



TRENDWATCH 3Q25



November 18, 2025

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Today's Lineup

Market Update

Jason Haley, Chief Investment Officer, ALM First Financial Advisors

Third Quarter 2025 Credit Union Results

William Hunt, Director of Analytics, Callahan & Associates

Alix Patterson, Chief Experience Officer, Callahan & Associates

Leading With Purpose

Brent Rempe, Chief Executive Officer, First Alliance Credit Union



November Trendwatch

November 18, 2025



Speaker

Speaker



Jason Haley
*Chief Investment Officer,
ALM First Financial
Advisors, LLC*

Current Economic Themes

- **Government shutdown ends; tariff legality in question**

- Longest shutdown in US history ended last week; questions remain about release of delayed economic data
- Supreme Court heard arguments in case questioning the legality of reciprocal tariffs under emergency powers act on November 5
 - Interest rate markets focusing on tariffs as a government revenue source

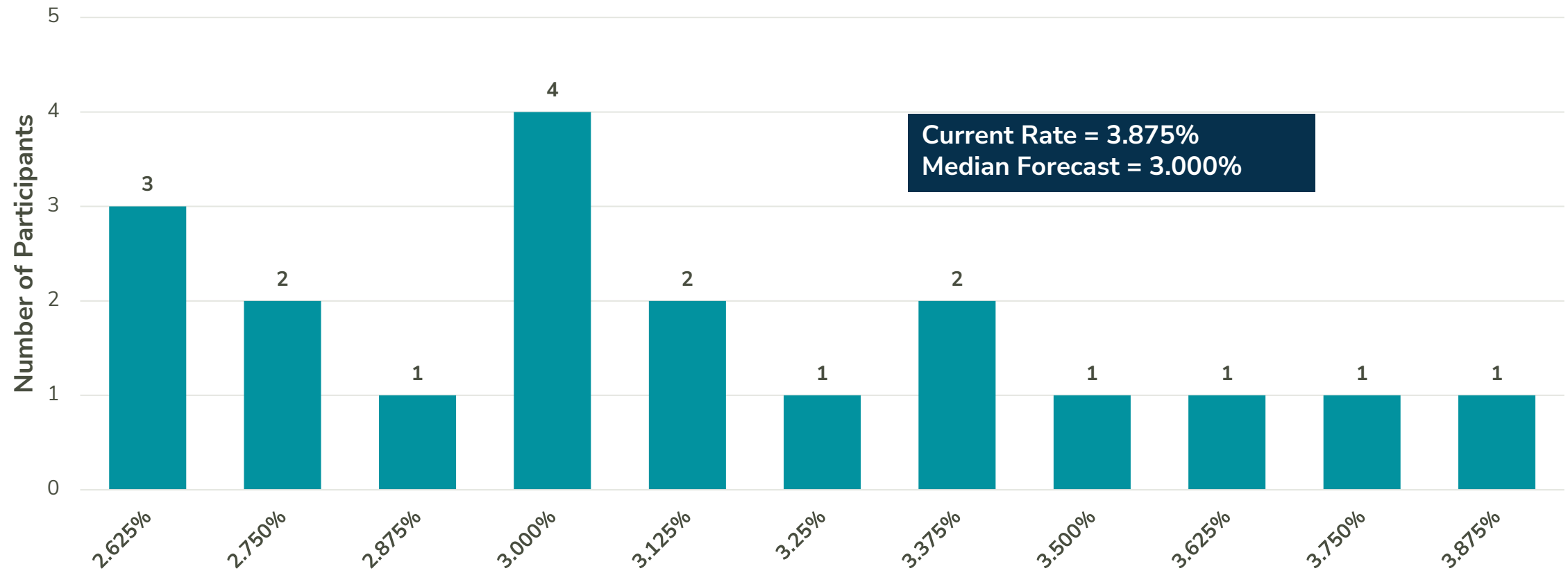
- **Fed leaders divided on next policy steps**

- 25-bp cut announced on 10/19, but a December cut “far from” a given according to Fed Chair Powell
- Powell noted “strongly differing views” on interest rate policy among FOMC participants
- Supreme Court will hear arguments in case related to Fed Governor Cook’s potential firing on Jan. 21

Wide Range of Opinions on “Neutral” Fed Funds Rate

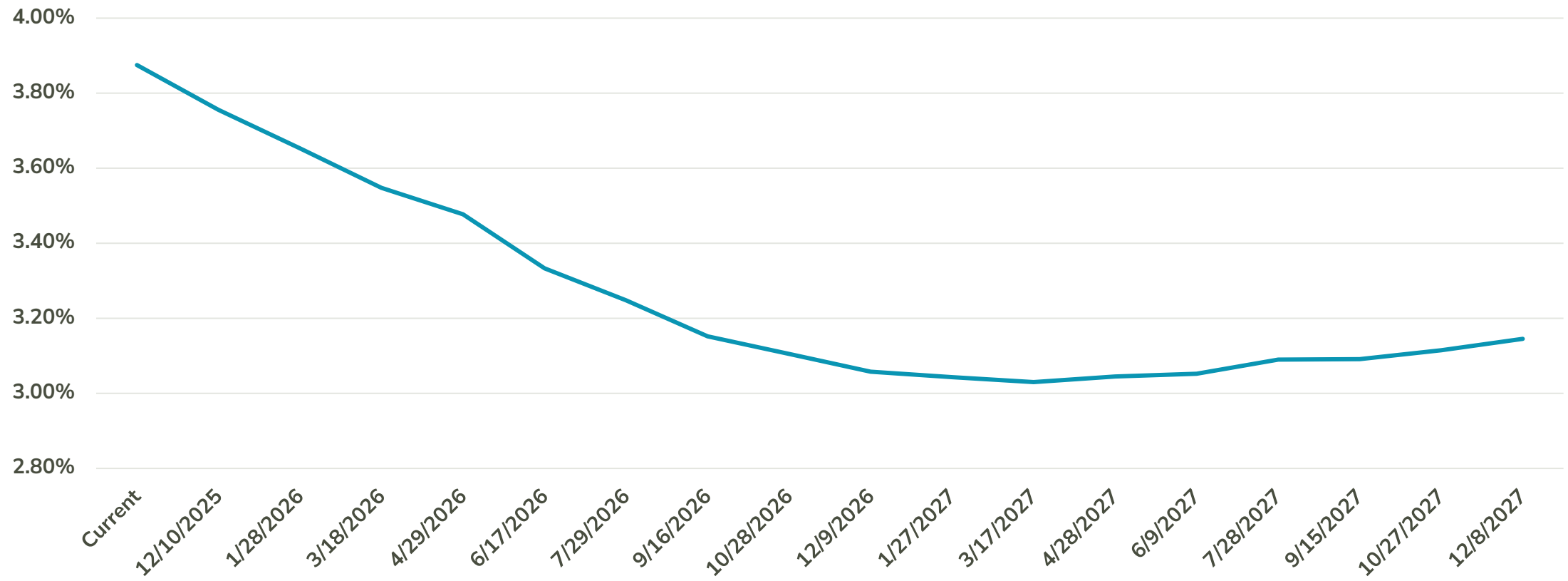
FOMC Participant Expectations for Long-Run Fed Funds Rate

September 17 Summary of Economic Projections



Market Pricing for Neutral Funds Rate

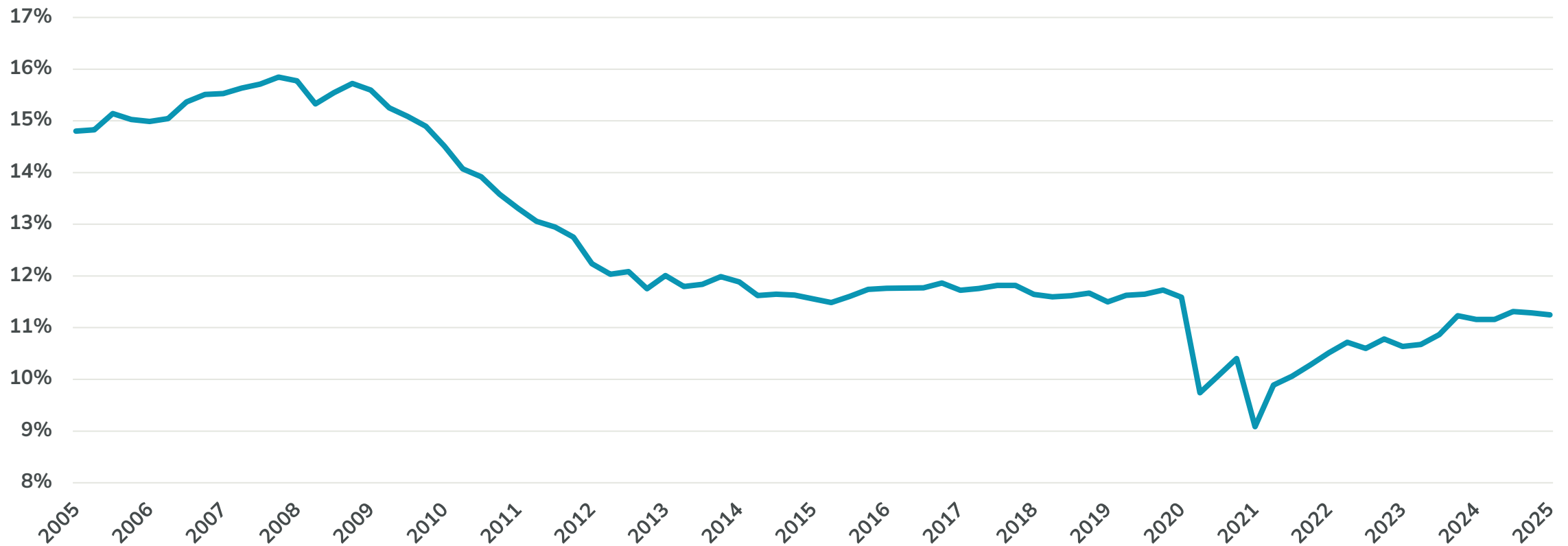
Forward Overnight Index Swap (OIS) Rate
As of 11/14/2025



Source: Bloomberg

Consumer Leverage Relatively Low

Household Debt Service Ratio
Debt Service Payments as % of Disposable Personal Income



Source: Federal Reserve

Household Liquidity Strong in Aggregate

Change In Household Liquid Assets: Q4 2019 - Q2 2025			
Income Brackets	Nominal Liquid Assets	Cumulative Inflation	Real Liquid Assets
Top 1%	49%	20%	29%
80-99%	55%	20%	35%
60-80%	32%	20%	12%
40-60%	51%	20%	31%
20-40%	38%	20%	18%
0-20%	-2%	20%	-22%

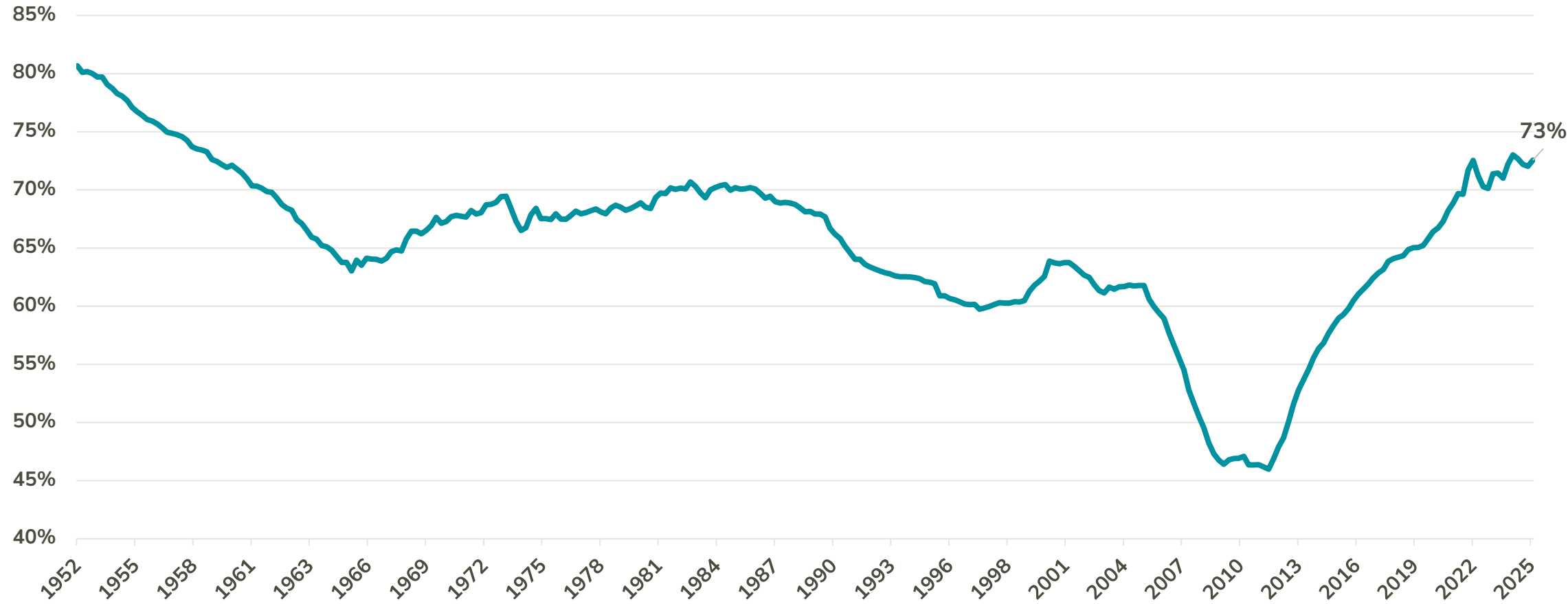
Notes:

Household liquid assets include all deposits and money market fund shares.

Inflation is cumulative change in PCE Deflator over stated timeframe.

Home Equity Historically High

Owners' Equity as a Percentage of Real Estate Values



Source: Federal Reserve

Looking Ahead

- **Economic fundamentals remain sound (for now)**
 - Consumer and corporate leverage not at concerning levels
 - Labor market softening amid reduced business investment
 - Inflation still a concern for several Fed leaders
- **Credit union profitability much improved**
 - Average CU NIM at highest level in at least two decades
 - Credit costs have stabilized and fallen slightly over the last year
 - Non-interest expense still trending upwards

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ALM FIRST

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Credit Union Performance through Sept 30, 2025

Operating Amid Uncertainty

Pres. Trump Removes NCUA Board Members Harper and Otsuka, Leaving Agency with Single Member

Fired NCUA board members sidelined again

CDFI Fund's Future Remains Uncertain

CFPB Headed for Shutdown in Wake of Department of Justice Action

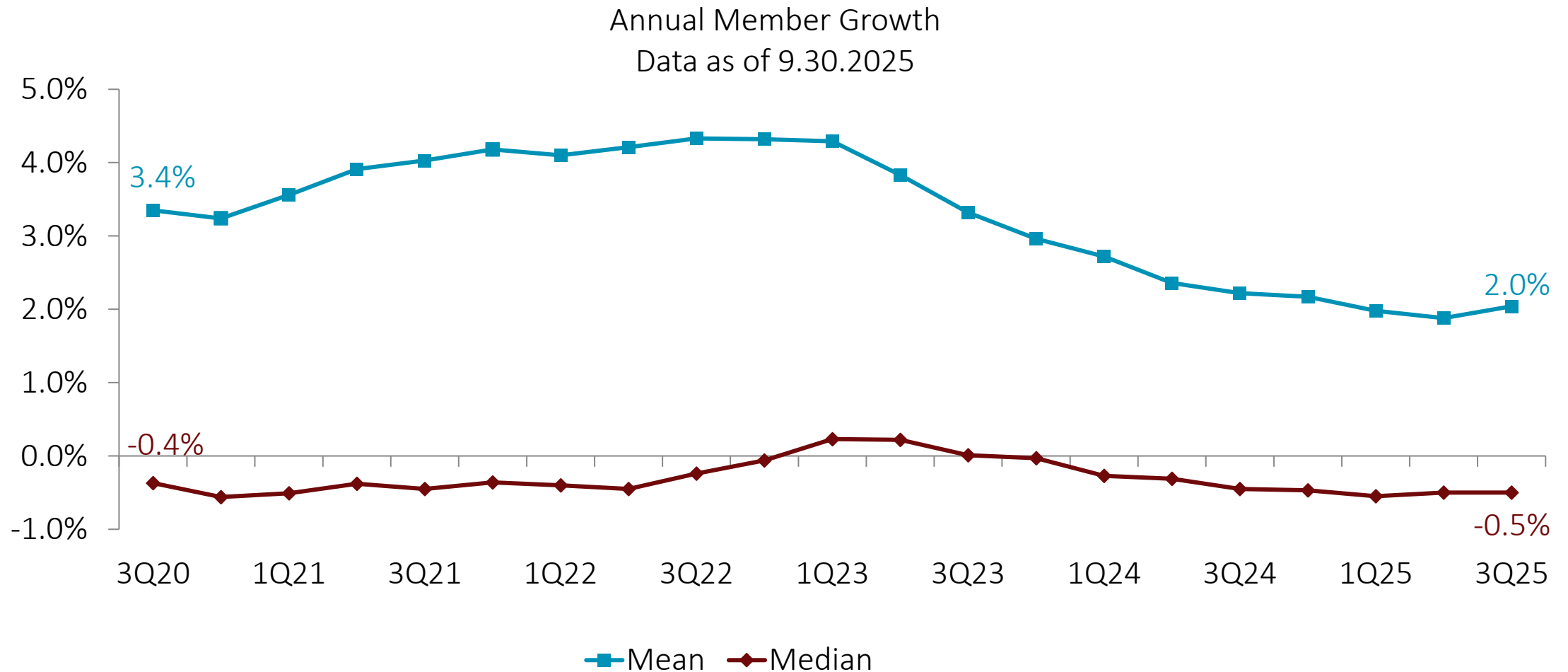
Tariffs are starting to bite consumers and businesses, economists say

But credit unions lean into chaos and remain remarkably resilient

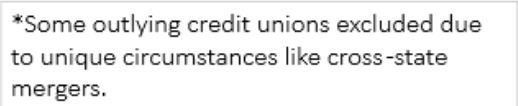
	9/30/2025	12-Mo. Growth	09/30/2024	12-Mo. Growth
Assets	\$2,424.6B	3.9%	\$2,334.6B	3.7%
Loans	\$1,720.6B	4.6%	\$1,645.7B	2.6%
Shares	\$2,056.7B	5.2%	\$1,954.8B	3.2%
Investments (incl. Cash)	\$592.0B	1.2%	\$584.8B	5.5%
Capital	\$275.4B	8.9%	\$252.9B	15.5%
Members	146.5M	2.0%	143.3M	2.2%

Member Impact

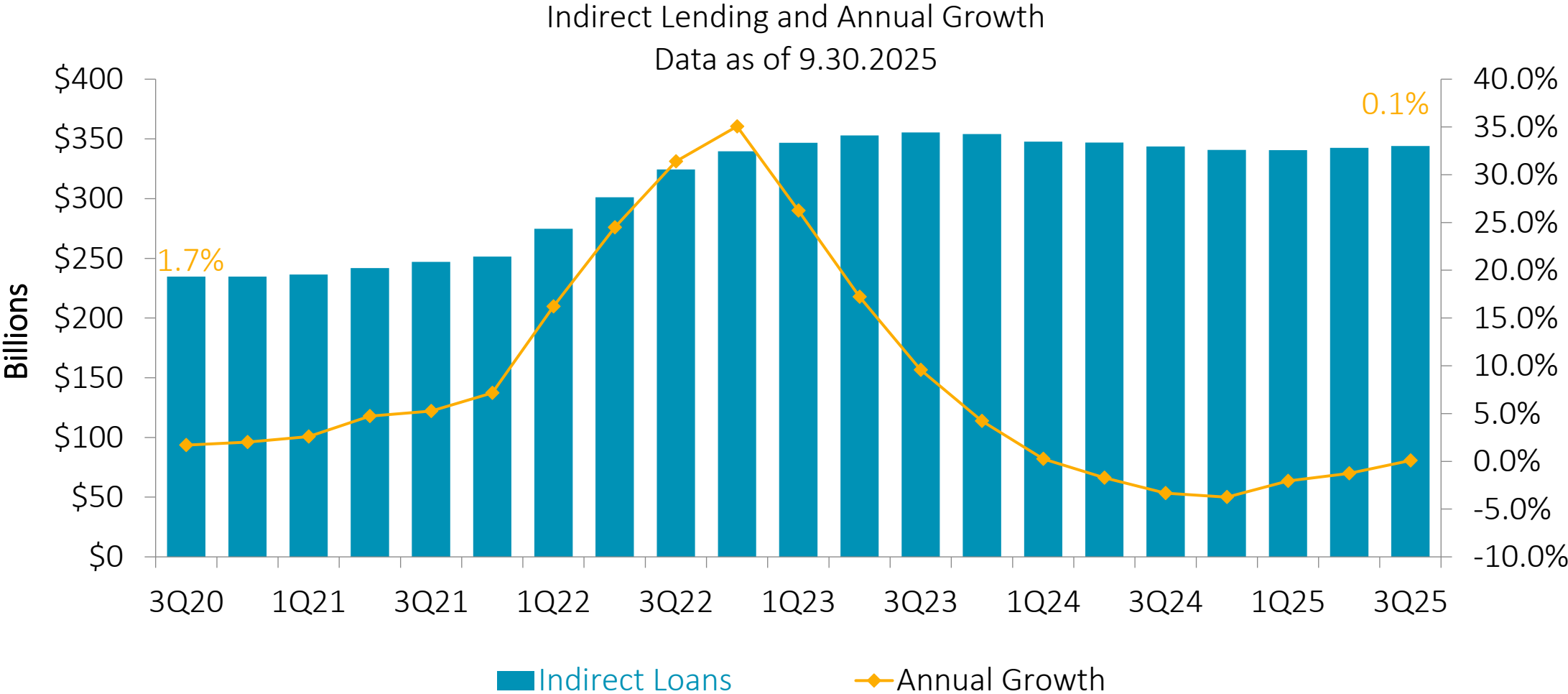
Member attraction reverses a trend of shrinking annual growth



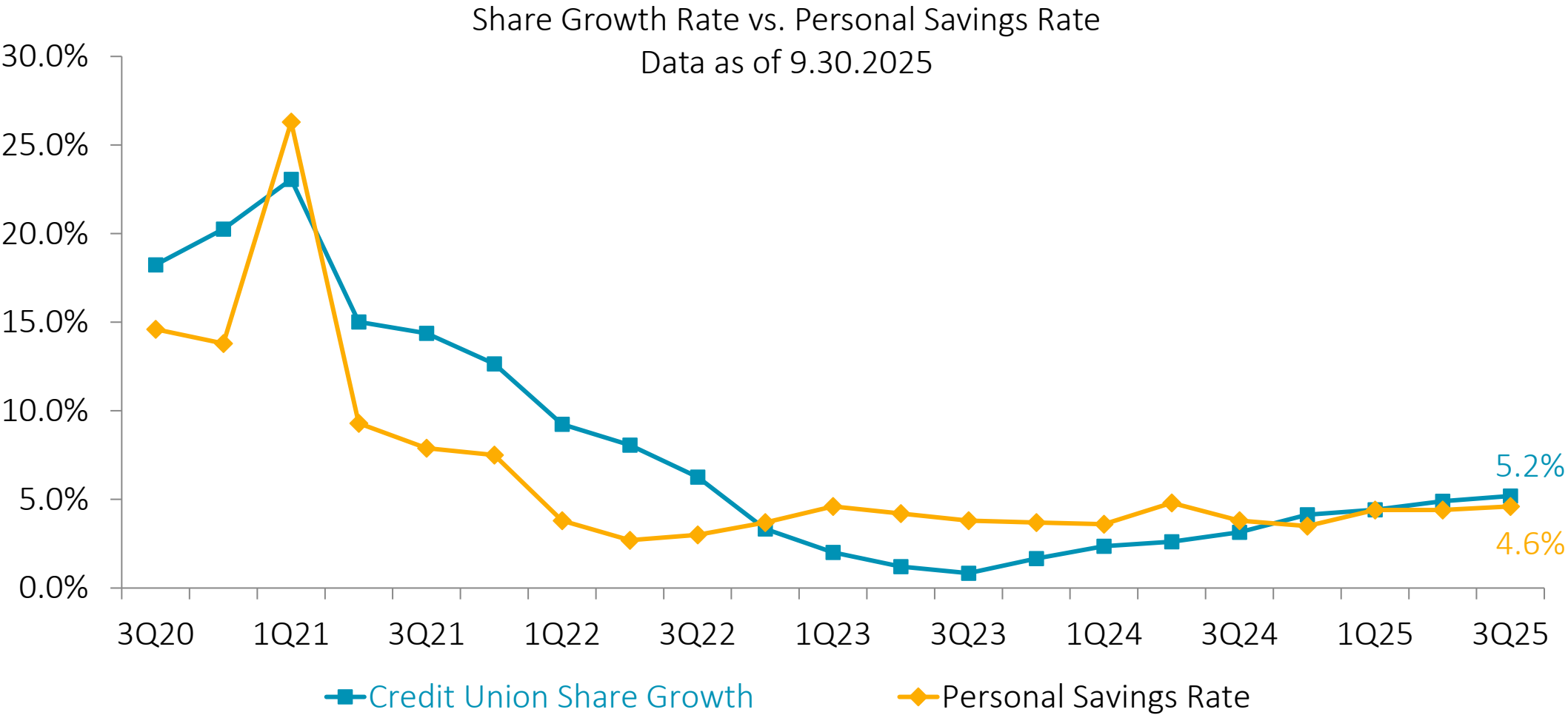
100% of the respondents were female, and 90% were aged 18 years or older. The majority of the respondents were students (60%), followed by employees (20%), and the remaining 20% were categorized as "other." The majority of the respondents were from the United States (60%), followed by Canada (20%), and the remaining 20% were from other countries.



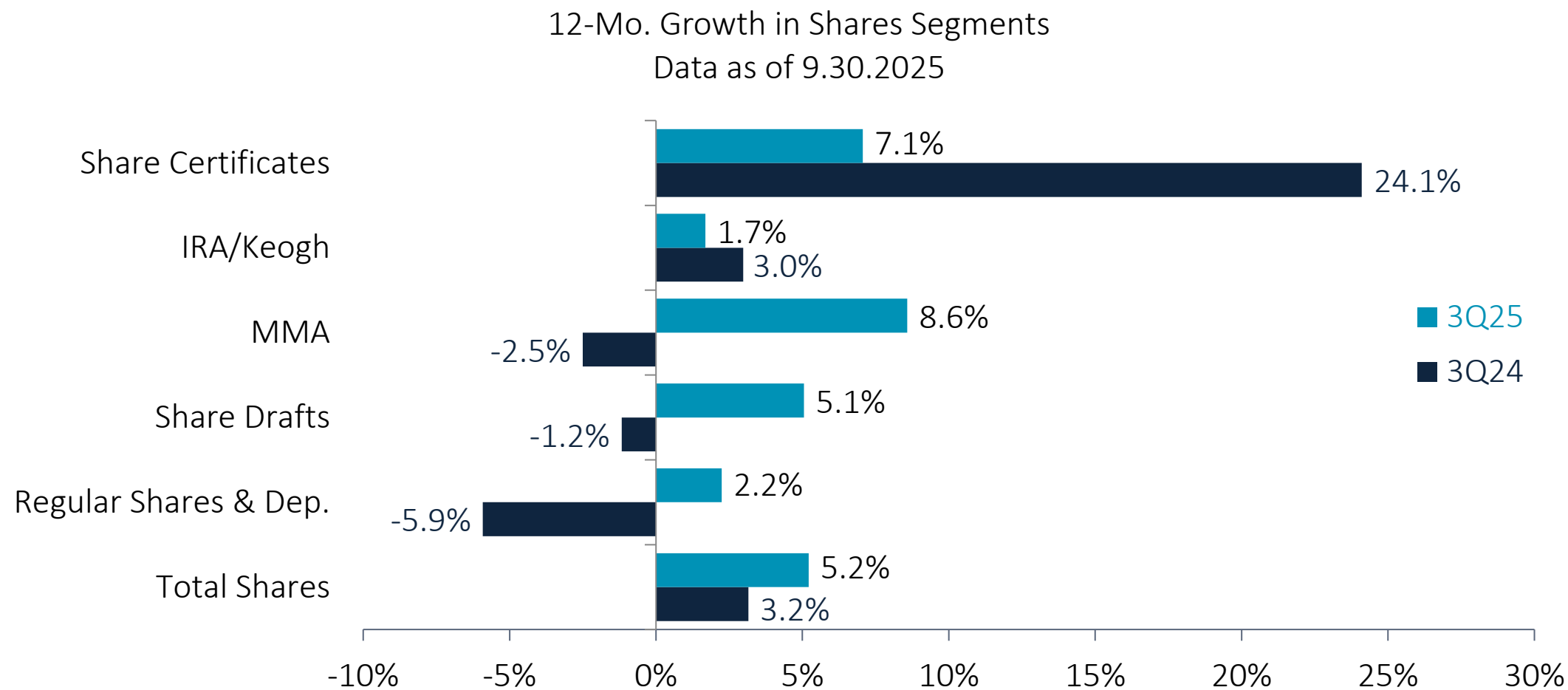
Indirect lending makes up less than 20% of the loan book for the first time since 2021



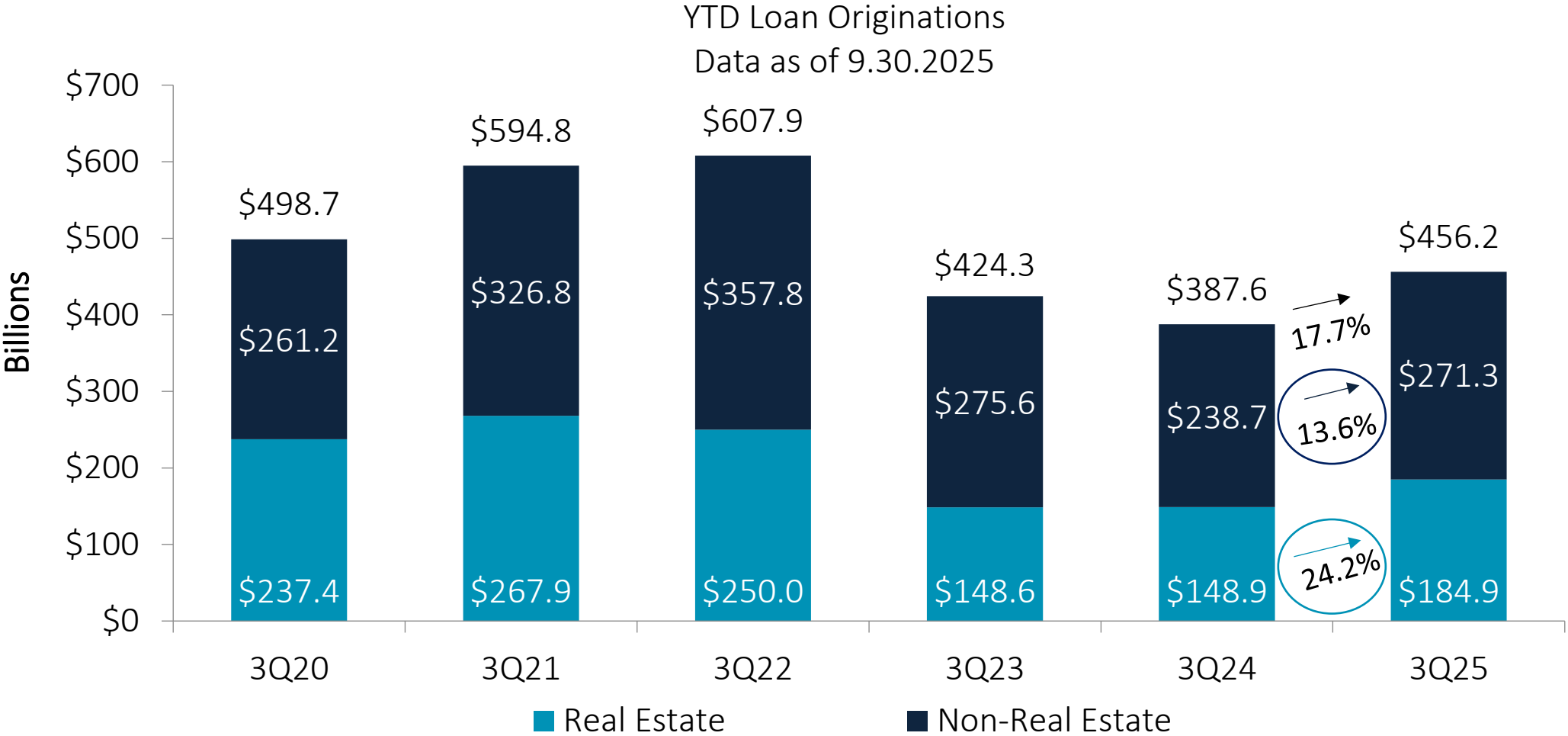
Shares balances grow faster than the personal savings rate



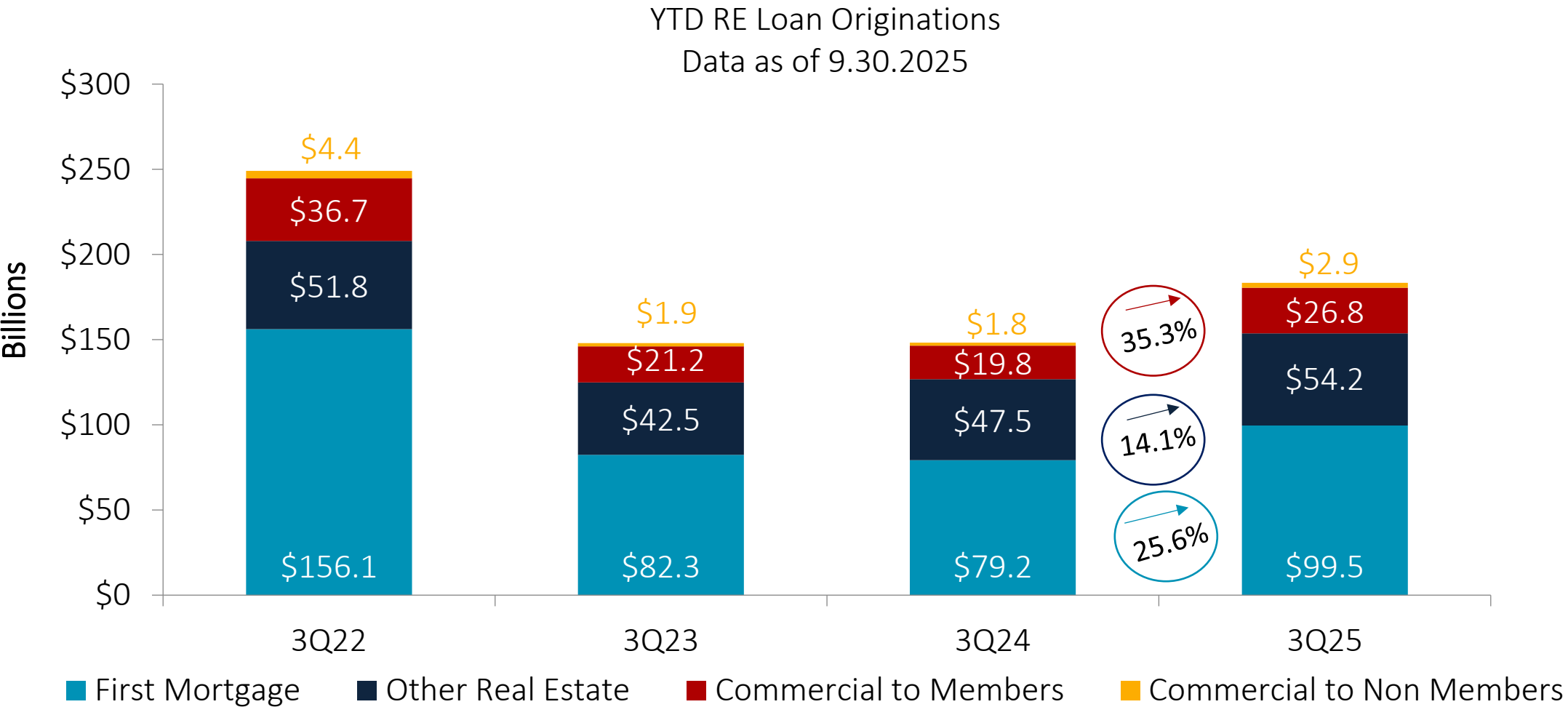
Certificates and MMAs drive growth, but core deposits rebound



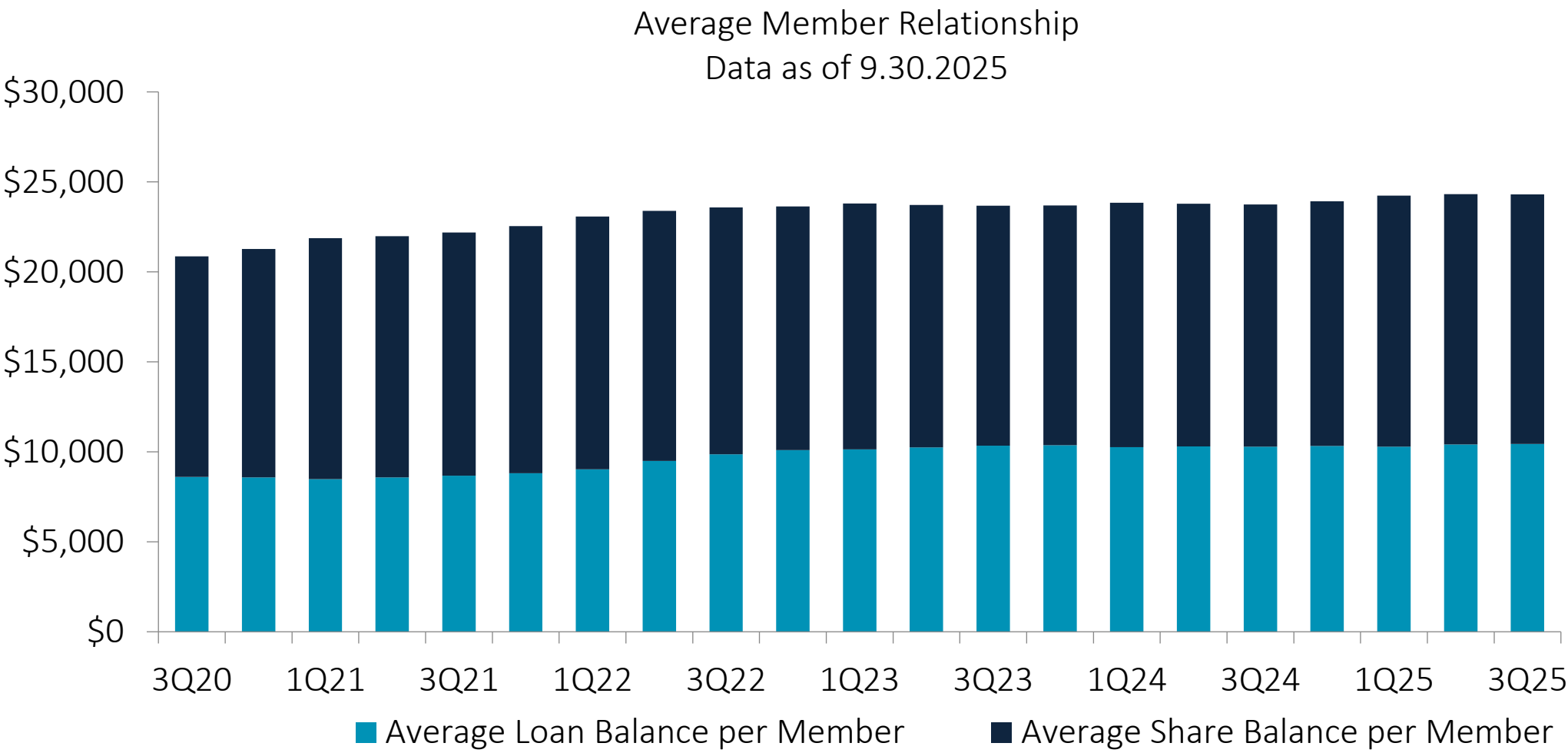
Loan originations rebound from a slow 2024, especially in RE



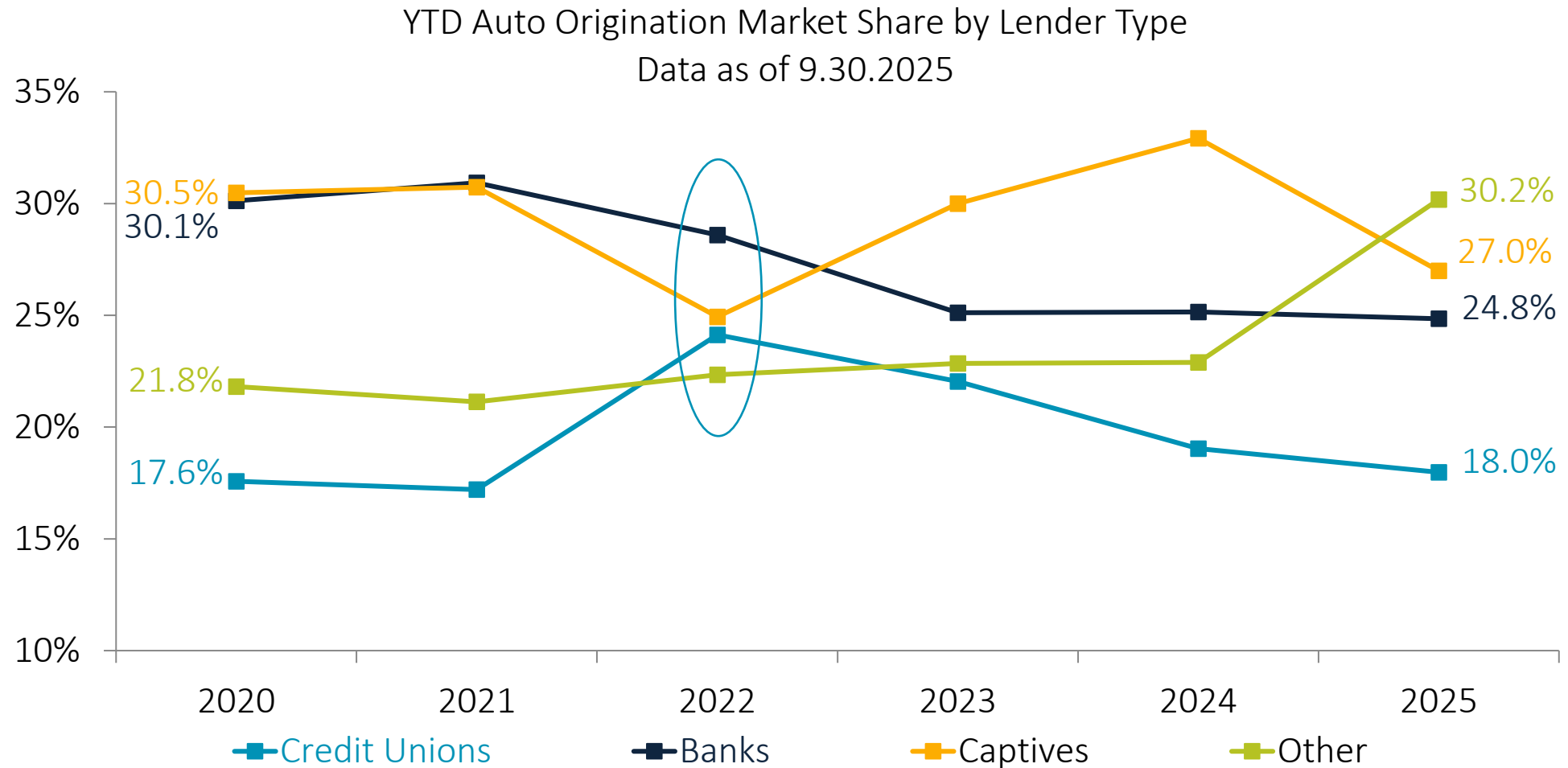
Commercial and first mortgage lending comprise largest growth of RE originations



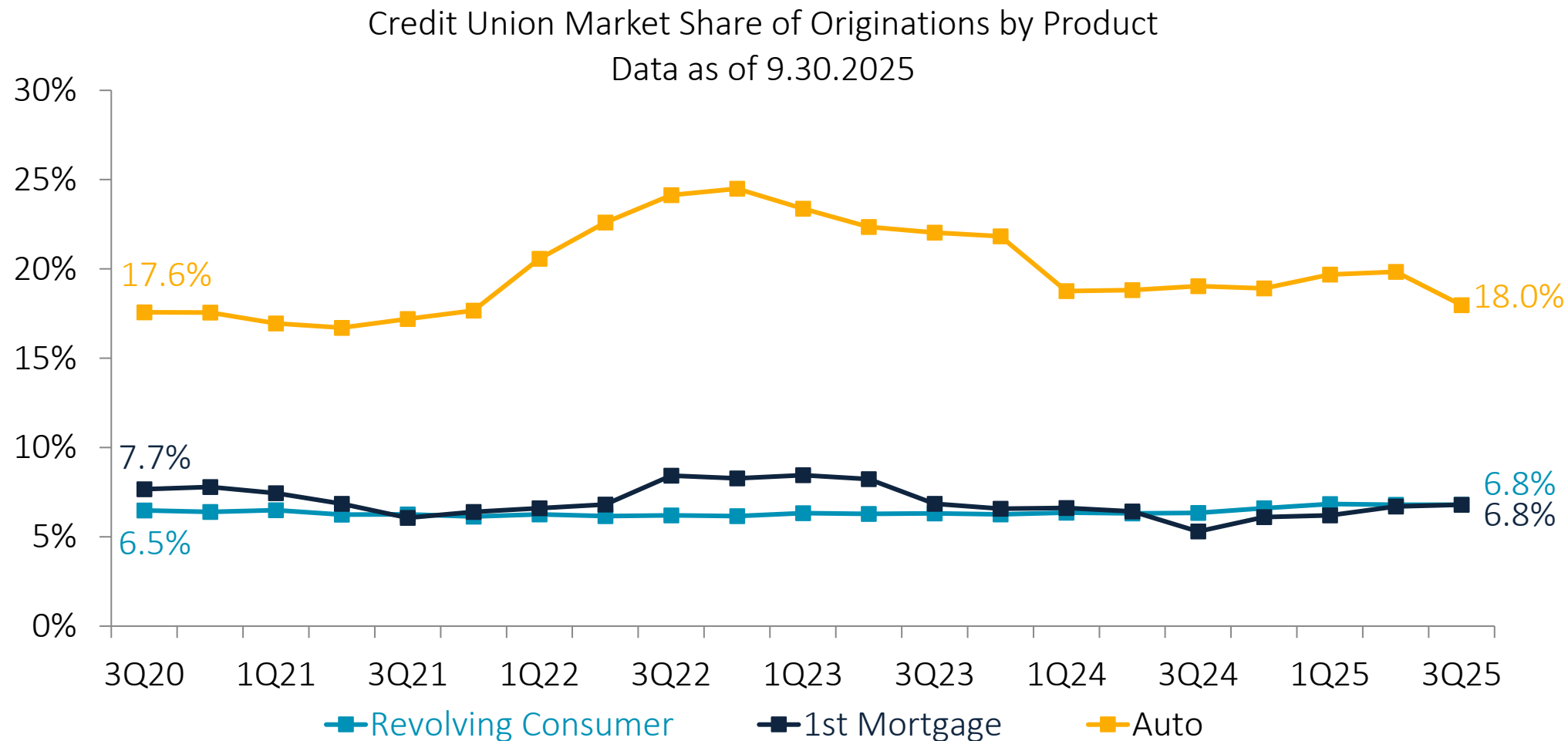
Relationships deepen annually, driven by quarterly lending



Credit unions cede market share to other lenders as indirect popularity wanes



But gain in 1st mortgages and revolving credit



Source: The Federal Reserve, Mortgage Bankers Association, Experian

Credit Unions in Action



A High-Tech Branch For High Tech Students

A credit union branch at Lamar Institute of Technology combines products, education, and philanthropy to support job training and technical education in Southeastern Texas.

Savana Morie

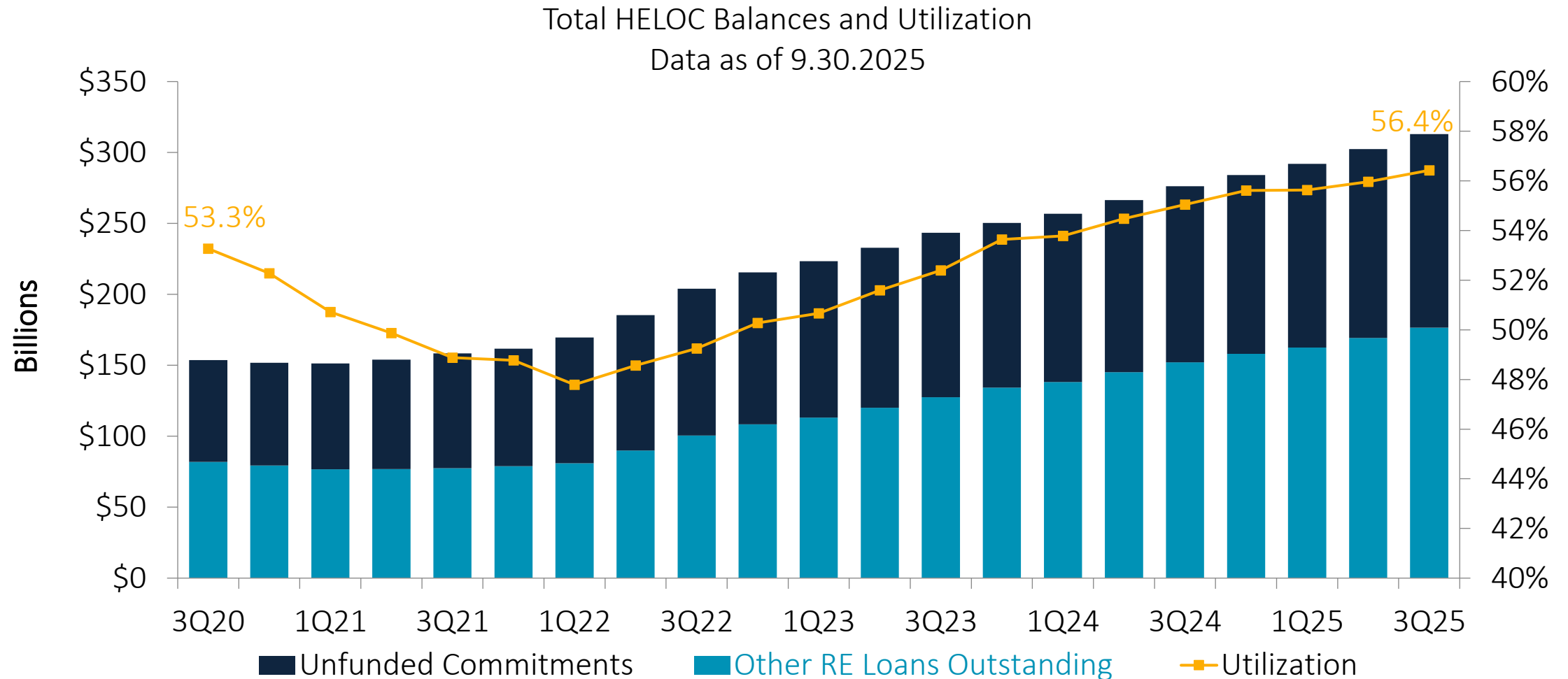


Lake Trust Builds Small Business Bench Strength In Michigan

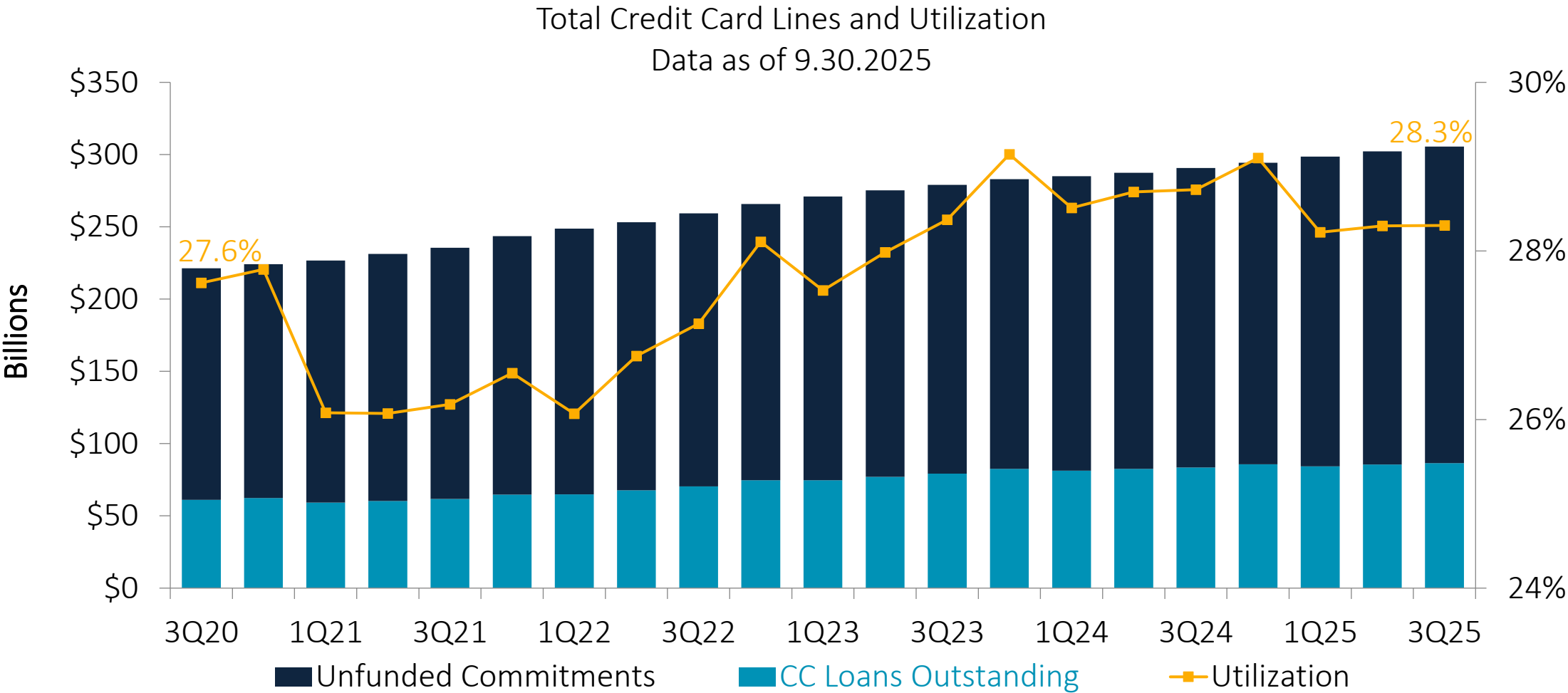
With nearly all Michigan businesses classified as small, Lake Trust's Entrepreneurial Institute, launched in partnership with Cleary University, helps owners sharpen skills, access resources, and reinforce local economic resilience.

Savana Morie

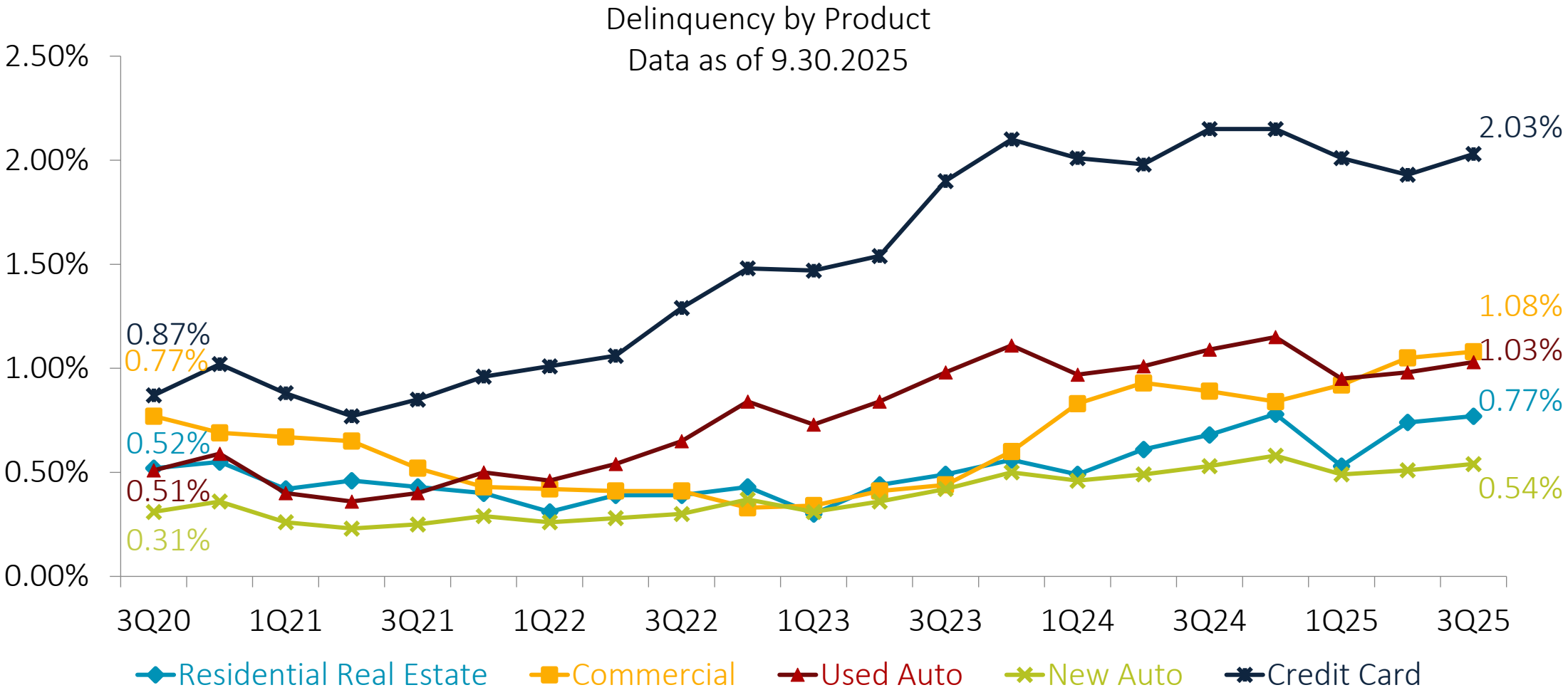
Members are dipping into more of their available HELOC balances, and credit unions are issuing more lines



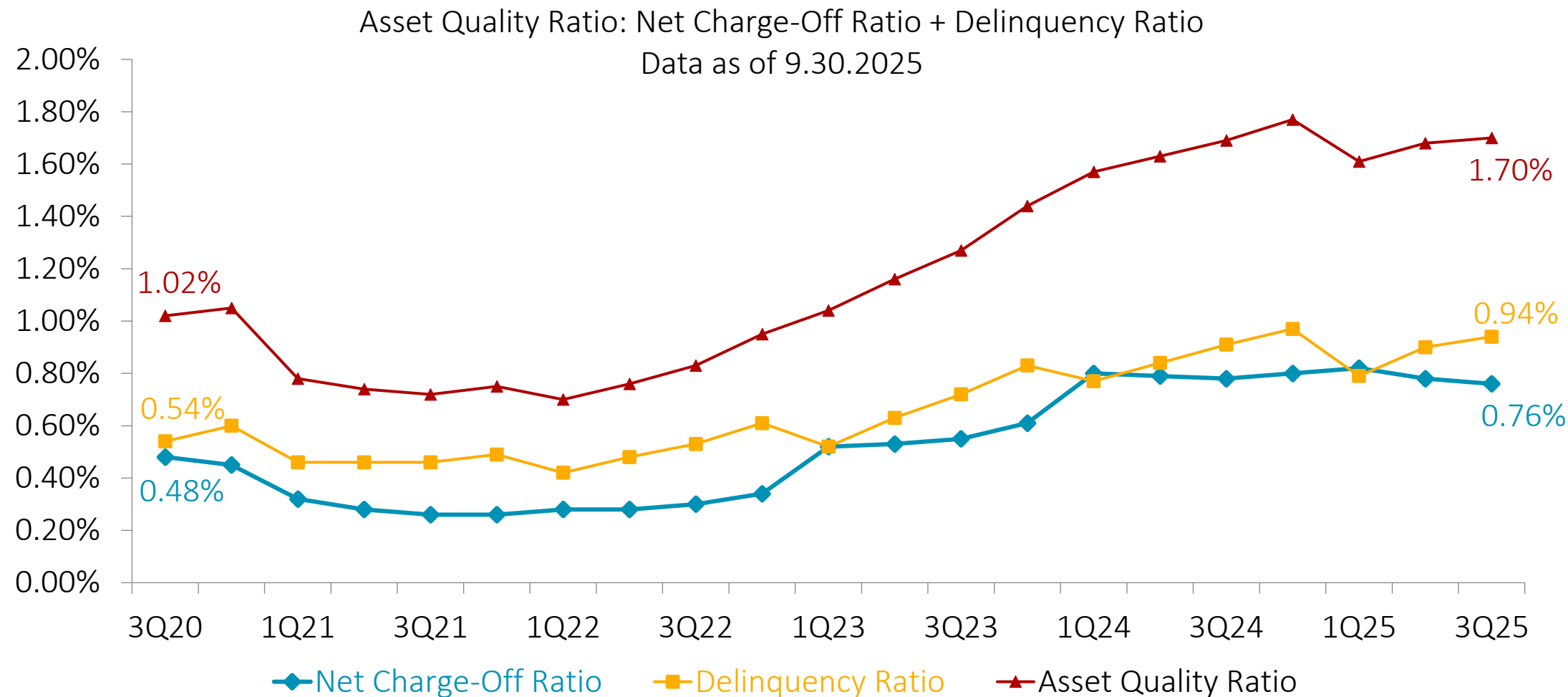
Credit unions are also issuing more personal credit



Delinquency follows seasonal swings, but is mostly improved from a year ago



And credit unions are working with members, as charge-offs are muted



Credit Unions in Action



Say Hello To Help

A partnership between a North Florida credit union and United Way's local 211 service addresses an array of social challenges while establishing the cooperative as a trusted local resource.

Aaron Passman





First**Alliance**
CREDIT UNION

all for one.

Leading with Purpose

Who We Are

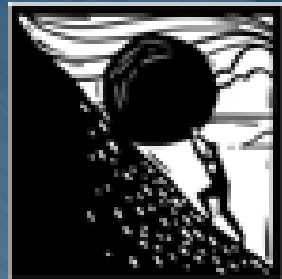
- Founded in 1932 as Municipal Employees Credit Union inside a firehouse
- Based in Rochester, MN
- \$290.6M in assets
- 21,253 members
- Five branches
- 14 county field of membership

Our MVV

Mission: "We show up. We listen to your stories. We create possibilities."

Vision: "Every member deserves a financial oasis. We make it happen."

Values: Passion, persistence, presence.





Community Co-Design Foundational Insights

1. **Financial Safety and Emotional Readiness Matter**
2. **Trust in People, Not Systems**
3. **Financial Lives are Collective, Not Individual**
4. **Culture and Religion Shape Financial Priorities**
5. **Life Stage & Context Must Guide Design**
6. **Visual, Tangible, and Story-Based Tools are Most Effective**
7. **Schools and Community Hubs are Natural Access Points**
8. **Start with What People Value**

**The Middle Gap
Program**

**Safe Start: A Gentle
Financial Journey**

**Culture & Life
Stage Alignment**

**Shared Purpose
Accounts: Supporting
Families**

**Community
Financial
Navigators**

Attracting Liquidity...and Impact

- Introduced our “Impact CD” to support high-need products conventional financial institutions often overlook
- Members have the option to redirect interest earned to our foundation
- Participants receive a copy of our Annual Community Impact and Financial Report to see their impact in action

SE MN's First Mobile CU Branch

- 40-foot traveling branch for members without easy access to a local FACU branch in our 14 county FOM
- Private offices for one-on-one financial consultations
- High-tech kiosks where members can make transactions, talk to live tellers, open new accounts, or even apply for loans
- Plans to partner with local organizations and nonprofits to set up regular stops



Meaningful Mornings

- Meaningful Mornings: free, purpose-driven discussions
- Purposeful Pints: free, casual community happy hours
- Find meaning, drive, and how to live with intention from the community you live in



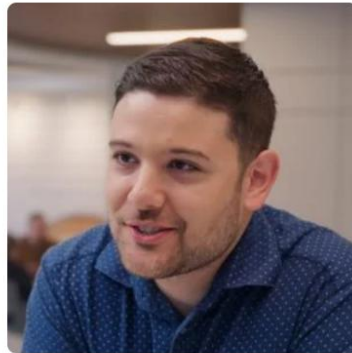
Sharing Member Stories

- Shared on FACU's website and our YouTube channel
- Get a deeper look at what drives First Alliance to do what we do



Roberto's Story:

Turning Determination Into Belonging



Rawhi's Story:

Fueling a Confident Future



Gabe's Story:

From Roadblocks to Resilience

Thank You

Brent Rempe
President & CEO
First Alliance Credit Union



Grace Behind Bars

New Horizon Federal Credit Union

November 17, 2025

When a young member came to us for a truck loan, he put down a solid deposit and made every payment on time. Then, suddenly, the payments stopped. His mother came in to explain that he had been incarcerated and would be gone for about six months. She wanted to keep his account in good [...]

A Family Tradition Of Food And Finance



November 17, 2025

Visit one of Austin's Galaxy Cafe locations and you'll instantly feel welcome. Cafe co-owner Kelly C. says that's how he feels when he visits UFCU. Kelly has been a UFCU member since he started out in the food-service industry as a dishwasher in 1989. In 2004, the original Galaxy Cafe opened in South Austin, the [...]

Turning A Homeownership Dream Into A Reality



November 14, 2025

For Henry, buying a first home from out of state could have been a complicated and stressful experience, but with GreenState Credit Union, it was smooth, personal, and even inspiring. From start to finish, the process took about a month. With most communication handled through text, email, and DocuSign, Henry appreciated how efficient and easy [...]



A Young Father's Road To Stability

Zeal Credit Union

October 23, 2025

A Zeal member since 2009 never had a loan over \$1,000. After a charged-off credit card in 2019, he worked with our asset recovery team to repay his balance and regain full services. A few years later, he applied for an auto loan, but due to limited credit history, he only qualified with a co-signer [...]

Hope In A Hard Time

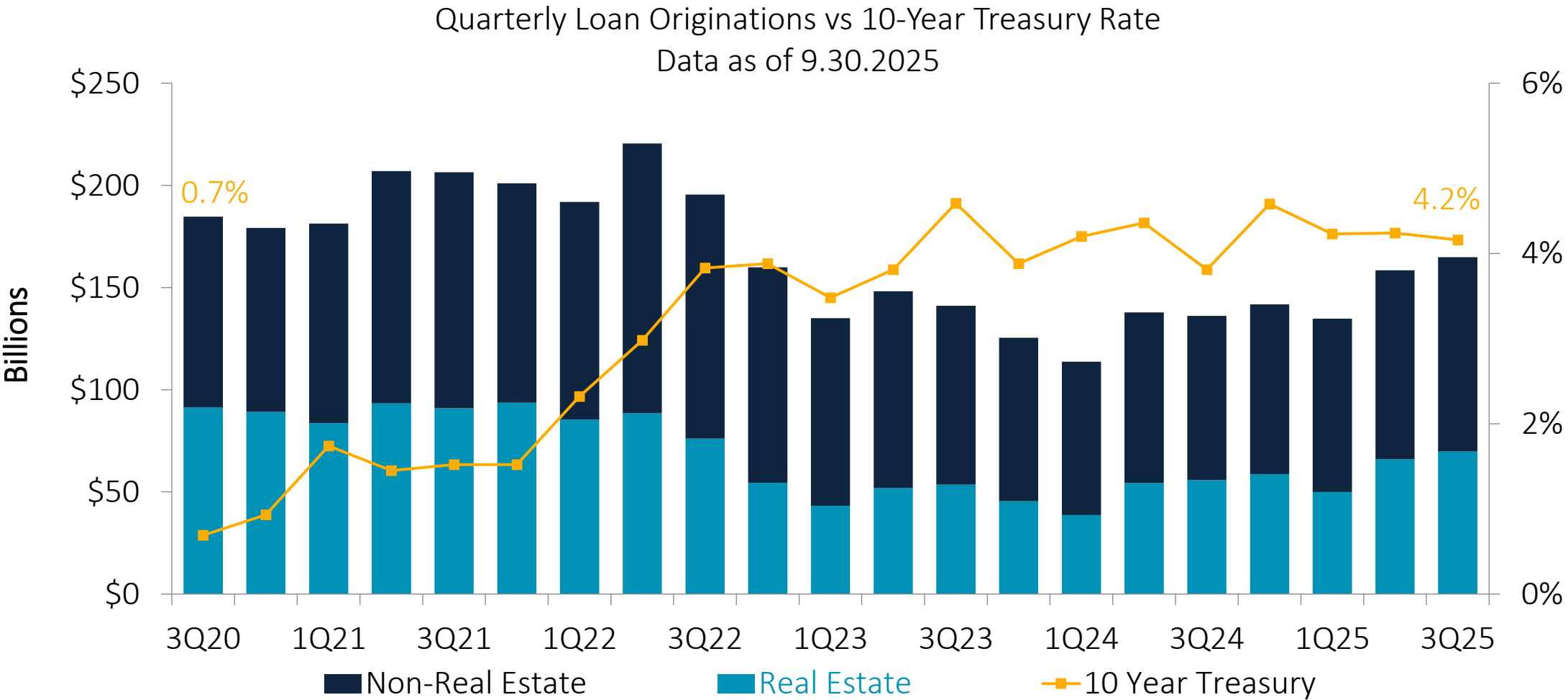


November 17, 2025

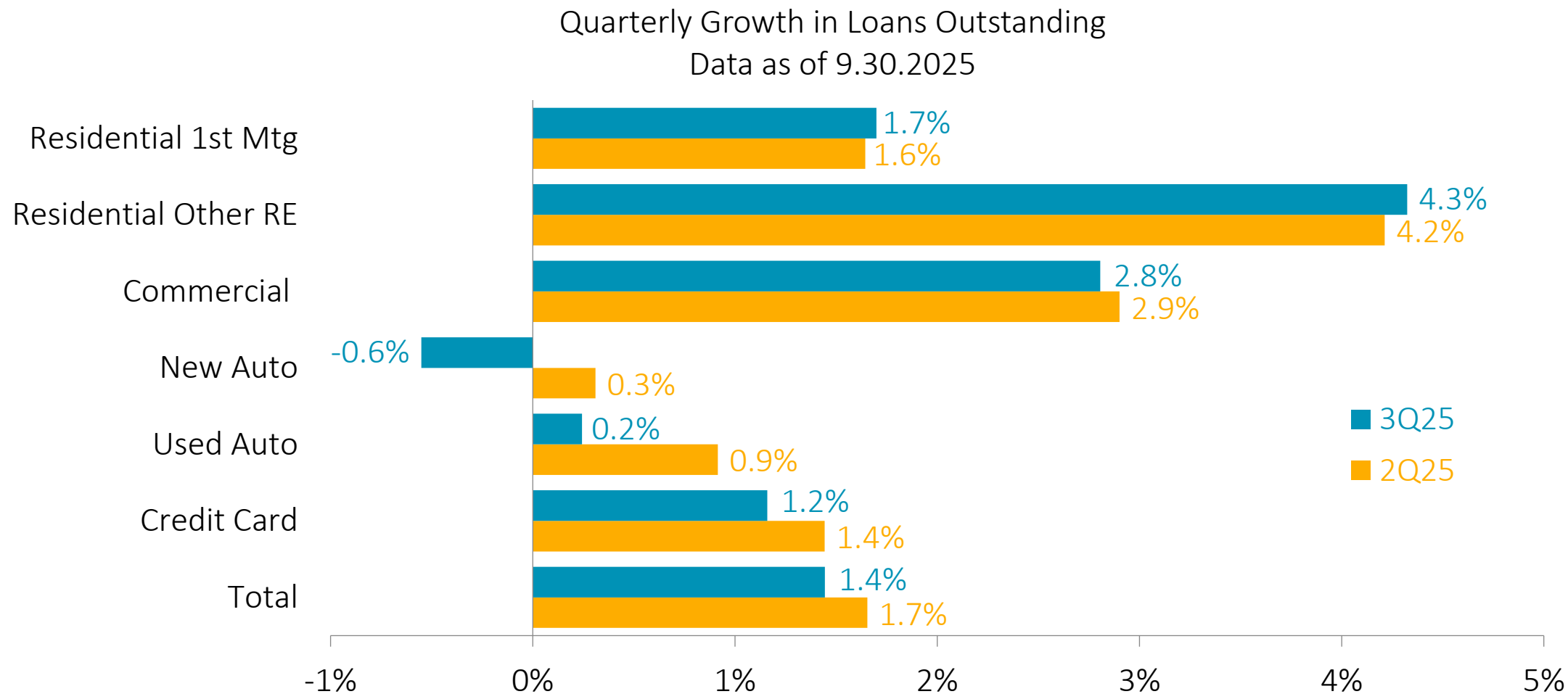
A member called us just after getting out of the hospital, worried about her finances. She was approved for disability, but it wouldn't start for another month, and her bills were already overdue. I listened to her concerns and immediately looked for solutions. I was able to secure a three-month deferment on her loan, so [...]

Interest Rate Effects

Real estate originations boost total originations for 2025



Real estate is also driving balance growth



Credit Unions in Action



Wright-Patt Turns Purpose Into Property For First-Time Homebuyers

The Ohio credit union's Sunshine Community Fund is backing new homes in Dayton, combining financial support, education, and cross-team collaboration to empower first-time buyers.

Savana Morie



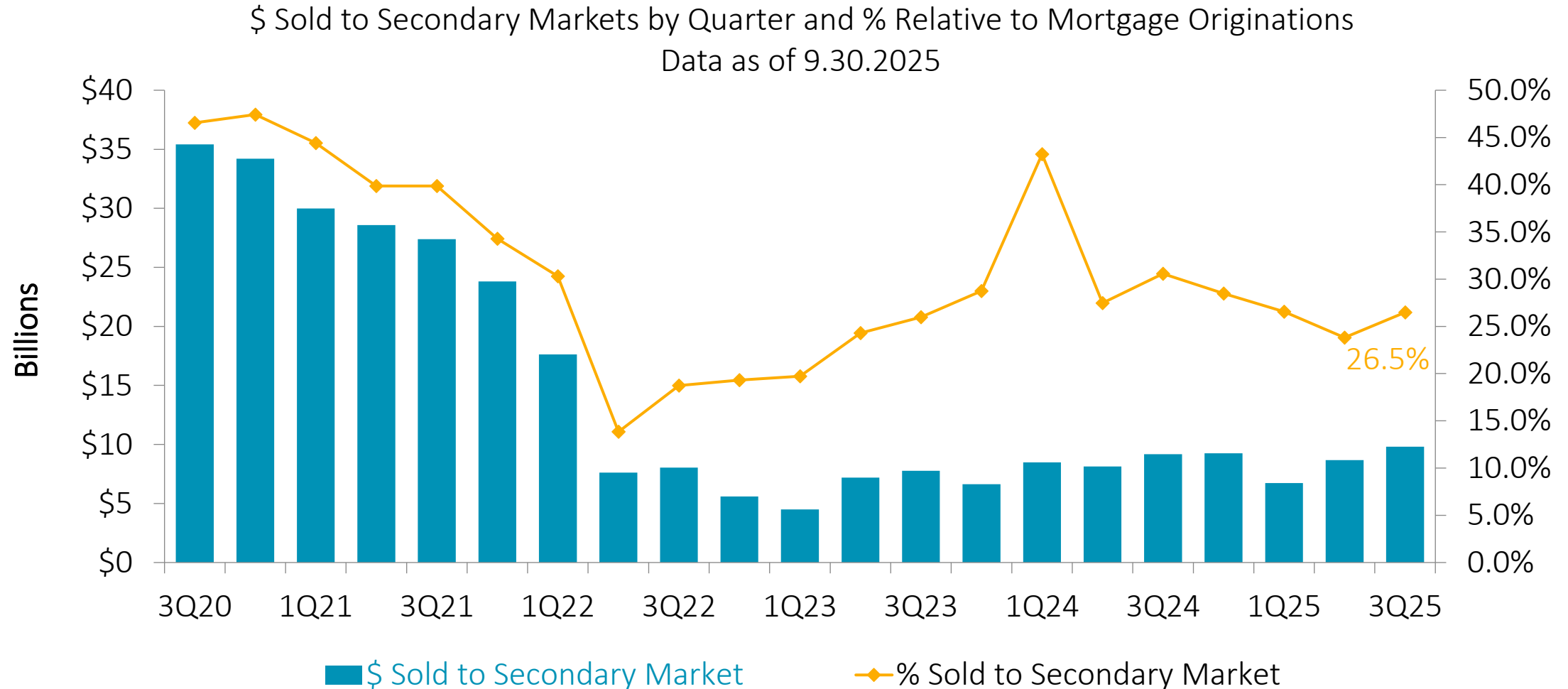
NEW ORLEANS
**FIREMEN'S
FEDERAL**
CREDIT UNION

Affordable Housing Isn't About Business. It's About People.

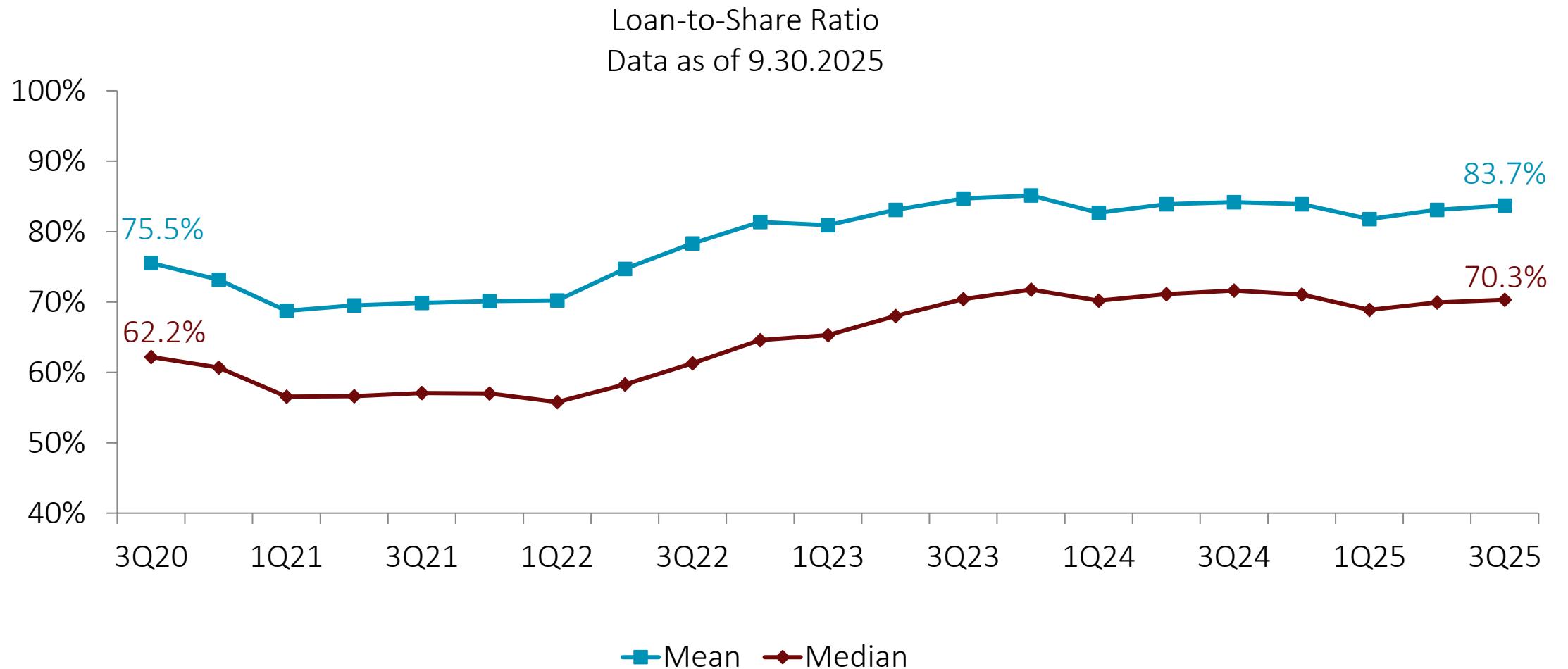
NOLA Firemen's FCU helps members qualify for a mortgage in a state where poverty is high and insurance premiums are keeping many would-be borrowers out of a home.

Aaron Passman

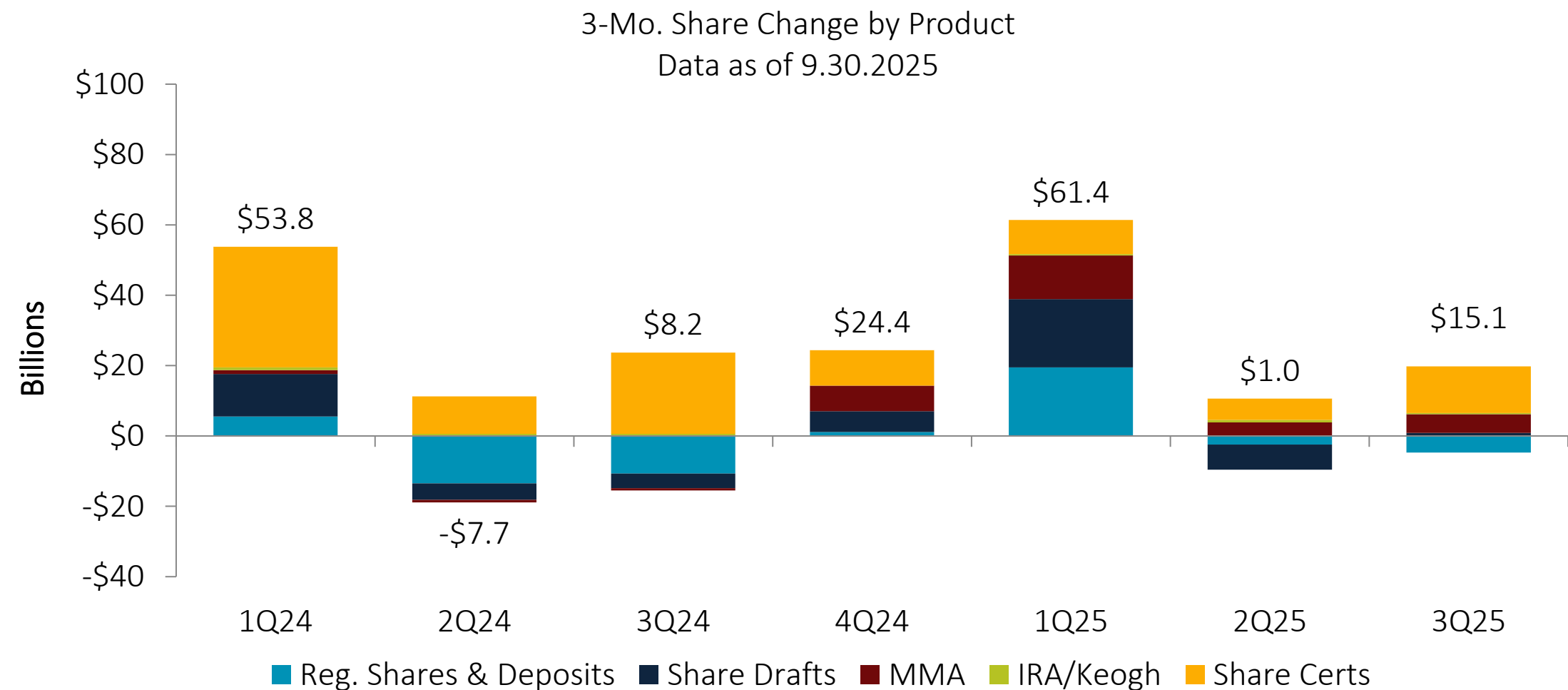
Credit unions generally prefer to hold newly originated mortgages



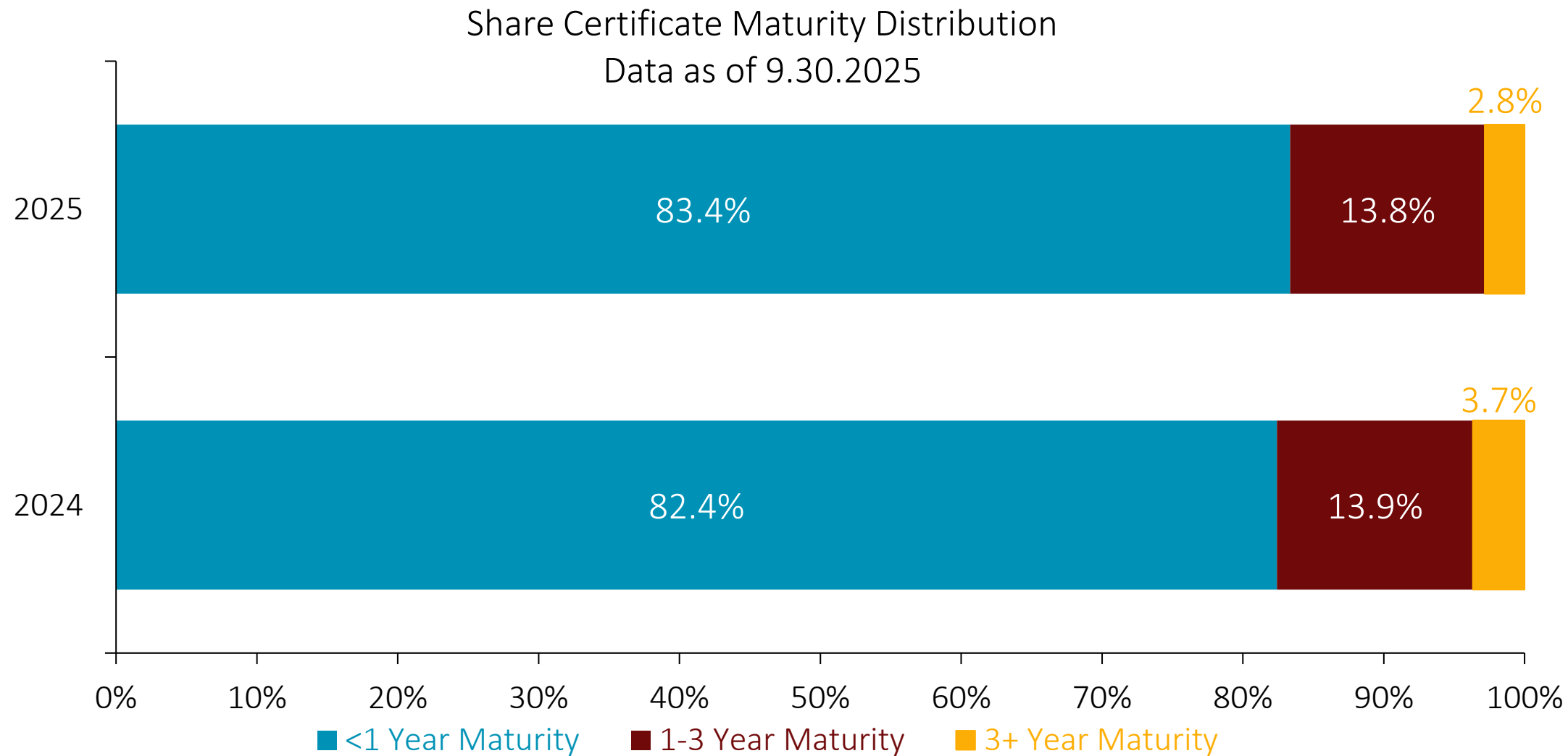
Renewed mortgage demand driving up loan-to-share



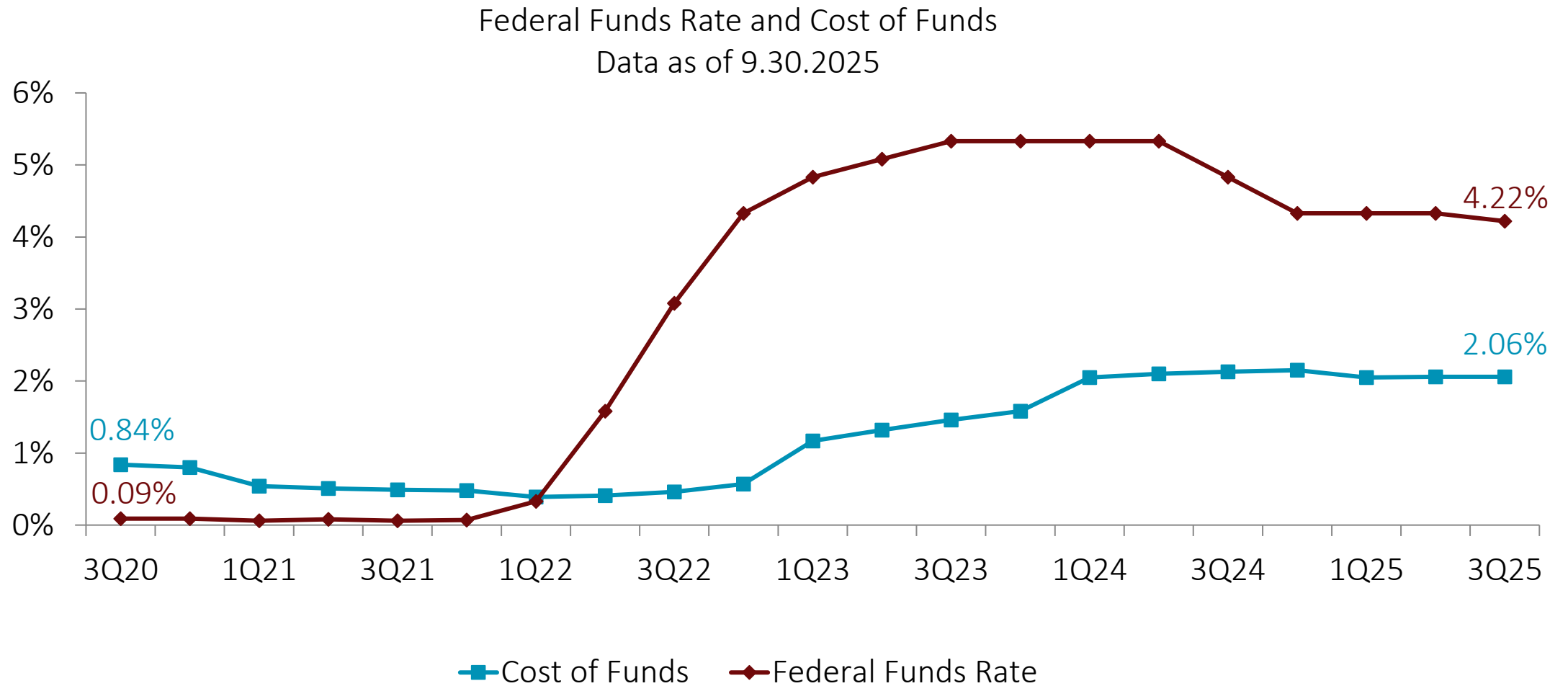
Members prefer locking in higher-yielding deposit types



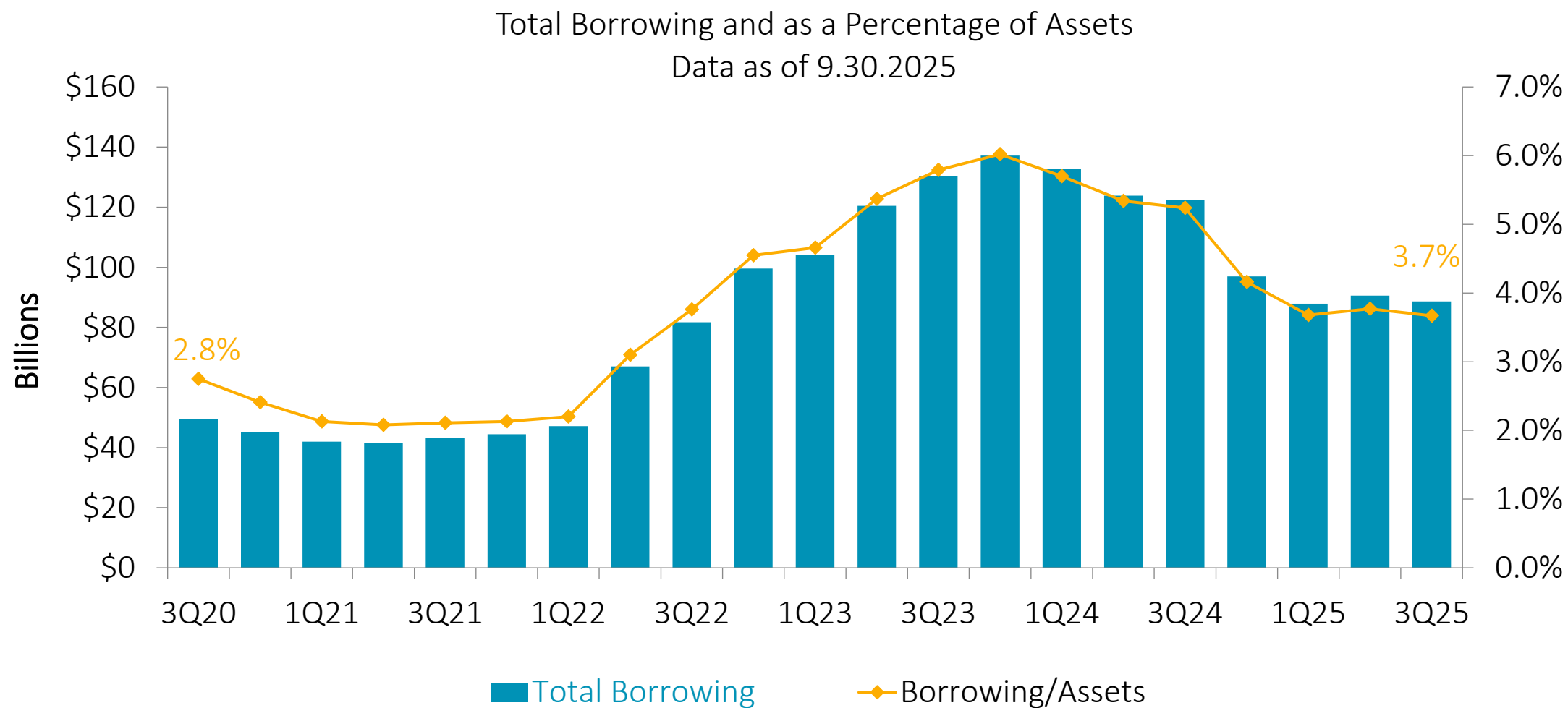
But average certificate terms are shortening



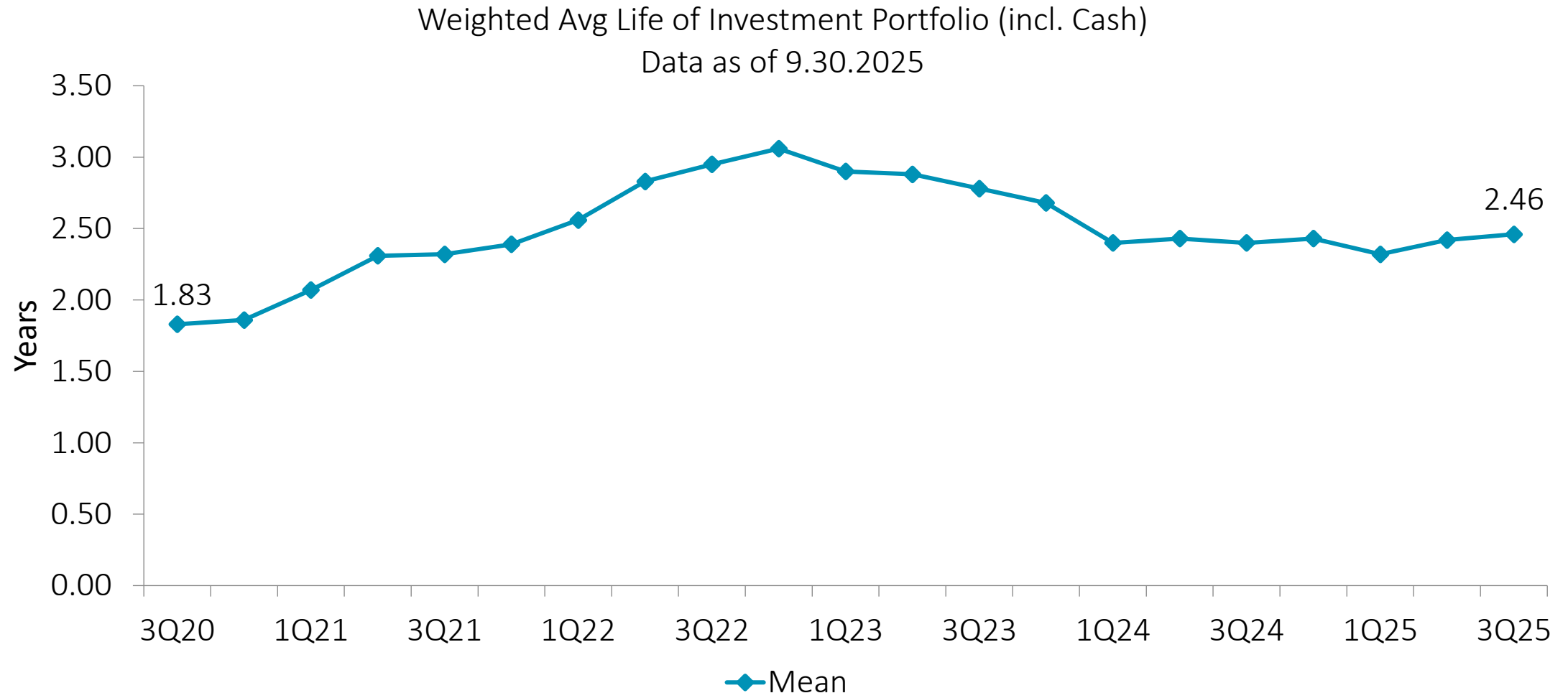
Rate cuts begin easing funding pressures



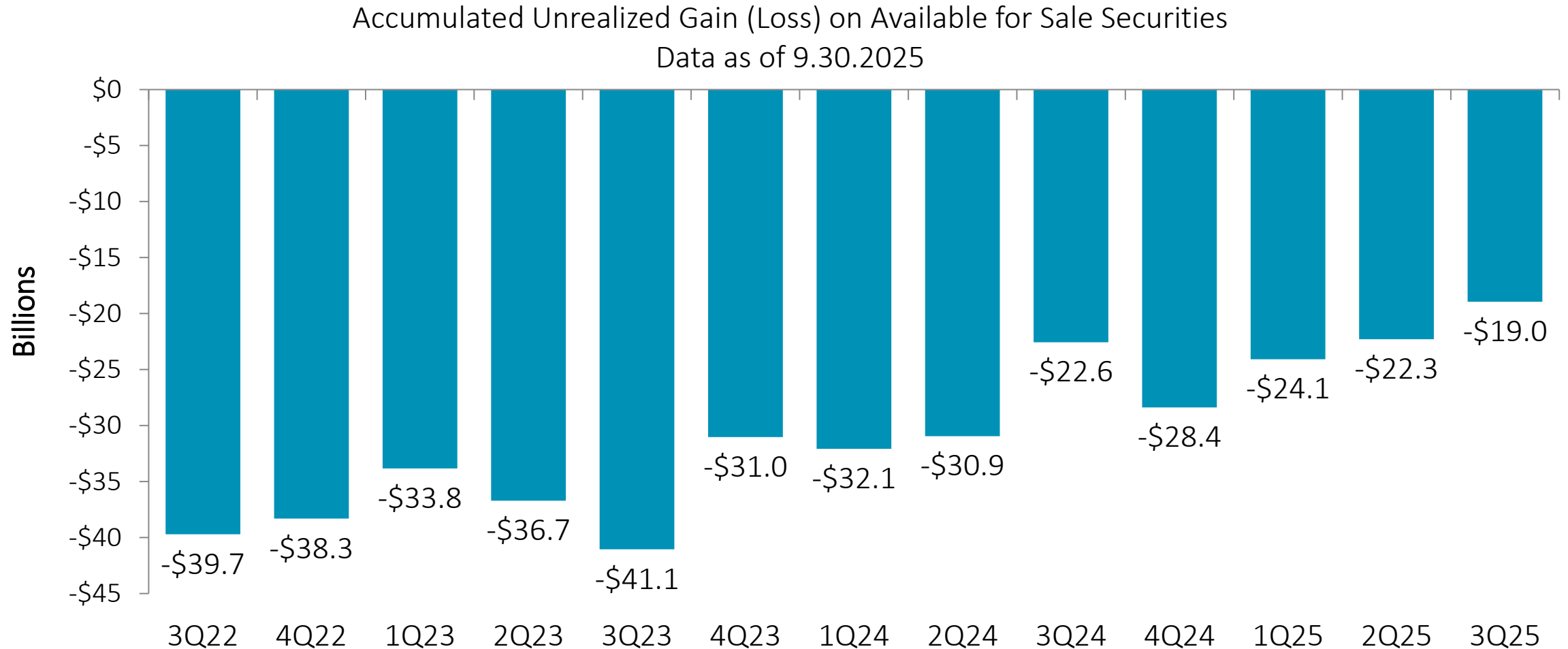
Borrowing is slightly down



Investment portfolios are still shrinking in size, but managers are locking in longer-term securities

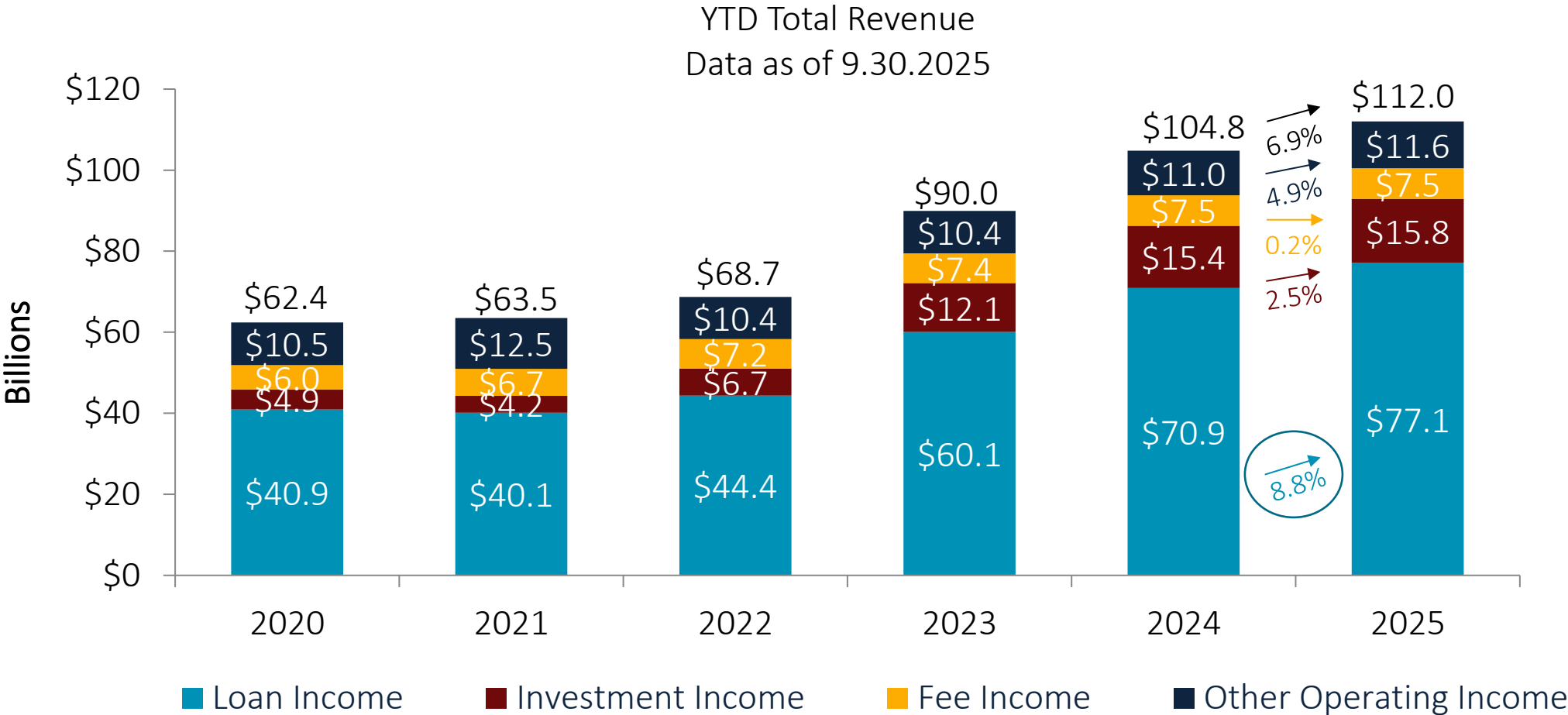


Unrealized losses gradually decline as past investments mature and rates fall

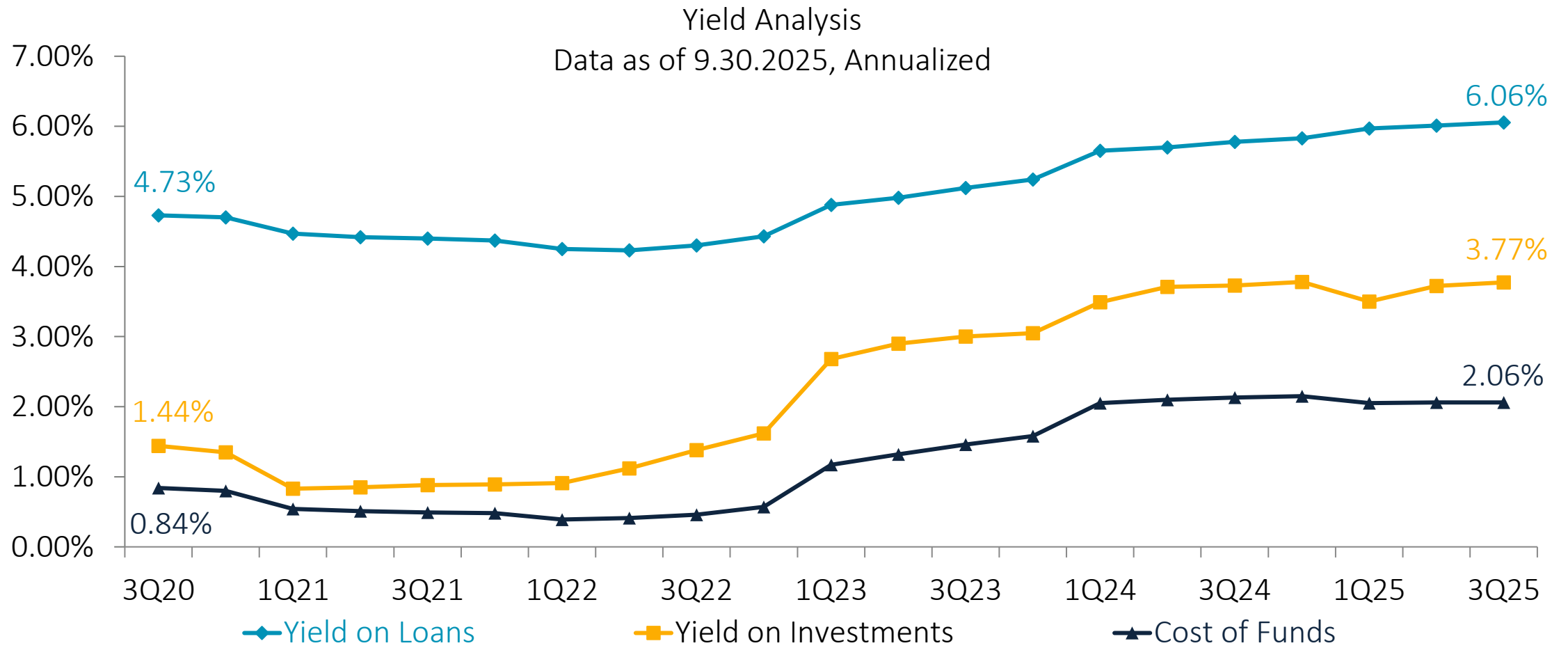


Earnings

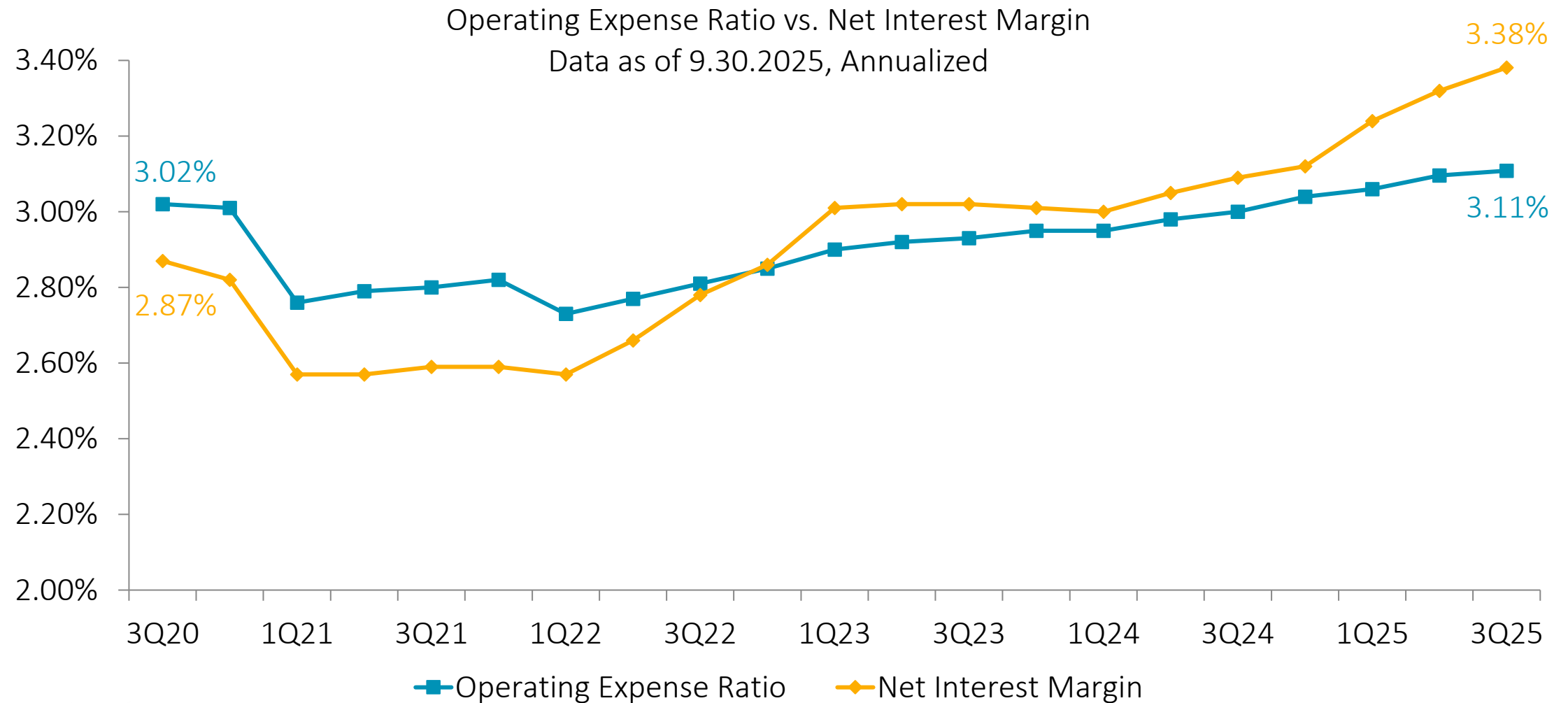
Still-growing yields drive revenue expansion



Funding pressures ease as loan yields climb

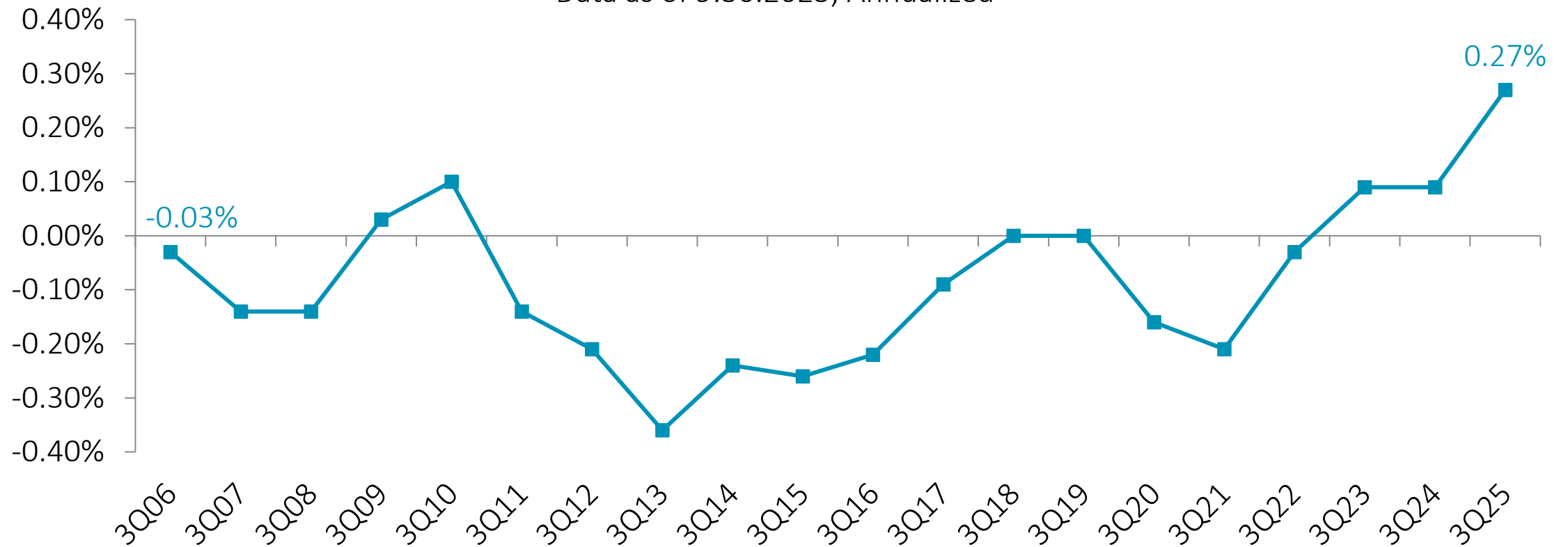


Higher margins absorb operating cost increases – but this dynamic could be transitory

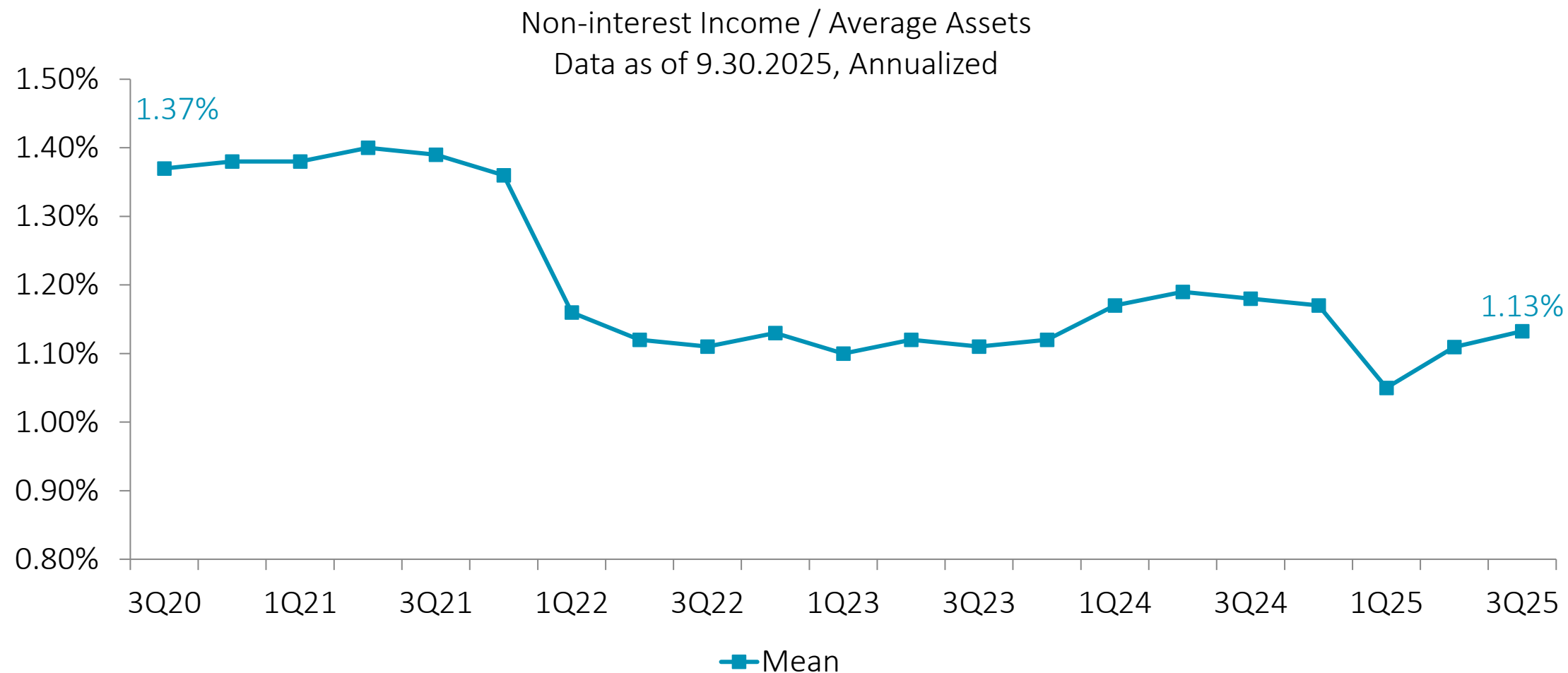


The gap is the largest it's been this millennium

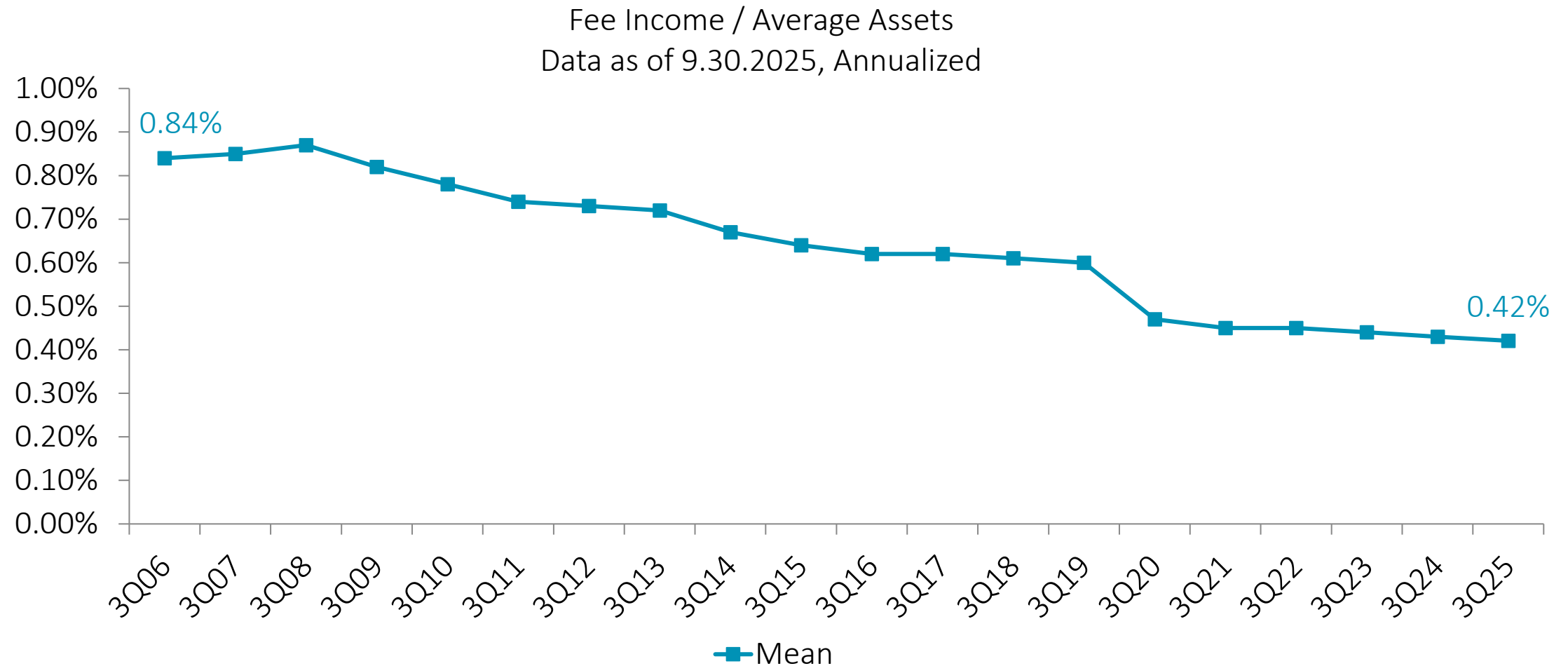
Difference of NIM and OpEx Ratios
Data as of 9.30.2025, Annualized



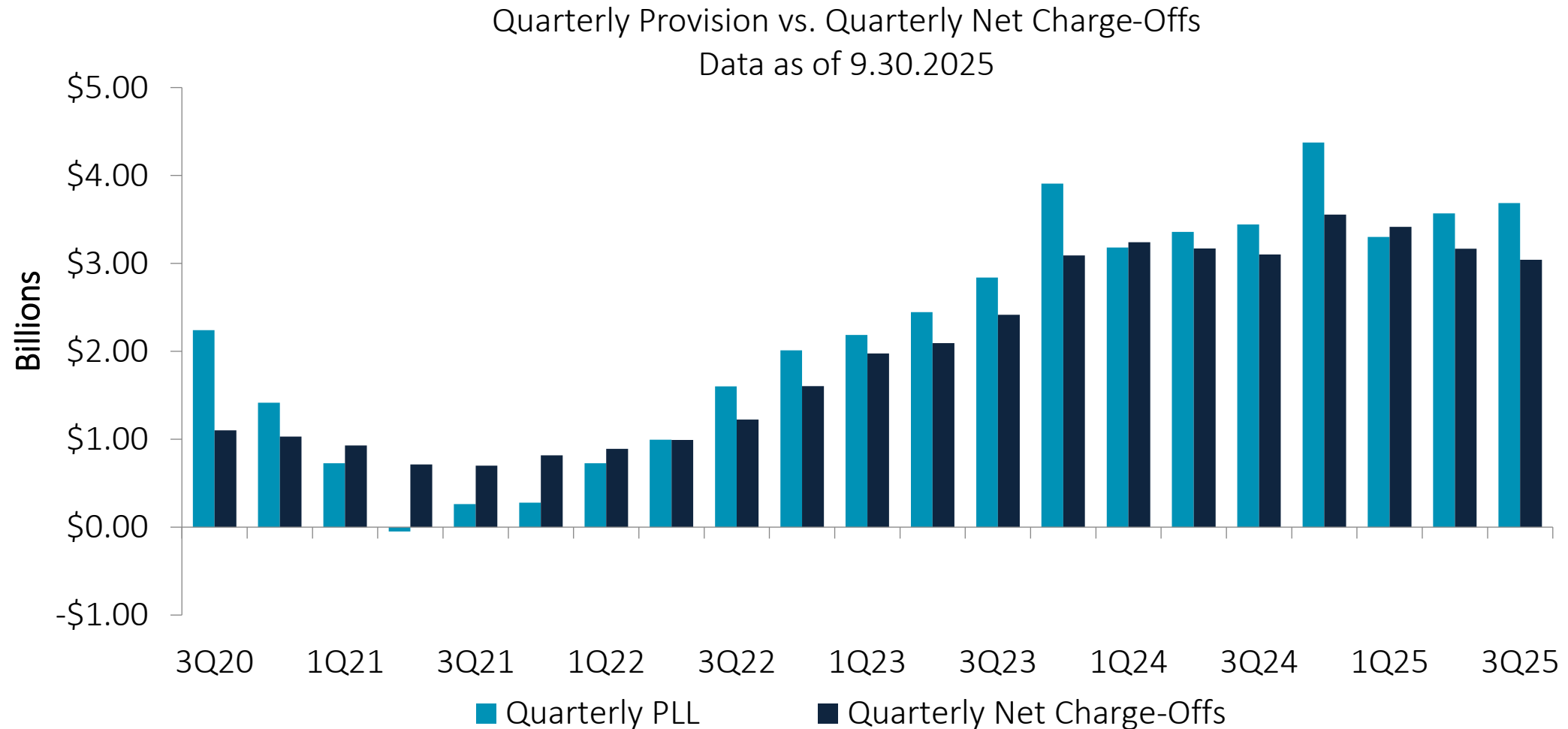
Non-interest income rebounds following early-year dip



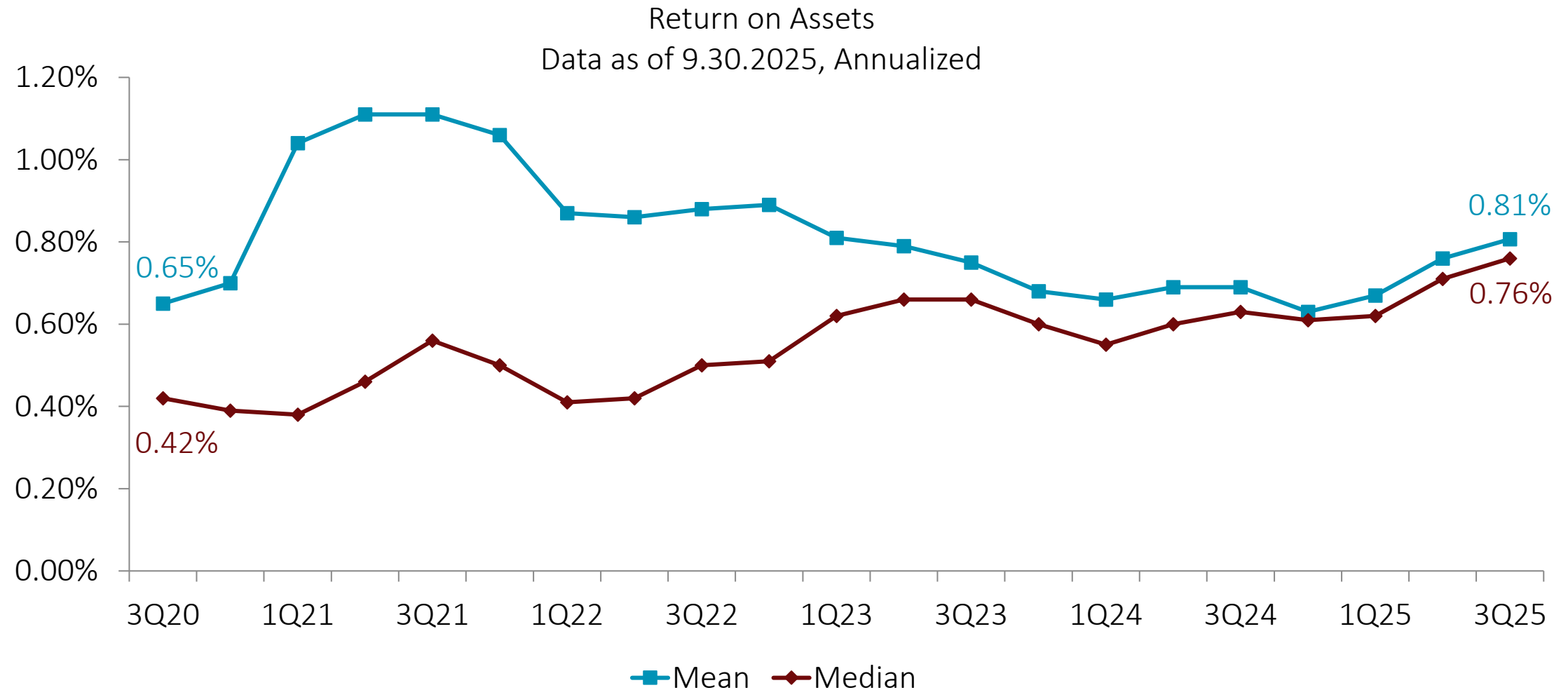
But credit unions are less reliant on fees than they have ever been



Provision levels outpace net charge-offs amid ongoing caution



ROA improves broadly as margin strength drives industry gains



Revenue gains more than offset expense and provision growth

	9/30/2025	9/30/2024
Interest Income	5.20%	4.99%
Interest Expense	1.83%	1.90%
Net Interest Margin	3.38%	3.09%
Non-interest Income	1.13%	1.18%
Operating Expenses	3.11%	3.00%
Provision for Loan Losses	0.59%	0.58%
ROA	0.81%	0.69%

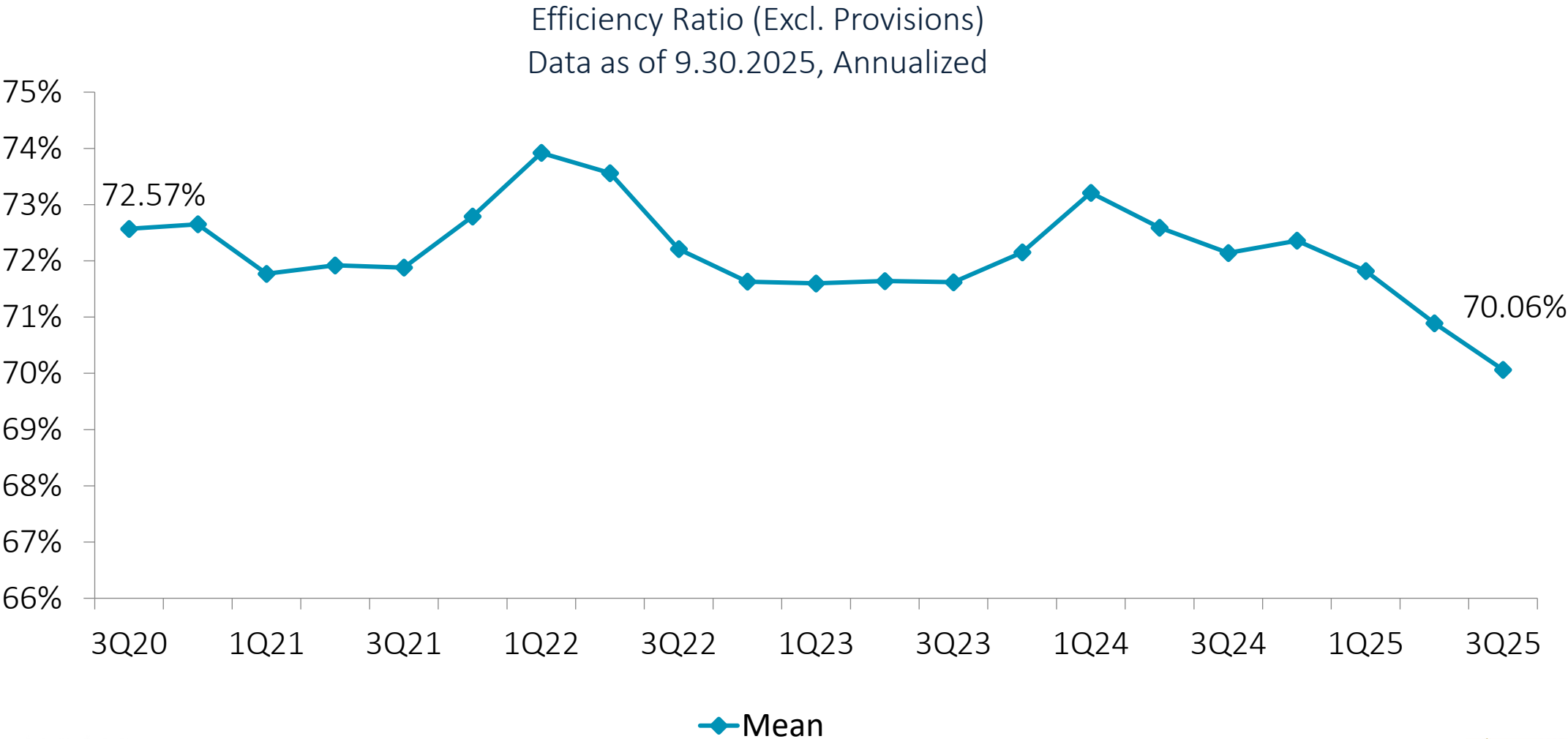
Expressed as a % of Avg. Assets
May not sum due to rounding

Transitioning from community to scaled efficiency takes time

	CUs below \$250M	Credit Unions \$250M-\$500M	Credit Unions \$500M-\$1B	Credit Unions \$1B-\$10B	Credit Unions Over \$10B
Interest Income	4.81%	4.88%	4.94%	5.04%	5.66%
Interest Expense	1.14%	1.41%	1.57%	1.93%	2.04%
Net Interest Margin	3.67%	3.47%	3.37%	3.11%	3.62%
Non-Interest Income	1.12%	1.23%	1.25%	1.14%	0.98%
Operating Expense	3.69%	3.64%	3.57%	3.00%	2.83%
Provision for Loan Loss	0.30%	0.35%	0.43%	0.49%	0.96%
ROA	0.79%	0.70%	0.62%	0.76%	0.80%

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

Credit union efficiency is superb – investments paying off?



Credit Unions in Action



How AI Improved Training At Premier America

The California cooperative uses artificial intelligence to help staff build rapport with members. Employees love it, efficiency is up, and service is better than ever.

Aaron Passman

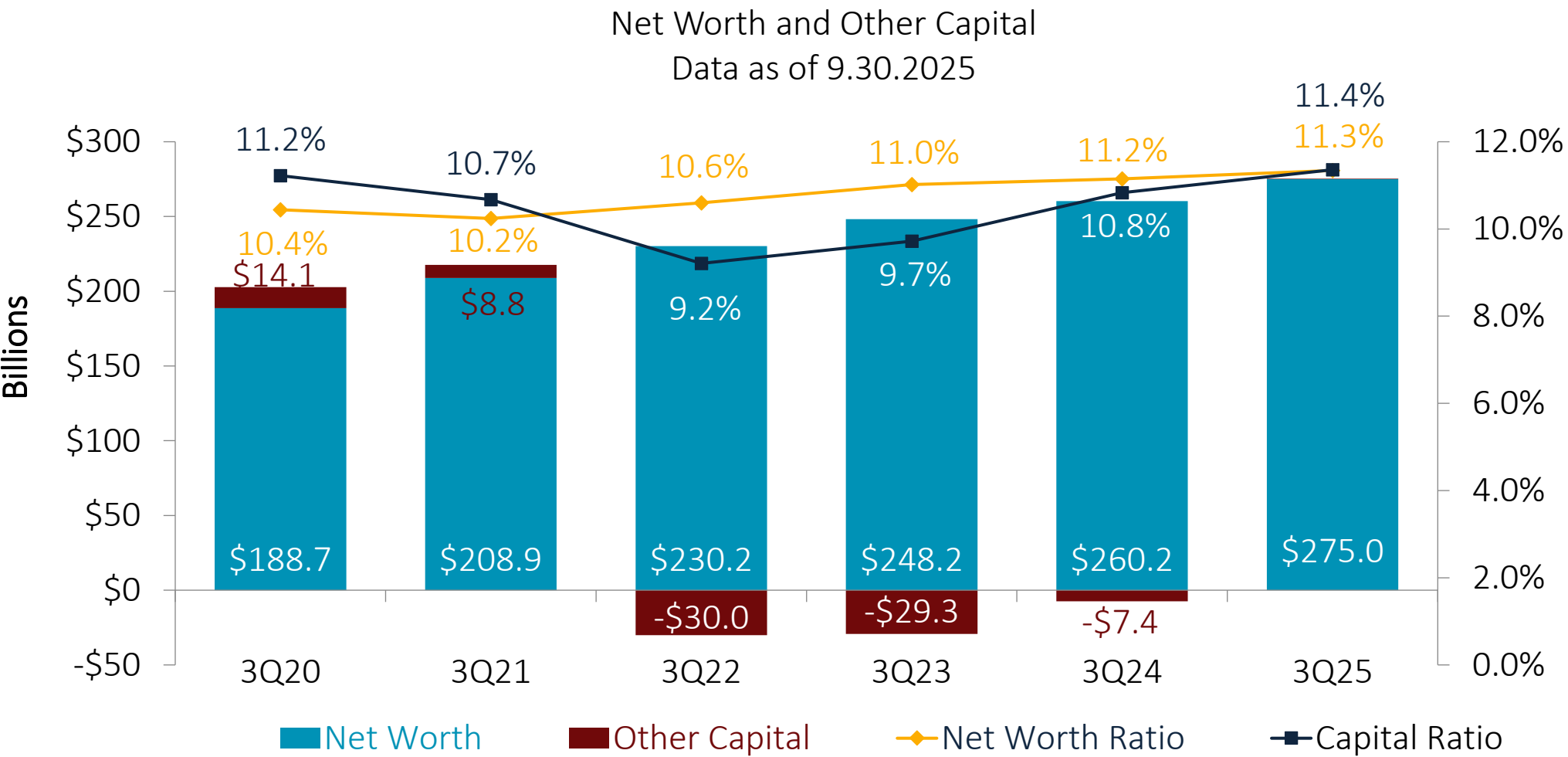


How AI Is Transforming Consumer Lending At Marine Credit Union

The Wisconsin cooperative has implemented auto-decisioning for consumer lending and gives the technology high marks for its impact on member satisfaction, employee engagement, and the balance sheet.

Savana Morie

Capital positions strengthen, expanding capacity to support members



Takeaways and Closing Thoughts

- Credit unions are doing the hard work of being a credit union. It's not glamorous. It's not easy. Growth is often modest, but our focus on consumers is our superpower.
- Credit union balance sheets are positioned to serve amidst any turmoil, but keep in mind that turmoil can come up quickly.
- There is little difference between a bank and a credit union when times are good. It is when times are difficult that credit unions make their impact.

THANK YOU FOR WATCHING



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