ATTACHMENT 1. Summary of Credit Union and Interest Rate Statistics

Figure 1 shows the importance of lending above a 15%+ interest rate across federal credit unions (FCUs). The average 15%+ lender is larger than the average FCU, but 15%+ lending is important to all asset cohorts. (Source: NCUA 5300 reports)

Figure 1: Distribution of All Federal Credit Unions by Asset Size (as of March 31, 2015)¹

¹ Source: NCUA 5300 Call Report
Figure 2 shows another measure of potential credit union exposure to a reduction in the FCU loan interest rate ceiling, credit card interest rates. Average rates nationwide (across all issuers, not just credit unions) were 14.92 percent in May 2015 while rates for borrowers with substandard credit were above 22 percent.

**Figure 2: Average Credit Card Rates across Borrower Quality**

![Average Credit Card Rates across Borrower Quality](image)

Figure 3 depicts the recent path of money-market interest rates. In anticipation of the Federal Reserve raising short-term rates, money-market rates (fixed-income securities with less than one year in maturity) have risen over the past six months.

**Figure 3: Short-Term Interest Rates**

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2 Source: creditcards.com
3 Source: Bloomberg.com
Figure 4 shows recent changes in the shape of the Treasury yield curve. Shifts in the curve could be caused by changes in the expected path of short-term rates or interest-rate/liquidity risk premia on longer-term instruments. Risk premia do not change much over time, so recent increases in yields across all maturities reflect expectations of rising rates. These expectations can be traced to market concerns about changes in Fed policy.

**Figure 4:** Changing Shape of the Yield Curve Over the Past Six Months (Average of Monthly Averages, Constant Maturity Treasuries)\(^4,5\)

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\(^4\) Source: Federal Reserve Bank of St. Louis (FRED)

\(^5\) *Term spread* is the relationship between interest rates on bonds of different maturities, usually depicted in the form of a graph called a yield curve. The term spread in this figure is the difference in yield between the 3-month T-bill and the 10-year Treasury note.