

03 April 2020

BENCHMARK INTEREST RATES AND YIELD CURVE

US Treasury Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	4/2/20	3/2/20	12/31/19	4/2/19	This Yr	Last Yr	Down Cycle
Fed Funds	0.05%	1.59%	1.55%	2.41%	-1.50%	-2.36%	-2.40%
3mo	0.09%	1.13%	1.55%	2.42%	-1.46%	-2.33%	-2.26%
6mo	0.15%	0.95%	1.60%	2.45%	-1.45%	-2.30%	-2.37%
1yr	0.14%	0.89%	1.59%	2.41%	-1.45%	-2.27%	-2.60%
2yr	0.23%	0.84%	1.58%	2.30%	-1.35%	-2.07%	-2.75%
3yr	0.29%	0.85%	1.62%	2.26%	-1.33%	-1.97%	-2.76%
5yr	0.39%	0.88%	1.69%	2.28%	-1.30%	-1.89%	-2.70%
7yr	0.53%	1.01%	1.83%	2.38%	-1.30%	-1.85%	-2.64%
10yr	0.63%	1.10%	1.92%	2.48%	-1.29%	-1.85%	-2.61%
30yr	1.26%	1.66%	2.39%	2.88%	-1.13%	-1.62%	-0.92%

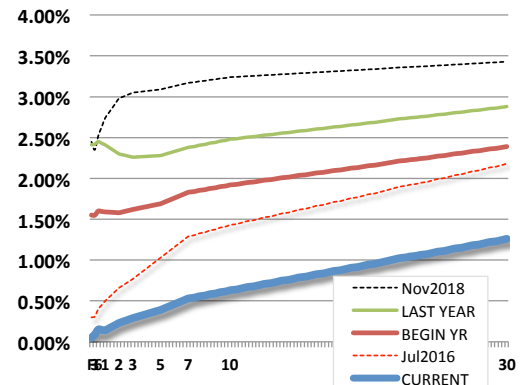
Slope of the Yield Curve-

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
2yr-3mo	0.14%	-0.29%	0.03%	-0.12%	0.11%	0.26%	-0.49%
5yr-2yr	0.16%	0.04%	0.11%	-0.02%	0.05%	0.18%	0.05%
10yr-5yr	0.24%	0.22%	0.23%	0.20%	0.01%	0.04%	0.09%
10yr-3mo	0.54%	-0.03%	0.37%	0.06%	0.17%	0.48%	-0.35%

Other Interest Rates-

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
Prime	3.25%	4.75%	4.75%	5.50%	-1.50%	-2.25%	-2.25%
1mo LIBOR	0.98%	1.36%	1.76%	2.47%	-0.78%	-1.49%	-1.54%
6mo LIBOR	1.20%	1.20%	1.91%	2.65%	-0.71%	-1.45%	-1.71%
12mo LIBOR	1.06%	1.15%	2.00%	2.73%	-0.94%	-1.67%	-2.07%

YIELD CURVE ASSESSMENT



CYCLICAL CHANGES SUMMARY

	Jul16 Low-Nov18 High	Nov18 High-Current
Fed Funds	2.15%	-2.40%
1year	2.24%	-2.60%
2years	2.32%	-2.75%
3years	2.28%	-2.76%
5years	2.06%	-2.70%
10years	1.81%	-2.61%

ECONOMIC UPDATE AND ANALYSIS

NONFARM PAYROLLS FALL 701k in MARCH; UNEMPLOYMENT RATE RISES TO 4.4%

Nonfarm payrolls dropped by 701,000 in March while the nation's jobless rate rose from 3.5% to 4.4%, elements that only begin to show the economic damage wrought by the coronavirus crisis. It was the first decline in payrolls since September 2010 and came close to the May 2009 financial crisis peak of 800,000. Some two-thirds of the drop came in the hospitality industry, particularly bars and restaurants forced to close during the economic shutdown.

The nation's underemployment rate, that aggregates jobless, part-time desiring full-time and those deferring their search over the past 60 days, jumped from 7% to 8.7%, its highest since March 2017.

Those higher unemployment rates come amid a tumble in the labor force participation rate to 62.7%, a 0.7 percentage point fall and the lowest since August 2018 for a number that had been gradually rising.

Despite the other bad numbers, wages continued to rise, increasing 3.1% year over year. Prior to the coronavirus hit, the economy had been humming along with an unemployment rate of 3.5%, the lowest in more than 50 years.

Key Economic Indicators for Banks, Thrifts & Credit Unions-

		LATEST	CURRENT	PREV
GDP	QoQ	Q4-Final	2.1%	2.1%
GDP - YTD	Annl	Q4-Final	2.3%	2.4%
Consumer Spending	QoQ	Q4-Final	1.8%	3.2%
Consumer Spending	Annl	Q4-Final	2.7%	3.0%
Unemployment	Mo	Mar	4.4%	3.5%
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	Feb	6.5%	4.6%
Vehicle Sales	Annl (Mil)	Feb	17.3	17.3
Home Sales	Annl (Mil)	Feb	6.534	6.154
Home Prices	YoY	Jan	3.1%	2.9%

Key Consumer Market Data-

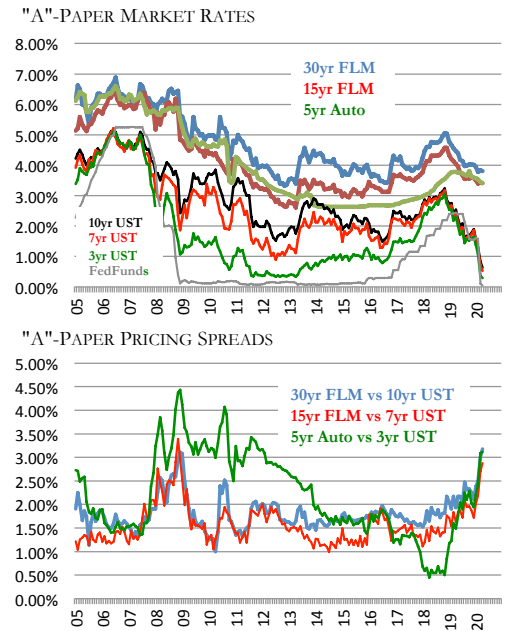
	THIS WK	YR END	PCT CHANGES	
	4/2/20	12/31/19	YTD	12Mos
DJIA	17,819	28,538	-37.6%	-18.3%
S&P 500	2,527	3,231	-21.8%	-12.8%
NASDAQ	7,487	8,973	-16.6%	-5.9%
Crude Oil	25.32	61.06	-58.5%	-57.9%
Avg Gasoline	2.01	2.57	-22.0%	-26.7%
Gold	1,637.7	1,523.1	7.5%	26.3%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 4/2/20	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.21%	-0.24%	-1.50%	-0.48%	-2.25%	16%	21%
Platinum CC	9.56%	-0.36%	-1.50%	-0.71%	-2.25%	24%	32%
48mo Veh	3.29%	-0.18%	-1.35%	-0.37%	-2.75%	13%	13%
60mo Veh	3.41%	-0.18%	-1.33%	-0.36%	-2.76%	14%	13%
72mo Veh	3.73%	-0.18%	-1.32%	-0.39%	-2.73%	14%	14%
HE LOC	4.45%	-0.55%	-1.50%	-1.11%	-2.25%	37%	49%
10yr HE	5.16%	-0.12%	-1.30%	-0.36%	-2.75%	9%	13%
15yr FRM	3.41%	-0.16%	-1.30%	-1.17%	-2.70%	12%	43%
30yr FRM	3.81%	-0.20%	-1.29%	-1.25%	-2.61%	15%	48%
Sh Drafts	0.13%	-0.01%	-1.50%	-0.01%	-2.40%	1%	0%
Reg Svgs	0.17%	-0.02%	-1.50%	-0.02%	-2.40%	1%	1%
MMkt-10k	0.37%	-0.08%	-1.50%	-0.11%	-2.40%	5%	5%
MMkt-50k	0.51%	-0.11%	-1.50%	-0.14%	-2.40%	7%	6%
6mo CD	0.67%	-0.32%	-1.45%	-0.36%	-2.37%	22%	15%
1yr CD	0.94%	-0.46%	-1.45%	-0.57%	-2.60%	32%	22%
2yr CD	1.14%	-0.50%	-1.35%	-0.71%	-2.75%	37%	26%
3yr CD	1.28%	-0.51%	-1.33%	-0.78%	-2.76%	38%	28%

*Since Nov 2018

RELATIVE VALUE



STRATEGICALLY FOR CREDIT UNIONS

Workers who reported being on temporary layoff more than doubled to 1.8 million, while those who said they were jobless for less than five weeks surged 75% to 1.5 million. The ranks of permanent job losers grew by 177,000 to 1.5 million.

With millions of Americans under "shelter-in-place" orders or lockdowns, businesses across the country have shuttered, forcing millions of people out of work and pushing up initial jobless claims to a staggering 10 million in the past two weeks. On Thursday, weekly jobless claims data for the prior week showed 6.6 million Americans had filed for unemployment benefits.

Loan demand will slow and most likely will not cover scheduled principal run-off over the next three to six months. Therefore, a 2% to 3% decline in loan portfolio holdings over this period of time is not out of the question. For shares, cash withdrawals are to be expected at first as members stockpile personal needs but then reduce their expenses as we struggle through the next few months.

Stubbornly trying to stick to growth budgets established last fall is impractical and, for most of us, would most likely produce lower interim earnings and threaten net worth greater than properly adjusting balance sheets today to enhance what the recovery will provide later.

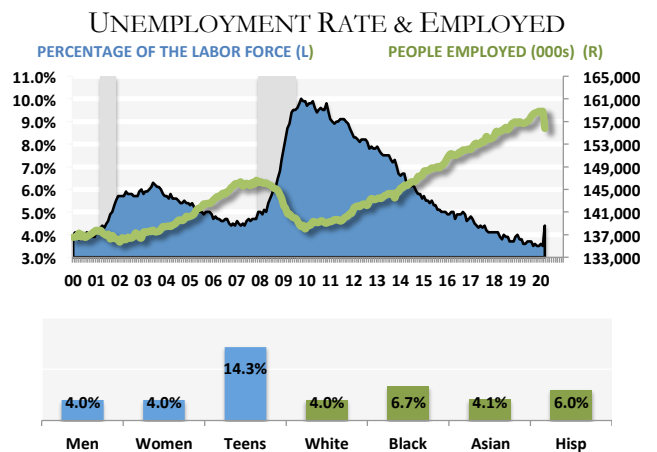
Additional information and other market-related reports can be viewed at www.Meridian-ally.com

ECONOMIC RELEASES

RELEASES THIS WEEK:	Current	Previous
Home Prices (Jan, YoY)	3.1%	2.9%
Unemployment (Mar)	4.4%	3.5%

RELEASES FOR UPCOMING WEEK:	Projected	Previous
Consumer Credit Change (Feb, Bil\$)	\$ 15.90	\$ 12.02
FOMC Minutes	Expanded market disruption	
Wholesale Inflation (Mar, YoY)	1.2%	1.4%
Consumer Inflation (Mar, YoY)	1.7%	2.3%

MERIDIAN ECONOMICS



ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 9	10	11 Cons Inflation +2.3%	12 Jobless Claims 222k Wh Inflation +1.3%	13 Consumer Sentiment	14
16	17 Retail Sales 6.5% Ind Production 1.0%	18 FOMC Announcement	19 Jobless Claims 281k	20 Exist Home Sales 5.77M	21
23	24 New Home Sales 765k	25 Durable Goods 1.2%	26 Jobless Claims 3.282M GDP Q4-Final 2.1%	27 Personal Income 0.6% Personal Spending 0.2%	28
30	31 Home Prices 3.1%	Apr 1	2 Jobless Claims 6.648M Factory Orders 0%	3 Unemployment 4.4%	4
6	7 Consumer Credit	8	9 Jobless Claims Wholesale Inflation	10 Consumer Inflation	11
13	14	15 Retail Sales Industrial Production FOMC Beige Book	16 Jobless Claims	17	18
20	21 Existing Homes	22	23 Jobless Claims New Homes	24 Durable Goods	25
27	28 Home Prices Consumer Confidence	29 GDP (Q1-1st)	30 Jobless Claims	May 1 Construction Spending	2

Q4-2019	<\$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	402	927	1,635	677	1,018	577	5,236	1,329	2,964	3,641	4,659
Average Assets (\$Mil)	\$1.0	\$6.0	\$26.1	\$72.8	\$226.8	\$1,949.0	\$277.6	\$4.5	\$16.4	\$26.9	\$70.6
Pct of Credit Unions	8%	18%	31%	13%	19%	11%	100%	25%	57%	70%	89%
Pct of Industry Assets	0%	0%	3%	3%	15%	79%	100%	0%	3%	6%	21%
GROWTH RATES (YTD)											
Total Assets	-9.6%	-7.2%	-3.3%	-1.5%	-1.4%	10.6%	7.8%	-7.4%	-3.8%	-2.7%	-1.7%
Total Loans	-8.1%	-7.0%	-3.0%	-2.4%	-3.0%	8.5%	6.2%	-7.0%	-3.5%	-2.9%	-3.0%
Total Shares	-8.0%	-6.4%	-3.1%	-1.6%	-1.2%	9.4%	6.9%	-6.5%	-3.6%	-2.6%	-1.6%
Net Worth	-7.7%	-4.4%	-1.1%	1.1%	0.5%	11.0%	8.5%	-4.7%	-1.6%	-0.3%	0.3%
BALANCE SHEET ALLOCATION											
Net Worth-to-Total Assets	19.1%	16.3%	13.2%	12.3%	11.6%	11.2%	11.4%	16.5%	13.6%	12.9%	12.0%
Cash & Inv-to-Total Assets	50%	46%	43%	37%	27%	23%	25%	46%	43%	40%	31%
Loans-to-Total Assets	50%	52%	54%	59%	68%	72%	71%	52%	54%	56%	64%
Vehicle-to-Total Loans	60%	63%	49%	43%	39%	32%	34%	62%	50%	46%	41%
REL-to-Total Loans	1%	8%	30%	39%	45%	52%	50%	8%	28%	34%	42%
REL-to-Net Worth	2%	27%	123%	185%	262%	337%	313%	25%	109%	146%	225%
Indirect-to-Total Loans	0%	0%	5%	12%	19%	22%	21%	0%	4%	8%	16%
Loans-to-Total Shares	62%	63%	63%	68%	78%	87%	84%	63%	63%	65%	74%
Nonterm-to-Total Shares	92%	85%	80%	77%	74%	69%	70%	85%	81%	79%	75%
Short-term Funding Ratio	39.8%	30.7%	24.4%	20.5%	14.9%	11.7%	12.8%	25.1%	22.8%	17.3%	12.9%
Net Long-term Asset Ratio	3.5%	7.8%	18.2%	24.1%	30.5%	35.6%	34.0%	17.0%	20.6%	27.6%	33.8%
LOAN QUALITY											
Loan Delinquency Ratio	3.35%	1.80%	1.06%	0.84%	0.75%	0.68%	0.70%	1.14%	0.98%	0.81%	0.71%
Net Charge-off Ratio	0.86%	0.57%	0.46%	0.46%	0.47%	0.59%	0.57%	0.47%	0.47%	0.47%	0.57%
"Misery" Index	4.21%	2.37%	1.52%	1.30%	1.22%	1.27%	1.27%	1.62%	1.45%	1.28%	1.27%
RE Loan Delinquency	1.63%	1.62%	0.99%	0.72%	0.65%	0.52%	0.55%	1.62%	1.01%	0.83%	0.69%
Vehicle Loan Delinquency	2.80%	1.75%	1.00%	0.82%	0.71%	0.61%	0.65%	1.81%	1.12%	0.97%	0.79%
Direct Loans	2.80%	1.75%	0.98%	0.78%	0.66%	0.55%	0.63%	1.81%	1.11%	0.96%	0.78%
Indirect Loans	0.00%	1.46%	1.22%	0.93%	0.76%	0.64%	0.66%	1.46%	1.22%	1.00%	0.79%
Loss Allow as % of Loans	2.75%	1.33%	0.89%	0.82%	0.79%	0.88%	0.86%	1.42%	0.95%	0.88%	0.81%
Current Loss Exposure	1.53%	0.92%	0.65%	0.55%	0.54%	0.48%	0.49%	0.96%	0.68%	0.61%	0.56%
EARNINGS											
Gross Asset Yield	4.11%	4.01%	3.78%	3.81%	3.85%	4.12%	4.06%	4.02%	3.81%	3.81%	3.84%
Cost of Funds	0.55%	0.44%	0.43%	0.48%	0.61%	0.99%	0.90%	0.45%	0.43%	0.45%	0.56%
Gross Interest Margin	3.55%	3.57%	3.36%	3.33%	3.24%	3.13%	3.16%	3.57%	3.38%	3.36%	3.27%
Provision Expense	0.38%	0.33%	0.25%	0.27%	0.31%	0.47%	0.43%	0.34%	0.26%	0.27%	0.30%
Net Interest Margin	3.17%	3.23%	3.11%	3.05%	2.93%	2.67%	2.73%	3.23%	3.12%	3.09%	2.98%
Non-Interest Income	0.55%	0.73%	1.02%	1.28%	1.44%	1.36%	1.36%	0.72%	0.98%	1.13%	1.35%
Non-Interest Expense	4.19%	3.67%	3.62%	3.72%	3.69%	3.07%	3.20%	3.70%	3.63%	3.67%	3.69%
Net Operating Expense	3.65%	2.94%	2.60%	2.44%	2.25%	1.71%	1.85%	2.99%	2.64%	2.54%	2.34%
Net Operating Return	-0.48%	0.29%	0.51%	0.61%	0.68%	0.95%	0.89%	0.24%	0.48%	0.55%	0.64%
Non-recurring Inc(Exp)	0.41%	0.03%	0.05%	0.02%	0.04%	0.05%	0.05%	0.05%	0.05%	0.03%	0.04%
Net Income	-0.06%	0.32%	0.56%	0.63%	0.72%	1.01%	0.94%	0.29%	0.53%	0.58%	0.68%
Return on Net Worth	-0.4%	2.0%	4.3%	5.2%	6.2%	8.5%	7.9%	1.9%	4.0%	4.6%	5.7%

Q4-2019	<\$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	\$4,312	\$7,450	\$8,344	\$10,252	\$13,299	\$16,896	\$15,668	\$7,260	\$8,215	\$9,291	\$12,265
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	\$2,268	\$4,741	\$7,270	\$8,360	\$9,463	\$11,743	\$10,963	\$4,447	\$6,778	\$7,505	\$8,788
Avg Share Rate	0.69%	0.53%	0.49%	0.55%	0.71%	1.18%	1.06%	0.54%	0.50%	0.53%	0.65%
NM Deposit Ratio	1.7%	1.2%	1.0%	0.9%	1.1%	0.9%	1.0%	1.2%	1.0%	1.0%	1.1%
Net Operating Profitability-											
Earning Asset/Funding	124%	118%	112%	109%	108%	109%	109%	119%	113%	111%	109%
Avg Revenue per FTE	\$47,525	\$111,845	\$166,194	\$180,185	\$196,430	\$292,787	\$262,191	\$103,118	\$154,925	\$167,133	\$187,159
Avg OpExpense per FTE	\$42,841	\$86,654	\$125,116	\$131,750	\$137,099	\$164,109	\$155,105	\$80,709	\$117,183	\$124,223	\$133,025
Avg Int & Prov Exp per FTE	\$9,553	\$18,329	\$23,389	\$26,690	\$34,188	\$77,693	\$64,194	\$17,139	\$22,272	\$24,408	\$31,093
Avg OpReturn per FTE	-\$4,869	\$6,861	\$17,688	\$21,744	\$25,143	\$50,986	\$42,892	\$5,270	\$15,470	\$18,502	\$23,042
Net OpExp-to-Total Exp	87%	80%	72%	66%	61%	56%	58%	81%	73%	69%	63%
Operating Revenue-											
Non-Int Inc-to-Total Rev	12%	15%	21%	25%	27%	25%	25%	15%	21%	23%	26%
Interest Inc per FTE	\$32,397	\$76,330	\$107,482	\$108,195	\$108,808	\$142,485	\$132,326	\$70,369	\$100,851	\$104,400	\$107,413
Non-Int Inc per FTE	\$5,575	\$17,186	\$35,323	\$45,300	\$53,434	\$72,609	\$65,671	\$15,610	\$31,801	\$38,325	\$48,653
Operating Expenses-											
C&B Expense Ratio	2.05%	1.92%	1.73%	1.79%	1.86%	1.60%	1.65%	1.93%	1.75%	1.77%	1.83%
Pct of Total Op Exp	49%	52%	48%	48%	50%	52%	51%	52%	48%	48%	50%
Avg C&B per FTE	\$20,964	\$45,436	\$59,838	\$63,226	\$69,020	\$85,319	\$79,757	\$42,115	\$56,671	\$59,839	\$66,115
Occ & Ops Exp Ratio	1.32%	0.98%	0.96%	0.93%	0.94%	0.75%	0.79%	1.01%	0.97%	0.95%	0.95%
Pct of Total Op Exp	31%	27%	27%	25%	26%	25%	25%	27%	27%	26%	26%
Avg O&O per FTE	\$13,453	\$23,243	\$33,258	\$32,887	\$35,092	\$40,258	\$38,481	\$21,914	\$31,231	\$32,031	\$34,123
All Other Exp Ratio	0.41%	0.73%	0.87%	0.99%	0.85%	0.67%	0.71%	0.71%	0.85%	0.92%	0.87%
Pct of Total Op Exp	10%	20%	24%	27%	23%	22%	22%	19%	24%	25%	24%
Avg AOE per FTE	\$8,425	\$17,976	\$32,021	\$35,638	\$32,987	\$38,531	\$36,867	\$16,680	\$29,280	\$32,353	\$32,787
Average Margin per Account-											
Avg Int Inc per Loan	\$283	\$422	\$430	\$502	\$599	\$751	\$703	\$415	\$429	\$469	\$570
Avg Int Exp per Share	\$16	\$25	\$36	\$46	\$67	\$139	\$117	\$24	\$34	\$39	\$57
Avg Return	\$267	\$397	\$394	\$455	\$532	\$612	\$586	\$391	\$395	\$429	\$512
Staffing-											
Full-time Equivalents	358	2,281	12,130	13,814	61,743	221,494	311,819	2,639	14,768	28,582	90,325
Pct PT Employees	78%	42%	15%	11%	8%	6%	7%	48%	22%	17%	11%
FTE-to-Ops (Staffing)	2.06	0.76	0.44	0.38	0.32	0.21	0.24	0.83	0.48	0.43	0.35
Membership Outreach-											
Members-to-Potential	8.5%	7.8%	2.9%	2.6%	2.7%	3.1%	3.0%	7.9%	3.3%	2.9%	2.7%
Members-to-FTEs	343	399	403	365	337	400	386	391	401	383	352
Branches	391	956	2,417	1,755	5,215	10,396	21,130	1,347	3,764	5,519	10,734
Members per Branch	314	952	2,024	2,869	3,993	8,523	5,697	766	1,574	1,986	2,961