7.3	2.3	-0.3	-0.1	8.3
Certificates	1.7	1.7	1.9	1.4	1.4
IRAs	-0.2	-0.7	0.0	0.3	0.2
Money market shares	1.7	0.5	0.5	0.3	3.0
Regular shares	5.6	0.6	0.3	0.7	6.0
Total memberships	1.4	0.9	1.3	1.3	1.2
Earnings (Basis Points)					
Yield on total assets	363	364	360	347	341
Dividend/interest cost of assets	60	62	56	54	52
Fee & other income	142	139	137	135	128
Operating expense	308	314	306	304	304
Loss Provisions	48	52	52	44	42
Net Income (ROA)	90	73	81	81	71
% CUs with positive ROA	83	82	81	80	77
Capital Adequacy (%)					
Net worth/assets	10.9	11.0	10.9	10.8	10.7
% CUs with NW > 7% of assets	97.3	97.7	97.4	96.9	96.8
Asset Quality (%)					
Loan delinquency rate - Total loans	0.66	0.81	0.79	0.75	0.69
Total Consumer	0.87	1.01	1.01	0.94	0.91
Credit Cards	1.24	1.29	1.23	1.08	1.09
All Other Consumer	0.82	0.97	0.98	0.92	0.89
Total Mortgages	0.44	0.61	0.56	0.56	0.46
First Mortgages	0.43	0.62	0.57	0.56	0.44
All Other Mortgages	0.47	0.56	0.55	0.55	0.55
Total Commercial Loans	1.53	1.60	1.93	1.64	1.53
Commercial Ag Loans	1.64	1.07	1.17	1.15	0.81
All Other Commercial Loans	1.53	1.62	1.97	1.67	1.57
Net chargeoffs/average loans	0.60	0.70	0.55	0.56	0.58
Total Consumer	1.17	1.36	1.07	1.08	1.12
Credit Cards	2.86	2.77	2.54	2.58	2.56
All Other Consumer	0.95	1.18	0.87	0.88	0.92
Total Mortgages	0.02	0.02	0.02	0.02	0.03
First Mortgages	0.02	0.02	0.02	0.02	0.03
All Other Mortgages	0.01	0.00	0.02	0.02	0.04
Total Commercial Loans	0.41	2.03	0.59	0.49	0.23
Commercial Ag Loans	-0.01	0.05	-0.01	0.08	0.01
All Other Commercial Loans	0.43	2.13	0.62	0.51	0.24
Asset/Liability Management					
Loans/savings	80.7	82.5	81.3	79.6	77.6

Earnings & net chargeoffs are annualized quarterly results not seasonally adjusted. Growth rates are not annualized. Delinquency rates are 60+ day dollar delinquencies. Net chargeoffs are dollar chargeoffs net of recoveries. Totals include only credit unions that are released on the NCUA 5300 Call Report file.

**Prior to third quarter 2017, these were reported as member business loans. This change may cause fluctuations from prior cycles.*

Source: NCUA and CUNA E&S.

U.S. Credit Union Profile

First Quarter 2018

U.S. Bank Comparisons

	Credit Unions				Banks			
Demographic Information	**Mar 18**	**2017**	**2016**	**3 Yr Avg**	**Mar 18**	**2017**	**2016**	**3 Yr Avg**
Number of Institutions	5,642	5,682	5,903	5,742	5,605	5,664	5,912	5,727
Assets per Institution ($ mil)	254	246	222	240	3,128	3,075	2,838	3,014
Total assets ($ mil)	1,433,161	1,395,322	1,309,138	1,379,207	17,531,315	17,413,996	16,780,076	17,241,796
Total loans ($ mil)	986,314	972,365	883,761	947,480	9,752,319	9,719,857	9,305,313	9,592,496
Total surplus funds ($ mil)	389,564	365,637	372,138	375,780	6,020,394	5,977,584	5,769,872	5,922,617
Total savings ($ mil)	1,218,197	1,173,715	1,107,119	1,166,343	13,528,713	13,397,353	12,894,600	13,273,555
Avg number of branches (1)	4	4	3	4	16	16	16	16
12 Month Growth Rates (%)								
Total assets	5.8	6.6	7.4	6.6	3.3	3.8	5.1	4.1
Total loans	9.6	10.0	10.6	10.1	4.9	4.5	5.3	4.9
Real estate loans	9.4	9.5	8.6	9.2	3.7	3.7	5.2	4.2
Commercial loans*	-5.4	-5.0	14.4	1.3	4.7	4.0	5.1	4.6
Total consumer	12.7	13.3	12.2	12.7	5.8	5.6	6.1	5.8
Consumer credit card	9.8	9.1	7.9	8.9	8.5	8.2	5.7	7.5
Other consumer	13.1	14.0	13.0	13.4	3.2	2.9	6.5	4.2
Total surplus funds	-3.2	-1.7	0.0	-1.6	1.5	3.6	5.4	3.5
Total savings	5.6	6.0	7.6	6.4	3.4	3.9	5.8	4.4
YTD Earnings Annualized (BP)								
Yield on Total Assets	363	353	340	352	355	337	317	336
Dividend/Interest cost of assets	60	56	52	56	54	43	33	44
Net Interest Margin	303	297	287	296	301	293	283	293
Fee and other income (2)	142	135	139	139	155	151	157	155
Operating expense	308	307	310	308	299	318	306	308
Loss provisions	48	47	40	45	28	30	29	29
Net income	90	77	76	81	128	97	105	110
Capital Adequacy (%)								
Net worth/assets	10.9	11.0	10.9	10.9	11.2	11.2	11.1	11.2
Asset Quality (%)								
Delinquencies/loans (3)	0.65	0.81	0.83	0.76	1.16	1.20	1.43	1.26
Real estate loans	0.44	0.61	0.63	0.56	1.60	1.66	1.95	1.74
Consumer loans	1.52	1.58	1.49	1.53	0.85	0.90	1.27	1.01
Total consumer	0.76	0.91	0.93	0.87	0.96	0.97	0.92	0.95
Consumer credit card	1.24	1.29	1.14	1.22	1.40	1.37	1.27	1.35
Other consumer	0.69	0.85	0.89	0.81	0.51	0.54	0.56	0.54
Net chargeoffs/avg loans	0.60	0.59	0.55	0.58	0.50	0.50	0.48	0.49
Real estate loans	0.02	0.02	0.05	0.03	0.02	0.03	0.06	0.04
Commercial loans	0.41	0.49	0.48	0.46	0.28	0.38	0.45	0.37
Total consumer	1.28	1.25	1.14	1.22	2.43	2.21	1.95	2.19
Consumer credit card	2.86	2.55	2.20	2.54	3.89	3.47	3.08	3.48
Other consumer	1.03	1.04	0.96	1.01	0.90	0.90	0.79	0.87
Asset Liability Management (%)								
Loans/savings	81.0	82.8	79.8	81.2	72.1	72.6	72.2	72.3
Loans/assets	68.8	69.7	67.5	68.7	54.9	55.1	54.7	54.9
Core deposits/total deposits	52.1	51.0	50.2	51.1	38.1	37.7	37.2	37.7
Productivity								
Employees per million assets	0.21	0.21	0.21	0.21	0.12	0.12	0.12	0.12

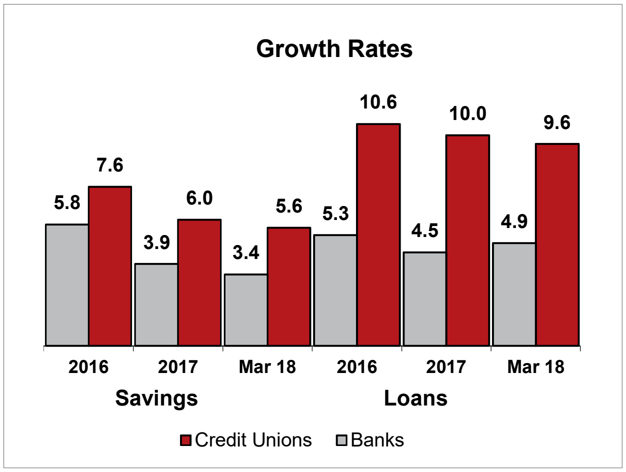
**Prior to third quarter 2017, these were reported as member business loans. This change may cause fluctuations from prior cycles.*
Source: FDIC, NCUA and CUNA E&S

U.S. Credit Union Profile

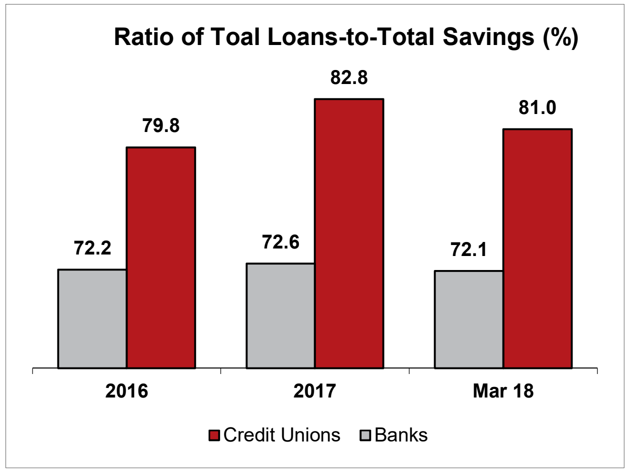
First Quarter 2018

Credit Union and Bank Comparisons

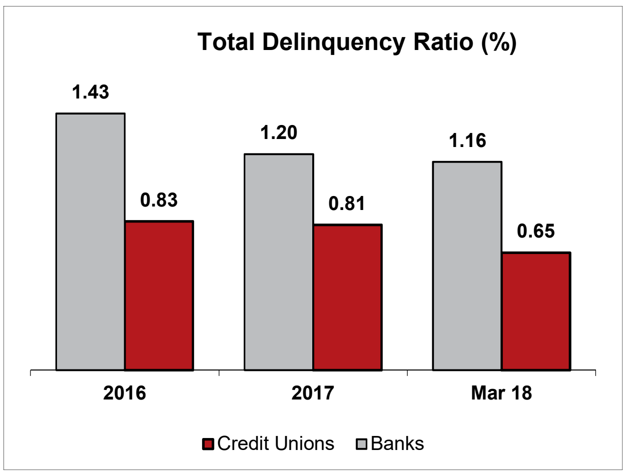
Loan and Savings Growth Trends



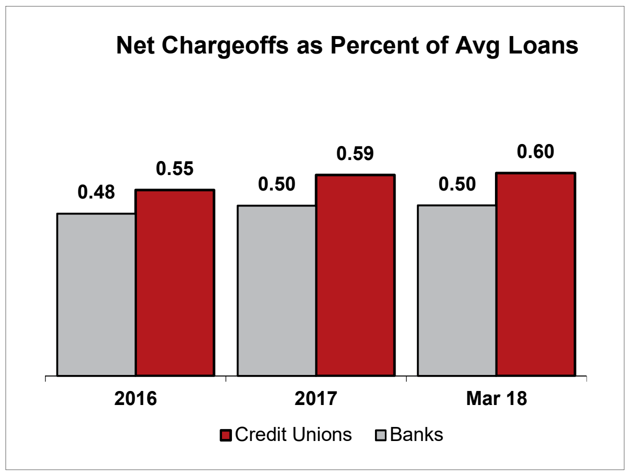
Liquidity Risk Trends



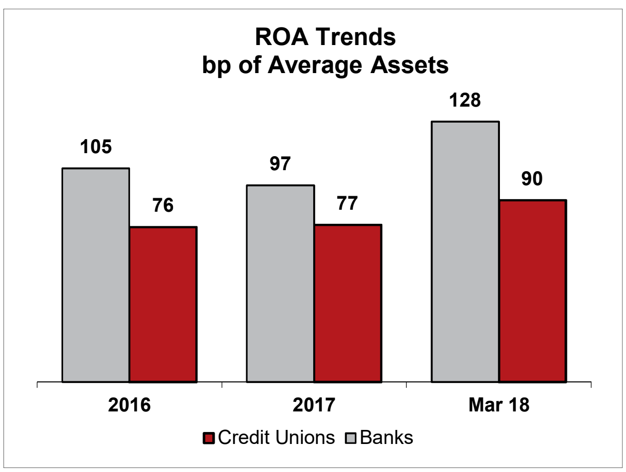
Credit Risk Trends



Credit Risk Trends



Earnings Trends



Solvency Trends