



c.myers **Data Driven ALM Insights**

Presented By: Rob Johnson

August 12, 2025

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Your answers are anonymous, and your participation is greatly appreciated!



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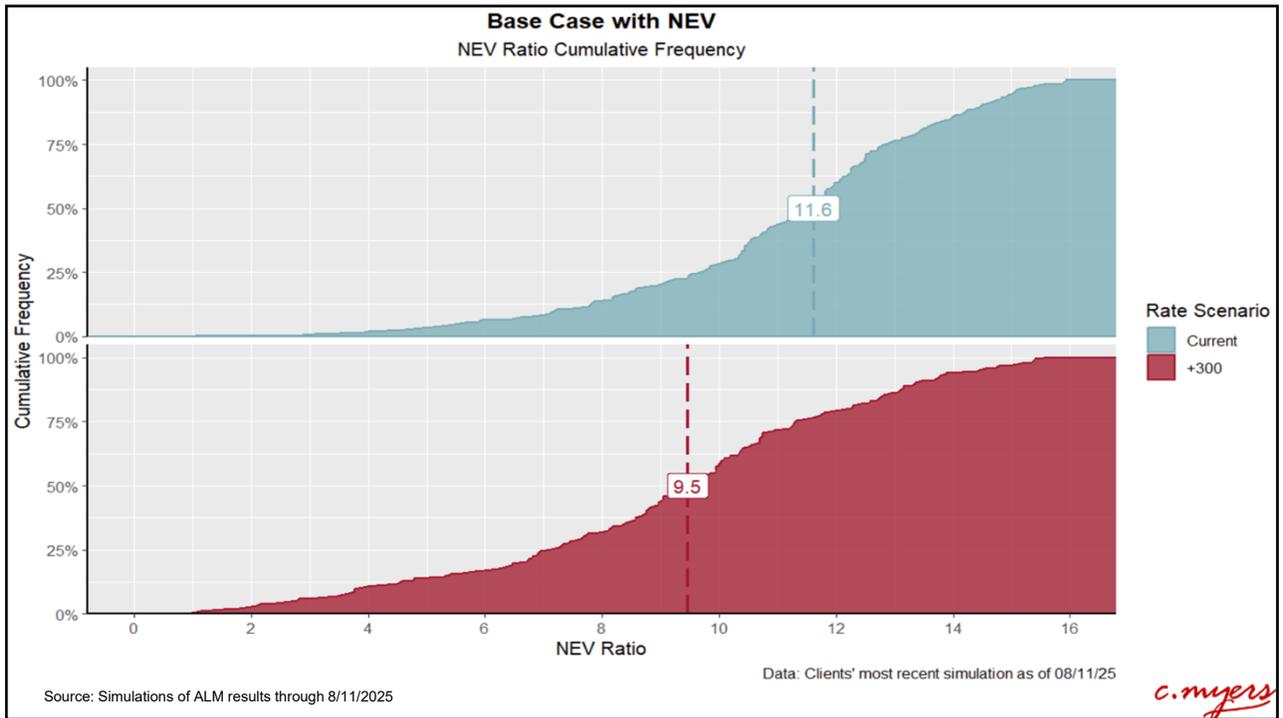
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Credit Union Industry: Changes In ALM Profile

Results as of Q2/25

	ALM Change Q2/25 vs Q1/25				ALM Change Q2/25 vs Q4/23			
	<\$1Bill	\$1B-\$5B	\$5B-\$10B	>\$10B	<\$1Bill	\$1B-\$5B	\$5B-\$10B	>\$10B
Static NII Vol +300	-0.75%	-0.70%	-0.54%	-0.64%	0.44%	-0.48%	0.50%	-0.53%
Static NII Vol -300	0.82%	0.79%	0.34%	0.67%	1.37%	3.21%	4.36%	4.36%
Note: Volatility is 12Mo (instant rate change), on a scale of 100%. An improvement is displayed as a positive change								
NEV% +300	0.20%	0.40%	0.46%	0.34%	1.86%	2.44%	2.96%	2.28%
NEV% -300	0.09%	0.06%	-0.04%	0.01%	1.04%	1.34%	1.69%	1.56%
Starting ROA	0.03%	0.09%	0.02%	0.05%	-0.10%	-0.05%	0.03%	0.11%
NW% Not at Risk +300	0.16%	0.31%	0.15%	0.23%	1.99%	2.19%	2.53%	2.98%
NW% Not at Risk -300	0.17%	0.16%	0.19%	0.12%	0.43%	0.40%	0.56%	0.43%

Simulations use same standard ALM assumptions for all institutions, structures based on 5300 data (Sourced from P2P)

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C. Reasons for NEV Change for +300 Scenario

5300 06.2025 CUs 5-10B

Before 5300 03.2025 CUs 5-10B
After 5300 06.2025 CUs 5-10B

Difference	Rate Scenario (RS)	NEV Shocked Ratio				
			Before	After	Difference	
	No change in RS	0.46%				
			Before	After	Difference	% EV Impact
Starting Net Worth Ratio (NW%)			11.09	11.28	0.20	21%
Simulated Value: +300						
Loans			84.32	85.00	0.69	53%
Investments			90.32	90.24	-0.08	7%
Assets Economic Value (%)			86.53	86.95	0.42	
- Deposits			89.04	89.23	0.19	18%
- Borrowings			99.25	99.29	0.04	0%
- Liabilities Economic Value (%)			89.67	89.86	0.19	

Note: Difference column won't add to total EV change as change compares to Before Category value (not % of Asset Value)

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Static NII Vol +300	-0.75%	-0.70%	-0.54%	-0.64%	0.44%	-0.48%	0.50%	-0.53%
Static NII Vol -300	0.82%	0.79%	0.34%	0.67%	1.37%	3.21%	4.36%	4.36%
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Starting ROA	0.03%	0.09%	0.02%	0.05%	-0.10%	-0.05%	0.03%	0.11%
NW% Not at Risk +300	0.16%	0.31%	0.15%	0.23%	1.99%	2.19%	2.53%	2.98%
NW% Not at Risk -300	0.17%	0.16%	0.19%	0.12%	0.43%	0.40%	0.56%	0.43%

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C. Reasons for Net Worth Not at Risk Change for +300 Scenario

5300 03.2025 CUs Under 1B

Before 5300 12.2023 CUs Under 1B
After 5300 06.2025 CUs Under 1B

Difference **Rate Scenario (RS)** **NW Not at Risk**
RS Decreased 1.99

Change in NW % Not at Risk: +300	Before	After	Difference	% NW Not at Risk Impact
Avg Earnings on Existing Commitments over 4 Years	-3,283	-1,307	1,952	
% of Total Assets	-2.57	-0.97	1.60	77%
Beginning Net Worth %	11.05	11.48	0.43	21%
Additional Event Risk Loss	-711	-806	-95	
% of Total Assets	-0.56	-0.60	-0.04	2%

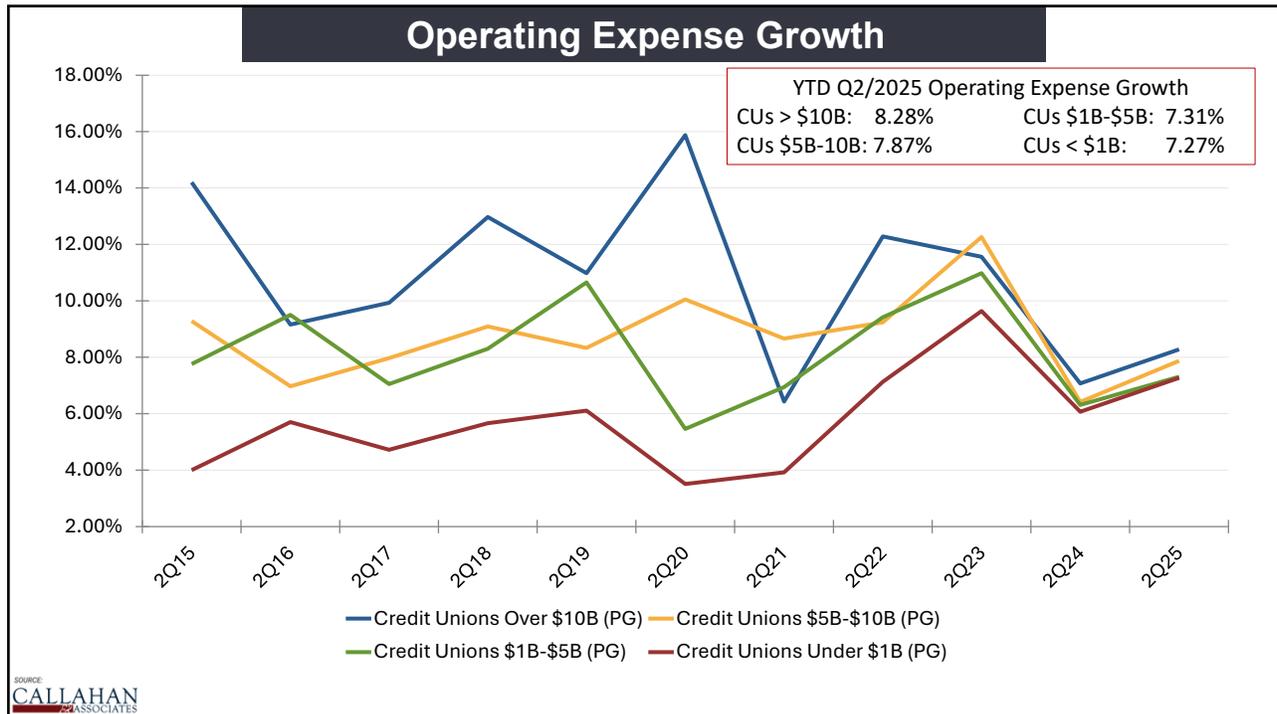
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My Financial Paths
Industry Multi-Year Forecasts (High Level View)
Fiscal Forecast: 2025-2029

Rate Environment:
 Assume rate environment stays
 at current levels

Description		Remaining				
		2025	2026	2027	2028	2029
5300 06.2025 CUs Over 10B						
Static Balance Sheet and Static Net Operating Expense	ROA	0.79	0.98	1.20	1.34	1.47
	Net Worth %	10.52	11.40	12.45	13.62	14.88
5300 06.2025 CUs 5-10B						
Static Balance Sheet and Static Net Operating Expense	ROA	0.74	0.97	1.23	1.42	1.57
	Net Worth %	11.61	12.46	13.53	14.75	16.08
5300 06.2025 CUs 1-5B						
Static Balance Sheet and Static Net Operating Expense	ROA	0.76	0.94	1.17	1.33	1.47
	Net Worth %	10.98	11.81	12.84	13.99	15.24
5300 06.2025 CUs Under 1B						
Static Balance Sheet and Static Net Operating Expense	ROA	0.43	0.56	0.76	0.92	1.18
	Net Worth %	11.67	12.17	12.83	13.63	14.64



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Industry Multi-Year Forecasts (High Level View)

Fiscal Forecast: 2025-2029

Operating Expense Growth:
If recent growth pace continues

Description		Remaining					
		2025	2026	2027	2028	2029	
CU's >10B: Op Exp Growth Continues							
Average operating expense growth pace (8.28%) continues and balance sheet is static		ROA	0.79	0.75	0.71	0.58	0.41
		Net Worth %	10.52	11.19	11.82	12.33	12.68
CU's 5B-10B: Op Exp Growth Continues							
Average operating expense growth pace (7.87%) continues and balance sheet is static		ROA	0.74	0.76	0.80	0.74	0.64
		Net Worth %	11.61	12.28	12.98	13.62	14.17
CU's 1B-5B: Op Exp Growth Continues							
Average operating expense growth pace (7.31%) continues and balance sheet is static		ROA	0.76	0.71	0.69	0.58	0.42
		Net Worth %	10.98	11.61	12.21	12.72	13.08
CU's <1B: Op Exp Growth Continues							
Average operating expense growth pace (7.27%) continues and balance sheet is static		ROA	0.43	0.30	0.21	0.05	-0.03
		Net Worth %	11.67	11.94	12.12	12.17	12.14

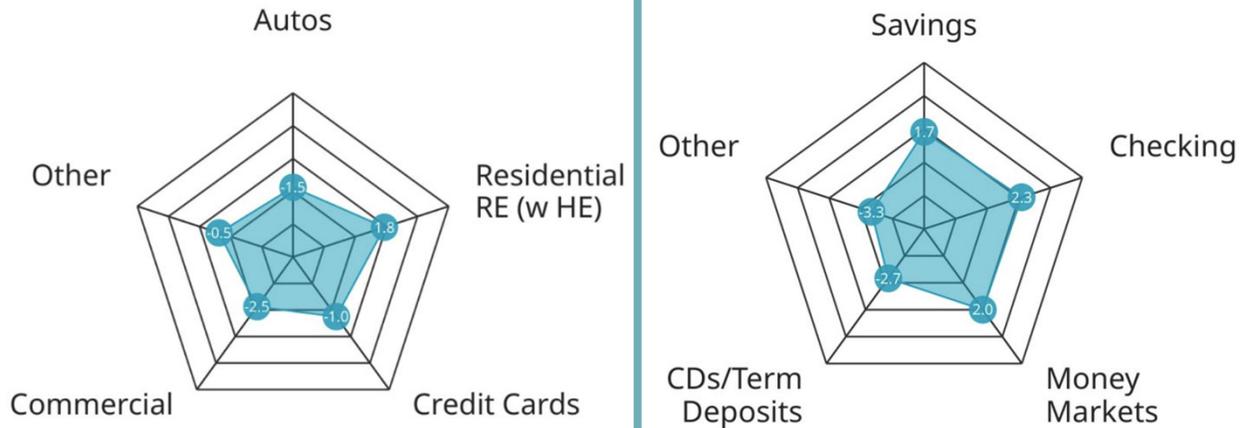
Expectations for Growth in:

	Average
▪ Loans	4.5%
▪ Non-Maturity Deposits	3.5%
▪ Term Deposits	-0.5%
▪ Operating Expenses	2.3%
▪ Fee/Other Income	0.0%

Based on survey of attendees prior to 8/11/2025

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EXPECTATIONS FOR CHANGE IN MIX:



Based on survey of attendees prior to 8/11/2025

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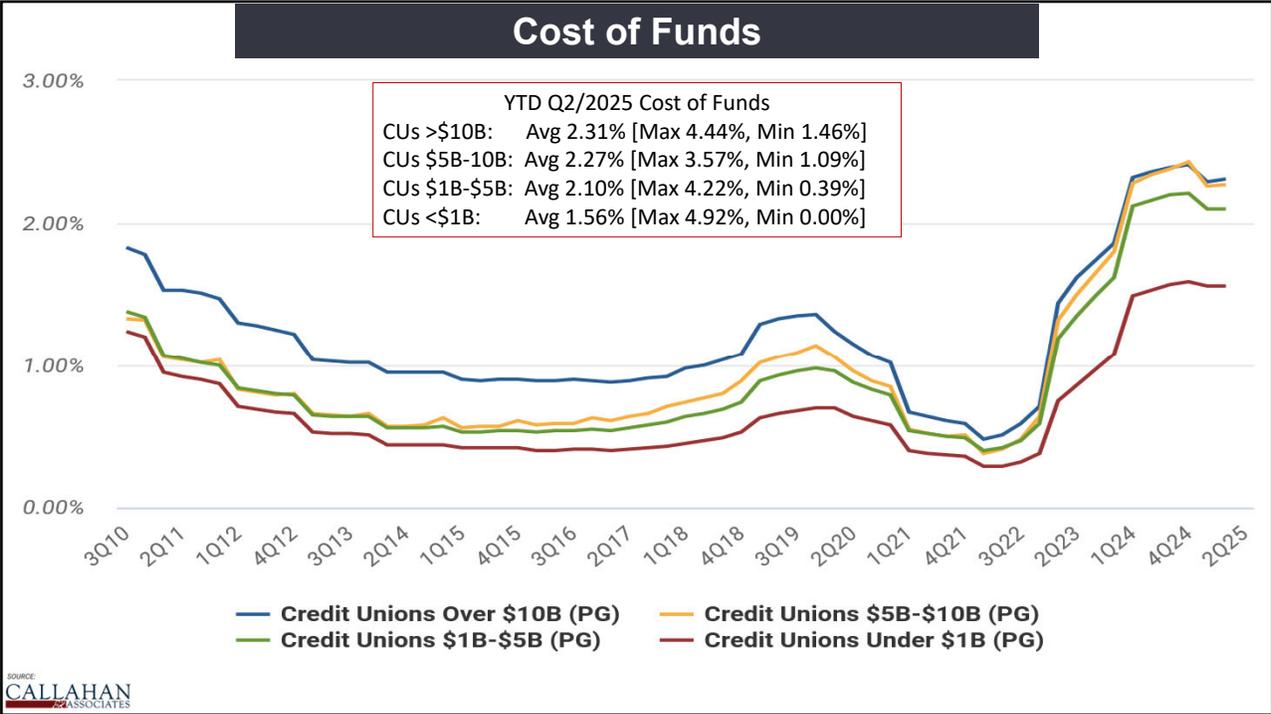
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CU's 1B-5B: Rates Go Down 100bps Rate environment drops 100bps over the next 12 months and pace of operating expense growth continues	ROA	0.74	0.66	0.60	0.38	0.13
	Net Worth %	10.97	11.56	12.08	12.41	12.53

For this group, growth of 5% offsets squeeze in earnings from Operating Expense growth and rates declining...but the answer depends on how the growth is accomplished



My Financial Paths

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CU's 1B-5B: Loans and Deposits Grow 5% Grow all categories of loans and deposits 5%. While pace of operating expense growth continues and rates drop 100bps.	ROA	0.77	0.77	0.81	0.72	0.62
	Net Worth %	10.77	11.01	11.27	11.44	11.52

What if we adjust the pricing to get the 5% growth?

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Industry Multi-Year Forecasts (High Level View)

Fiscal Forecast: 2025-2029

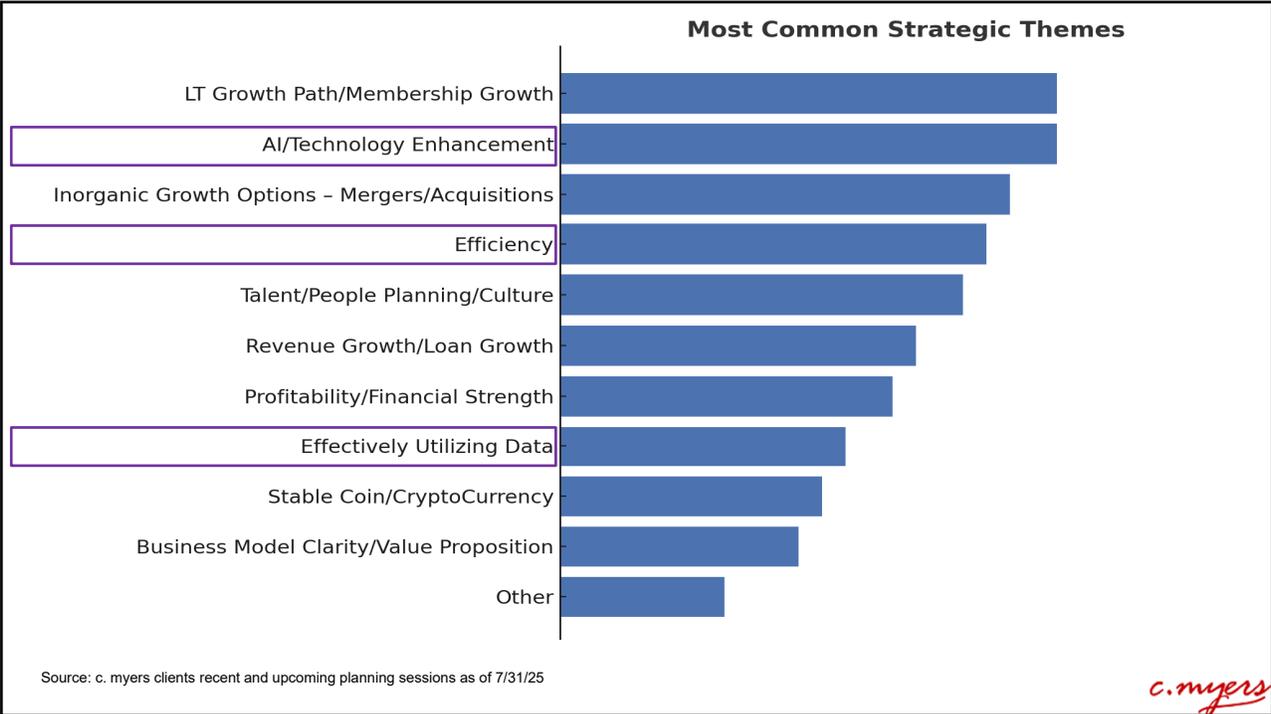
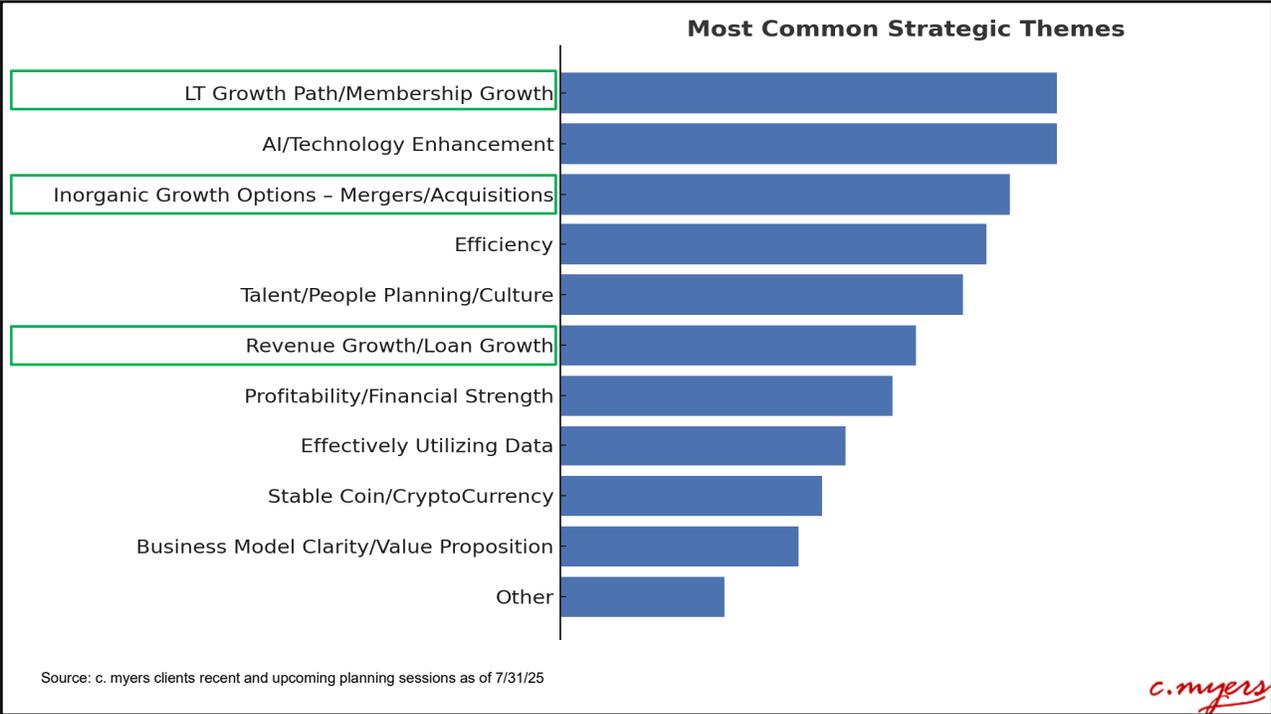
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	Net Worth %	10.77	11.01	11.27	11.44	11.52
CU's 1B-5B: Adjust rates to achieve growth goals Raise deposit rates 25bps and lower loan rates 50bps to achieve 5% growth (on top of above changes)	ROA	0.60	0.48	0.43	0.28	0.14
	Net Worth %	10.69	10.68	10.63	10.45	10.15

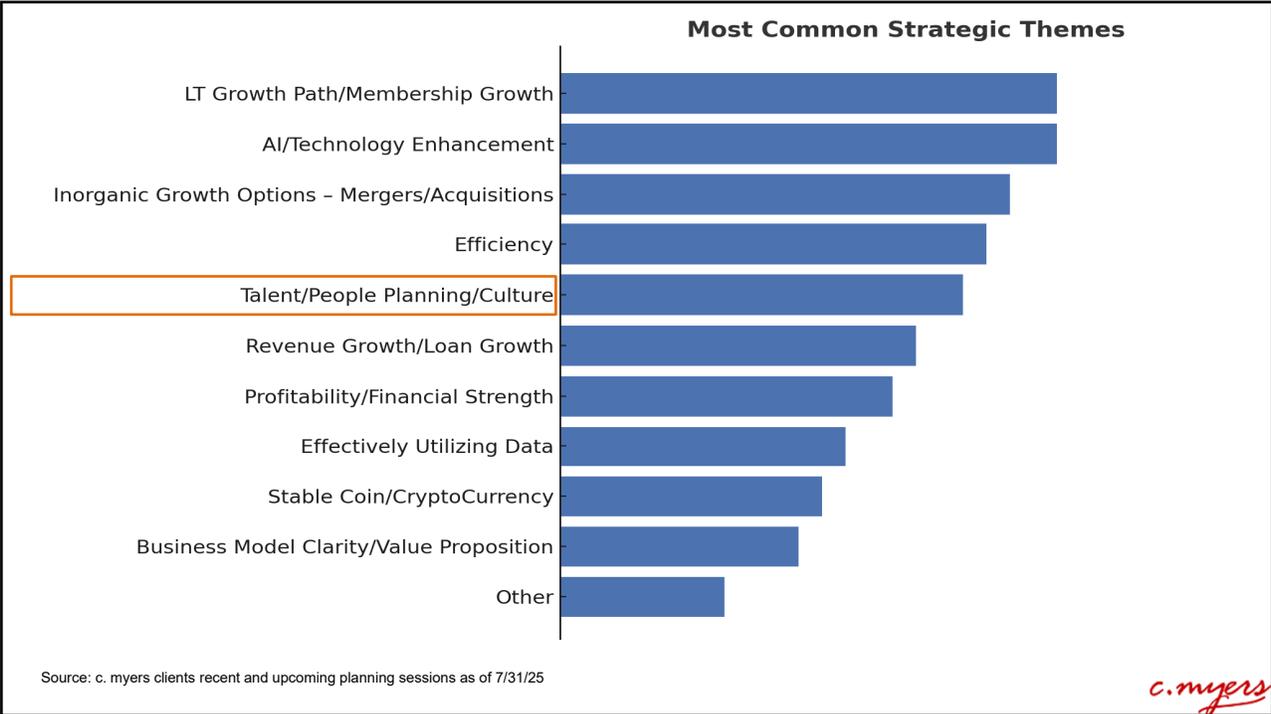
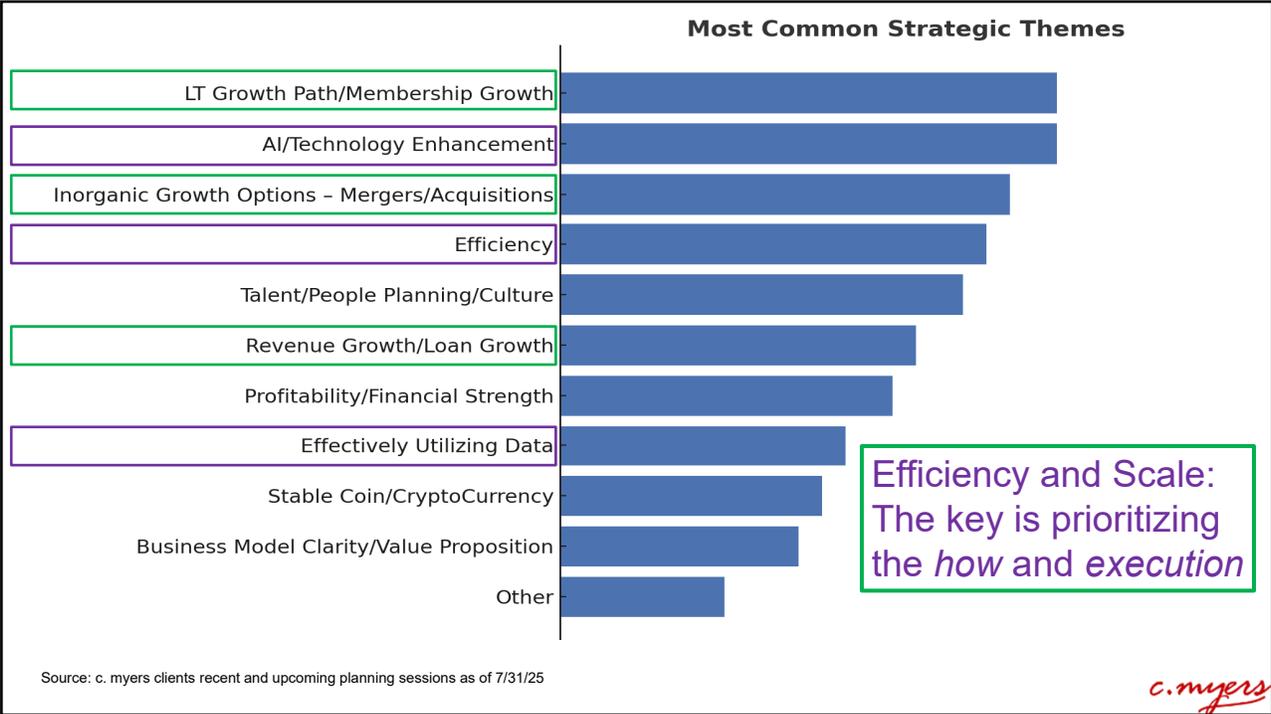
Most Common Strategic Themes

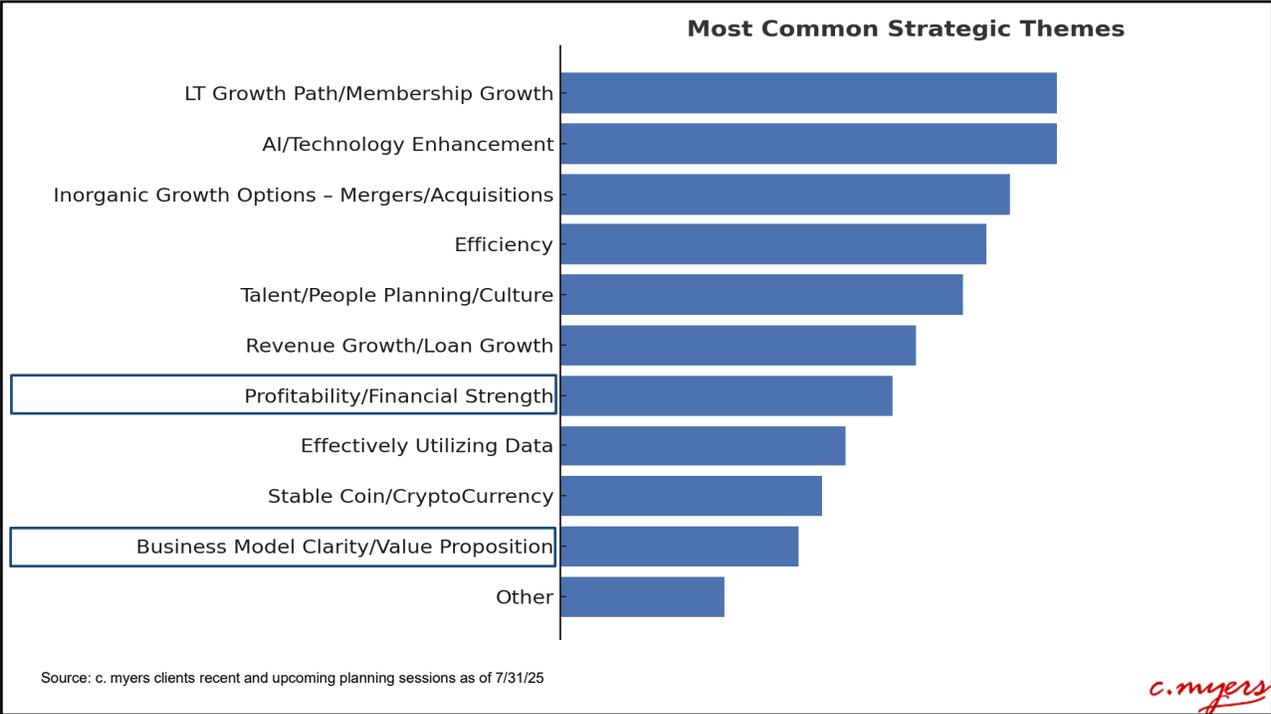


Source: c. myers clients recent and upcoming planning sessions as of 7/31/25

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MERGER TRENDS

The number of mergers in recent years:

- 2022: 181
- 2023: 145
- 2024: 162 plus 22 banks acquired
- 2025: 80 YTD Q2

2024 mergers

- Total assets: \$14.7B
- Average size: \$101M, Median \$22M

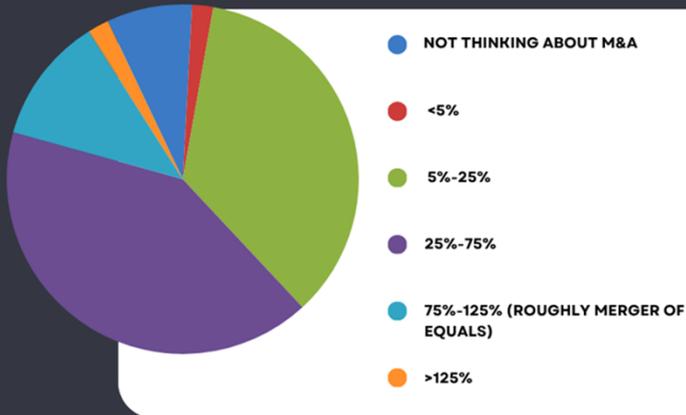
2024 Bank acquisitions

- Total assets of announced acquisitions: \$10.9B*

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Sources: NCUA Merger Activity and Insurance Report - <https://ncua.gov/analysis/chartering-mergers/merger-activity-insurance-report> and <https://ncua.gov/support-services/credit-union-resources-expansion/credit-union-merger-resources/comments-proposed-credit-union-mergers> as of 8/11/2025
 American Banker Article: *Credit unions bought a record breaking 22 banks in 2024* - <https://www.americanbanker.com/creditunions/news/credit-unions-bought-a-record-breaking-20-banks-in-2024>
 *Wiley Winn - <https://wileywinn.com/record-year-for-credit-union-bank-deals-in-2024>

SURVEY RESPONSES



Source: c. myers survey as of 4/2025

MERGERS

This chart focuses on the asset size the participants were open to exploring relative to their own asset size

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2024 Merged in Assets

2,060,799,077
1,981,307,101
1,689,013,406
593,972,578
556,137,528
532,269,360
494,395,953
409,949,740
293,978,891
281,950,591
278,823,571
230,653,161
207,579,605
198,866,321
195,289,035
190,899,971
182,768,875
168,152,252
165,462,046
163,509,626
153,279,075

Median Size: \$22M

YTD Q2 '25 Merged in Assets

2,149,669,376
842,769,018
715,234,964
564,558,139
533,526,053
346,050,766
344,201,355
197,375,840
160,186,115
139,453,068
134,895,005
127,518,567
118,740,229
101,477,505
98,917,908
77,971,056
75,401,574
66,799,681
64,001,377
58,457,102
57,981,358

Median Size: \$22M

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Sources: NCUA Merger Activity and Insurance Report - <https://ncua.gov/analysis/chartering-mergers/merger-activity-insurance-report>

THINGS TO REMEMBER

1. Good news! ALM profiles are continuing to improve
2. Operating expense growth is outpacing asset growth. Higher operating expenses need to come with revenue growth
3. Caution on pricing to get growth. Demonstrate how the pricing may impact earnings in the future
4. Long-term growth, organic or inorganic, are top strategy themes. Ideally combine with efficiency
5. Mergers can be a good option; median has been ~\$22M. There needs to be a plan for success if the merger doesn't happen

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