CALLAHAN & ASSOCIATES
*the credit union company*

# TRENDWATCH 2Q25

August 12th, 2025

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alloya

PEER

# Power Your Strategy With Peer Suite

Request a free Trendwatch performance analysis session centered around your credit union— you'll keep the report to fuel smarter decisions, audit conversations, and long-term planning and more.

Scan to schedule your session.

bit.ly/2Q25-Analysis

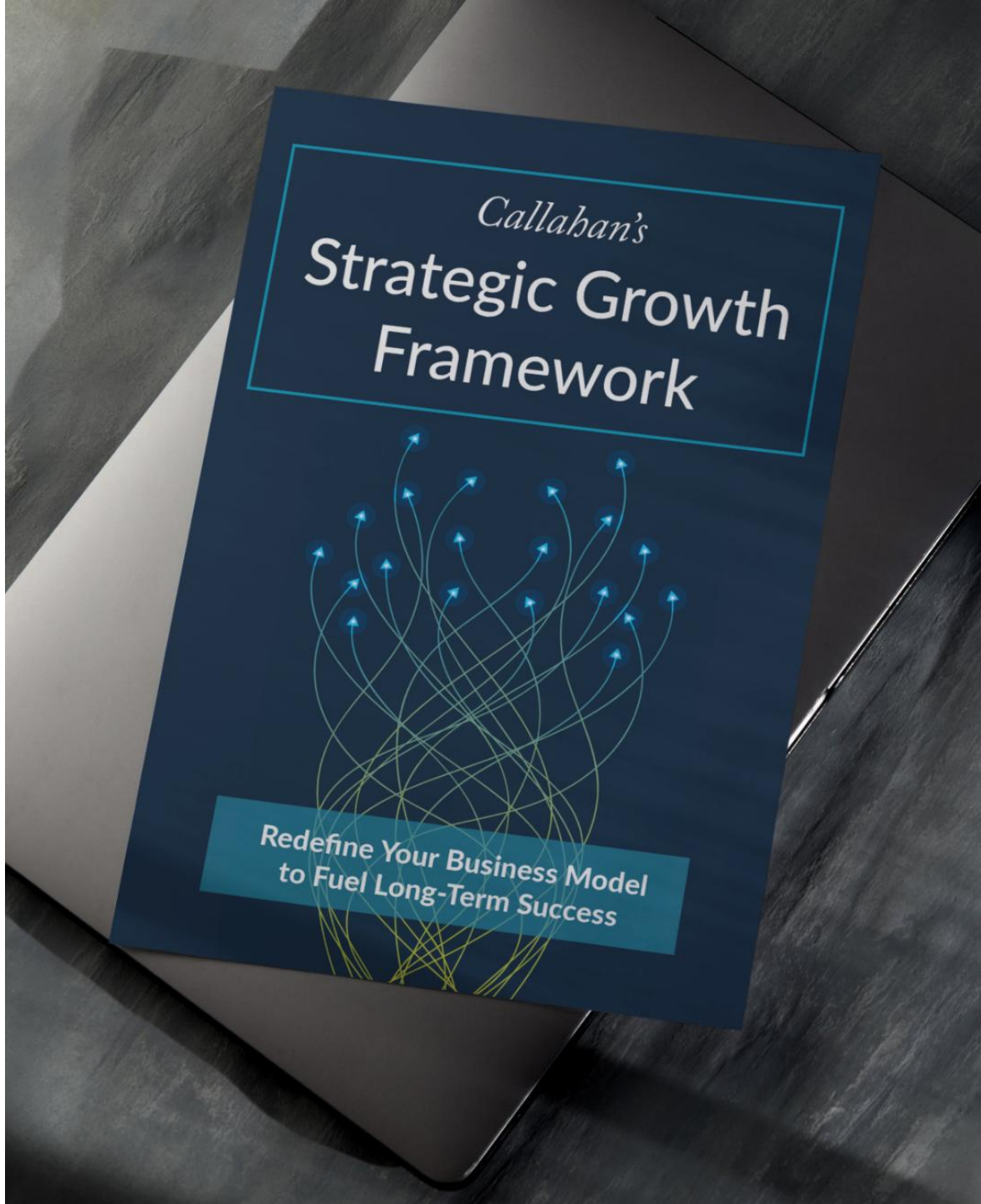
# Callahan's Strategic Growth Framework

## Now Available At

**strategicgrowthbook.com**

Want a free copy?

Let us know on the post-event survey!




CALLAHAN & ASSOCIATES

CAPITAL MARKETS (SIMPLIFIED)

# From raising liquidity to investing assets

# Your solution All under one roof.

Our job is to make your job easier.

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# A Roadmap To Credit Union Growth

*Placing Member Financial Wellbeing At The Center Of Your Strategy*

**OCTOBER 1ST | 2PM ET**

**REGISTER NOW**

bit.ly/CU-Roadmap

**FEATURING:**

**ANDREW ROBERTSON**
*Principal at Gallup*

**ANDREA PRUNA**
*Strategic Consulting Principal at Callahan & Associates*

# Today's Lineup

**Market Update**
*Todd Adams, Chief Executive Officer, Alloya Corporate FCU*
*Andrew Kohl, Chief Investment Officer, Alloya Corporate FCU*

**Mid-Year 2025 Credit Union Results**
*Alexandra Gekas, Vice President, Callahan & Associates*
*Jay Johnson, Chief Collaboration Officer, Callahan & Associates*

**Deepening Member Relationships the PEFCU Way**
*Shannon Patten, Chief Experience Officer, Publix Employees FCU*

# The Alloya Story

WE ARE A CREDIT UNION

A GREAT EXAMPLE OF THE POWER OF COOPERATION

1,400 MEMBERS WORKING TOGETHER

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## Economic Update


**Andrew Kohl, Chief Investment Officer**

**Todd Adams, Chief Executive Officer**


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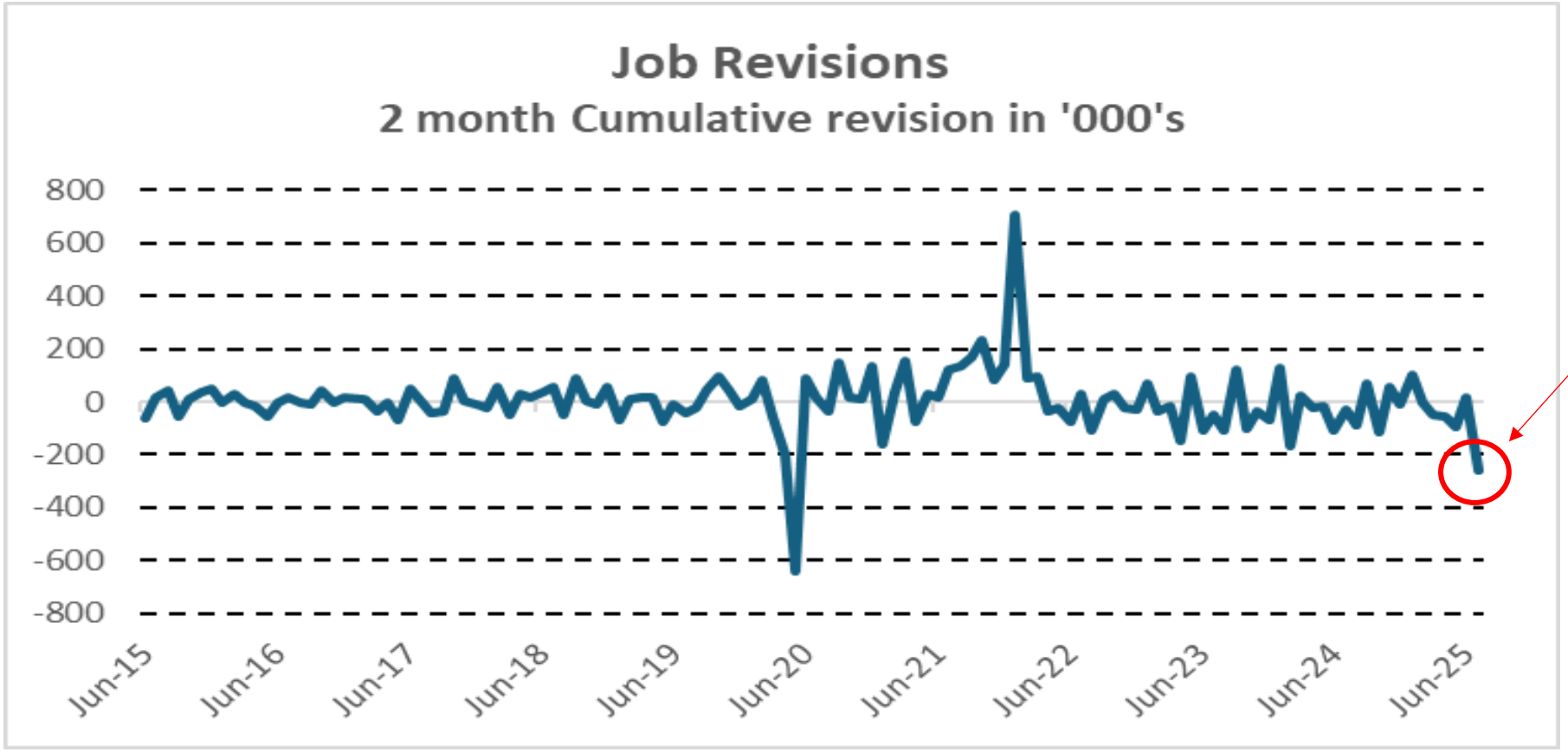
Corporate Federal Credit Union

alloya
INVESTMENT SERVICES

# Massive Downward Payroll Growth Revision




Not including COVID timeframe, the largest negative revision in history (data back to 1979)

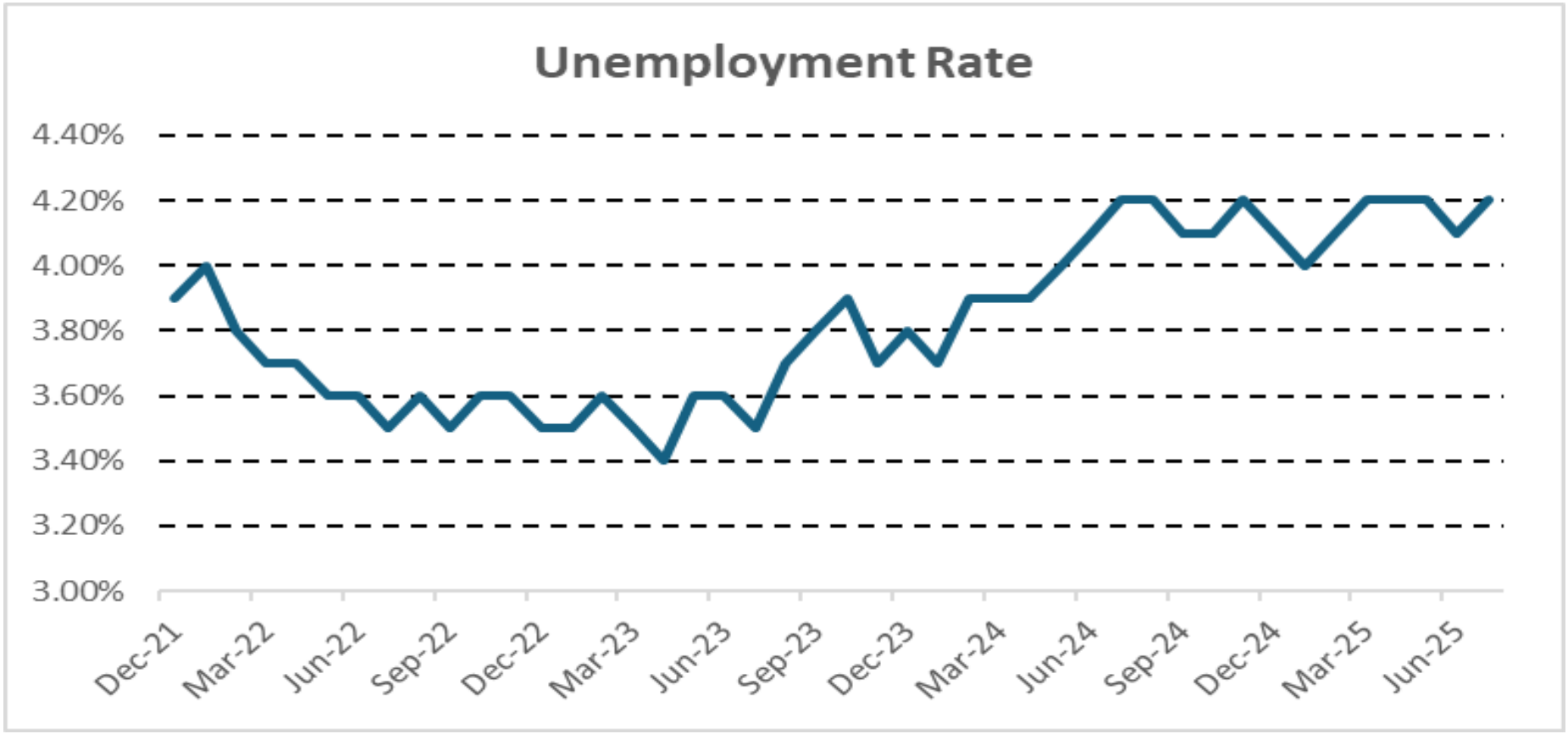
Source: Bureau of Labor Statistics

# Payroll Growth Near Stall Speed

Slowest job growth (ex. COVID) in 15 years!

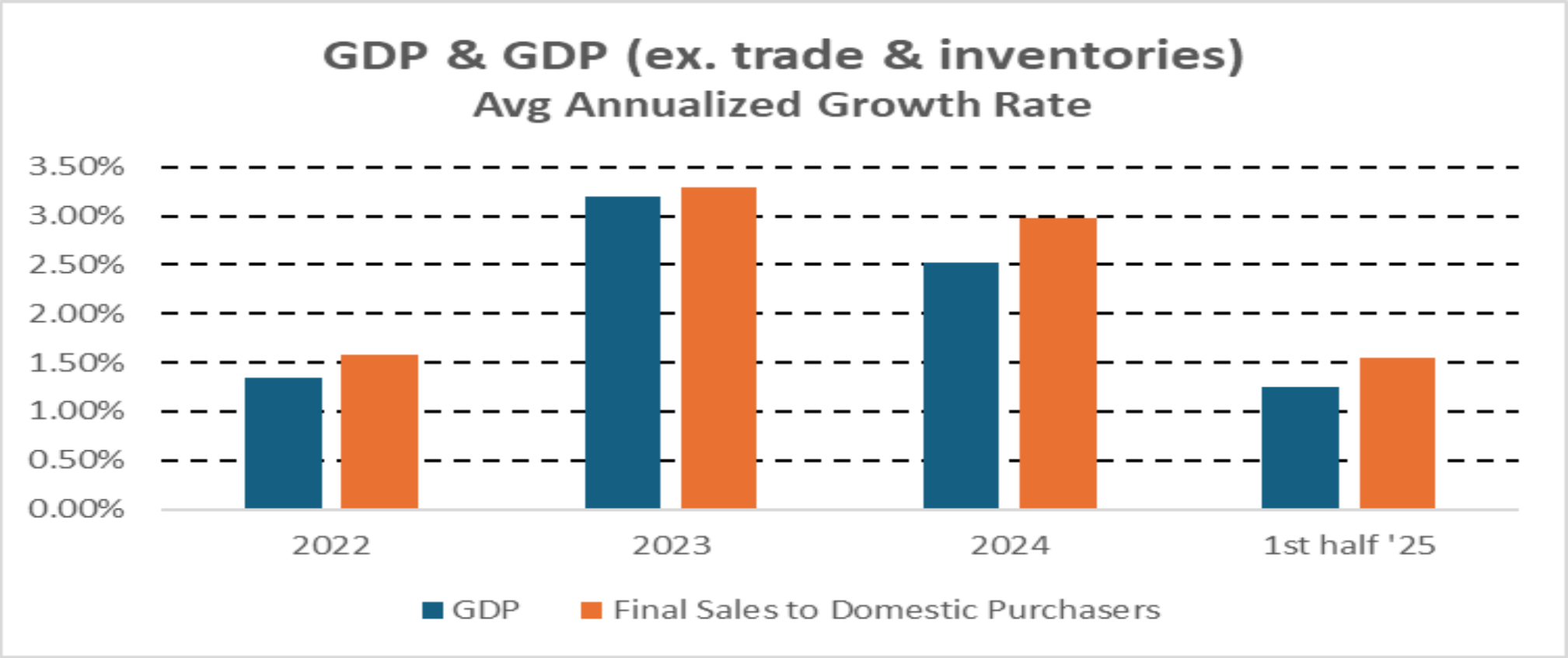
Source: Bureau of Labor Statistics

# Unemployment Rate: Little Change Over Past Year



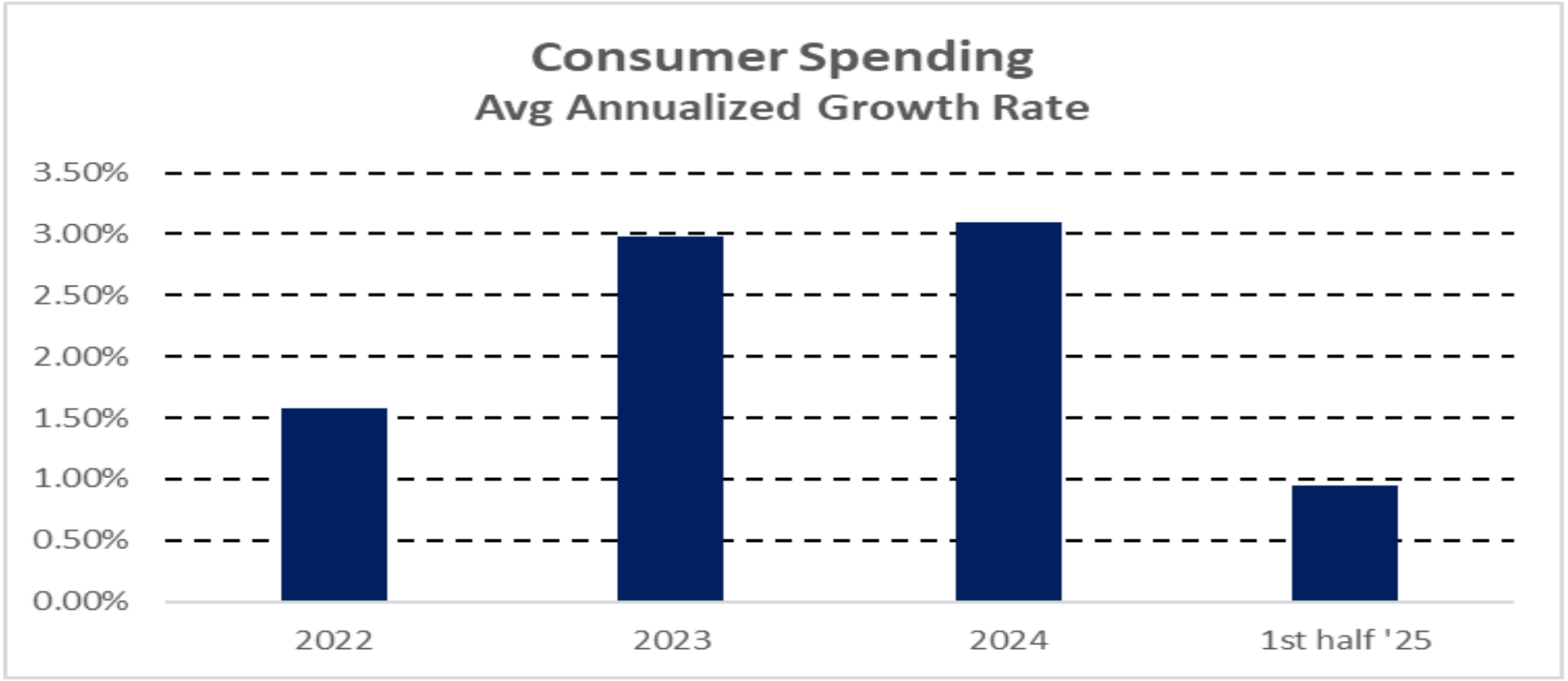

Source: Bureau of Labor Statistics

# Economic Growth Slowing



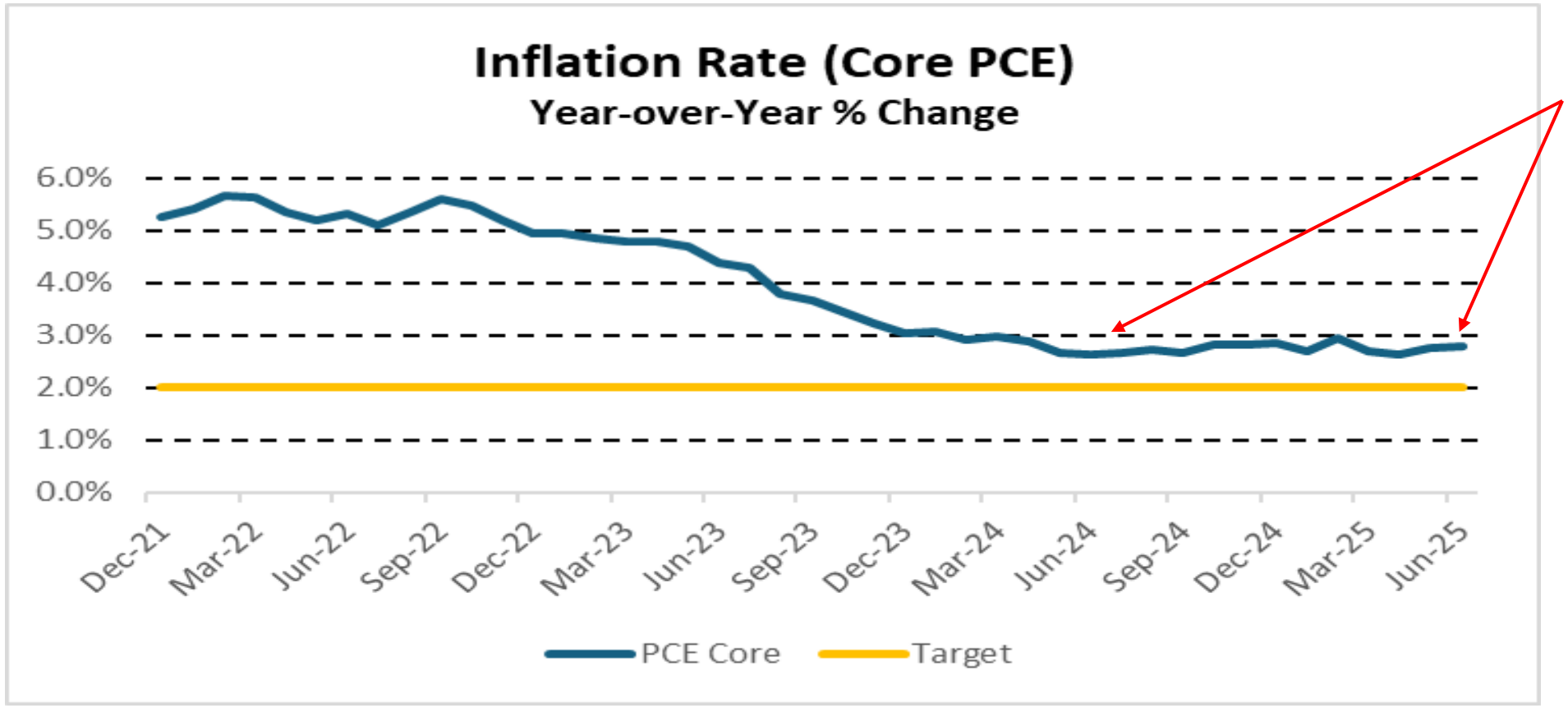

Source: Bureau of Economic Analysis

# Consumers Becoming More Cautious




Source: Bureau of Economic Analysis

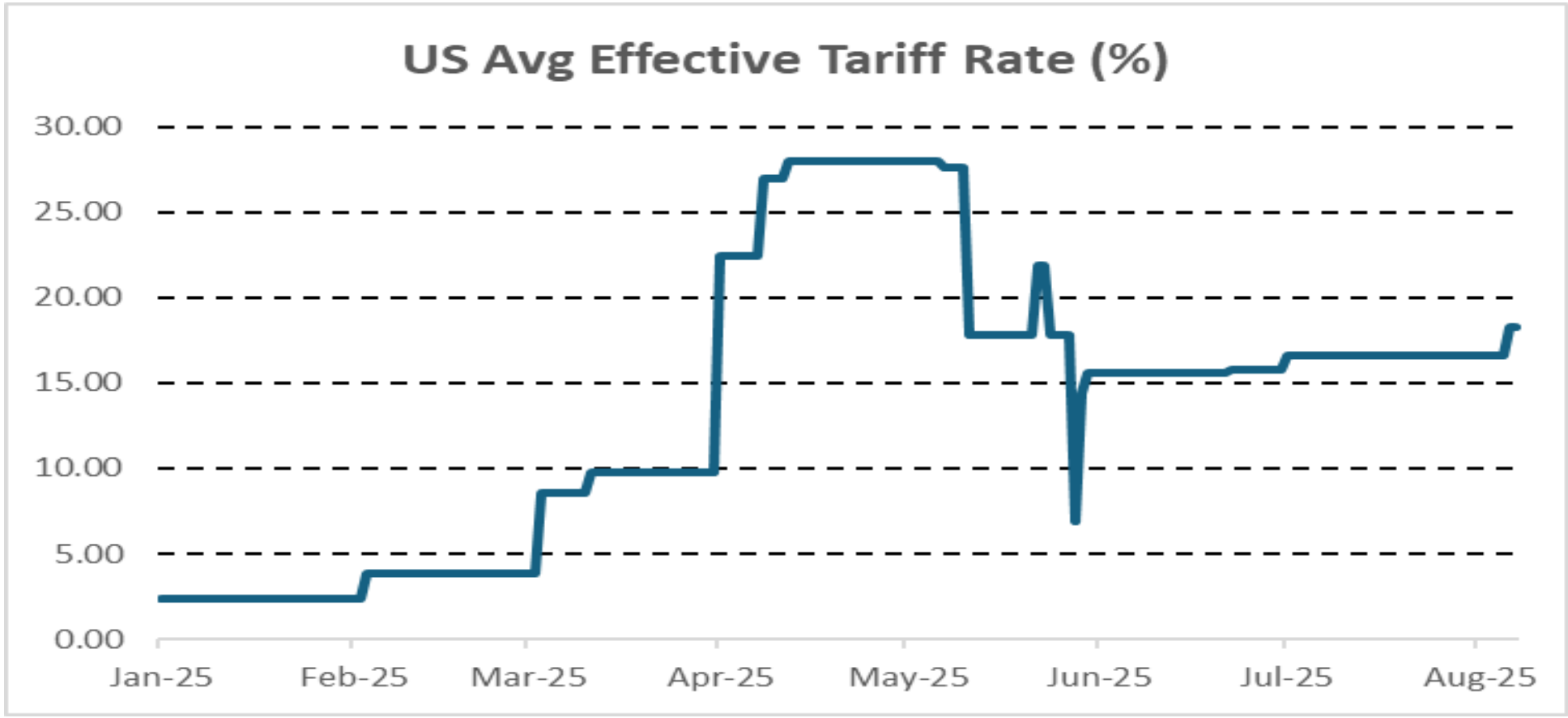
# Inflation Problem Still not Fixed




No progress over past year

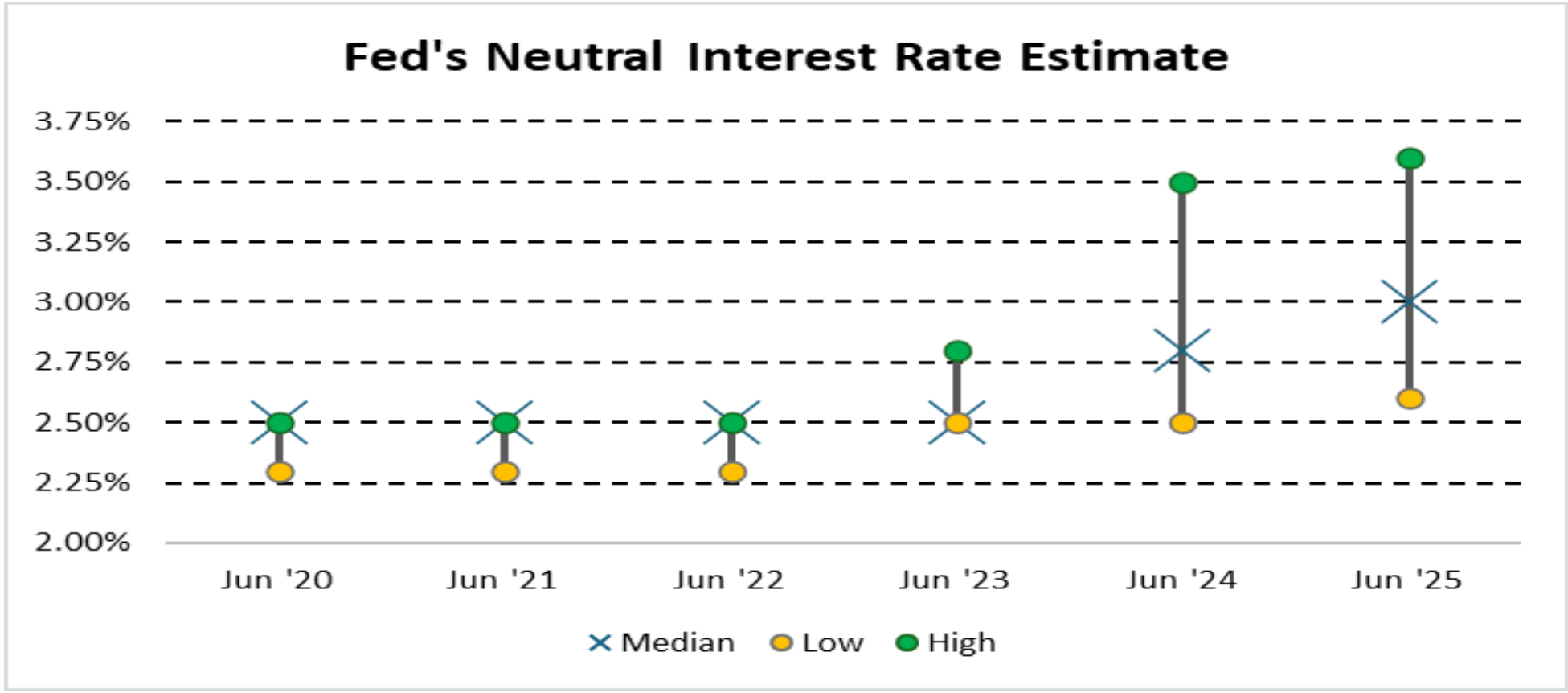
Source: Bureau of Economic Analysis

# Tariffs: More Inflation in the Pipeline?



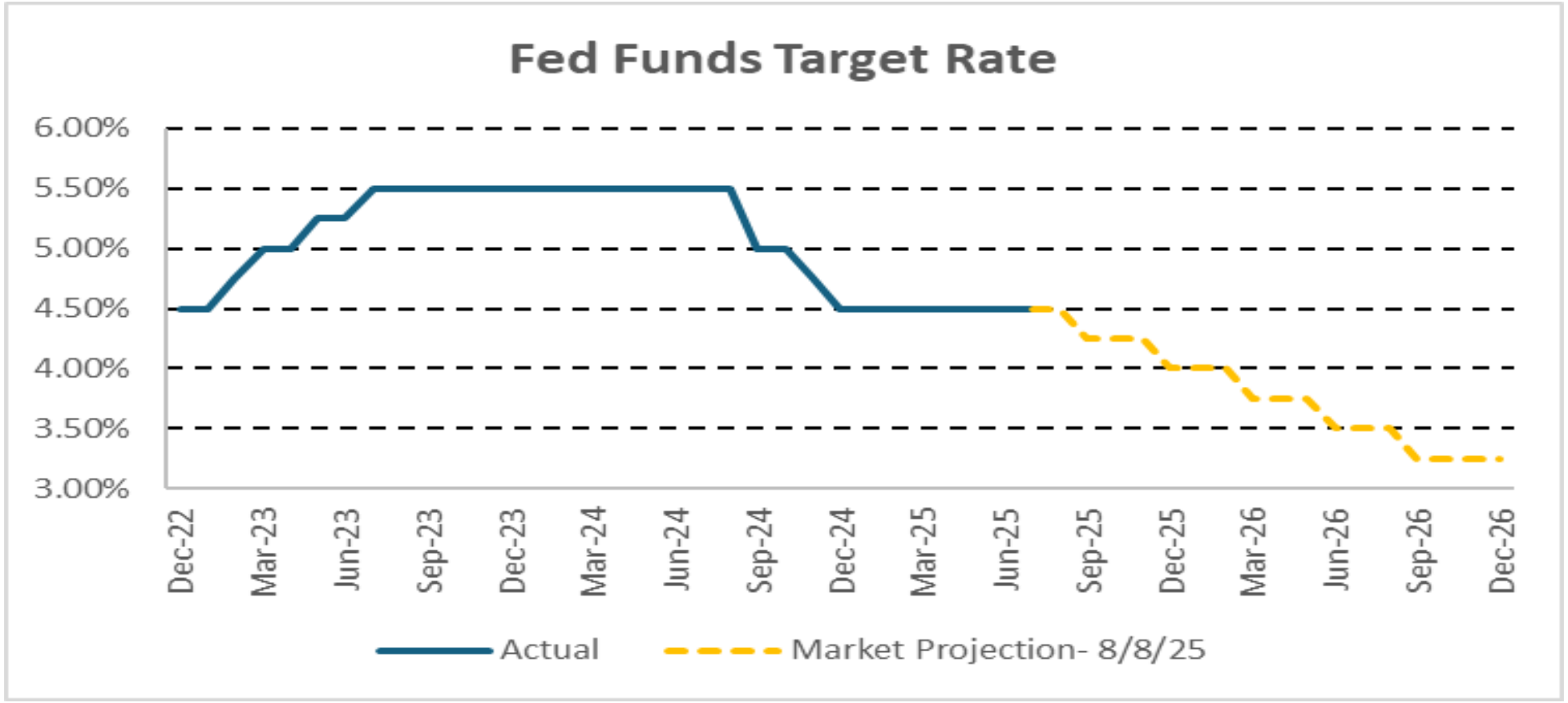

Source: Bloomberg

# Neutral Rate Estimate: Higher Level & Range



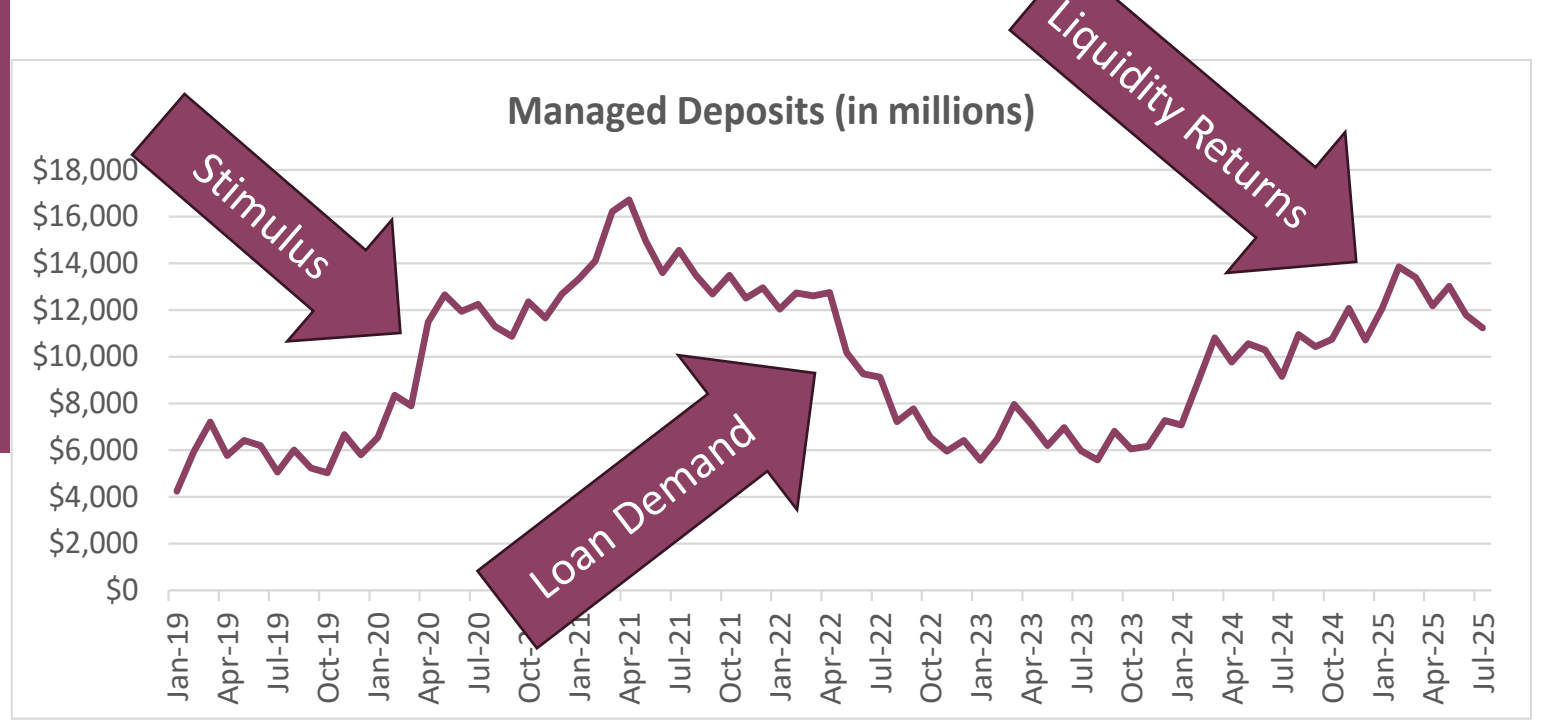

Source: Federal Reserve

# Market Expects the Fed to Restart Easing




Source: Bloomberg

# Alloya Balance Sheet Trends - Managed Deposits




- Pandemic stimulus funds flooded into credit unions in 2020-2021
- Credit unions used excess funds to support 3-years worth of loan growth in 2022-2023.
- Liquidity returns in 2024-2025. Why? Recession indicator?

Liquidity in 2025 continues to be stronger than 2021-2024. Balances at Alloya are up $2 billion in 2025 compared to July 2024 (or 22%).

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Corporate Federal Credit Union

# *Historic First Ever Multi-Issuer Credit Union Asset Backed Securitization Completed!*

## Blazing a Trail for the Credit Union System

Alloya Auto Receivables Trust 2025-1

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# Thank you for your continued support!

# Credit Union Performance through June 30, 2025

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# Loan and share growth pick up even as membership growth slows

| | 6/30/2025 | 12-Mo. Growth | 06/30/2024 | 12-Mo. Growth |
|---|---|---|---|---|
| Assets | $2,404.4B | 3.7% | $2,320.0B | 3.5% |
| Loans | $1,697.7B | 4.0% | $1,632.9B | 3.6% |
| Shares | $2,044.0B | 5.0% | $1,946.5B | 2.6% |
| Investments (incl. Cash) | $596.8B | 2.1% | $584.4B | 2.0% |
| Capital | $266.3B | 10.7% | $240.4B | 10.0% |
| Members | 145.2M | 2.0% | 142.4M | 2.4% |

# Deepening Member Relationships in a Slow Growth Environment

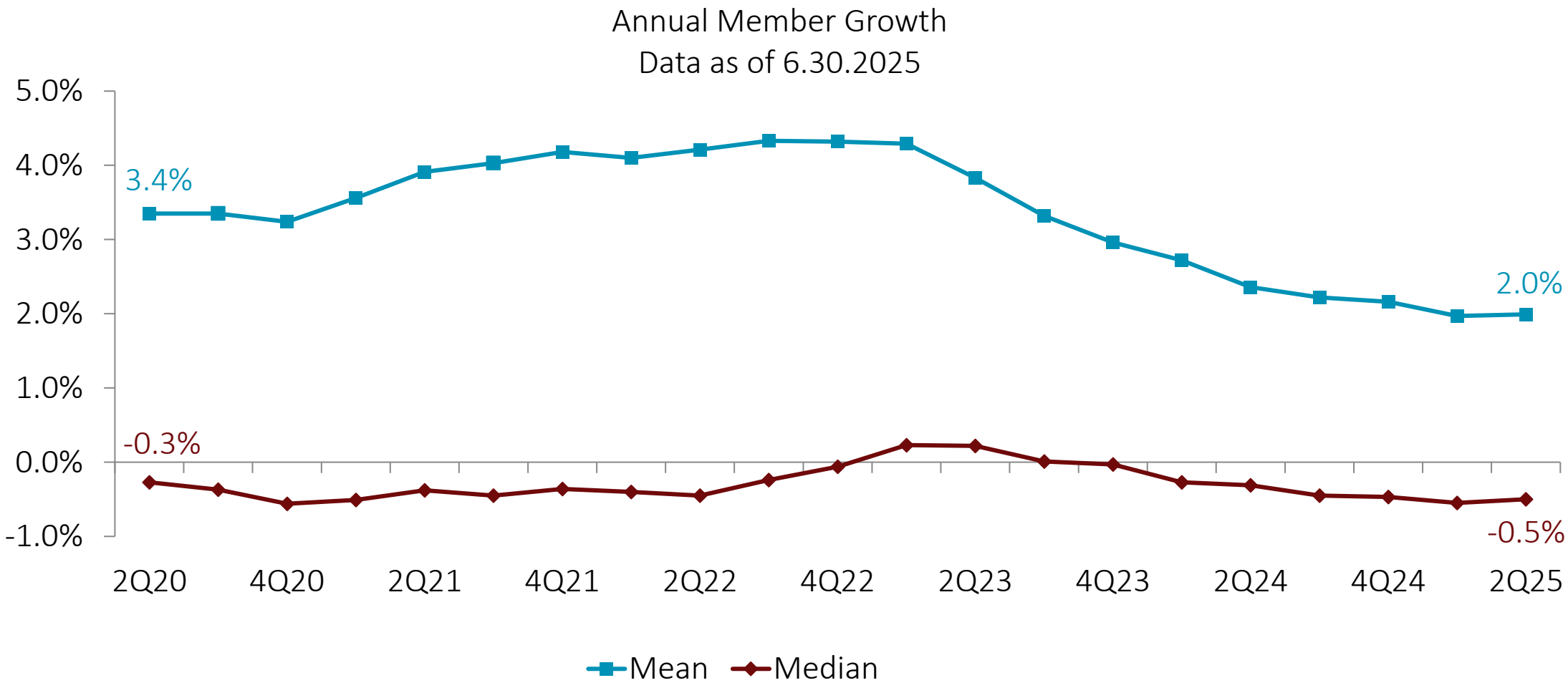
CALLAHAN & ASSOCIATES

# Mean vs. Median Explained

- Mean = “average” credit union ($ amount/# of credit unions)
- Industry averages are dominated by larger credit unions’ performance
  - 22 largest CUs (over $10B in assets) hold **>25% of industry assets**
  - The mean credit union in the country has **~$548M** in assets

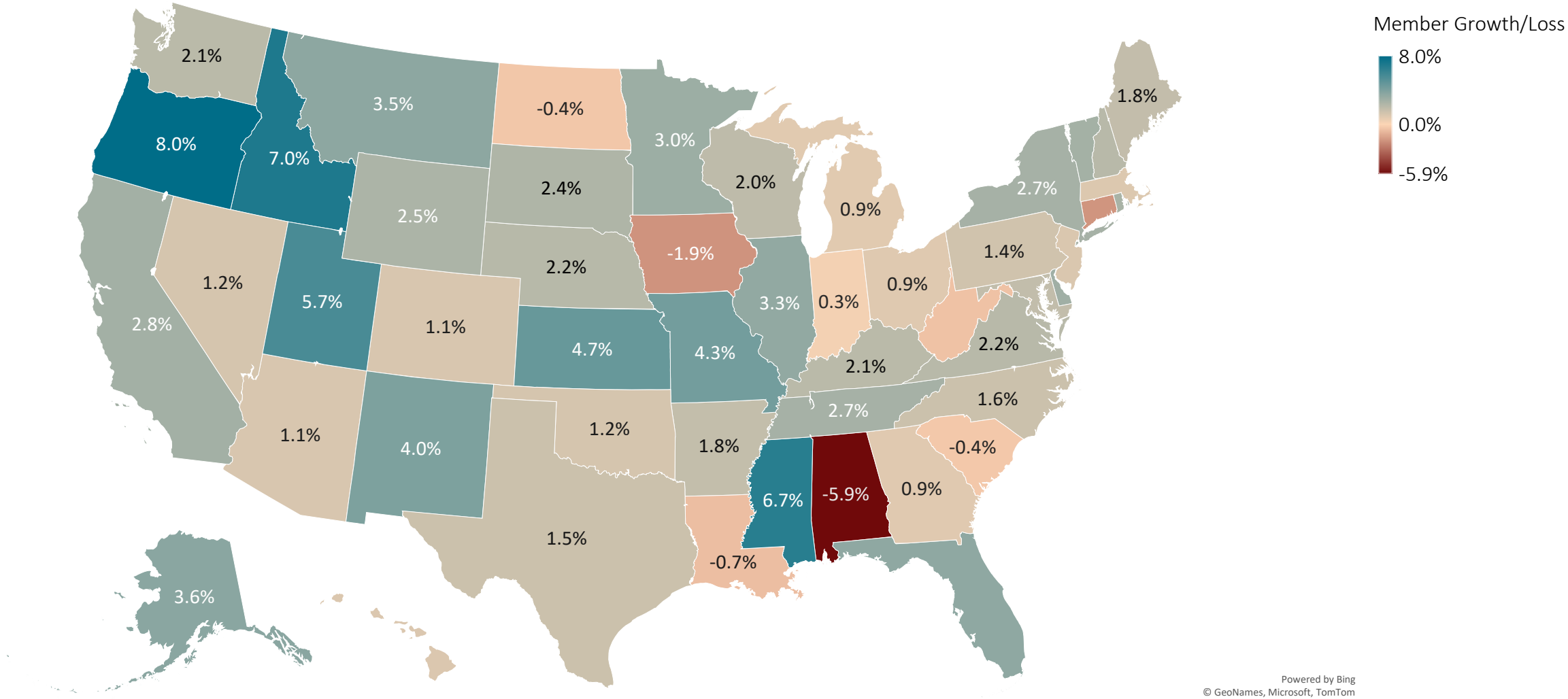
- Median = “middle” credit union performance for each metric
- This is not always an accurate picture of performance for many CUs
  - There are **4,341 active charters** today
  - The median credit union in the country has **~$64M** in assets

# Membership growth rate in 2025 is slowest in 14 years



# Membership growth is below 3% in most states

Credit Union, Year-Over-Year Member Growth/Loss (excl. Navy Federal)

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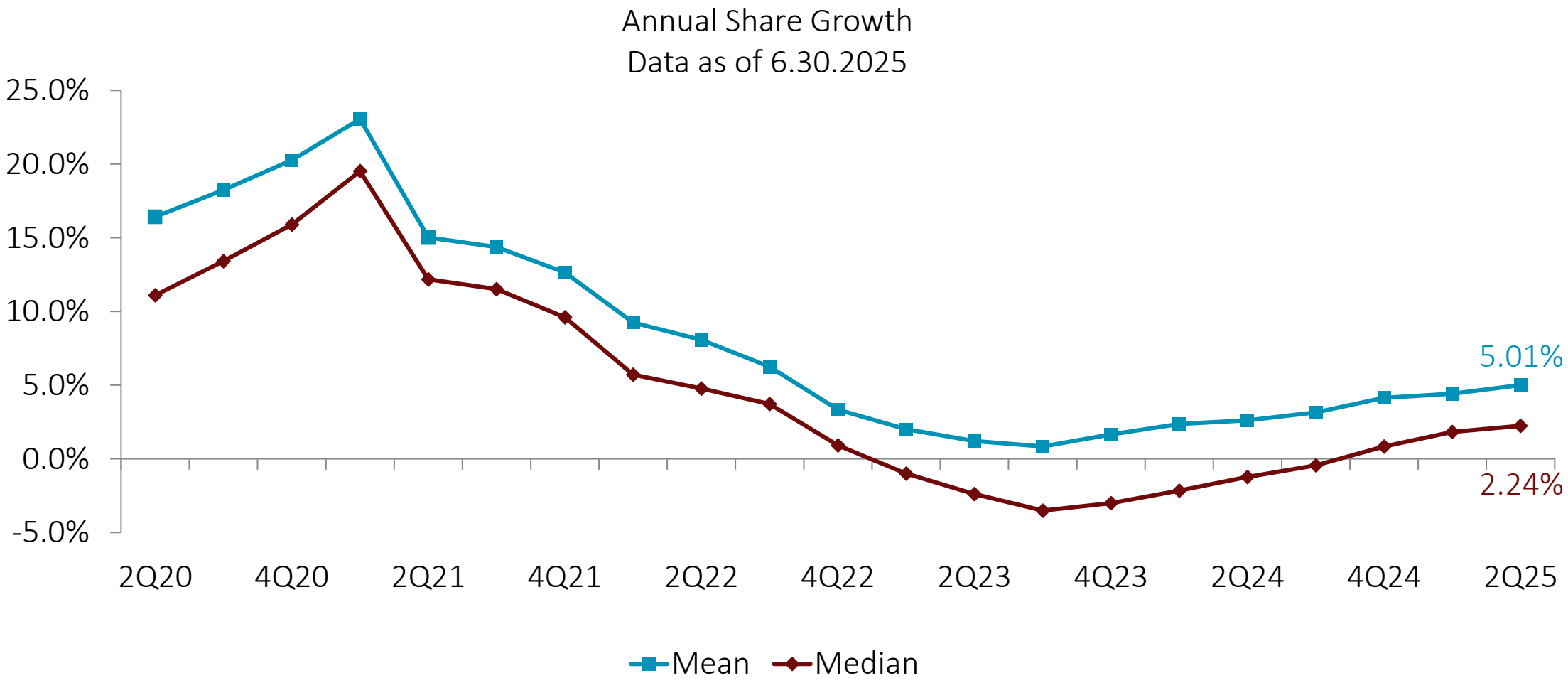
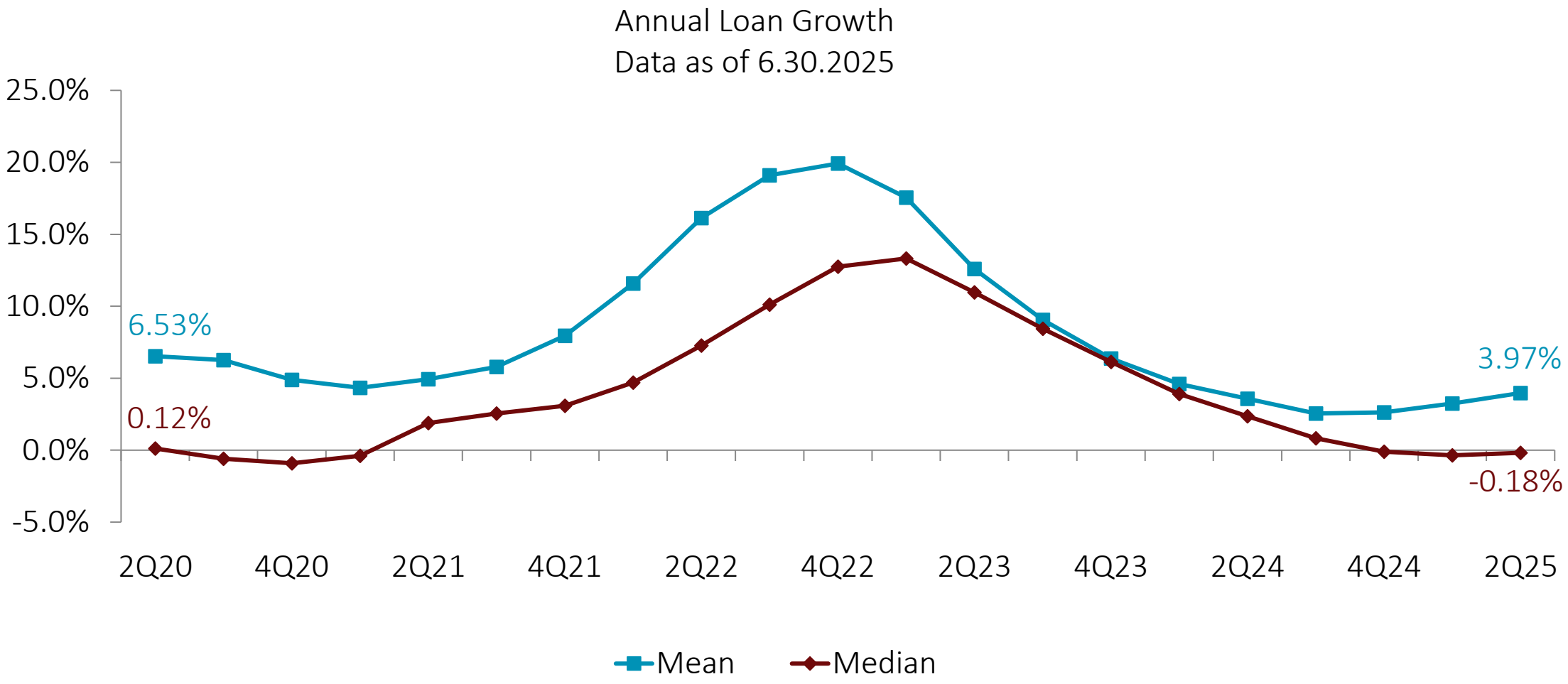
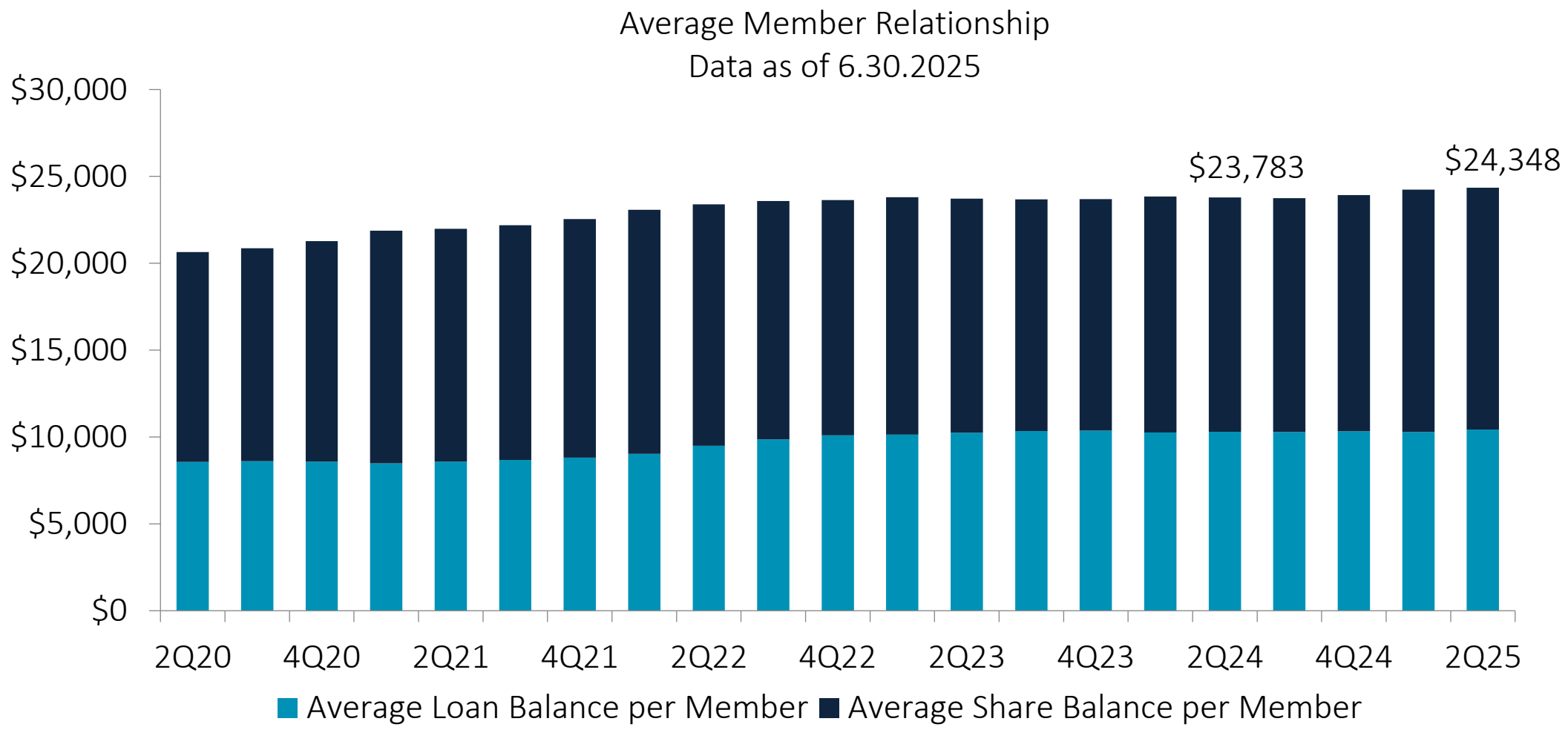
# Share growth is trending higher…



# As is loan growth



# The average member relationship is at the highest level ever



First Financial
FEDERAL CREDIT UNION

# Better Member Experience? There's A Class For That.

First Financial of Maryland is cultivating cross-functional leadership and breaking down silos through a hands-on experience designed to spark inspiration and unify culture around the member experience.

# Member Borrowing Rebounds in 2025

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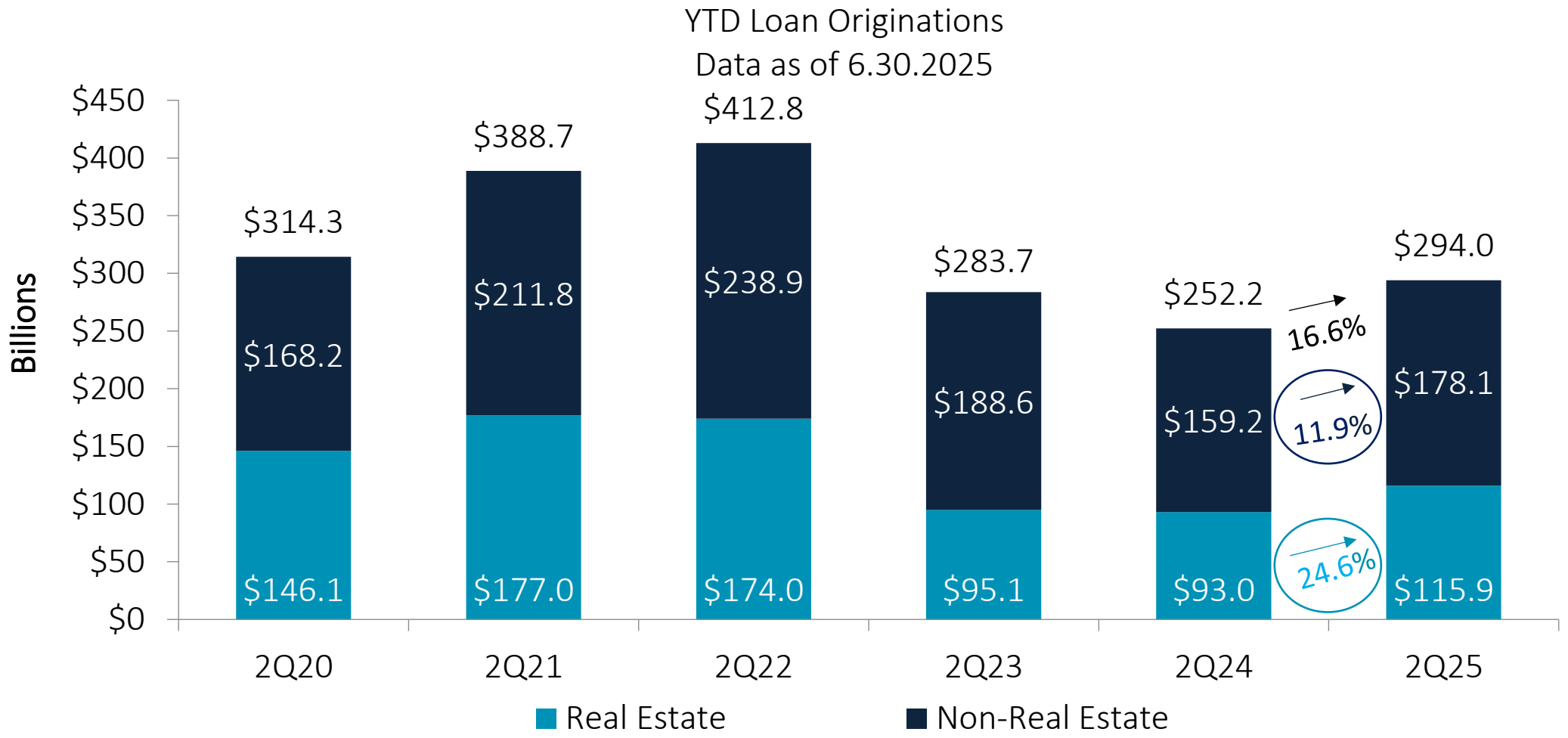
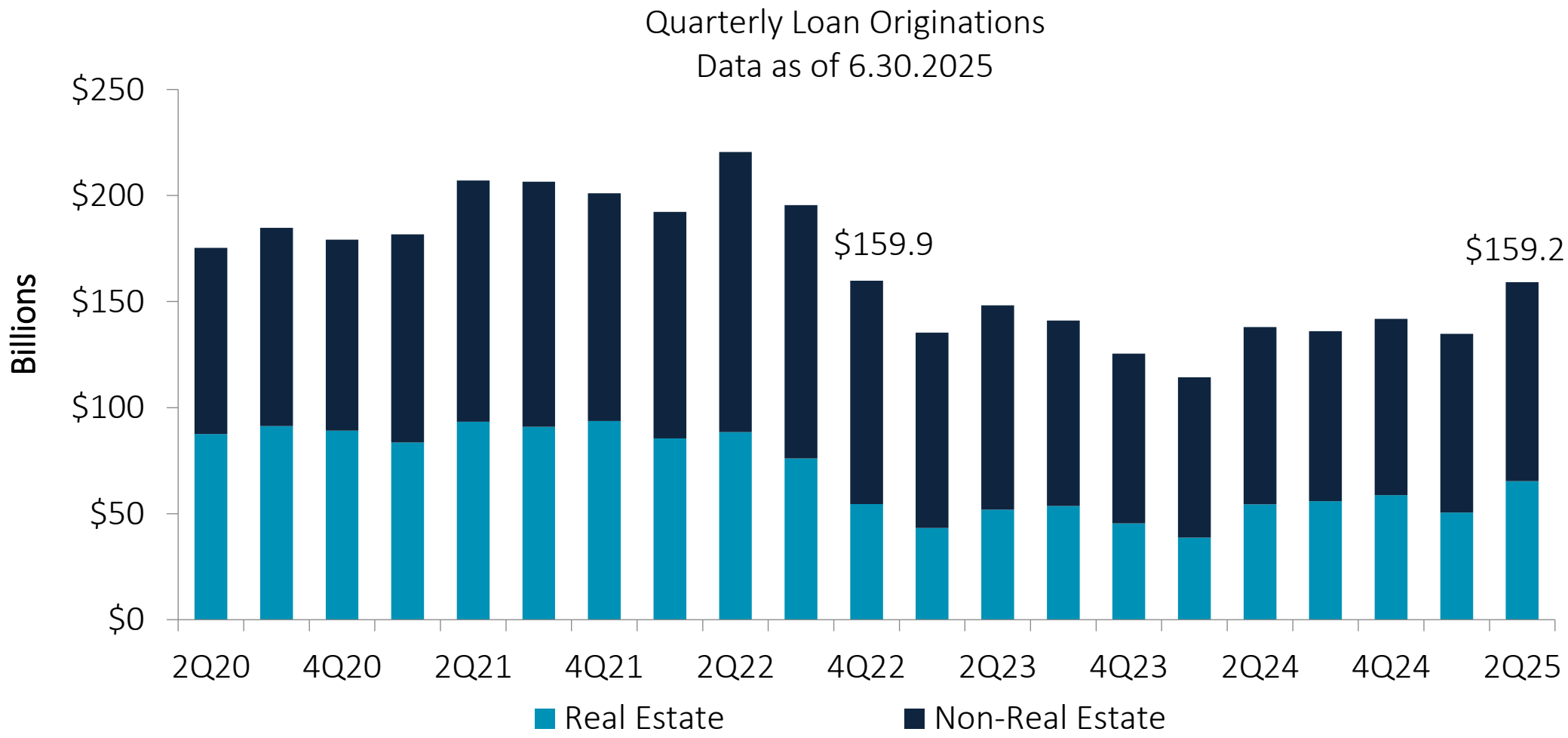
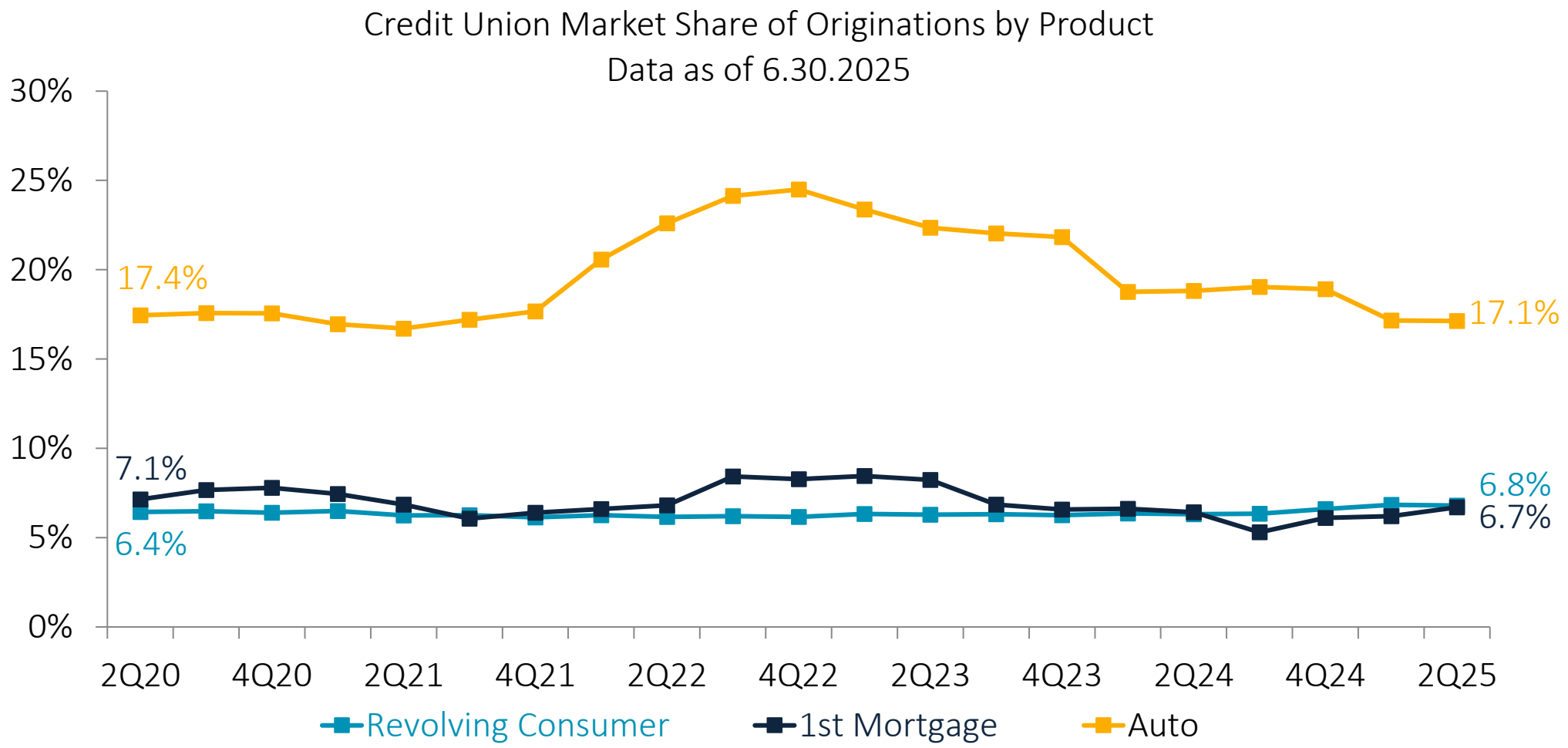
# Loan originations rebound from a slow 2024



# Loan originations hit the highest level in over two years in 2Q25



# Credit union market share holding steady in 2025



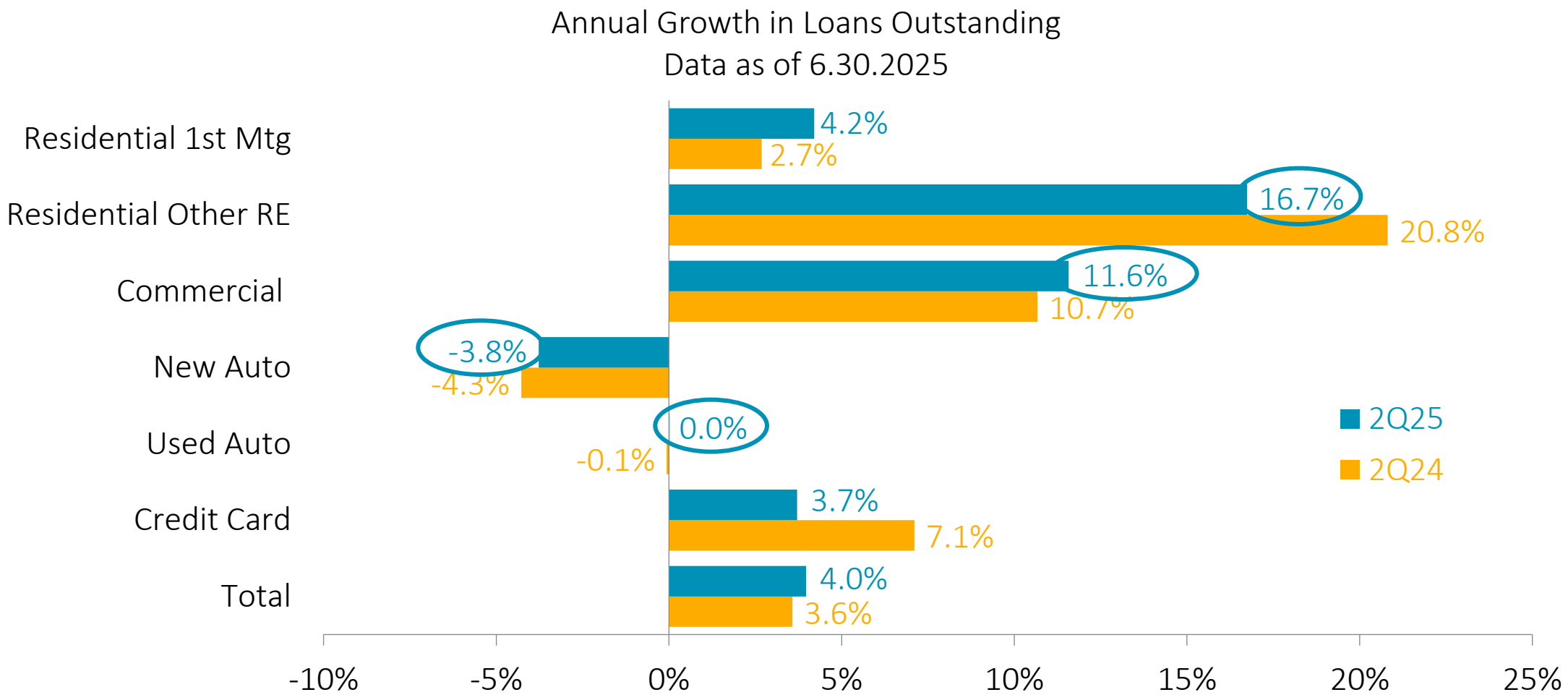

Source: The Federal Reserve, Mortgage Bankers Association, Experian

WSECU

# A New Mortgage Option At WSECU Spices Up The Market

A blended breakthrough at the Washington credit union is a smart solution for stuck borrowers.

# Home equity and commercial loan balances rising at double-digit pace

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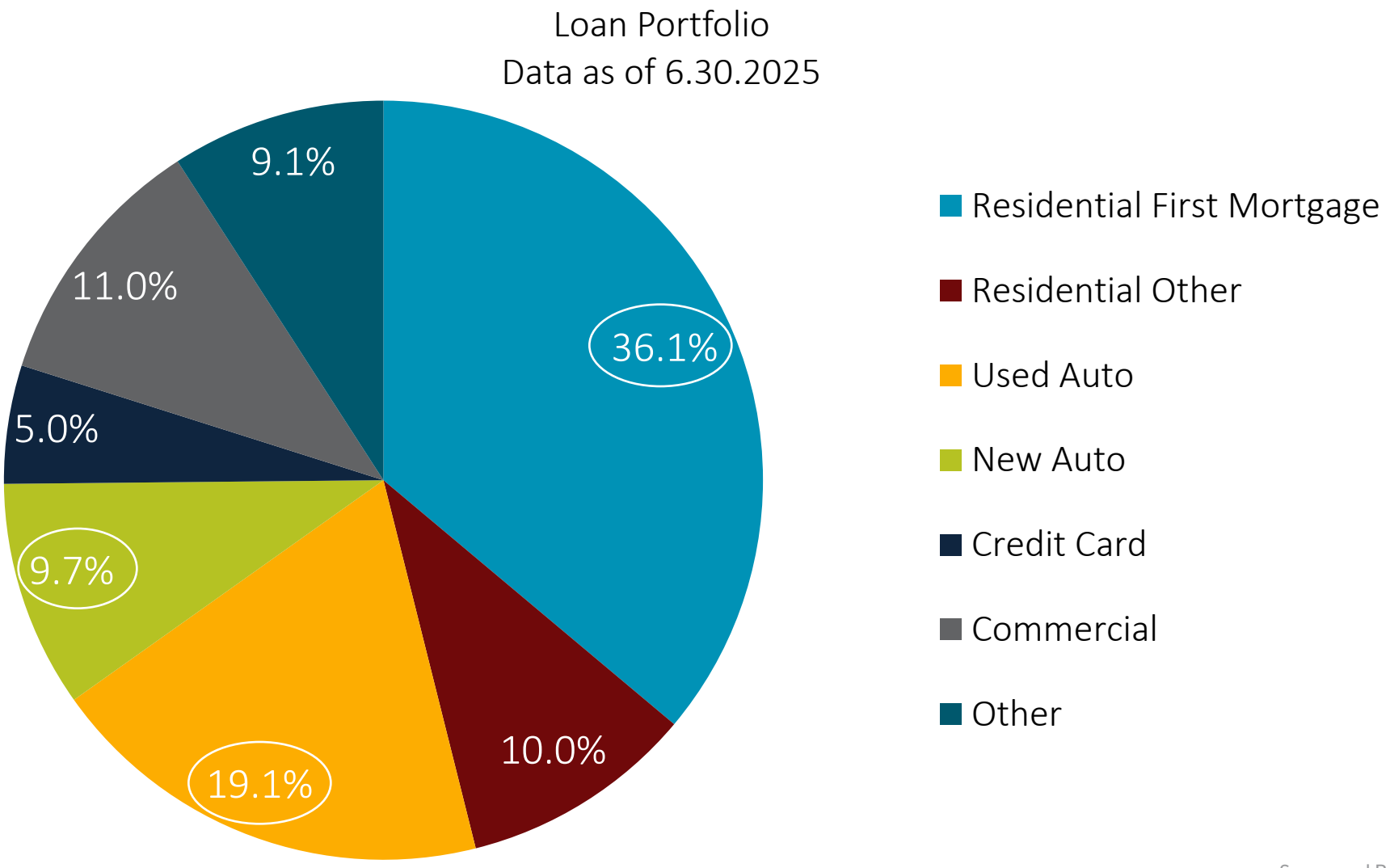
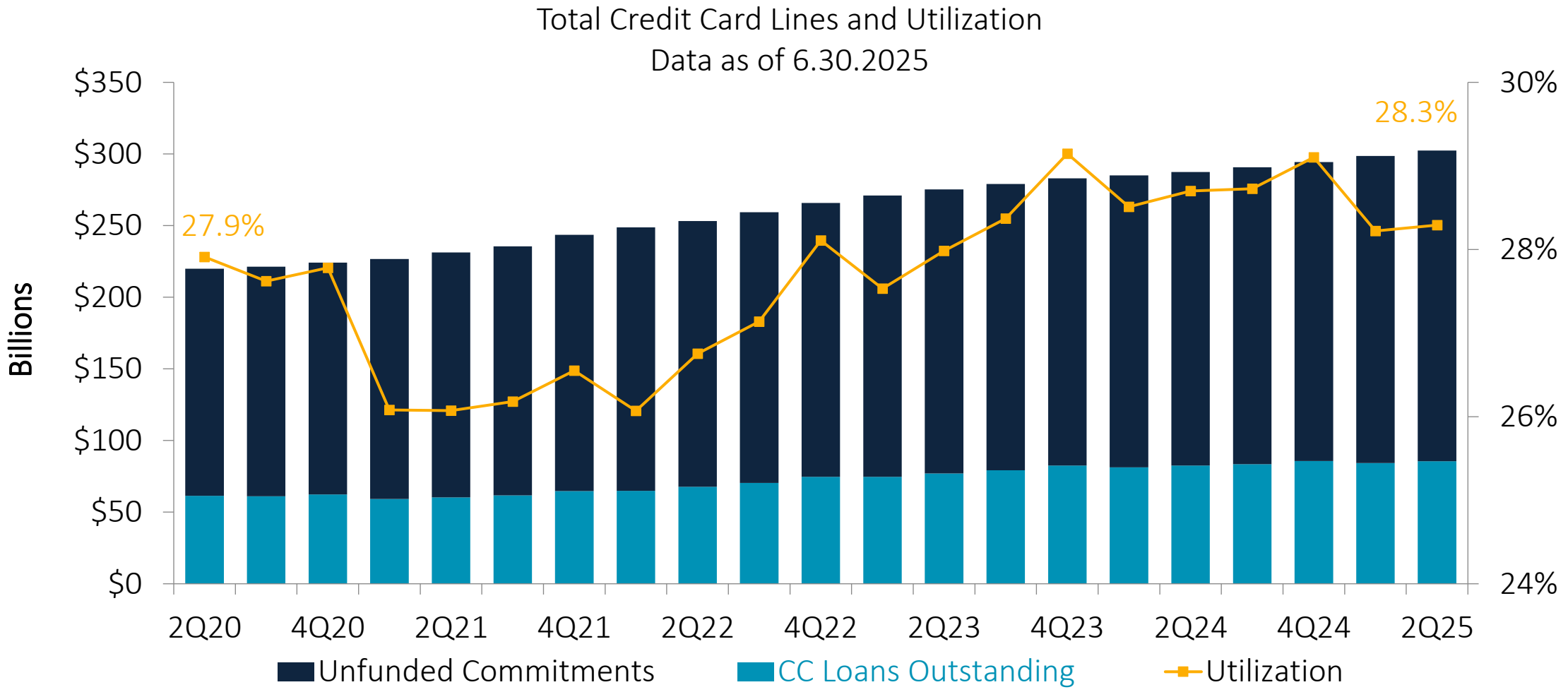
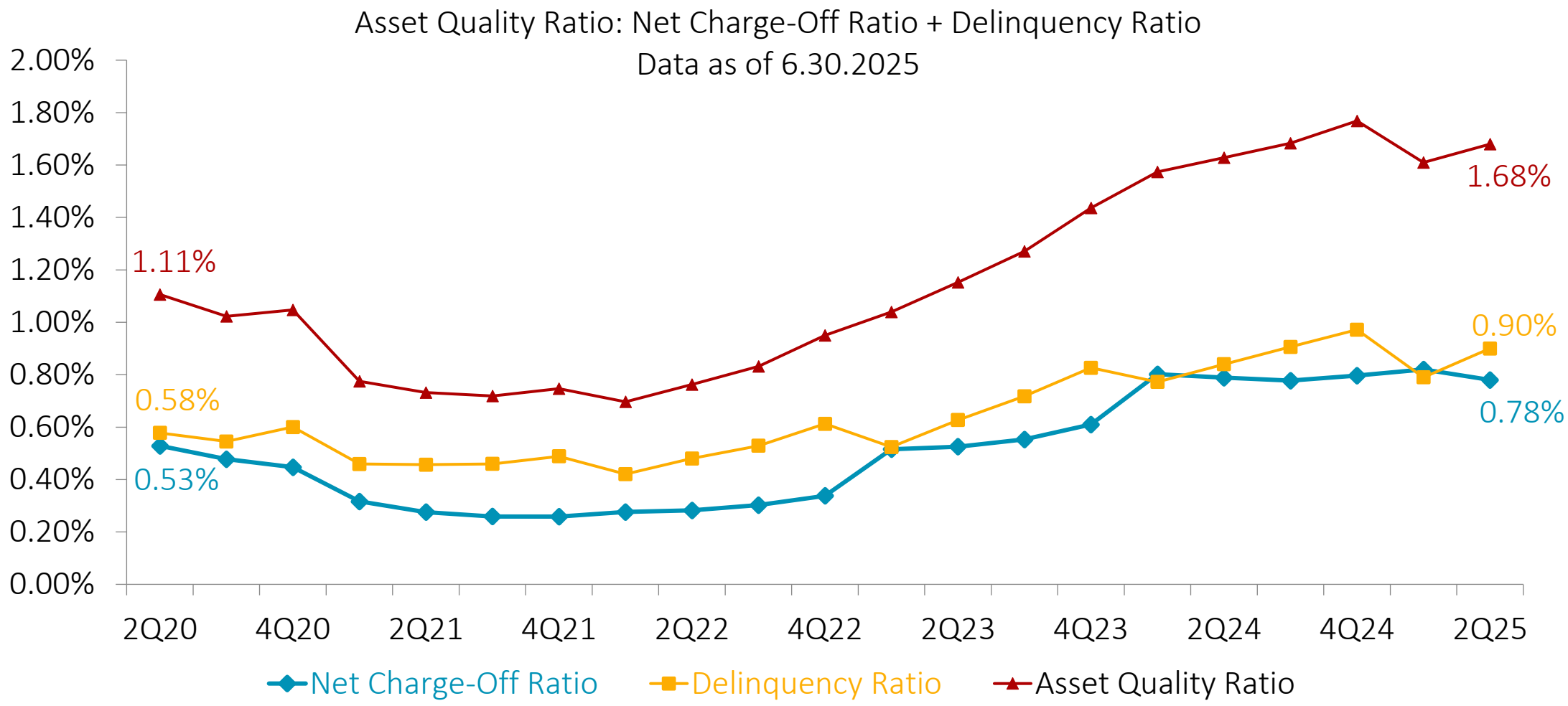
# First mortgage and used auto comprise over half of loan portfolio



# Credit card balances grow, but members are using a lower percentage of available credit in 2025



# Delinquency moves higher while net charge-offs have flattened



# Members Look for High Yield Savings Options

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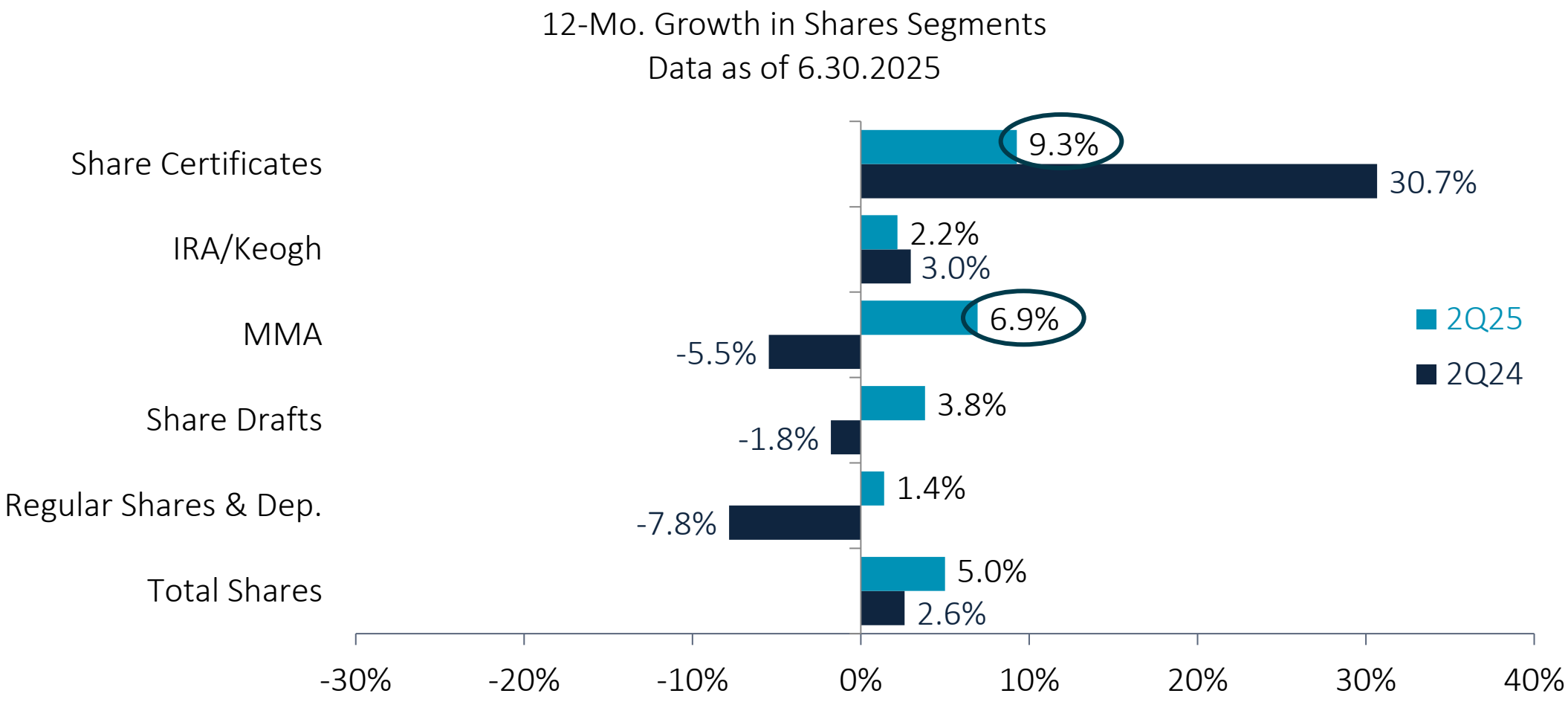
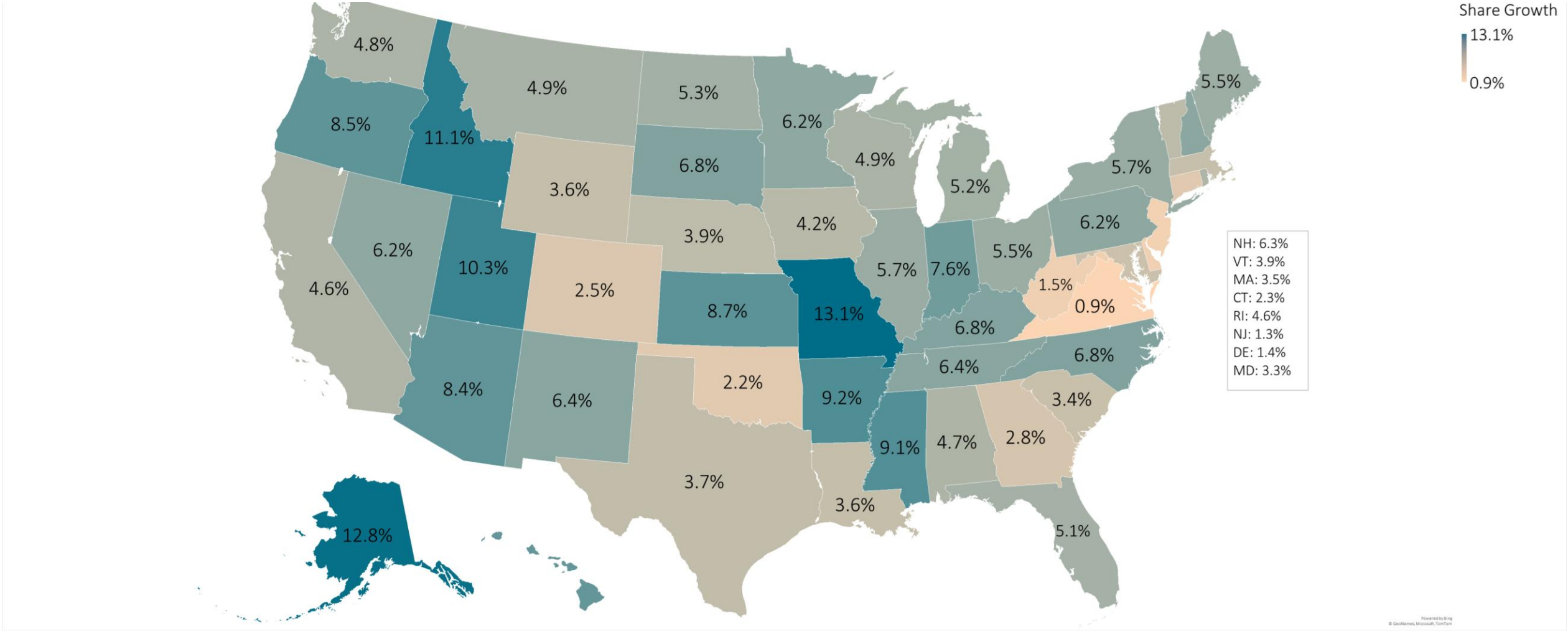
# Certificates and money market lead annual share growth

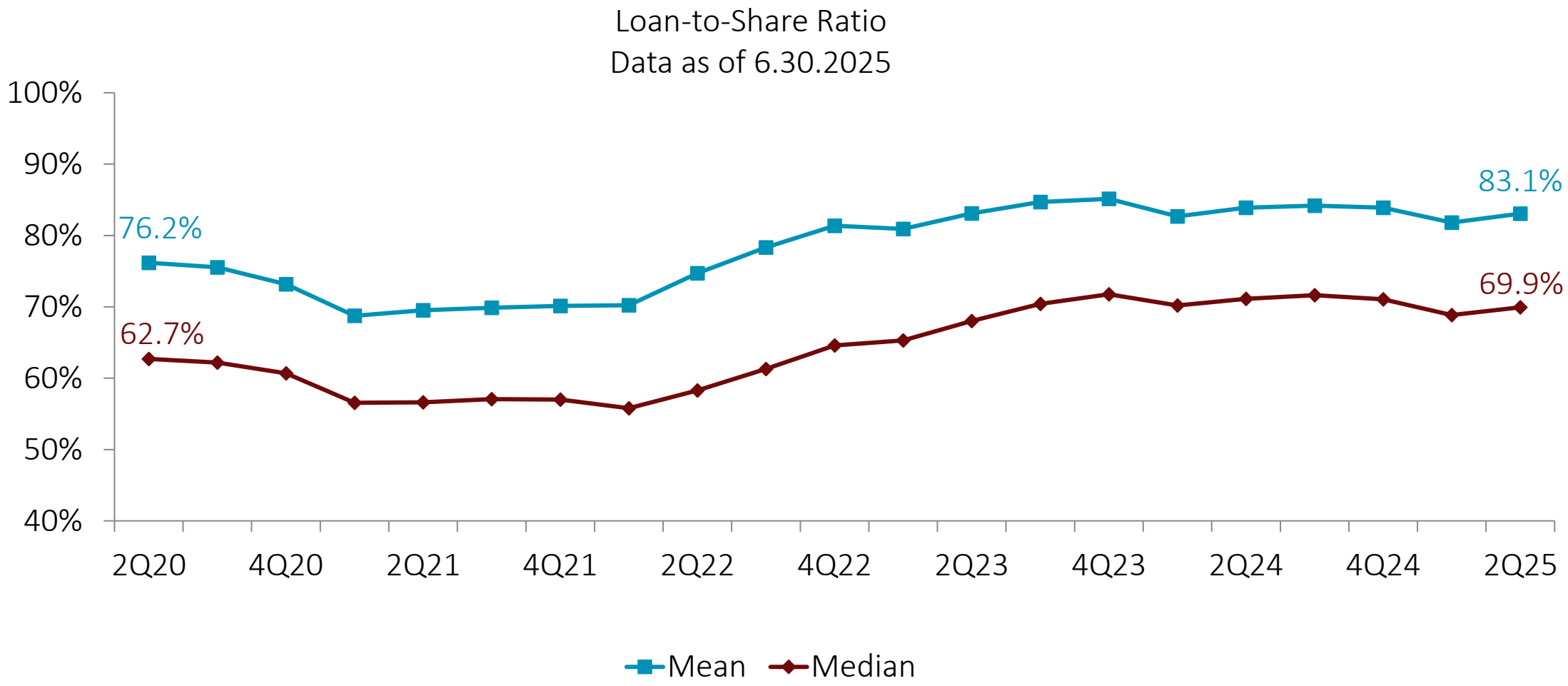


# Solid share growth seen across the country

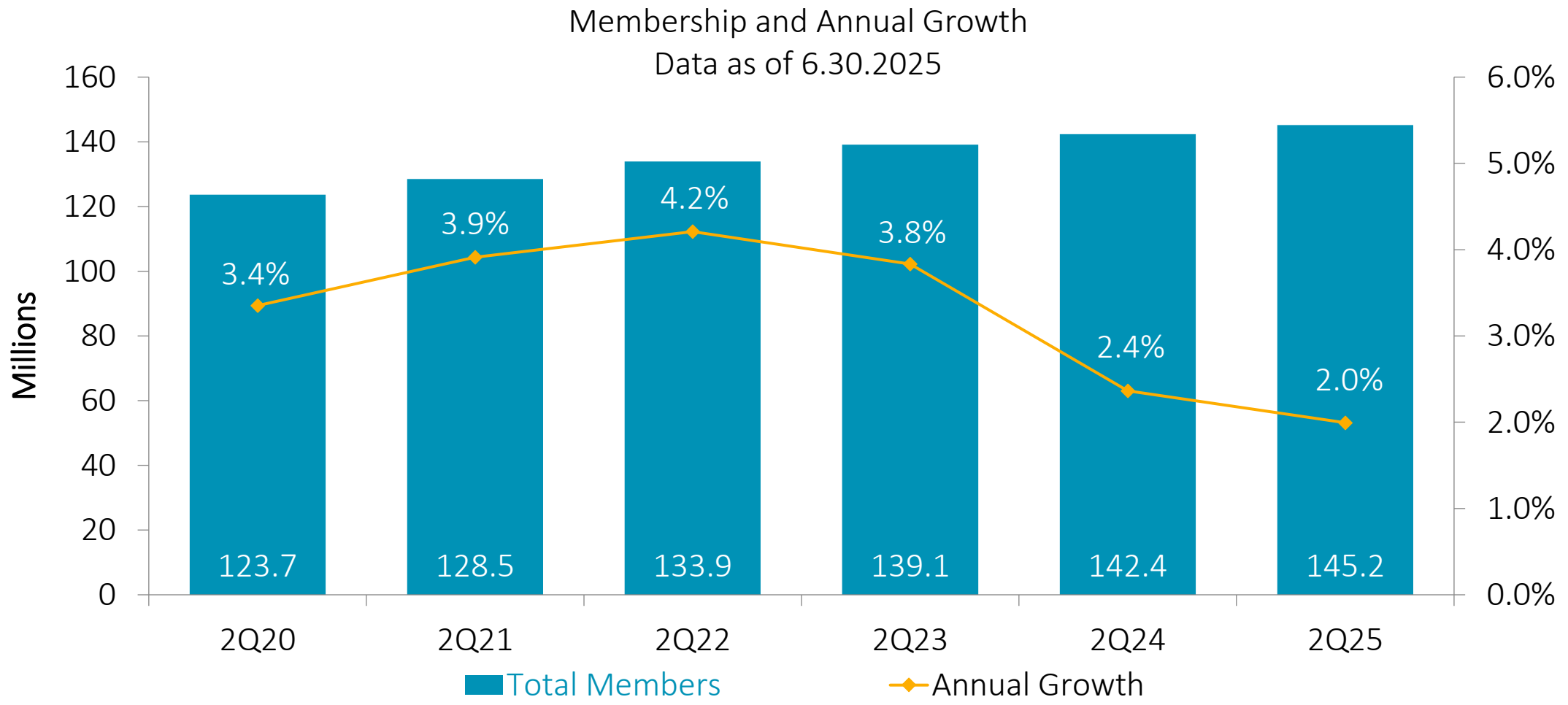
Credit Union, Year-Over-Year Share Growth/Loss (excl. Navy Federal)



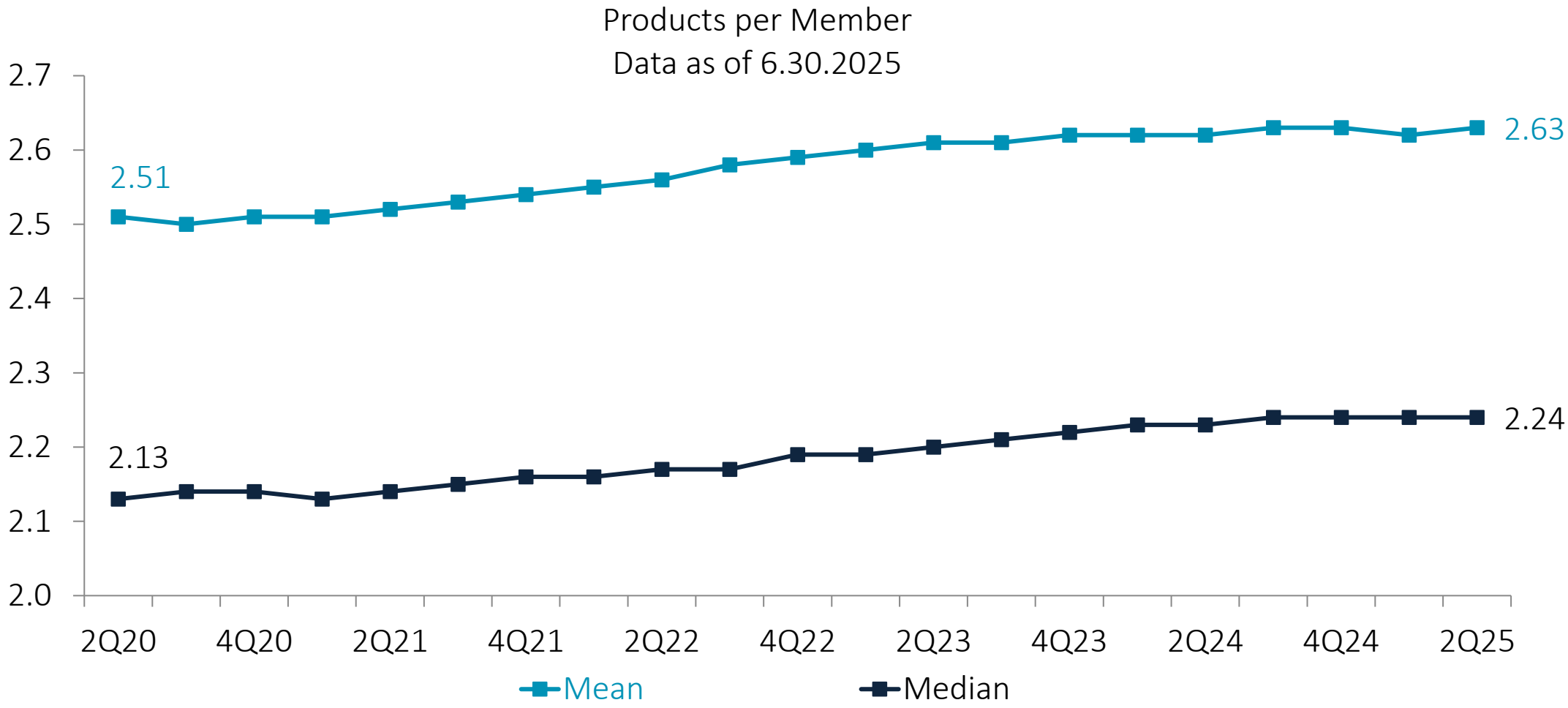
# Loan-to-share is down slightly versus 2Q24



# Credit unions add 2.8 million members over the past year, slowest since 2014



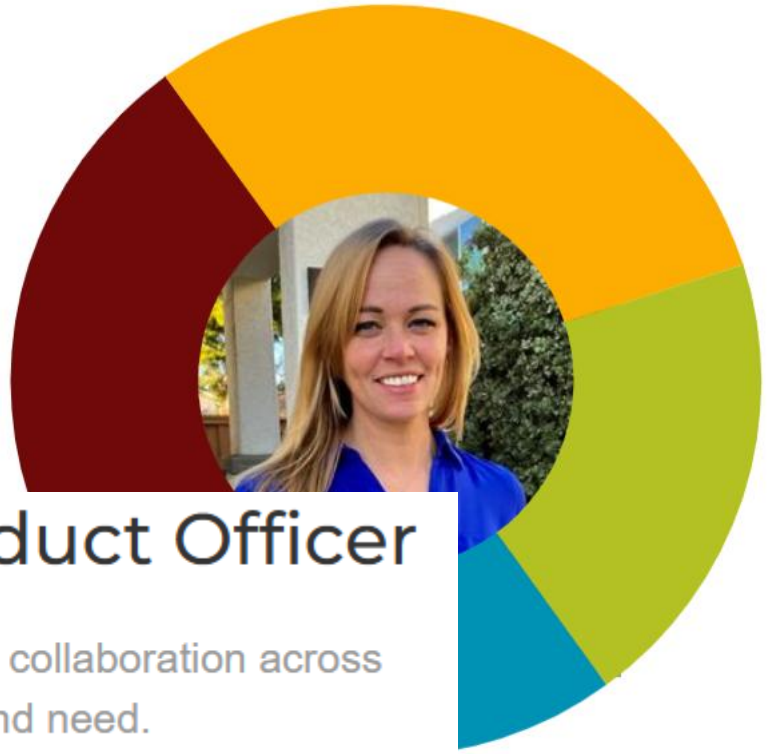
# Members are using more credit union products than ever



Bay Federal CREDIT UNION

**BROOKE MORLEY**

CHIEF PRODUCT OFFICER
BAY FEDERAL CREDIT UNION




# What's In A Name: Chief Product Officer

Bay FCU's Brooke Morley improves communication and collaboration across departments to offer members the products they want and need.

Publix Employees Federal Credit Union

SHANNON PATTEN
CHIEF EXPERIENCE OFFICER (CXO)

George Jenkins

Publix - 1930

PEFCU - 1957

# Business Relationship Team

PEFCU's Business Relationship Team is our boots-on-the-ground resource, bringing the credit union directly to Publix associates wherever they are. From assisting current members to welcoming new ones, their #1 priority is building strong, lasting relationships!

Strong relationships are the foundation of lasting business success, turning transactions into trust and connections into opportunities.

# financially FRESH WITH PEFCU

Financially Fresh is PEFCU's Financial Wellness Program, designed to bring practical tools, expert guidance, and empowering resources to our members, our community, and Publix associates. The program features three powerful components:

**01**

## Interactive Online Platform

On-demand learning

**02**

## In-Person Workshops

Engaging, real-world financial education directly to Publix facilities

**03**

## Live Webinars

Connect participants with financial experts for interactive, timely learning from anywhere.

**Financially Fresh: Mapping Out Your Financial Journey** provides individuals with a clear, visual "map" to guide them along specific paths toward their unique financial goals. These paths include Budgeting, Homeownership, Credit, Auto Buying, and Savings.

# Unique Incentives

- Monthly drawings for "active" participants.
- Quarterly drawings for “active” participants.
- Special incentives for participants completing a specific path.
- Bonus incentives for current Publix associates only.

# In Person Workshops

PEFCU's in-person workshops bring engaging financial education directly to Publix associates at warehouses and distribution centers. Associates pre-register to attend their choice of 45-minute sessions covering a variety of financial topics.

**23,000**

Registered Financially Fresh Users

**955**

Average Number of New Registrations Per Month

**6,000**

Active sessions per month

**35%**

Users Say They Are Frequently Overwhelmed By Their Finances

**79%**

Users Who Are Current Publix Associates

**85%**

Users Who Are Current PEFCU Members

## Top Courses

1. Buying or Leasing a Car
2. Saving for Goals
3. Creating a Financial Plan for Your Priorities and Goals

## Top Videos

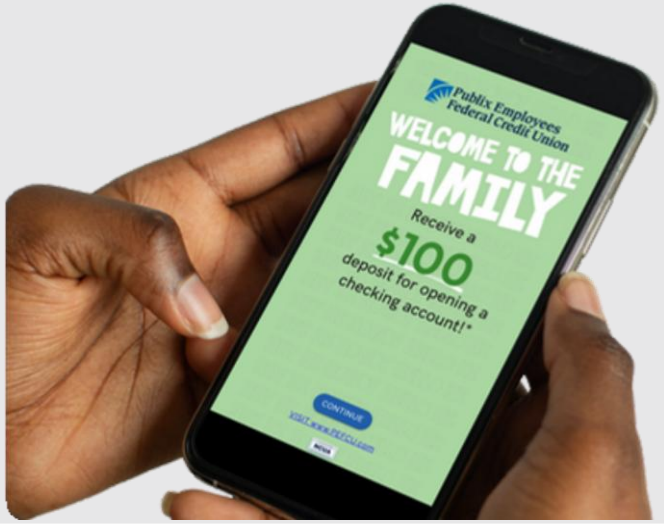
1. How to Assign a Savings Goal and Timeline
2. Investing Beyond Retirement Accounts
3. Why Do I Need a Budget?

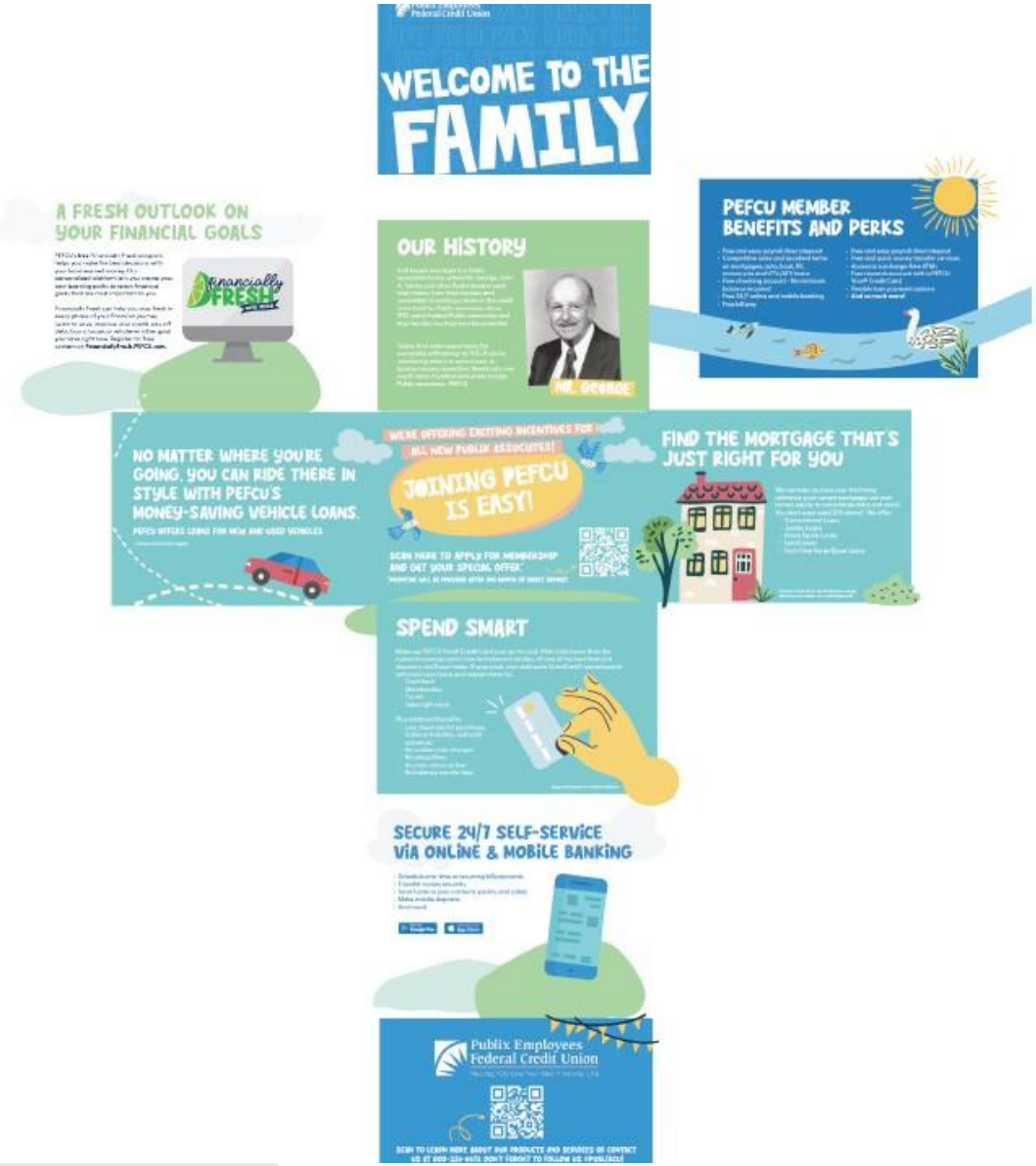
# Branch Support and Celebrations

financially fresh

# Unique Products

# New Hire Orientation



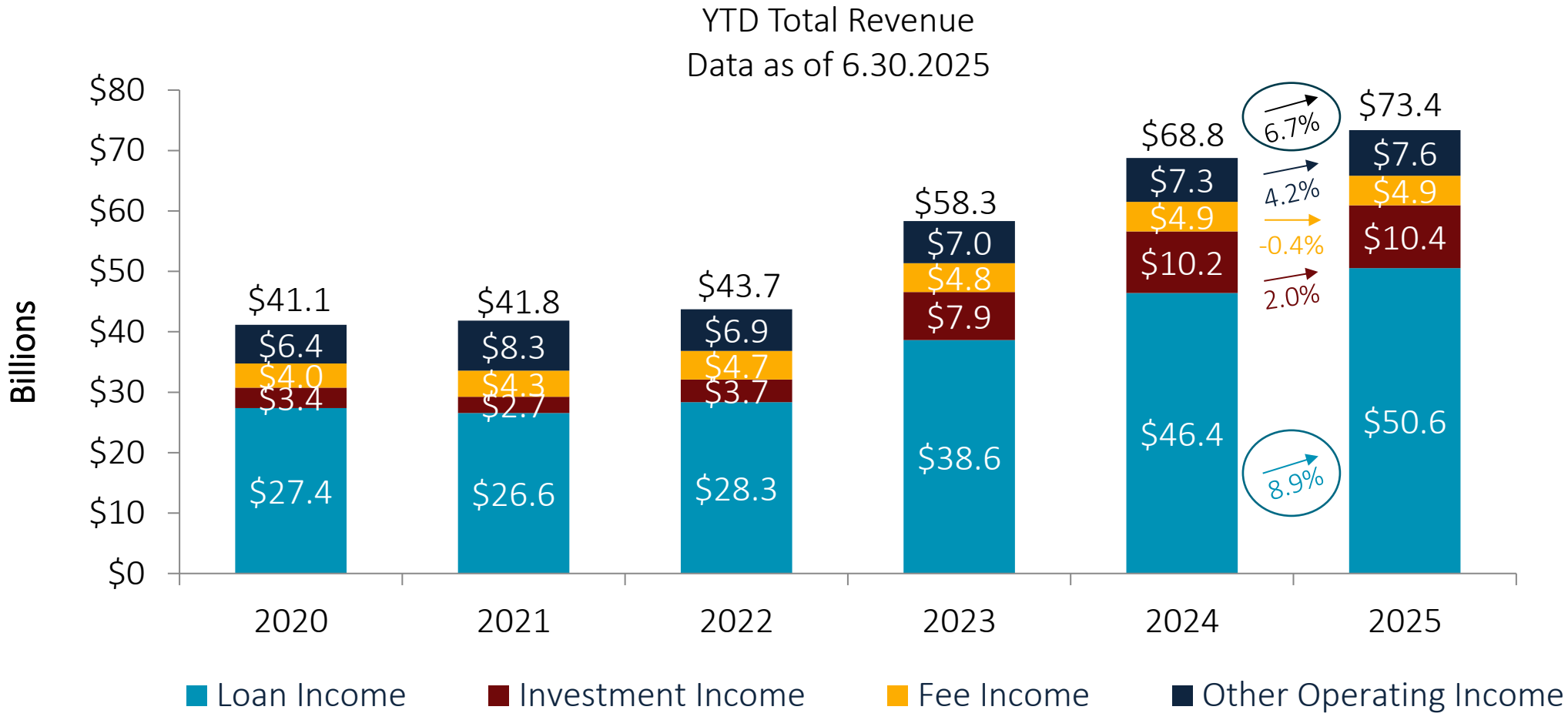
Publix

PEFCU

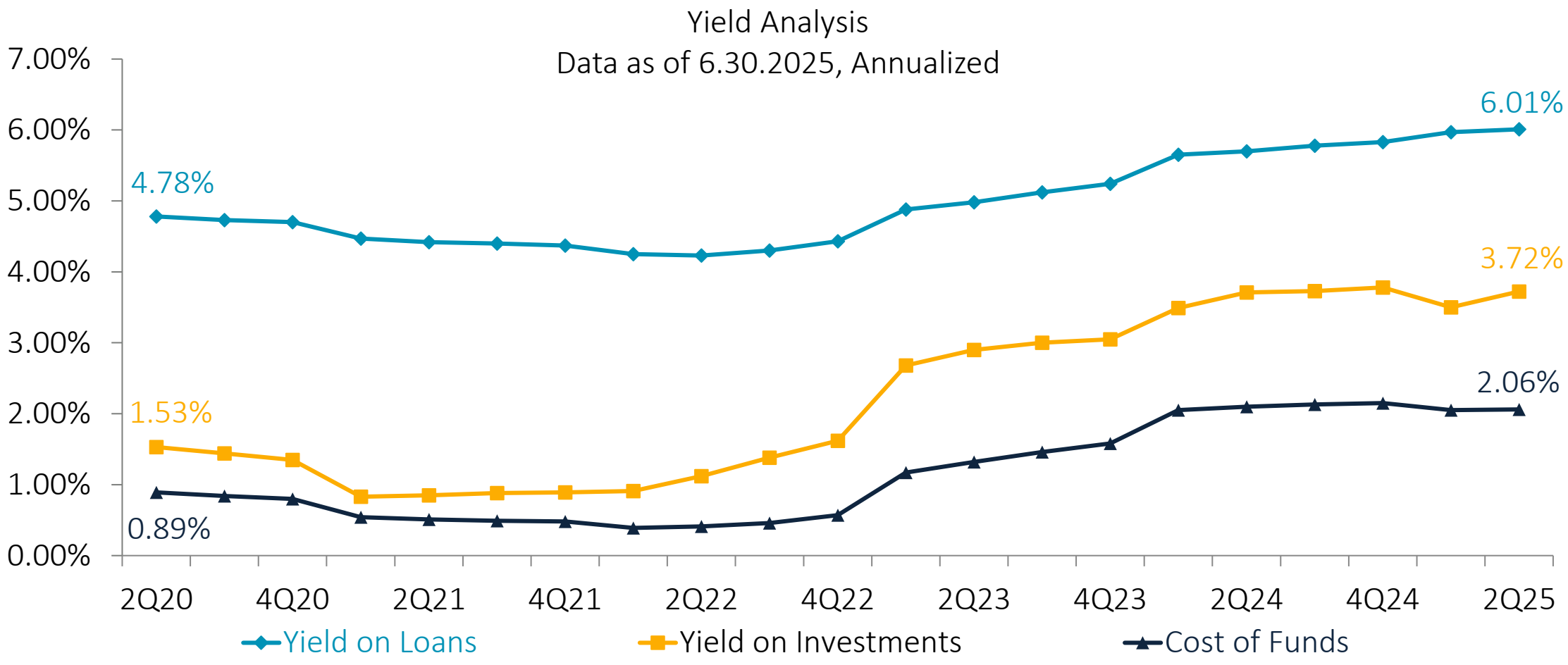
# THANK YOU

# Interest Income Lifts Earnings and Capital

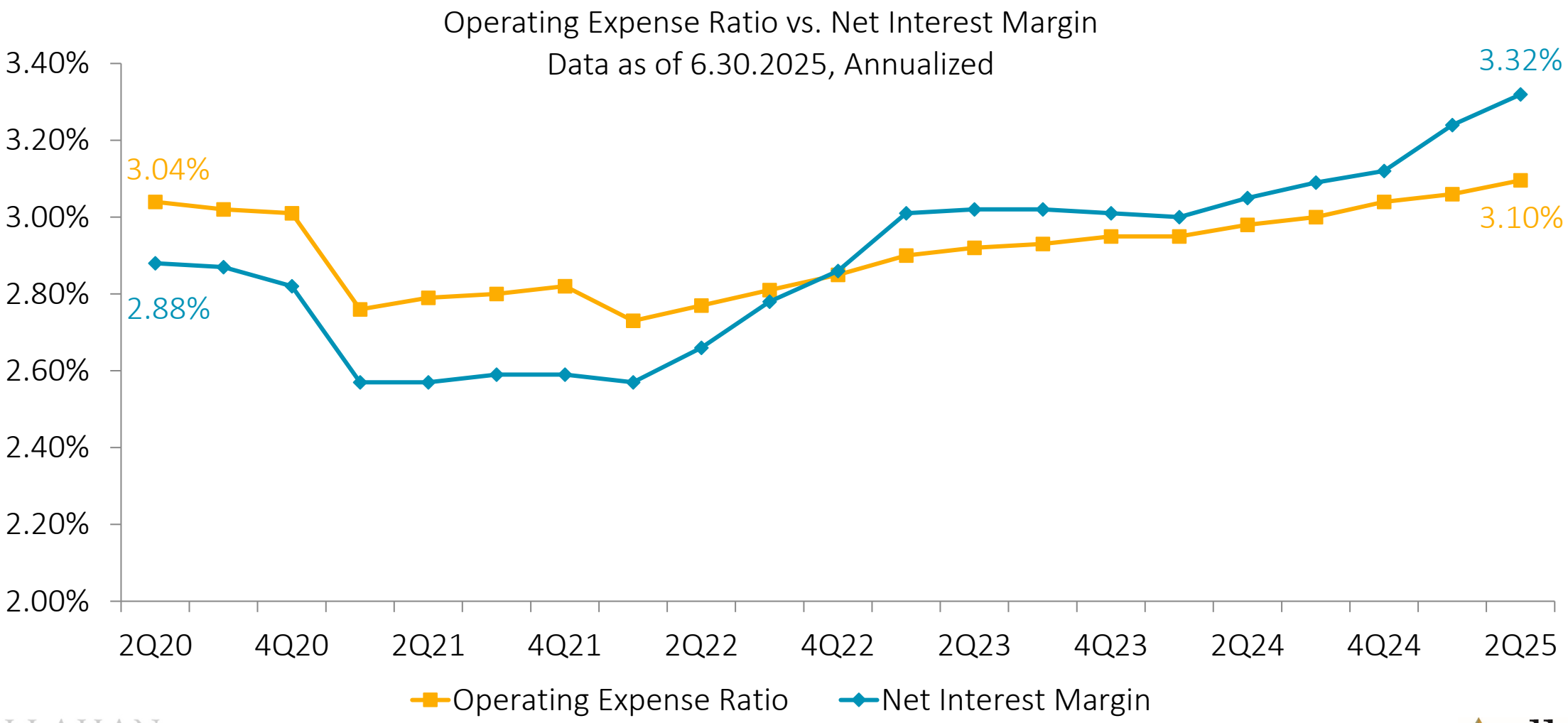
# Higher loan interest income drives revenue growth



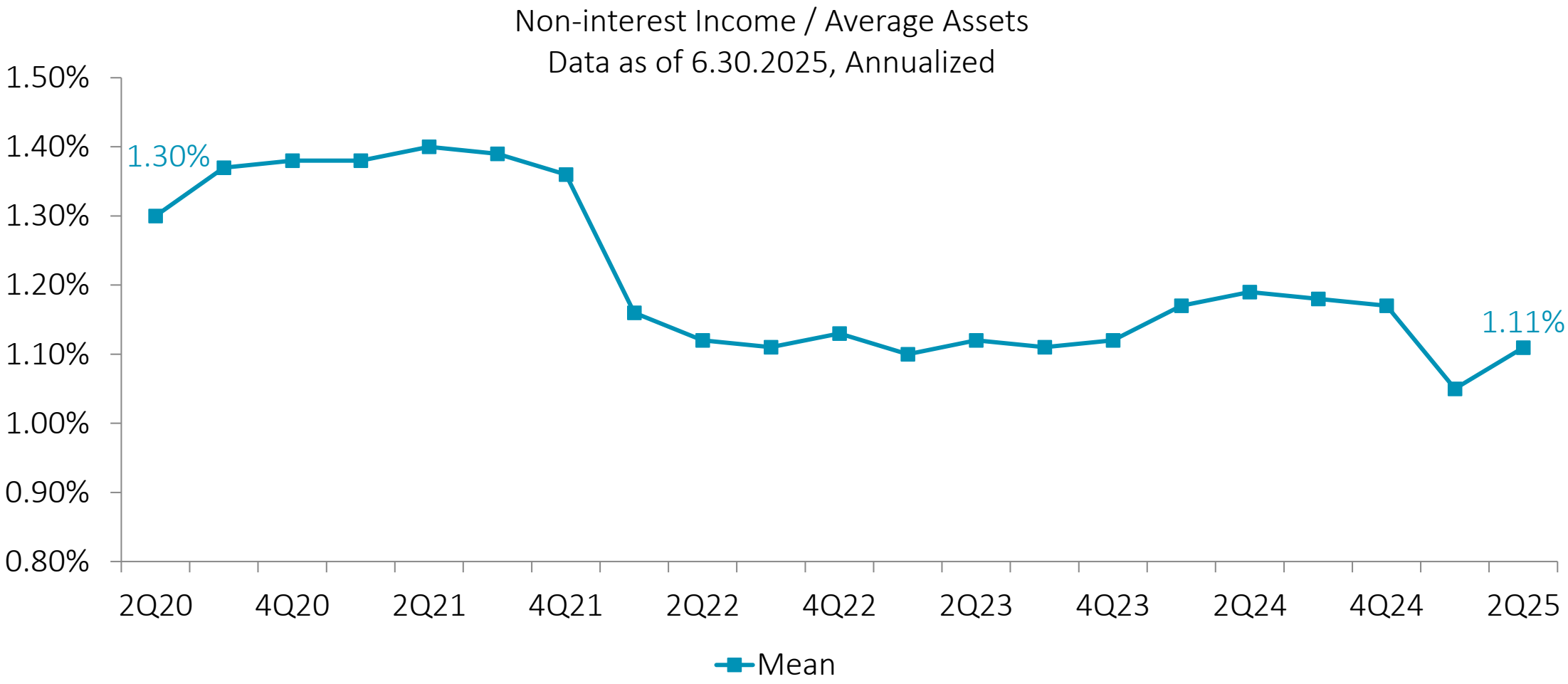
# Loan and investment yield increases outpace cost of funds uptick



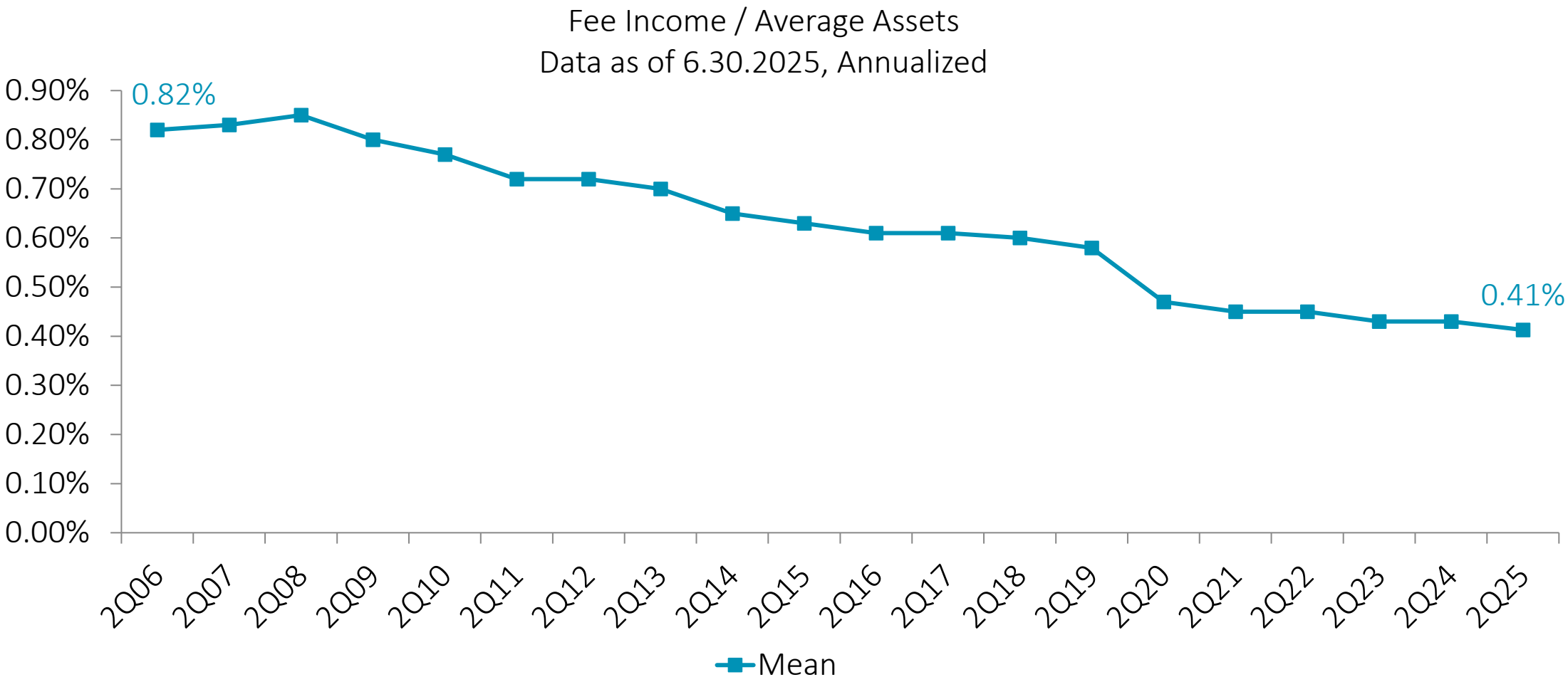
# Net interest margin increasing faster than operating expense growth



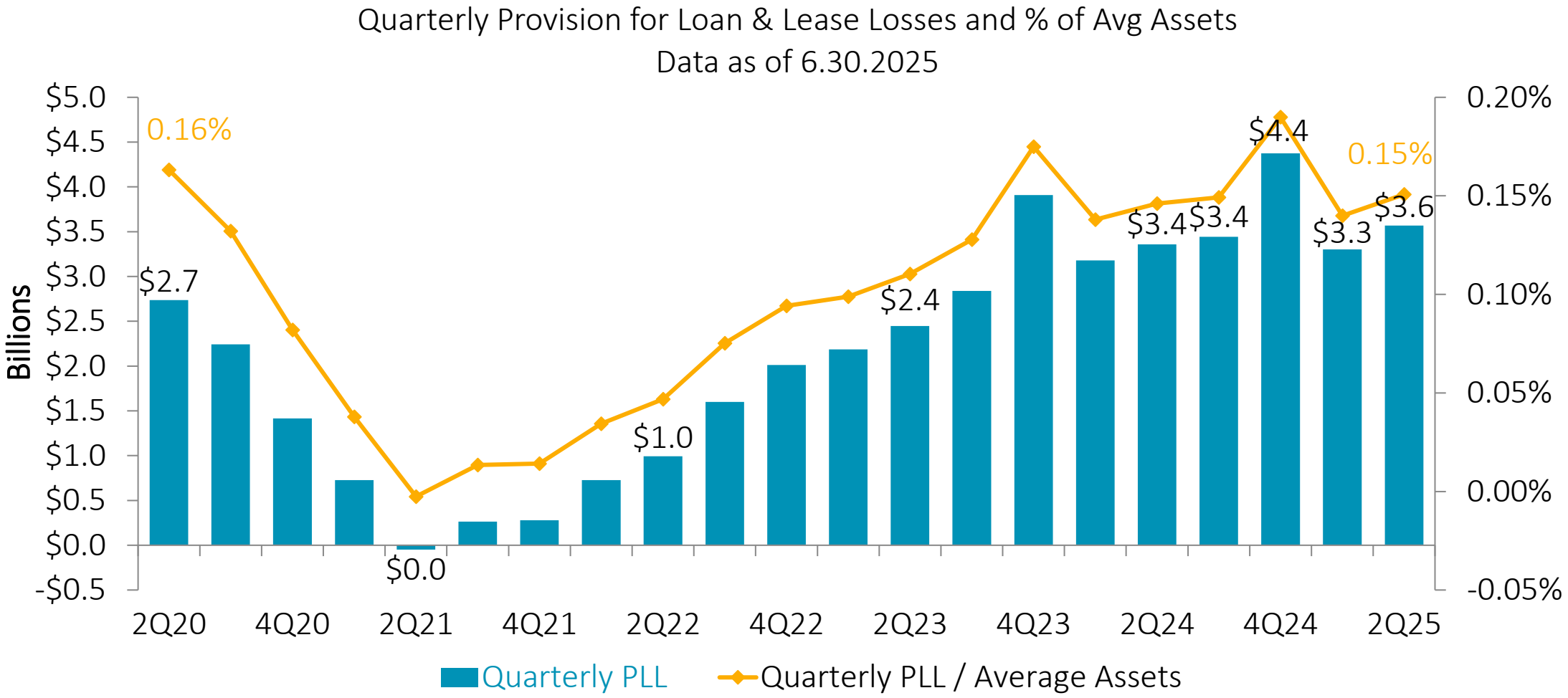
# Non-interest income sees uptick after first quarter drop…



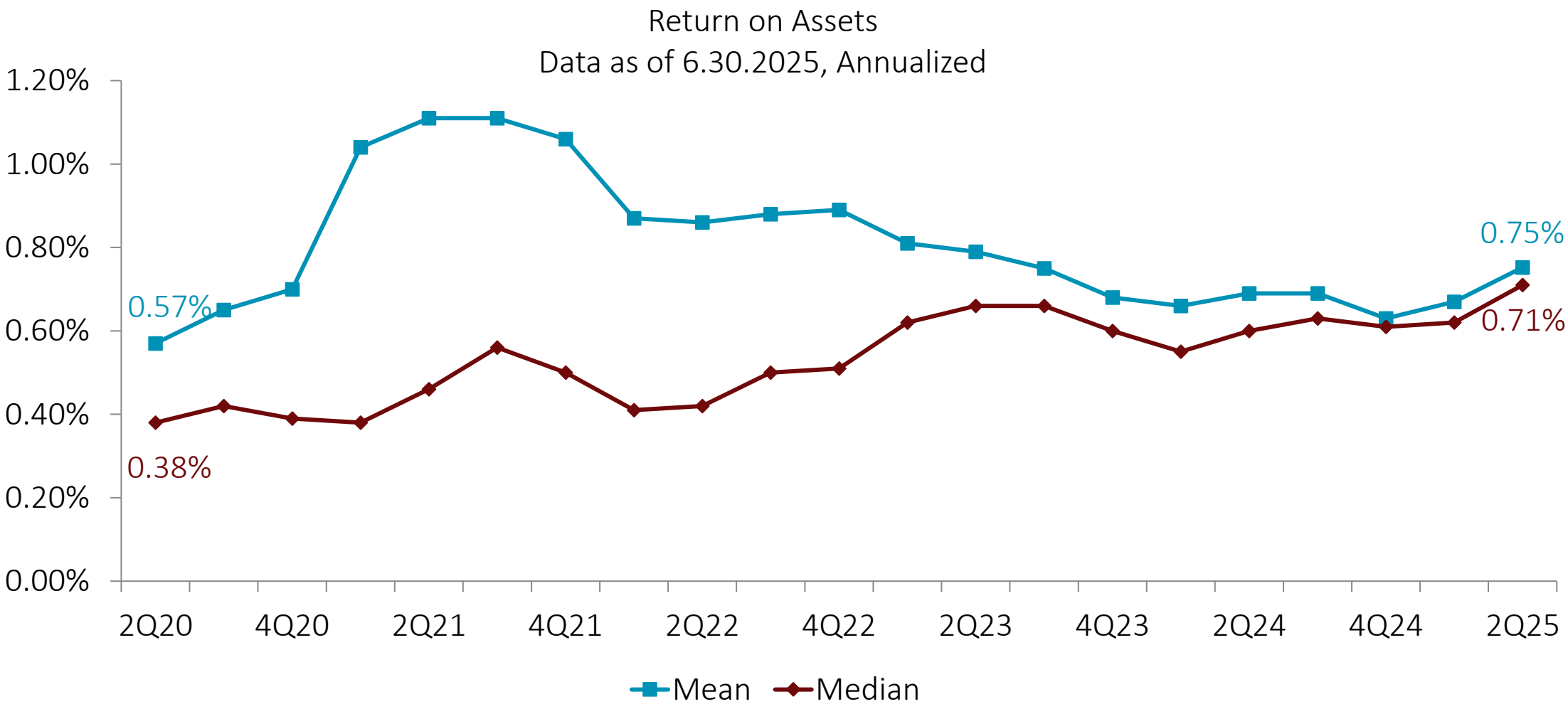
# Even as fee income continues to trend lower



# Provision expense moves higher in second quarter



# Margin growth pushes ROA higher

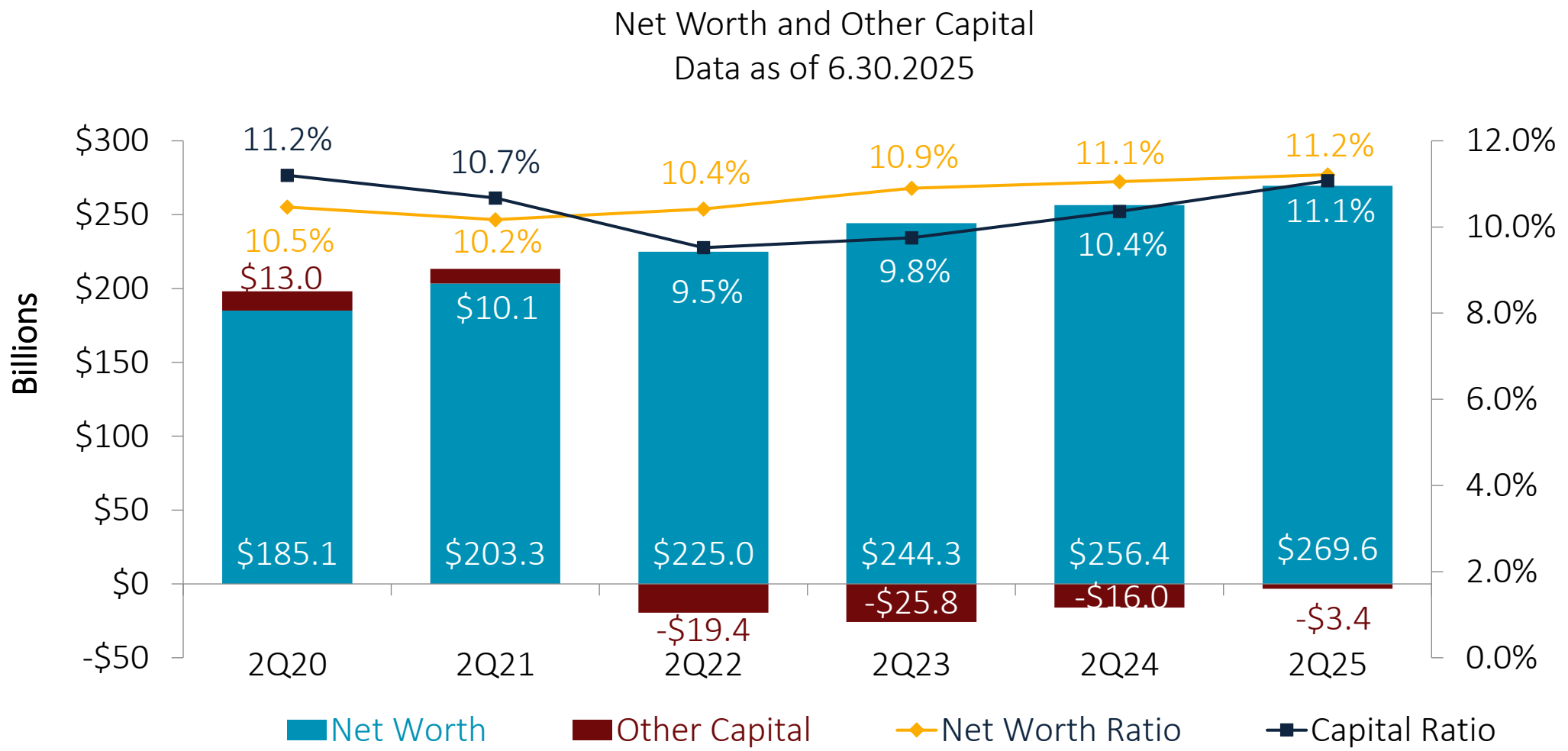


# Wider margin drives the increase in ROA versus a year ago

| | 6/30/2025 | 6/30/2024 | ROA Impact |
|---|---|---|---|
| Interest Income | 5.15% | 4.93% | +0.22% |
| Interest Expense | 1.83% | 1.87% | +0.04% |
| Net Interest Margin | 3.32% | 3.05% | +0.27% |
| Non-interest Income | 1.11% | 1.19% | -0.08% |
| Operating Expenses | 3.10% | 2.98% | -0.12% |
| Provision for Loan Losses | 0.58% | 0.57% | -0.01% |
| ROA | 0.75% | 0.69% | +0.06% |

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

# Net worth and capital ratios move higher



# Takeaways and Closing Thoughts

- Loan and savings growth is picking up in 2025 as credit unions focus on deepening member relationships in the midst of slower membership growth

- Liquidity and capital positions allow credit unions to continue to support member needs in 2025…and many are looking for support!

- Engaging with and listening to members will reveal opportunities to deliver solutions that meet the unique needs of credit union members

# Strategic Planning in 2025

- How are we engaging with members to better understand their needs?
- Where are our greatest growth opportunities?
- Where are we investing to deliver greater value to members?
- Is our credit union positioned to adapt to evolving member needs and preferences?
- How are we ensuring that our team has the skills to deliver an outstanding member experience?

# THANK YOU
# FOR WATCHING

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