Trendwatch 3Q26

November 19, 2026

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the credit union company

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CAPITAL MARKETS (SIMPLIFIED)

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Today's Lineup

Market Update

Jason Haley, Chief Investment Officer, IMG

ALM First

3Q26 Credit Union Results

Jay Johnson, Chief Collaboration Officer

Alix Patterson, Chief Strategy & Transformation Officer

Callahan & Associates

Navigating Technology Disruption

Ben Maxim, Chief Technology Officer

Michigan State University FCU

Economic Update

Callahan Trendwatch

November 19, 2026



Speaker



Jason Haley

Chief Investment Officer, IMG

ALM First

Current Economic Themes

- **AI anxiety**
  - Tech-heavy Nasdaq 100 down 13.5% from 10/6 to 11/6
  - General concerns that ROI will not be commensurate with capital expenditures
  - Worries that midterm election results will slow data center buildout
  - Nvidia espionage

- **Economic data continues to impress; inflation remains stubborn**
  - Q3 GDP was a blockbuster
    - 3.4% topline growth; 5% “core” growth; 12.7% growth in business investment
  - October jobs report better than expected across the board; weekly jobless claims at historic lows
  - October core CPI exceeded expectations (3rd consecutive 0.3% monthly increase)

“Vibecession” Feel

UNIVERSITY OF MICHIGAN · SURVEYS OF CONSUMERS

Consumer Sentiment Index

Q1 1978 – Oct 2026, quarterly. Latest reading 46.3, the lowest on record.

OCT 2026	LONG-RUN AVG	SINCE Q1 ’24
46.3	83.4	–33.1 pts
Lowest since 1978	Q1 1978 – Oct 2026	From 79.4 peak

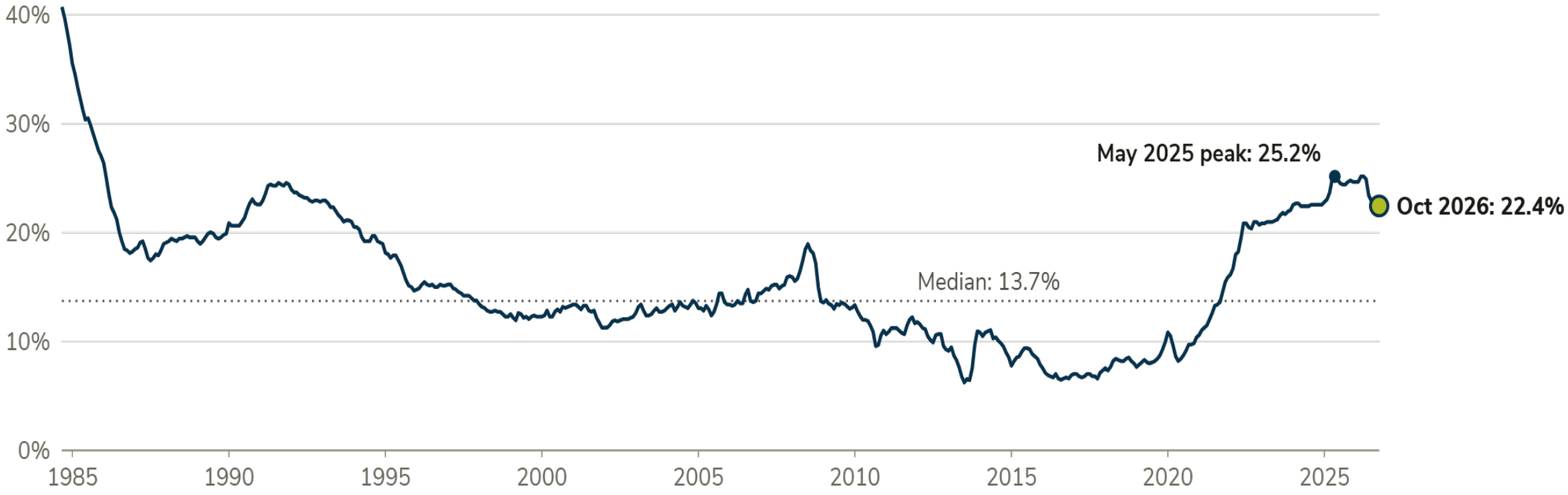


Source: University of Michigan Surveys of Consumers; NBER

The Cumulative Inflation Effect

INFLATION PERSPECTIVE · ROLLING 5-YEAR CUMULATIVE CPI

Post-COVID, prices are up **32.3%** cumulatively from Jun 2020 through Oct 2026 (77 months; 4.5% annualized).



Source: BLS; Bloomberg; ALM First

Housing Affordability Remains Low

HOUSING AFFORDABILITY COMPOSITE INDEX

Affordability is near a 40-year low



92.2 Record low
Q3 2023

103.9 Latest
Q3 2026

What 100 means

A family earning the median income has exactly the amount needed to buy a median-price home using conventional financing.

Before 2022, the index never fell below 100.

Source: National Association of Realtors; Bloomberg

Concluding Thoughts

- **AI anxieties rise in recent weeks**
  - A bubble bursting or more moderate revaluation?
  - How will regulation change post-election?

- **Economy on strong footing, but inflation/affordability still an issue**
  - Low hire/fire labor market
  - Consumer spending and business investment remain robust
  - Cumulative inflation and housing affordability remain challenges

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Q&A



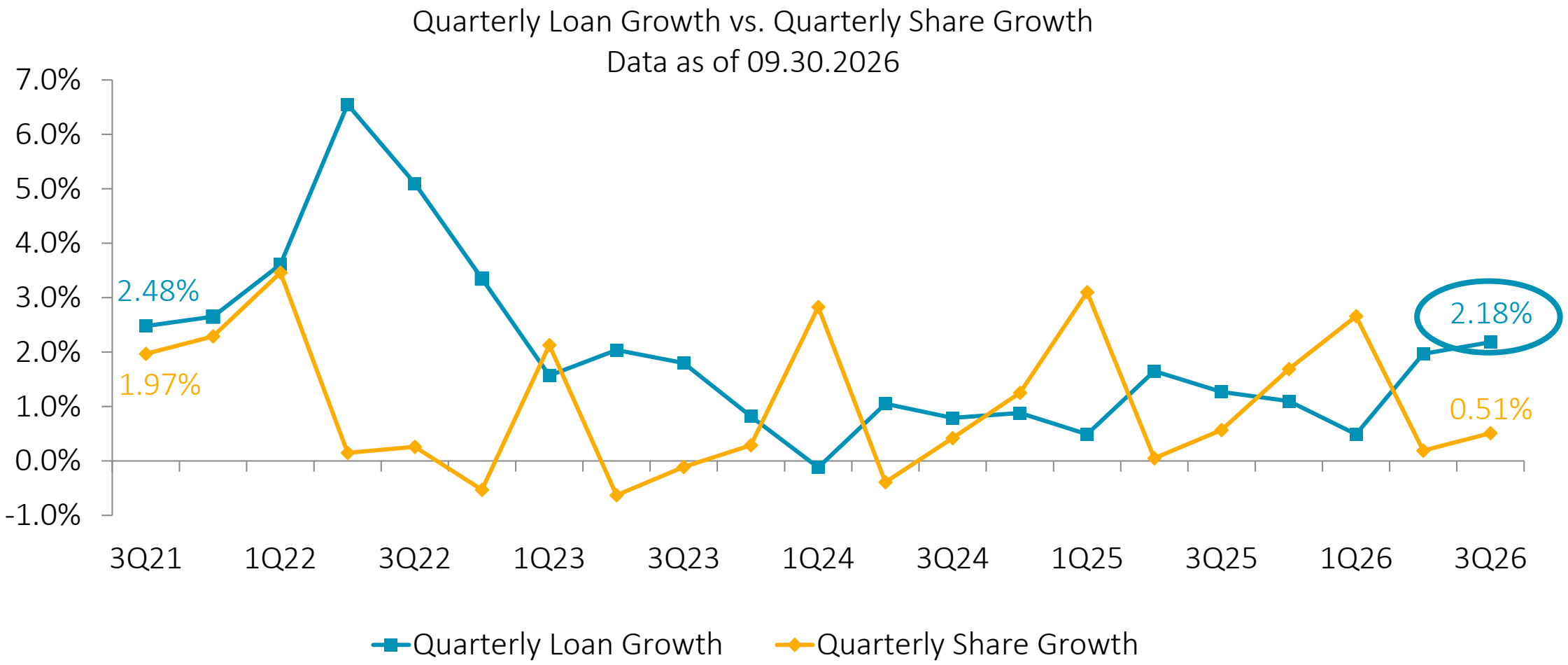
Credit Union Performance through September 30, 2026

CALLAHAN & ASSOCIATES

Credit union growth picks up in 2026

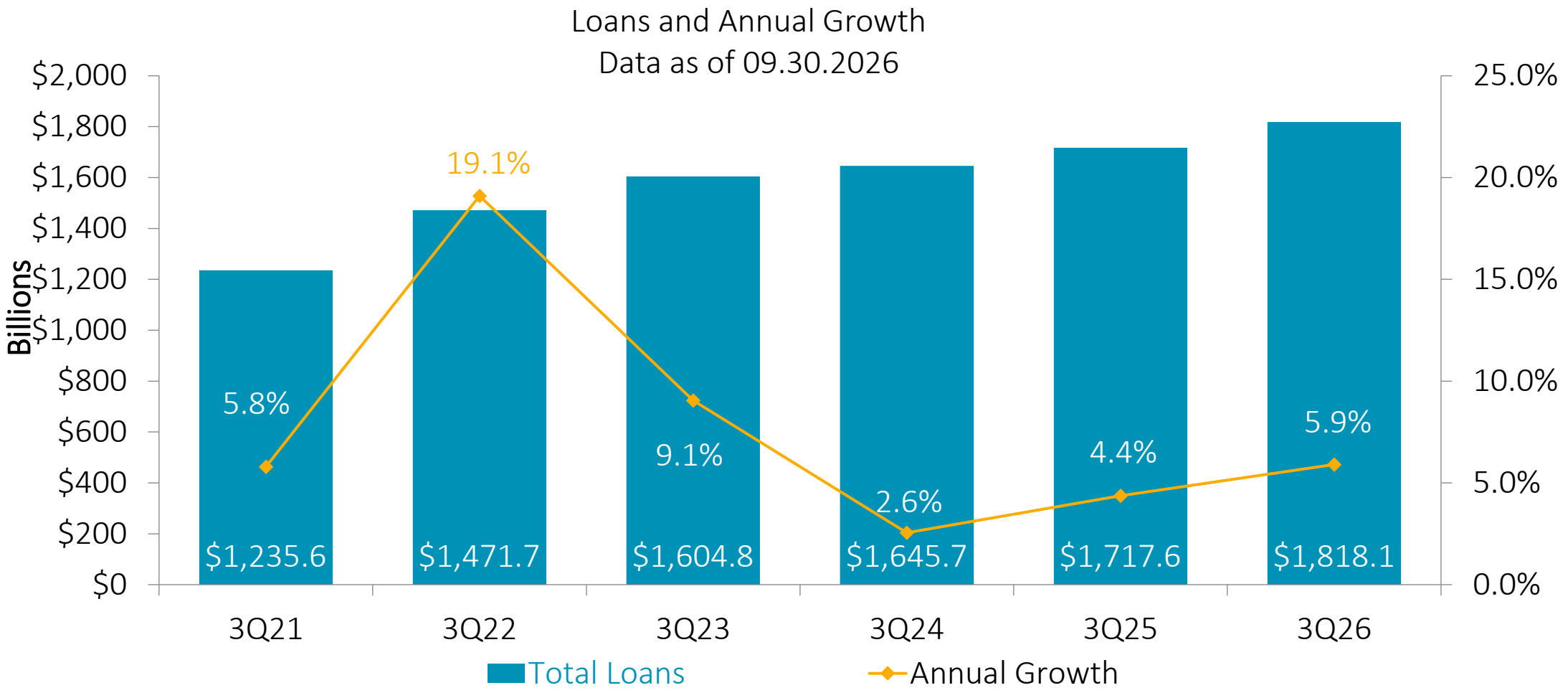
	09/30/2026	12-Mo. Growth	09/30/2025	12-Mo. Growth
Assets	$2,538.5B	4.9%	$2,420.2B	3.6%
Loans	$1,818.1B	5.9%	$1,717.6B	4.4%
Shares	$2,158.5B	5.1%	$2,053.2B	5.0%
Investments (incl. Cash)	$595.3B	0.7%	$591.0B	1.1%
Capital	$291.3B	5.9%	$275.0B	8.8%
Members	149.0M	2.0%	146.0M	1.9%

Loan balances grow at the fastest quarterly rate since 2022



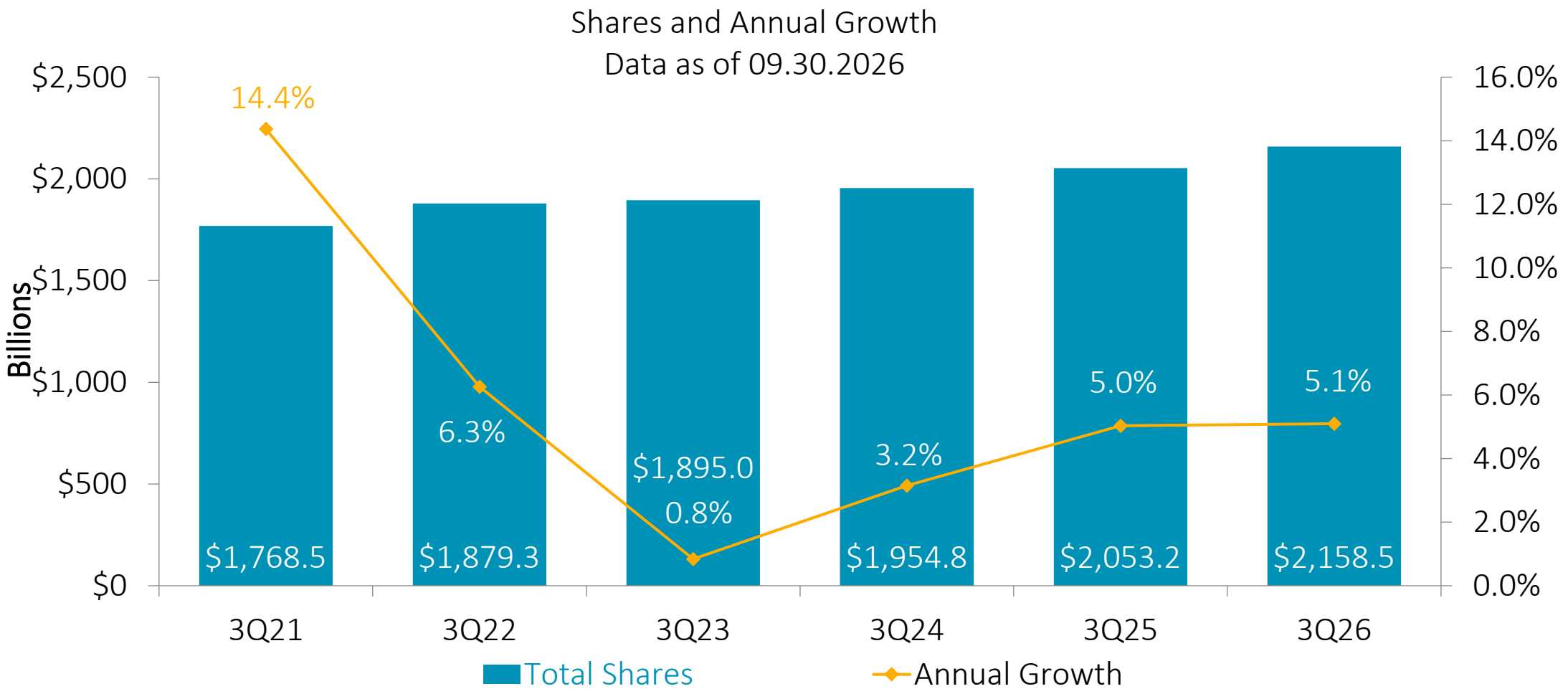
Source: Callahan's Peer Suite

Credit unions are meeting member credit needs as loan balances continue to rise



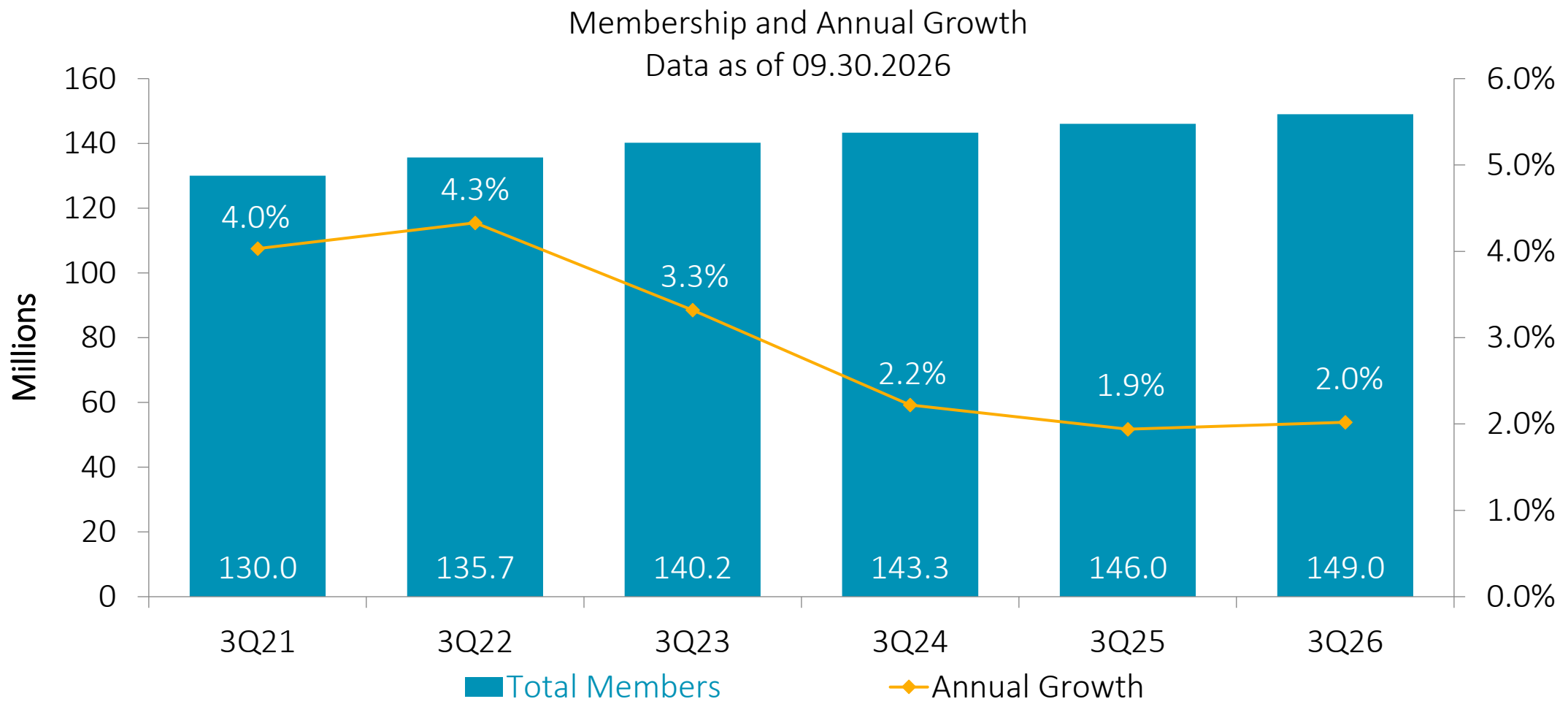
Source: Callahan's Peer Suite

Member share balances are posting solid growth



Source: Callahan's Peer Suite

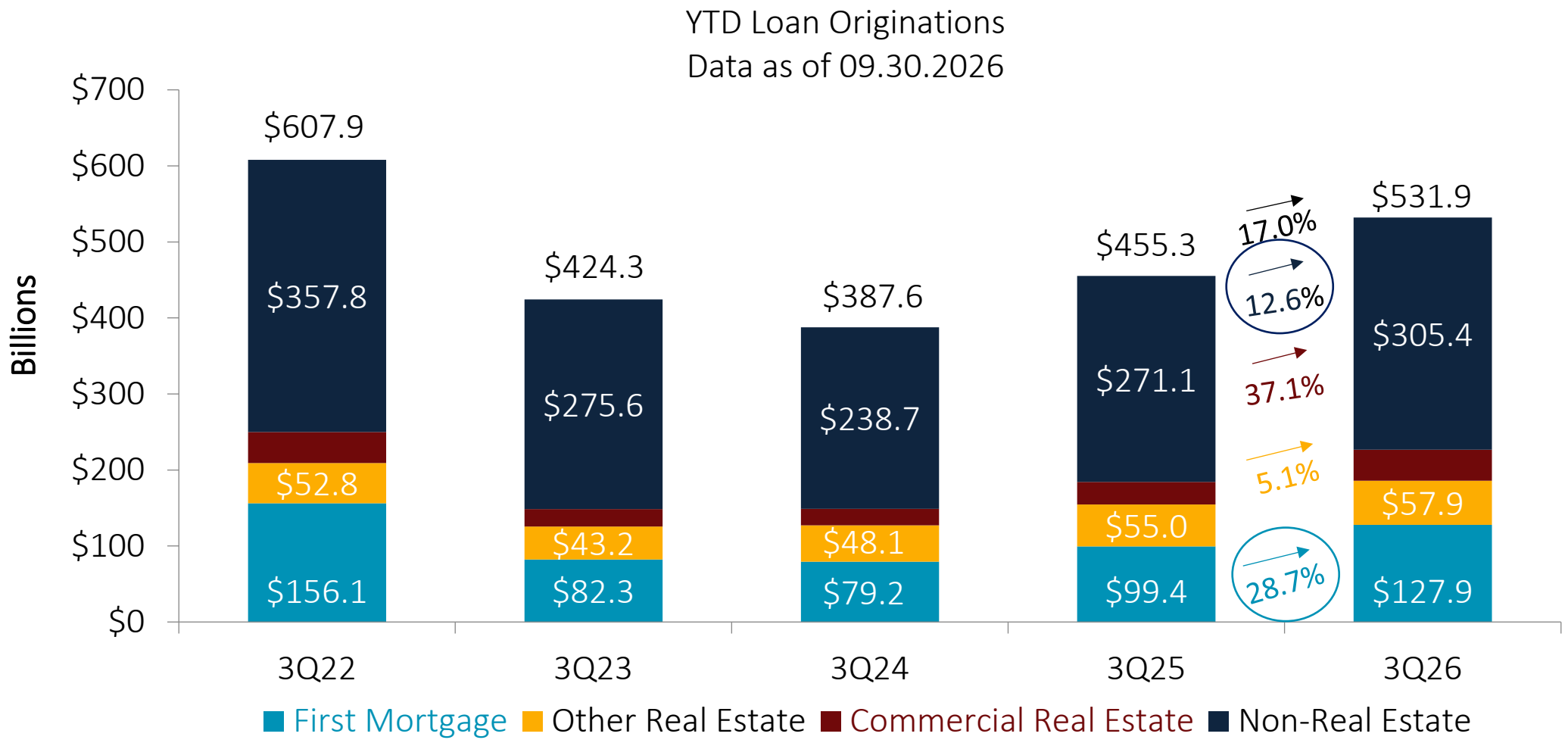
Member growth ticks up as credit union membership hits record high



Source: Callahan's Peer Suite

Meeting Member Credit Needs

First mortgage and consumer lending drive double-digit growth in member loan originations



Source: Callahan's Peer Suite

Financing Home Improvements

COASTAL CREDIT UNION

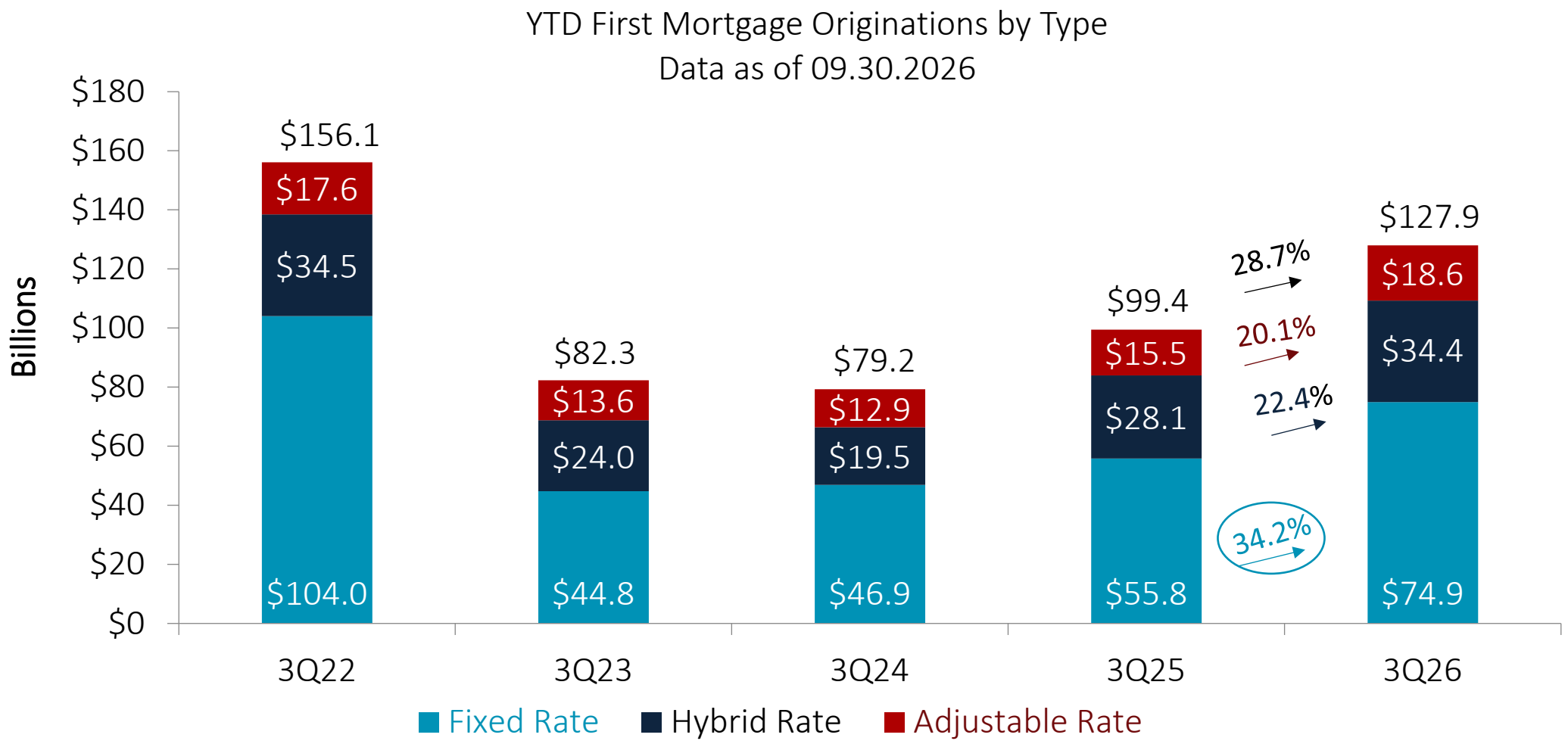
BANK BETTER TO LIVE BETTER®

"It's becoming more cost-effective for a lot of our members to borrow against equity and make the repairs they want to get that new-home feeling without the cost of a brand-new home."

Jim Pack
Chief Lending Officer
Coastal Credit Union

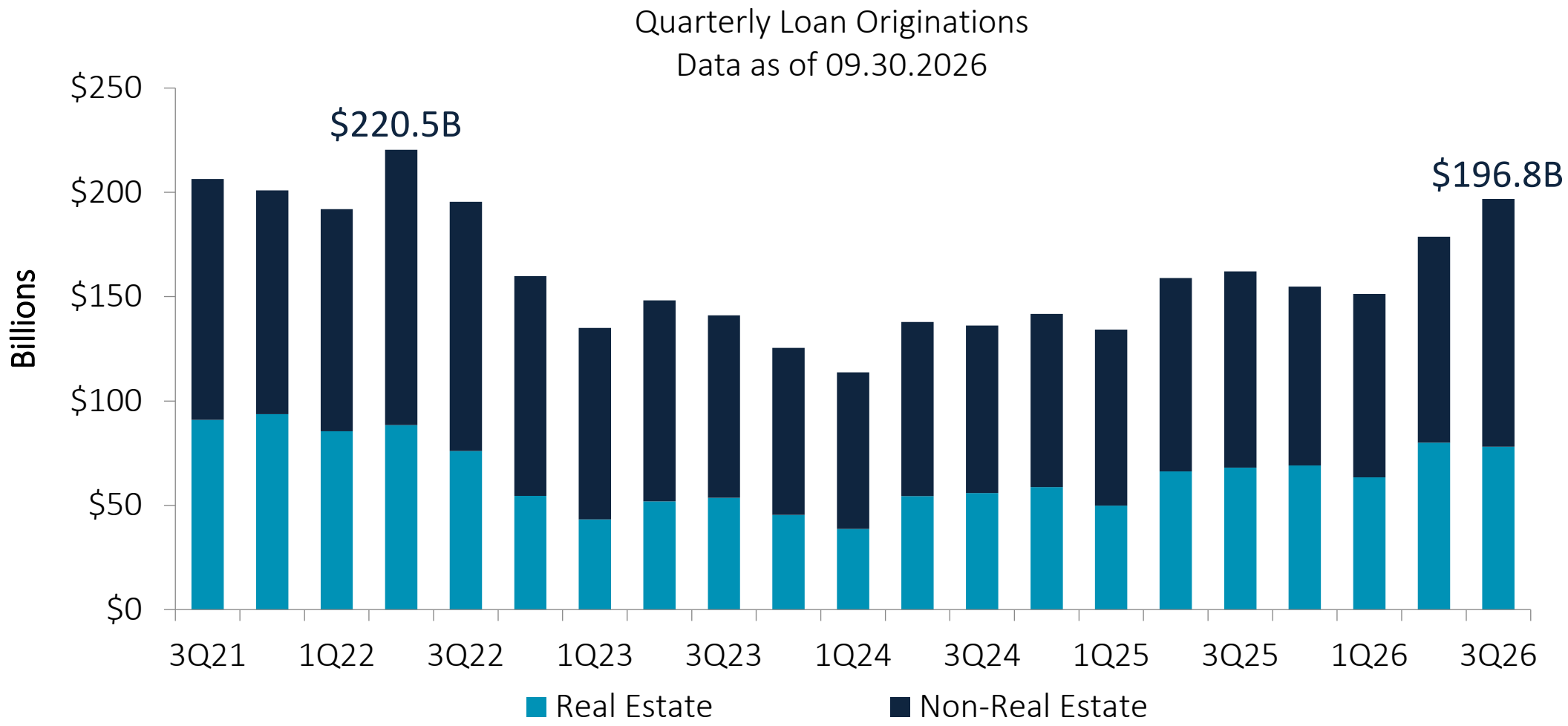


Members continue to prefer fixed rate mortgages



Source: Callahan's Peer Suite

Quarterly loan originations reach their highest level since 2022



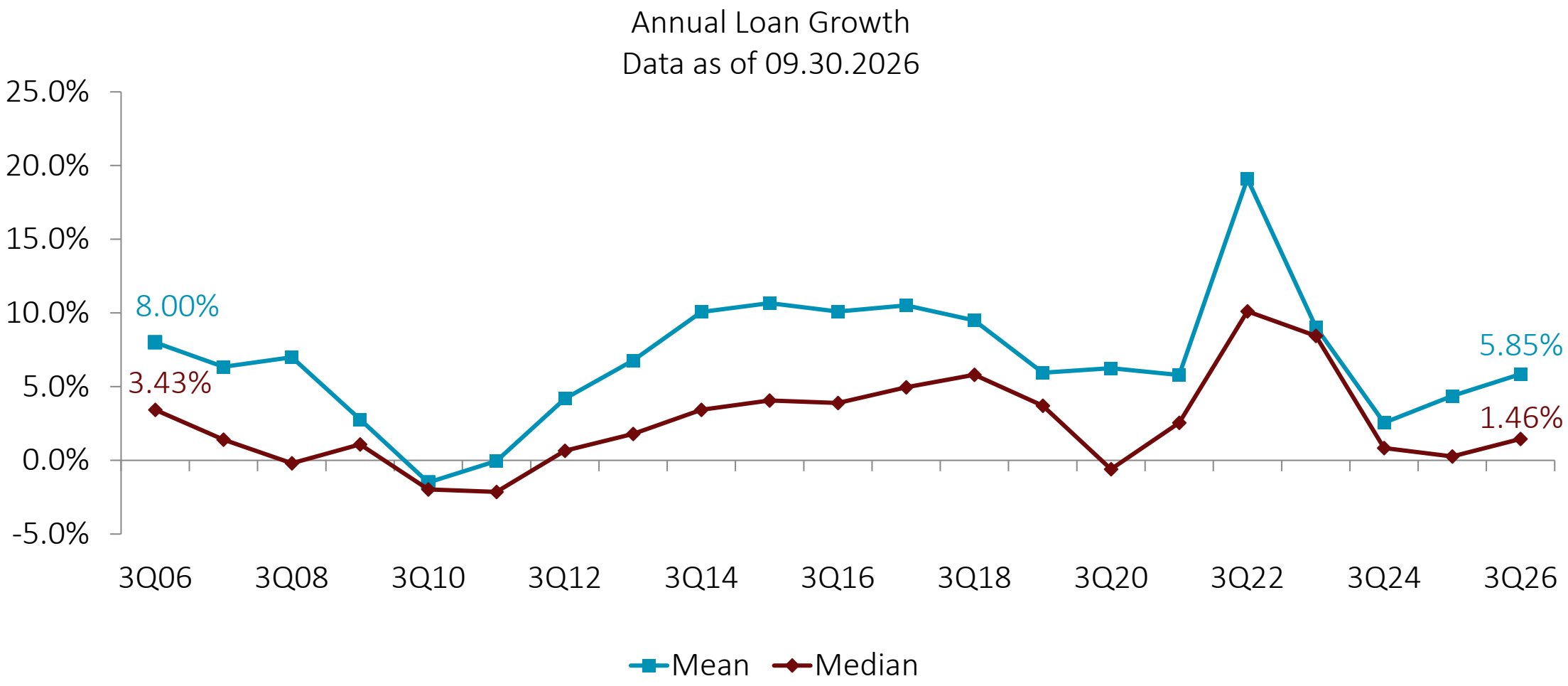
Source: Callahan's Peer Suite

Mean vs. Median Explained

- Mean = “average” credit union ($ amount/# of credit unions)
- Industry averages are dominated by larger credit unions’ performance
  - 26 largest CUs (over $10B in assets) hold **>27% of industry assets**
  - The mean credit union in the country has **~$601M** in assets

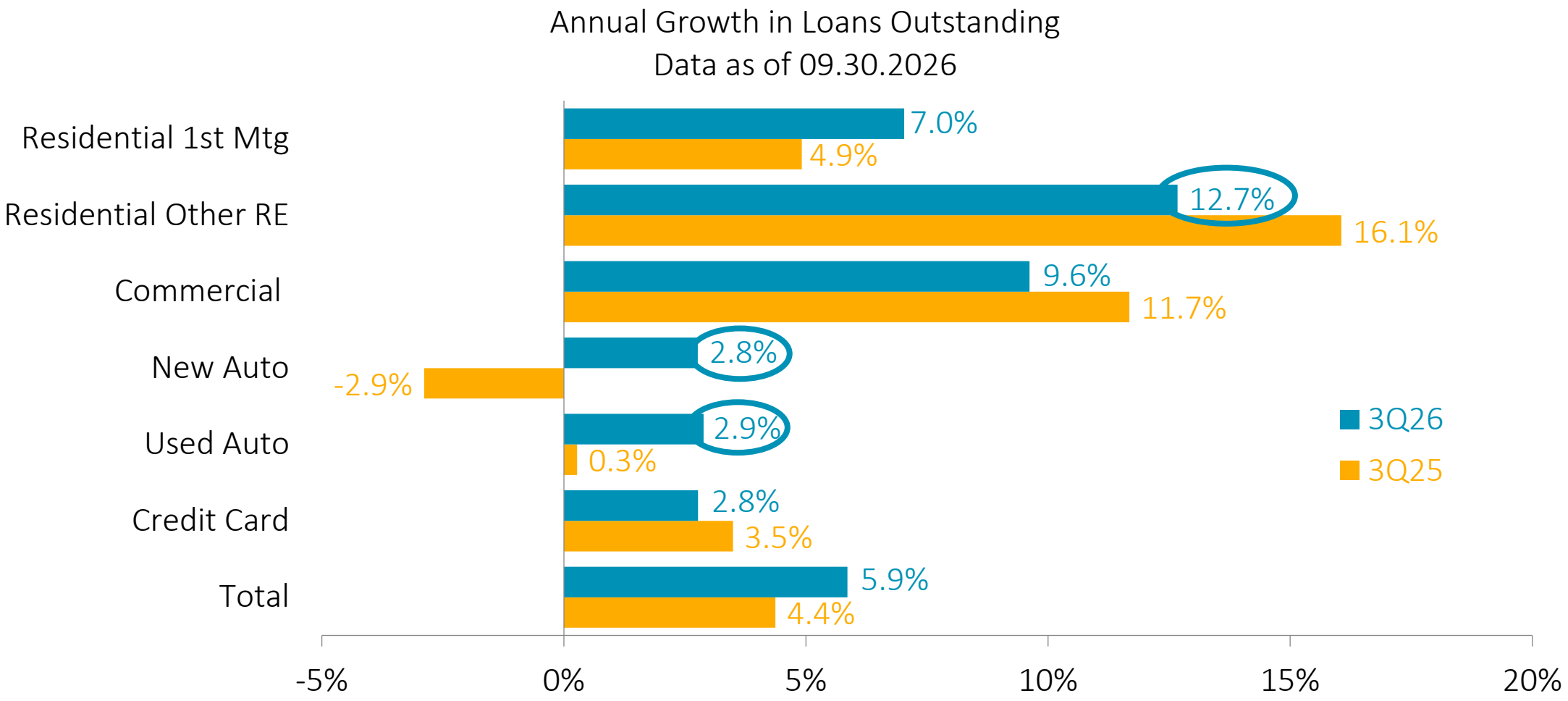
- Median = “middle” credit union performance for each metric
- This is not always an accurate picture of performance for many CUs
  - There are **~4,200 active charters** today
  - The median credit union in the country has **~$69M** in assets

Loan balances are trending higher across credit unions



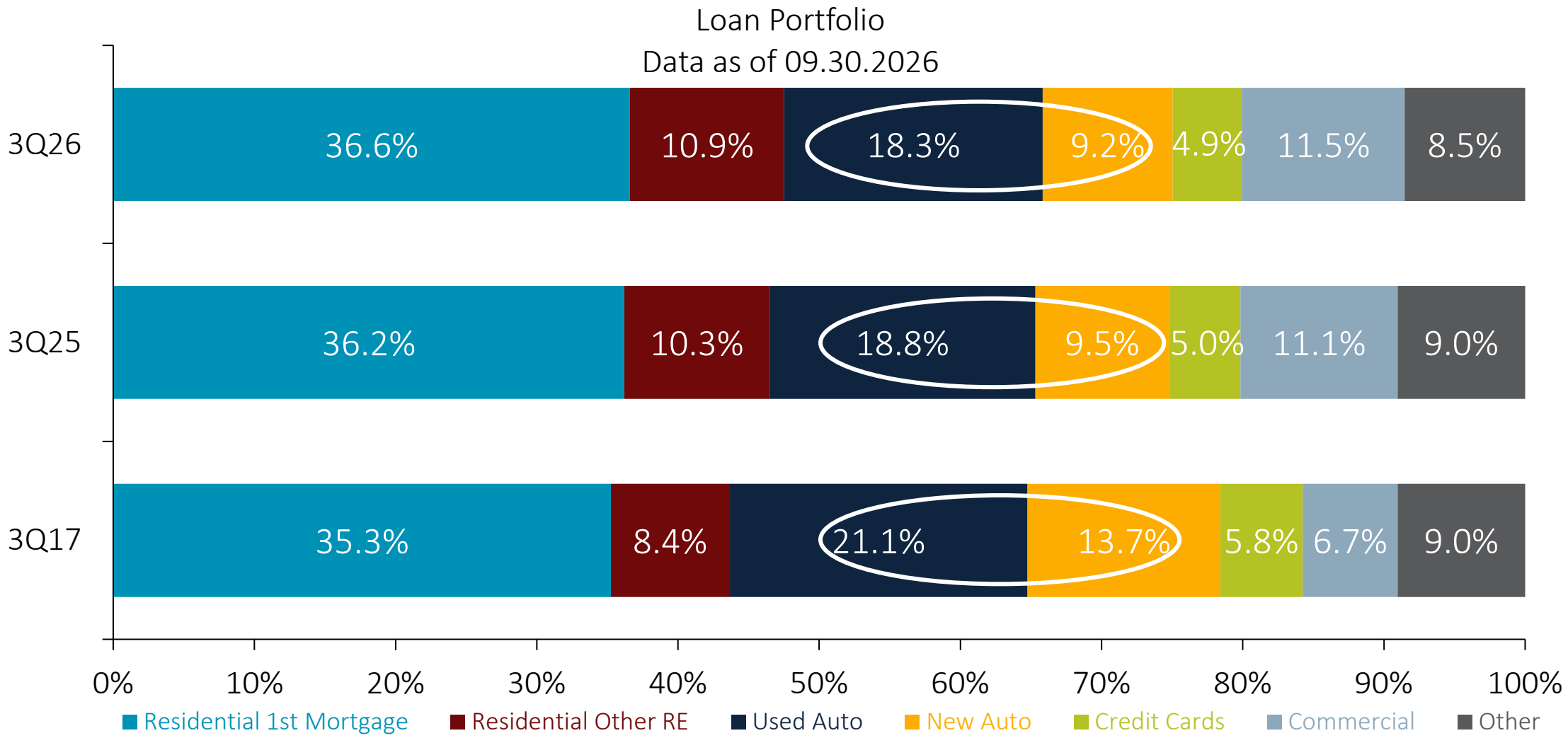
Source: Callahan's Peer Suite

Home equity balances continue to grow at a double-digit pace



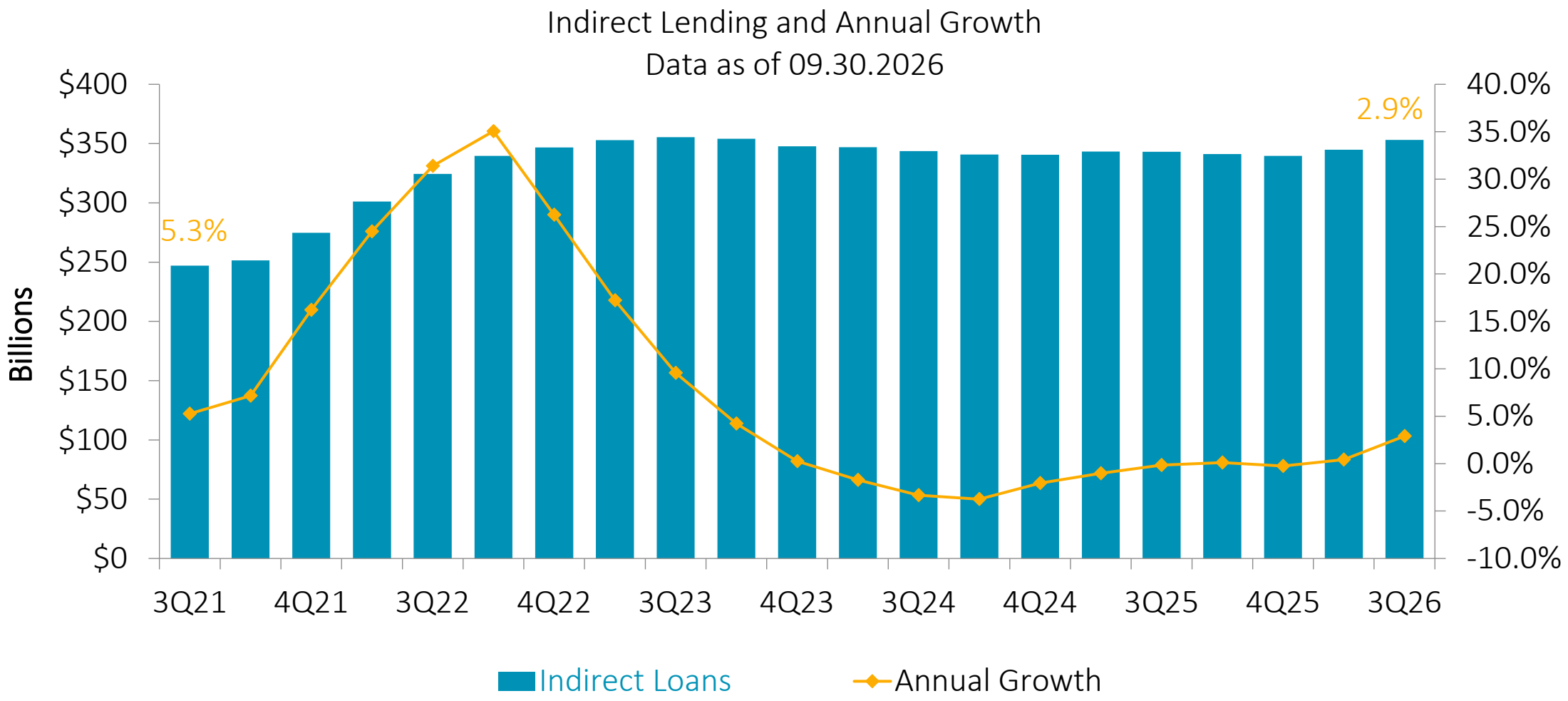
Source: Callahan's Peer Suite

Auto balances are a smaller part of the loan portfolio as home equity and commercial portfolios grow



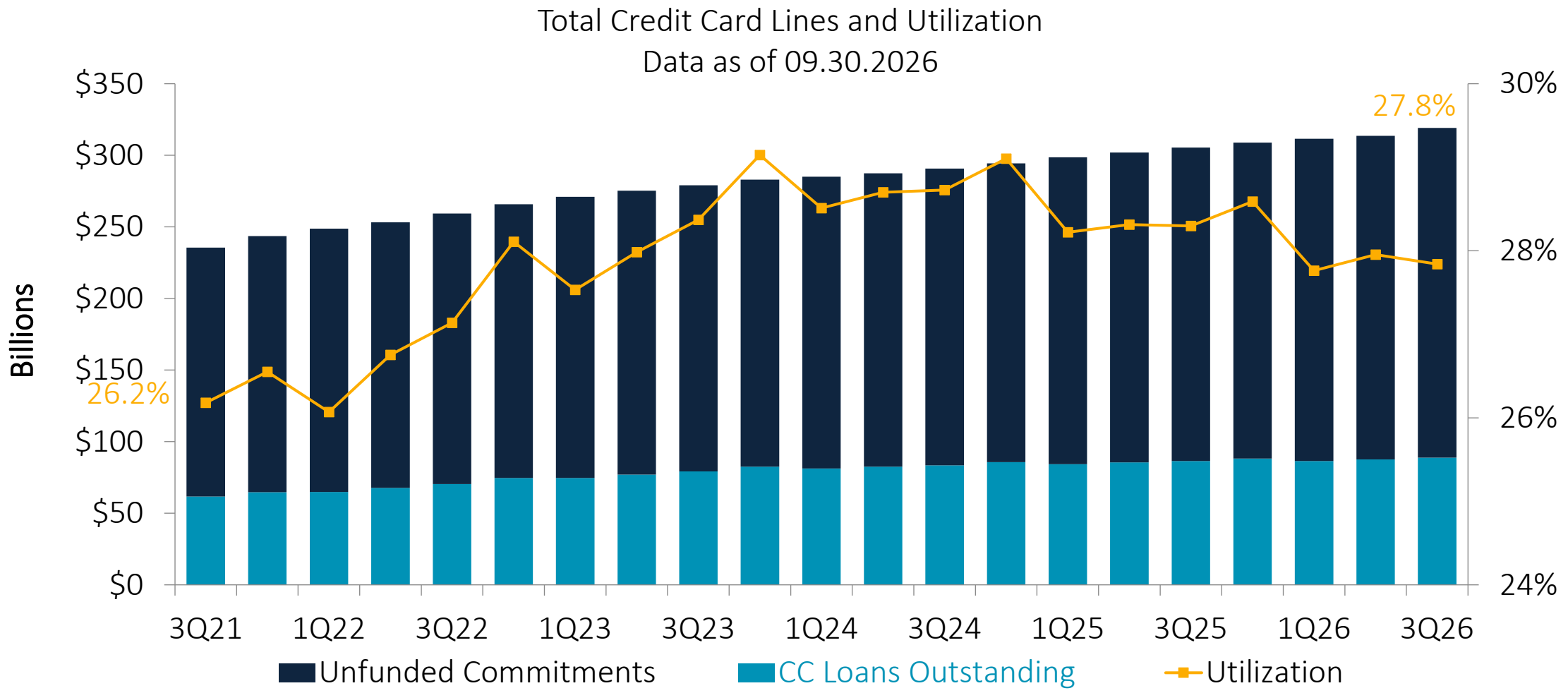
Source: Callahan's Peer Suite

Indirect loan balances rise over the past year



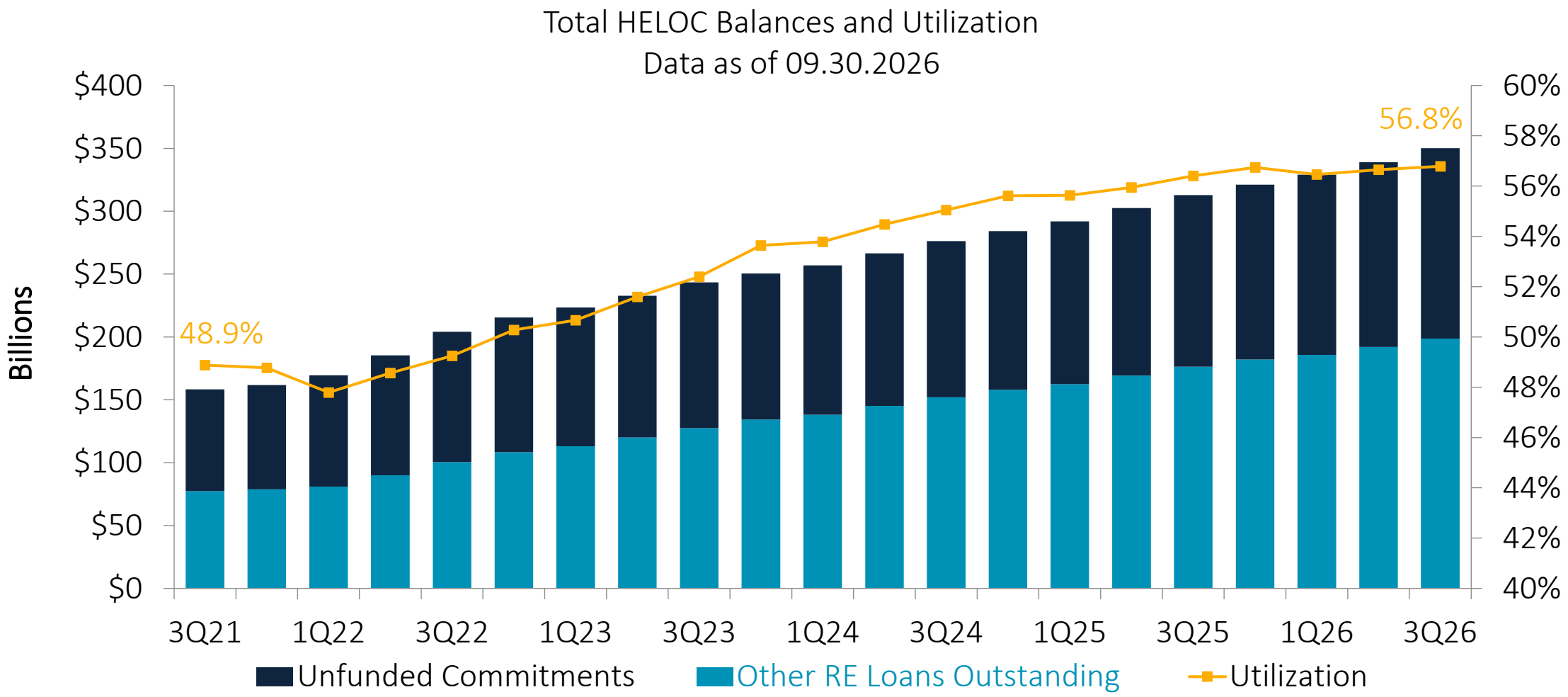
Source: Callahan's Peer Suite

Credit card utilization has trended lower since 2024



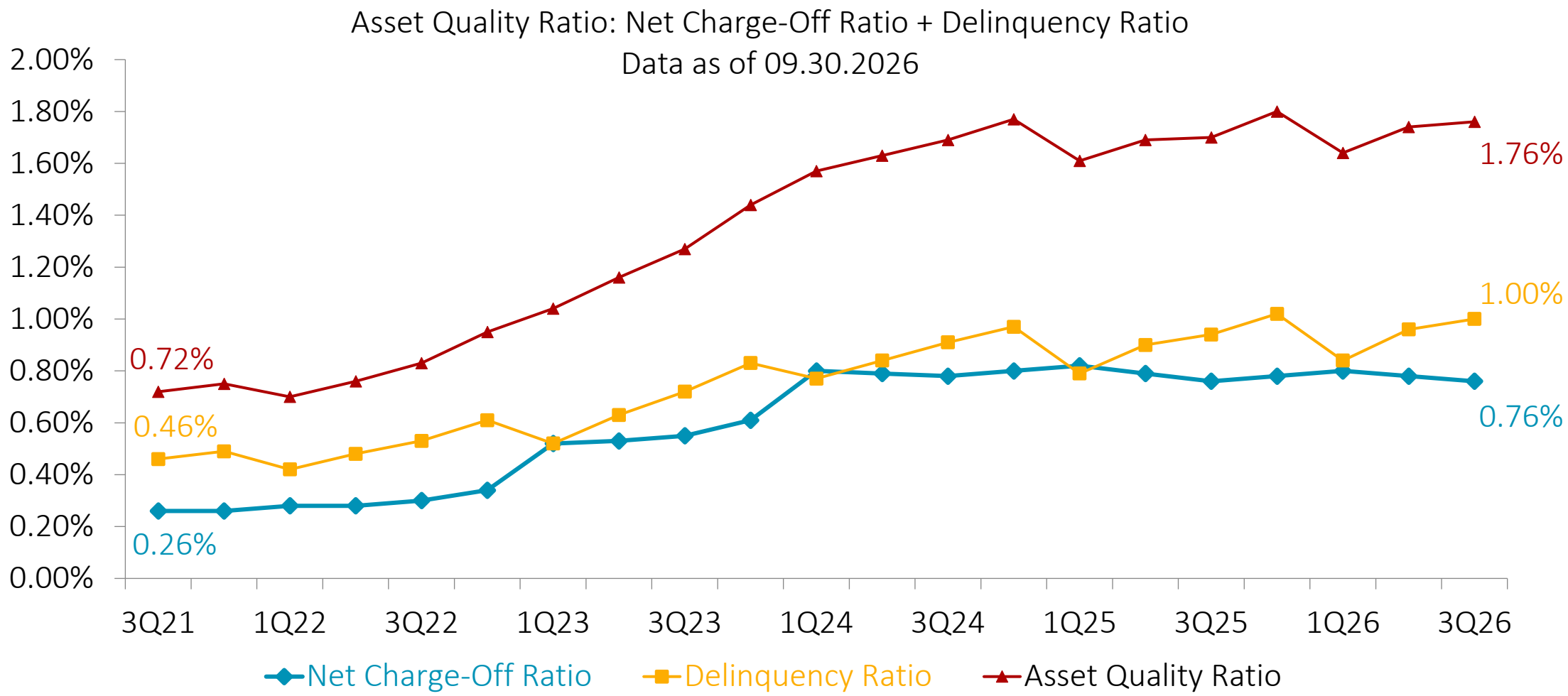
Source: Callahan's Peer Suite

HELOC balances rise as members tap into equity



Source: Callahan's Peer Suite

Asset quality is holding in a narrow range over the past two years



Source: Callahan's Peer Suite

Helping Members Get Out of Debt

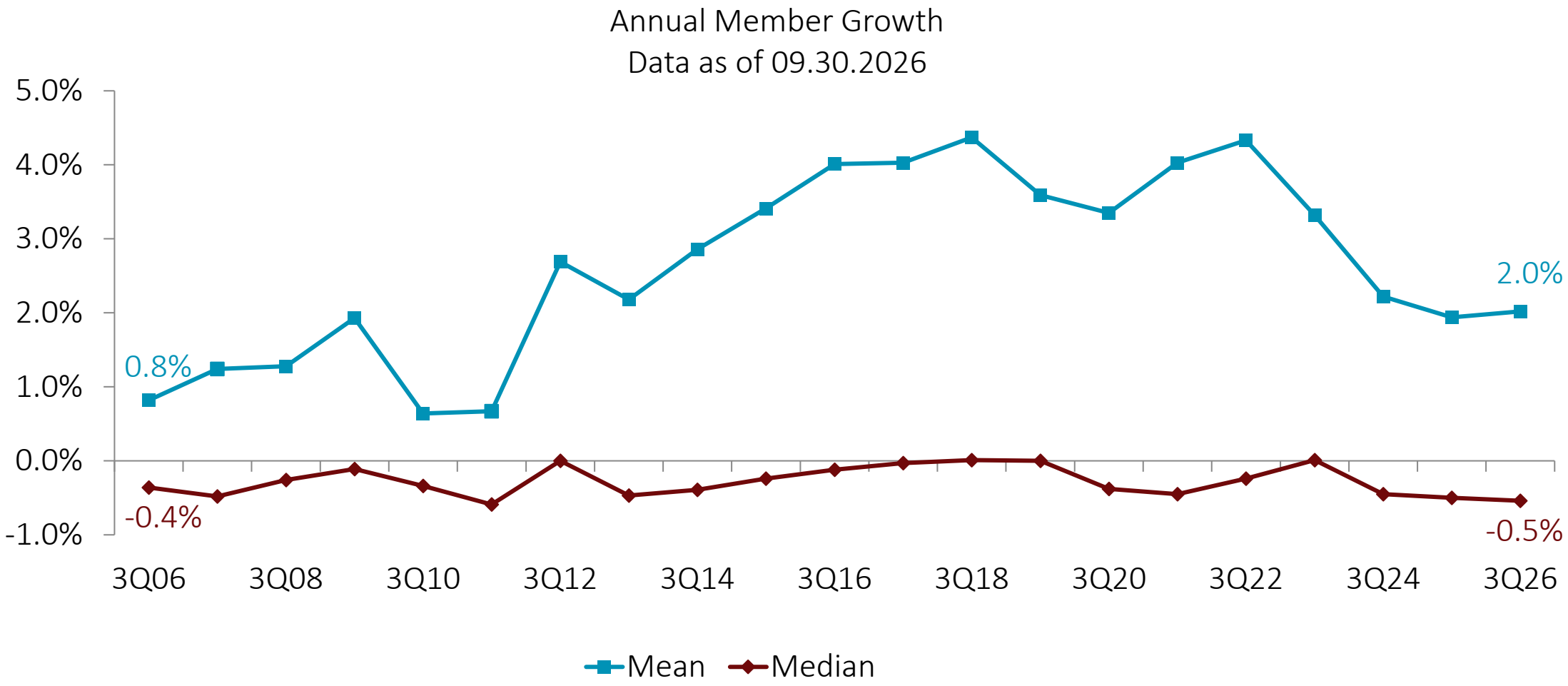
"Our job is to present options… That's where we're having those conversations and proposing some potential options for what it might look like to consolidate debt."



Jennifer Lopez Kouchis
Chief Strategy and Growth Officer
ORNL Federal Credit Union

Supporting Member Savings

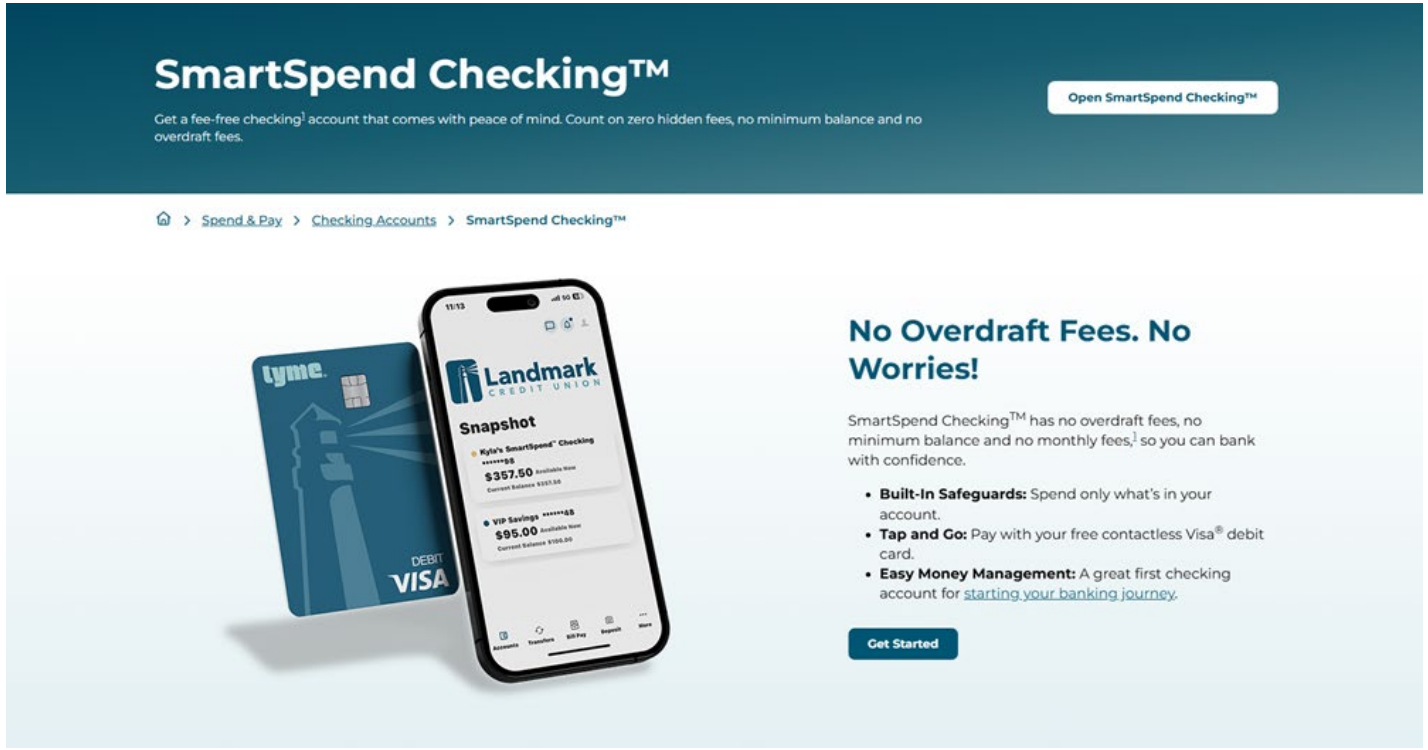
Credit union membership grows but smaller credit unions are challenged



Source: Callahan's Peer Suite

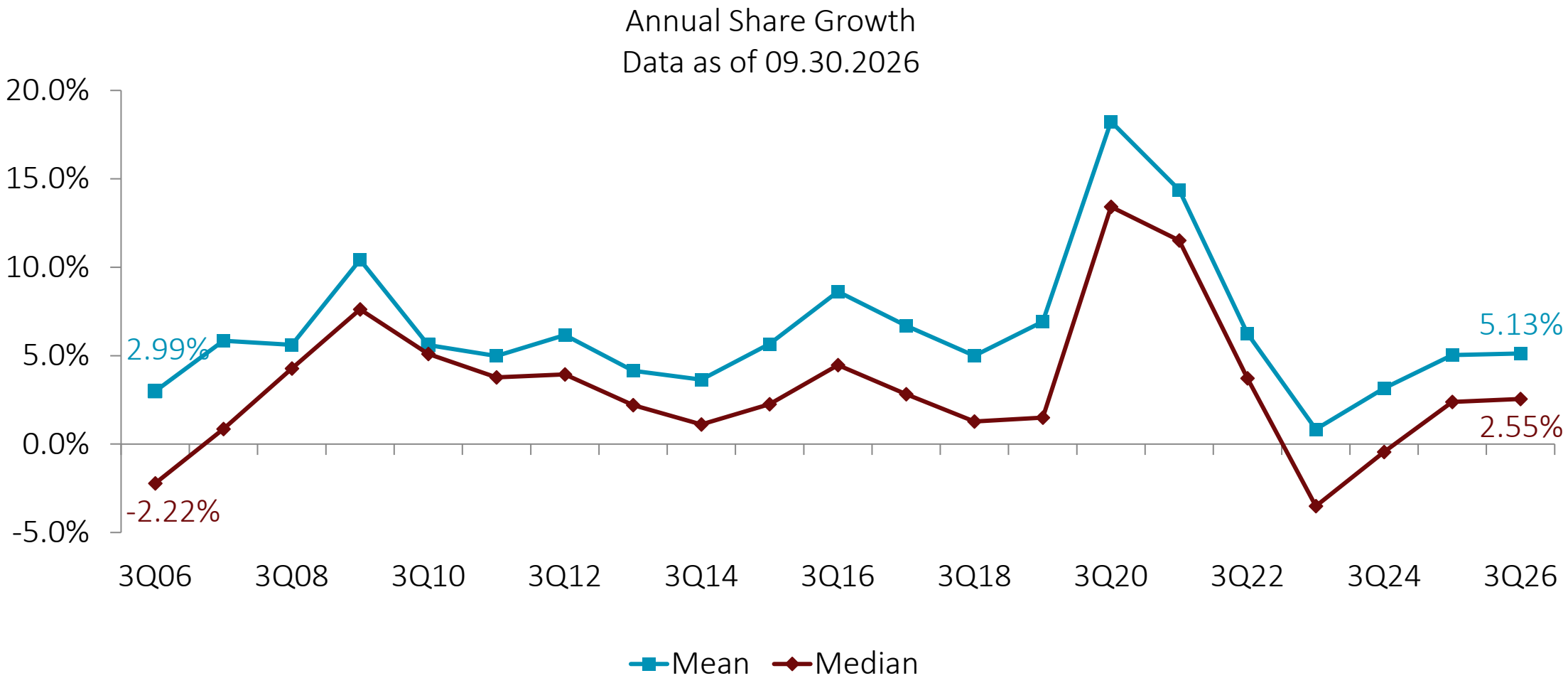
Co-creating Products with Members

The team's research revealed differences between what parents and young adults value, along with shared concerns about fees, fraud, and financial control.



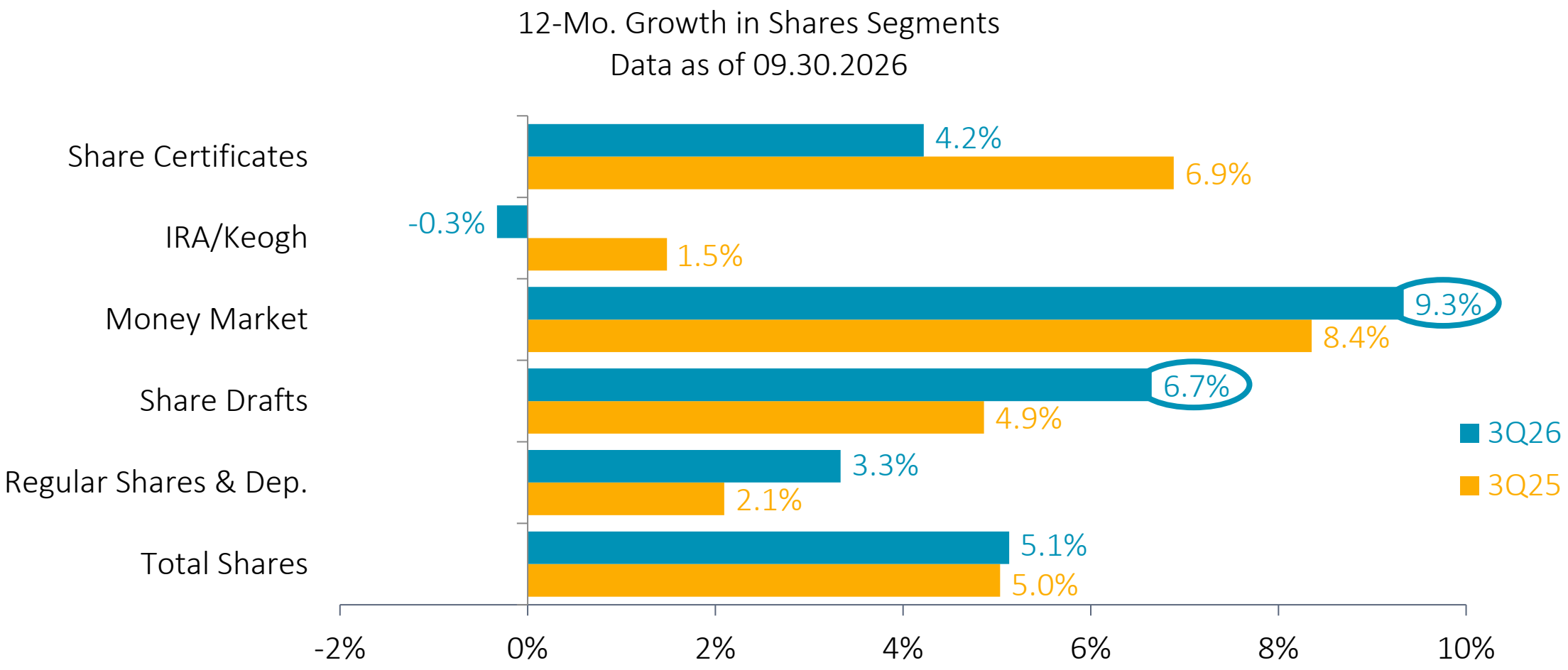
Tim Mackay
President & CEO
Landmark Credit Union

Share growth is trending higher



Source: Callahan's Peer Suite

Liquid savings accounts are favored by members in 2026



Source: Callahan's Peer Suite

It’s been a week….

Microsoft scrambles to fix global outage affecting Teams and Outlook

FAA issues nationwide ground stop for all flights

JPMorgan Chase software bug causes nationwide banking disruption

1.5-hour-long system outage forces United Airlines to delay departing flights

Classified US national security communications network hit by outage, NSA says

FBI Warns AI-Powered Cyberattacks Can Breach Systems In Under Three Hours; Financial Institutions Already Hit

Apple Hit by Major Outage as Tech Chaos Spreads



Check the Locks First

Preemptive action in cybersecurity: lessons from MSUFCU’s response to the PHP vulnerability

Ben Maxim, CTO, Michigan State University Federal Credit Union

MSUFCU at a Glance

MISSION

To provide superior service while assisting members and employees to achieve financial security, their goals, and ultimately, their dreams.

STRATEGIC VISION

[Add vision statement]

CORE VALUES

- Integrity and honesty
- Give back to the community
- Superior service
- Embrace and drive change
- Growth and development
- A positive environment
- Passion and determination
- Engagement, inclusion, belonging

FOUNDED

1937

As MSC Employees Credit Union

MEMBERS

416,000+

BRANCHES

30

Across Michigan and Illinois

ASSETS

$9.2B

An unlocked door, everywhere at once

~70%

of websites worldwide are powered by PHP, the language where the vulnerability was found



The threat

A newly discovered PHP flaw exposed organizations in every sector, industry and time zone.



The dilemma

Assume the door is locked and hope, or go back and verify that everything is secure.



The stakes

Members' money, accounts and personal information.

Return and check every door

Assume and hope

- Keep services running as usual
- Leave the unknown risk in place

Return and verify

- Took the website offline on purpose
- Added protections around the clock
- Tested thoroughly before restoring

Going offline was a deliberate security choice, not a service failure.

Three Lines of Defense



Security Operations

Addresses threats day to day



Information Security

Sets the framework, standards and vulnerability management



Internal Audit

Provides independent assessment

Security never rests on one team or one layer of protection.

Not if, but when

The PHP flaw won’t be the last major threat, so the work is building resilience before the next one arrives.

Invest early

Robust cybersecurity and modern technology, per MSUFCU’s Strategic Vision

Share what works

Millions invested via the Reseda Group CUSO; solutions can help other credit unions

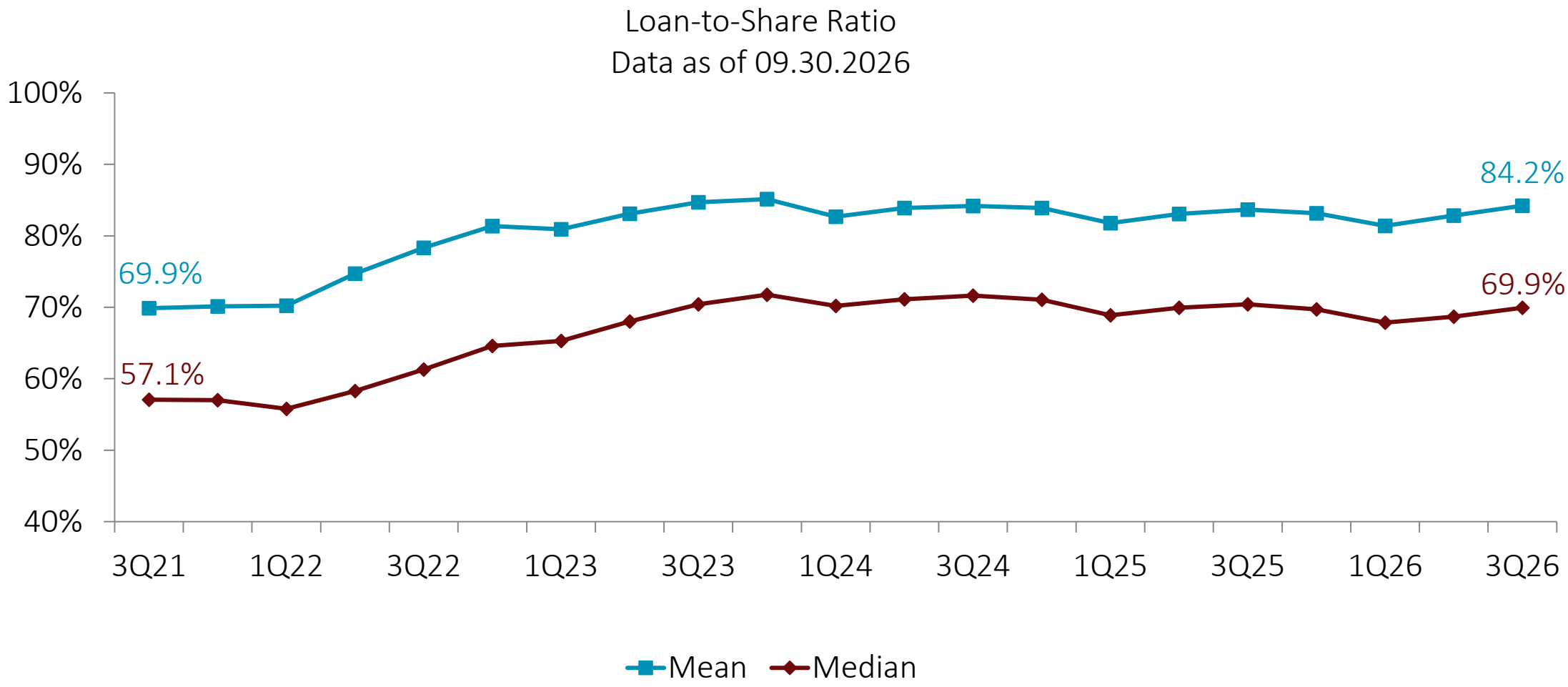
Keep checking

“We will always check the locks.”

Interest Rate Environment Lifts Margin

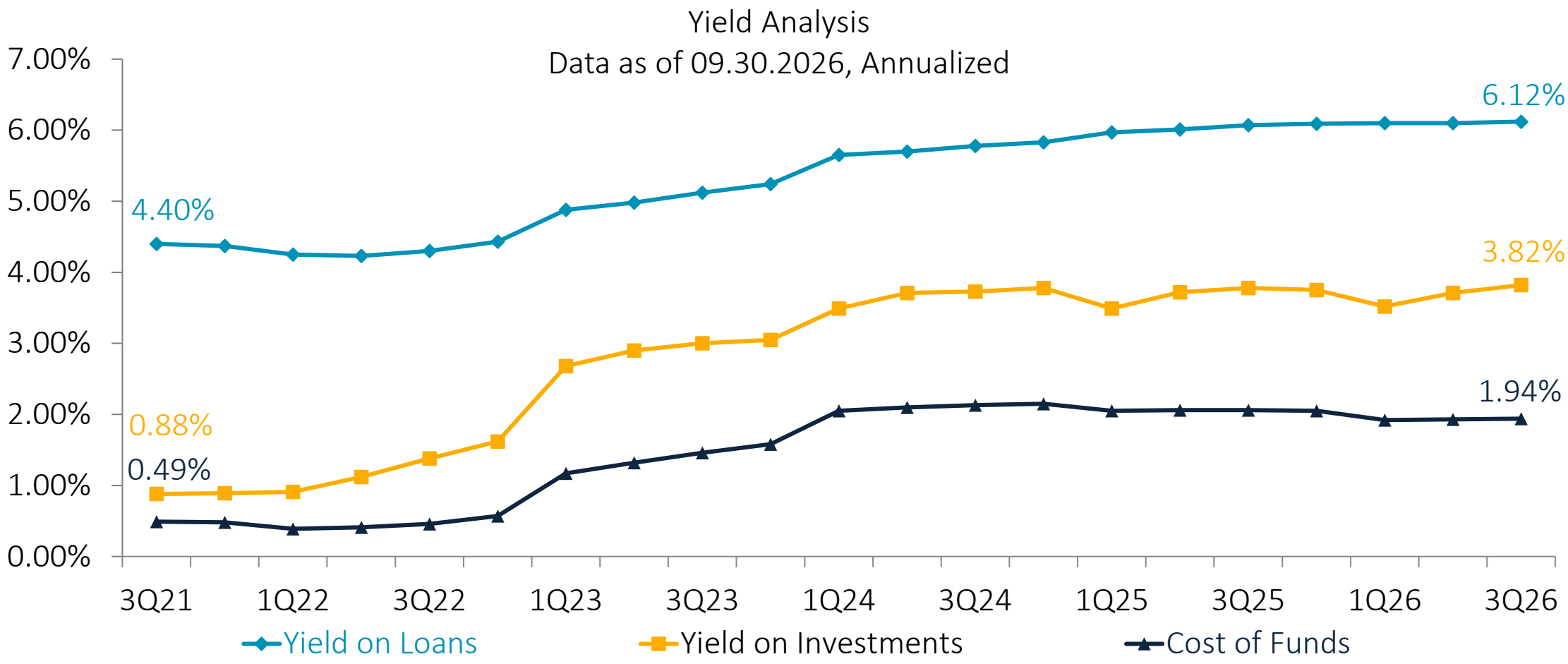
CALLAHAN & ASSOCIATES

Loan-to-share ratio is up from a year ago



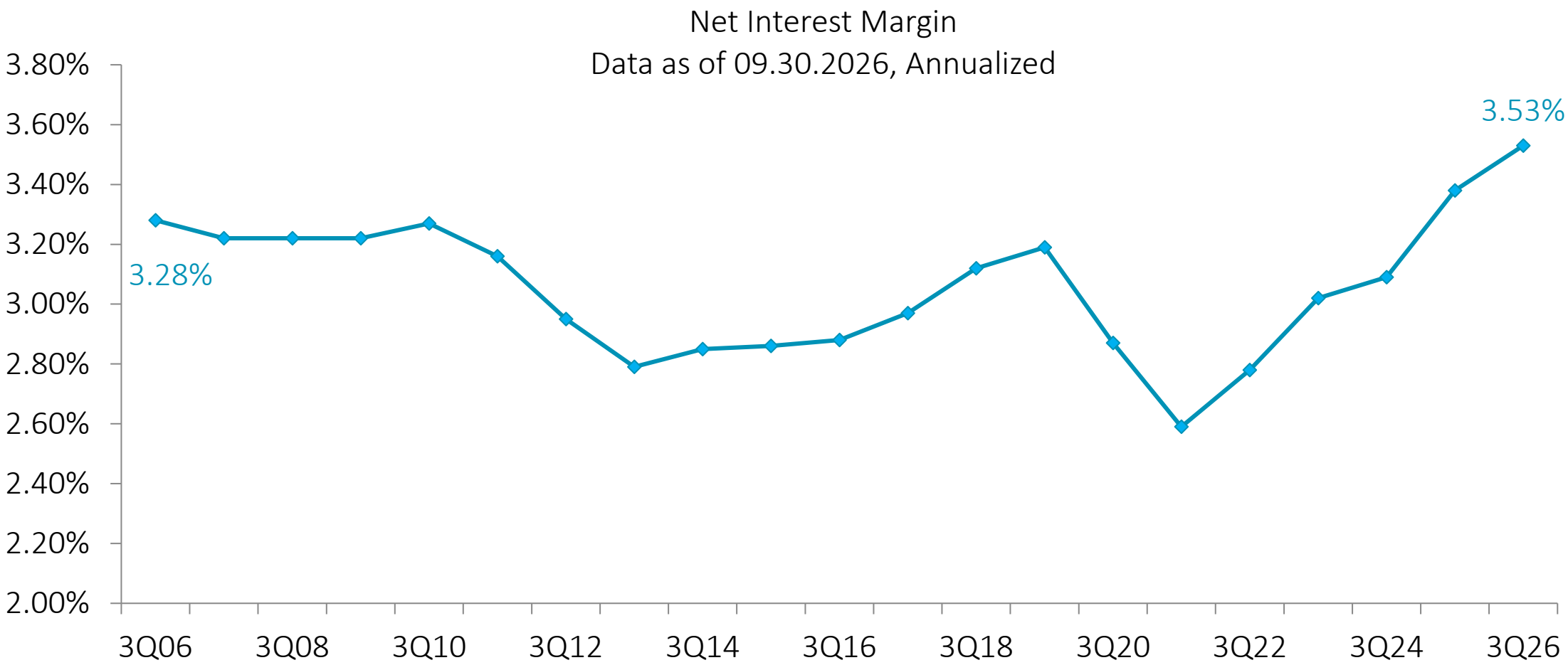
Source: Callahan's Peer Suite

Loan and investment portfolio yields rise as cost of funds declines



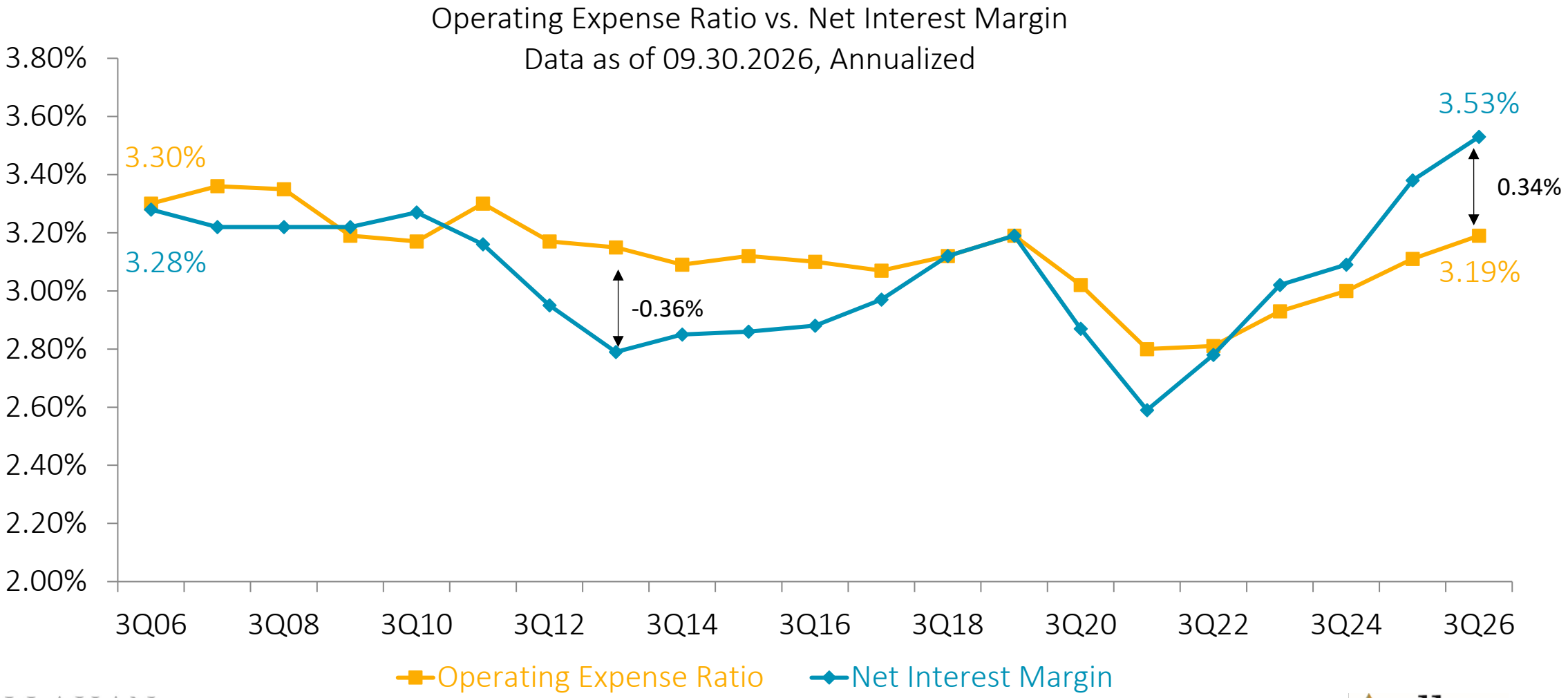
Source: Callahan's Peer Suite

Net interest margin at the highest level in more than two decades



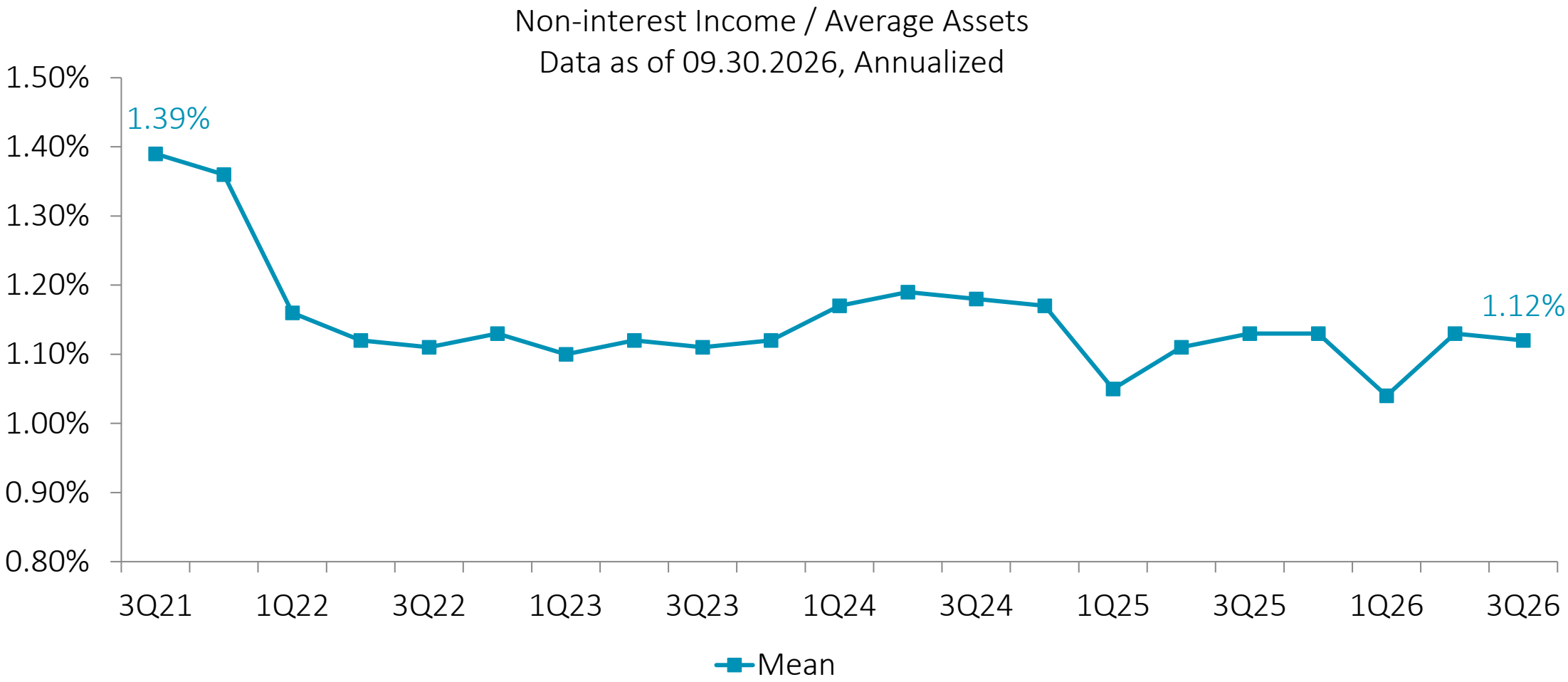
Source: Callahan's Peer Suite

The gap between net interest margin and operating expense ratio continues to widen even as both increase



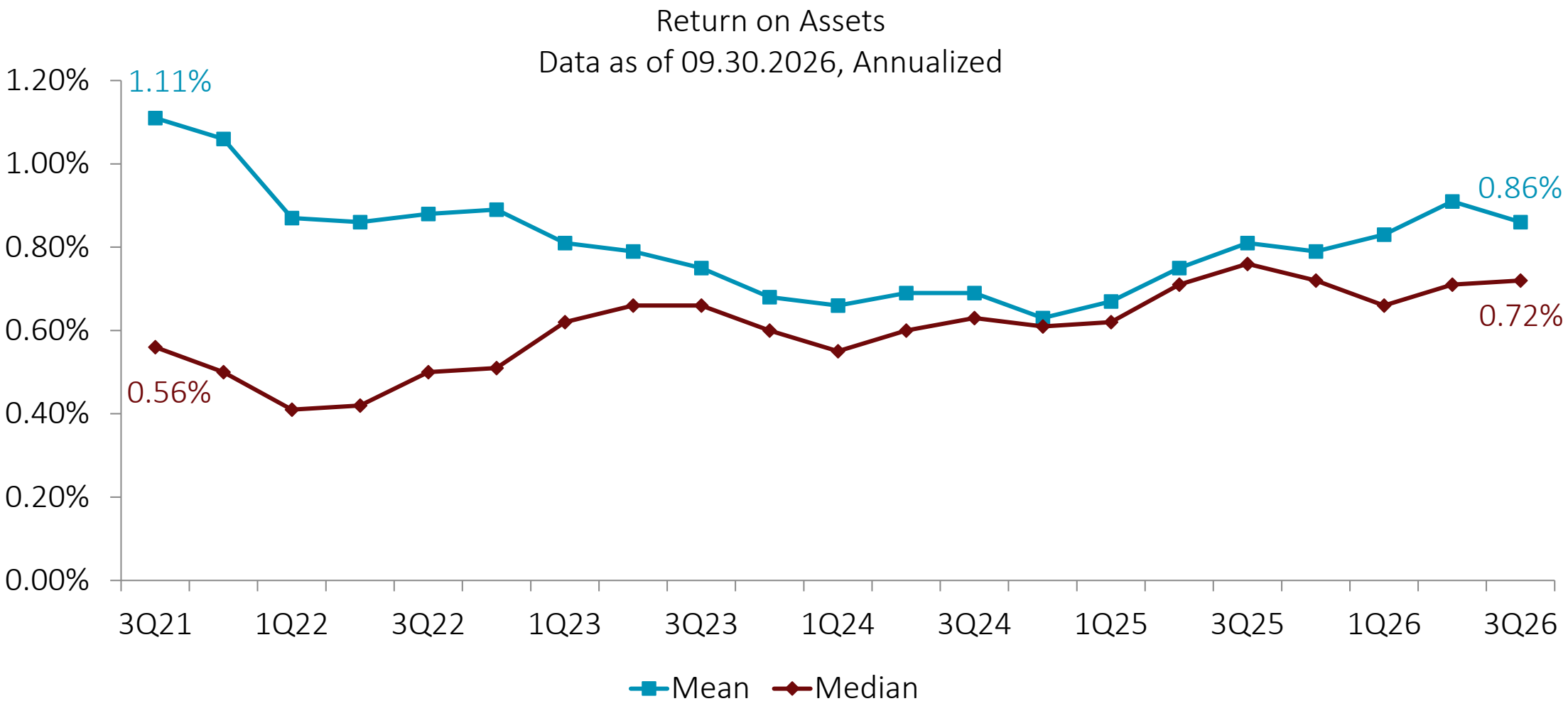
Source: Callahan's Peer Suite

Non-interest income is steady



Source: Callahan's Peer Suite

Mean ROA ticks higher in 2026



Source: Callahan's Peer Suite

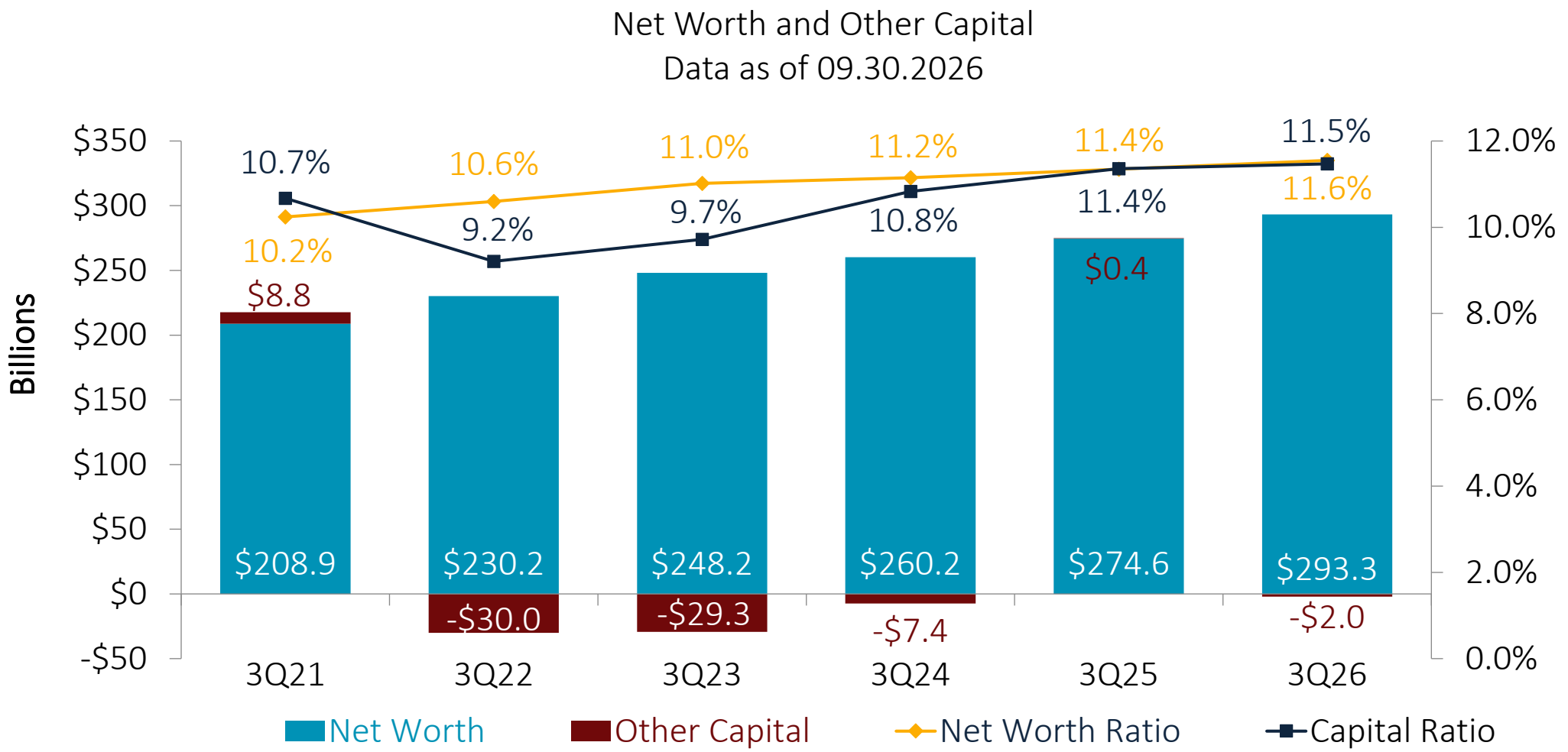
Net interest margin increase more than offsets rise in operating expenses

	9/30/2026	9/30/2025	ROA Impact
Interest Income	5.25%	5.21%	+0.04%
Interest Expense	1.72%	1.83%	+0.11%
Net Interest Margin	3.53%	3.38%	+0.15%
Non-interest Income	1.12%	1.13%	-0.01%
Operating Expenses	3.19%	3.11%	-0.08%
Provision for Loan Losses	0.59%	0.59%	+0.00%
ROA	0.86%	0.81%	+0.05%

Expressed as a % of Avg. Assets
May not sum due to rounding

Source: Callahan's Peer Suite

Capital and net worth ratios reach new highs



Source: Callahan's Peer Suite

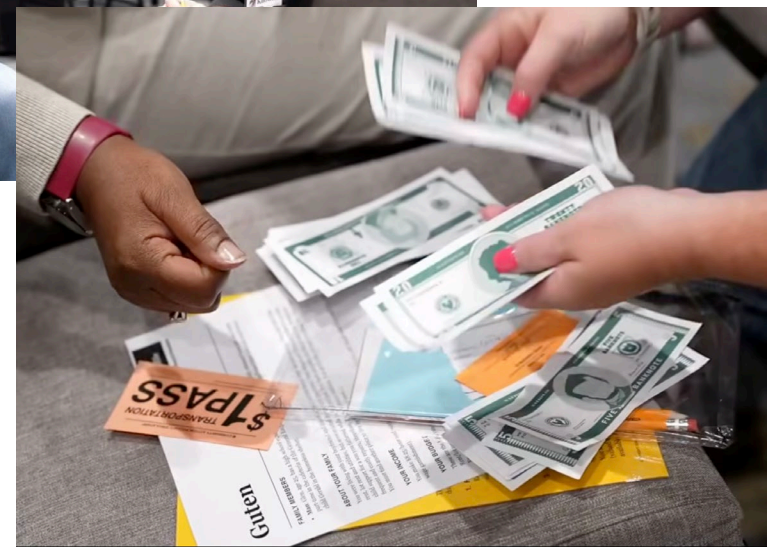
Key Takeaways & Looking Ahead

- Members are pushing loan and share balances higher as credit unions meet their borrowing and savings needs.
- Interest margin, earnings and capital continue to rise at credit unions, helped by higher interest rates.
- Affordability remains an issue for households. Credit unions will continue to have opportunities to positively impact members' lives in a challenging environment for many.

Membership Support

"The measurement for success isn't about how many people show up. It's about how many lives we are changing after what we have learned."





Liz Ponder
President/CEO
SRP Federal Credit Union

Thank You



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