

21 February 2020

BENCHMARK INTEREST RATES AND YIELD CURVE

US Treasury Rates-

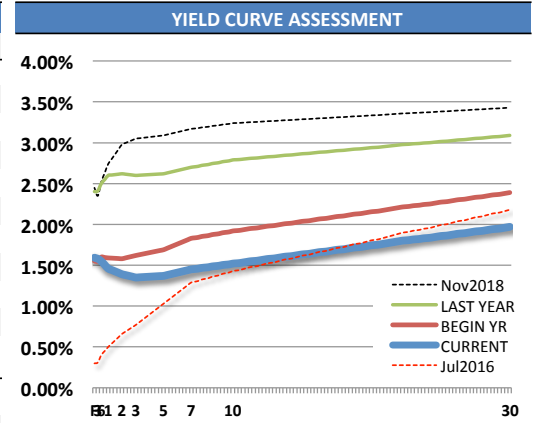
	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE		
	2/20/20	1/20/20	12/31/19	2/20/19	This Yr	Last Yr	Down Cycle
Fed Funds	1.59%	1.55%	1.55%	2.40%	0.04%	-0.81%	-0.86%
3mo	1.58%	1.56%	1.55%	2.41%	0.03%	-0.83%	-0.77%
6mo	1.55%	1.57%	1.60%	2.50%	-0.05%	-0.95%	-0.97%
1yr	1.46%	1.56%	1.59%	2.60%	-0.13%	-1.14%	-1.28%
2yr	1.39%	1.58%	1.58%	2.62%	-0.19%	-1.23%	-1.59%
3yr	1.35%	1.56%	1.62%	2.60%	-0.27%	-1.25%	-1.70%
5yr	1.37%	1.63%	1.69%	2.62%	-0.32%	-1.25%	-1.72%
7yr	1.45%	1.74%	1.83%	2.70%	-0.38%	-1.25%	-1.72%
10yr	1.52%	1.84%	1.92%	2.79%	-0.40%	-1.27%	-1.72%
30yr	1.97%	2.29%	2.39%	3.09%	-0.42%	-1.12%	-0.21%

Slope of the Yield Curve-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE	CHANGES SINCE	CHANGES SINCE
	2/20/20	1/20/20	12/31/19	2/20/19	This Yr	Last Yr	Down Cycle
2yr-3mo	-0.19%	0.02%	0.03%	0.21%	-0.22%	-0.40%	-0.82%
5yr-2yr	-0.02%	0.05%	0.11%	0.00%	-0.13%	-0.02%	-0.13%
10yr-5yr	0.15%	0.21%	0.23%	0.17%	-0.08%	-0.02%	0.00%
10yr-3mo	-0.06%	0.28%	0.37%	0.38%	-0.43%	-0.44%	-0.95%

Other Interest Rates-

	THIS WK	LAST MO	YR END	LAST YR	CHANGES SINCE	CHANGES SINCE	CHANGES SINCE
	2/20/20	1/20/20	12/31/19	2/20/19	This Yr	Last Yr	Down Cycle
Prime	4.75%	4.75%	4.75%	5.50%	0.00%	-0.75%	-0.75%
1mo LIBOR	1.62%	1.65%	1.76%	2.48%	-0.14%	-0.86%	-0.90%
6mo LIBOR	1.70%	1.83%	1.91%	2.69%	-0.21%	-0.99%	-1.21%
12mo LIBOR	1.76%	1.92%	2.00%	2.87%	-0.24%	-1.11%	-1.37%



CYCLICAL CHANGES SUMMARY

	Jul16 Low	Nov18 High	Nov18 High-Current
Fed Funds	2.15%		-0.86%
1year	2.24%		-1.28%
2years	2.32%		-1.59%
3years	2.28%		-1.70%
5years	2.06%		-1.72%
10years	1.81%		-1.72%

ECONOMIC UPDATE AND ANALYSIS

LEADING INDICATORS SURGE IN JANUARY; POINT TO STEADY GROWTH IN EARLY 2020

The economy showed some more sizzle at the start of 2020, pointing to steady growth in the next several months, according to an index that measures the nation's economic health. The leading index is composed of 10 economic indicators designed to signal the high points and low points in the business cycle.

The Conference Board reported its leading economic index jumped 0.8% in January aided by a boost from rising permits to build new homes. Permits hit a 13-year high last month as builders move to step up construction as falling interest rates stoke more demand.

Declining applications for unemployment benefits, higher consumer confidence, record stock prices and cheaper credit also added to the surge in the index.

The U.S. economy is plowing ahead at a decent 2% pace of growth and a record expansion already 10 and a half years old looks likely to continue.

Key Economic Indicators for Banks, Thrifts & Credit Unions-

		LATEST	CURRENT	PREV
GDP	QoQ	Q4-1st	2.1%	2.1%
GDP - YTD	Annl	Q4-1st	2.1%	2.3%
Consumer Spending	QoQ	Q4-1st	1.8%	3.2%
Consumer Spending	Annl	Q4-1st	1.8%	2.7%
Unemployment	Mo	Jan	3.6%	3.5%
Consumer Inflation	YoY	Jan	2.5%	2.3%
Core Inflation	YoY	Jan	2.3%	2.3%
Consumer Credit	Annual	Dec	6.3%	3.4%
Retail Sales	YoY	Dec	4.6%	3.6%
Vehicle Sales	Annl (Mil)	Jan	17.3	17.2
Home Sales	Annl (Mil)	Dec	6.259	6.083
Home Prices	YoY	Nov	2.6%	2.6%

Key Consumer Market Data-

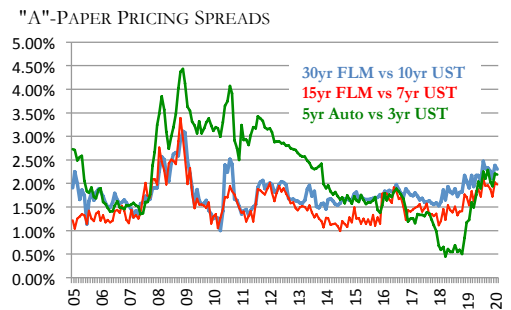
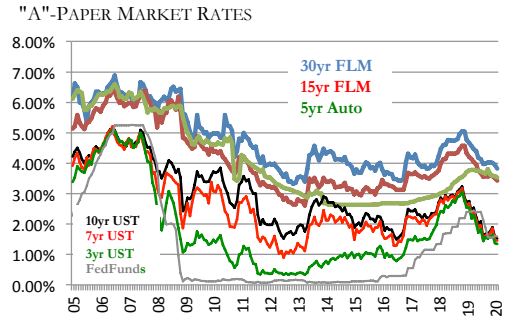
	THIS WK	YR END	PCT CHANGES	
			2/20/20	12/31/19
DJIA	29,220	28,538	2.4%	13.0%
S&P 500	3,373	3,231	4.4%	21.6%
NASDAQ	9,751	8,973	8.7%	30.7%
Crude Oil	53.29	61.06	-12.7%	-7.3%
Avg Gasoline	2.43	2.57	-5.6%	4.3%
Gold	1,611.8	1,523.1	5.8%	23.8%

AVERAGE CREDIT UNION RATES AND RATE SENSITIVITY

	THIS WK 2/20/20	YTD Change		Chg in Current Cycle*		Rate Sensitivity	
		Rate	Benchmark	Rate	Benchmark	YTD	Cycle
Classic CC	11.39%	-0.06%	0.00%	-0.30%	-0.75%	0%	40%
Platinum CC	9.86%	-0.06%	0.00%	-0.41%	-0.75%	0%	55%
48mo Veh	3.42%	-0.05%	-0.19%	-0.24%	-1.59%	26%	15%
60mo Veh	3.54%	-0.05%	-0.27%	-0.23%	-1.70%	19%	14%
72mo Veh	3.85%	-0.06%	-0.30%	-0.27%	-1.71%	20%	16%
HE LOC	4.91%	-0.09%	0.00%	-0.65%	-0.75%	0%	87%
10yr HE	5.24%	-0.04%	-0.32%	-0.28%	-1.73%	12%	16%
15yr FRM	3.43%	-0.14%	-0.36%	-1.15%	-1.76%	40%	66%
30yr FRM	3.83%	-0.18%	-0.40%	-1.23%	-1.72%	46%	72%
Sh Drafts	0.14%	0.00%	0.04%	0.00%	-0.86%	0%	0%
Reg Svgs	0.18%	-0.01%	0.04%	-0.01%	-0.86%	-25%	1%
MMkt-10k	0.44%	-0.01%	0.04%	-0.04%	-0.86%	-25%	5%
MMkt-50k	0.61%	-0.01%	0.04%	-0.04%	-0.86%	-25%	5%
6mo CD	0.96%	-0.03%	-0.05%	-0.07%	-0.97%	60%	7%
1yr CD	1.36%	-0.04%	-0.13%	-0.15%	-1.28%	31%	12%
2yr CD	1.59%	-0.05%	-0.19%	-0.26%	-1.59%	26%	16%
3yr CD	1.75%	-0.04%	-0.27%	-0.31%	-1.70%	15%	18%

*Since Nov 2018

RELATIVE VALUE



STRATEGICALLY FOR CREDIT UNIONS

The surge in January brought the year-over-year rate up to 0.9%, and revisions to December, which had previously showed a negative year-over-year growth rate for the first time since 2009, now show a 0.09% gain. This should alleviate some concerns of recession, which has typically been preceded by a negative year-over-year growth rate in the index.

The LEI has now declined in four out of the last five months. Its six-month growth rate turned slightly more negative in the final quarter of 2019, with the manufacturing indicators pointing to continued weakness in the sector. However, financial conditions and consumers' outlook for the economy remain positive, which should support growth of about 2 percent through early 2020.

The Conference Board CEI for the U.S., a measure of current economic activity, increased slightly in January. The coincident economic index rose 0.8 percent (about a 1.7 percent annual rate) between July 2019 and January 2020, more than twice as fast as its growth of 0.3 percent (about a 0.6 percent annual rate) over the previous six months.

However, the strengths among the coincident indicators have become very widespread, with all components advancing over the past six months.

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

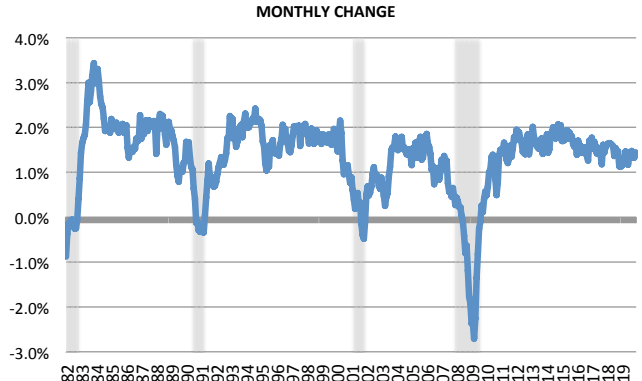
ECONOMIC RELEASES

RELEASES THIS WEEK:	Current	Previous
Wholesale Inflation (Jan, YoY)	2.1%	1.3%
FOMC Minutes	Moderate economic growth	
Leading Indicators	0.8%	-0.3%

RELEASES FOR UPCOMING WEEK:	Projected	Previous
Home Prices (Dec, YoY)	2.5%	2.6%
New Home Sales (Jan, Annlzd, Mil Units)	0.707	0.694

MERIDIAN ECONOMICS
Trusted Insight, Effective Solutions

LEADING ECONOMIC INDICATORS



ECONOMIC CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jan 27 New Home Sales 694k	28 Durable Goods 2.4% Home Prices +2.6% Cons Confidence 131.6	29 FOMC Announcement No Change	30 Jobless Claims 216k GDP (Q4-1st) 2.1%	31 PCE Price Index 1.6% Personal Inc (M) 0.2% Personal Spd (M) .3%	Feb 1
3 Const Spending -0.2%	4 Factory Orders 1.8% M Veh Sales 16.8M	5	6 Jobless Claims 203k	7 Unemployment 2.6% Consumer Credit 6.3%	8
10	11	12	13 Jobless Claims 205k Cons Inflation 2.5%	14 Retail Sales 4.6% Ind Production -0.3%	15
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	26	27 Jobless Claims GDP (Q4-2nd) Durable Goods	28 Personal Income Personal Spending	29
2 Construction Spending	3	4 Fed Beige Book	5 Jobless Claims Factory Orders	6 Unemployment Rate Consumer Credit	7
9 Consumer Inflation	10	11 Consumer Inflation	12 Jobless Claims Wholesale Inflation	13 Consumer Sentiment	14
16	17 Retail Sales Industrial Production	18 FOMC Announcement	19 Jobless Claims	20 Existing Home Sales	21

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