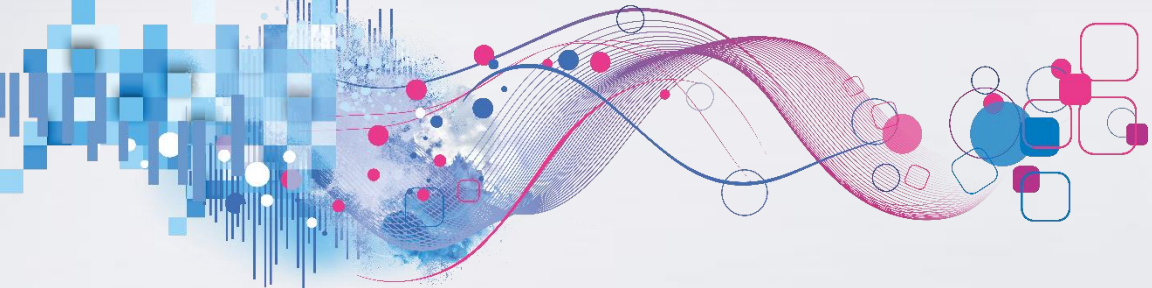


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MACUMA Credit Union Forum

Insights on the Economic & Credit Landscape

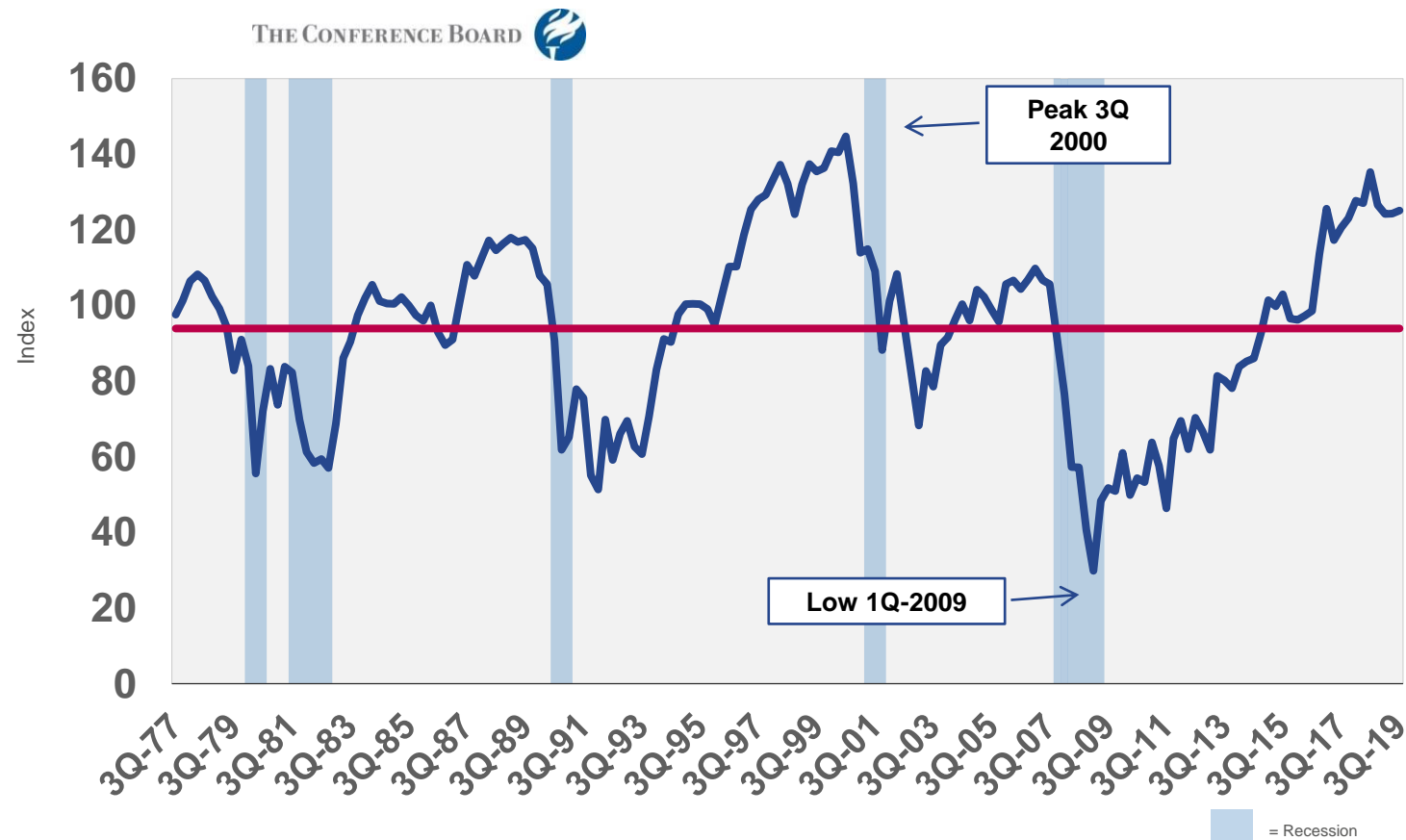
Presented by: Matt Kramer
10/8/2019



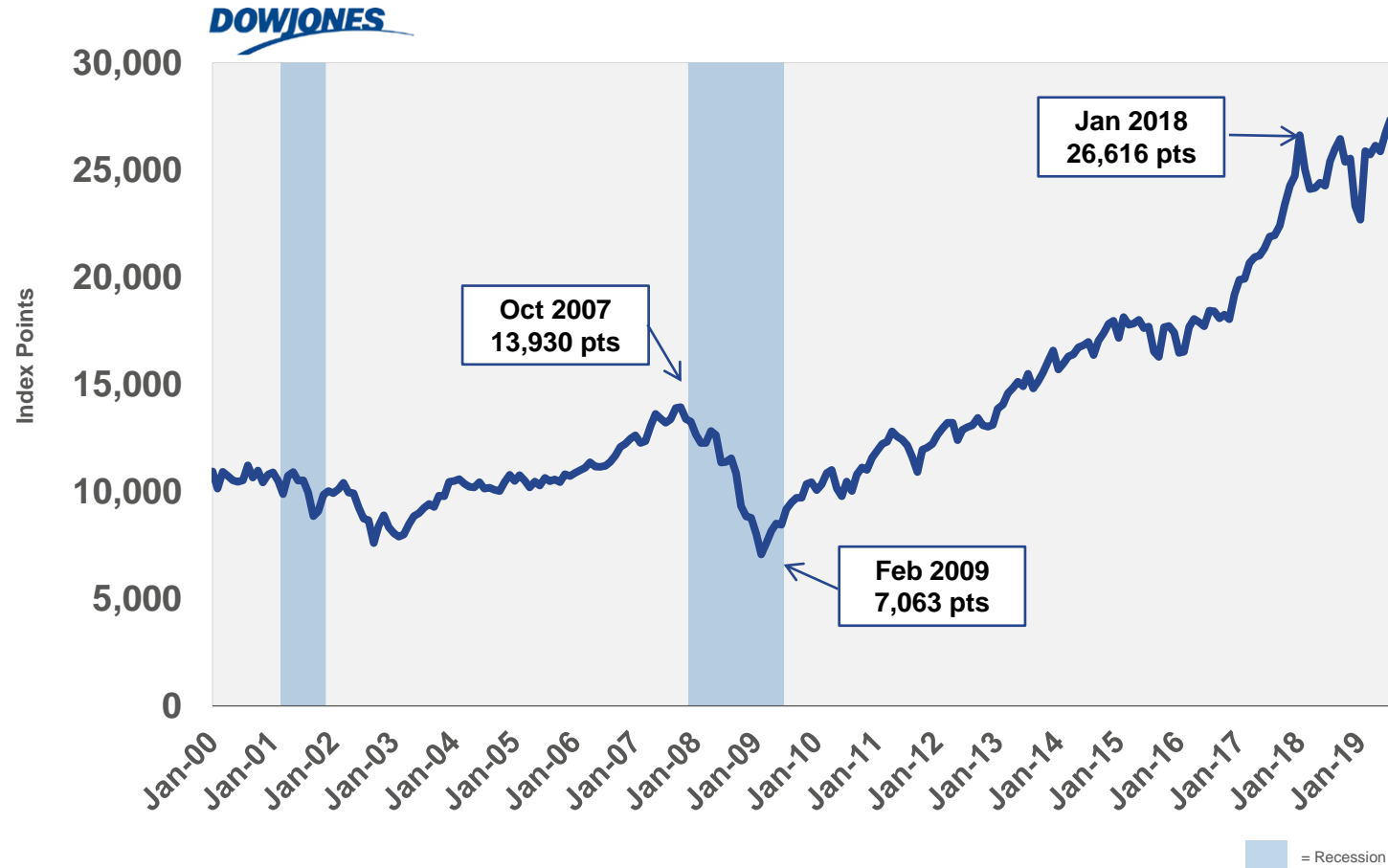
Economic trends impacting lenders and borrowers



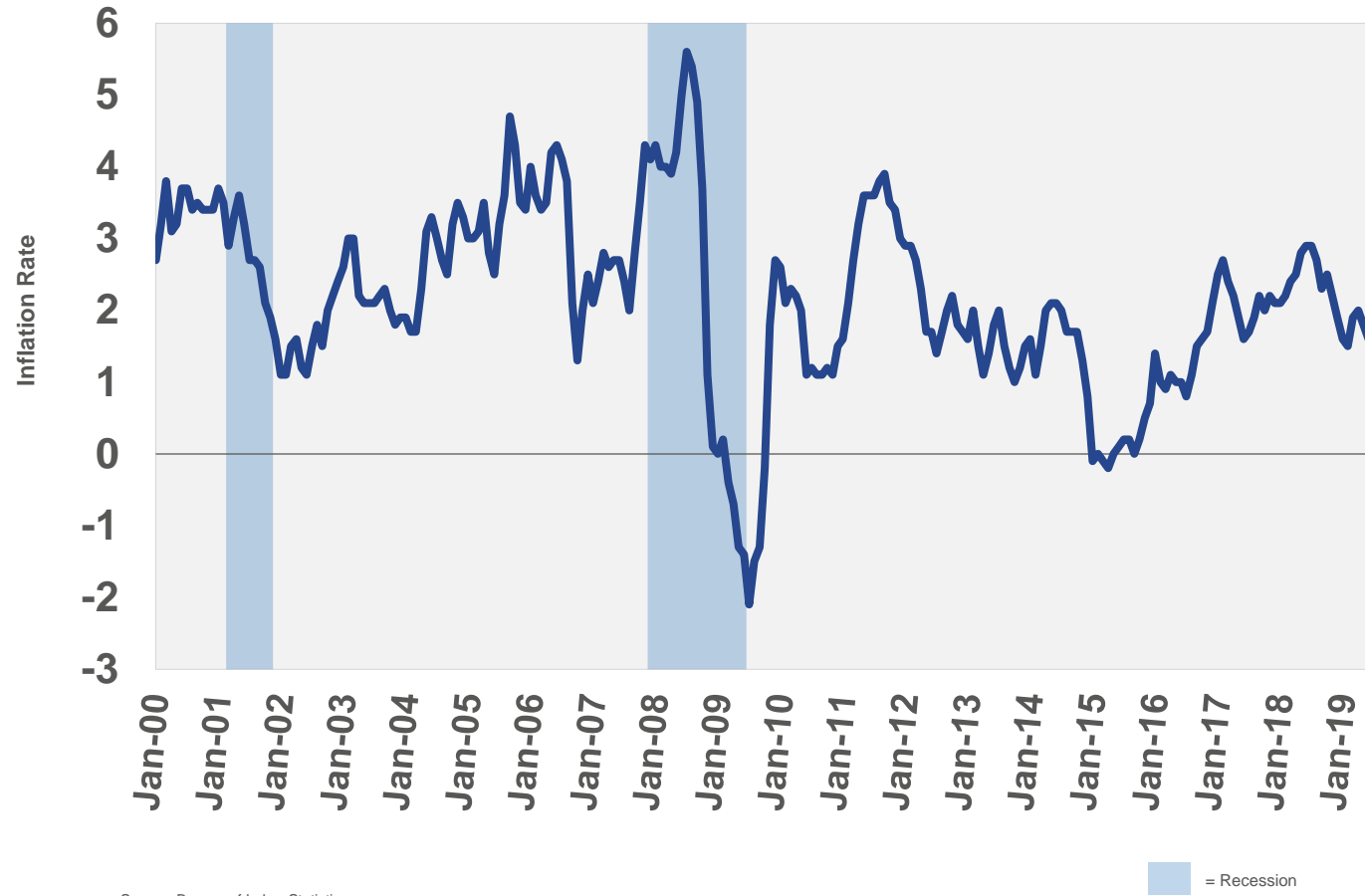
Consumer confidence down YoY



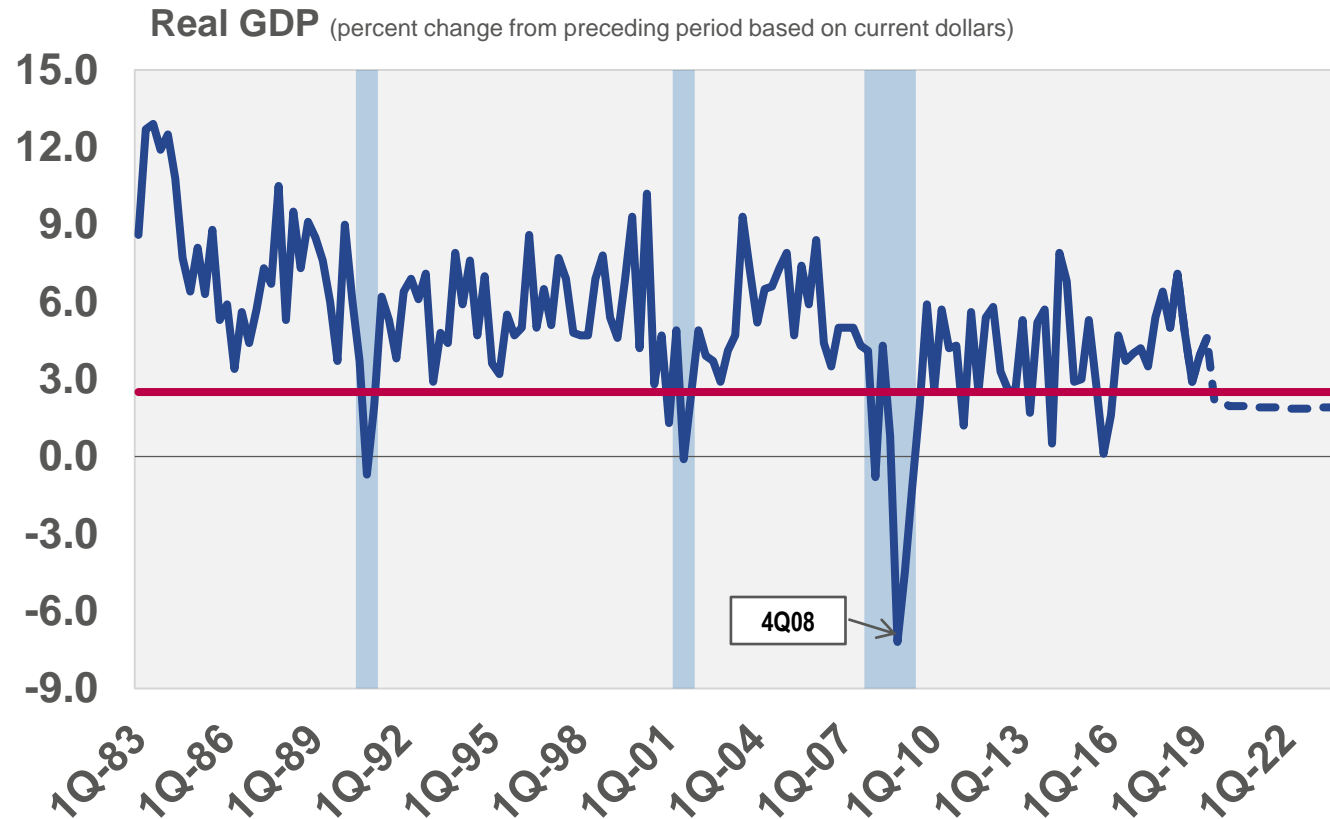
Investor confidence increasing



US Inflation is stable



Real gross domestic product remains strong



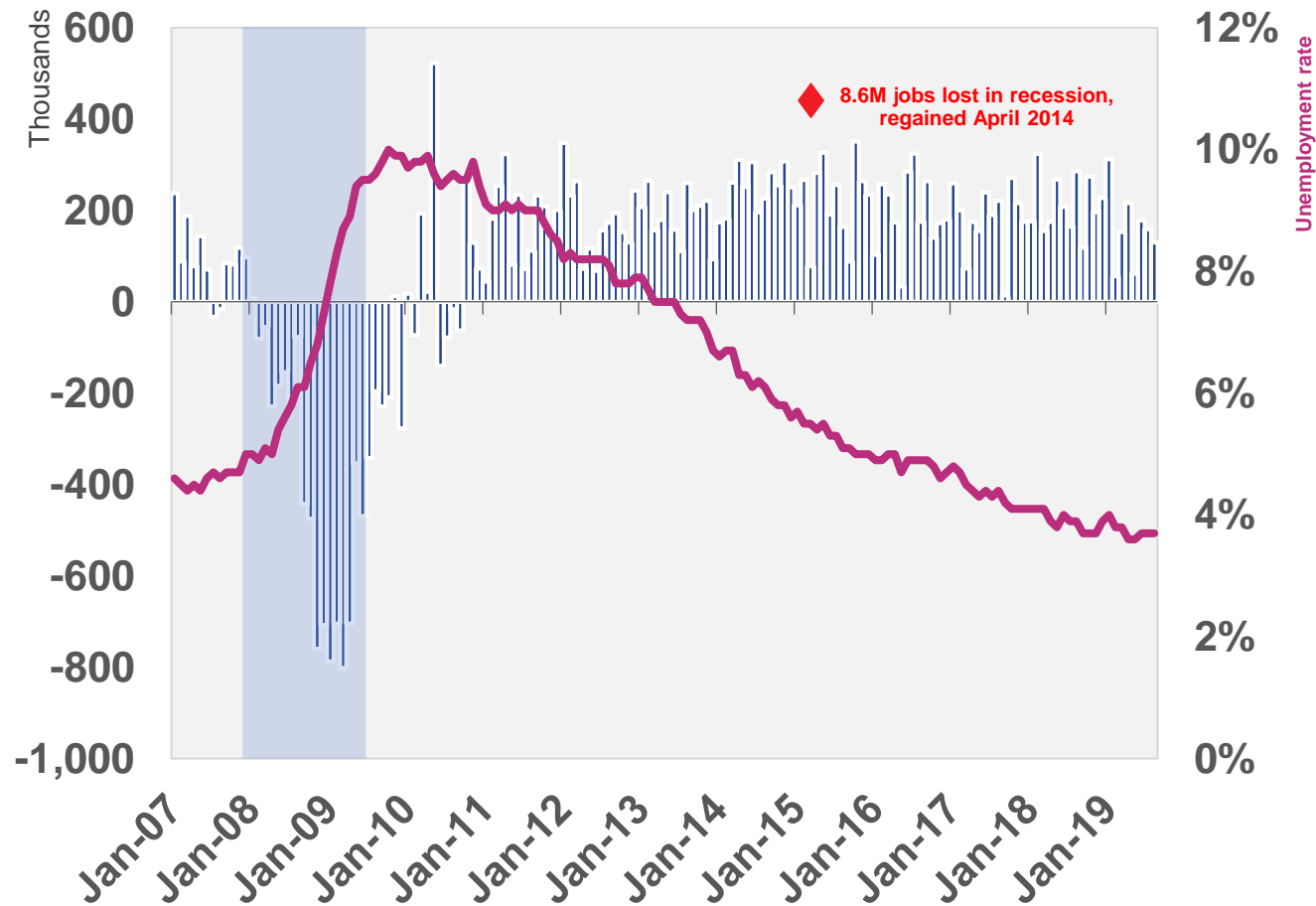
Source: Bureau of Economic Analysis, Economic Projections of FOMC

2Q19: 4.6%

FOMC forecast
2019: 2.1-2.3%
2020: 1.8-2.1%
2021: 1.8-2.0%
2022: 1.7-2.0%
Longer: 1.8-2.0%

Unemployment low and forecast to remain low

low U.S. jobs 1-month change – Aug: 2019: 3.7%



Aug: 2019: 3.7%

FOMC Forecast:

2019: 3.6-3.7%

2020: 3.6-3.8%

2021: 3.6-3.9%

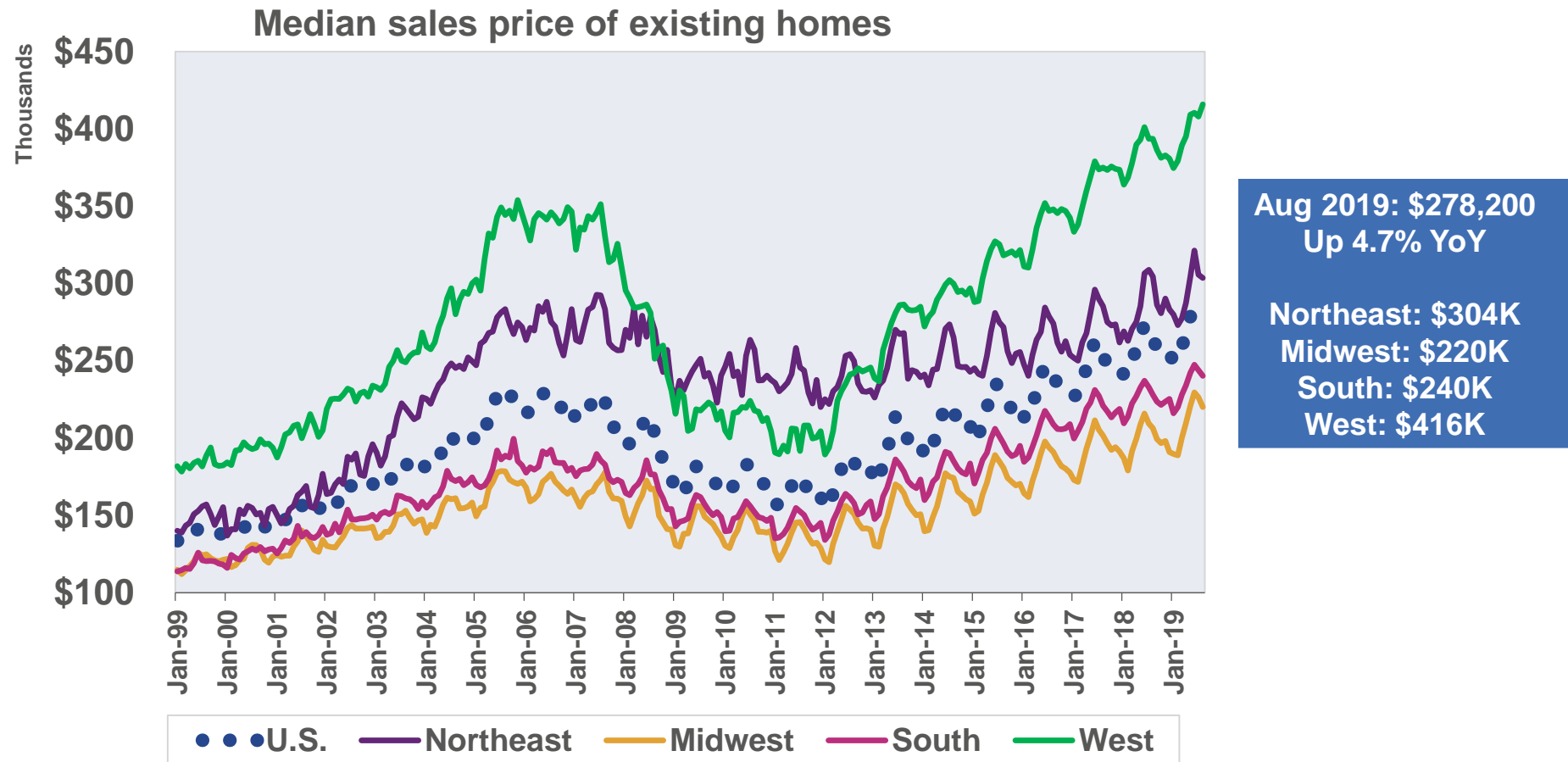
2022: 3.7-4.0%

Longer Run: 4.0-4.3%

■ = Recession

Source: Bureau of Labor Statistics

Home prices up year-over-year, the west is soaring



Source: National Association of Realtors

Credit behavior across the consumer lending spectrum



Originations by Lending Product

All Consumers

YoY Change 1Q18 to 1Q19



Auto Loan & Lease

+1%



Bankcard

+7%



HE Loan

+6%



Mortgage

-4%

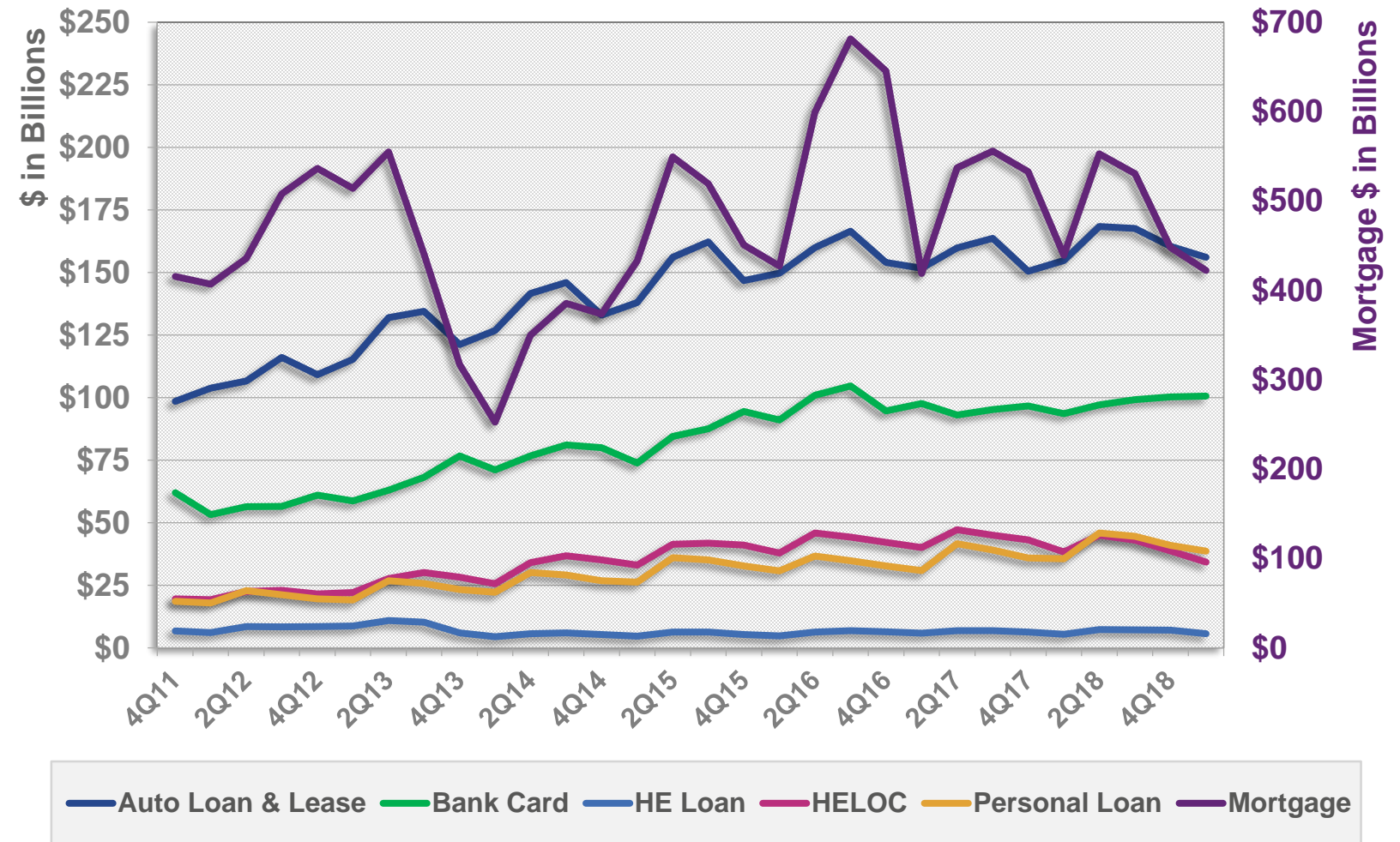


Personal Loan

+9%

HELOC

-11%



Originations by Lending Product

All Credit Unions

YoY Change 1Q18 to 1Q19



Auto Loan & Lease

-9%



Bankcard

+14%



HE Loan

+5%



HELOC

-2%



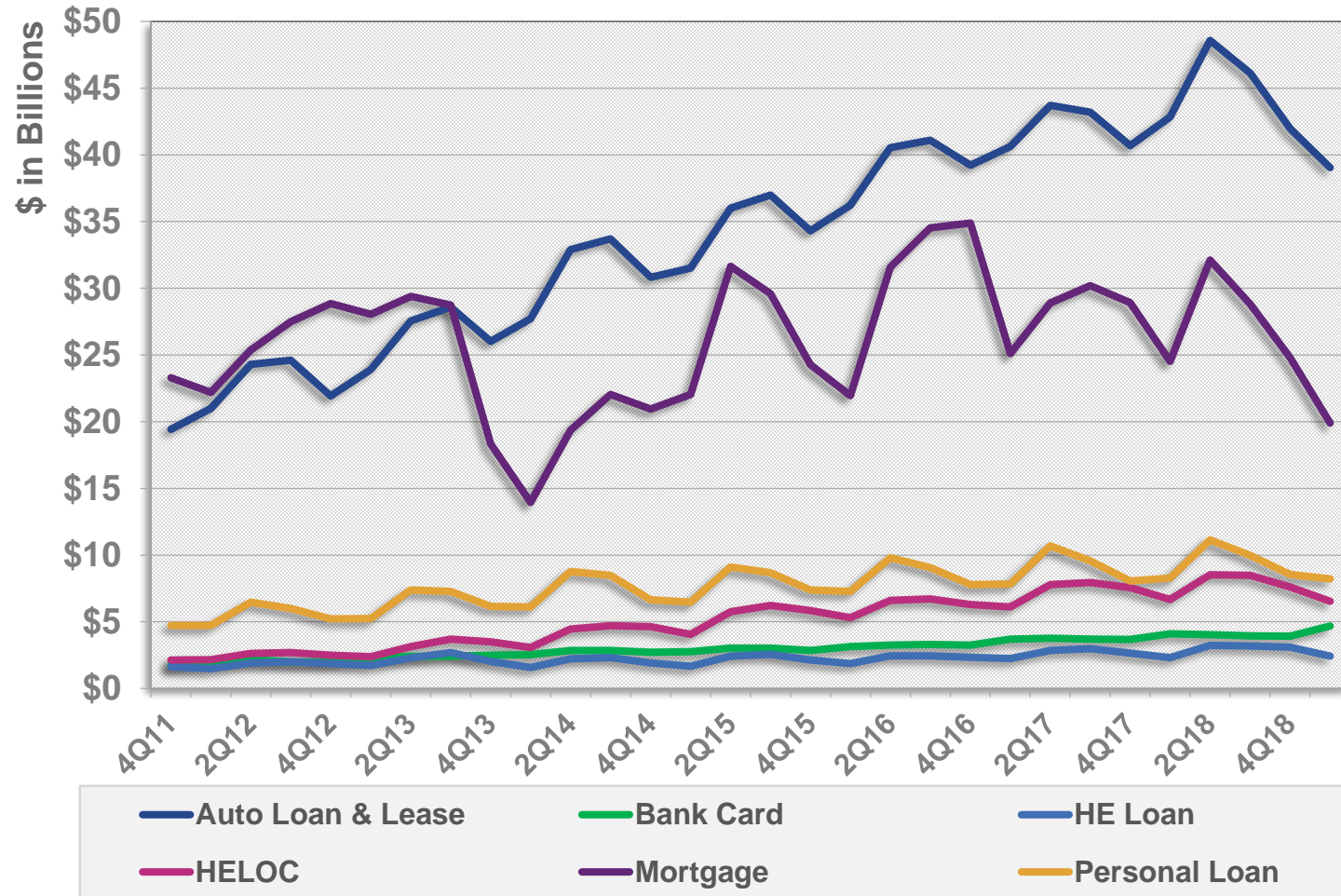
Mortgage

-19%



Personal Loan






-1%

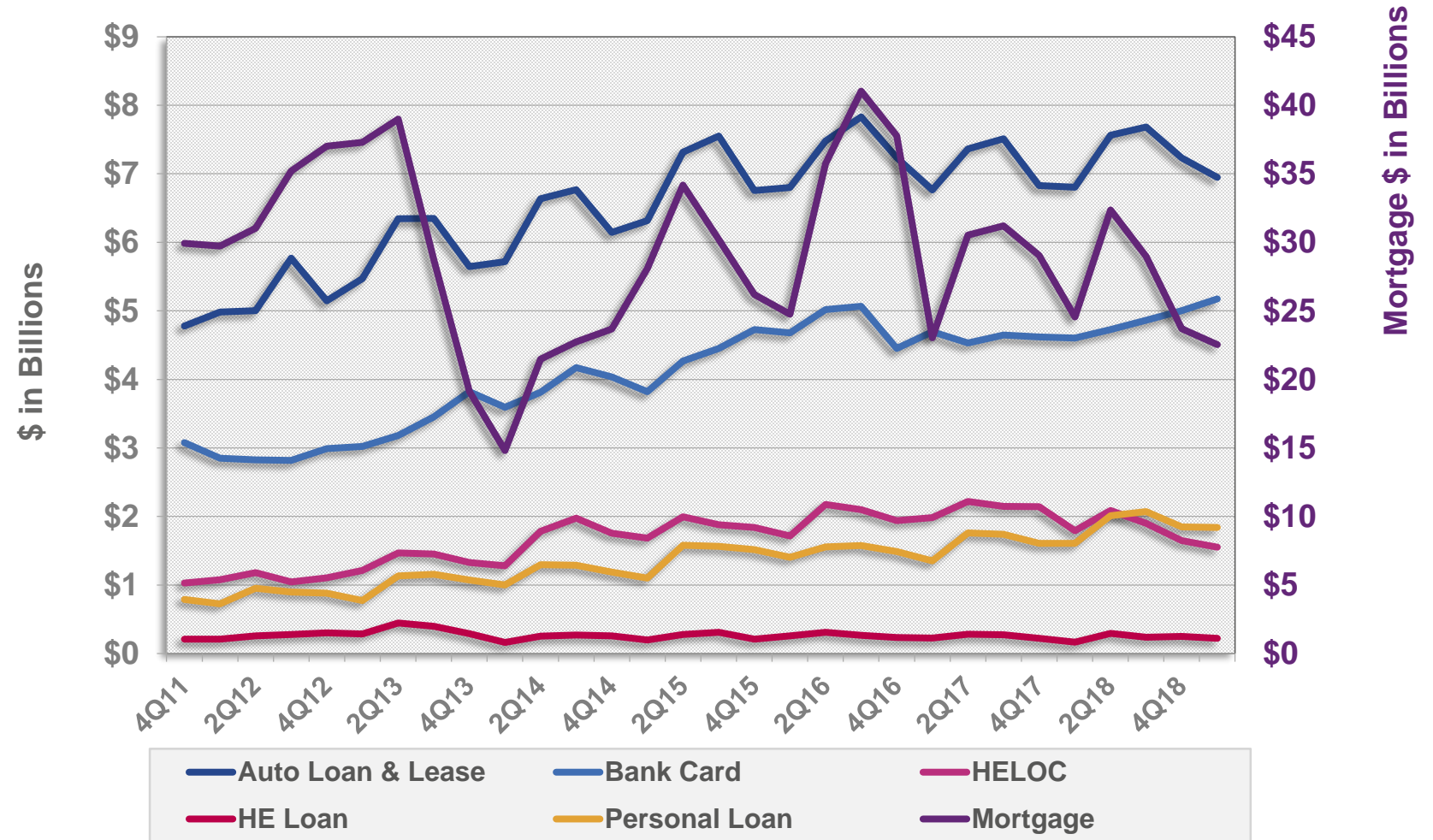


Originations by Lending Product

MD/VA

YoY Change 1Q18 to 1Q19

	Personal Loan	+14%
	Auto Loan & Lease	+2%
	HELOC	-13%
	HE Loan	+34%
	Bankcard	+12%
	Mortgage	-8%



Originations by Lending Product

MD/VA CUs

YoY Change 1Q18 to 1Q19



Personal Loan +8%



Auto Loan & Lease -12%



HELOC -6%



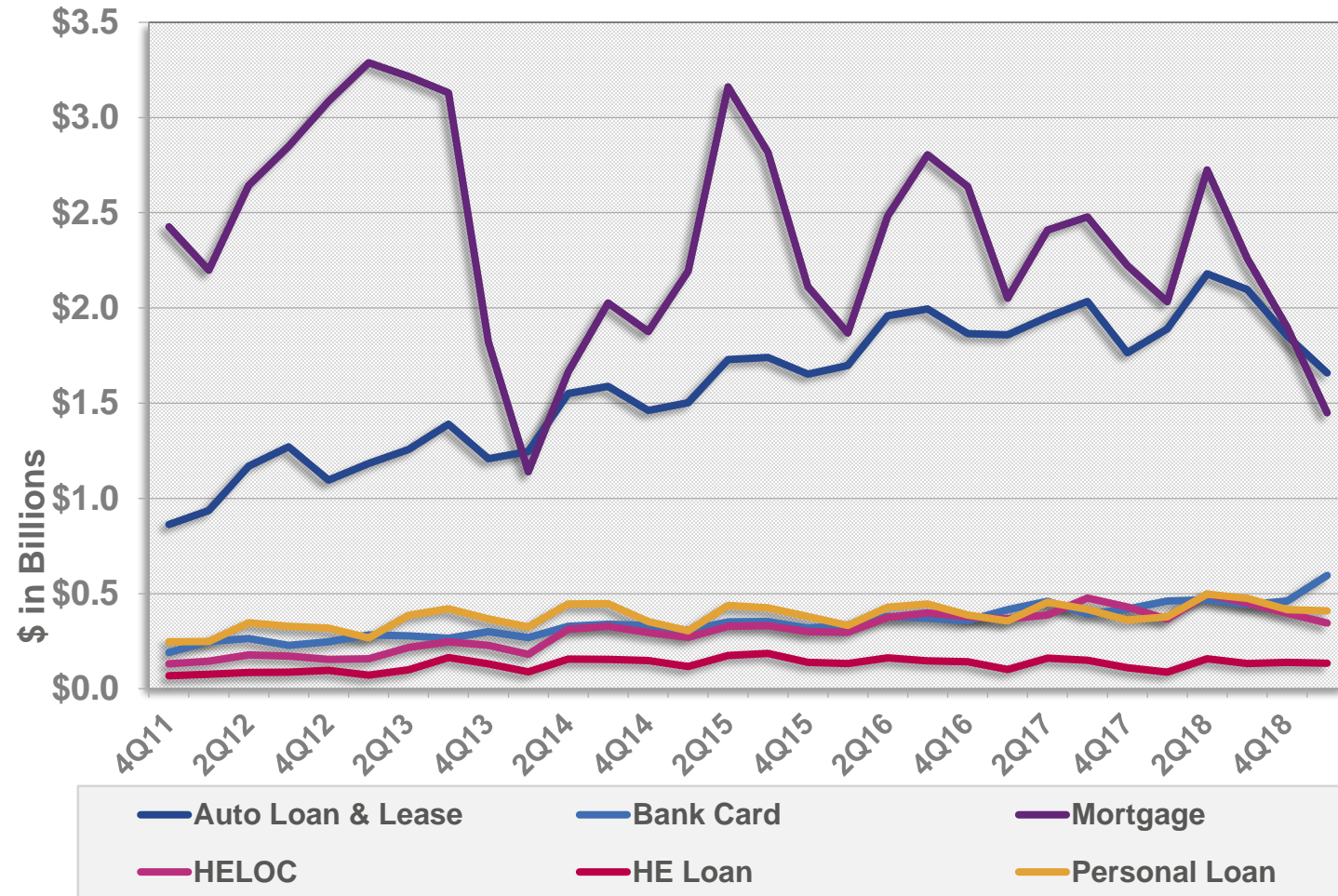
HE Loan +55%



Bankcard +29%

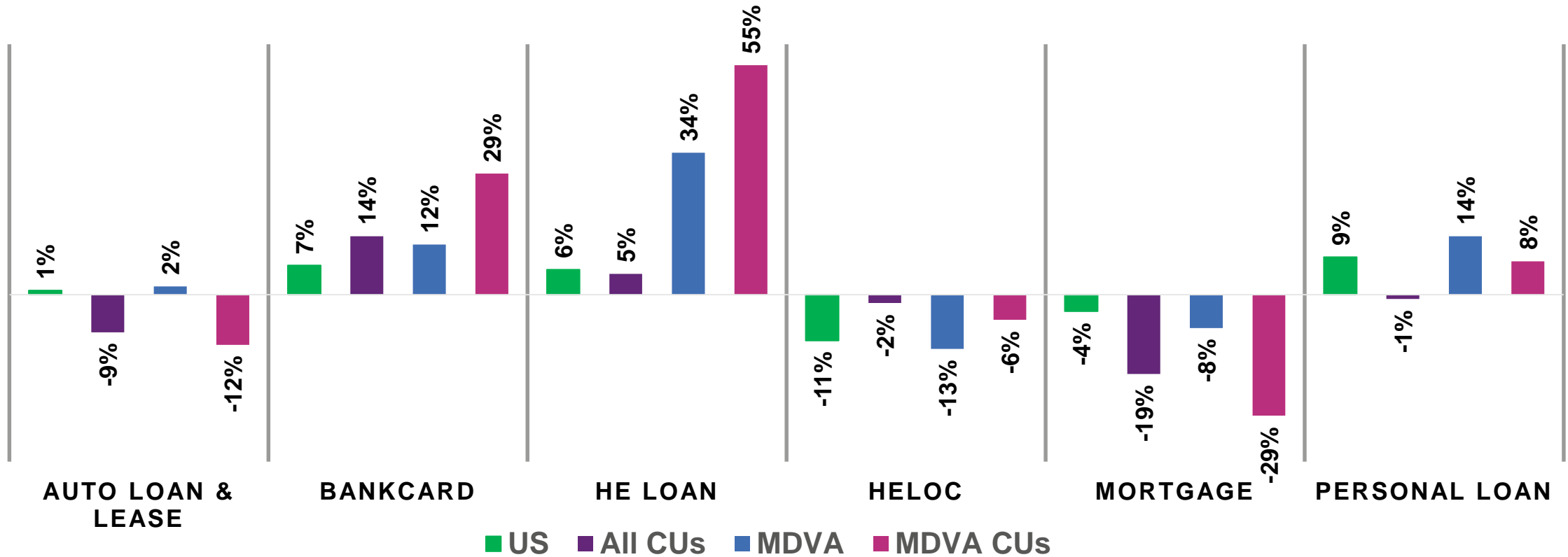


Mortgage -29%



1Q19 YoY Trade Performance Comparison

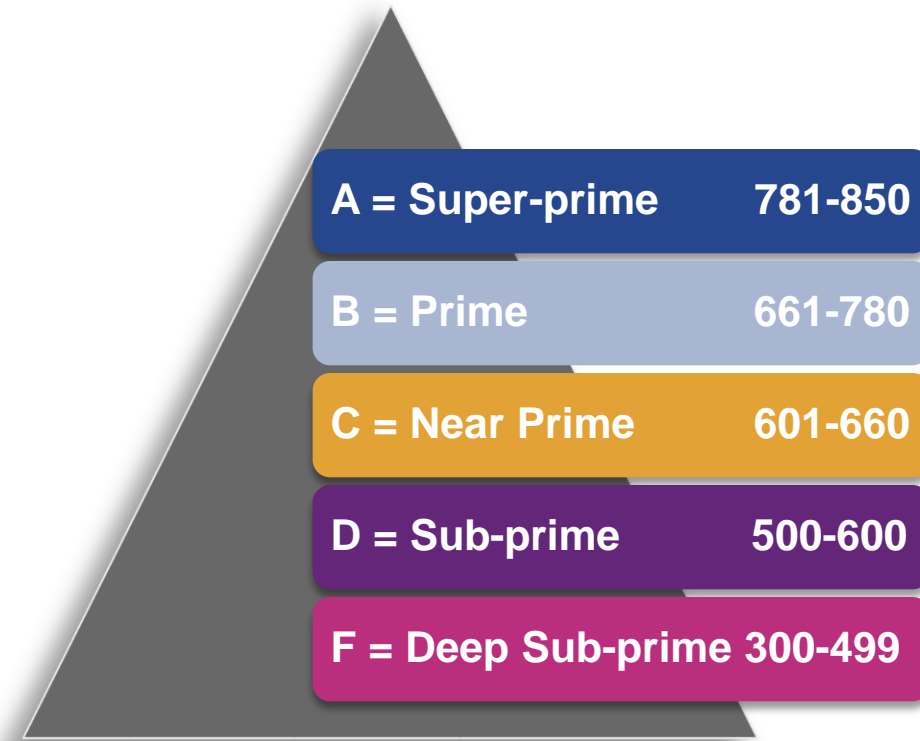
1Q19 PERCENT CHANGE YOY



Generic Model Overview

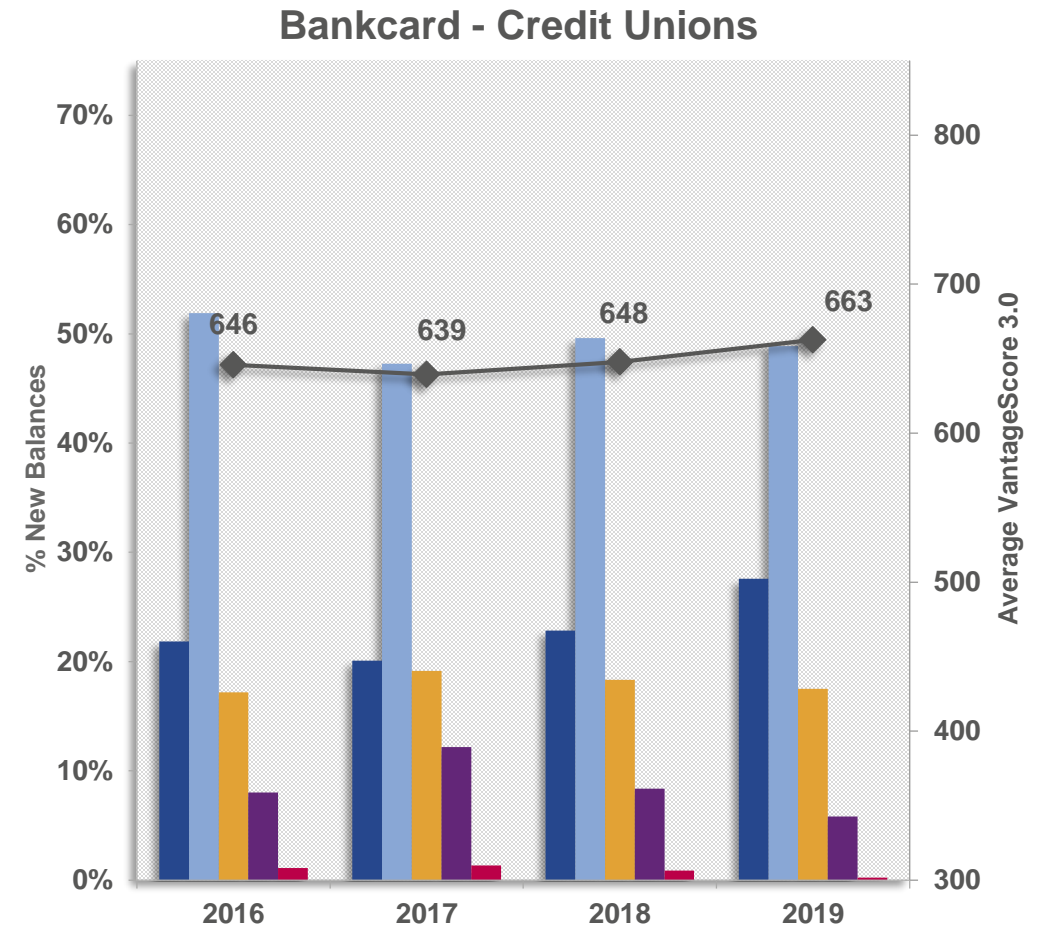
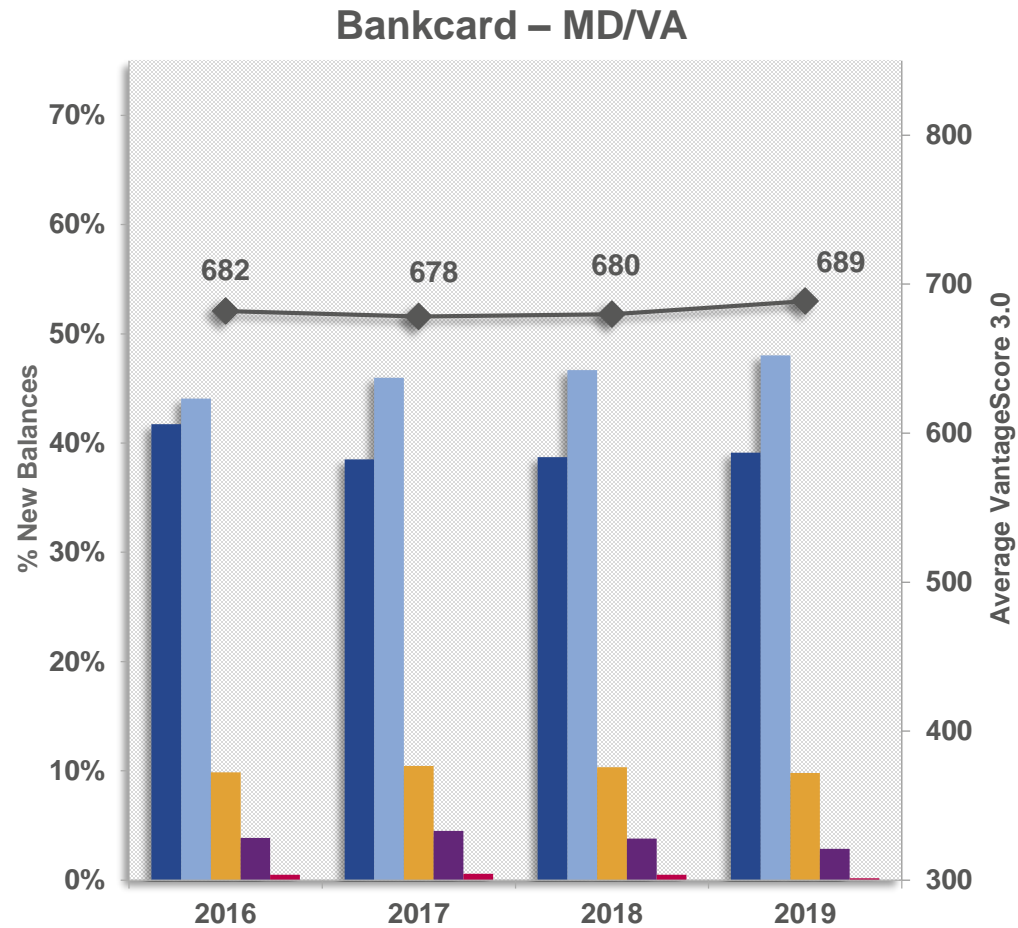
VantageScore® 3.0 Credit Score

- **Predicts risk of borrower**
 - Likelihood of future serious delinquencies (90 days past due or greater in next 24 months)
 - Any type of account
- **VantageScore 3.0**
 - Score range of 300-850
 - Higher scores represent a lower likelihood of risk
 - Lower scores are higher risk



VantageScore 3.0 Credit Score used in credit trend analysis

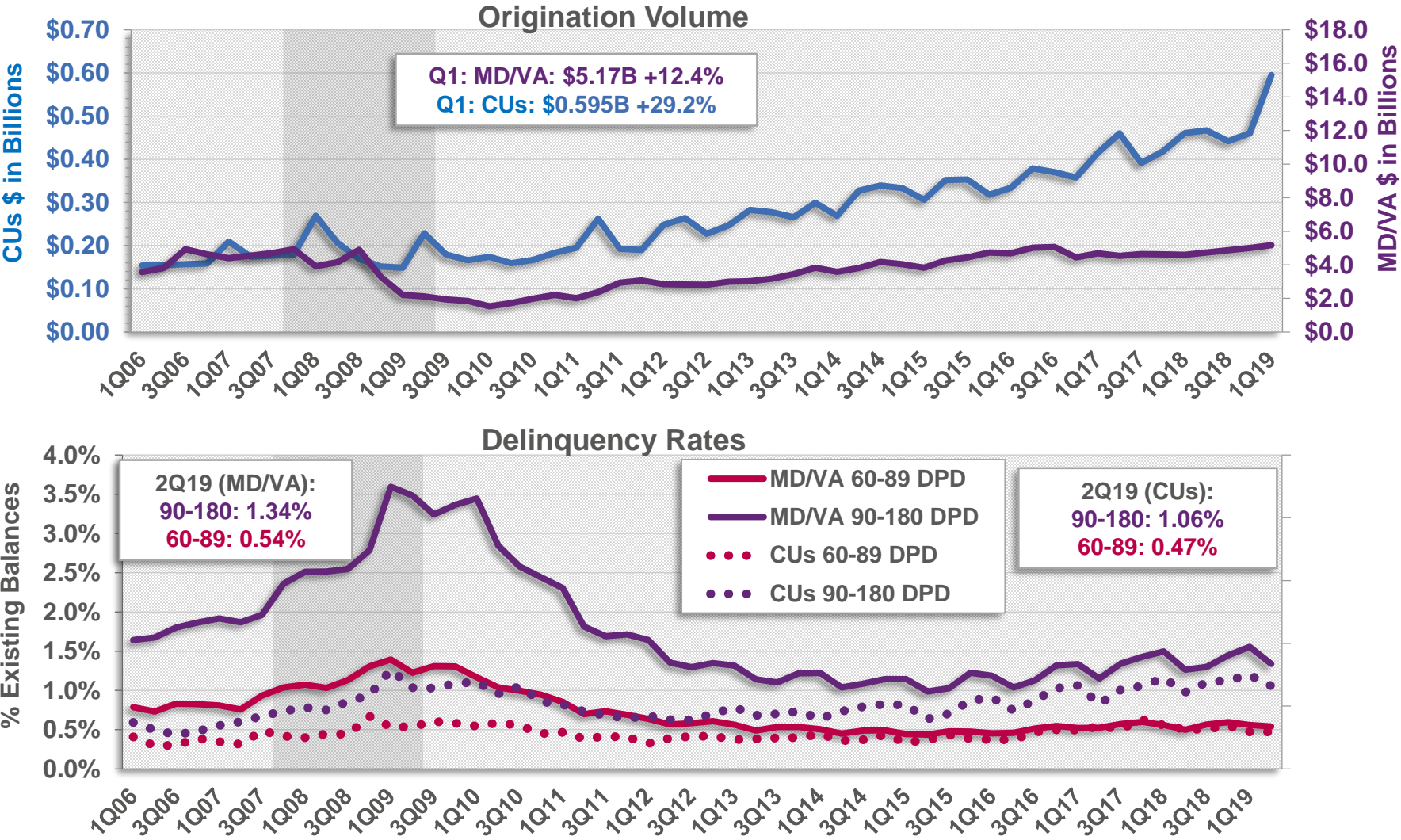
CU bankcard origination risk is higher than that of MDVA



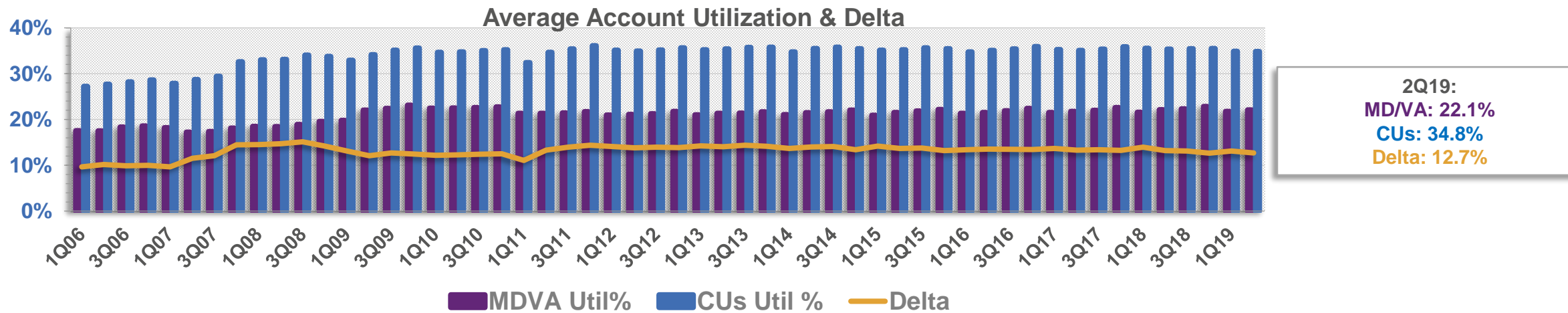
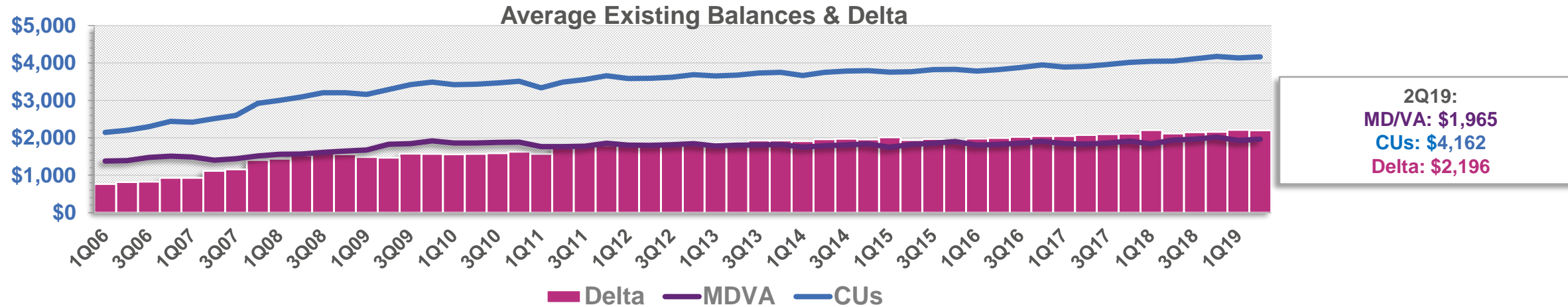
US Avg=689



Bankcard originations continue climbing while delinquencies are low

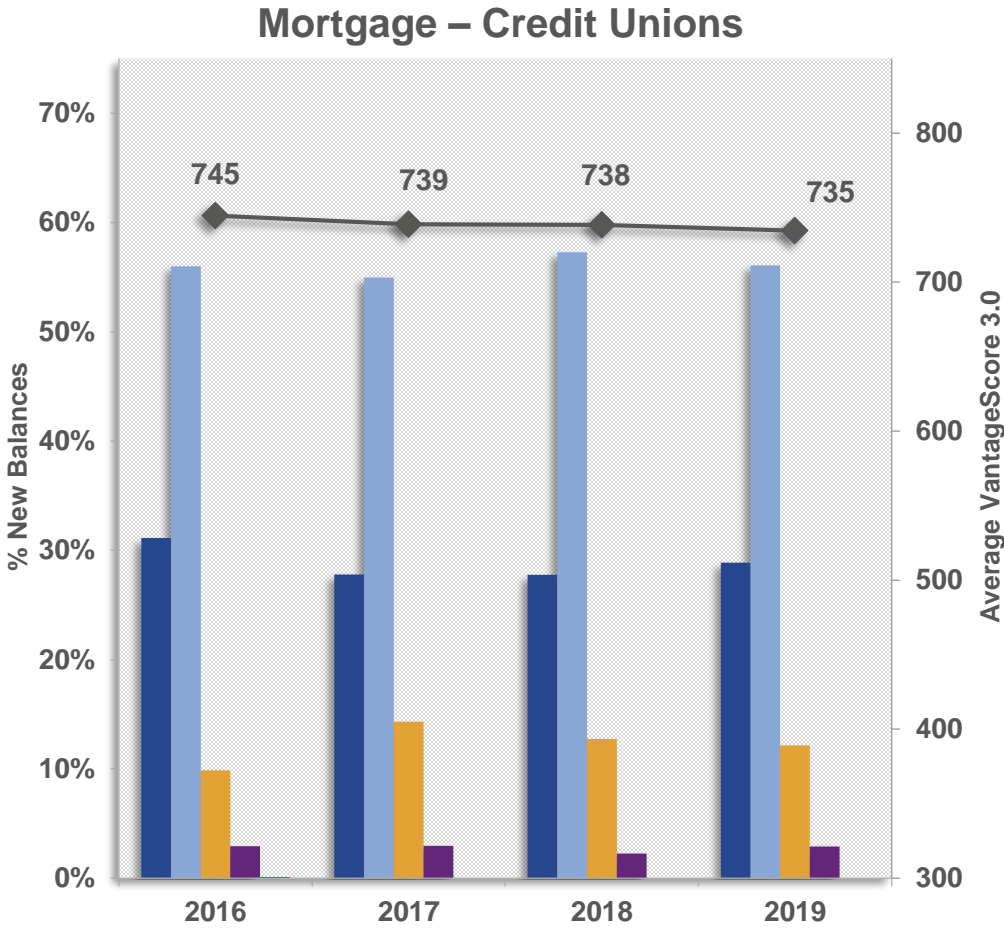
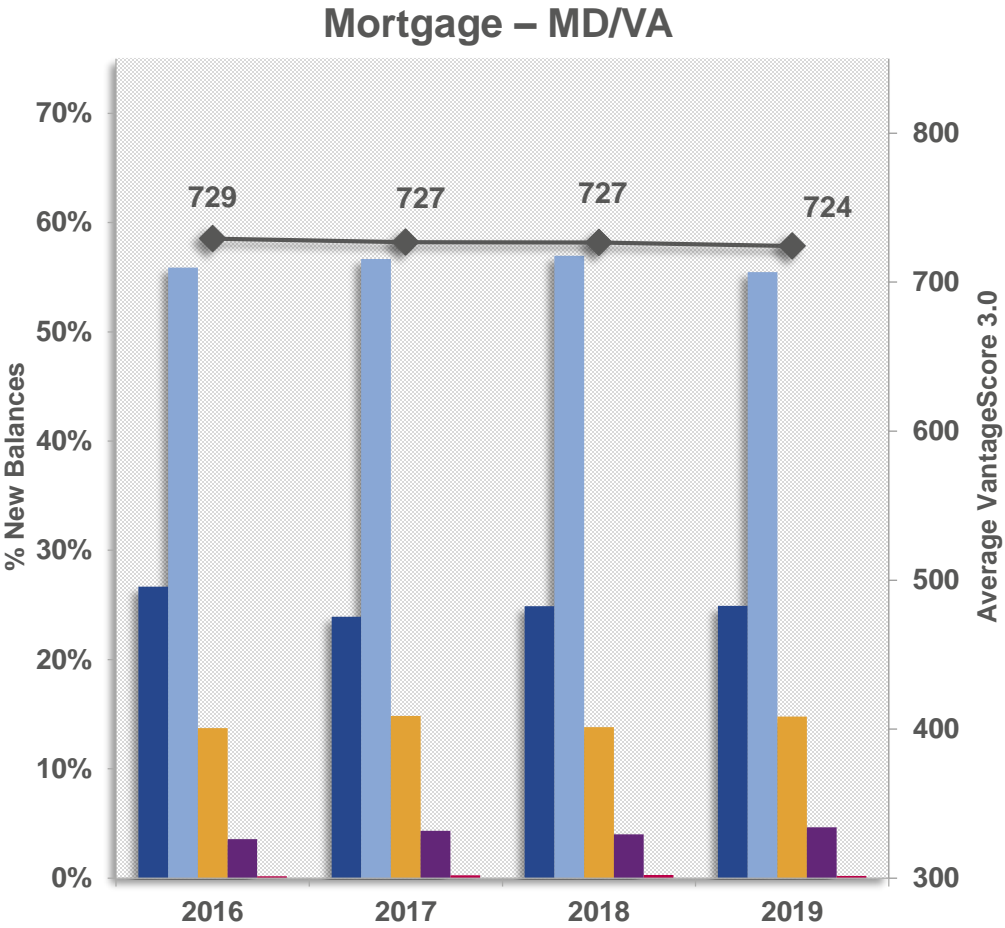


CU avg bankcard balances are \$2,200 higher than MDVA

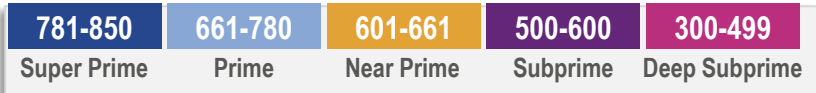


- Originations up & more risky
- DLQs are lower
- Avg balances are higher
- Utilization is higher

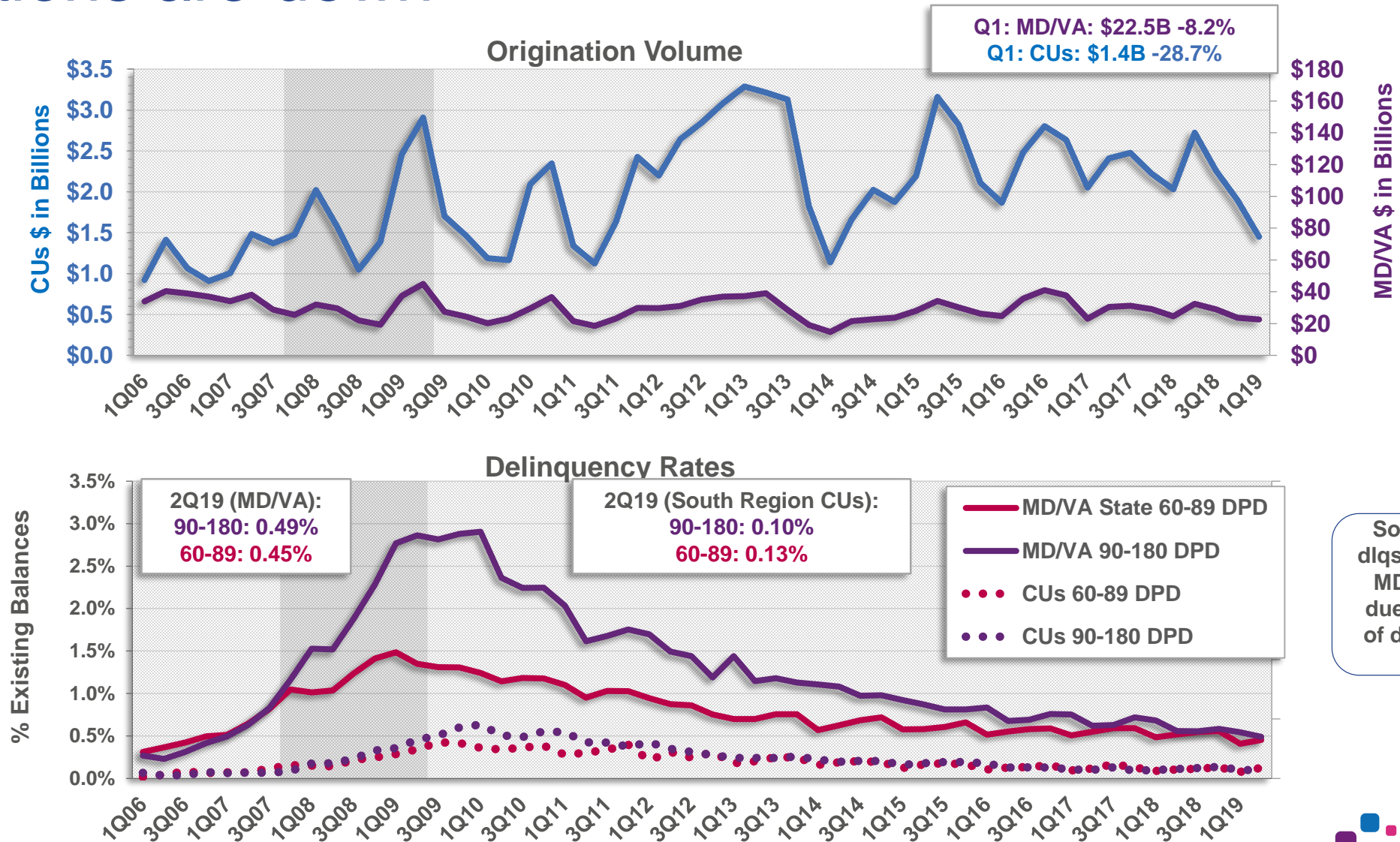
Mortgage origination risk has been stable



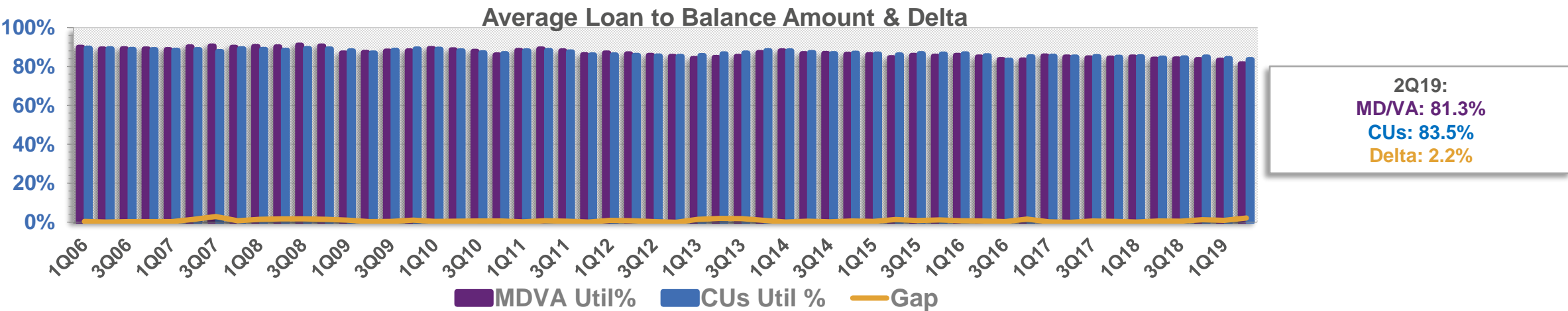
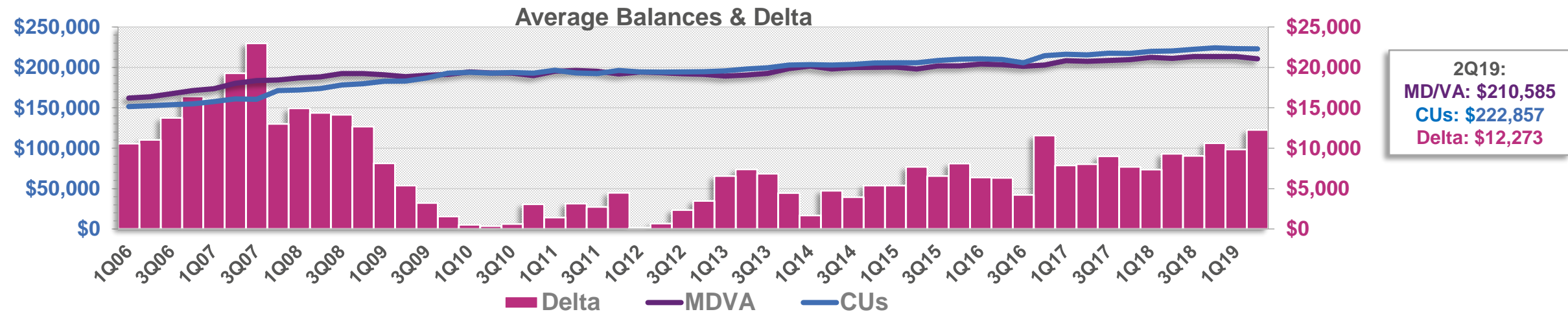
US Avg=722



Mortgage delinquencies remain very low and originations are down



CU avg mortgage balances are over \$12,000 more than MD/VA

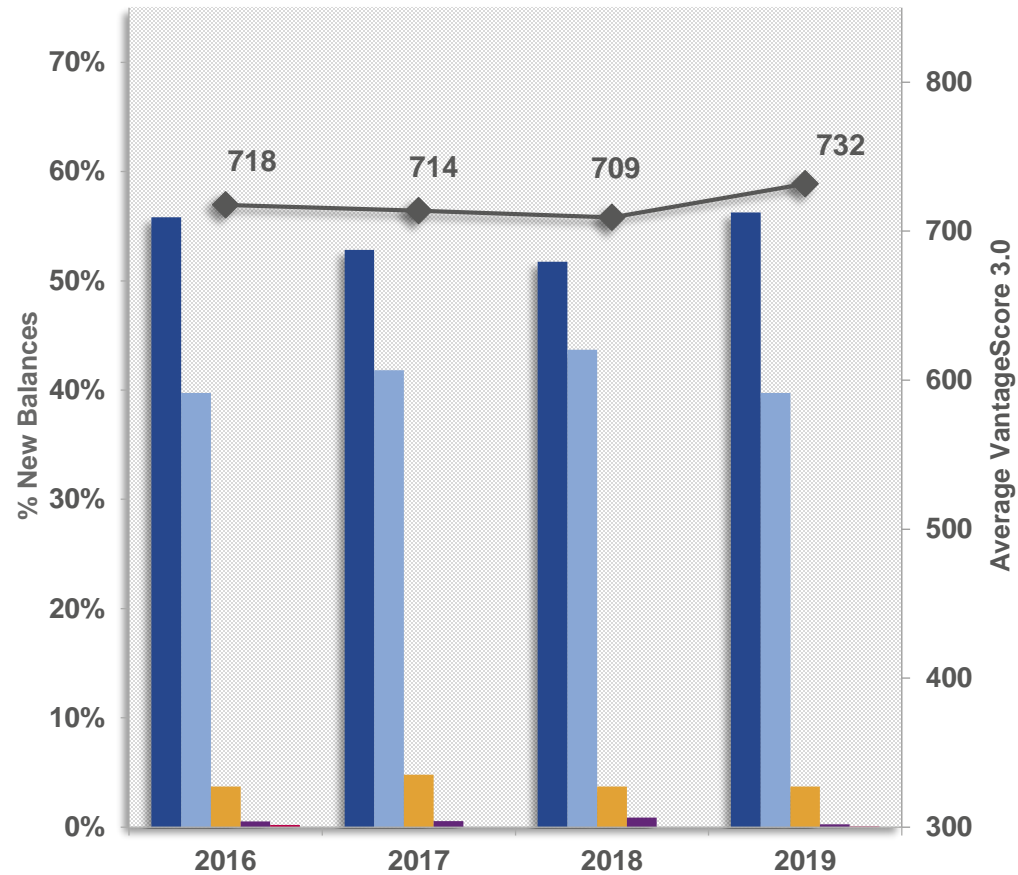


- Originations down & less risky
- DLQs are much lower
- Avg balances are higher
- Loan-to-balance is higher

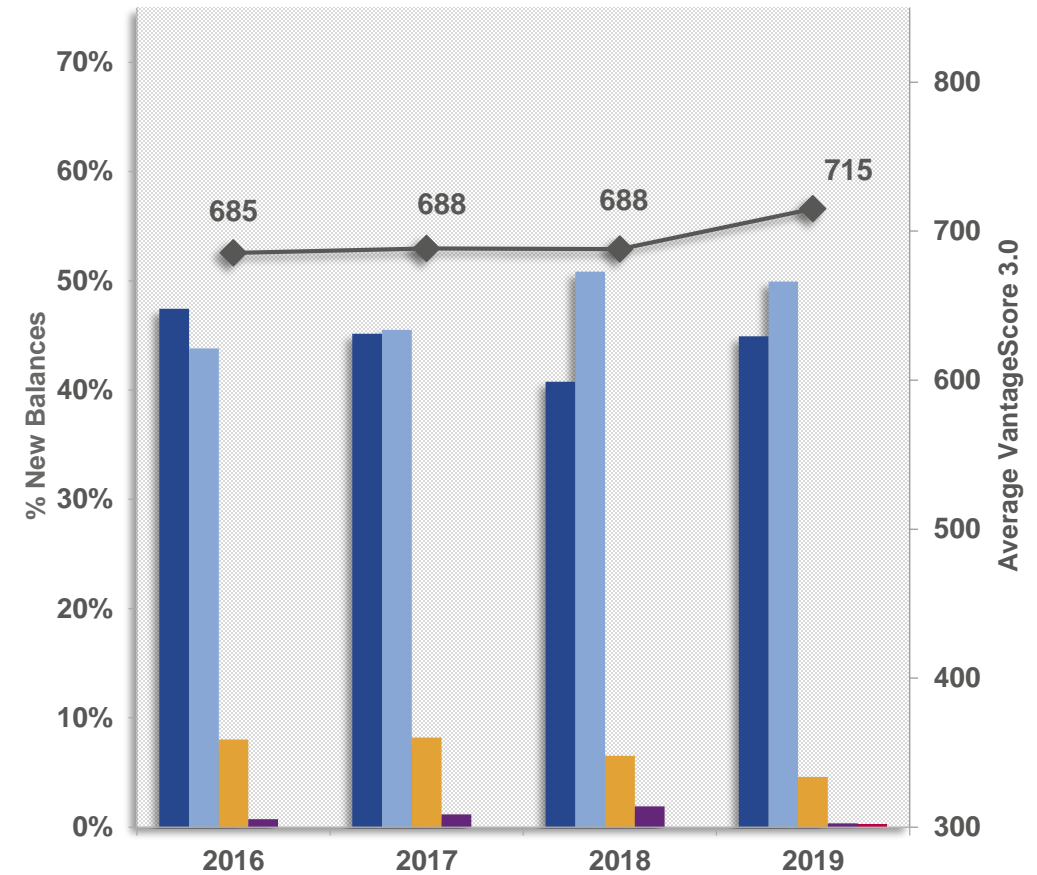


HELOC origination risk is tightening – credit unions more risky

HELOC – MD/VA



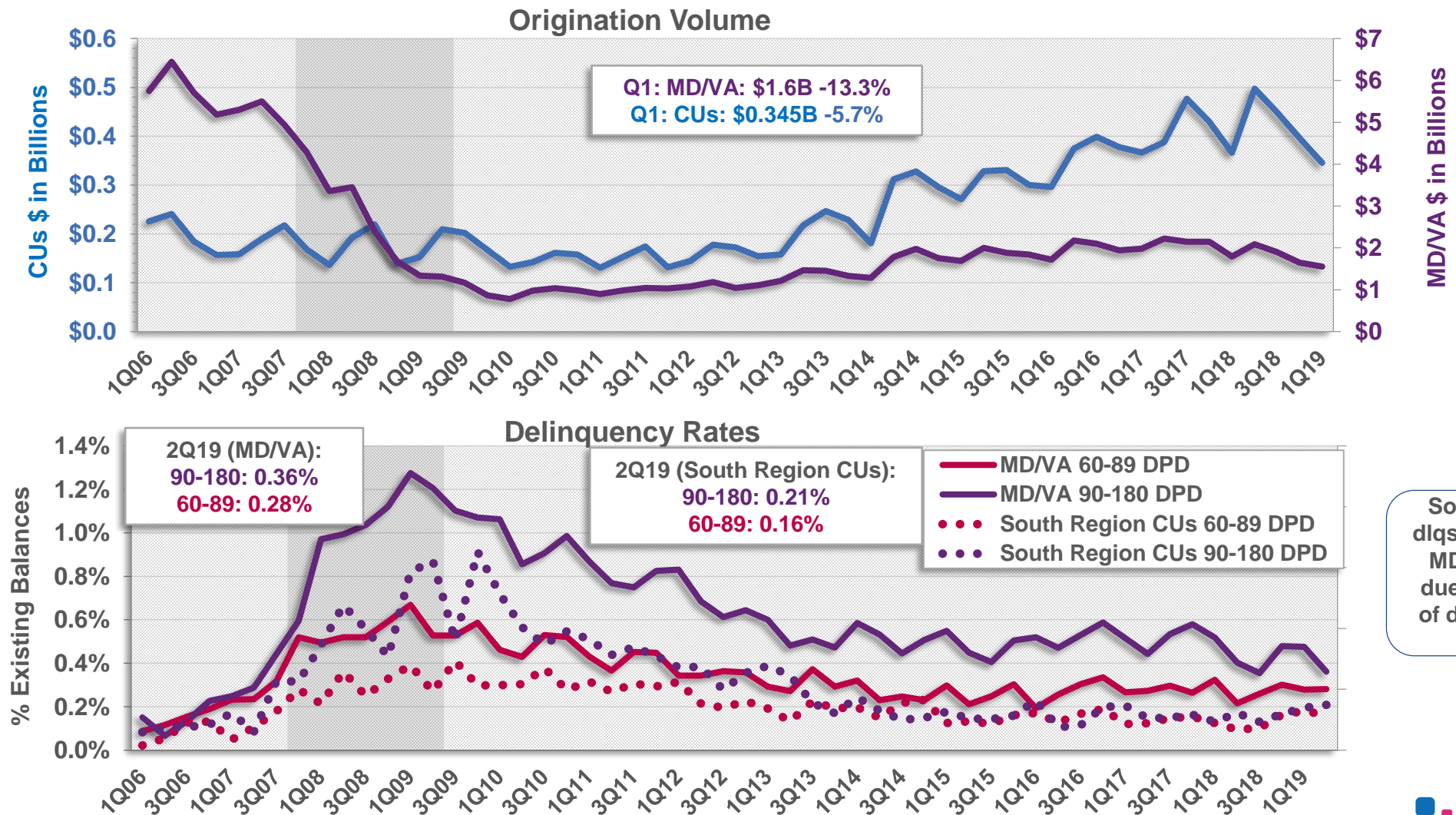
HELOC - Credit Unions



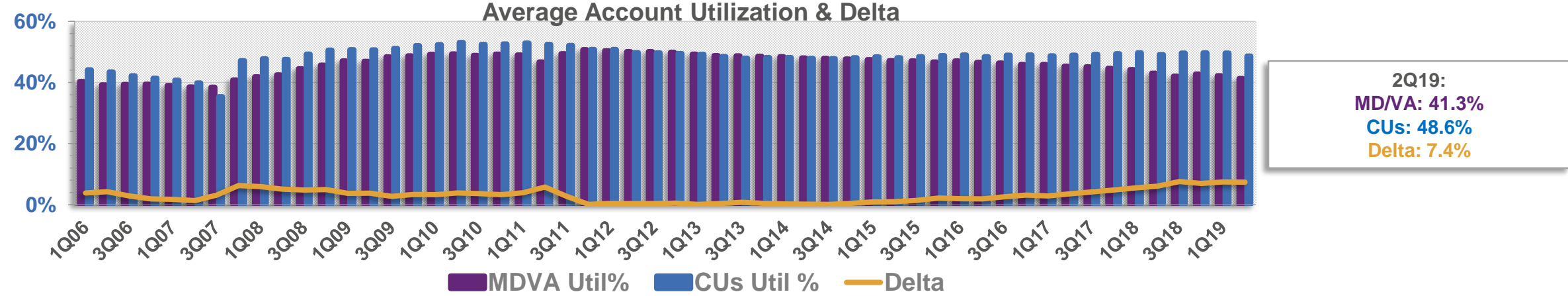
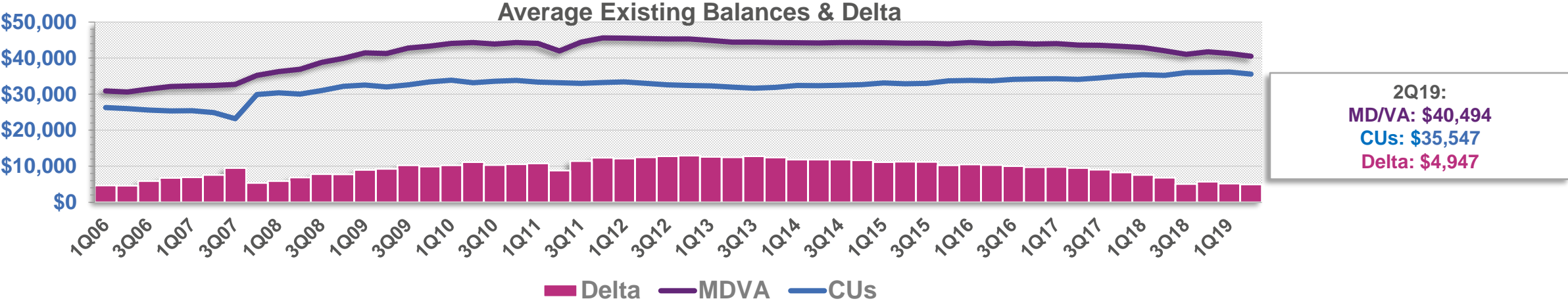
US Avg=731



Downward trend for HELOC originations; CUs carrying lower percentage of delinquent balances



Avg HELOC balances for CUs is close to \$5,000 less than MD/VA

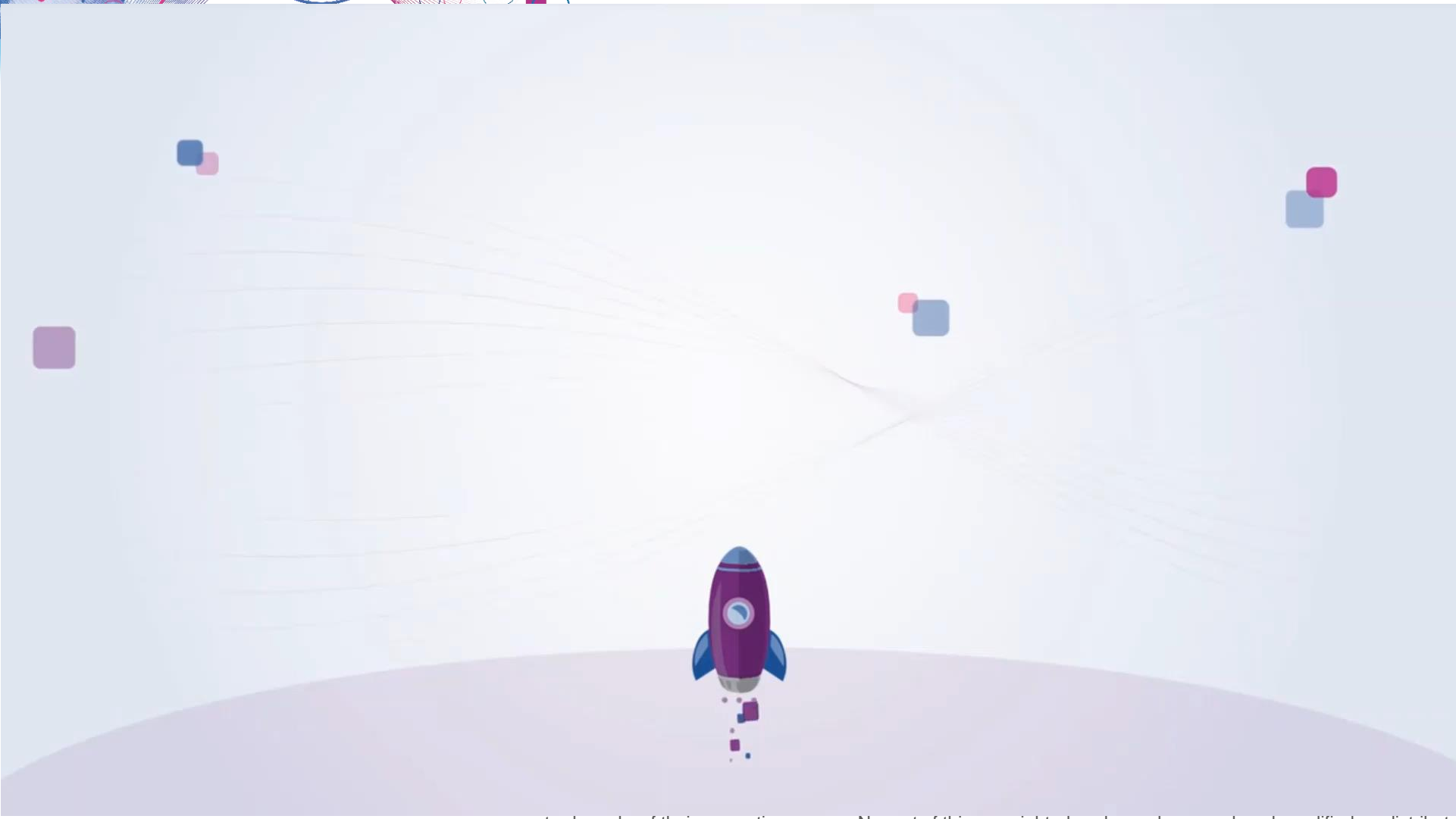


- Originations down & more risky
- DLQs are lower
- Avg balances are lower
- Utilization is higher



Boost Update



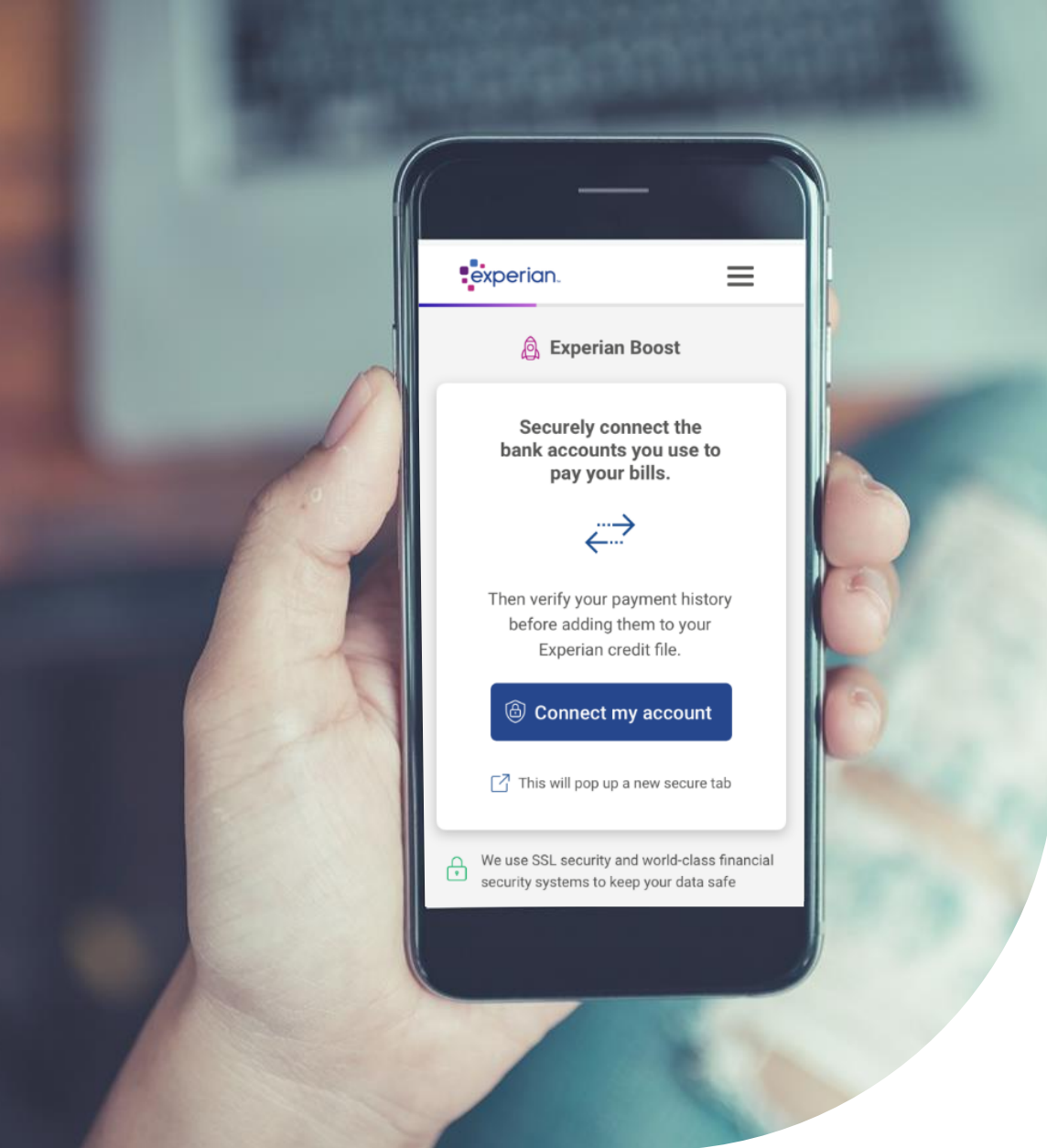


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Why Experian Boost?

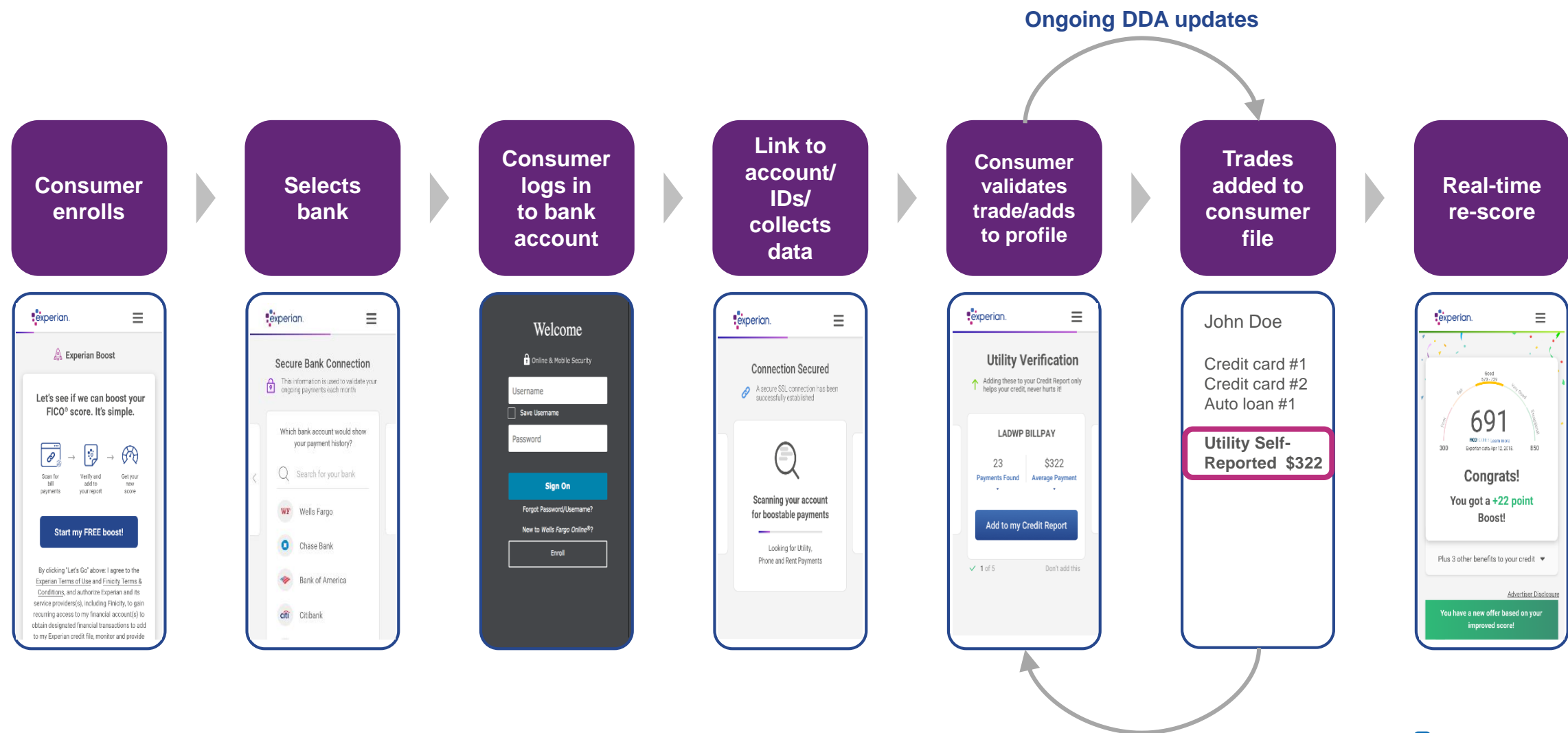
- Experian has worked with utility and telecom providers for years to provide full file trade information with little success (only a handful report)
- However, all delinquencies get reported to the bureau
- To overcome this gap Experian has developed infrastructure enabling consumers to add Telecom and Utility trades to their credit profile via consumer permission access and validation of their bank DDA information
- Experian Boost enables positive Telecom and Utility payment history to be added to consumer's credit profiles



EXPERIAN BOOST: BENEFITS

- Boost works within our **current** credit reporting system
- Consumers add their information **directly into their credit file**
- A new score model does **not need** to be adopted
- Boost is **free** for everyone
- Every week, hundreds of previously unscorable consumers **become scorable**

Consumer experience



Identifying Boosted trades

Tradeline comparison (TTY format)

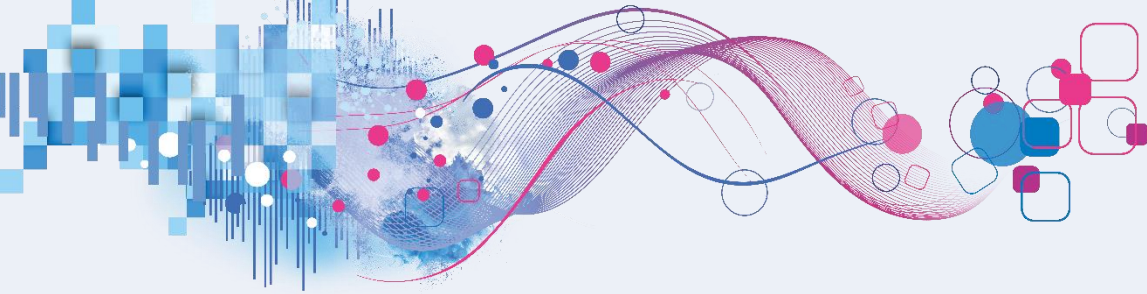
Boost Self-Reported Trade

TELECOM	SELF-REPORTED									
2886930	UT UTI	1	1	3-09-19	\$38	3-19				
3045289				3-19	\$38					
ORIGINAL CREDITOR: CHKG/VERIZON										

Trade Furnished by Operator

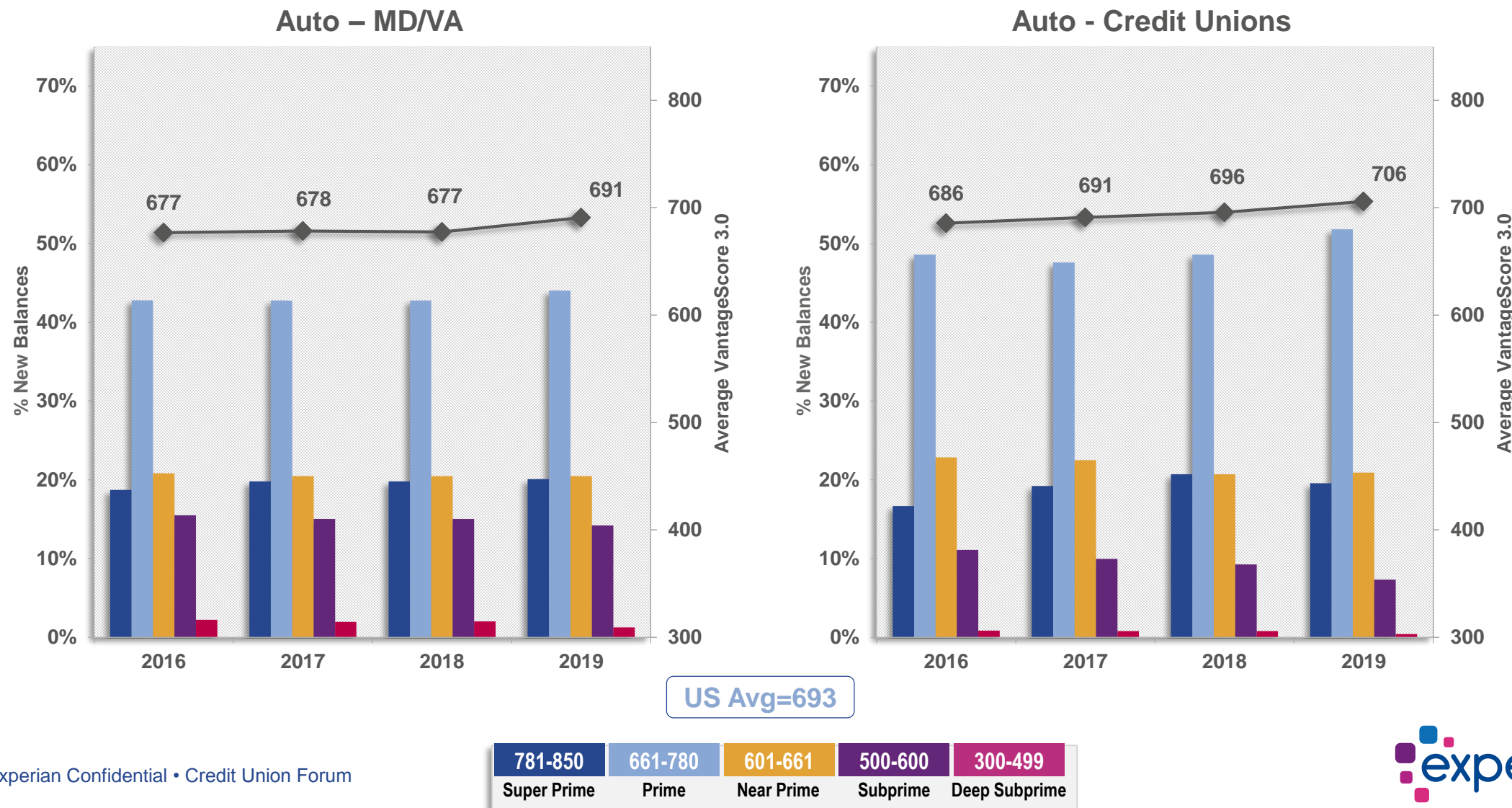
VERIZON MARYLAND INC				4-05	\$297-O					
1945877	UT UTI	1	1	2-05-19	\$203	2-19				
12930835				1-19	UNK					

- Telecom and Utility trades **exist today**, where operators agree to furnish it
- ‘**Date Open**’ field will be **blank**, providing the most accurate and consumer-beneficial representation of the trade
- Subscriber code used for Boosted trades are **2886930, 2886920** (telco, utilities)



Appendix

Auto origination quality increasing



Auto originations are down and MD/VA 60-89 dpd delinquency rate trend is up

