



# eFACTS

Your weekly rates and news from Southwest Corporate

## RATES - February 2, 2010

### Special Certificate Offerings

[Click here](#) for more info or call ext. 7853

CSC 10-02      1.20% - 2yr Non call 6mo  
w/ Semi-annual Calls

### Overnight Account

Effective Feb 01, 2010

Cash Management	.10%
Daily Shares	.05%

	PTA	STA
Greater than \$10,000,000	.25%	.19%
\$1,000,000 to \$10,000,000	.20%	.14%
\$10,000 to \$1,000,000	.15%	.09%
Less than \$10,000	.10%	.05%

### Market Indicators

Effective Feb 02, 2010

Fed Funds Effective	0.14%
Prime Rate	3.25%
3 Month Bill	.09%
6 Month Bill	0.16%
1 Year T-Bill	0.29%
2 Year T-Note	0.84%
5-Year T-Note	2.36%
30 Yr Bond	4.57%

### Bullet Share Certificates

Effective Feb 02, 2010

3 Month	0.26%
6 Month	0.28%
1 Year-Maturity	0.47%
2 Year	1.08%

### Average Rates for Month End

Effective Jan 31, 2010

Cash Management Fund	.10%
Daily Shares	.05%
Membership Capital Account	.125%
CIF	.20%

### Line of Credit Loan Rates

Effective Feb 02, 2010

Performance Settlement LOC (001)	1.15 %
Standard Settlement LOC (002)	1.25 %
Advantage LOC (003)	.65 %

## MANAGING RISK IN A PROLONGED LOW RATE ENVIRONMENT

Don't get too comfortable with low interest rates. That's the warning behind the January FFIEC advisory reminding financial institutions of their responsibilities for managing interest rate risk.

"Regulators are alerting financial institutions that risk management programs will be examined closely. They want the assurance that financial institutions are measuring, and taking steps to mitigate, the impact of a potential rapid and large increase in interest rates," said Mark DeBree, Manager of Asset/Liability Analysis for Southwest Corporate Investment Services (SCIS).

"Net margins have been under heavy pressure. Credit unions are trying to squeeze as much spread as they can out of every loan to cover operating expenses, heightened loan losses and investment losses, while still contributing to capital. Many are holding additional mortgages on the balance sheet, because they currently offer the greatest yield, but at the cost of granting homeowners the prepayment option.

"While we believe credit unions can and should hold mortgage loans, regulators are concerned that with a prolonged, extremely low rate environment, real estate borrowers can lock in rates that could be the lowest for years to come. If that occurs, incentive to prepay these loans diminishes, and credit unions may have these loans on their books for a long time," DeBree said. "When interest rates rise in late 2010 or 2011, long-term real estate loans combined with the need to raise dividend rates may place increased pressure on margins."

The SCIS A/LM team works with approximately 250 credit unions of all sizes and complexities to help them evaluate their risk exposure. Using some of the industry's top analytical modeling – including BancWare ALM5 – they can simulate interest rate "shocks" of 500 basis points or more to measure the impact of rising rates on net interest margin.

For more information on managing interest rate risk, visit A/LM Services at [www.swcorp.org](http://www.swcorp.org) or contact an [account executive](#) at 800.301.6196. For information on free A/LM training, go to Webinars and Training at [www.swcorp.org](http://www.swcorp.org).

## FEBRUARY FINANCIAL REVIEW WEBINAR ON THURSDAY

Southwest Corporate's monthly financial review webinar for member credit unions is Thurs., Feb. 4 at 3 p.m. central time. The webinar will cover December financial reports. To register, click on "Financial Review Webinars" at [www.swcorp.org](http://www.swcorp.org) or contact [Member Services](#).

## MARK YOUR CALENDARS FOR ACH AUDIT TRAINING

Southwest Corporate will conduct a one-hour webinar, entitled ACH - The Annual Audit, on Thurs., Feb. 18 at 1 p.m. central time. The class will cover annual ACH audit requirements for RDFIs and ODFIs and include 2010 rule changes. To register, visit Training at [www.swcorp.org](http://www.swcorp.org).

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