

BENCHMARK INTEREST RATES AND YIELD CURVE

**US Treasury Rates-**

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	1/23/20	12/23/20	12/31/19	1/23/19	This Yr	Last Yr	Down Cycle
Fed Funds	1.55%	1.55%	1.55%	2.40%	0.00%	-0.85%	-0.90%
3mo	1.55%	1.55%	1.55%	2.41%	0.00%	-0.86%	-0.80%
6mo	1.56%	1.60%	1.60%	2.51%	-0.04%	-0.95%	-0.96%
1yr	1.55%	1.59%	1.59%	2.59%	-0.04%	-1.04%	-1.19%
2yr	1.51%	1.58%	1.58%	2.58%	-0.07%	-1.07%	-1.47%
3yr	1.51%	1.62%	1.62%	2.57%	-0.11%	-1.06%	-1.54%
5yr	1.55%	1.69%	1.69%	2.59%	-0.14%	-1.04%	-1.54%
7yr	1.65%	1.83%	1.83%	2.66%	-0.18%	-1.01%	-1.52%
10yr	1.74%	1.92%	1.92%	2.76%	-0.18%	-1.02%	-1.50%
30yr	2.18%	2.39%	2.39%	3.07%	-0.21%	-0.89%	0.00%

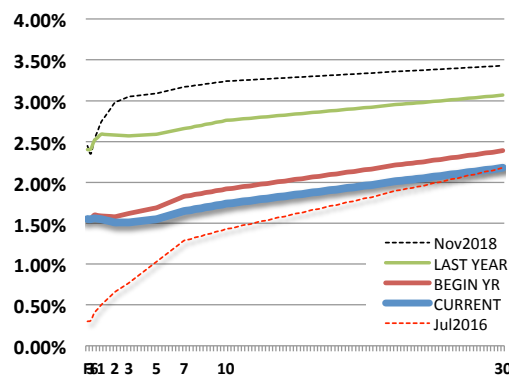
**Slope of the Yield Curve-**

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
2yr-3mo	-0.04%	0.03%	0.03%	0.17%	-0.07%	-0.21%	-0.67%
5yr-2yr	0.04%	0.11%	0.11%	0.01%	-0.07%	0.03%	-0.07%
10yr-5yr	0.19%	0.23%	0.23%	0.17%	-0.04%	0.02%	0.04%
10yr-3mo	0.19%	0.37%	0.37%	0.35%	-0.18%	-0.16%	-0.70%

**Other Interest Rates-**

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
Prime	4.75%	4.75%	4.75%	5.50%	0.00%	-0.75%	-0.75%
1mo LIBOR	1.66%	1.79%	1.76%	2.51%	-0.10%	-0.85%	-0.86%
6mo LIBOR	1.82%	1.92%	1.91%	2.85%	-0.09%	-1.03%	-1.09%
12mo LIBOR	1.89%	2.00%	2.00%	3.04%	-0.11%	-1.15%	-1.24%

**YIELD CURVE ASSESSMENT**



**CYCLICAL CHANGES SUMMARY**

	Jul16 Low	Nov18 High	Nov18 High-Current
Fed Funds	2.15%	2.15%	-0.90%
1year	2.24%	2.24%	-1.19%
2years	2.32%	2.32%	-1.47%
3years	2.28%	2.28%	-1.54%
5years	2.06%	2.06%	-1.54%
10years	1.81%	1.81%	-1.50%

ECONOMIC UPDATE AND ANALYSIS

**EXISTING HOME SALES RISE IN DECEMBER; AVERAGE SALES PRICES RISE 7.8%**

Existing-home sales grew in December, bouncing back after a slight fall in November, according to the National Association of Realtors. Although the Midwest saw sales decline, the other three major U.S. regions reported meaningful growth last month.

Total existing-home sales - completed transactions that include single-family homes, townhomes, condominiums and co-ops - increased 3.6% from November to a seasonally-adjusted annual rate of 5.54 million in December. Additionally, overall sales took a significant bounce, up 10.8% from a year ago (5.00 million in December 2018).

On a full-year basis, total existing-home sales ended at 5.34 million, the same level as in 2018, as sales in the South region (+2.2%) offset declines in the West (-1.8%) and Midwest (-1.6%), as the Northeast remained unchanged.

The median existing-home price for all housing types in December was \$274,500, up 7.8% from December 2018 (\$254,700), as prices rose in every region.

**Key Economic Indicators for Banks, Thrifts & Credit Unions-**

		LATEST	CURRENT	PREV
GDP	QoQ	Q3-3rd	2.1%	2.0%
GDP - YTD	Annl	Q3-3rd	2.4%	2.6%
Consumer Spending	QoQ	Q3-3rd	3.2%	4.6%
Consumer Spending	Annl	Q3-3rd	3.0%	2.9%
Unemployment	Mo	Dec	3.5%	3.5%
Consumer Inflation	YoY	Dec	2.3%	2.1%
Core Inflation	YoY	Dec	2.3%	2.3%
Consumer Credit	Annual	Nov	3.6%	5.5%
Retail Sales	YoY	Dec	3.6%	3.4%
Vehicle Sales	Annl (Mil)	Dec	17.2	17.6
Home Sales	Annl (Mil)	Dec	6.273	6.083
Home Prices	YoY	Oct	2.2%	2.2%

**Key Consumer Market Data-**

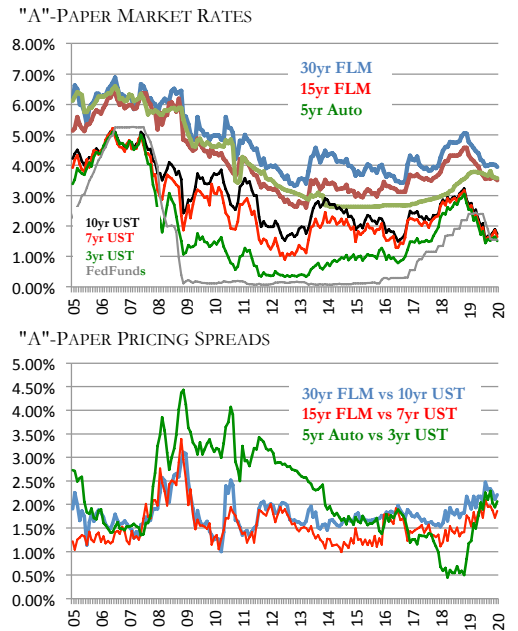
	THIS WK	YR END	PCT CHANGES	
	1/23/20	12/31/19	YTD	12Mos
DJIA	29,160	28,538	2.2%	17.0%
S&P 500	3,325	3,231	2.9%	23.6%
NASDAQ	9,402	8,973	4.8%	30.0%
Crude Oil	55.59	61.06	-9.0%	1.0%
Avg Gasoline	2.57	2.57	0.0%	12.6%
Gold	1,565.4	1,523.1	2.8%	20.8%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 1/23/20	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.46%	0.01%	0.00%	-0.23%	-0.75%	0%	31%
Platinum CC	9.87%	-0.05%	0.00%	-0.40%	-0.75%	0%	53%
48mo Veh	3.45%	-0.02%	-0.07%	-0.21%	-1.47%	29%	14%
60mo Veh	3.58%	-0.01%	-0.11%	-0.19%	-1.54%	9%	12%
72mo Veh	3.89%	-0.02%	-0.13%	-0.23%	-1.54%	16%	15%
HE LOC	4.96%	-0.04%	0.00%	-0.60%	-0.75%	0%	80%
10yr HE	5.27%	-0.01%	-0.14%	-0.25%	-1.56%	7%	16%
15yr FRM	3.51%	-0.06%	-0.16%	-1.07%	-1.56%	38%	69%
30yr FRM	3.95%	-0.06%	-0.18%	-1.11%	-1.50%	33%	74%
Sh Drafts	0.16%	0.02%	0.00%	0.02%	-0.90%	0%	-2%
Reg Svgs	0.19%	0.00%	0.00%	0.00%	-0.90%	0%	0%
MMkt-10k	0.45%	0.00%	0.00%	-0.03%	-0.90%	0%	3%
MMkt-50k	0.62%	0.00%	0.00%	-0.03%	-0.90%	0%	3%
6mo CD	0.97%	-0.02%	-0.04%	-0.06%	-0.96%	50%	6%
1yr CD	1.38%	-0.02%	-0.04%	-0.13%	-1.19%	50%	11%
2yr CD	1.61%	-0.03%	-0.07%	-0.24%	-1.47%	43%	16%
3yr CD	1.77%	-0.02%	-0.11%	-0.29%	-1.54%	18%	19%

\*Since Nov 2018

RELATIVE VALUE



STRATEGICALLY FOR CREDIT UNIONS

Last year can be viewed as being a neutral year for housing in terms of sales. Home sellers are positioned well, but prospective buyers aren't as fortunate. Low inventory remains a problem, with first-time buyers affected the most.

Price appreciation has rapidly accelerated, and areas that are relatively unaffordable or declining in affordability are starting to experience slower job growth. The hope is for price appreciation to slow in line with wage growth, which is about 3%.

Total housing inventory at the end of December totaled 1.4 million units, down 14.6% from November and 8.5% from one year ago. Unsold inventory sits at a 3.0-month supply at the current sales pace. Properties typically remained on the market for 41 days in December, seasonally up from 38 days in November, but down from 46 days in December 2018. Forty-three percent of homes sold in December 2019 were on the market for less than a month.

Unsold inventory totals have dropped for seven consecutive months from year-ago levels, taking a toll on home sales.

First-time buyers were responsible for 31% of sales in December, moderately down from the 32% seen in both November and in December 2018.

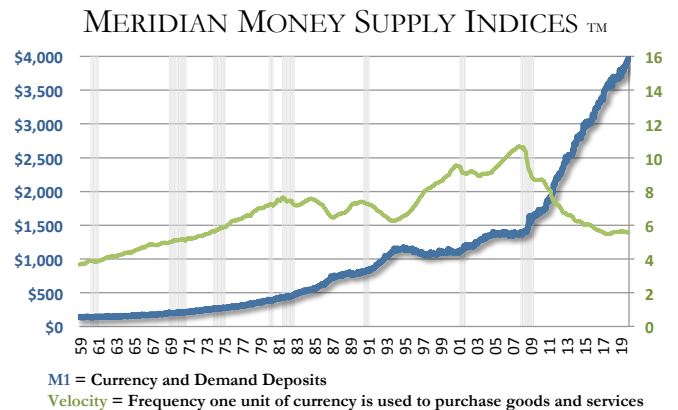
Additional information and other market-related reports can be viewed at [www.Meridian-ally.com](http://www.Meridian-ally.com)

ECONOMIC RELEASES

RELEASES THIS WEEK:	Current	Previous
Existing Home Sales (Dec, Mil, Annlzd)	5.54M	5.35M

RELEASES FOR UPCOMING WEEK:	Projected	Previous
New Home Sales	710k	733k
GDP (Q4-1st)	1.7%	2.1%
Consumer Inflation	2.2%	2.3%

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ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Dec 30	31 Home Prices +2.2%	1 NEW YEARS DAY HOLIDAY	2 Jobless Claims 214k FOMC Minutes	3 Vehicle Sales 17.5M	4
6	7	8 Cons Credit +3.6%	9 Jobless Claims 214k	10 Unemployment 3.5%	11
13	14 Cons Inflation 2.3%	15 Wh Inflation 1.3%	16 Jobless Claims 204k Retail Sales 3.6%	17	18
20 MLK HOLIDAY	21	22 Ex Home Sales 5.54M	23 Jobless Claims 211k Leading Ind -0.3%	24	25
27 New Home Sales	28 Durable Goods Home Prices Consumer Confidence	29 FOMC Announcement	30 Jobless Claims GDP (Q4-1st) Consumer Inflation	31 Personal Income Personal Spending Wholesale Inflation	Feb 1
3 Construction Spending	4 Factory Orders	5	6 Jobless Claims	7 Employment Situation Consumer Credit	8
10	11	12	13 Jobless Claims Consumer Inflation	14 Retail Sales Industrial Production	15
17	18	19 Wholesale Inflation FOMC Minutes	20 Jobless Claims	21 Existing Home Sales	22

Q3-2019	<\$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
<b>DEMOGRAPHICS</b>											
Number of Credit Unions	416	936	1,661	682	1,012	574	5,281	1,352	3,013	3,695	4,707
Average Assets (\$Mil)	\$0.9	\$6.0	\$25.7	\$72.3	\$228.2	\$1,959.2	\$275.2	\$4.4	\$16.1	\$26.5	\$69.9
Pct of Credit Unions	8%	18%	31%	13%	19%	11%	100%	26%	57%	70%	89%
Pct of Industry Assets	0%	0%	3%	3%	15%	79%	100%	0%	3%	6%	21%
<b>GROWTH RATES (YTD)</b>											
Total Assets	-6.2%	-8.7%	-3.0%	-1.1%	-3.3%	11.0%	7.8%	-8.5%	-3.7%	-2.4%	-3.1%
Total Loans	-6.3%	-7.5%	-2.1%	-1.5%	-5.1%	8.1%	5.5%	-7.4%	-2.7%	-2.0%	-4.3%
Total Shares	-5.0%	-7.6%	-3.0%	-1.3%	-3.1%	9.4%	6.7%	-7.4%	-3.6%	-2.4%	-2.9%
Net Worth	-4.3%	-6.3%	-0.2%	1.6%	-1.0%	11.8%	8.9%	-6.2%	-1.1%	0.2%	-0.6%
<b>BALANCE SHEET ALLOCATION</b>											
Net Worth-to-Total Assets	19.0%	16.1%	13.2%	12.2%	11.6%	11.2%	11.4%	16.3%	13.6%	12.9%	12.0%
Cash & Inv-to-Total Assets	51%	46%	42%	36%	27%	23%	25%	46%	43%	40%	31%
Loans-to-Total Assets	49%	53%	54%	59%	68%	72%	71%	52%	54%	56%	64%
Vehicle-to-Total Loans	60%	62%	49%	43%	39%	33%	34%	62%	50%	46%	41%
REL-to-Total Loans	1%	9%	30%	38%	45%	52%	50%	8%	28%	33%	42%
REL-to-Net Worth	3%	28%	124%	185%	262%	332%	309%	26%	110%	146%	225%
Indirect-to-Total Loans	0%	1%	5%	12%	19%	22%	21%	0%	4%	9%	16%
Loans-to-Total Shares	61%	63%	63%	68%	79%	87%	84%	63%	63%	65%	75%
Nonterm-to-Total Shares	91%	84%	80%	78%	74%	69%	70%	85%	81%	79%	76%
Short-term Funding Ratio	40.2%	29.8%	23.6%	19.6%	14.5%	11.6%	12.6%	24.3%	21.9%	16.7%	12.7%
Net Long-term Asset Ratio	3.5%	8.0%	18.6%	24.1%	30.2%	34.9%	33.3%	17.4%	20.7%	27.4%	33.2%
<b>LOAN QUALITY</b>											
Loan Delinquency Ratio	3.17%	1.65%	0.99%	0.80%	0.71%	0.65%	0.67%	1.06%	0.92%	0.77%	0.67%
Net Charge-off Ratio	0.68%	0.58%	0.46%	0.46%	0.46%	0.58%	0.55%	0.47%	0.47%	0.46%	0.56%
"Misery" Index	3.85%	2.23%	1.45%	1.26%	1.17%	1.23%	1.22%	1.54%	1.39%	1.23%	1.23%
RE Loan Delinquency	2.09%	1.84%	0.94%	0.73%	0.65%	0.52%	0.54%	1.84%	0.97%	0.82%	0.69%
Vehicle Loan Delinquency	2.51%	1.50%	0.91%	0.76%	0.63%	0.54%	0.58%	1.56%	1.00%	0.88%	0.70%
Direct Loans	2.51%	1.50%	0.88%	0.73%	0.58%	0.50%	0.58%	1.56%	0.99%	0.88%	0.70%
Indirect Loans	0.00%	1.22%	1.15%	0.84%	0.68%	0.56%	0.58%	1.22%	1.15%	0.91%	0.71%
Loss Allow as % of Loans	2.75%	1.30%	0.89%	0.82%	0.81%	0.89%	0.87%	1.39%	0.95%	0.88%	0.83%
Current Loss Exposure	1.54%	0.83%	0.59%	0.57%	0.49%	0.42%	0.44%	0.87%	0.62%	0.60%	0.52%
<b>EARNINGS</b>											
Gross Asset Yield	4.16%	4.03%	3.81%	3.85%	3.87%	4.12%	4.07%	4.04%	3.84%	3.84%	3.86%
Cost of Funds	0.36%	0.44%	0.42%	0.47%	0.60%	0.97%	0.88%	0.44%	0.42%	0.44%	0.55%
Gross Interest Margin	3.80%	3.58%	3.39%	3.38%	3.27%	3.16%	3.19%	3.60%	3.42%	3.40%	3.31%
Provision Expense	0.35%	0.33%	0.24%	0.27%	0.30%	0.47%	0.43%	0.33%	0.25%	0.26%	0.29%
Net Interest Margin	3.45%	3.26%	3.15%	3.11%	2.97%	2.69%	2.76%	3.27%	3.17%	3.14%	3.02%
Non-Interest Income	0.53%	0.64%	1.03%	1.29%	1.42%	1.35%	1.35%	0.64%	0.98%	1.14%	1.34%
Non-Interest Expense	4.30%	3.63%	3.62%	3.75%	3.66%	3.06%	3.19%	3.67%	3.62%	3.69%	3.67%
Net Operating Expense	3.77%	2.99%	2.59%	2.46%	2.24%	1.70%	1.84%	3.04%	2.64%	2.55%	2.33%
<b>Net Operating Return</b>	<b>-0.32%</b>	<b>0.27%</b>	<b>0.57%</b>	<b>0.65%</b>	<b>0.72%</b>	<b>0.99%</b>	<b>0.92%</b>	<b>0.23%</b>	<b>0.53%</b>	<b>0.59%</b>	<b>0.68%</b>
Non-recurring Inc(Exp)	0.35%	0.10%	0.03%	0.01%	0.03%	0.04%	0.04%	0.12%	0.04%	0.03%	0.03%
<b>Net Income</b>	<b>0.03%</b>	<b>0.37%</b>	<b>0.60%</b>	<b>0.66%</b>	<b>0.76%</b>	<b>1.04%</b>	<b>0.97%</b>	<b>0.35%</b>	<b>0.57%</b>	<b>0.62%</b>	<b>0.72%</b>
<b>Return on Net Worth</b>	<b>0.8%</b>	<b>2.6%</b>	<b>4.7%</b>	<b>5.5%</b>	<b>6.7%</b>	<b>9.0%</b>	<b>8.4%</b>	<b>2.5%</b>	<b>4.4%</b>	<b>4.9%</b>	<b>6.1%</b>

Q3-2019	<\$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
<b>OPERATING EFFICIENCIES:</b>											
<b>Loans &amp; Shares-</b>											
Avg Loan Balance	\$4,502	\$7,538	\$8,521	\$10,295	\$13,417	\$16,679	\$15,530	\$7,354	\$8,382	\$9,393	\$12,379
Avg Loan Rate	7%	6%	5%	5%	5%	5%	5%	6%	5%	5%	5%
Avg Loan Yield, net	7%	6%	5%	5%	5%	4%	4%	6%	5%	5%	5%
Avg Share Balance	\$2,308	\$4,750	\$7,234	\$8,233	\$9,387	\$11,575	\$10,809	\$4,451	\$6,751	\$7,435	\$8,704
Avg Share Rate	0.44%	0.53%	0.48%	0.54%	0.69%	1.16%	1.04%	0.53%	0.49%	0.51%	0.64%
NM Deposit Ratio	1.9%	1.1%	1.0%	0.9%	1.1%	0.9%	0.9%	1.2%	1.0%	1.0%	1.1%
<b>Net Operating Profitability-</b>											
Earning Asset/Funding	124%	118%	112%	109%	108%	109%	109%	118%	113%	111%	109%
Avg Revenue per FTE	\$31,289	\$110,702	\$166,766	\$179,524	\$197,812	\$293,589	\$262,612	\$94,987	\$153,243	\$165,914	\$187,497
Avg OpExpense per FTE	\$28,681	\$86,023	\$124,574	\$131,008	\$137,031	\$163,790	\$154,634	\$74,676	\$115,173	\$122,807	\$132,431
Avg Int & Prov Exp per FTE	\$4,729	\$18,222	\$22,724	\$25,791	\$33,677	\$76,707	\$63,182	\$15,552	\$21,373	\$23,503	\$30,387
Avg OpReturn per FTE	-\$2,121	\$6,456	\$19,468	\$22,725	\$27,104	\$53,092	\$44,796	\$4,759	\$16,697	\$19,603	\$24,679
Net OpExp-to-Total Exp	88%	82%	72%	66%	61%	56%	58%	83%	73%	69%	64%
<b>Operating Revenue-</b>											
Non-Int Inc-to-Total Rev	11%	14%	21%	25%	27%	25%	25%	14%	20%	23%	26%
Interest Inc per FTE	\$23,004	\$77,216	\$108,600	\$108,719	\$110,943	\$144,334	\$133,981	\$66,488	\$100,667	\$104,549	\$108,876
Non-Int Inc per FTE	\$3,556	\$15,263	\$35,442	\$45,014	\$53,192	\$72,548	\$65,449	\$12,946	\$31,204	\$37,862	\$48,234
<b>Operating Expenses-</b>											
C&B Expense Ratio	2.10%	1.90%	1.71%	1.79%	1.84%	1.59%	1.64%	1.91%	1.74%	1.77%	1.82%
Pct of Total Op Exp	49%	52%	47%	48%	50%	52%	51%	52%	48%	48%	50%
Avg C&B per FTE	\$13,985	\$45,023	\$59,037	\$62,649	\$68,776	\$85,195	\$79,460	\$38,881	\$55,239	\$58,812	\$65,554
Occ & Ops Exp Ratio	1.30%	0.97%	0.96%	0.94%	0.94%	0.75%	0.79%	0.99%	0.97%	0.95%	0.94%
Pct of Total Op Exp	30%	27%	27%	25%	26%	25%	25%	27%	27%	26%	26%
Avg O&O per FTE	\$8,676	\$22,982	\$33,144	\$32,892	\$35,184	\$40,235	\$38,435	\$20,151	\$30,696	\$31,755	\$34,075
All Other Exp Ratio	0.33%	0.47%	0.67%	0.75%	0.63%	0.49%	0.53%	0.46%	0.65%	0.70%	0.65%
Pct of Total Op Exp	10%	17%	25%	27%	23%	21%	22%	17%	24%	25%	24%
Avg AOE per FTE	\$6,021	\$18,018	\$32,393	\$35,466	\$33,071	\$38,360	\$36,739	\$15,644	\$29,237	\$32,240	\$32,803
<b>Average Margin per Account-</b>											
Avg Int Inc per Loan	\$302	\$428	\$441	\$507	\$605	\$740	\$697	\$422	\$439	\$476	\$576
Avg Int Exp per Share	\$10	\$25	\$35	\$44	\$65	\$134	\$113	\$23	\$33	\$38	\$55
Avg Return	\$292	\$403	\$406	\$462	\$540	\$606	\$584	\$399	\$406	\$438	\$521
<b>Staffing-</b>											
Full-time Equivalents	562.5	2,280	12,246	14,046	60,960	218,445	308,539	2,843	15,088	29,134	90,094
Pct PT Employees	57%	42%	16%	11%	8%	6%	8%	45%	22%	17%	11%
FTE-to-Ops (Staffing)	3.11	0.75	0.44	0.39	0.32	0.21	0.24	0.88	0.48	0.43	0.35
<b>Membership Outreach-</b>											
Members-to-Potential	8.2%	7.8%	2.9%	2.8%	2.7%	3.1%	3.0%	7.9%	3.2%	3.0%	2.8%
Members-to-FTEs	227	402	406	367	340	401	387	367	398	383	354
Branches	406	961	2,440	1,781	5,172	10,304	21,064	1,367	3,807	5,588	10,759
Members per Branch	315	953	2,036	2,891	4,006	8,508	5,676	763	1,579	1,997	2,963