

SECOND QUARTER 2017	<\$2M	\$2-10M	\$10-50M	\$50-100M	\$100-500M	\$500M+	TOTAL
DEMOGRAPHICS							
Number of Credit Unions	498	1,067	1,813	732	1,046	520	5,696
Average Asset Size (Mil\$)	\$0.9	\$5.7	\$24.9	\$71.3	\$223.9	\$1,947.3	\$237.1
Pct of Credit Unions	8.7%	18.7%	31.8%	12.9%	18.4%	9.1%	100%
Pct of Total Industry Assets	0.0%	0.5%	3.3%	3.9%	17.3%	75.0%	100%
GROWTH RATES							
Total Assets	-6.7%	-8.6%	-3.1%	2.8%	0.4%	12.1%	9.0%
Total Loans	-12.0%	-12.6%	-5.7%	1.0%	-0.1%	13.5%	10.1%
Total Shares	-6.5%	-8.4%	-2.6%	3.3%	0.9%	13.1%	9.7%
Net Worth	-7.3%	-9.0%	-6.0%	-1.3%	-1.8%	10.8%	7.2%
BALANCE SHEET ALLOCATION AND QUALITY							
Net Worth-to-Total Assets	17.8%	14.9%	12.2%	11.3%	10.8%	10.7%	10.8%
Cash & Investments-to-Total Assets	53%	50%	47%	40%	31%	26%	28%
Loans-to-Total Assets	46%	48%	50%	56%	64%	70%	68%
Vehicle-to-Total Loans	57%	59%	46%	41%	38%	34%	35%
Real Estate-to-Total Loans	1%	10%	32%	40%	45%	51%	49%
Real Estate-to-Net Worth	4%	31%	131%	195%	268%	337%	309%
Indirect-to-Total Loans	0%	0%	5%	12%	18%	21%	20%
Short-term Funding Ratio	40.0%	30.2%	24.6%	20.2%	15.1%	12.2%	13.5%
Net Long-term Assets-to-Total Assets	5.0%	9.9%	20.2%	25.9%	31.8%	34.9%	33.4%
Loans-to-Shares	57%	57%	57%	63%	73%	83%	80%
Non-term-to-Total Shares	91%	84%	80%	77%	75%	73%	74%
Term-to-Total Shares	5%	11%	13%	14%	16%	19%	18%
Loan Delinquency Rate	3.25%	1.68%	1.12%	1.00%	0.83%	0.71%	0.75%
Net Charge-off Rate	0.79%	0.58%	0.49%	0.53%	0.53%	0.58%	0.57%
"Misery" Index	4.04%	2.26%	1.61%	1.53%	1.36%	1.29%	1.32%
EARNINGS:							
Gross Asset Yield	3.76%	3.51%	3.22%	3.34%	3.39%	3.50%	3.46%
Cost of Funds	0.29%	0.33%	0.29%	0.30%	0.37%	0.60%	0.53%
Gross Interest Margin	3.48%	3.18%	2.93%	3.04%	3.02%	2.90%	2.93%
Less: Provision Expense	0.46%	0.28%	0.24%	0.31%	0.36%	0.47%	0.43%
Net Interest Margin	3.01%	2.89%	2.69%	2.72%	2.67%	2.43%	2.50%
Non-Interest Income	0.79%	0.69%	0.98%	1.17%	1.41%	1.32%	1.31%
Non-Interest Expense	4.03%	3.54%	3.40%	3.59%	3.56%	2.89%	3.06%
Net Operating Expense	3.24%	2.85%	2.42%	2.42%	2.15%	1.57%	1.74%
Non-recurring Income(Expense)	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%
Net Income (Return on Assets)	-0.23%	0.04%	0.27%	0.31%	0.52%	0.87%	0.76%
Return on Net Worth	-1.3%	0.3%	2.2%	2.8%	4.8%	8.2%	7.1%
COST EFFICIENCIES:							
Non-Interest Income-to-Total Revenues	17%	17%	23%	26%	29%	27%	27%
Avg Revenue per FTE	\$44,876	\$98,870	\$143,384	\$153,580	\$174,302	\$252,393	\$222,459
Average Loan Balance	\$4,318	\$6,779	\$8,859	\$10,033	\$12,716	\$15,820	\$14,613
Average Loan Rate	-7.18%	6.15%	5.31%	5.07%	4.63%	4.42%	4.51%
Average Share Balance per Member	\$2,316	\$4,681	\$7,111	\$8,076	\$9,176	\$11,408	\$10,481
Average Share Rate	0.35%	0.39%	0.33%	0.35%	0.43%	0.71%	0.63%
Full-time Equivalents	464	2,656	13,313	15,239	64,429	187,549	283,648
Pct Part-time Employees-to-Total	78%	40%	17%	13%	9%	7%	9%
FTE-to-Operations (Staffing)	2.19	0.81	0.48	0.41	0.34	0.23	0.26
Compensation & Benefits-to-Total Asset:	1.88%	1.88%	1.64%	1.73%	1.80%	1.51%	1.57%
Pct of Total Operating Expense	47%	53%	48%	48%	51%	52%	52%
Avg Compensation & Benefits per FTE	\$18,554	\$44,202	\$55,842	\$58,757	\$65,282	\$79,148	\$73,380
Occupancy & Ops-to-Total Assets	1.24%	0.94%	0.92%	0.91%	0.93%	0.71%	0.77%
Pct of Total Operating Expense	31%	27%	27%	25%	26%	25%	25%
Avg Occupancy & Ops per FTE	\$12,250	\$22,139	\$31,249	\$31,065	\$33,588	\$37,324	\$35,671

SECOND QUARTER 2017	<\$10M	<\$50M	<\$100M	<\$500M	\$500M+	TOTAL
DEMOGRAPHICS						
Number of Credit Unions	1,565	3,378	4,110	5,156	520	5,696
Average Asset Size (Mil\$)	\$4.2	\$15.3	\$25.3	\$65.6	\$1,947.3	\$237.1
Pct of Credit Unions	27.5%	59.3%	72.2%	90.5%	9.1%	100%
Pct of Total Industry Assets	0.5%	3.8%	7.7%	25.0%	75.0%	100%
GROWTH RATES						
Total Assets	-8.4%	-3.8%	-0.6%	0.1%	12.1%	9.0%
Total Loans	-12.5%	-6.5%	-2.6%	-0.7%	13.5%	10.1%
Total Shares	-8.3%	-3.4%	0.0%	0.6%	13.1%	9.7%
Net Worth	-8.9%	-6.4%	-4.0%	-2.6%	10.8%	7.2%
BALANCE SHEET ALLOCATION AND QUALITY						
Net Worth-to-Total Assets	15.1%	12.5%	11.9%	11.1%	10.7%	10.8%
Cash & Investments-to-Total Assets	51%	48%	44%	35%	26%	28%
Loans-to-Total Assets	48%	49%	53%	60%	70%	68%
Vehicle-to-Total Loans	59%	47%	44%	39%	34%	35%
Real Estate-to-Total Loans	9%	29%	35%	42%	51%	49%
Real Estate-to-Net Worth	29%	115%	153%	231%	337%	309%
Indirect-to-Total Loans	0%	4%	8%	15%	21%	20%
Short-term Funding Ratio	30.9%	25.4%	22.8%	17.4%	12.2%	13.5%
Net Long-term Assets-to-Total Assets	9.5%	18.9%	22.4%	28.9%	34.9%	33.4%
Loans-to-Shares	57%	57%	60%	69%	83%	80%
Non-term-to-Total Shares	85%	80%	79%	76%	73%	74%
Term-to-Total Shares	11%	12%	13%	15%	19%	18%
Loan Delinquency Rate	1.78%	1.20%	1.09%	0.90%	0.71%	0.75%
Net Charge-off Rate	0.59%	0.50%	0.52%	0.53%	0.58%	0.57%
"Misery" Index	2.38%	1.70%	1.61%	1.43%	1.29%	1.32%
EARNINGS:						
Gross Asset Yield	3.53%	3.26%	3.30%	3.36%	3.50%	3.46%
Cost of Funds	0.33%	0.29%	0.30%	0.35%	0.60%	0.53%
Gross Interest Margin	3.20%	2.97%	3.00%	3.02%	2.90%	2.93%
Less: Provision Expense	0.30%	0.25%	0.30%	0.33%	0.47%	0.43%
Net Interest Margin	2.90%	2.72%	2.70%	2.68%	2.43%	2.50%
Non-Interest Income	0.70%	0.95%	1.06%	1.30%	1.32%	1.31%
Non-Interest Expense	3.58%	3.42%	3.51%	3.54%	2.89%	3.06%
Net Operating Expense	2.88%	2.48%	2.45%	2.24%	1.57%	1.74%
Non-recurring (Expense)Income	0.00%	0.00%	0.01%	0.02%	0.01%	0.01%
Net Income (Return on Assets)	0.03%	0.24%	0.27%	0.46%	0.87%	0.76%
Return on Net Worth	0.2%	1.9%	2.3%	4.0%	8.2%	7.1%
COST EFFICIENCIES:						
Non-Interest Income-to-Total Revenues	17%	22%	24%	28%	27%	27%
Avg Revenue per FTE	\$90,848	\$133,410	\$143,115	\$164,024	\$252,393	\$222,459
Average Loan Balance	\$6,616	\$8,583	\$9,354	\$11,819	\$15,820	\$14,613
Average Loan Rate	5.27%	5.31%	5.18%	4.78%	4.42%	4.51%
Average Share Balance per Member	\$4,524	\$6,792	\$7,441	\$8,642	\$11,408	\$10,481
Average Share Rate	0.39%	0.34%	0.34%	0.40%	0.71%	0.63%
Full-time Equivalents	3,120	16,432	31,671	96,100	187,549	283,648
Pct Part-time Employees-to-Total	47%	23%	18%	12%	7%	9%
FTE-to-Operations (Staffing)	0.89	0.52	0.46	0.37	0.23	0.26
Compensation & Benefits-to-Avg Assets	1.88%	1.67%	1.70%	1.77%	1.51%	1.57%
Pct of Total Operating Expense	53%	49%	48%	50%	52%	52%
Avg Compensation & Benefits per FTE	\$40,391	\$52,909	\$55,723	\$62,131	\$79,148	\$73,380
Occupancy & Ops-to-Avg Assets	0.96%	0.92%	0.92%	0.92%	0.71%	0.77%
Pct of Total Operating Expense	27%	27%	26%	26%	25%	25%
Avg Occupancy & Ops per FTE	\$20,669	\$29,240	\$30,118	\$32,444	\$37,324	\$35,671

ANNUAL HISTORY	2006	2012	2013	2014	2015	2016	2017
DEMOGRAPHICS							
Number of Credit Unions	8,362	6,819	6,554	6,273	6,021	5,785	5,696
Average Asset Size (Mil\$)	\$85.0	\$149.8	\$162.0	\$178.9	\$200.0	\$223.4	\$237.1
Pct of Credit Unions	100%	100%	100%	100%	100%	100%	100%
Pct of Total Industry Assets	100%	100%	100%	100%	100%	100%	100%
GROWTH RATES							
Total Assets	-	6.2%	3.9%	5.7%	7.3%	7.3%	9.0%
Total Loans	-	4.6%	8.0%	10.4%	10.5%	10.4%	10.1%
Total Shares	-	6.1%	3.7%	4.5%	6.9%	7.5%	9.7%
Net Worth	-	8.5%	7.4%	7.5%	6.9%	7.1%	7.2%
BALANCE SHEET ALLOCATION AND QUALITY							
Net Worth-to-Total Assets	11.5%	10.4%	10.8%	11.0%	10.9%	10.9%	10.8%
Cash & Investments-to-Total Assets	7%	10%	8%	8%	8%	8%	8%
Loans-to-Total Assets	70%	58%	61%	63%	65%	67%	68%
Vehicle-to-Total Loans	36%	30%	31%	32%	33%	34%	35%
Real Estate-to-Total Loans	50%	54%	53%	51%	50%	50%	49%
Real Estate-to-Net Worth	300%	300%	296%	296%	302%	306%	309%
Indirect-to-Total Loans	14%	13%	14%	16%	17%	19%	20%
Short-term Funding Ratio	15.8%	17.5%	14.9%	13.7%	13.5%	13.4%	13.5%
Net Long-term Assets-to-Total Assets	27.2%	32.9%	35.9%	33.6%	32.7%	33.0%	33.4%
Loans-to-Shares	82%	68%	71%	75%	77%	80%	80%
Non-term-to-Total Shares	59%	67%	69%	71%	72%	73%	74%
Term-to-Total Shares	31%	23%	21%	20%	19%	18%	18%
Loan Delinquency Rate	0.68%	1.16%	1.01%	0.85%	0.81%	0.83%	0.75%
Net Charge-off Rate	0.45%	0.73%	0.57%	0.50%	0.48%	0.55%	0.57%
"Misery" Index	1.13%	1.89%	1.58%	1.35%	1.29%	1.38%	1.32%
EARNINGS:							
Gross Asset Yield	5.50%	3.65%	3.39%	3.38%	3.37%	3.41%	3.46%
Cost of Funds	2.35%	0.73%	0.59%	0.54%	0.52%	0.53%	0.53%
Gross Interest Margin	3.15%	2.92%	2.80%	2.84%	2.85%	2.88%	2.93%
Less: Provision Expense	0.32%	0.36%	0.26%	0.28%	0.35%	0.41%	0.43%
Net Interest Margin	2.84%	2.56%	2.53%	2.56%	2.50%	2.48%	2.50%
Non-Interest Income	1.29%	1.47%	1.40%	1.32%	1.35%	1.37%	1.31%
Non-Interest Expense	3.32%	3.18%	3.16%	3.11%	3.12%	3.10%	3.06%
Net Operating Expense	2.03%	1.72%	1.76%	1.79%	1.77%	1.73%	1.74%
Non-recurring (Expense)Income	0.01%	0.01%	0.01%	0.03%	0.01%	0.02%	0.01%
Net Income (Return on Assets)	0.82%	0.85%	0.78%	0.79%	0.75%	0.77%	0.76%
Return on Net Worth	7.2%	8.3%	7.3%	7.3%	6.8%	7.0%	7.1%
COST EFFICIENCIES:							
Non-Interest Income-to-Total Revenues	19%	29%	29%	29%	29%	29%	27%
Avg Revenue per FTE	\$210,697	\$208,184	\$199,438	\$200,834	\$206,053	\$216,226	\$222,459
Average Loan Balance	\$11,479	\$12,565	\$12,795	\$13,203	\$13,707	\$14,246	\$14,613
Average Loan Rate	6.47%	5.42%	5.01%	4.79%	4.64%	4.56%	4.51%
Average Share Balance per Member	\$7,011	\$9,353	\$9,454	\$9,580	\$9,891	\$10,225	\$10,481
Average Share Rate	2.77%	0.85%	0.69%	0.63%	0.61%	0.62%	0.63%
Full-time Equivalents	224,251	244,232	250,570	257,263	267,023	277,354	283,648
Pct Part-time Employees-to-Total	14%	12%	12%	11%	10%	9%	9%
FTE-to-Operations (Staffing)	0.40	0.34	0.33	0.30	0.28	0.27	0.26
Compensation & Benefits-to-Avg Assets	1.66%	1.56%	1.56%	1.56%	1.58%	1.58%	1.57%
Pct of Total Operating Expense	50%	49%	50%	50%	51%	51%	52%
Avg Compensation & Benefits per FTE	\$51,505	\$63,493	\$65,040	\$66,286	\$68,882	\$70,978	\$73,380
Occupancy & Ops-to-Avg Assets	0.91%	0.81%	0.80%	0.81%	0.80%	0.79%	0.77%
Pct of Total Operating Expense	27%	25%	25%	26%	26%	25%	25%
Avg Occupancy & Ops per FTE	\$28,232	\$32,739	\$33,137	\$34,226	\$34,697	\$35,348	\$35,671

CYCLICAL IMPACT ON ASSET YIELD AND COST OF FUNDS

	Change in Asset Yield	Change in 3yr UST	Effective Sensitivity	Change in Cost of Funds	Change in Fed Funds	Effective Sensitivity
Rising Rate Cycles-						
1994-1995	0.23%	2.06%	11%	0.59%	3.00%	20%
1999-2000	0.13%	0.09%	144%	0.08%	1.75%	5%
2004-2007	0.93%	1.72%	54%	1.30%	4.26%	31%
2016-	0.07%	0.86%	8%	0.02%	0.86%	2%
Declining Rate Cycles-						
1995-1999	-0.32%	-1.42%	23%	-0.18%	-1.42%	13%
2000-2004	-2.46%	-2.69%	91%	-2.32%	-5.51%	42%
2007-2015	-2.39%	-3.51%	68%	-2.44%	-5.06%	48%

INCREMENTAL RISING RATE IMPACT ON ASSET YIELD AND COST OF FUNDS

	Incrementals	Change in Fed Funds	Change in Cost of Funds	Effective Sensitivity	Aggregate Sensitivity		Gross Margin
1994-1995:	First 100bps	1.00%	0.02%	2%	2%	Beginning	3.97%
	Second 100bps	1.00%	0.12%	12%	7%	Ending	3.85%
	Third 100bps	1.00%	0.45%	45%	20%	Shift	-0.12%
	Total Cycle	3.00%	0.59%	20%			
1999-2000:	First 100bps	1.00%	-0.09%	-9%	-9%	Beginning	3.71%
	Second 75bps	0.86%	0.17%	20%	4%	Ending	3.78%
	Total Cycle	1.86%	0.08%	4%		Shift	0.07%
2004-2007:	First 100bps	1.00%	-0.10%	-10%	-10%	Beginning	3.31%
	Second 100bps	1.00%	0.06%	6%	-2%	Ending	3.11%
	Third 100bps	1.00%	0.21%	21%	6%	Shift	-0.20%
	Fourth 126bps	1.26%	1.13%	90%	31%		
	Total Cycle	4.26%	1.30%	31%			
2016-	First 100bps	0.86%	0.02%	2%	2%	Beginning	2.85%
						Ending	2.93%
	Total Cycle	0.86%	0.02%	2%		Shift	0.08%

AVERAGE BALANCE ASSESSMENT

	<\$2M	\$2-10M	\$10-50M	\$50-100M	\$100-500M	\$500M+	TOTAL
Average Loan Balance	\$ 4,318	\$ 6,779	\$ 8,859	\$ 10,033	\$ 12,716	\$ 15,820	\$ 14,613
Average Share Balance	2,316	4,681	7,111	8,076	9,176	11,408	10,481
Difference	\$ 2,002	\$ 2,098	\$ 1,748	\$ 1,957	\$ 3,540	\$ 4,412	\$ 4,132
Shares as % of Loan Balance	46%	31%	20%	20%	28%	28%	28%
Average Gross Spread per Account	\$ 183	\$ 213	\$ 258	\$ 296	\$ 381	\$ 480	\$ 450

Brian Turner

President and Chief Economist

bturner008@tx.rr.com 972.740.9531 www.Meridian-ally.com