

10 January 2020

BENCHMARK INTEREST RATES AND YIELD CURVE

US Treasury Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	1/16/20	12/16/20	12/31/19	1/16/19	This Yr	Last Yr	Down Cycle
Fed Funds	1.54%	1.56%	1.55%	2.40%	-0.01%	-0.86%	-0.91%
3mo	1.56%	1.57%	1.55%	2.43%	0.01%	-0.87%	-0.79%
6mo	1.57%	1.58%	1.60%	2.49%	-0.03%	-0.92%	-0.95%
1yr	1.56%	1.54%	1.59%	2.57%	-0.03%	-1.01%	-1.18%
2yr	1.58%	1.65%	1.58%	2.55%	0.00%	-0.97%	-1.40%
3yr	1.56%	1.67%	1.62%	2.53%	-0.06%	-0.97%	-1.49%
5yr	1.63%	1.72%	1.69%	2.54%	-0.06%	-0.91%	-1.46%
7yr	1.74%	1.82%	1.83%	2.62%	-0.09%	-0.88%	-1.43%
10yr	1.84%	1.89%	1.92%	2.73%	-0.08%	-0.89%	-1.40%
30yr	2.29%	2.30%	2.39%	3.07%	-0.10%	-0.78%	0.11%

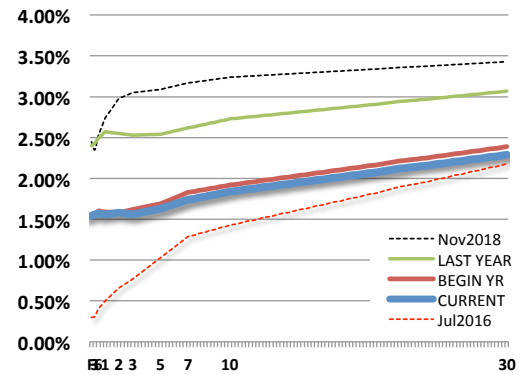
Slope of the Yield Curve-

	THIS WK	LAST MO	YR END	LAST YR	This Yr	Last Yr	Down Cycle
2yr-3mo	0.02%	0.08%	0.03%	0.12%	-0.01%	-0.10%	-0.61%
5yr-2yr	0.05%	0.07%	0.11%	-0.01%	-0.06%	0.06%	-0.06%
10yr-5yr	0.21%	0.17%	0.23%	0.19%	-0.02%	0.02%	0.06%
10yr-3mo	0.28%	0.32%	0.37%	0.30%	-0.09%	-0.02%	-0.61%

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%	1.74%	1.76%	2.51%	-0.10%	-0.85%	-0.86%
6mo LIBOR	1.85%	1.89%	1.91%	2.86%	-0.06%	-1.01%	-1.06%
12mo LIBOR	1.93%	1.96%	2.00%	3.03%	-0.07%	-1.10%	-1.20%

YIELD CURVE ASSESSMENT



CYCLICAL CHANGES SUMMARY

	Jul16 Low	Nov18 High	Nov18 High-Current
Fed Funds	2.15%		-0.91%
1year	2.24%		-1.18%
2years	2.32%		-1.40%
3years	2.28%		-1.49%
5years	2.06%		-1.46%
10years	1.81%		-1.40%

ECONOMIC UPDATE AND ANALYSIS

RETAIL SALES CLIMB 3.6% IN DECEMBER; RISES 5.8% FROM A YEAR AGO

U.S. retail sales rose for a third straight month in December, with households buying a range of goods even as they cut back on purchases of motor vehicles, which could strengthen the view that the economy maintained a moderate growth pace at the end of 2019.

The Commerce Department said on Thursday retail sales increased 0.3% last month. Data for November was revised up to show retail sales gaining 0.3% instead of rising 0.2% as previously reported. Economists polled by Reuters had forecast retail sales would gain 0.3% in December. Compared to December last year, retail sales accelerated 5.8%.

Excluding automobiles, gasoline, building materials and food services, retail sales jumped 0.5% last month after falling by a downwardly revised 0.1% in November.

The so-called core retail sales correspond most closely with the consumer spending component of gross domestic product. They were previously reported to have edged up 0.1% in November.

Despite the good news, retailers continued their annual post-Christmas doldrums by citing their disappointment.

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)	Nov	6.083	6.161
Home Prices	YoY	Oct	2.2%	2.2%

Key Consumer Market Data-

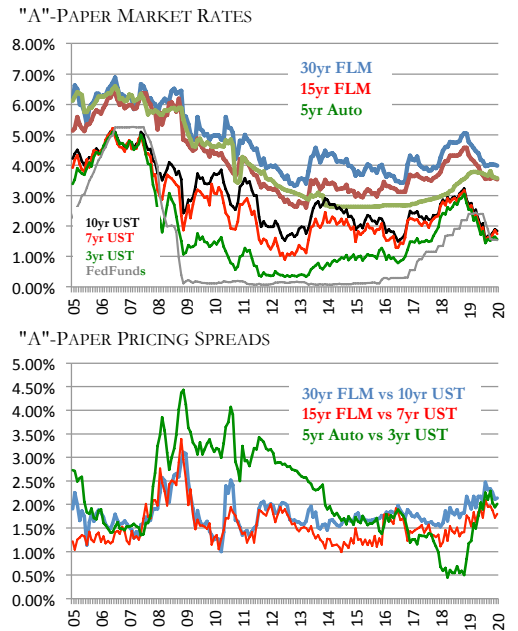
	THIS WK	YR END	PCT CHANGES	
	1/16/20	12/31/19	YTD	12Mos
DJIA	29,298	28,538	2.7%	18.8%
S&P 500	3,316	3,231	2.6%	24.7%
NASDAQ	9,357	8,973	4.3%	31.1%
Crude Oil	58.52	61.06	-4.2%	9.4%
Avg Gasoline	2.57	2.57	0.0%	12.6%
Gold	1,550.5	1,523.1	1.8%	21.5%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 1/16/20	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	9.89%	-0.03%	0.00%	-0.38%	-0.75%	0%	51%
48mo Veh	3.45%	-0.02%	0.00%	-0.21%	-1.40%	0%	15%
60mo Veh	3.57%	-0.02%	-0.06%	-0.20%	-1.49%	33%	13%
72mo Veh	3.89%	-0.02%	-0.06%	-0.23%	-1.48%	33%	16%
HE LOC	4.97%	-0.03%	0.00%	-0.59%	-0.75%	0%	79%
10yr HE	5.27%	-0.01%	-0.06%	-0.25%	-1.50%	17%	17%
15yr FRM	3.54%	-0.03%	-0.07%	-1.04%	-1.47%	43%	71%
30yr FRM	3.98%	-0.03%	-0.08%	-1.08%	-1.40%	37%	77%
Sh Drafts	0.16%	0.02%	-0.01%	0.02%	-0.91%	-200%	-2%
Reg Svgs	0.19%	0.00%	-0.01%	0.00%	-0.91%	0%	0%
MMkt-10k	0.45%	0.00%	-0.01%	-0.03%	-0.91%	0%	3%
MMkt-50k	0.62%	0.00%	-0.01%	-0.03%	-0.91%	0%	3%
6mo CD	0.98%	-0.01%	-0.03%	-0.05%	-0.95%	33%	5%
1yr CD	1.38%	-0.02%	-0.03%	-0.13%	-1.18%	67%	11%
2yr CD	1.61%	-0.03%	0.00%	-0.24%	-1.40%	0%	17%
3yr CD	1.77%	-0.02%	-0.06%	-0.29%	-1.49%	33%	19%

*Since Nov 2018

RELATIVE VALUE



STRATEGICALLY FOR CREDIT UNIONS

Though a report last week showed a slowdown in job growth in December and the increase in the annual wage gain retreating to below 3.0%, consumers will continue to shoulder the longest economic expansion on record, now in its 11th year, thanks to higher savings, rising house prices and a bullish stock market.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, grew at a 3.2% annualized rate in the third quarter. Growth in consumer spending is expected to have slowed to around or below a 2.5% rate in the fourth quarter. The economy expanded at a 2.1% pace in the July-September period.

Growth estimates for the fourth quarter are as high as a 2.5% rate, in part because of a drop in imports, which compressed the trade deficit.

In December, auto sales fell 1.3%, the biggest drop since last January, after increasing 1.5% in November. Higher gasoline prices lifted receipts at service stations, which jumped 2.8%. Online and mail-order retail sales rose 0.2% after being unchanged in November.

Americans also spent more at restaurants and bars, with sales rising 0.2% last month. Spending at hobby, musical instrument and book stores rebounded 0.9%.

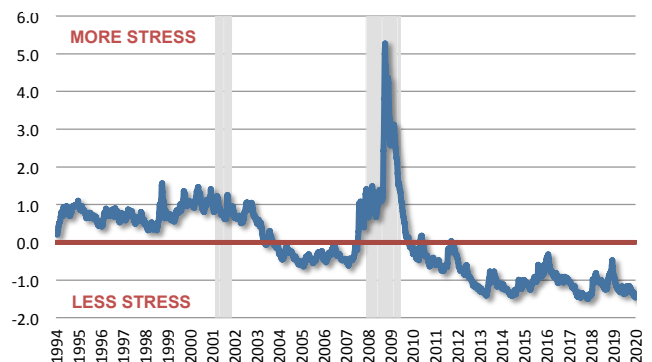
Additional information and other market-related reports can be viewed at www.Meridian-ally.com

ECONOMIC RELEASES

RELEASES THIS WEEK:	Current	Previous
Consumer Inflation (Dec, YoY)	2.3%	2.1%
Wholesale Inflation (Dec, YoY)	1.3%	1.7%
Retail Sales (Dec)	3.6%	3.4%
RELEASES FOR UPCOMING WEEK:	Projected	Previous
Existing Home Sales (Dec, Mil, Annlzd)	5.41	5.35

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ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Dec 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 Cons Inflation 2.3%	15 Wh Inflation 1.3%	16 Jobless Claims 204k Retail Sales 3.6%	17	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
10 Consumer Inflation	11	12	13 Jobless Claims	14	15

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