

01 November 2019

BENCHMARK INTEREST RATES AND YIELD CURVE

US Treasury Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	10/31/19	9/30/19	12/31/18	10/31/18	This Yr	Last Yr	Down Cycle
Fed Funds	1.58%	1.90%	2.40%	2.20%	-0.82%	-0.62%	-0.87%
3mo	1.54%	1.88%	2.45%	2.34%	-0.91%	-0.80%	-0.81%
6mo	1.57%	1.83%	2.56%	2.49%	-0.99%	-0.92%	-0.95%
1yr	1.53%	1.75%	2.63%	2.69%	-1.10%	-1.16%	-1.21%
2yr	1.52%	1.63%	2.48%	2.87%	-0.96%	-1.35%	-1.46%
3yr	1.52%	1.56%	2.46%	2.93%	-0.94%	-1.41%	-1.53%
5yr	1.51%	1.55%	2.51%	2.98%	-1.00%	-1.47%	-1.58%
7yr	1.60%	1.62%	2.59%	3.07%	-0.99%	-1.47%	-1.57%
10yr	1.69%	1.68%	2.69%	3.15%	-1.00%	-1.46%	-1.55%
30yr	2.17%	2.12%	3.02%	3.39%	-0.85%	-1.22%	-0.01%

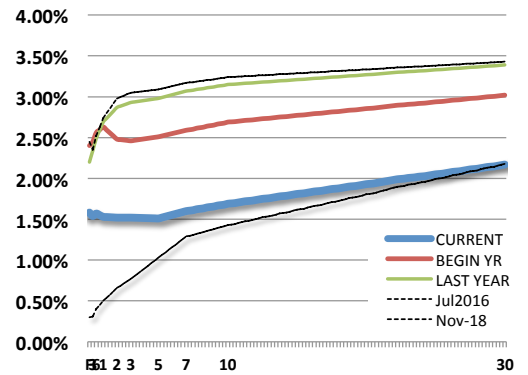
Slope of the Yield Curve-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE	CHANGES SINCE	CHANGES SINCE
	10/31/19	9/30/19	12/31/18	10/31/18	This Yr	Last Yr	Down Cycle
2yr-3mo	-0.02%	-0.25%	0.03%	0.53%	-0.05%	-0.55%	-0.65%
5yr-2yr	-0.01%	-0.08%	0.03%	0.11%	-0.04%	-0.12%	-0.12%
10yr-5yr	0.18%	0.13%	0.18%	0.17%	0.00%	0.01%	0.03%
10yr-3mo	0.15%	-0.20%	0.24%	0.81%	-0.09%	-0.66%	-0.74%

Other Interest Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE	CHANGES SINCE	CHANGES SINCE
	10/31/19	9/30/19	12/31/18	10/31/18	This Yr	Last Yr	Down Cycle
Prime	4.75%	5.00%	5.50%	5.25%	-0.75%	-0.50%	-0.75%
1mo LIBOR	1.78%	2.02%	2.52%	2.40%	-0.74%	-0.62%	-0.74%
6mo LIBOR	1.92%	2.06%	2.87%	2.80%	-0.95%	-0.88%	-0.99%
12mo LIBOR	1.96%	2.03%	3.01%	3.09%	-1.05%	-1.13%	-1.17%

YIELD CURVE ASSESSMENT



CYCLICAL CHANGES SUMMARY

	Jul16 Low	Nov18 High	Nov18 High-Current
Fed Funds	2.15%		-0.87%
1year	2.24%		-1.21%
2years	2.32%		-1.46%
3years	2.28%		-1.53%
5years	2.06%		-1.58%
10years	1.81%		-1.55%

ECONOMIC UPDATE AND ANALYSIS

FRB POLICY-MAKERS DROP O/N BENCHMARK; OCTOBER UNEMPLOYMENT RATE AT 3.6%

The Federal Reserve approved an expected quarter-point interest rate cut Wednesday but indicated that the moves to ease policy could be nearing a pause.

In a vote widely anticipated by financial markets, the central bank's Federal Open Market Committee lowered its benchmark funds rate by 25 basis points to a range of 1.5% to 1.75%. The rate sets what banks charge each other for overnight lending but can also be tied to many forms of revolving consumer debt.

It was the third cut this year as part of what Fed Chairman Jerome Powell has characterized as a "midcycle adjustment" in a maturing economic expansion. However, the FOMC removed a key clause that had appeared in post-meeting statements since June saying it was committed to "act as appropriate to sustain the expansion." Powell had used the phrase in early June to tee up the July rate cut, and it has been incorporated into the official language since.

In its place was more tempered language. "The Committee will continue to monitor the implications of incoming information for the economic outlook as it assesses the appropriate path of the target range for the federal funds rate," the statement said.

Key Economic Indicators for Banks, Thrifts & Credit Unions-

		LATEST	CURRENT	PREV
GDP	QoQ	Q2-Final	1.9%	2.0%
GDP - YTD	Annl	Q2-Final	2.3%	2.6%
Consumer Spending	QoQ	Q2-Final	2.0%	4.6%
Consumer Spending	Annl	Q2-Final	2.9%	2.9%
Unemployment	Mo	Oct	3.6%	3.5%
Consumer Inflation	YoY	Sep	1.7%	1.7%
Core Inflation	YoY	Sep	2.4%	2.4%
Consumer Credit	Annual	Aug	5.2%	6.7%
Retail Sales	YoY	Sep	3.4%	3.3%
Vehicle Sales	Annl (Mil)	Sep	17.7	17.5
Home Sales	Annl (Mil)	Sep	6.103	6.066
Home Prices	YoY	Aug	2.0%	2.0%

Key Consumer Market Data-

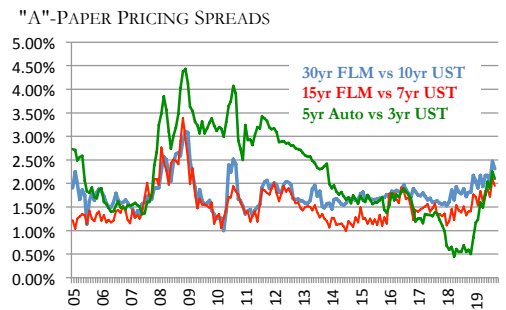
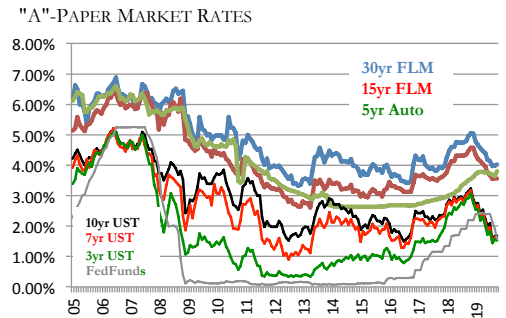
	THIS WK	YR END	PCT CHANGES	
	10/31/19	12/31/18	YTD	12Mos
DJIA	27,046	23,327	15.9%	8.0%
S&P 500	3,037	2,506	21.2%	12.4%
NASDAQ	8,292	6,635	25.0%	13.6%
Crude Oil	54.18	45.41	19.3%	-12.3%
Avg Gasoline	2.60	2.27	14.6%	-9.5%
Gold	1,514.8	1,281.3	18.2%	22.5%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 10/31/19	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.48%	-0.13%	-0.75%	-0.21%	-0.75%	17%	28%
Platinum CC	10.06%	-0.11%	-0.75%	-0.21%	-0.75%	15%	28%
48mo Veh	3.52%	-0.02%	-0.96%	-0.14%	-1.46%	2%	10%
60mo Veh	3.81%	0.15%	-0.94%	0.04%	-1.53%	-16%	-3%
72mo Veh	3.96%	-0.05%	-0.97%	-0.16%	-1.56%	5%	10%
HE LOC	5.23%	-0.18%	-0.75%	-0.33%	-0.75%	24%	44%
10yr HE	5.33%	-0.14%	-1.00%	-0.19%	-1.58%	14%	12%
15yr FRM	3.56%	-0.87%	-1.00%	-1.02%	-1.61%	87%	64%
30yr FRM	4.02%	-0.84%	-1.00%	-1.04%	-1.55%	84%	67%
Sh Drafts	0.14%	0.01%	-0.82%	0.00%	-0.87%	-1%	0%
Reg Svgs	0.18%	0.00%	-0.82%	-0.01%	-0.87%	0%	1%
MMkt-10k	0.47%	0.03%	-0.82%	-0.01%	-0.87%	-4%	1%
MMkt-50k	0.64%	0.03%	-0.82%	-0.01%	-0.87%	-4%	1%
6mo CD	1.01%	0.08%	-0.99%	-0.02%	-0.95%	-8%	2%
1yr CD	1.44%	0.02%	-1.10%	-0.07%	-1.21%	-2%	6%
2yr CD	1.69%	-0.07%	-0.96%	-0.16%	-1.46%	7%	11%
3yr CD	1.86%	-0.13%	-0.94%	-0.20%	-1.53%	14%	13%

*Since Nov 2018

RELATIVE VALUE



STRATEGICALLY FOR CREDIT UNIONS

We continue to watch whether the Fed might start to signal that the policy accommodation, following nine rate hikes since December 2015, might be winding down. The new language suggests an increased level of data dependence rather than an ongoing intent to adjust rates lower. While market pricing had been around 100% for a cut at this meeting, traders had seen only about a 25% probability of a move at the Fed's next meeting on Dec. 10-11.

The decision comes the same day that the government reported GDP growth of 1.9% that, while reflecting a deceleration, was above Wall Street estimates for 1.6%. Job gains, meanwhile, have slowed in recent months but are well above the 109,000 or so that the Atlanta Fed estimates are necessary to keep the unemployment rate at the 50-year low of 3.5%.

On Friday, the Labor Department reported October's unemployment rate was 3.6% with the economy adding 128,000 jobs. Approximately 241,000 became employed - close to covering the 325,000 people that were added to the labor force ranks and more than the 207,000 increase in the civilian population.

This should be enough to sustain current consumer spending behavior and Q4 demand for products and services.

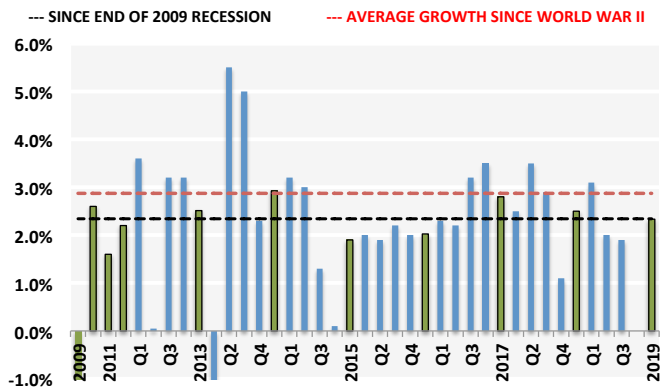
Additional information and other market-related reports can be viewed at www.Meridian-ally.com

ECONOMIC RELEASES

RELEASES THIS WEEK:	Current	Previous
FOMC Meeting	Moderate Growth; Chg in O/N Target	-0.25%
Home Prices (Ayg, YoY)	2.0%	2.0%
GDP (Q3, 1st)	1.9%	2.0%
Unemployment (Oct)	3.6%	3.5%

RELEASES FOR UPCOMING WEEK:	Projected	Previous
Consumer Credit (Sep)	4.3%	5.2%

GROSS DOMESTIC PRODUCT



ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Oct 7 Consumer Credit 5.2%	8 Whls Inflation 1.4%	9 FOMC Minutes	10 Jobless Claims 210k Cons Inflation 1.7%	11	12
14 COLUMBUS DAY HOLIDAY	15	16 Retail Sales 3.4% FRB Beige Book	17 Jobless Claims 214k Industrial Prod -0.4%	18 Leading Indicators -0.1%	19
21	22 Ex Home Sales 5.38M	23	24 Jobless Claims 212k New Home Sales 713k	25 Consumer Sentiment 95.5	26
28	29 Home Prices +2.0%	30 GDP (Q3-1st) 1.9% FOMC Announcement	31 Jobless Claims 219k	Nov 1 Employment Data 3.6%	2
4	5	6	7 Jobless Claims Consumer Credit	8	9
11 VETERAN'S DAY	12	13 Consumer Inflation	14 Jobless Claims Wholesale Inflation	15 Retail Sales	16
18	19	20 FOMC Minutes	21 Jobless Claims Existing Home Sales	22	23
25	26 Home Prices New Home Sales	27 GDP (Q3-2nd) FRB Beige Book Jobless Claims	28 THANKSGIVING	29	30

Q2-2019	<\$2 Million	\$2-10 Million	\$10-50 <Million	\$50-100 Million	\$100-500 Million	\$500+ Million	TOTAL	<\$10 Million	<\$50 Million	<\$100 Million	<\$500 Million
DEMOGRAPHICS											
Number of Credit Unions	423	940	1,677	680	1,012	576	5,308	1,363	3,040	3,720	4,732
Average Assets (\$Mil)	\$0.9	\$5.9	\$25.4	\$72.5	\$228.2	\$1,952.4	\$273.8	\$4.4	\$16.0	\$26.3	\$69.5
Pct of Credit Unions	8%	18%	32%	13%	19%	11%	100%	26%	57%	70%	89%
Pct of Industry Assets	0%	0%	3%	3%	15%	79%	100%	0%	3%	6%	21%
GROWTH RATES (YTD)											
Total Assets	-6.1%	-11.4%	-1.6%	-1.3%	-5.9%	13.3%	9.2%	-11.0%	-2.8%	-2.0%	-4.7%
Total Loans	-11.8%	-11.5%	-3.4%	-5.0%	-10.7%	7.9%	4.4%	-11.6%	-4.3%	-4.7%	-9.2%
Total Shares	-5.1%	-9.5%	-1.7%	-1.3%	-5.0%	11.9%	8.3%	-9.2%	-2.6%	-2.0%	-4.1%
Net Worth	-3.6%	-11.2%	-0.5%	-1.5%	-5.6%	12.6%	8.7%	-10.6%	-2.0%	-1.8%	-4.4%
BALANCE SHEET ALLOCATION											
Net Worth-to-Total Assets	19.0%	15.9%	13.0%	12.0%	11.4%	11.1%	11.3%	16.1%	13.3%	12.7%	11.8%
Cash & Inv-to-Total Assets	52%	46%	43%	37%	28%	24%	25%	47%	44%	41%	32%
Loans-to-Total Assets	47%	52%	53%	58%	67%	72%	70%	52%	53%	56%	64%
Vehicle-to-Total Loans	59%	62%	49%	43%	40%	33%	35%	62%	50%	46%	41%
REL-to-Total Loans	1%	8%	32%	38%	44%	51%	50%	8%	29%	34%	42%
REL-to-Net Worth	4%	28%	130%	186%	261%	332%	308%	26%	115%	149%	225%
Indirect-to-Total Loans	0%	1%	5%	12%	19%	22%	21%	0%	4%	9%	17%
Loans-to-Total Shares	59%	62%	62%	67%	77%	86%	83%	62%	62%	64%	73%
Nonterm-to-Total Shares	91%	85%	81%	78%	75%	70%	71%	85%	81%	80%	76%
Short-term Funding Ratio	40.5%	29.9%	23.8%	19.9%	15.0%	12.0%	13.1%	24.5%	22.2%	17.1%	13.1%
Net Long-term Asset Ratio	3.5%	7.8%	18.7%	24.0%	29.9%	34.7%	33.1%	17.4%	20.8%	27.2%	33.0%
LOAN QUALITY											
Loan Delinquency Ratio	3.36%	1.68%	0.94%	0.81%	0.68%	0.61%	0.63%	1.02%	0.91%	0.74%	0.64%
Net Charge-off Ratio	0.99%	0.67%	0.46%	0.45%	0.47%	0.58%	0.56%	0.48%	0.47%	0.47%	0.56%
"Misery" Index	4.35%	2.35%	1.40%	1.26%	1.15%	1.19%	1.19%	1.51%	1.38%	1.21%	1.19%
RE Loan Delinquency	3.00%	2.18%	0.90%	0.75%	0.62%	0.49%	0.52%	2.19%	0.94%	0.83%	0.66%
Vehicle Loan Delinquency	2.83%	1.52%	0.85%	0.73%	0.61%	0.51%	0.55%	1.60%	0.96%	0.85%	0.68%
Direct Loans	2.83%	1.52%	0.82%	0.70%	0.56%	0.47%	0.55%	1.60%	0.94%	0.84%	0.67%
Indirect Loans	0.00%	1.37%	1.13%	0.81%	0.66%	0.53%	0.55%	1.37%	1.13%	0.89%	0.69%
Loss Allow as % of Loans	2.78%	1.27%	0.90%	0.82%	0.82%	0.89%	0.88%	1.36%	0.95%	0.88%	0.84%
Current Loss Exposure	1.51%	0.83%	0.52%	0.49%	0.43%	0.36%	0.38%	0.87%	0.56%	0.52%	0.45%
EARNINGS											
Gross Asset Yield	4.11%	3.99%	3.77%	3.79%	3.82%	4.10%	4.03%	4.00%	3.80%	3.79%	3.81%
Cost of Funds	0.35%	0.42%	0.41%	0.46%	0.58%	0.94%	0.85%	0.41%	0.41%	0.43%	0.54%
Gross Interest Margin	3.76%	3.57%	3.37%	3.33%	3.24%	3.15%	3.18%	3.58%	3.39%	3.36%	3.28%
Provision Expense	0.39%	0.34%	0.23%	0.27%	0.31%	0.47%	0.43%	0.35%	0.25%	0.26%	0.29%
Net Interest Margin	3.37%	3.23%	3.13%	3.06%	2.93%	2.68%	2.75%	3.24%	3.14%	3.10%	2.98%
Non-Interest Income	0.52%	0.65%	1.01%	1.25%	1.39%	1.32%	1.32%	0.64%	0.97%	1.11%	1.31%
Non-Interest Expense	4.29%	3.65%	3.58%	3.68%	3.64%	3.03%	3.16%	3.69%	3.59%	3.64%	3.64%
Net Operating Expense	3.77%	3.00%	2.57%	2.44%	2.24%	1.71%	1.85%	3.05%	2.62%	2.53%	2.33%
Net Operating Return	-0.40%	0.23%	0.57%	0.63%	0.69%	0.97%	0.90%	0.19%	0.52%	0.57%	0.66%
Non-recurring Inc(Exp)	0.13%	0.07%	0.02%	0.01%	0.02%	0.04%	0.03%	0.07%	0.03%	0.02%	0.02%
Net Income	-0.27%	0.30%	0.59%	0.64%	0.71%	1.01%	0.94%	0.26%	0.55%	0.59%	0.68%
Return on Net Worth	-0.7%	2.4%	4.7%	5.4%	6.5%	9.1%	8.4%	2.1%	4.4%	4.9%	6.0%

Q2-2019	<\$2 Million	\$2-10 Million	\$10-50 <Million	\$50-100 Million	\$100-500 Million	\$500> Million	TOTAL	<\$10 Million	<\$50 Million	<\$100 Million	<\$500 Million
OPERATING EFFICIENCIES:											
Loans & Shares-											
Avg Loan Balance	\$4,579	\$7,480	\$8,648	\$10,300	\$13,310	\$16,604	\$15,457	\$7,305	\$8,488	\$9,445	\$12,313
Avg Loan Rate	7%	6%	5%	5%	5%	5%	5%	6%	5%	5%	5%
Avg Loan Yield, net	7%	6%	5%	5%	4%	4%	4%	6%	5%	5%	5%
Avg Share Balance	\$2,238	\$4,767	\$7,285	\$8,280	\$9,430	\$11,580	\$10,817	\$4,447	\$6,791	\$7,473	\$8,740
Avg Share Rate	0.44%	0.50%	0.47%	0.52%	0.67%	1.13%	1.02%	0.49%	0.47%	0.50%	0.62%
NM Deposit Ratio	1.9%	1.1%	1.0%	0.9%	1.1%	0.9%	1.0%	1.2%	1.0%	0.9%	1.1%
Net Operating Profitability-											
Earning Asset/Funding	124%	118%	112%	109%	108%	109%	109%	118%	112%	111%	109%
Avg Revenue per FTE	\$48,115	\$109,745	\$163,984	\$177,942	\$195,786	\$290,899	\$260,141	\$101,300	\$152,928	\$164,932	\$185,808
Avg OpExpense per FTE	\$44,582	\$86,359	\$122,665	\$130,200	\$136,528	\$162,825	\$153,794	\$80,635	\$115,252	\$122,425	\$131,967
Avg Int & Prov Exp per FTE	\$7,720	\$17,963	\$21,923	\$25,555	\$33,315	\$75,887	\$62,468	\$16,559	\$20,977	\$23,174	\$30,035
Avg OpReturn per FTE	-\$4,187	\$5,423	\$19,396	\$22,187	\$25,944	\$52,186	\$43,879	\$4,106	\$16,699	\$19,332	\$23,806
Net OpExp-to-Total Exp	88%	82%	72%	66%	62%	56%	58%	83%	73%	70%	64%
Operating Revenue-											
Non-Int Inc-to-Total Rev	11%	14%	21%	25%	27%	24%	25%	14%	20%	23%	26%
Interest Inc per FTE	\$35,016	\$76,432	\$107,299	\$108,330	\$110,172	\$144,081	\$133,614	\$70,757	\$100,854	\$104,441	\$108,319
Non-Int Inc per FTE	\$5,379	\$15,350	\$34,762	\$44,057	\$52,300	\$70,931	\$64,059	\$13,984	\$31,097	\$37,316	\$47,454
Operating Expenses-											
C&B Expense Ratio	2.11%	1.90%	1.71%	1.76%	1.83%	1.59%	1.63%	1.91%	1.74%	1.75%	1.80%
Pct of Total Op Exp	49%	52%	48%	48%	50%	52%	52%	52%	48%	48%	50%
Avg C&B per FTE	\$21,951	\$44,929	\$58,737	\$62,351	\$68,577	\$85,153	\$79,387	\$41,781	\$55,746	\$58,916	\$65,453
Occ & Ops Exp Ratio	1.29%	0.97%	0.95%	0.93%	0.93%	0.74%	0.79%	0.99%	0.96%	0.94%	0.94%
Pct of Total Op Exp	30%	27%	27%	25%	26%	25%	25%	27%	27%	26%	26%
Avg O&O per FTE	\$13,412	\$22,944	\$32,698	\$32,759	\$35,012	\$39,993	\$38,223	\$21,638	\$30,747	\$31,712	\$33,945
All Other Exp Ratio	0.31%	0.32%	0.43%	0.49%	0.42%	0.32%	0.34%	0.32%	0.42%	0.45%	0.43%
Pct of Total Op Exp	15%	18%	24%	27%	23%	21%	21%	18%	23%	25%	24%
Avg AOE per FTE	\$9,220	\$18,485	\$31,231	\$35,090	\$32,939	\$37,679	\$36,184	\$17,216	\$28,759	\$31,797	\$32,569
Average Margin per Account-											
Avg Int Inc per Loan	\$304	\$424	\$447	\$501	\$594	\$731	\$687	\$418	\$444	\$476	\$568
Avg Int Exp per Share	\$10	\$24	\$34	\$43	\$63	\$131	\$110	\$22	\$32	\$37	\$54
Avg Return	\$295	\$400	\$413	\$458	\$531	\$600	\$578	\$396	\$412	\$439	\$514
Staffing-											
Full-time Equivalents	364	2,293	12,405	13,896	60,586	216,403	305,945	2,657	15,061	28,957	89,542
Pct PT Employees	78%	41%	16%	12%	8%	6%	8%	48%	22%	17%	11%
FTE-to-Ops (Staffing)	2.04	0.75	0.44	0.38	0.32	0.22	0.24	0.82	0.48	0.43	0.35
Membership Outreach-											
Members-to-Potential	8.6%	7.7%	2.9%	2.7%	2.7%	3.1%	3.0%	7.8%	3.3%	3.0%	2.8%
Members-to-FTEs	368	403	404	370	340	400	387	398	403	387	355
Branches	414	971	2,463	1,782	5,135	10,246	21,011	1,385	3,848	5,630	10,765
Members per Branch	323	952	2,036	2,885	4,007	8,444	5,631	764	1,578	1,992	2,953