

10 January 2020

BENCHMARK INTEREST RATES AND YIELD CURVE

US Treasury Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	1/9/20	12/10/19	12/31/19	1/9/19	This Yr	Last Yr	Down Cycle
Fed Funds	1.55%	1.55%	1.55%	2.40%	0.00%	-0.85%	-0.90%
3mo	1.54%	1.56%	1.55%	2.45%	-0.01%	-0.91%	-0.81%
6mo	1.56%	1.57%	1.60%	2.52%	-0.04%	-0.96%	-0.96%
1yr	1.54%	1.56%	1.59%	2.59%	-0.05%	-1.05%	-1.20%
2yr	1.58%	1.65%	1.58%	2.56%	0.00%	-0.98%	-1.40%
3yr	1.59%	1.67%	1.62%	2.54%	-0.03%	-0.95%	-1.46%
5yr	1.65%	1.68%	1.69%	2.57%	-0.04%	-0.92%	-1.44%
7yr	1.77%	1.78%	1.83%	2.64%	-0.06%	-0.87%	-1.40%
10yr	1.85%	1.85%	1.92%	2.74%	-0.07%	-0.89%	-1.39%
30yr	2.38%	2.26%	2.39%	3.03%	-0.01%	-0.65%	0.20%

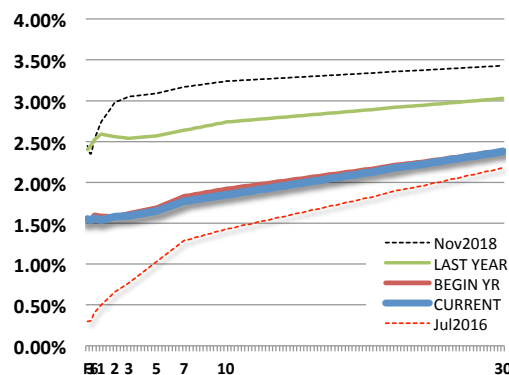
Slope of the Yield Curve-

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
2yr-3mo	0.04%	0.09%	0.03%	0.11%	0.01%	-0.07%	-0.59%
5yr-2yr	0.07%	0.03%	0.11%	0.01%	-0.04%	0.06%	-0.04%
10yr-5yr	0.20%	0.17%	0.23%	0.17%	-0.03%	0.03%	0.05%
10yr-3mo	0.31%	0.29%	0.37%	0.29%	-0.06%	0.02%	-0.58%

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	1.67%	1.70%	1.76%	2.52%	-0.09%	-0.85%	-0.85%
6mo LIBOR	1.87%	1.88%	1.91%	2.87%	-0.04%	-1.00%	-1.04%
12mo LIBOR	1.95%	1.94%	2.00%	3.04%	-0.05%	-1.09%	-1.18%

YIELD CURVE ASSESSMENT



CYCLICAL CHANGES SUMMARY

	Jul16 Low	Nov18 High	Nov18 High-Current
Fed Funds	2.15%	-	-0.90%
1year	2.24%	-	-1.20%
2years	2.32%	-	-1.40%
3years	2.28%	-	-1.46%
5years	2.06%	-	-1.44%
10years	1.81%	-	-1.39%

ECONOMIC UPDATE AND ANALYSIS

PAYROLLS INCREASE 145K IN DECEMBER; UNEMPLOYMENT RATE UNCHANGED AT 3.5%

The economy created 145,000 jobs in the final month of 2019 to cap off the ninth straight year in which employment gains topped the 2 million mark. The unemployment rate, meanwhile, stayed at a 50-year low of 3.5%. What's more, a broader measure of joblessness known as the U6 rate, or the underemployment rate, fell to 6.7% to mark the lowest level on record.

The labor force participation rate, which measures the percent of the population that is in the labor force, was little changed at 63.2 percent. Average hourly earnings, meanwhile, rose by 2.9 percent over the past year to \$28.32 -- the weakest annual pace since July 2018.

Revisions to October and November brought the two months' combined totals down by 14,000. The blockbuster 266,000 initial estimate for November was adjusted down by 10,000 while October's dropped by 4,000.

Job gains stemmed largely from retail, which added 41,000, hospitality, which grew by 40,000, health care, which increased by 28,000. Manufacturing lost 12,000 jobs, and mining declined by 8,000.

Key Economic Indicators for Banks, Thrifts & Credit Unions-

		LATEST	CURRENT	PREV
GDP	QoQ	Q3-2nd	2.1%	2.0%
GDP - YTD	Annl	Q3-2nd	2.4%	2.6%
Consumer Spending	QoQ	Q3-2nd	3.2%	4.6%
Consumer Spending	Annl	Q3-2nd	3.0%	2.9%
Unemployment	Mo	Dec	3.5%	3.5%
Consumer Inflation	YoY	Nov	2.1%	1.8%
Core Inflation	YoY	Nov	2.3%	2.3%
Consumer Credit	Annual	Nov	3.6%	5.5%
Retail Sales	YoY	Nov	3.4%	3.4%
Vehicle Sales	Annl (Mil)	Nov	17.6	17.0
Home Sales	Annl (Mil)	Nov	6.083	6.161
Home Prices	YoY	Sep	2.2%	2.0%

Key Consumer Market Data-

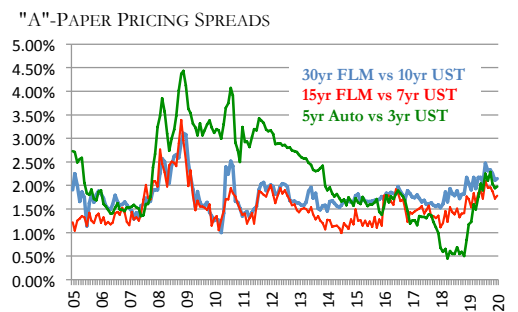
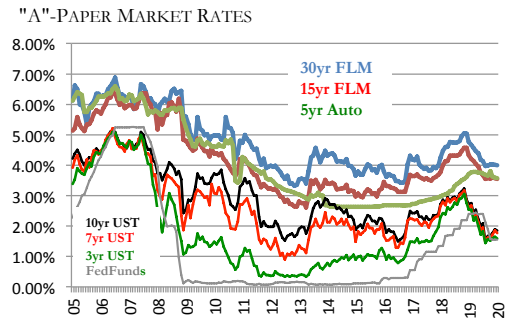
	THIS WK	YR END	PCT CHANGES	
	1/9/20	12/31/19	YTD	12Mos
DJIA	28,957	28,538	1.5%	20.6%
S&P 500	3,275	3,231	1.4%	26.1%
NASDAQ	9,203	8,973	2.6%	31.7%
Crude Oil	59.56	61.06	-2.5%	15.2%
Avg Gasoline	2.58	2.57	0.3%	13.3%
Gold	1,552.0	1,523.1	1.9%	20.5%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 1/9/20	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.43%	-0.02%	0.00%	-0.26%	-0.75%	0%	35%
Platinum CC	9.91%	-0.01%	0.00%	-0.36%	-0.75%	0%	48%
48mo Veh	3.45%	-0.02%	0.00%	-0.21%	-1.40%	0%	15%
60mo Veh	3.57%	-0.02%	-0.03%	-0.20%	-1.46%	67%	14%
72mo Veh	3.89%	-0.02%	-0.04%	-0.23%	-1.45%	57%	16%
HE LOC	4.98%	-0.02%	0.00%	-0.58%	-0.75%	0%	77%
10yr HE	5.27%	-0.01%	-0.04%	-0.25%	-1.47%	25%	17%
15yr FRM	3.55%	-0.02%	-0.05%	-1.03%	-1.46%	36%	71%
30yr FRM	4.00%	-0.01%	-0.07%	-1.07%	-1.39%	21%	77%
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	0.98%	-0.01%	-0.04%	-0.05%	-0.96%	25%	5%
1yr CD	1.38%	-0.02%	-0.05%	-0.13%	-1.20%	40%	11%
2yr CD	1.62%	-0.02%	0.00%	-0.23%	-1.40%	0%	16%
3yr CD	1.78%	-0.01%	-0.03%	-0.28%	-1.46%	33%	19%

*Since Nov 2018

RELATIVE VALUE



STRATEGICALLY FOR CREDIT UNIONS

Moreover, the underemployment rate reached an all-time low and remains consistent with our expectation that the economy, in the midst of a record-long expansion, is beginning to slow, a result of the fading stimulus from President Trump's \$1.5 trillion tax cuts in 2017 and the market-rattling trade war between the U.S. and China.

It would likely take job creation below 100,000 to rattle the Federal Reserve, to budge from its wait-and-see approach to interest rates. And even then, the stall would need to be sustained for about three months. Rate hikes are still out of the question, especially with tensions in the Middle East causing oil prices to jump.

As of this portends an economic and interest rate environment that should promote relative strength in member demand for products and services in 2020. Third quarter results were mixed with the industry showing a 5.5% loan growth for the year. However, most of the increase came from larger credit unions (\$500M+) who realized an 8.8% increase. This means that the remaining 79% of the industry collectively experienced a -4.3% decline in loans.

And because they have virtually created a national credit union network and continue to allow larger credit unions to enter small markets, the NCUA continues to fiddle while the industry burns.

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

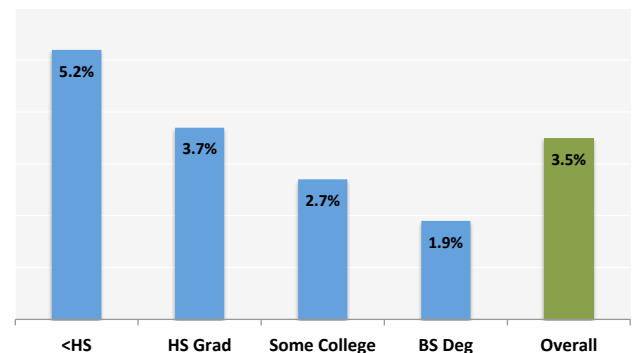
ECONOMIC RELEASES

RELEASES THIS WEEK:	Current	Previous
Consumer Credit (Nov)	3.5%	5.5%
Unemployment Rate (Dec)	3.5%	3.5%

RELEASES FOR UPCOMING WEEK:	Projected	Previous
Consumer Inflation (Dec, YoY)	2.2%	2.1%
Wholesale Inflation (Dec, YoY)	1.8%	1.7%
Retail Sales (Dec)	4.2%	3.4%

MERIDIAN ECONOMICS
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UNEMPLOYMENT - BY EDUCATION



ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Dec 16	17	18	19 Jobless Claims 235k Ex Home Sales 5.35M Leading Indicators 0.0%	20 GDP (Q3-Final) 2.1%	21
23 New Home Sales 719k	24	25 CHRISTMAS HOLIDAY	26 Jobless Claims 222k	27	28
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 Consumer Inflation	15 Wholesale Inflation	16 Jobless Claims Retail Sales	17 Industrial Production	18
20	21	22 Existing Home Sales	23 Jobless Claims	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	8

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
DEMOGRAPHICS											
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%
GROWTH RATES (YTD)											
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%
BALANCE SHEET ALLOCATION											
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%
LOAN QUALITY											
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%
EARNINGS											
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%
Net Operating Return	-0.32%	0.27%	0.57%	0.65%	0.72%	0.99%	0.92%	0.23%	0.53%	0.59%	0.68%
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%
Net Income	0.03%	0.37%	0.60%	0.66%	0.76%	1.04%	0.97%	0.35%	0.57%	0.62%	0.72%
Return on Net Worth	0.8%	2.6%	4.7%	5.5%	6.7%	9.0%	8.4%	2.5%	4.4%	4.9%	6.1%

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
OPERATING EFFICIENCIES:											
Loans & Shares-											
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%
Net Operating Profitability-											
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%
Operating Revenue-											
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
Operating Expenses-											
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
Average Margin per Account-											
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
Staffing-											
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
Membership Outreach-											
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