



TRENDWATCH 1Q26



May 12, 2026

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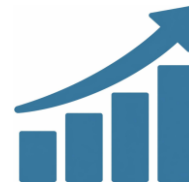
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Today's Lineup

Market Update

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

1Q26 Credit Union Results

*Jon Jeffreys, Chief Executive Officer
Alix Patterson, Chief Strategy & Transformation Officer
Callahan & Associates*

The Backbone of Everyday Families

*Tansley Stearns, president & ceo
orsa credit union*





ALM FIRST

for a partnership built on trust.

May 12, 2026

Callahan Trendwatch

Speaker



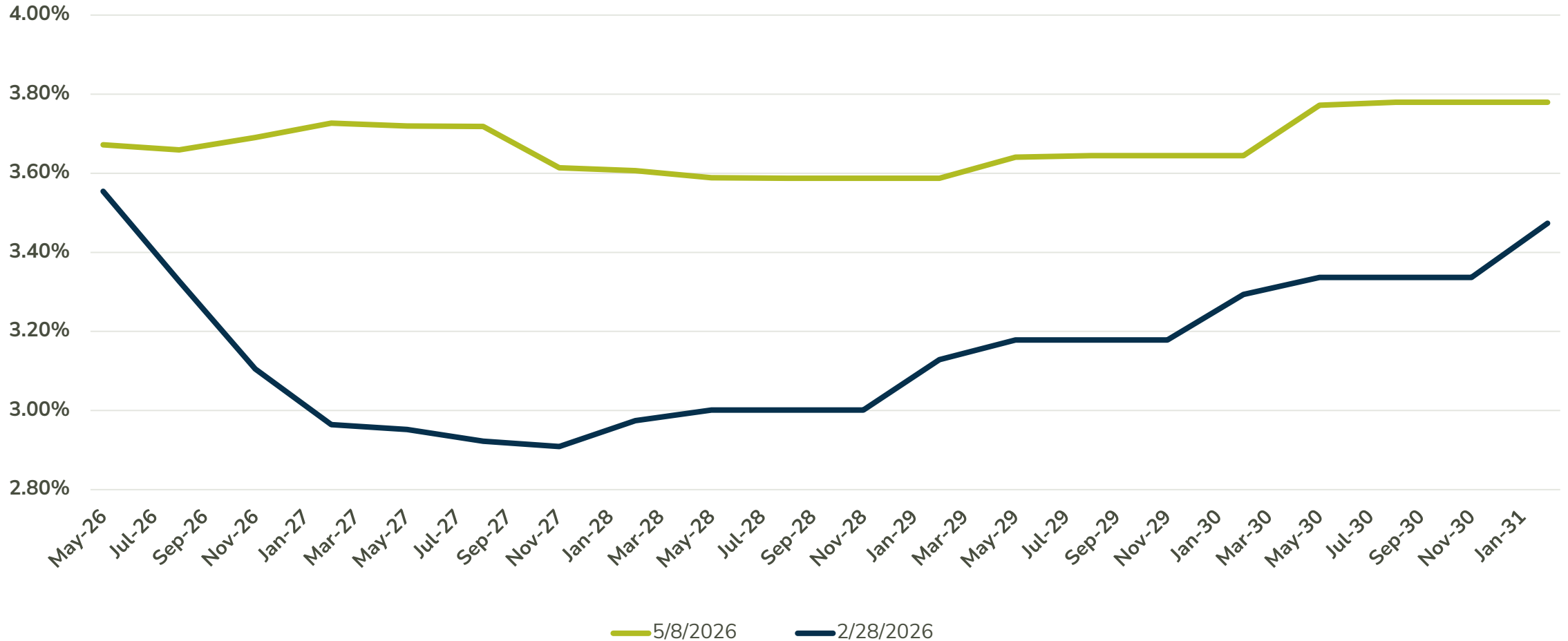
Jason Haley
Chief Investment Officer
ALM First

Current Economic Themes

- **Financial markets shrugging off (most) recent noise**
 - S&P 500 keeps testing new all-time highs despite ongoing Iran conflict and high oil prices
 - Fixed income credit spreads tighter in April; private credit worries lessened
 - General perception that the White House has been seeking and will achieve off ramp to conflict
- **A significant digital infrastructure tailwind**
 - Data center spending and related tech has already exceeded \$650 billion this year
 - 1.5% of the 2% Q1 GDP growth rate came from technology investment
 - Other business investment was negative in Q1 as uncertainty remains high
 - Most investment being funded via public and private debt issuance

Market Now Pricing a Fed on Perma-Hold

Overnight Index Swap (OIS) Forward Rates



Source: Bloomberg; ALM First

Unemployment Claims Remain Historically Low

Initial Jobless Claims (,000s)



Source: Department of Labor; Bloomberg; ALM First

What About the Fed?

- **Kevin Warsh clears important hurdle**
 - Senate Banking Committee approves nominee for next Fed chair
 - Warsh favors a smaller Fed balance sheet and other reforms for how the Fed makes and communicates policy decisions
- **Rate cuts will prove a difficult sell in the current environment**
 - Inflation and inflation expectations trending higher
 - Labor market on solid footing
 - 4 dissenting votes in April FOMC meeting (3 hawkish)

- **Economy on good footing, but plenty of potholes**
 - Growth supported by significant AI infrastructure spending
 - Solid, if not firming, labor market and sticky inflation keeping Fed on the sidelines
 - Escalation of Iran conflict and higher oil prices a real risk for global economy

- **Credit union profitability improved again in Q1**
 - Aggregate ROA/ROE higher versus prior quarter; NIM flat at elevated level
 - Loan delinquencies and net charge-off ratio both lower versus prior quarter
 - Median cost of funds back below 2%

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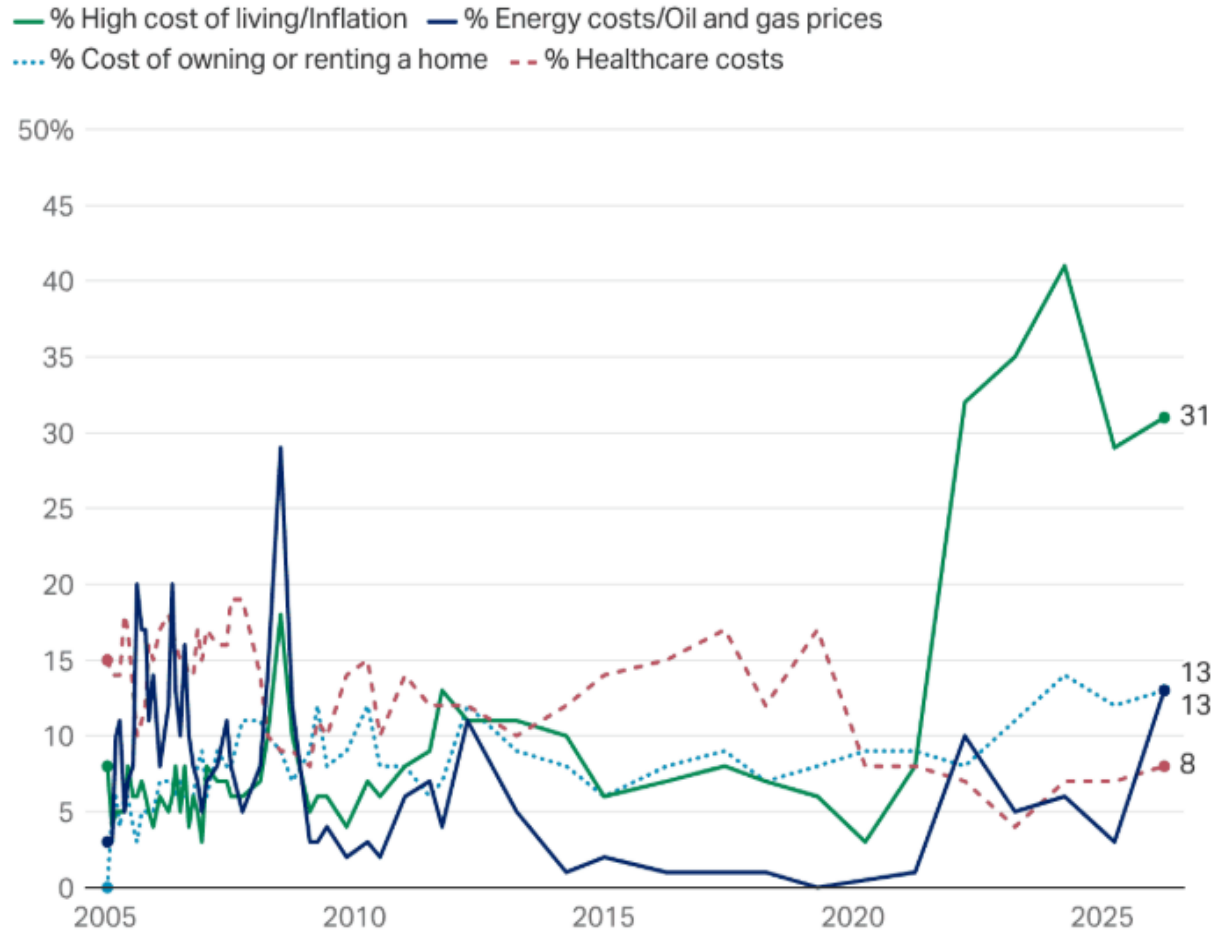


Member Sentiment Shaping Q1 2026 Trends

Americans are concerned about day-to-day life...

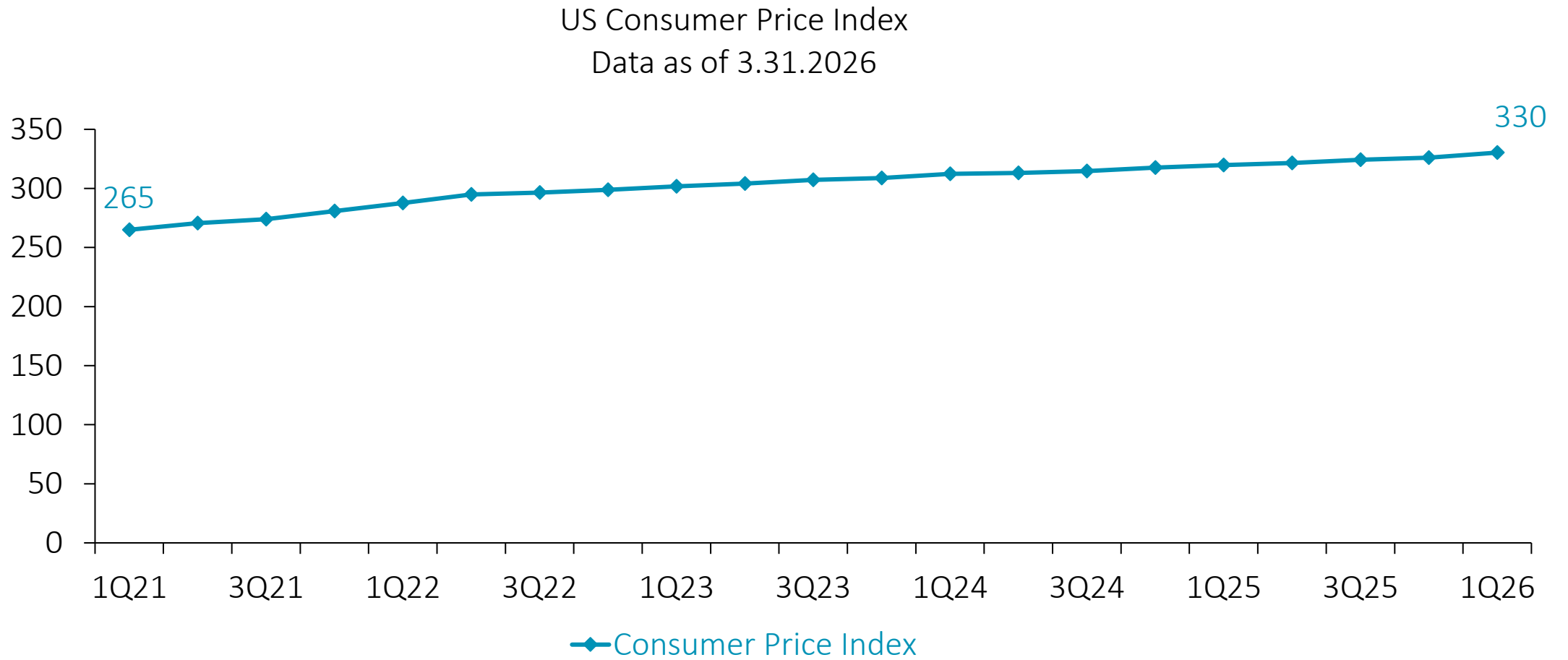
1. High Cost of Living Tops U.S. Financial Worries

What is the most important financial problem facing your family today?



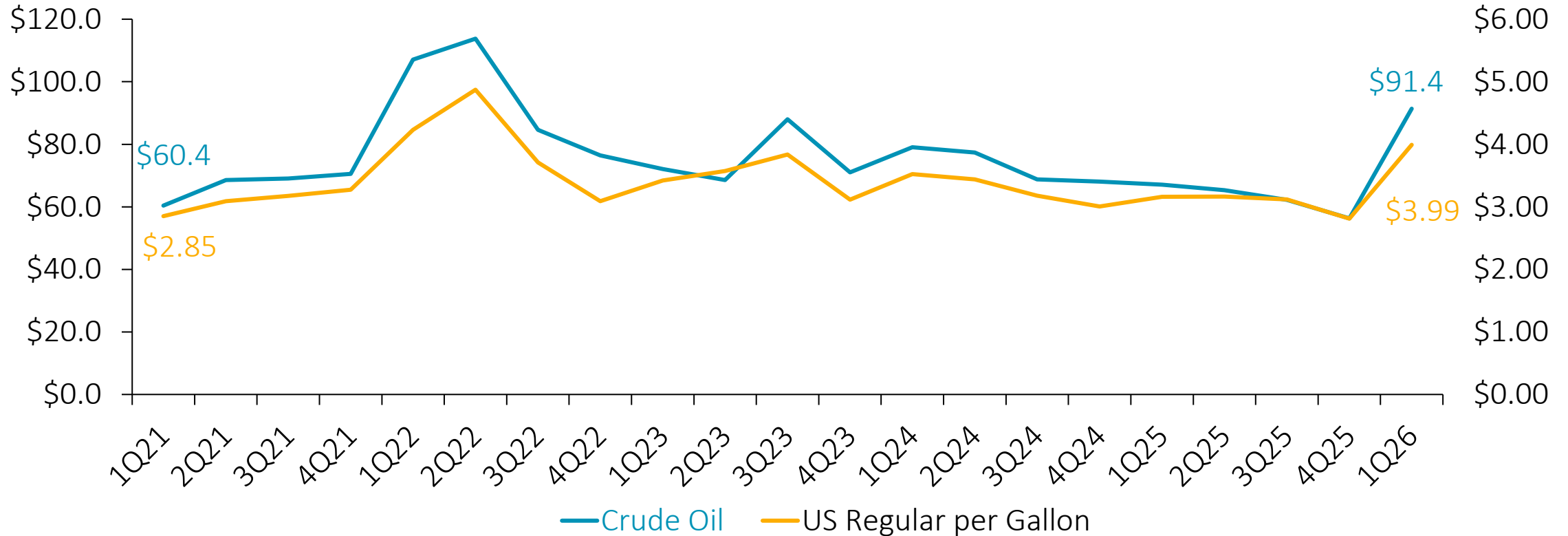
Results based on respondents' verbatim answers to open-ended question

...as prices rise putting pressure on households...



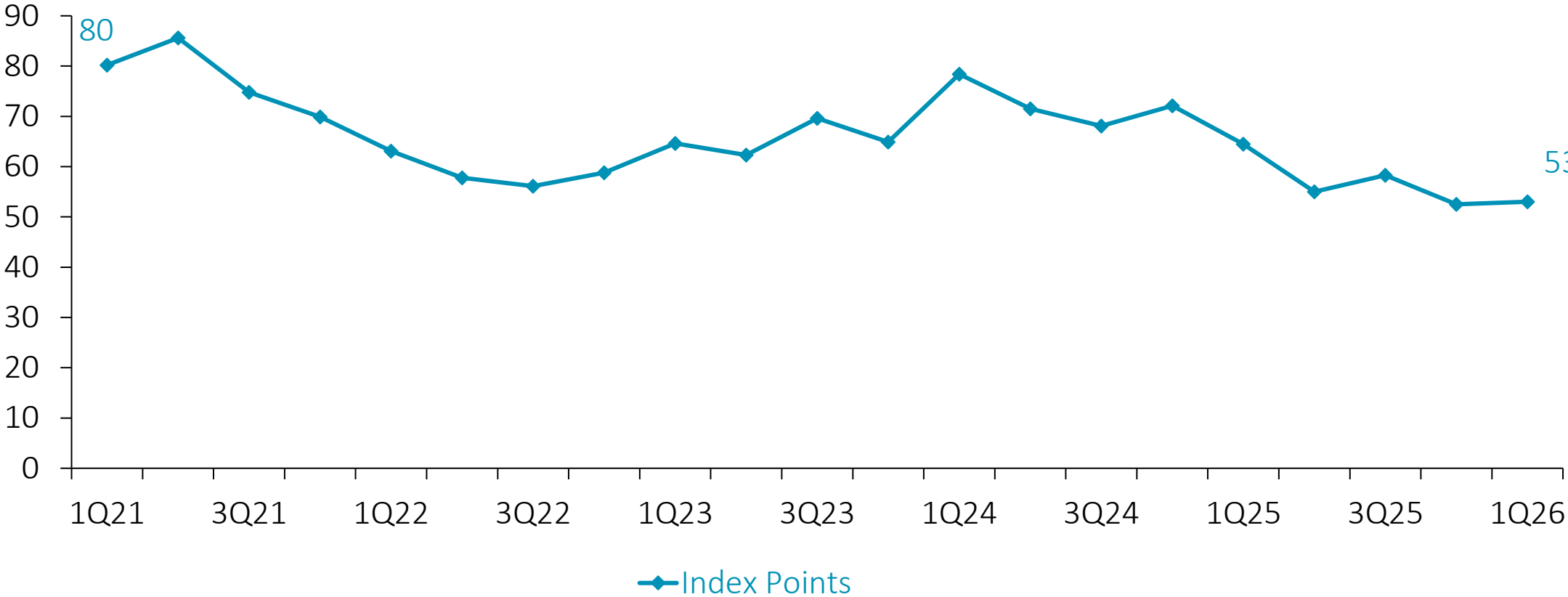
...especially oil prices amid geopolitical strain

U.S. Crude Oil First Purchase Price
Data as of 3.31.2026



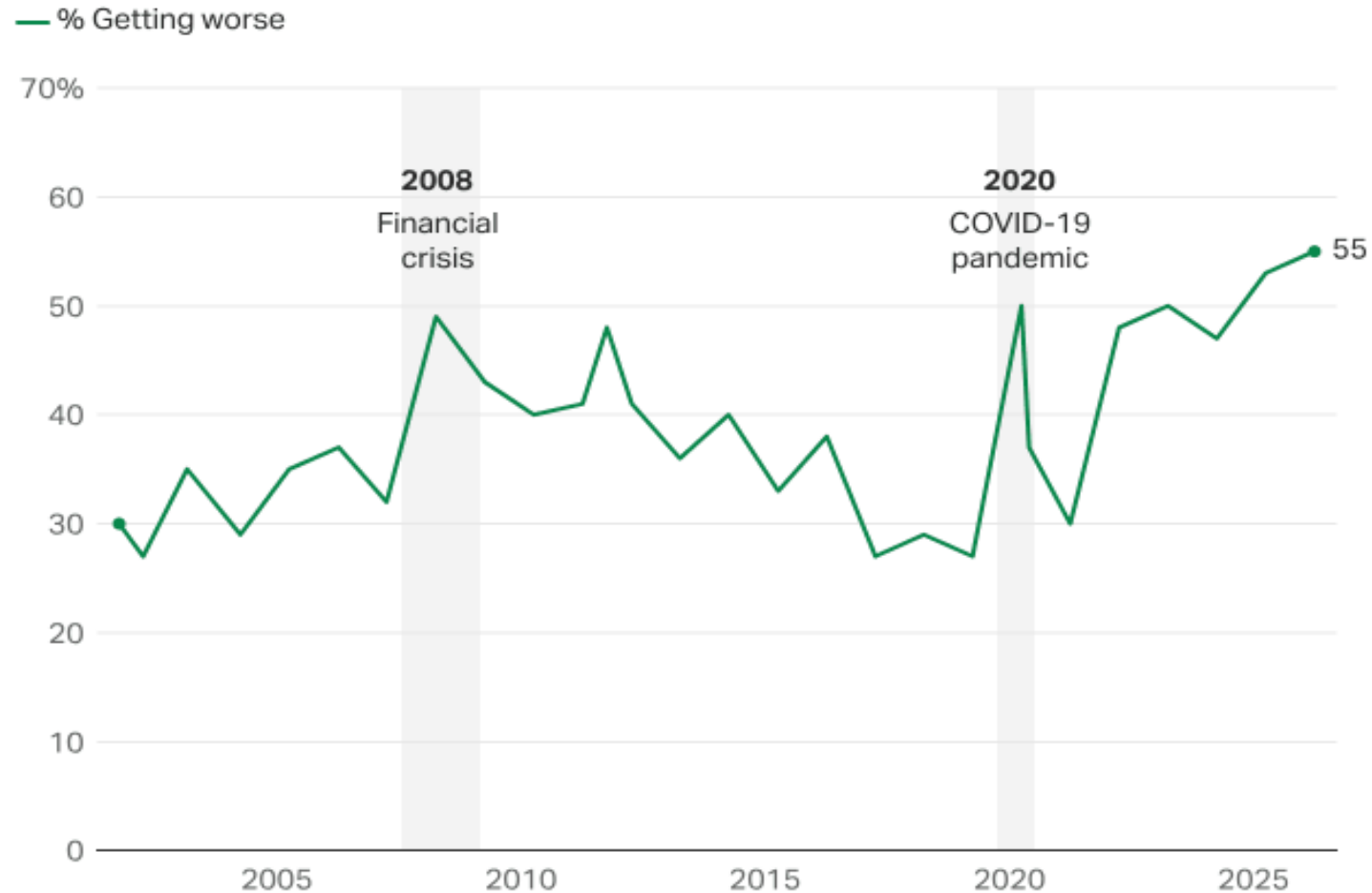
Consumer sentiment has trended down since early 2025...

Index of Consumer Sentiment
Data as of 3.31.2026



...as personal finance outlook continues to worsen.

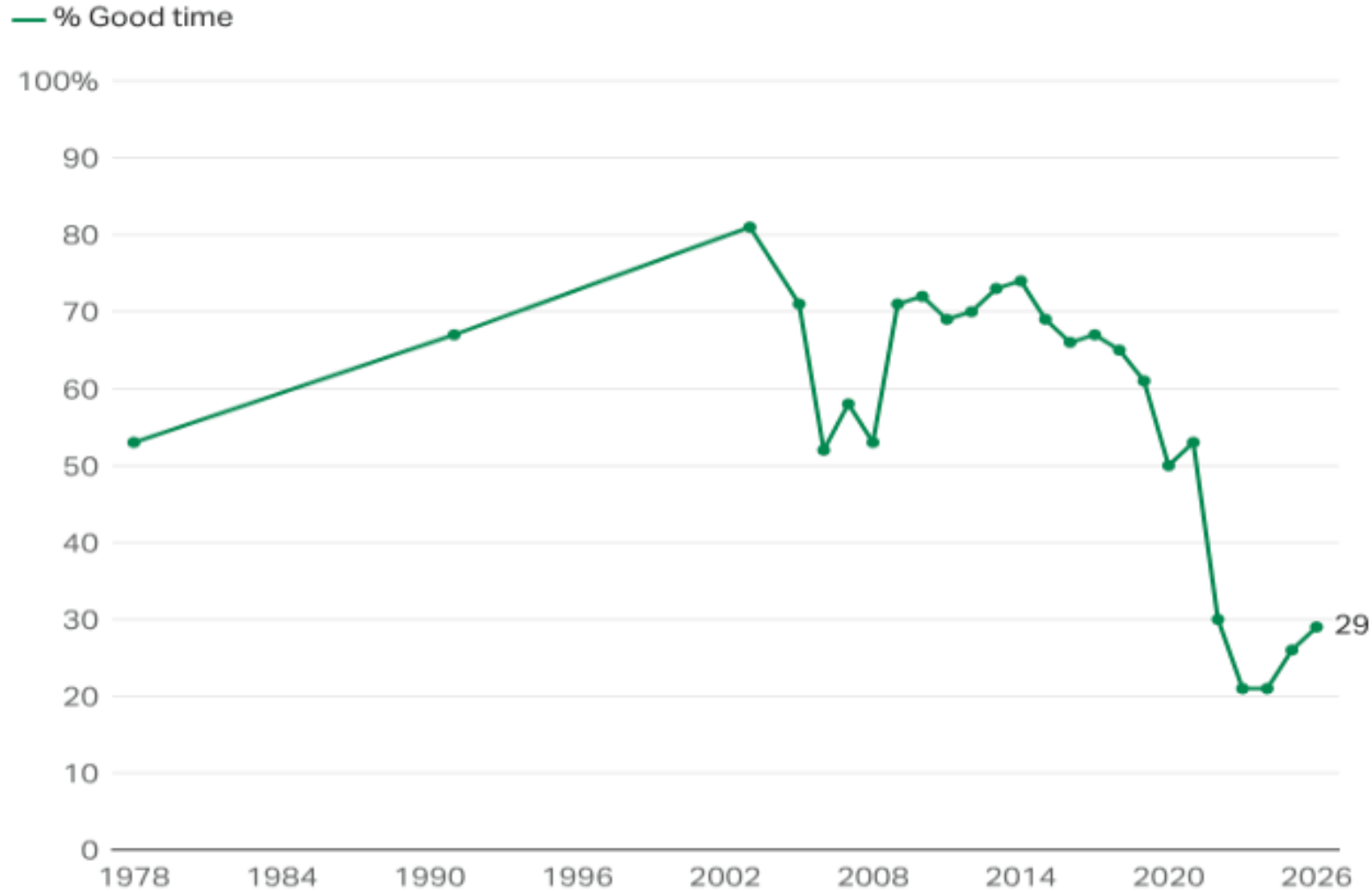
Right now, do you think that your financial situation as a whole is getting better or getting worse?



2001-2003 figures are a selected trend, based on surveys conducted closest to April each year.

Homebuying views broadly negative...

For people in general, do you think that now is a good time or a bad time to buy a house?

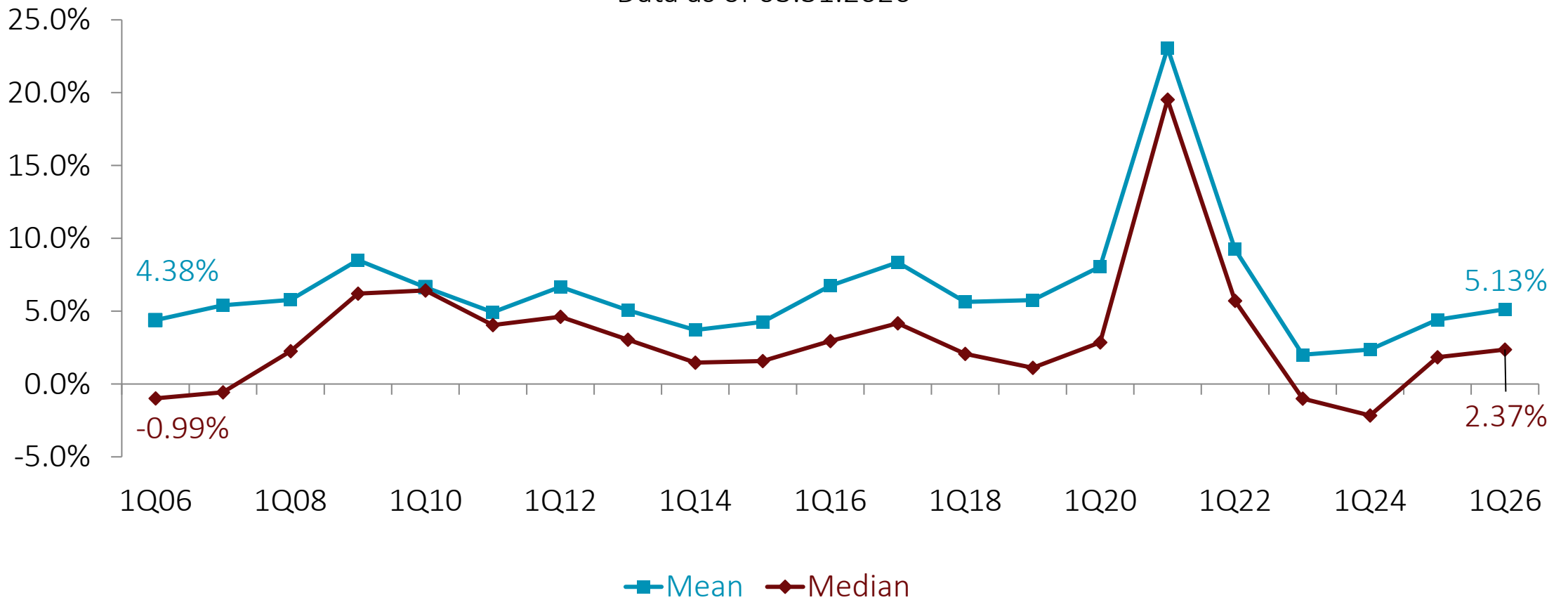


Loan growth surpasses share growth, though member growth slows

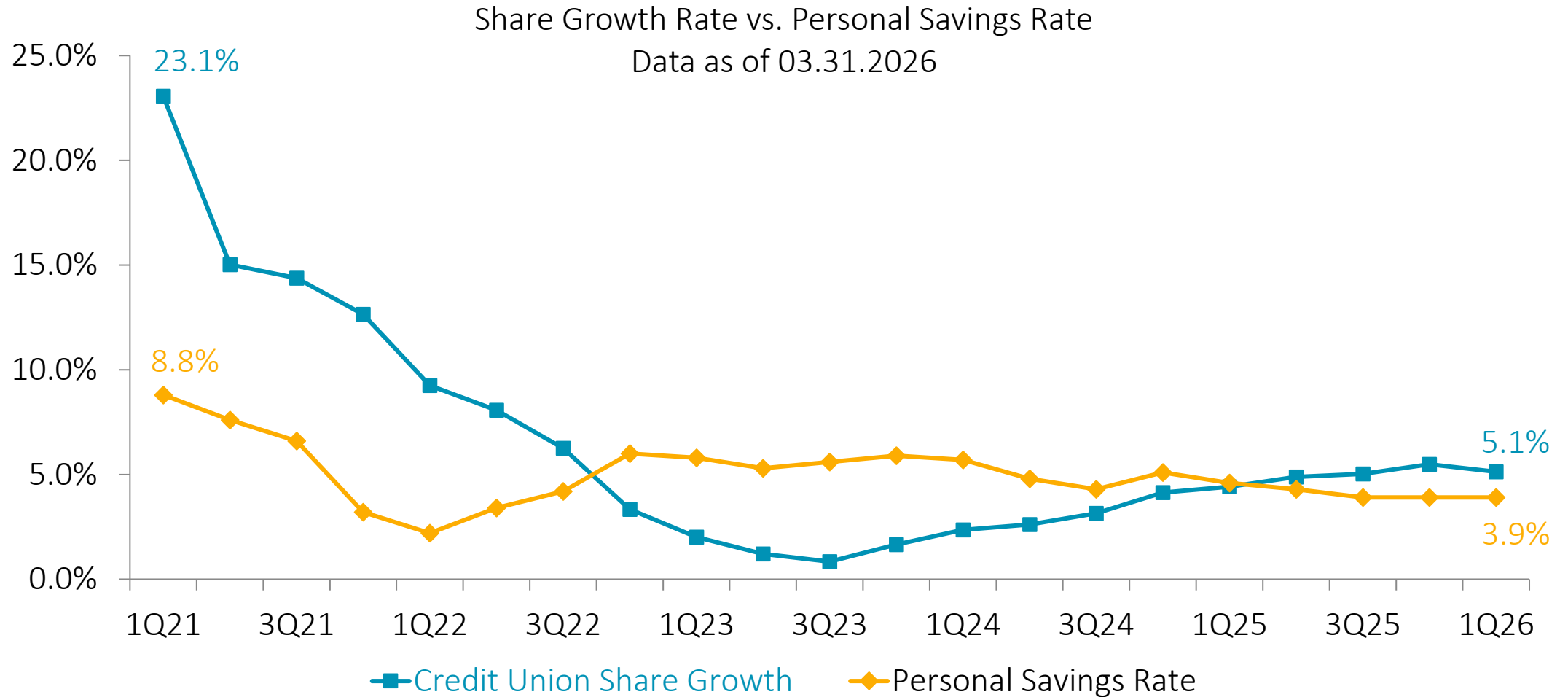
	03/31/2026	12-Mo. Growth	03/31/2025	12-Mo. Growth
Assets	\$2,510.0B	5.0%	\$2,390.2B	2.6%
Loans	\$1,746.3B	4.7%	\$1,668.5B	3.3%
Shares	\$2,145.3B	5.1%	\$2,040.6B	4.4%
Investments (incl. Cash)	\$643.0B	4.7%	\$614.4B	0.2%
Capital	\$286.6B	10.7%	\$259.0B	10.2%
Members	147.2M	1.8%	144.5M	2.0%

Share balances accelerate growth trend

Annual Share Growth
Data as of 03.31.2026

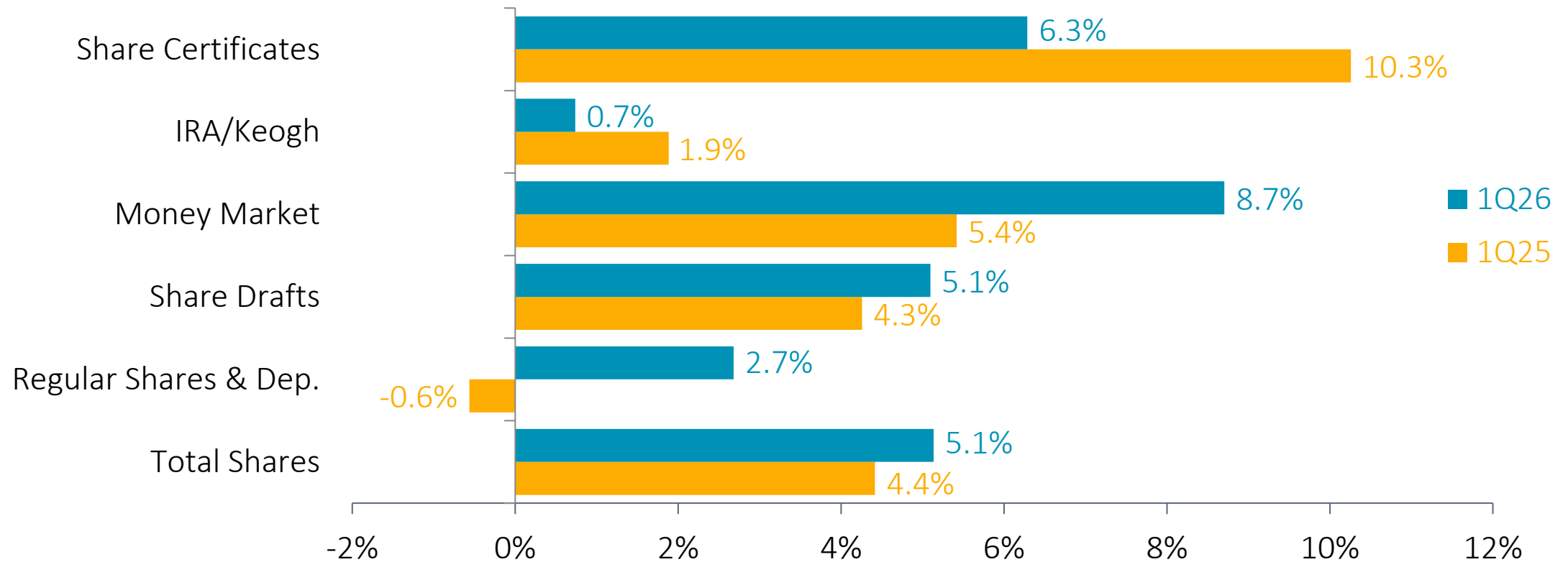


Share growth and the national personal savings rate diverge

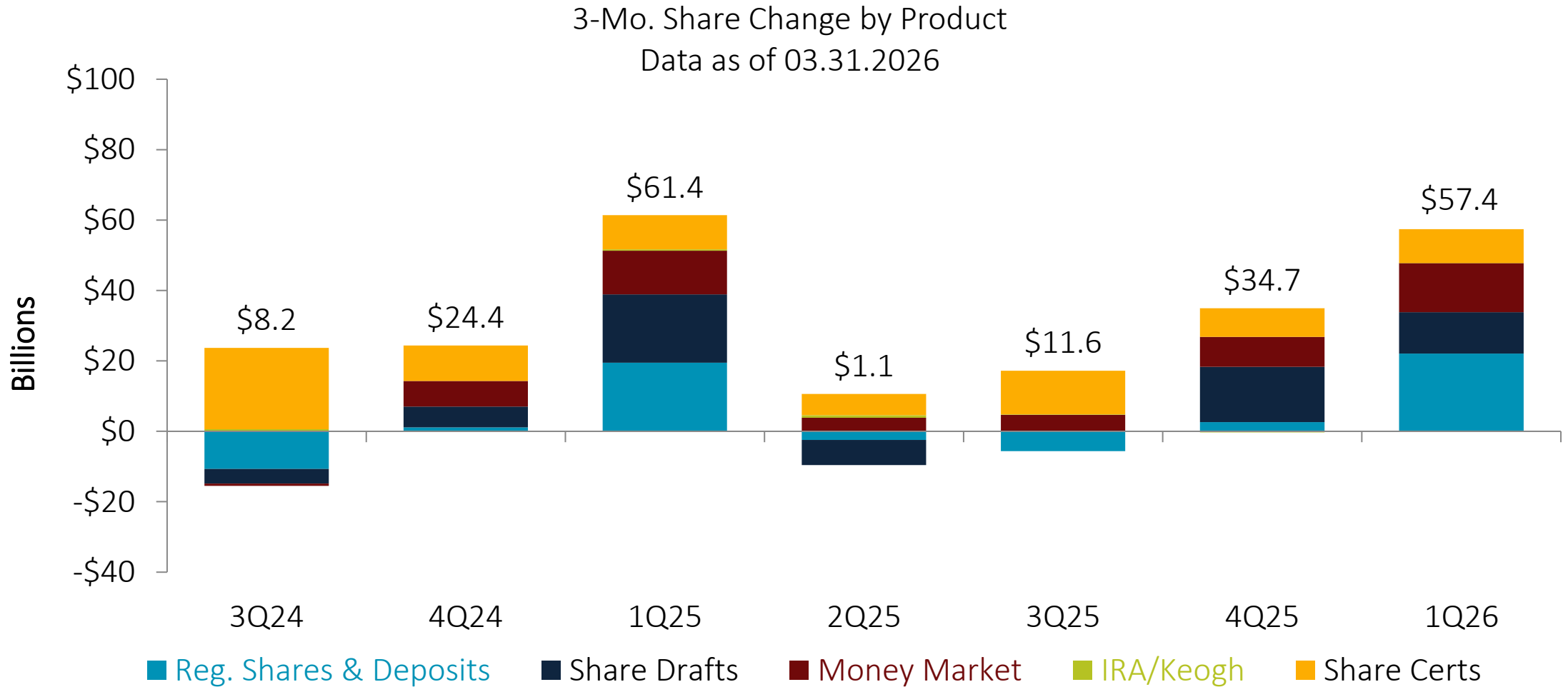


Money market shares replace certificates as fastest-growing share type

12-Mo. Growth in Shares Segments
Data as of 03.31.2026

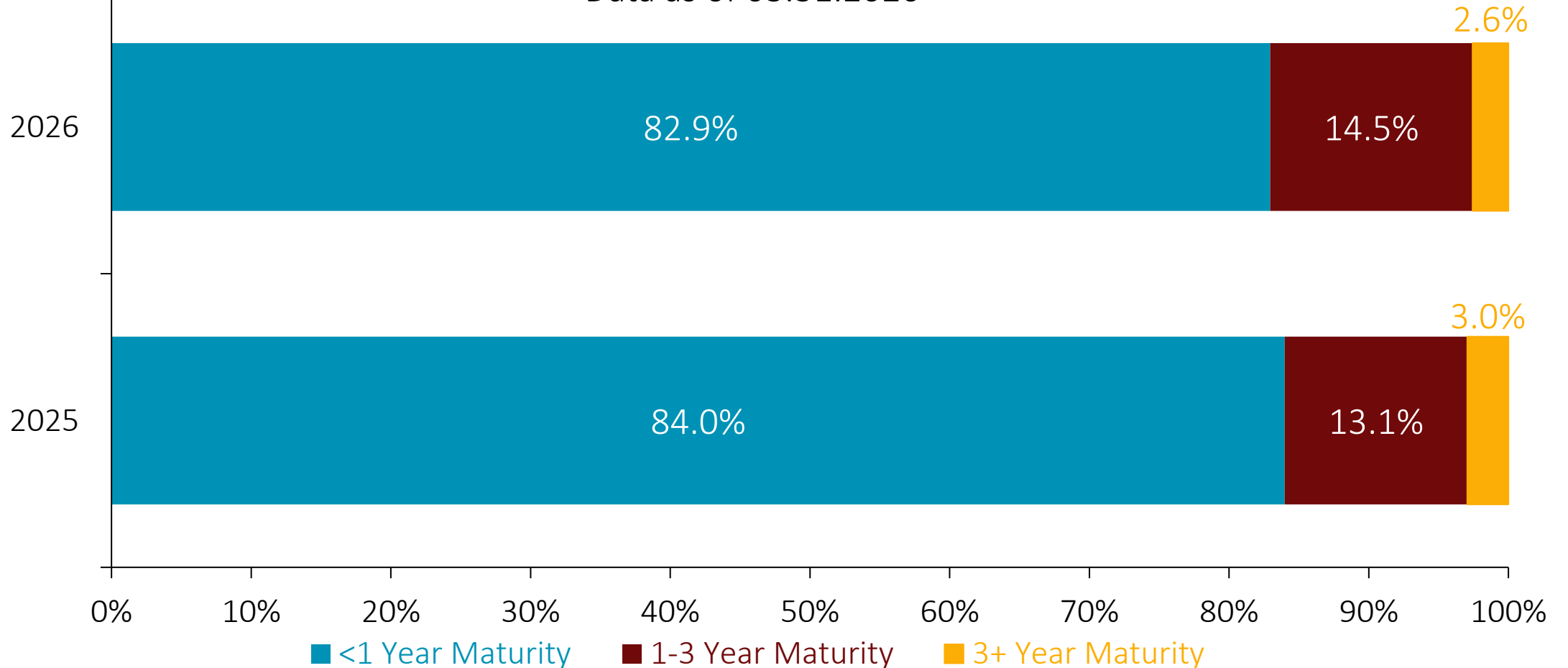


All share types see inflows to start 2026

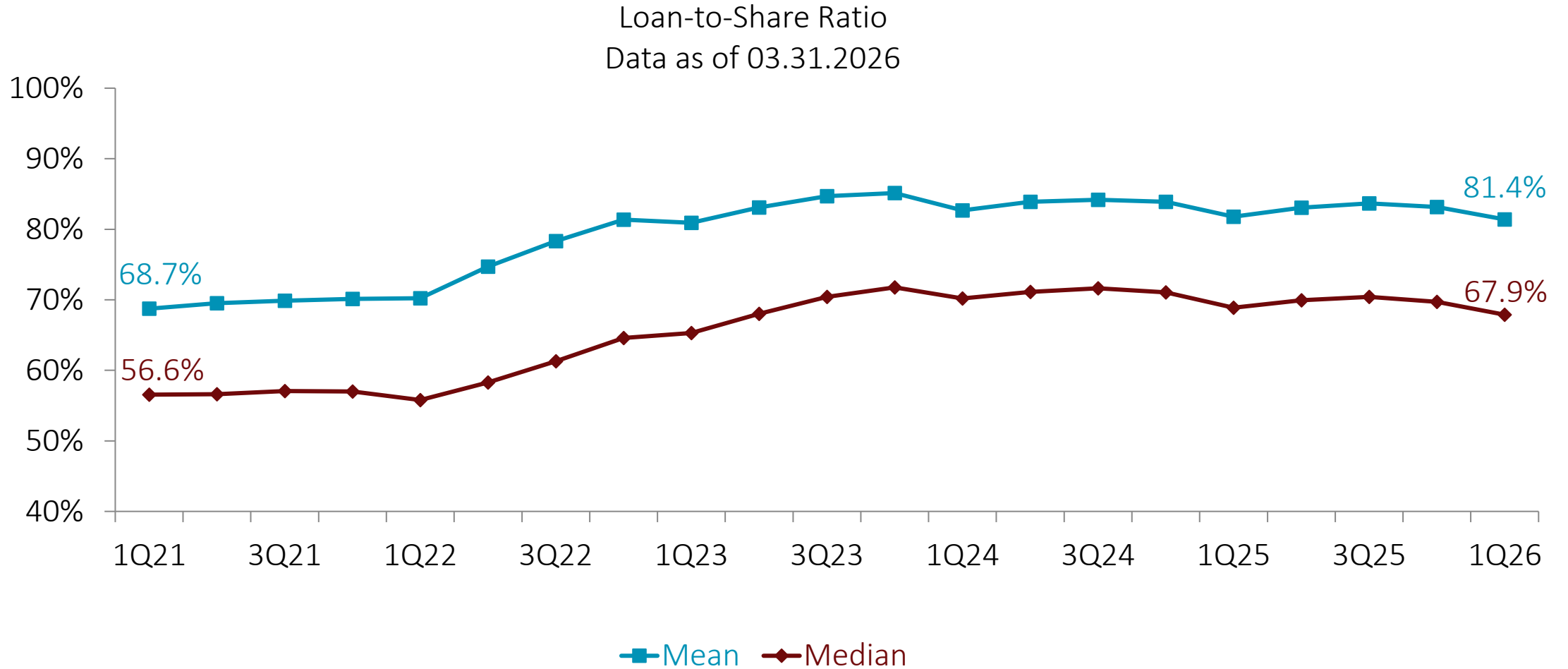


Members continue to leverage shorter maturity CD's, could put pressure on cost of funds if rates rise.

Share Certificate Maturity Distribution
Data as of 03.31.2026



Loan-to-Share declines as members increase liquidity



The Wealth – and Relationship – Transfer



- \$124 trillion in assets will change hands by 2048 — and with it, the financial relationships those households carry
- The animating principle is straightforward: a member with a \$50K inheritance deserves the same care and attention as one with a million
- The solution: An affordable online estate-planning platform + in-person workshops, webinars + one-on-one investment advisory services = meeting members wherever they are in the process

“This is where credit unions have always been strong: providing personal service and one-on-one guidance regardless of affluence?”

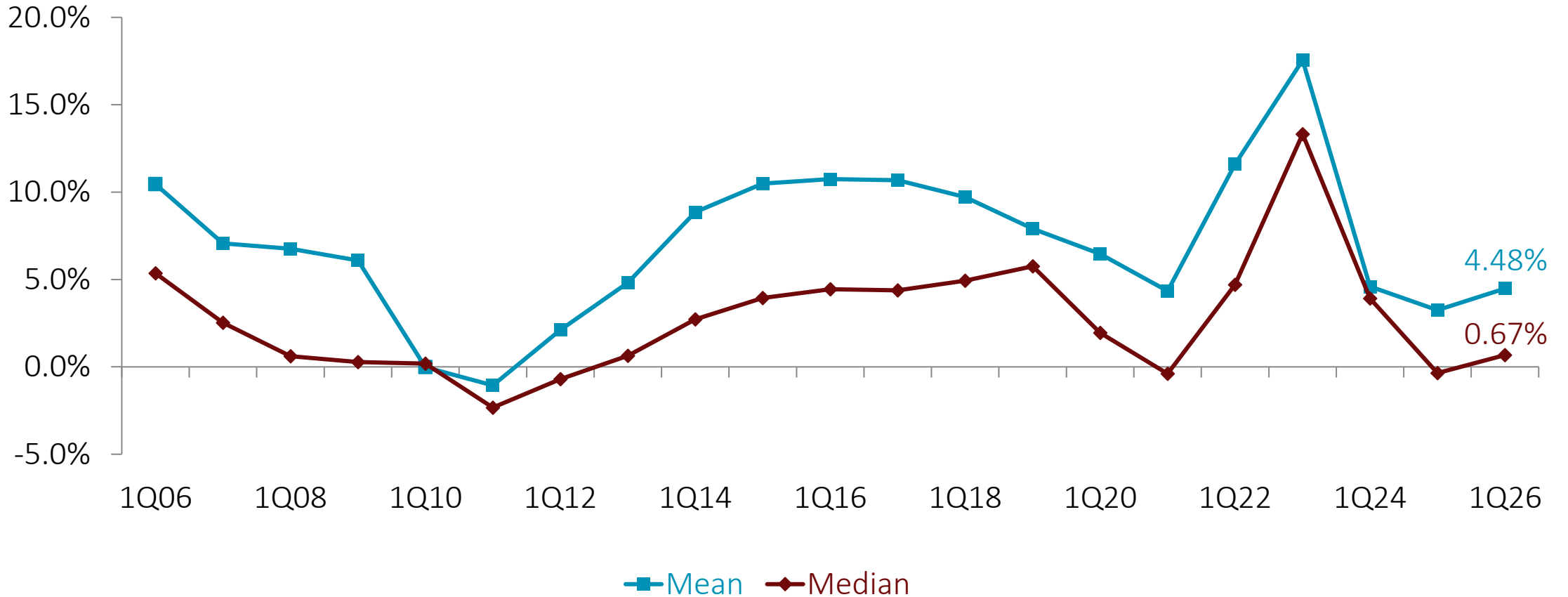
- Tom Montilli, Chief Operating Officer



Lending: Real Estate Activity is Strong

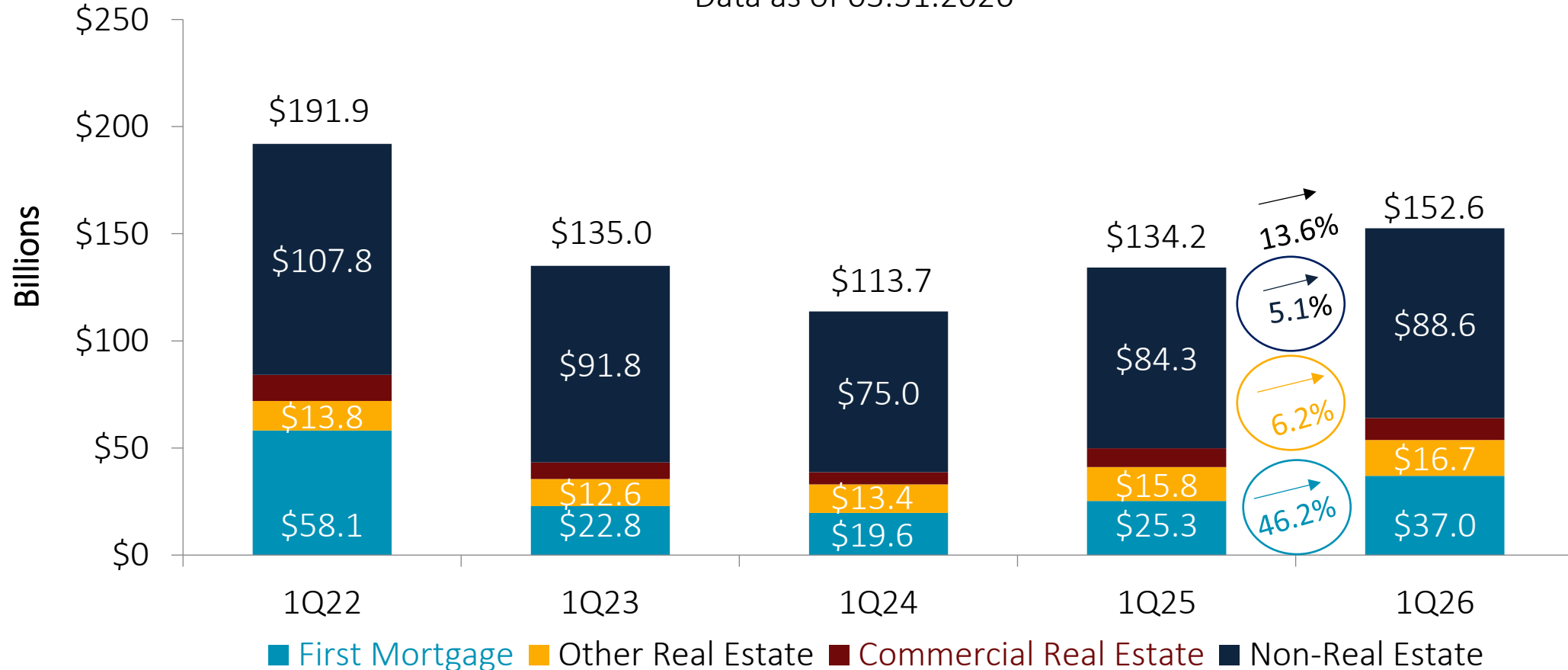
On the balance sheet, loan growth ticks up slightly

Annual Loan Growth
Data as of 03.31.2026



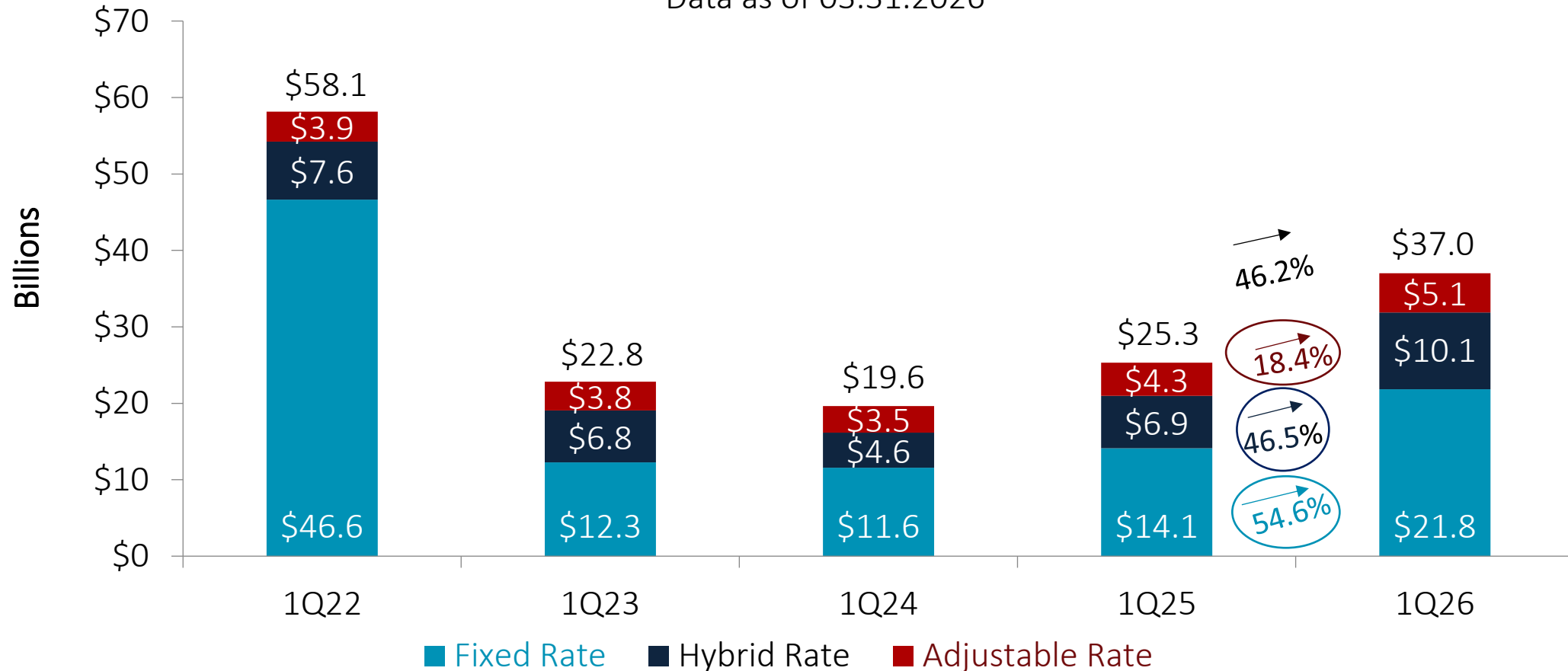
While originations grow 14%, fueled by real estate lending

YTD Loan Originations
Data as of 03.31.2026



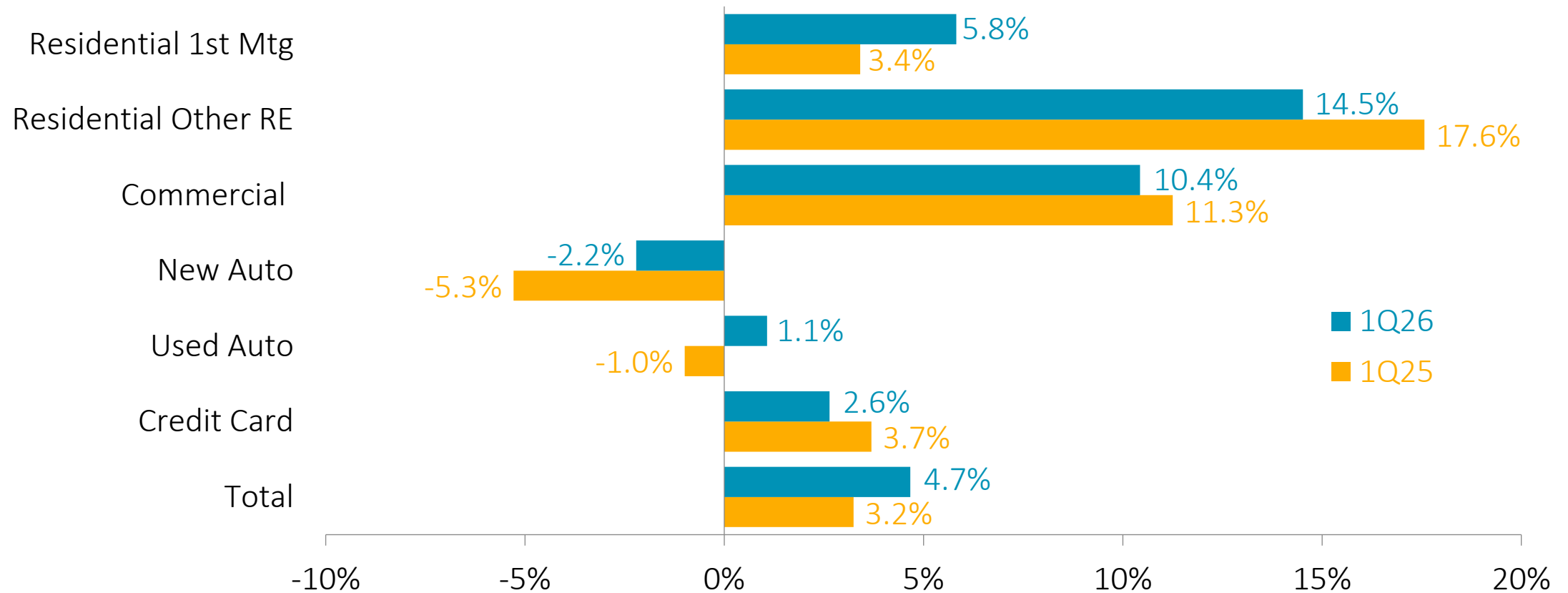
With elevated rates, members starting to turn to ARMs

YTD First Mortgage Originations by Type
Data as of 03.31.2026

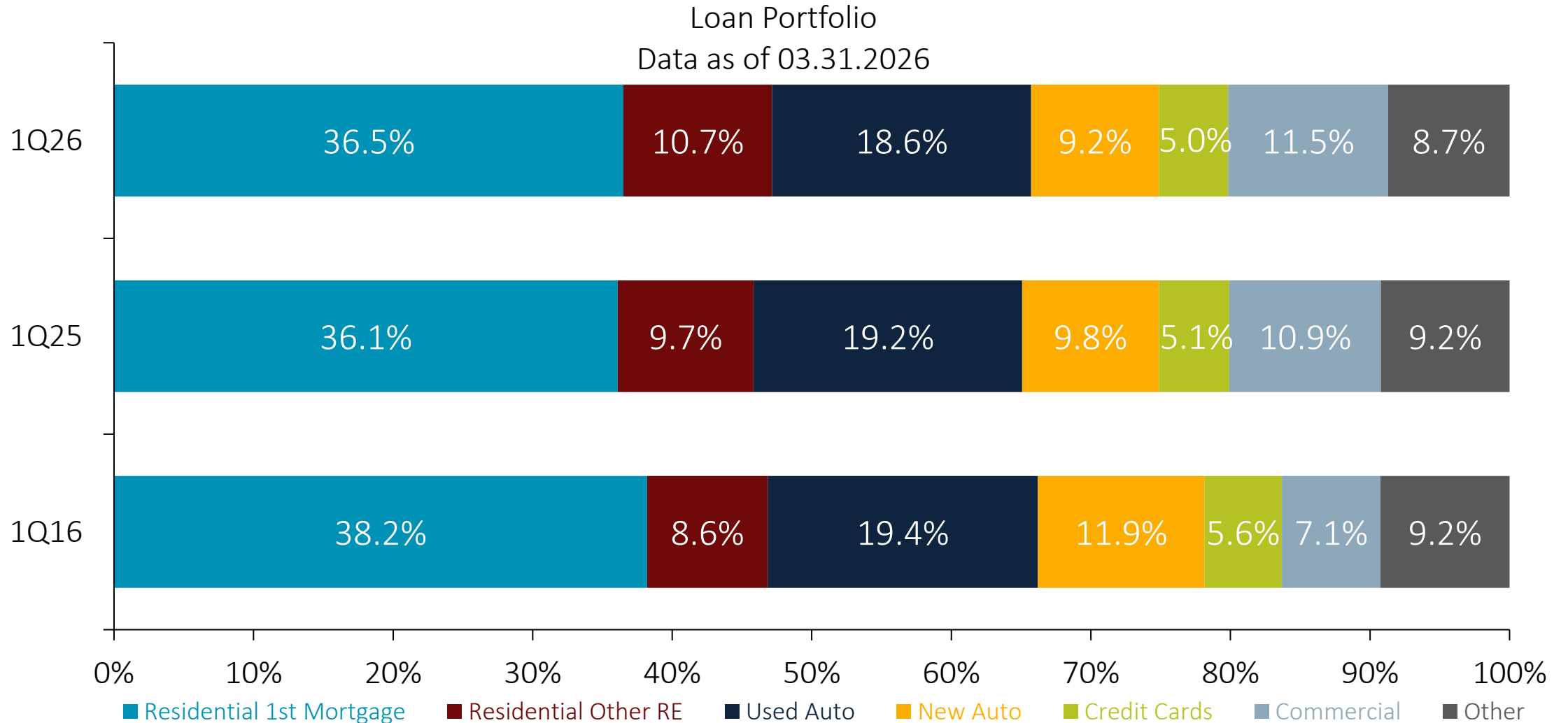


Positive growth across the real estate portfolio, while some weakness in consumer. Commercial continues its growth trajectory

Annual Growth in Loans Outstanding
Data as of 03.31.2026



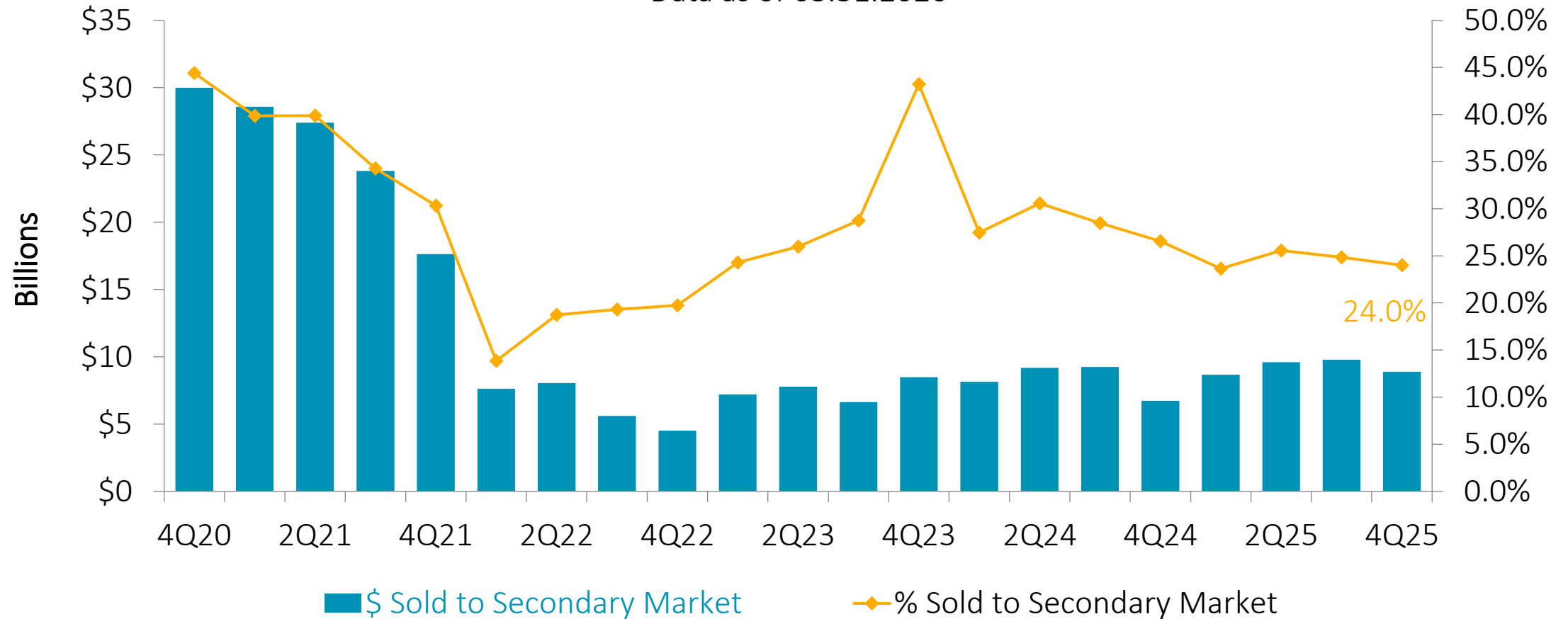
Slight changes to loan portfolio composition year over year, but...



Secondary market continues to be a tool to manage liquidity and help with interest rate risk, while generating non-interest income

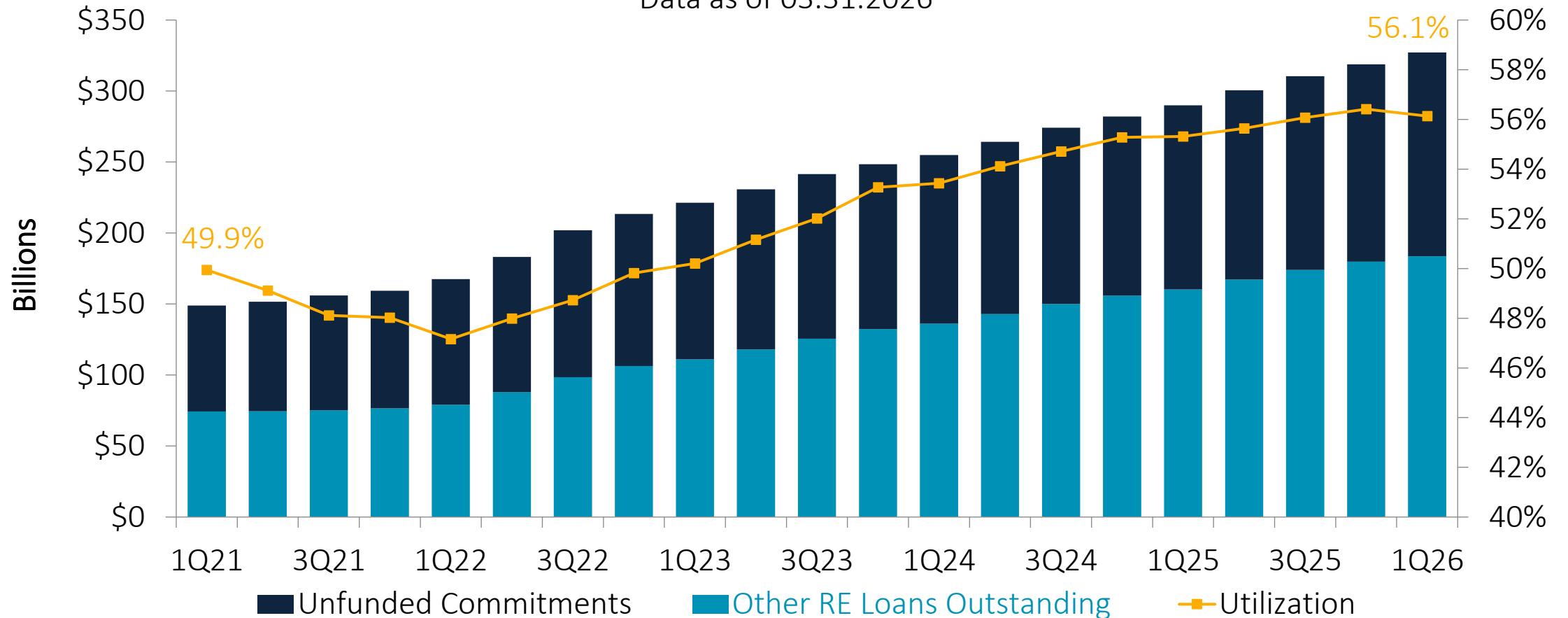
\$ Sold to Secondary Markets by Quarter and % Relative to Mortgage Originations

Data as of 03.31.2026



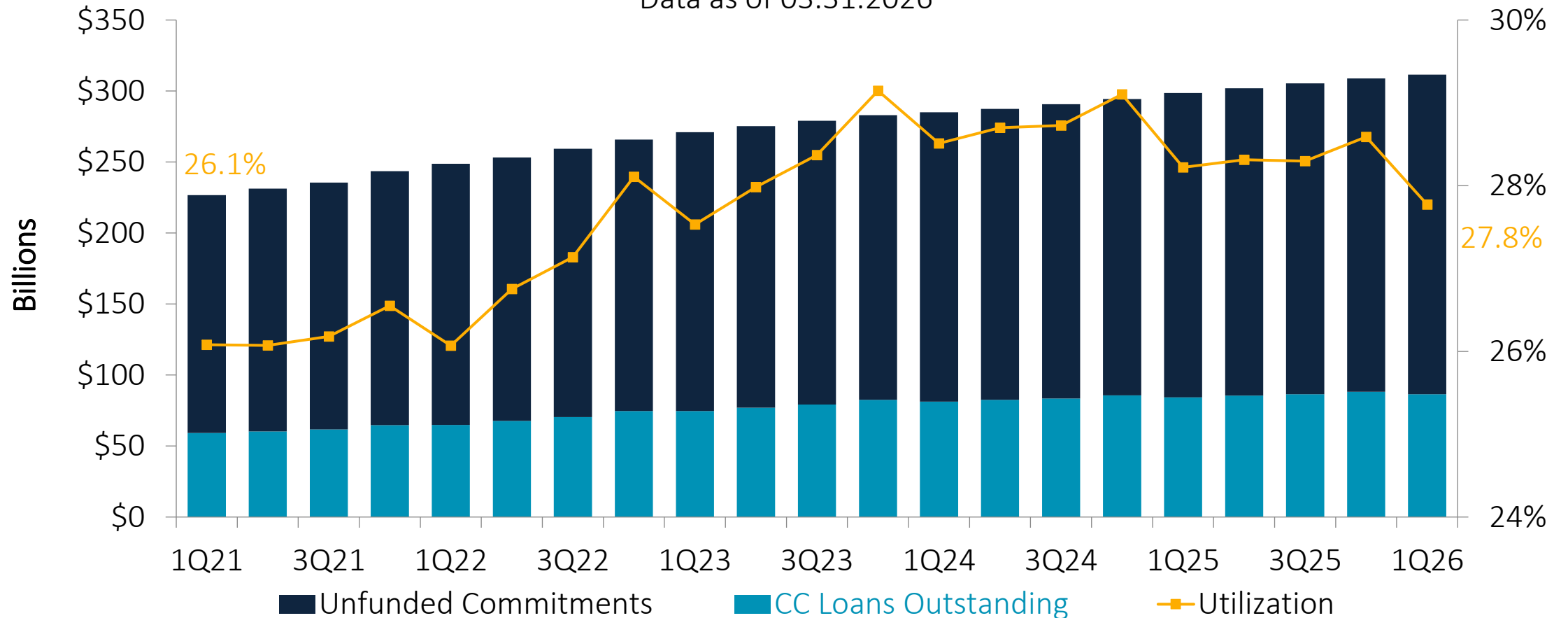
Those members with equity in home are leveraging credit unions at increasing pace.

Total HELOC Balances and Utilization
Data as of 03.31.2026

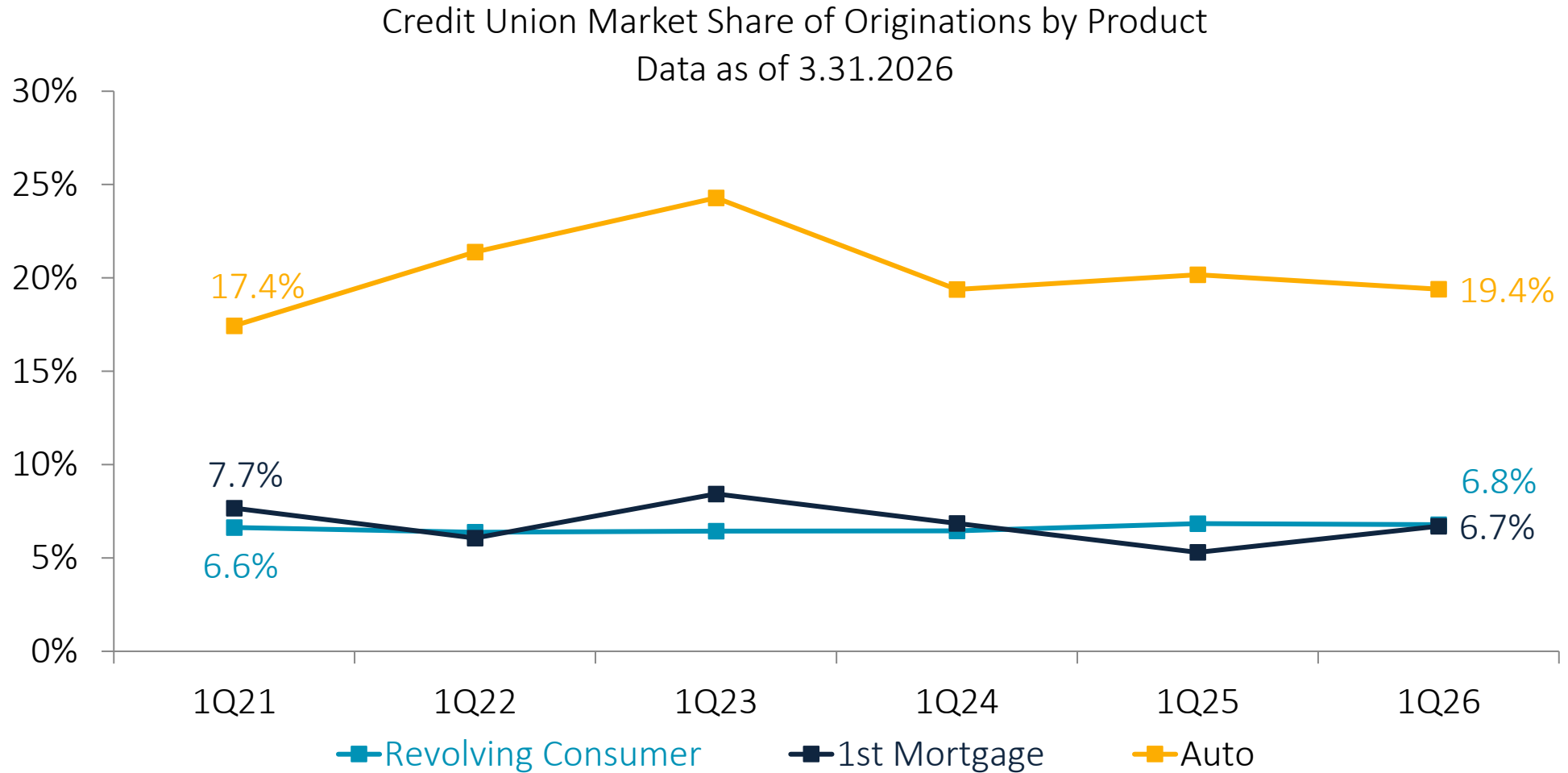


Credit card utilization falls as members as member liquidity increases

Total Credit Card Lines and Utilization
Data as of 03.31.2026

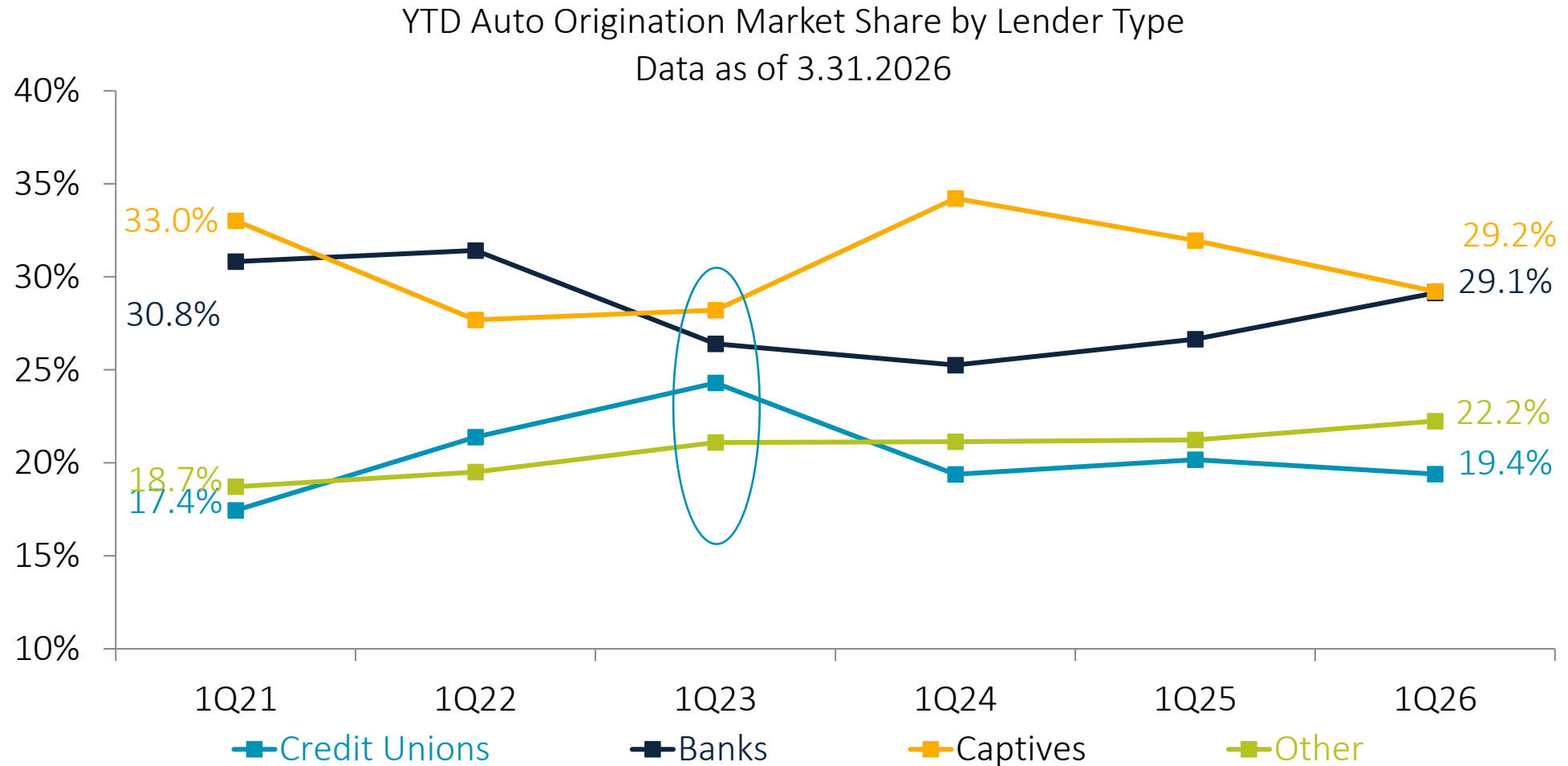


Market share remains steady across key lending buckets

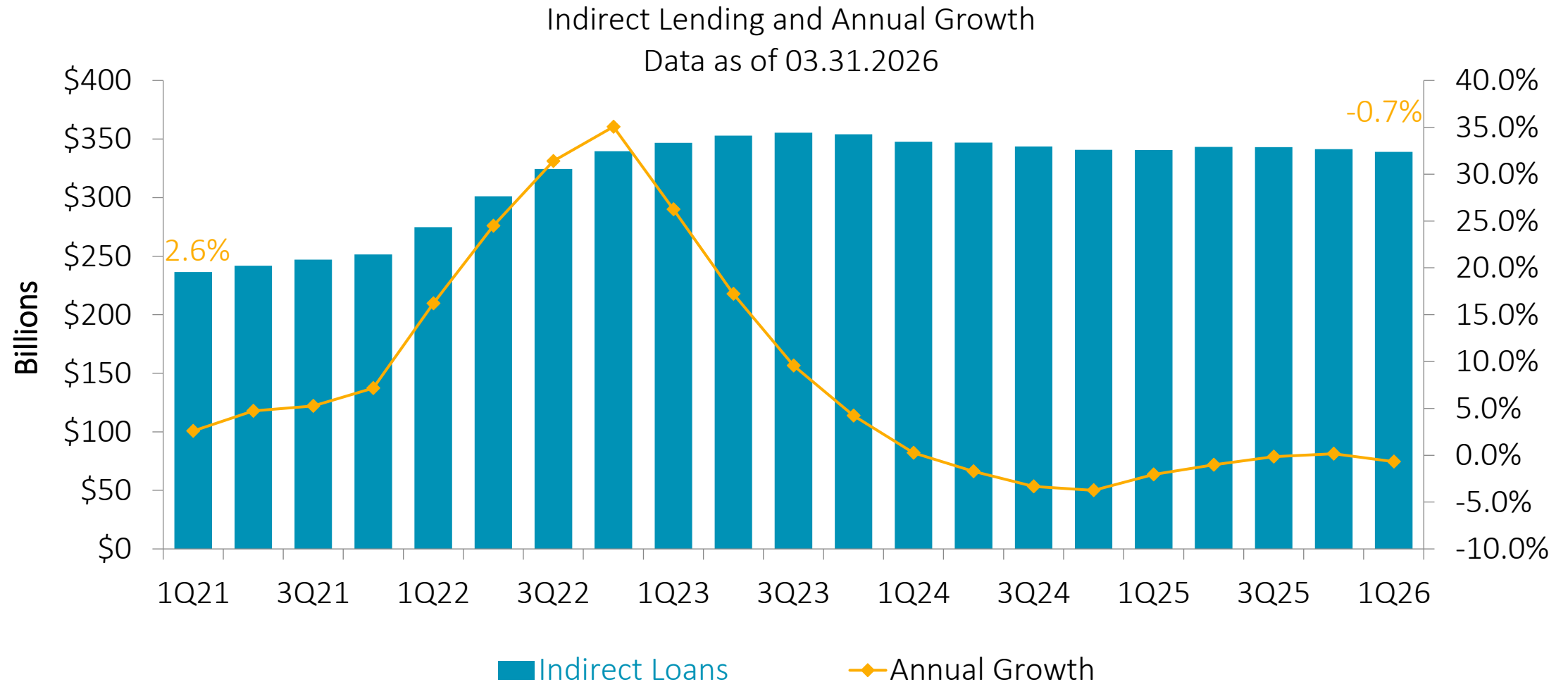


Source: The Federal Reserve, Mortgage Bankers Association, Experian

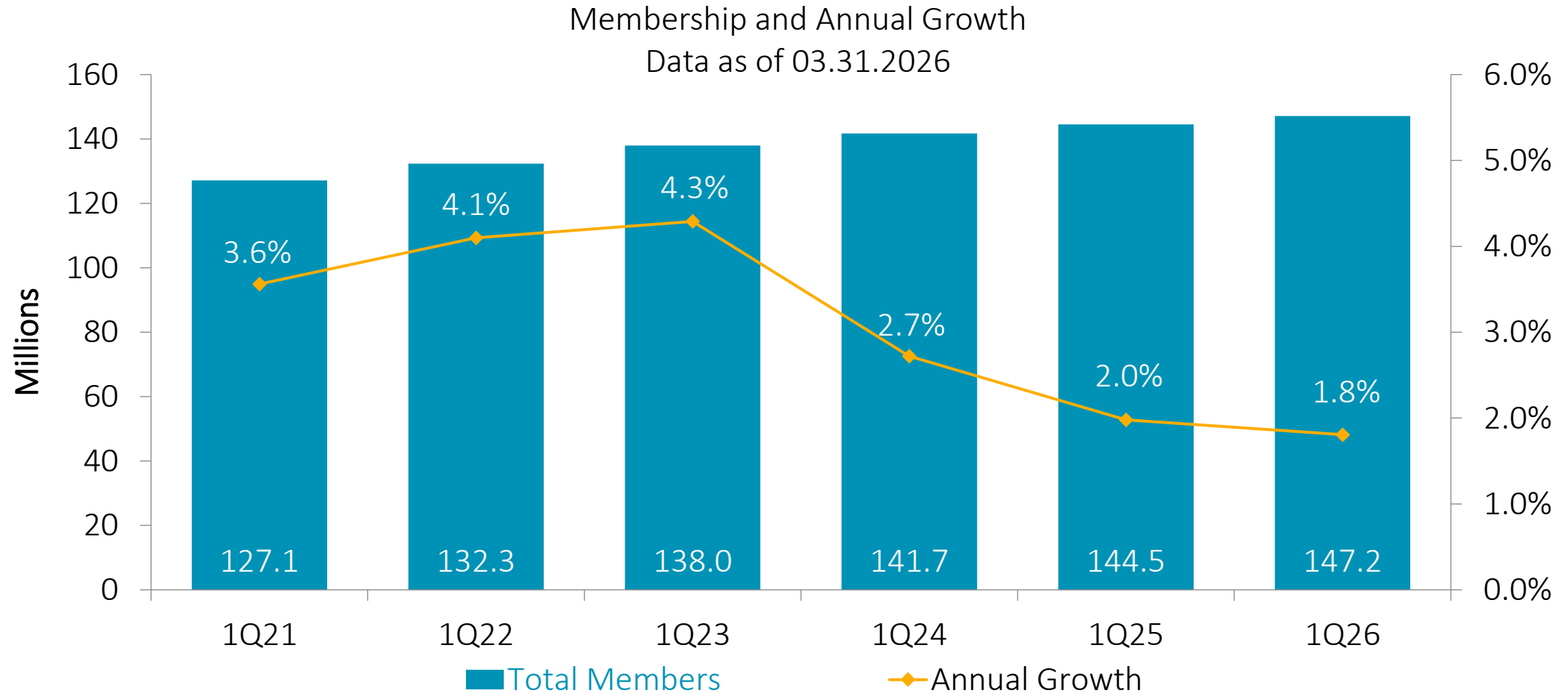
As credit unions slow down indirect, other lenders capturing market share in autos



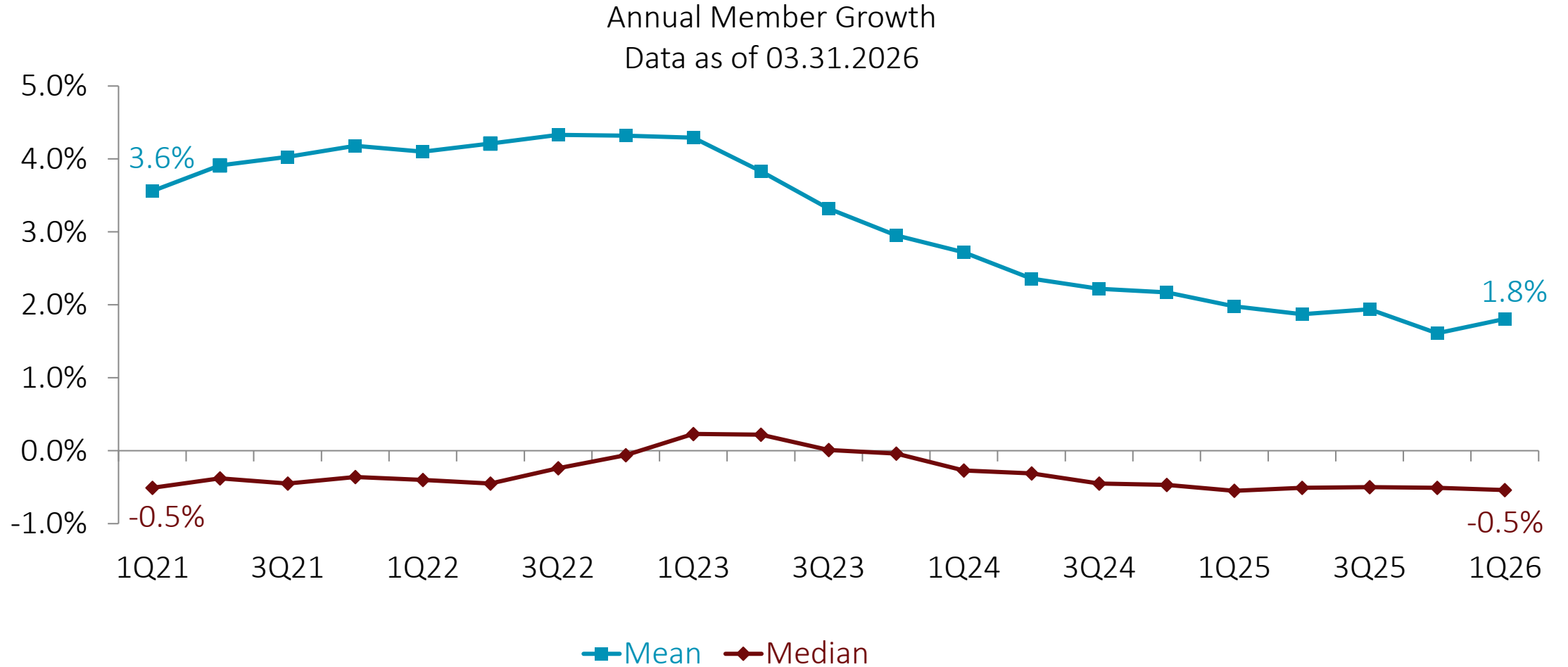
Industry continues to move away from indirect lending



Despite growth trending down, the industry added 2.7M members over the past year

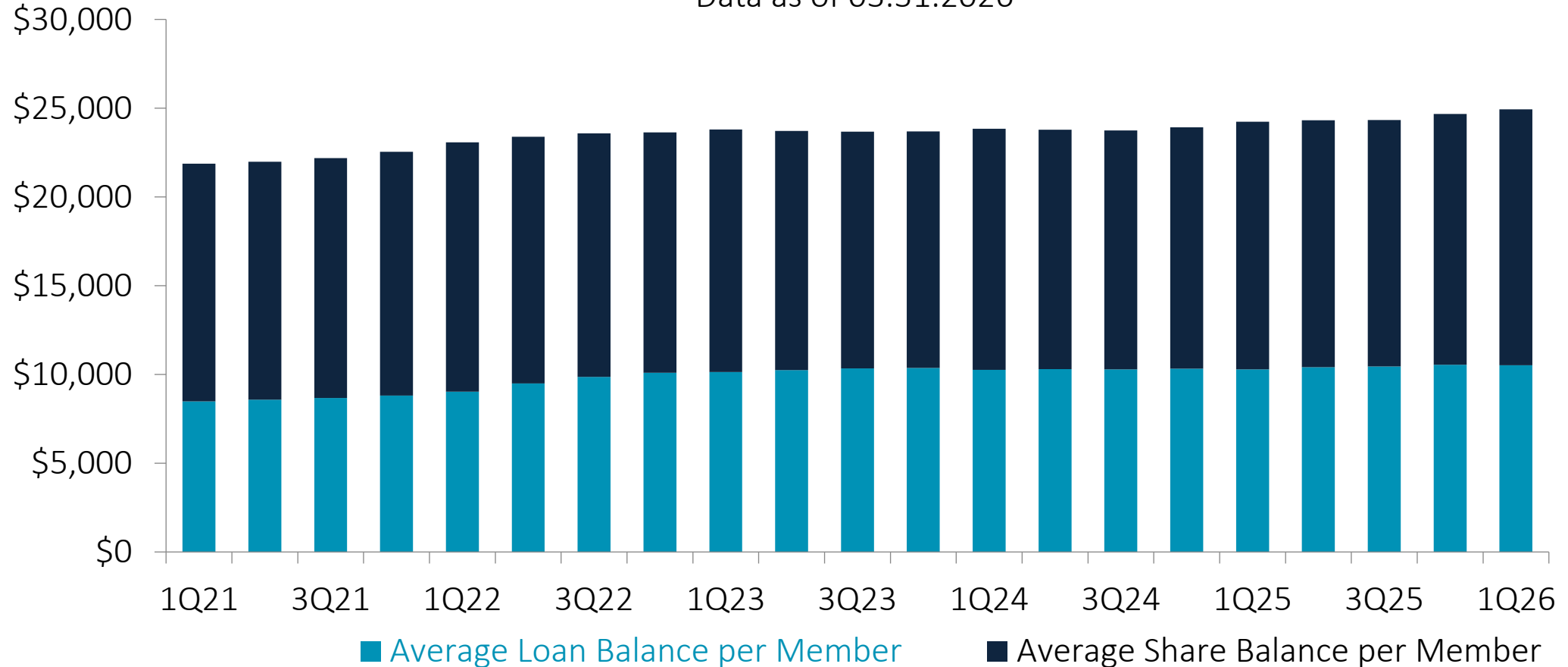


Smaller credit unions losing members



Share balances drive deepening relationship per member

Average Member Relationship
Data as of 03.31.2026



The Awareness Cliff

Two generations. Two different barriers. One solution is being applied to both.

40%

of Gen Z non-members do not know much about credit unions

vs. 16% of Boomers. A 24-point awareness gap by generation.

19%

of Gen Z non-members are unsure how to join

vs. 6% of Boomers. Eligibility confusion triples across generations.

14%

of Gen Z cite branch access as a barrier

vs. 26% of Gen X. Gen Z is not looking for a branch.

58%

of all non-members cite bank satisfaction as their barrier

Inertia, not ignorance, is the dominant overall barrier.



The Backbone of Everyday Families

backbone.us

History of Backbone



WE **STAND** AS ONE.

We Are 31 Members Strong!

BECU (Washington)

Cardinal Credit Union (Ohio)

Credit Union 1 (Alaska)

Element Federal Credit Union (West Virginia)

Ent Credit Union (Colorado)

Evergreen Credit Union (Maine)

Everwise Credit Union (Indiana)

First Tech Federal Credit Union (Oregon)

FourLeaf Federal Credit Union (New York)

GoWest Credit Union Association
(OR/WA/ID/CO/AZ/WY)

Great Lakes Credit Union (Illinois)

Johns Hopkins Federal Credit Union
(Maryland)

League of Credit Unions & Affiliates
(AL/GA/FL/VA)

Loyalty Credit Union (FL)

Merck Employees Federal Credit
Union (New Jersey)

OneAZ Credit Union (Arizona)

ORNL Federal Credit Union (Tennessee)

orsa Credit Union (Michigan)

PenFed Credit Union (Virginia)

Red Rocks Credit Union (Colorado)

Redwood Credit Union (California)

Rivermark Community Credit Union (Oregon)

SchoolsFirst Federal Credit Union (California)

Tarrant County's Credit Union (Texas)

Vantage West Credit Union (Arizona)

Velera

Verity Credit Union (Washington)

Visa

WEOKIE Federal Credit Union (Oklahoma)

Westerra Credit Union (Colorado)

Wright-Patt Credit Union (Ohio)

WE STAND AS ONE.

Backbone in 2025: At a Glance

Highlights

**[TRIPLE
PUNDIT]**

Americans Are More Money-Stressed Than Ever.
Credit Unions Are Stepping Up to Help.

Parents

In a Cashless Culture, Parents Have To Think
Differently About Teens' Financial Literacy

U.S. News & WORLD REPORT

Are Hybrid Bank Accounts Worth It?

Forbes

Financial Stress Is Making Us Lonely: How Credit
Unions Are Helping

**EVERYONE'S
TALKIN'
MONEY**

Am I Actually Broke? The Truth About
Money Dismorphia

YOUTH TODAY

Youth financial education (literally)
pays off

Backbone in 2025: At a Glance

Expanded Coalition

11 to 29

Expanded Reach

Business, Families, Millennials, Gen Z, Women, Journalists

Expanded Visibility

2.6M+ earned media views

1.25M+ podcast followers

400+ reporters and consumers through NYCU



2026 Goals

- Shape a national consumer narrative that positions credit unions as the backbone of everyday communities and among the most trusted institutions in the United States.
- Prioritize reaching younger consumers, particularly Gen Z and Millennials, through targeted framing and channels.
- Maintain a clear and consistent throughline across storytelling and shared points of view that reinforce the value of cooperative, community-rooted financial institutions.
- Earn coverage with highly visible media outlets that grow the credibility of the coalition.
- Grow the coalition by demonstrating the value of Backbone through visibility, coordination, and shared impact.
- Support stronger earned media competencies with member credit unions through coalition engagement.

The two most important are more coverage and more organizations participating.

Our Target Audiences

Primary Audiences

- Gen Z and Millennial consumers making early financial decisions
- Gen Z and Millennial parents that often give financial advice to Gen Z and Millennial audiences
- Credit union industry leaders and communicators, including coalition members and prospective members

Secondary Audiences

- National reporters covering finance, economy, culture, lifestyle, and community impact
- Influencers and content creators (whether individual, platform, or organization) covering finance, economy, culture, lifestyle, and community impact
- Credit union-specific platforms and channels (e.g., CUInsight, CUbroadcast) - This is necessary to *grow the coalition and gain more momentum for Backbone's growth.*

Learnings from 2025

backbone.us

The shared PR model works

Pooling resources allows credit unions of all sizes to access national caliber PR and amplify impact none could achieve alone

Syndicable stories multiply impact across markets

Stories designed for broad relevance can be used nationally and brought to life locally

Engagement fuels momentum

This coalition is most effective when members actively contribute ideas, stories, and collaboration

WE **STAND** AS ONE.



WE STAND AS ONE.


Tansley Stearns, President and CEO
tansley@cfcu.org

Corlinda Wooden, Community Director
cwooden@backbone.us



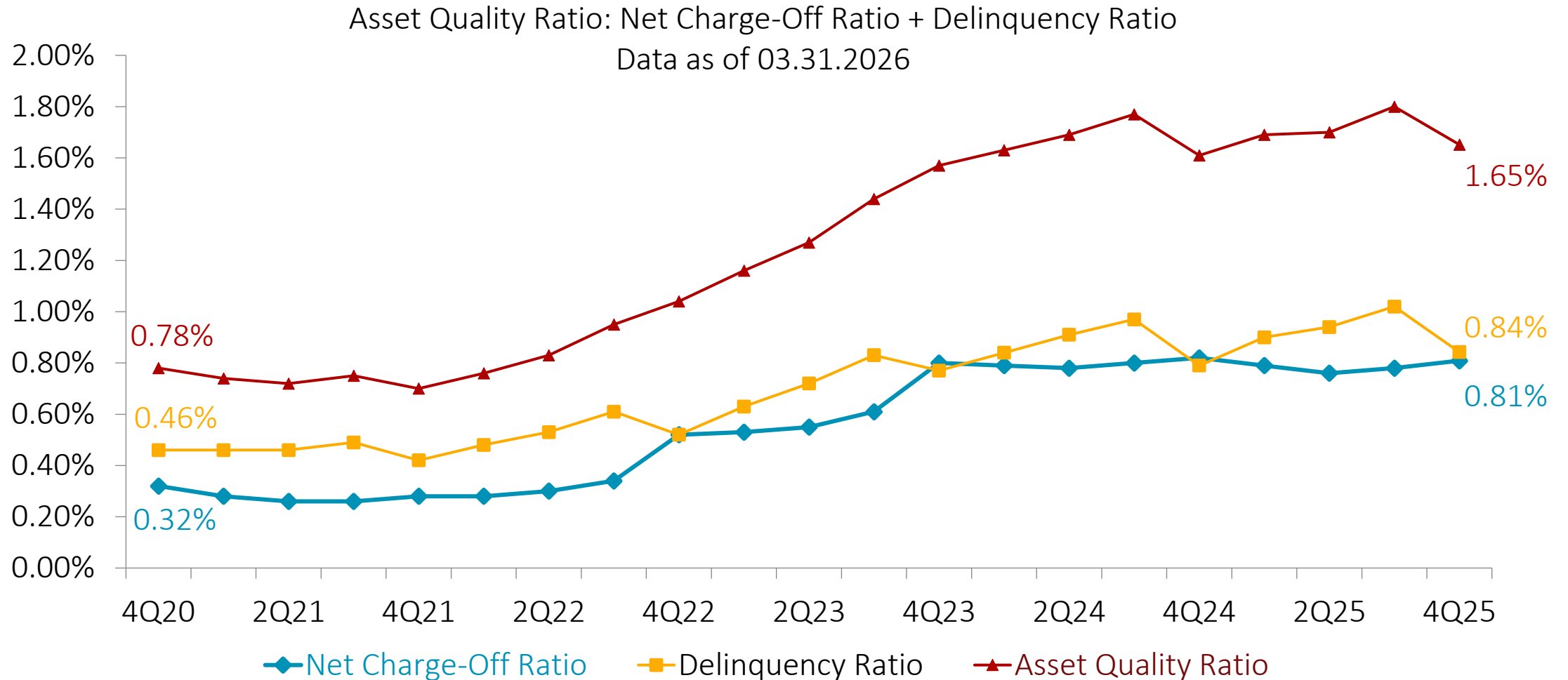
Connect with us on [LinkedIn](#)

<https://www.backbone.us>

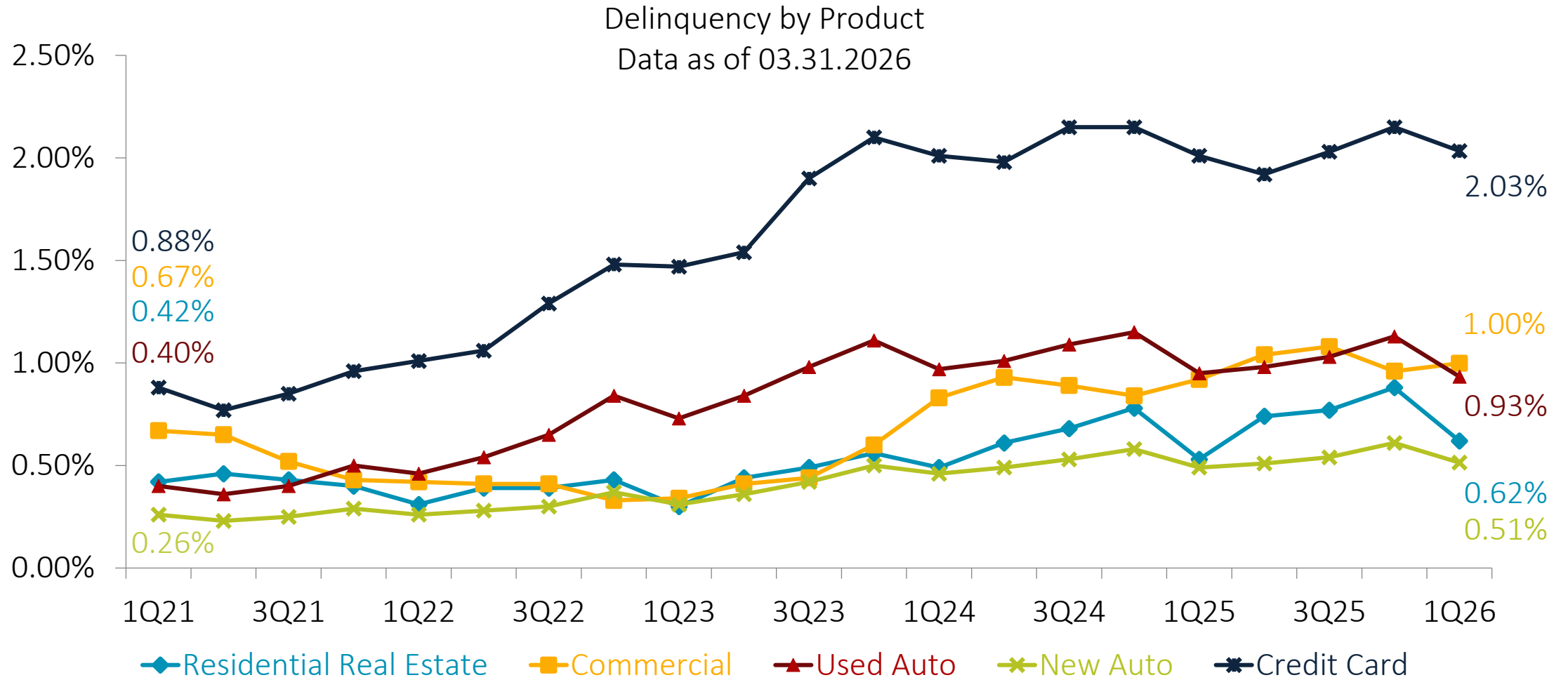


Signs of the "K shaped" economy?

Asset quality ratio improves, but remains elevated

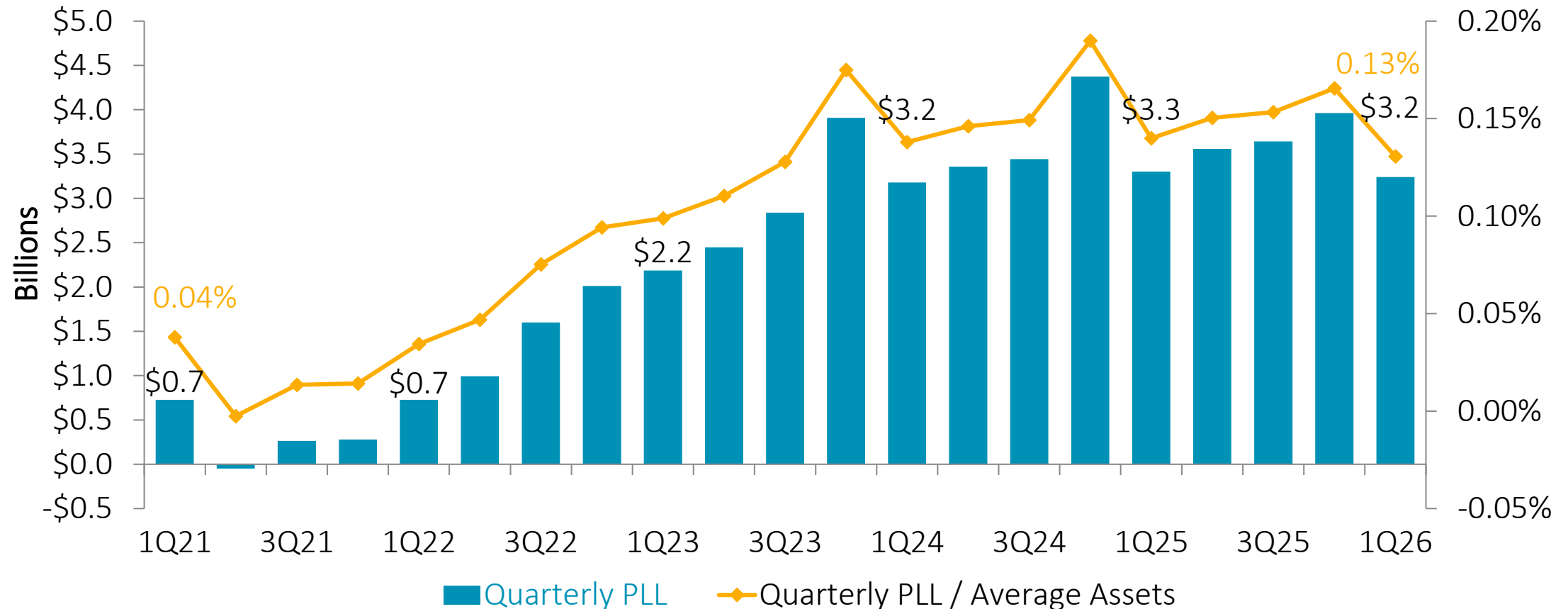


Compared to last Q1, delinquency up across the portfolio except for used auto



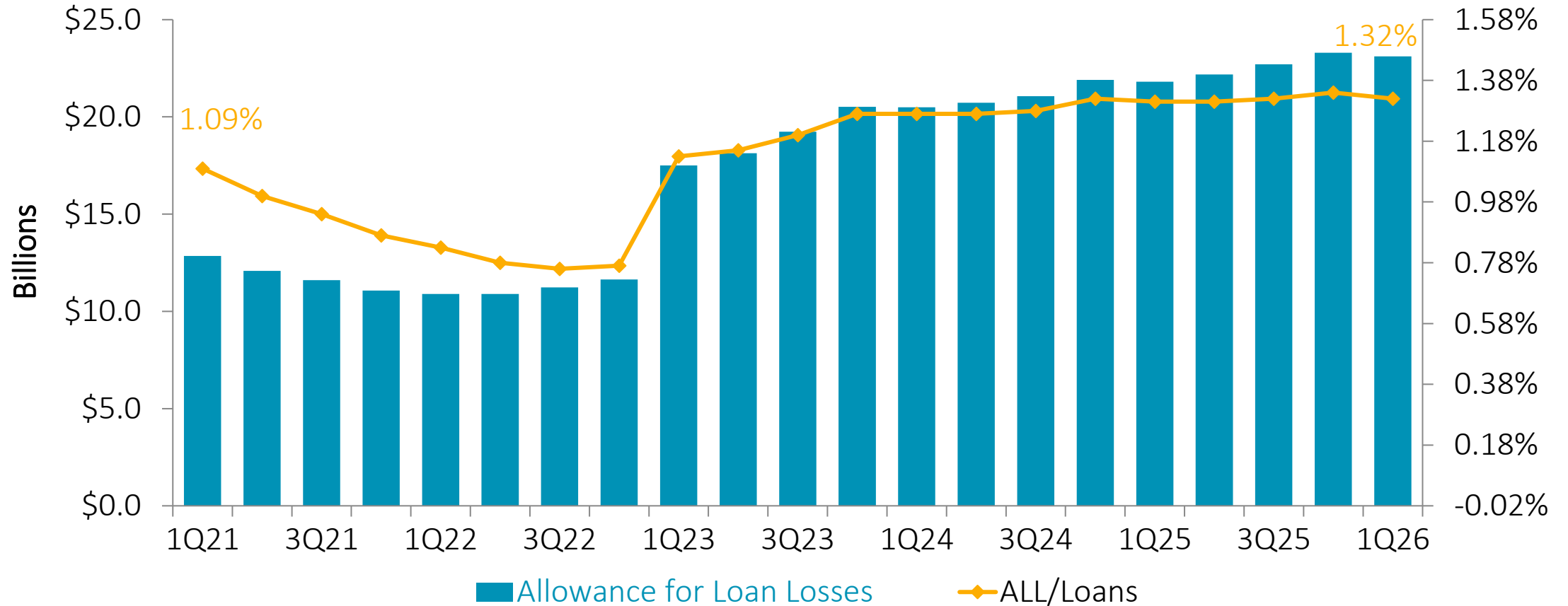
Credit unions provisioning less for loan losses than this time last year

Quarterly Provision for Loan & Lease Losses and % of Avg Assets
Data as of 3.31.2026

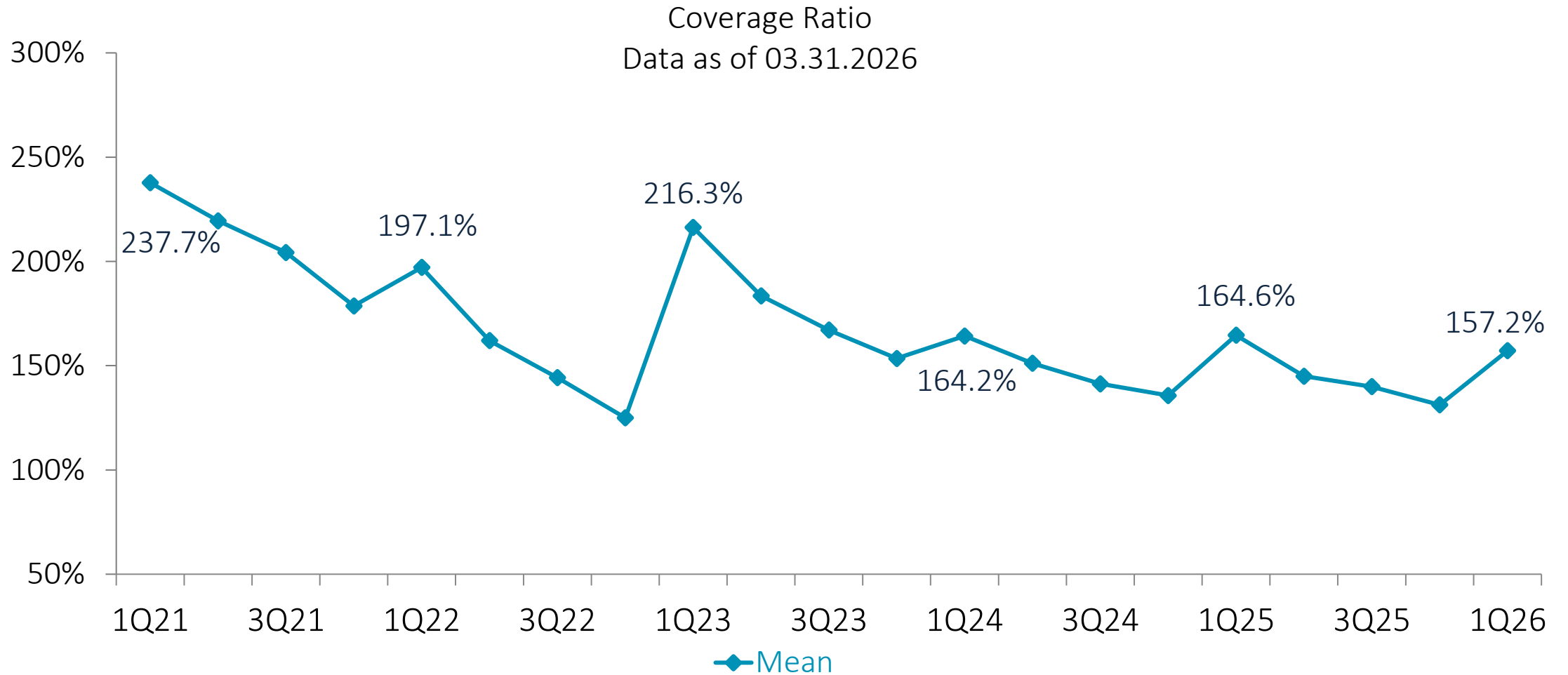


Reserves remain strong

Allowance for Loan Losses and % of Total Loans
Data as of 03.31.2026



Credit unions are well buffered against potential losses



Going Beyond Information to Access



- The guiding philosophy: financial empowerment is information *plus* access — and offering one without the other falls short of the credit union mission
- Altru FCU turned off ChexSystems screening — and found that members previously flagged showed no higher rates of fraud or delinquency than other members
- The credit union redesigned its credit builder loan down to as low as \$300, and today half of its first-time auto loan borrowers have no credit score

“If you’re truly committed to empowerment, it’s your responsibility to provide access. Credit unions were built on inclusion, so ask: ‘Who’s being left out, and why?’”

- Tracy Verner, Community Development Manager



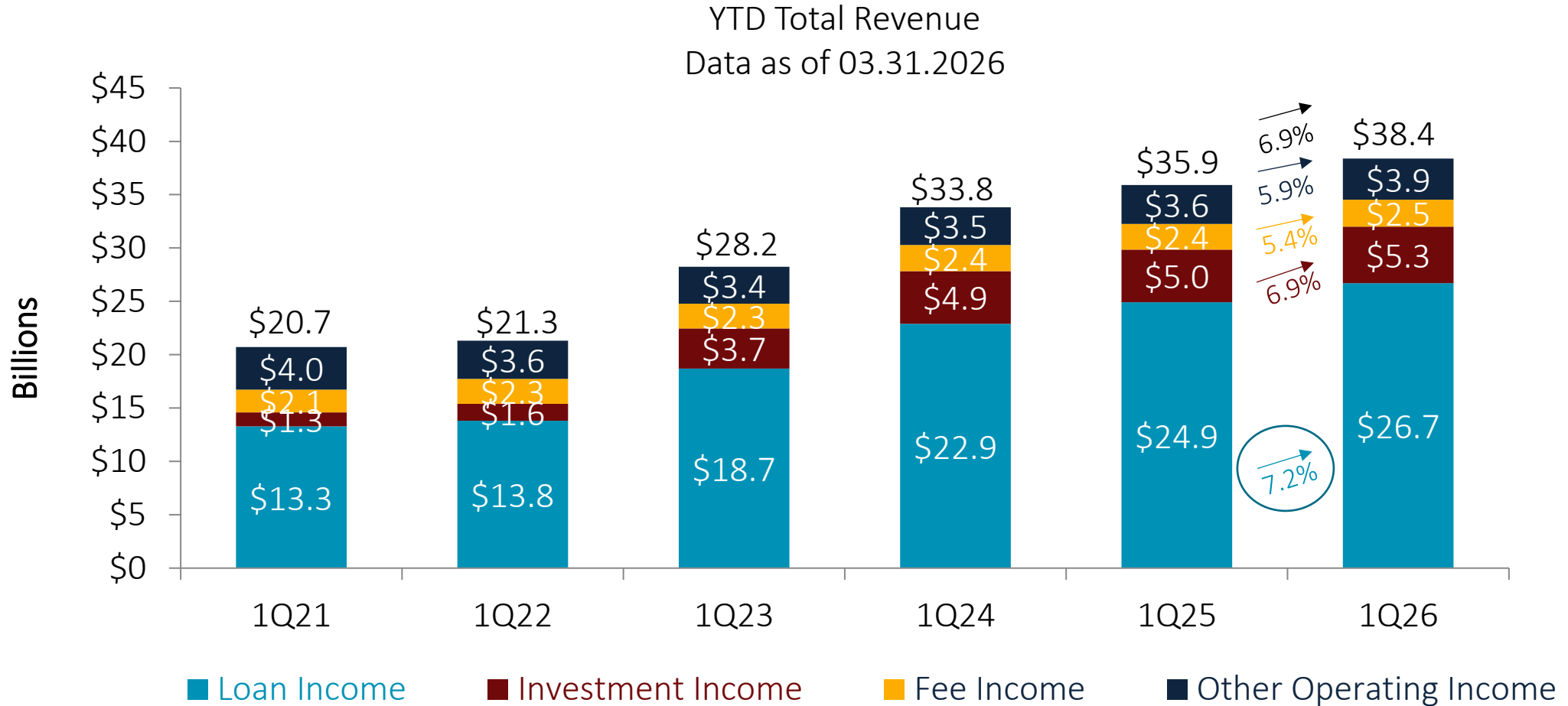
Net Interest Margin Drives Solid Bottom Line

ROA grows as net interest margin increases 22 bps

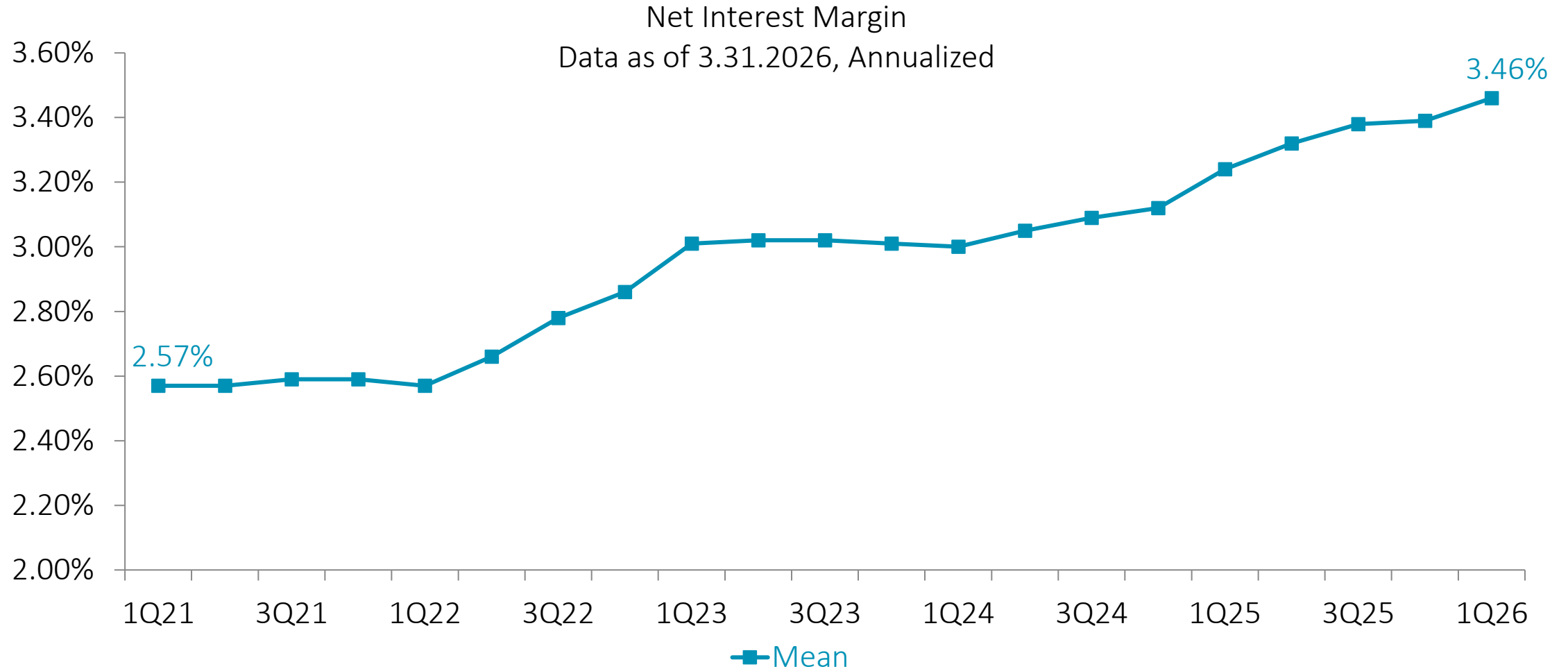
	03/31/2026	03/31/2025	ROA Impact
Interest Income	5.16%	5.06%	+0.10%
Interest Expense	1.70%	1.83%	+0.13%
Net Interest Margin	3.46%	3.24%	+0.22%
Non-interest Income	1.04%	1.05%	-0.01%
Operating Expenses	3.13%	3.06%	-0.07%
Provision for Loan Losses	0.52%	0.56%	+0.04%
ROA	0.85%	0.67%	+0.18%

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

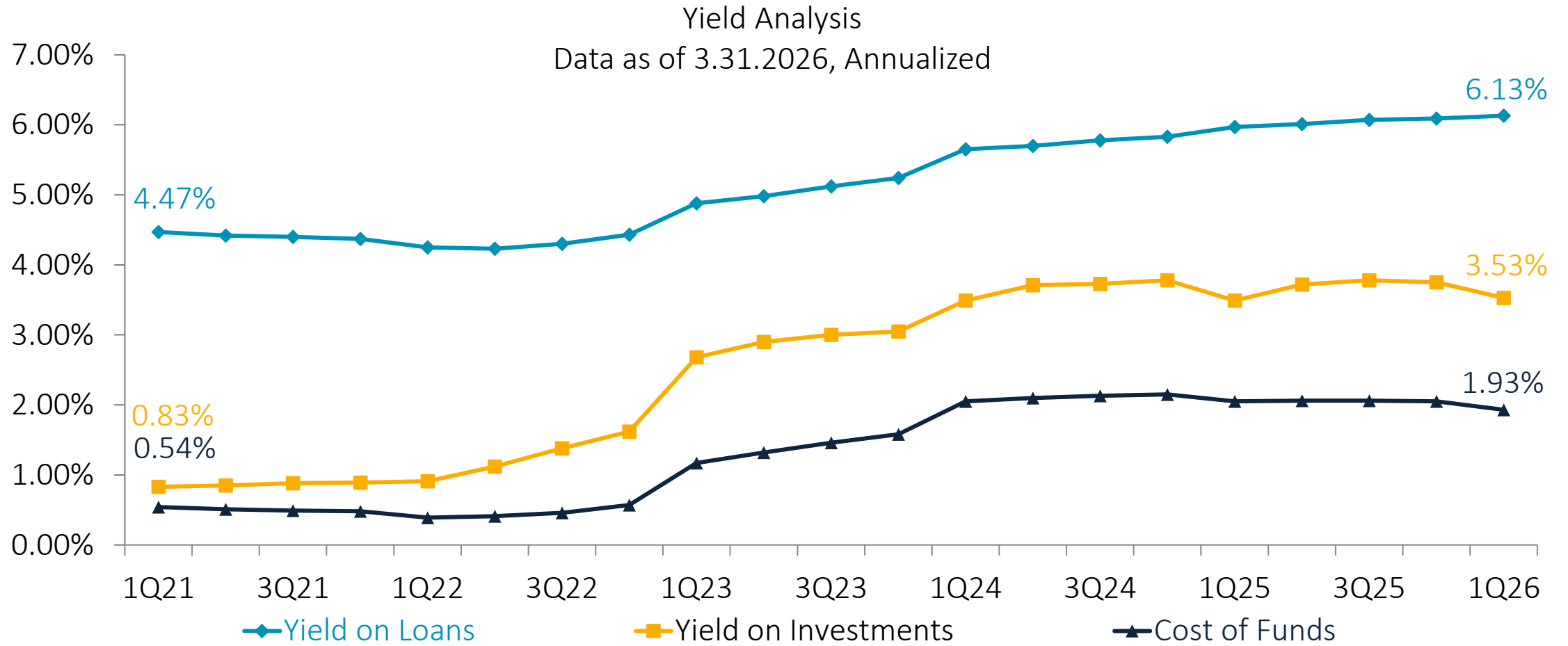
Driven by strong yields, revenue hits all-time highs



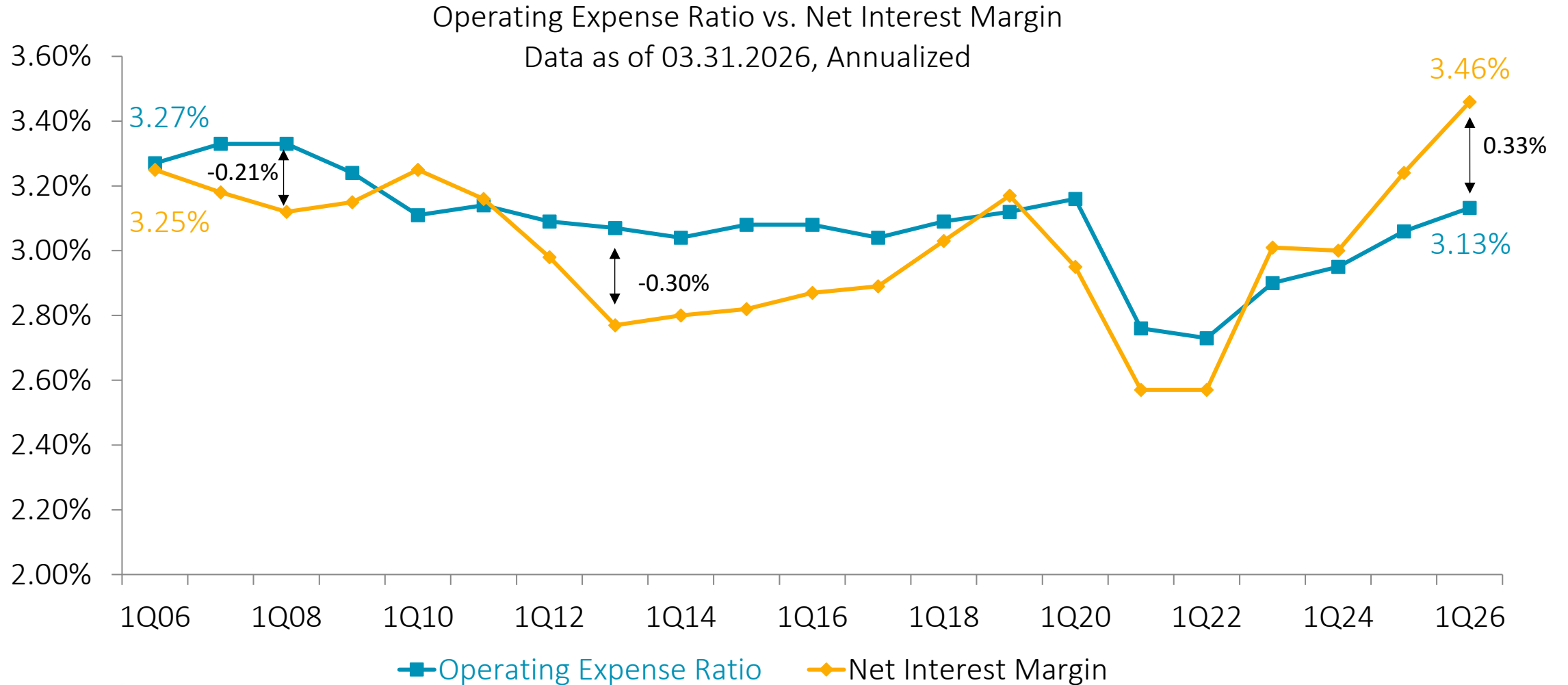
Interest margin continue to strengthen



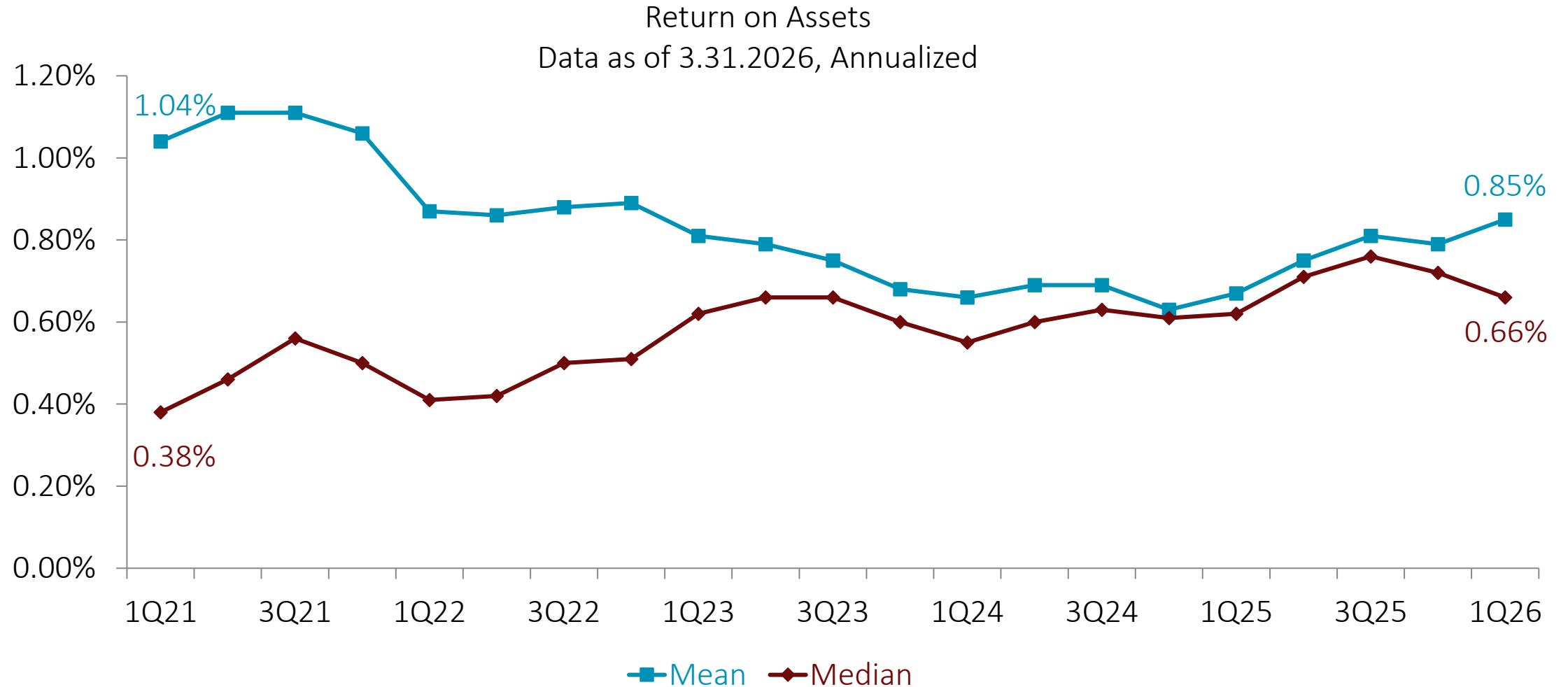
Repricing loans help keep yields high, COF stable



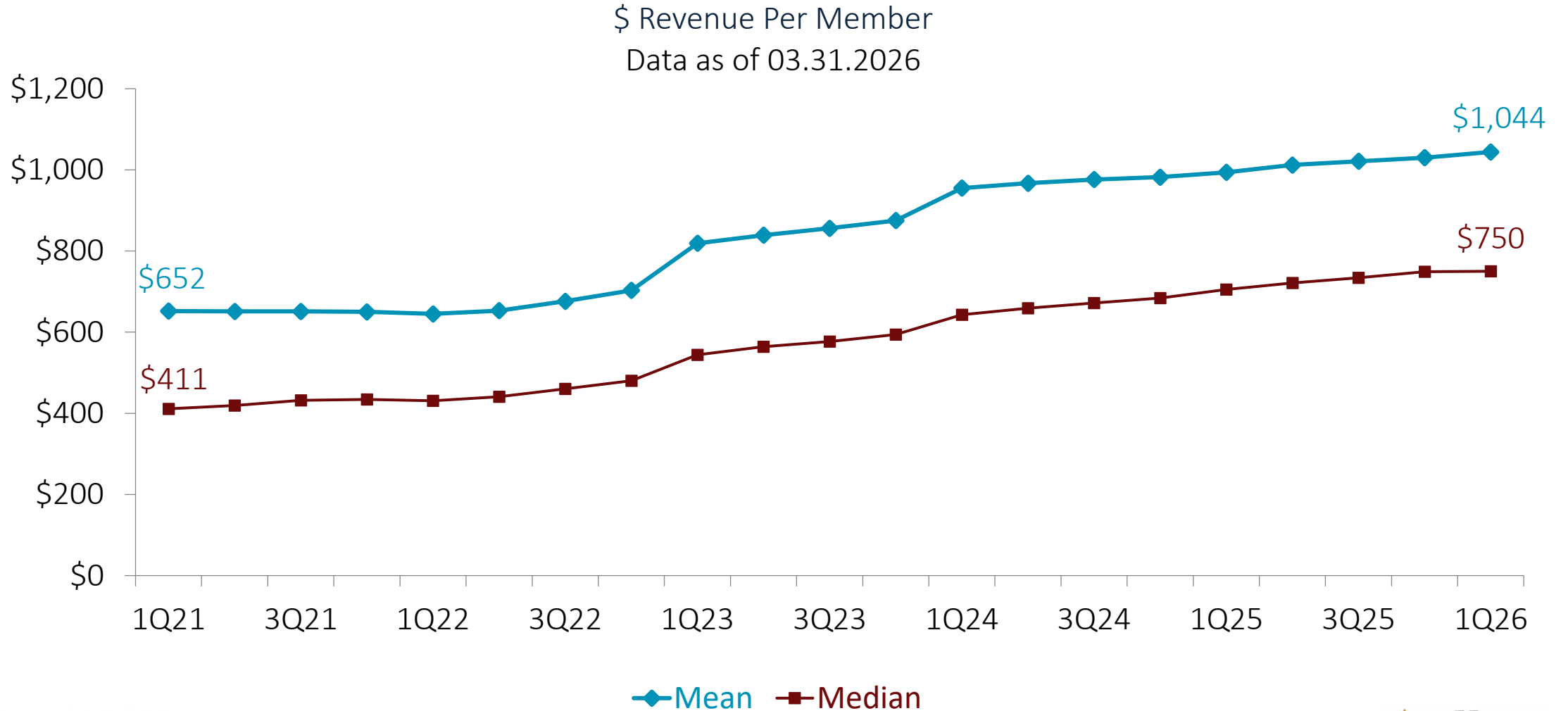
Largest gap between NIM and OpEx ratios in decades



Larger and smaller institutions see ROA diverge

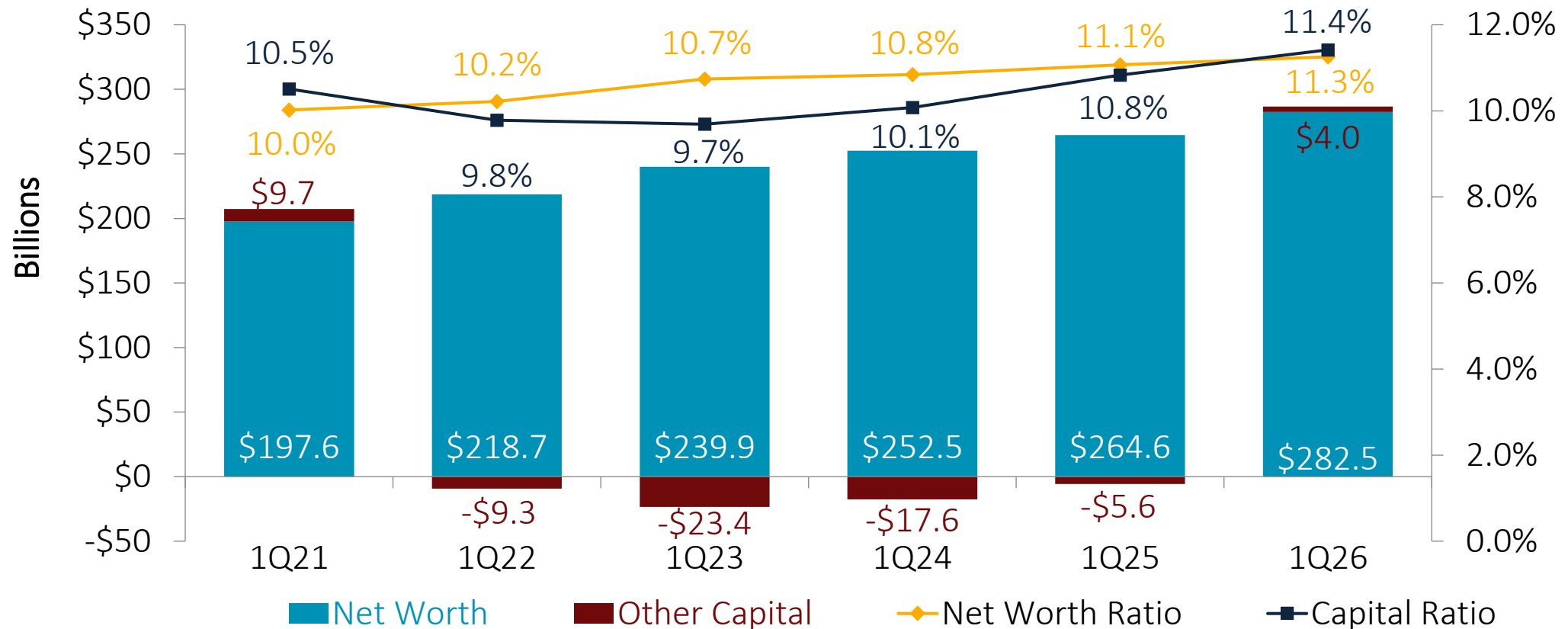


Larger credit unions earn more revenue per member

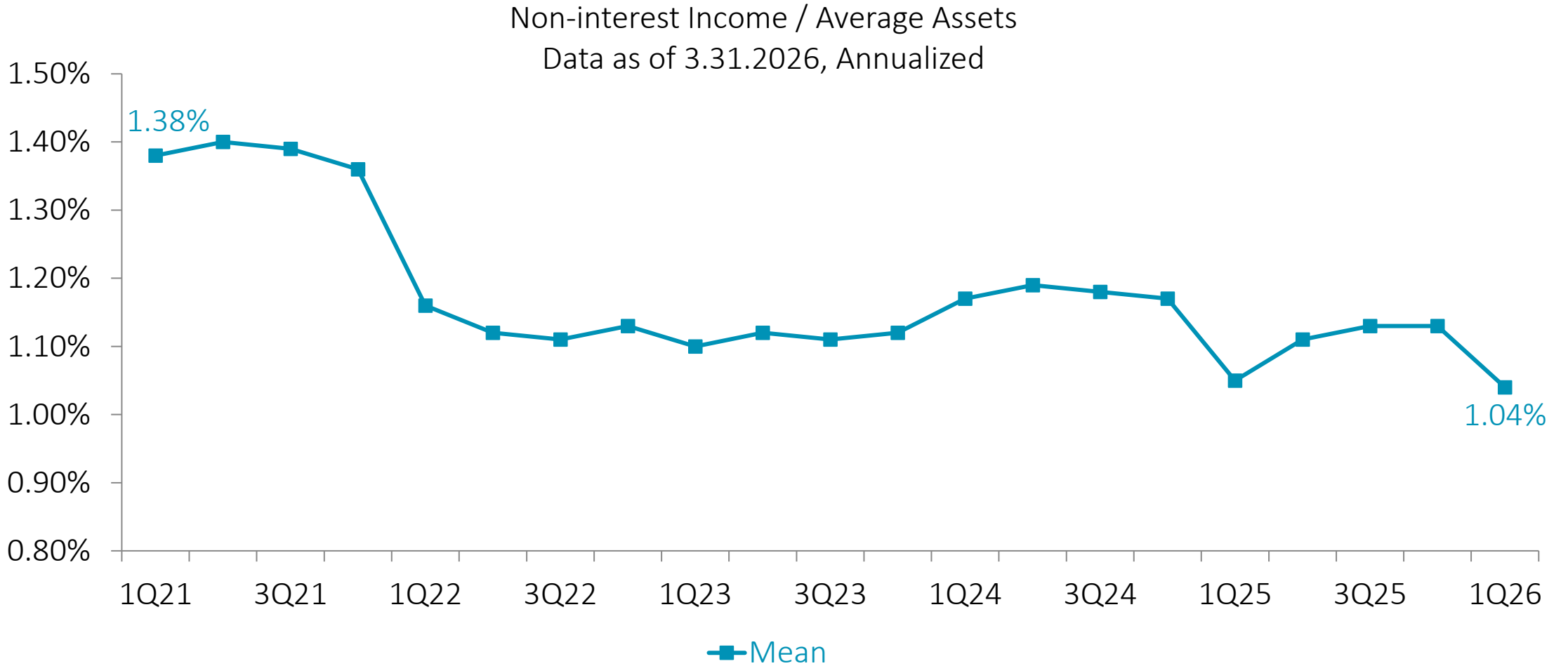


Capital and net worth reach five-year highs

Net Worth and Other Capital
Data as of 03.31.2026

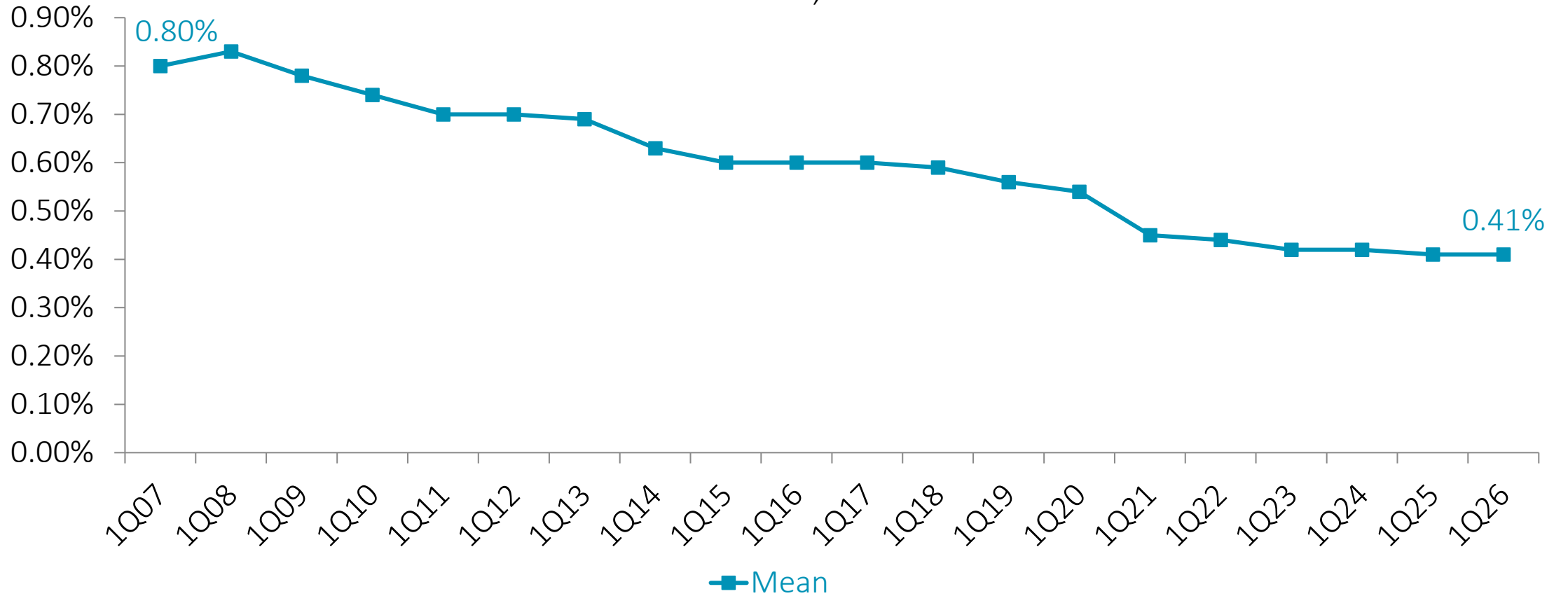


Non-interest income falls as other operating income declines



Members paying similar fees as this time last year

Fee Income / Average Assets
Data as of 3.31.2026, Annualized



Key Takeaways & Looking Ahead

- **Members feeling external pressure continue to see credit unions as safe place for increased liquidity and borrowing needs**
- **Environment should remain positive for earnings, which will allow for future investment and growth**
- **Opportunity to build awareness of what we do, and why**

THANK YOU FOR WATCHING



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