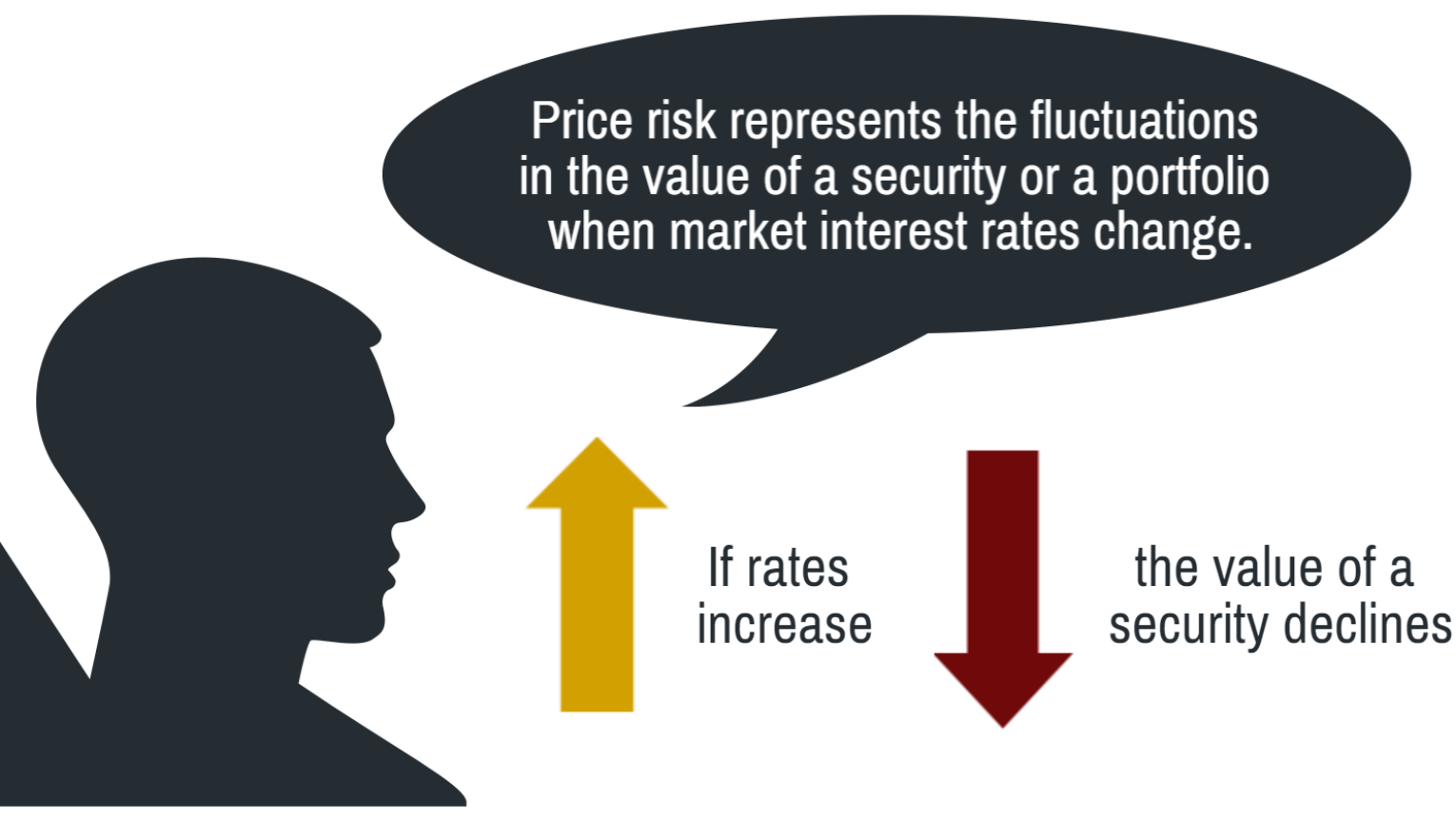


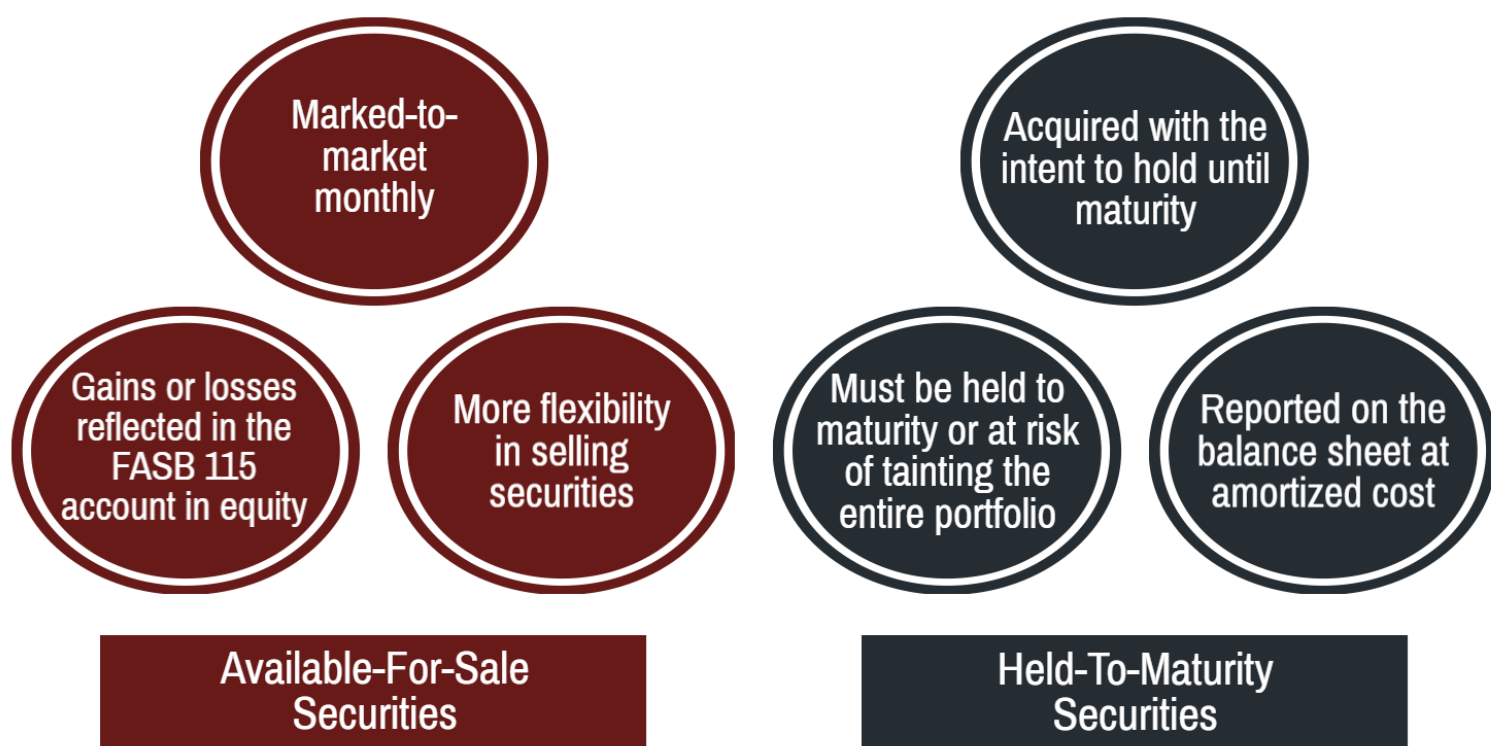
Investment Price Risk

Data as of December 2014

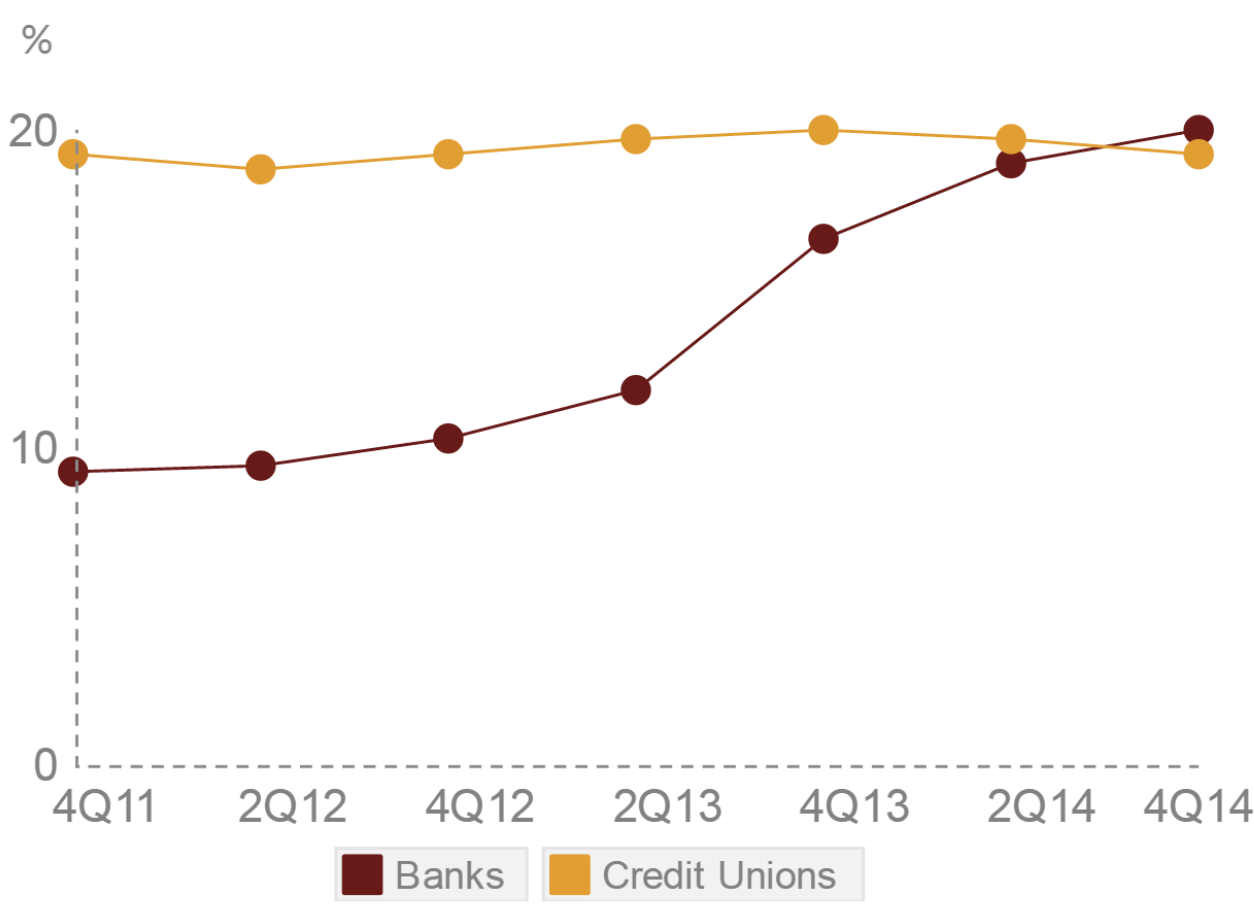
What is Price Risk?



Available-For-Sale (AFS) vs. Held-To-Maturity (HTM)



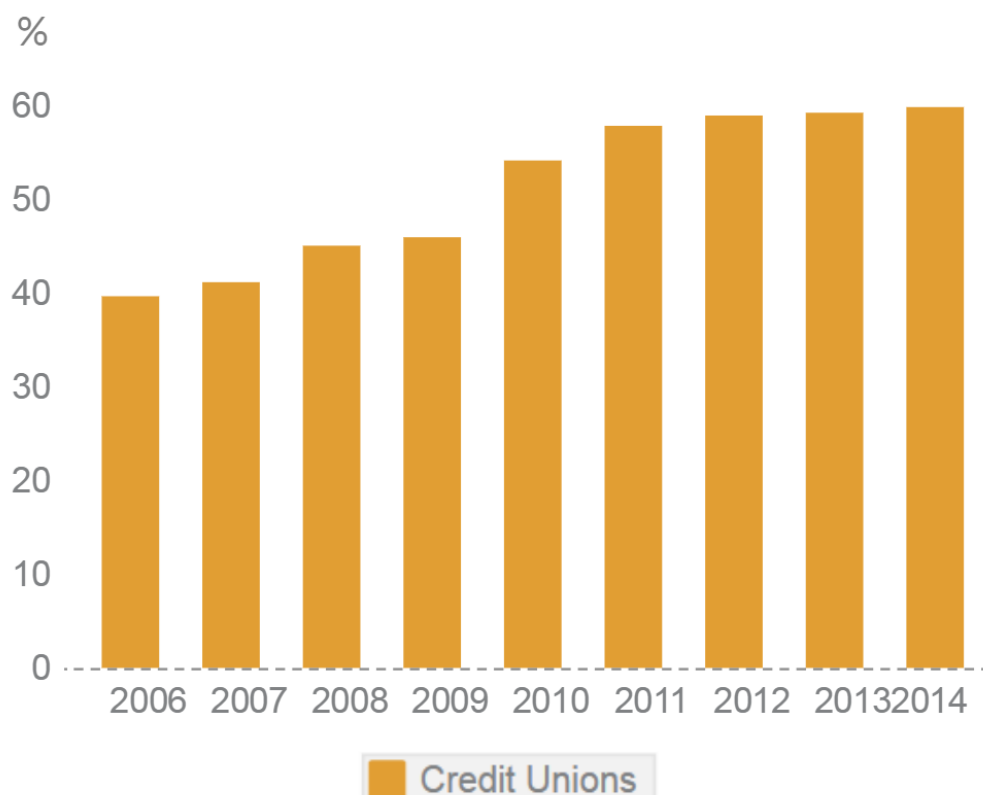
Held-To-Maturity As A % Of Total Investments



In anticipation of an interest rate hike, banks are rapidly moving their debt securities into the HTM bucket to maintain required capital levels and reduce credit risk. Meanwhile, the ratio of HTM as a percentage of total investments for credit unions remains stable.

Source: Peer-to-Peer Analytics by Callahan & Associates & FDIC

Available-For-Sale As A % Of Total Investments



The percentage of AFS securities to total investment portfolio is increasing at credit unions. An increase in AFS securities holdings provides credit unions with greater flexibility to reposition their portfolio by selling the securities if necessary.

Source: Peer-to-Peer Analytics by Callahan & Associates

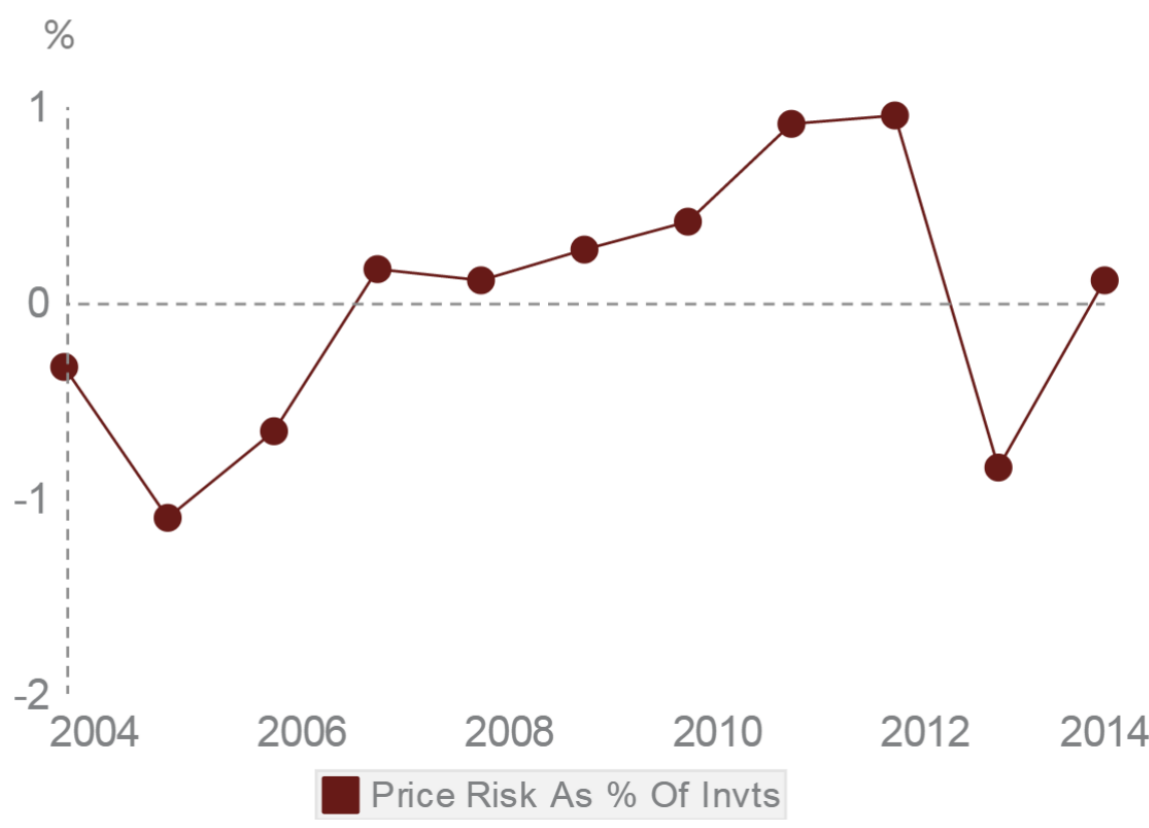
Gain Or Loss On AFS Portfolio



The current market value of the credit union industry's total AFS securities is higher than its book value by \$213.8 million. Today, total AFS balances stand at \$167.3 billion.

Source: Peer-to-Peer Analytics by Callahan & Associates

Total Current Price Risk



Total current price risk measures the change in the value of the investment portfolio — both AFS and HTM securities — as a percentage of total investments. For the past 10 years, credit unions' total price risk has been minimal. Gains from the value of investments suggests credit unions have limited risks and will post gains if they need to sell the securities now.

Source: Peer-to-Peer Analytics by Callahan & Associates