

13 March 2020

BENCHMARK INTEREST RATES AND YIELD CURVE

US Treasury Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	3/12/20	2/12/20	12/31/19	3/12/19	This Yr	Last Yr	Down Cycle
Fed Funds	1.10%	1.58%	1.55%	2.40%	-0.45%	-1.30%	-1.35%
3mo	0.33%	1.57%	1.55%	2.46%	-1.22%	-2.13%	-2.02%
6mo	0.37%	1.57%	1.60%	2.53%	-1.23%	-2.16%	-2.15%
1yr	0.39%	1.49%	1.59%	2.54%	-1.20%	-2.15%	-2.35%
2yr	0.50%	1.44%	1.58%	2.55%	-1.08%	-2.05%	-2.48%
3yr	0.58%	1.43%	1.62%	2.52%	-1.04%	-1.94%	-2.47%
5yr	0.66%	1.46%	1.69%	2.53%	-1.03%	-1.87%	-2.43%
7yr	0.82%	1.57%	1.83%	2.63%	-1.01%	-1.81%	-2.35%
10yr	0.88%	1.66%	1.92%	2.72%	-1.04%	-1.84%	-2.36%
30yr	1.49%	2.14%	2.39%	3.08%	-0.90%	-1.59%	-0.69%

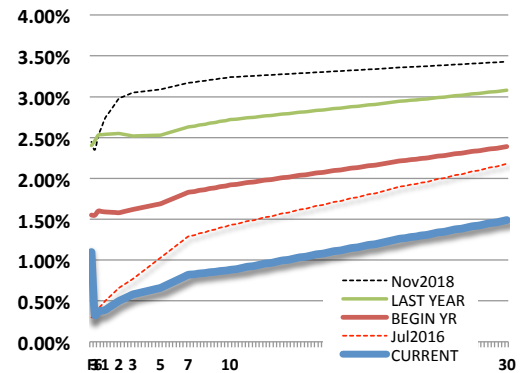
Slope of the Yield Curve-

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
2yr-3mo	0.17%	-0.13%	0.03%	0.09%	0.14%	0.08%	-0.46%
5yr-2yr	0.16%	0.02%	0.11%	-0.02%	0.05%	0.18%	0.05%
10yr-5yr	0.22%	0.20%	0.23%	0.19%	-0.01%	0.03%	0.07%
10yr-3mo	0.55%	0.09%	0.37%	0.26%	0.18%	0.29%	-0.34%

Other Interest Rates-

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
Prime	4.25%	4.75%	4.75%	5.50%	-0.50%	-1.25%	-1.25%
1mo LIBOR	0.70%	1.65%	1.76%	2.48%	-1.06%	-1.78%	-1.82%
6mo LIBOR	0.74%	1.73%	1.91%	2.68%	-1.17%	-1.94%	-2.17%
12mo LIBOR	0.76%	1.81%	2.00%	2.87%	-1.24%	-2.11%	-2.37%

YIELD CURVE ASSESSMENT



CYCLICAL CHANGES SUMMARY

	Jul16 Low	Nov18 High	Nov18 High-Current
Fed Funds	2.15%		-1.35%
1year	2.24%		-2.35%
2years	2.32%		-2.48%
3years	2.28%		-2.47%
5years	2.06%		-2.43%
10years	1.81%		-2.36%

ECONOMIC UPDATE AND ANALYSIS

RIISING FOOD COSTS LIFT US CONSUMER PRICES; CORONAVIRUS TO WEIGH ON INFLATION

U.S. consumer prices rose in February but could drop in the months ahead as the coronavirus outbreak depresses demand for some goods and services, outweighing price increases related to shortages caused by disruptions to the supply chain.

In the 12 months through February, the CPI rose 2.3%. That followed a 2.5% jump in January, which was the biggest year-on-year gain since October 2018.

In the 12 months through February, the core CPI, which excludes commodity-driven food and energy prices, increased 2.4%, after advancing by 2.3% for four consecutive months.

In February, gasoline prices dropped 3.4% after falling 1.6% in January. Food prices shot up 0.4% after rising 0.2% in January. Prices for food consumed at home jumped 0.5%, the most since May 2014, after climbing 0.2% in January.

The report did not change financial markets expectations that the Federal Reserve will aggressively cut interest rates again at its policy meeting next week as the coronavirus spreads across the United States.

Key Economic Indicators for Banks, Thrifts & Credit Unions-

		LATEST	CURRENT	PREV
GDP	QoQ	Q4-2nd	2.1%	2.1%
GDP - YTD	Annl	Q4-2nd	2.3%	2.4%
Consumer Spending	QoQ	Q4-2nd	1.7%	3.2%
Consumer Spending	Annl	Q4-2nd	2.7%	3.0%
Unemployment	Mo	Feb	3.5%	3.6%
Consumer Inflation	YoY	Feb	2.3%	2.5%
Core Inflation	YoY	Feb	2.4%	2.3%
Consumer Credit	Annual	Jan	3.4%	5.8%
Retail Sales	YoY	Jan	4.6%	4.6%
Vehicle Sales	Annl (Mil)	Feb	17.3	17.3
Home Sales	Annl (Mil)	Jan	6.154	6.234
Home Prices	YoY	Dec	2.9%	2.6%

Key Consumer Market Data-

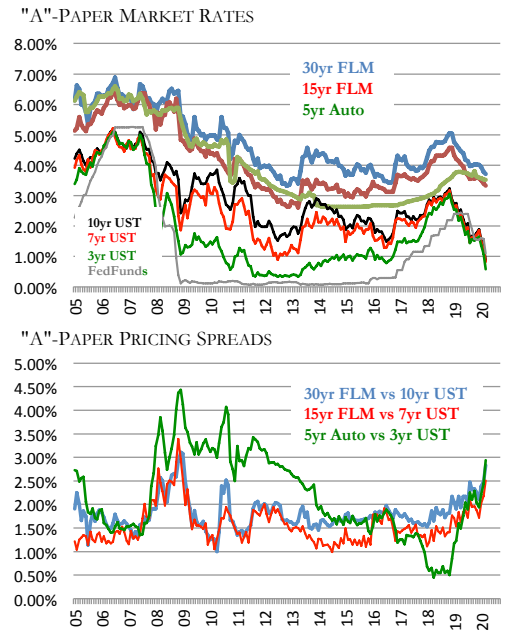
	THIS WK	YR END	PCT CHANGES	
	3/12/20	12/31/19	YTD	12Mos
DJIA	21,201	28,538	-25.7%	-17.5%
S&P 500	2,481	3,231	-23.2%	-11.7%
NASDAQ	7,202	8,973	-19.7%	-5.6%
Crude Oil	31.50	61.06	-48.4%	-43.9%
Avg Gasoline	2.38	2.57	-7.6%	-3.8%
Gold	1,590.3	1,523.1	4.4%	21.1%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 3/12/20	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.40%	-0.05%	-0.50%	-0.29%	-1.25%	10%	23%
Platinum CC	9.88%	-0.04%	-0.50%	-0.39%	-1.25%	8%	31%
48mo Veh	3.40%	-0.07%	-1.08%	-0.26%	-2.48%	6%	10%
60mo Veh	3.52%	-0.07%	-1.04%	-0.25%	-2.47%	7%	10%
72mo Veh	3.83%	-0.08%	-1.04%	-0.29%	-2.45%	8%	12%
HE LOC	4.84%	-0.16%	-0.50%	-0.72%	-1.25%	32%	58%
10yr HE	5.21%	-0.07%	-1.03%	-0.31%	-2.47%	7%	13%
15yr FRM	3.33%	-0.24%	-1.04%	-1.25%	-2.44%	23%	51%
30yr FRM	3.71%	-0.30%	-1.04%	-1.35%	-2.36%	29%	57%
Sh Drafts	0.14%	0.00%	-0.45%	0.00%	-1.35%	0%	0%
Reg Svgs	0.18%	-0.01%	-0.45%	-0.01%	-1.35%	2%	1%
MMkt-10k	0.43%	-0.02%	-0.45%	-0.05%	-1.35%	4%	4%
MMkt-50k	0.59%	-0.03%	-0.45%	-0.06%	-1.35%	7%	4%
6mo CD	0.90%	-0.09%	-1.23%	-0.13%	-2.15%	7%	6%
1yr CD	1.27%	-0.13%	-1.20%	-0.24%	-2.35%	11%	10%
2yr CD	2.49%	0.85%	-1.08%	0.64%	-2.48%	-79%	-26%
3yr CD	1.64%	-0.15%	-1.04%	-0.42%	-2.47%	14%	17%

*Since Nov 2018

RELATIVE VALUE



STRATEGICALLY FOR CREDIT UNIONS

The coronavirus certainly is posing a growing threat to the U.S. economy as the outbreak shifts from a short-term headache for travel and manufacturing companies into a broader crisis that's prompting many Americans to hunker down and limit their day-to-day activities.

Still, the nation could dodge a serious outcome if the outbreak begins abating in the U.S. by summer, as some health officials predict, and growth swiftly rebounds. But the body blows to the economy are mounting.

With business investment weak, healthy household consumption had been propping up economic growth. Manufacturing supply snags that have jeopardized the delivery of parts and retail goods from China to the U.S. are easing somewhat. Yet there's a growing worry that many shoppers won't be there to buy the products.

If the number of global coronavirus cases peaks at 1 million and the U.S. total tops out at 50,000 to 100,000, shaving about 1 percentage point off economic growth. Eighty-nine percent of shoppers worry the coronavirus will get worse in the U.S. over the next month, and as a result 27% say they will make fewer trips to the mall. The same share of shoppers also say they'll eat out less often.

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

ECONOMIC RELEASES

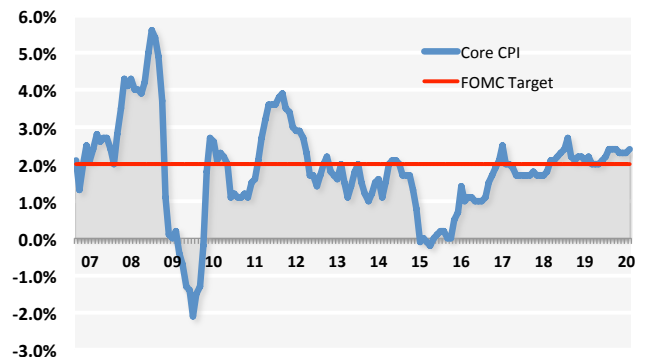
RELEASES THIS WEEK:	Current	Previous
Consumer Inflation (Feb, YoY)	2.3%	2.5%
Wholesale Inflation (Feb, YoY)	1.3%	2.1%

RELEASES FOR UPCOMING WEEK:	Projected	Previous
Retail Sales (Feb, YoY)	2.7%	4.4%
Industrial Production (Feb, YoY)	-0.3%	-0.8%
FOMC Announcement	0.5%	1.3%
Existing Home Sales (Feb, Annl, Mil)	5.49	5.46

MERIDIAN ECONOMICS
Trusted Insight, Effective Solutions

CORE CONSUMER INFLATION

CORE INFLATION versus FOMC TARGET, Monthly Year-over-Year



ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Feb 17 PRESIDENTS DAY	18	19 Wh Inflation 2.1% FOMC Minutes	20 Jobless Claims 210k Leading Ind +0.8%	21 Existing Home Sales	22
24	25 Home Prices 2.9%	26	27 Jobless Claims 219k GDP (Q4-2nd) 2.1% Durable Goods -0.2%	28 Personal Income +0.6% Personal Spending +0.2%	29
Mar 2 Constr Spending 1.8%	3	4 Fed Beige Book	5 Jobless Claims 216k Factory Orders -0.5%	6 Unemployment 3.5% Consumer Credit	7
9	10	11 Cons Inflation +2.3%	12 Jobless Claims 222k Wh Inflation +1.3%	13 Consumer Sentiment	14
16	17 Retail Sales Industrial Production	18 FOMC Announcement	19 Jobless Claims	20 Existing Home Sales	21
23	24 New Home Sales	25 Durable Goods Orders	26 Jobless Claims GDP Q4-Final	27 Personal Income Personal Spending	28
30	31 Home Prices	Apr 1 Construction Spending	2 Jobless Claims Factory Orders	3 Unemployment Rate	4
6	7 Consumer Credit	8	9 Jobless Claims Wholesale Inflation	10 Consumer Inflation	11

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