

MARKET SNAPSHOT: 2Q 2019

INDUSTRY OVERVIEW

FOR U.S. CREDIT UNIONS | DATA AS OF 06.30.19

SOURCE: CALLAHAN & ASSOCIATES

	As of 06/30/2019	12 mo. Growth 2Q19	12 mo. Growth 2Q18
Assets	\$1,538.2B	6.4%	5.8%
Loans	\$1,078.5B	6.5%	9.7%
Shares	\$1,295.3B	6.0%	5.4%
Investments	\$386.3B	4.5%	-4.0%
Capital	\$181.0B	11.3%	6.4%
Members	119.7M	3.7%	4.3%

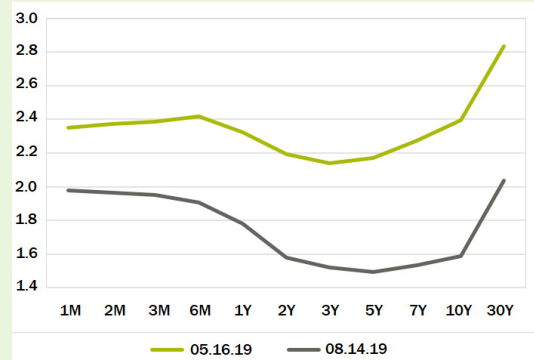
Asset growth in the second quarter of 2019 was 60 BPS faster than the rate reported one year ago.

"In 2018, the Federal Reserve increased its benchmark interest rate four times, maintaining a target interest rate of 2.25%-2.50% into 2019. Early in the third quarter, however, the Fed announced its first cut since the 2008 recession, of 25 basis points, to a target range of 2.00%-2.25%. While also announcing a policy adjustment to quantitative easing, Fed chairman Jerome Powell labelled the monetary strategy a "mid-cycle adjustment" rather than an aggressive cycle of monetary easing. Regardless, the market has priced three additional cuts by the end of the year."

SOURCE: THE FINANCIAL TIMES

TREASURY YIELD CURVE

SOURCE: ALM FIRST



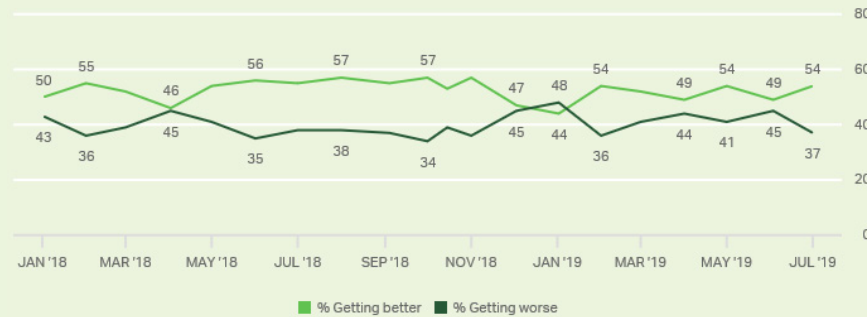
The yield curve became steeper after the fed cut rates for the first time in a decade.

2019 STRATEGIC PLANNING QUESTIONS

- Where are the best growth opportunities for the credit union?
- Is the credit union taking enough risk?
- How does the credit union better incorporate members into its process?
- Can we clarify the credit union's purpose? Can it be a differentiator?
- How can we best measure the value the credit union delivers to members?
- How do we ensure the credit union is positioned for long-term success?

AMERICANS' RATINGS OF US ECONOMIC CONDITIONS

SOURCE: GALLUP



The majority of American consumers believe the economy is still in good shape.

HOUSEHOLD DEBT CLIMBS FOR 20TH CONSECUTIVE QUARTER

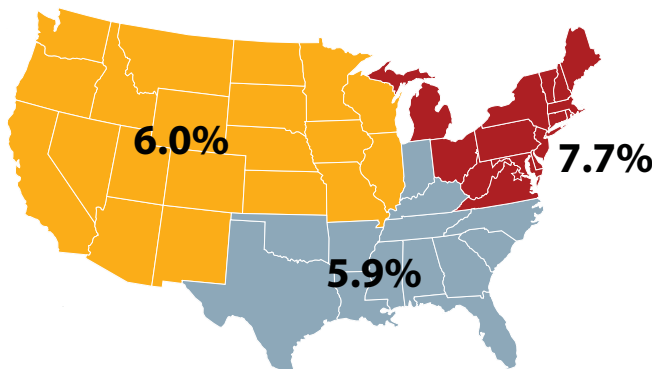
Total household debt increased \$192 billion to \$13.86 trillion in the second quarter of 2019. That's an increase of 1.4% and the 20th consecutive quarterly increase. In its *Quarterly Report on Household Debt and Credit*, the Center for Microeconomic Data notes total household debt is now \$1.2 trillion higher, in nominal terms, than the previous peak of \$12.68 trillion recorded in the third quarter of 2008.

SOURCE: FEDERAL RESERVE BANK OF NY
CENTER FOR MICROECONOMIC DATA

REGIONAL SHARE GROWTH

FOR U.S. CREDIT UNIONS | DATA AS OF 06.30.19

SOURCE: CALLAHAN & ASSOCIATES



At 7.7%, share growth for Eastern credit unions outpaced national share growth, which was 6.0%.

"Lending activity to members jumped 22% from the first quarter, and credit unions rewarded savers with higher rates. These results — combined with recent interest rate movements — indicate the industry is well-positioned to help members even more in the second half of 2019."

— Jay Johnson, Chief Collaboration Officer, Callahan & Associates

CREDIT UNION Second QUARTER TRENDS

- Total membership increased 3.7% year-over-year, nearing 120 million.
- Interest income continued to climb. It was up 15.7% year-over-year to \$30.3 billion.
- The loan-to-share ratio increased 38 basis points year-over-year to 83.3%.