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APRIL 16, 2026

# FINANCIAL & STRATEGY INSIGHTS WEBINAR

Presented by: Sean Zimmermann  
Senior Vice President and Owner

● REC

THIS WEBINAR WILL BE RECORDED

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HELPING FINANCIAL INSTITUTIONS OPTIMIZE THEIR BUSINESS

We help people think, grow, make informed decisions, and take decisive action so their organizations can consistently create and deliver on their value propositions.

**600+ Financial Institutions, 200+ Over \$1 Billion in Assets**

**6,500+**

Financial Simulations  
and Strategic Financial  
Plans Annually

**200+**

Strategic Planning, Implementation,  
and Thinking Engagements Annually

**100+**

Benefit From Individualized &  
Team Development & Accelerated  
Performance Engagements Annually

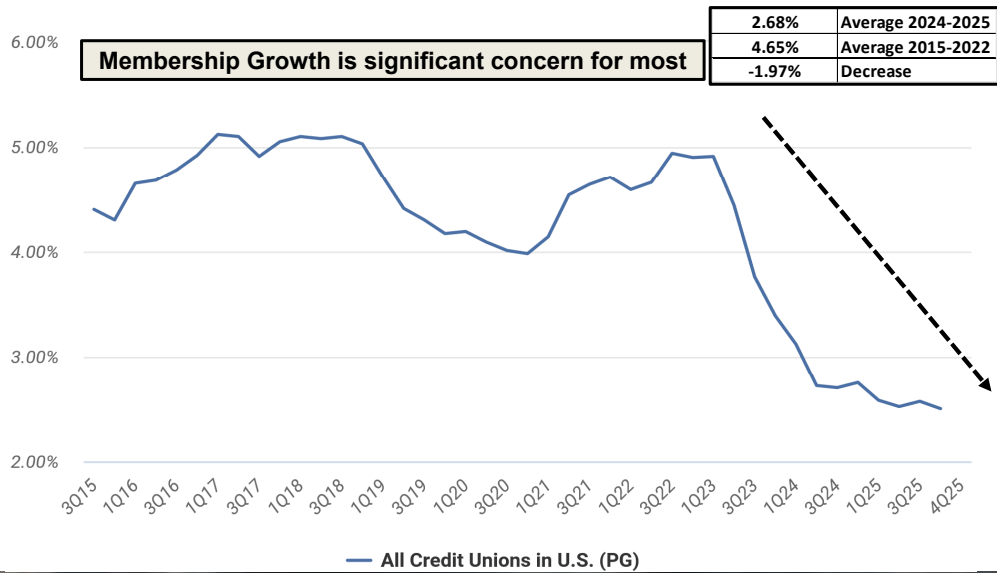
Strategic Planning Process & Optimization Solutions • Talent Development & Succession Planning  
ALM, Financial Strategy & Risk Management • Financial Software

## Key Objectives

- Gather strategic insights from emerging patterns in financial data
- Understand implications for all financial institutions from the Fed's stress test scenarios
- Identify methods to better ensure long-term profitability in light of elevating economic and credit risk concerns

# Industry Financial Insights

## Member Growth



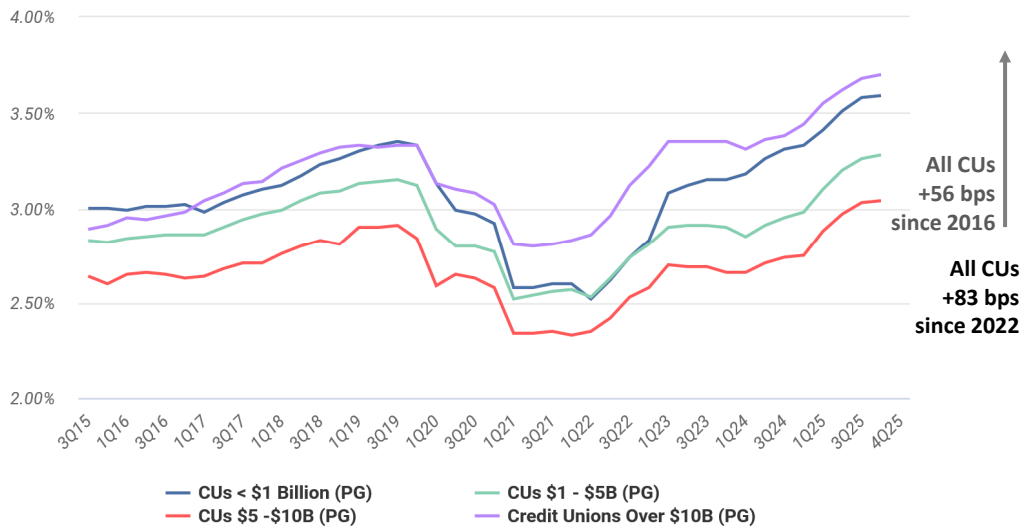
Based on Callahan P2P data

## Member Growth

Member growth challenges present an opportunity to refine your organization's value proposition to better resonate with prospective new members



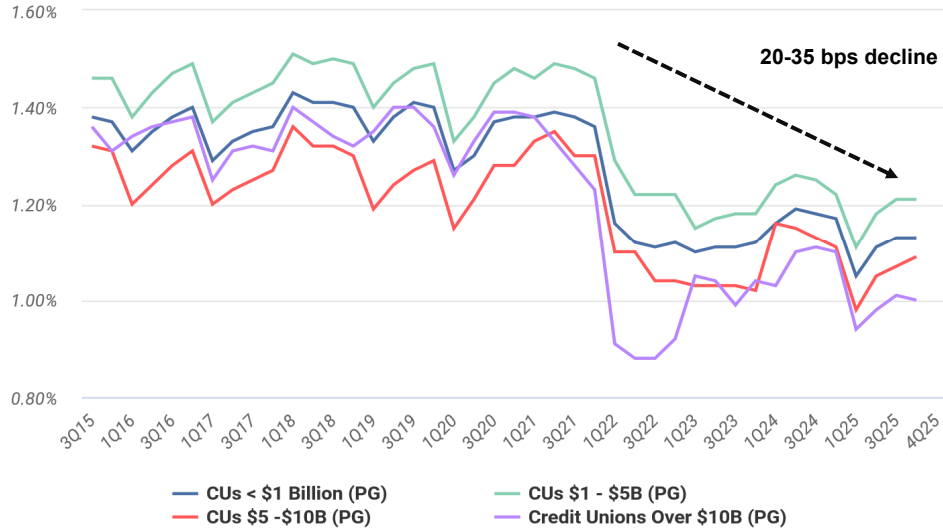
## Net Interest Margin



Based on Callahan P2P data

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## Non-Interest Income to Average Assets



Based on Callahan P2P data

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## Non-Interest Income to Average Assets

**FIs are evolving their strategic focus towards diversifying and generating new sources of revenue**



Based on Callahan P2P data

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# NEV and NEV Volatility +300 bps and -300 bps

**CU Industry NEV Ratios (+300 bps) improved by an average of ~ 340 bps since 2023**

Target Caution Trigger Limit

		CU's > \$10B 12/2025	CU's \$5-10B 12/2025	CU's \$1-5B 12/2025	CU's < \$1B 12/2025	CU's > \$10B 12/2023	CU's \$5-10B 12/2023	CU's \$1-5B 12/2023	CU's < \$1B 12/2023
+300	NEV [%]	9.72%	9.58%	10.21%	14.44%	6.48%	5.24%	6.96%	11.72%
+300	NEV Volatility [%]	(32.06%)	(36.57%)	(31.44%)	(20.71%)	(44.85%)	(53.55%)	(42.27%)	(22.93%)
Current	NEV [%]	13.09%	13.77%	13.66%	16.90%	10.68%	10.17%	10.96%	13.99%
-300	NEV Volatility [%]	4.71%	4.31%	0.04%	(11.19%)	8.43%	15.29%	7.82%	(5.33%)
-300	NEV [%]	12.73%	13.31%	12.73%	14.08%	10.67%	10.71%	10.86%	12.30%

Data from NCUA 5300 Reports

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# Beginning Net Worth Ratio & Net Worth Not at Risk +300 bps and -300 bps

**CU Net Worth Not at Risk (+300 bps) improved by an average of ~190 bps since 2023**

Target Caution Trigger Limit

		CU's > \$10B 12/2025	CU's \$5-10B 12/2025	CU's \$1-5B 12/2025	CU's < \$1B 12/2025	CU's > \$10B 12/2023	CU's \$5-10B 12/2023	CU's \$1-5B 12/2023	CU's < \$1B 12/2023
	Net Worth [%]: Starting	10.34%	11.66%	10.67%	11.75%	9.74%	10.72%	10.24%	11.05%
+300	Net Worth Not at Risk [%]: After 4 Years	8.53%	11.14%	9.29%	10.51%	7.13%	8.42%	7.64%	8.62%
Current	Net Worth Not at Risk [%]: After 4 Years	10.34%	11.66%	10.67%	11.75%	9.74%	10.72%	10.24%	11.05%
-300	Net Worth Not at Risk [%]: After 4 Years	10.34%	11.66%	10.67%	11.75%	9.74%	10.72%	10.24%	11.05%

**Net Worth Not at Risk is a more holistic earnings risk metric that factors in NOE changes. While NEV only focuses on interest rate sensitive components of earnings.**

Data from NCUA 5300 Reports

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## INDUSTRY FINANCIAL INSIGHTS SUMMARY

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1. Membership growth creating concerns and opportunities
2. Net interest margins at highest levels in > 20 years
3. Non-interest income to average assets ratio lower suggesting the need for new revenue sources
4. NEV in +300 significantly improved from 2 years ago
5. Net worth not at risk levels, more holistic measure of risk to earnings, improved as well
6. Operating expense to assets ratio and credit risk pressures also elevating

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## Fed Economic Stress Test Scenarios



## Supervisory Baseline Scenarios 2026 vs. 2025

**Table 3.A. Supervisory baseline scenario: Domestic variables, Q1:2026-Q1:2029**

Date	Real disposable income growth	3-month Treasury rate	10-year Treasury yield	Mortgage rate	Prime rate	Dow Jones Total Stock Market Index
Q1 2026	3.1	3.6	4.1	6.1	6.6	68,299
Q2 2026	2.1	3.4	4.1	6.0	6.4	69,057
Q3 2026	1.9	3.2	4.1	6.0	6.2	69,820
Q4 2026	2.2	3.1	4.1	6.0	6.1	70,592
Q1 2027	2.4	3.1	4.1	5.9	6.1	71,366
Q2 2027	2.3	3.1	4.1	5.9	6.1	72,138
Q3 2027	2.2	3.1	4.1	5.8	6.1	72,895
Q4 2027	2.2	3.1	4.2	5.8	6.1	73,664
Q1 2028	2.1	3.1	4.1	5.8	6.1	74,419
Q2 2028	2.1	3.0	4.1	5.8	6.0	75,174
Q3 2028	2.1	3.0	4.1	5.7	6.0	75,929
Q4 2028	2.1	3.0	4.1	5.7	6.0	76,684
Q1 2029	2.1	3.0	4.1	5.7	6.0	77,451

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# Supervisory Stress Test Scenarios 2026 vs. 2025

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Date	Real disposable income growth	3-month Treasury rate	10-year Treasury yield	Mortgage rate	Prime rate	Dow Jones Total Stock Market Index
Q1 2026	-0.9	2.5	3.1	6.0	5.5	41,364
Q2 2026	-1.1	0.1	2.7	5.9	3.1	34,732
Q3 2026	-0.7	0.1	2.4	5.8	3.1	28,490
Q4 2026	-0.3	0.1	2.3	5.7	3.1	31,161
Q1 2027	0.3	0.1	2.3	5.6	3.1	33,832
Q2 2027	0.7	0.1	2.3	5.5	3.1	36,503
Q3 2027	1.5	0.1	2.4	5.4	3.1	39,174
Q4 2027	2.4	0.1	2.4	5.3	3.1	41,845
Q1 2028	2.9	0.1	2.4	5.3	3.1	44,516
Q2 2028	2.9	0.1	2.5	5.2	3.1	47,187
Q3 2028	2.9	0.1	2.5	5.2	3.1	49,858
Q4 2028	2.9	0.1	2.6	5.1	3.1	52,529
Q1 2029	2.8	0.1	2.7	5.1	3.1	55,200

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Q2 2025	-3.5	0.1	1.0	3.7	3.1	30,792
Q3 2025	-3.5	0.1	1.0	3.8	3.1	29,731
Q4 2025	-2.3	0.1	1.1	3.8	3.1	29,200
Q1 2026	0.5	0.1	1.2	3.8	3.1	30,261
Q2 2026	1.6	0.1	1.2	3.7	3.1	31,854
Q3 2026	1.8	0.1	1.3	3.6	3.1	33,978
Q4 2026	5.5	0.1	1.4	3.6	3.1	36,632
Q1 2027	5.4	0.1	1.5	3.5	3.1	39,818
Q2 2027	5.2	0.1	1.5	3.4	3.1	43,003
Q3 2027	5.1	0.1	1.6	3.3	3.1	47,781
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Does Your Financial Institution Have a Fortress Balance Sheet?

A fortress balance sheet can be a step towards creating a competitive advantage.

Don't think of it as an old fortress that could become outdated.



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## Does Your Financial Institution Have a Fortress Balance Sheet?

Beyond having strong financial resilience to withstand a wide variety of stress, think of it as a strategic power that helps your FI continue to create relevancy into the future!



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Source: Jamie Dimon Acquired Podcast link <https://podcasts.apple.com/us/podcast/acquired/id1050462261?i=1000717531260>

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## Credit Risk and Loan Pricing



# Credit Risk Concerns Have Been on the Rise

- Higher delinquencies
- Higher net charge offs
- Increased concerns about a recession or even the potential of stagflation

## Some economists are warning about 'stagflation.' What it could mean for your money

PUBLISHED TUE, MAR 17 2026-9:44 AM EDT | UPDATED TUE, MAR 17 2026-11:06 AM EDT



Lorie Konish

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### KEY POINTS

- Conflict in Iran has sent oil prices up, prompting some experts to worry that stagflation, or low economic growth and high inflation, could be possible for the U.S. economy.

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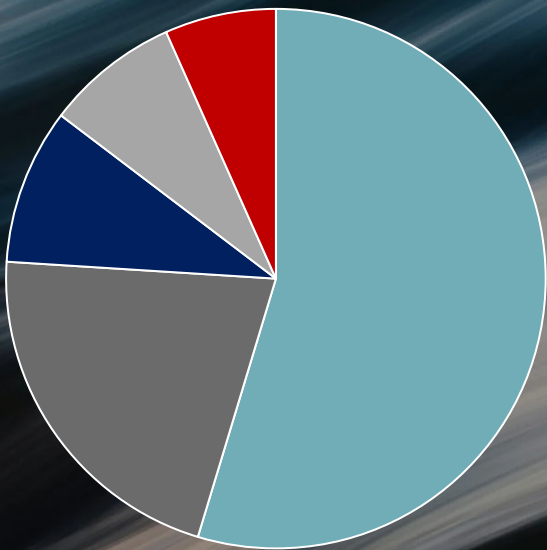
## All Credit Unions



Based on Callahan P2P data

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## Pricing Considerations



Competitive Position

Growth Goals

Strategic Priorities

Profitability Analysis

Credit Risk / Other

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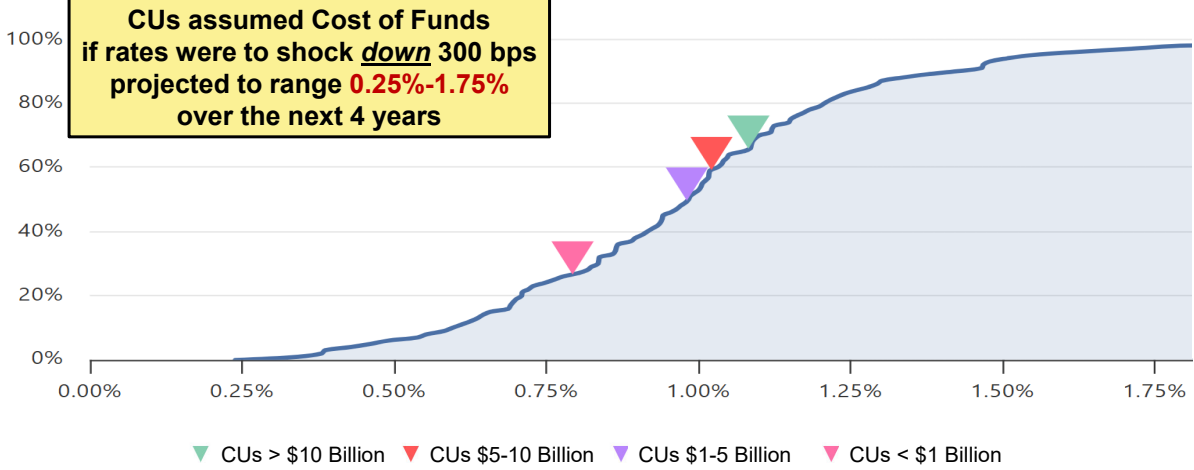


**Focused on what others are doing...**



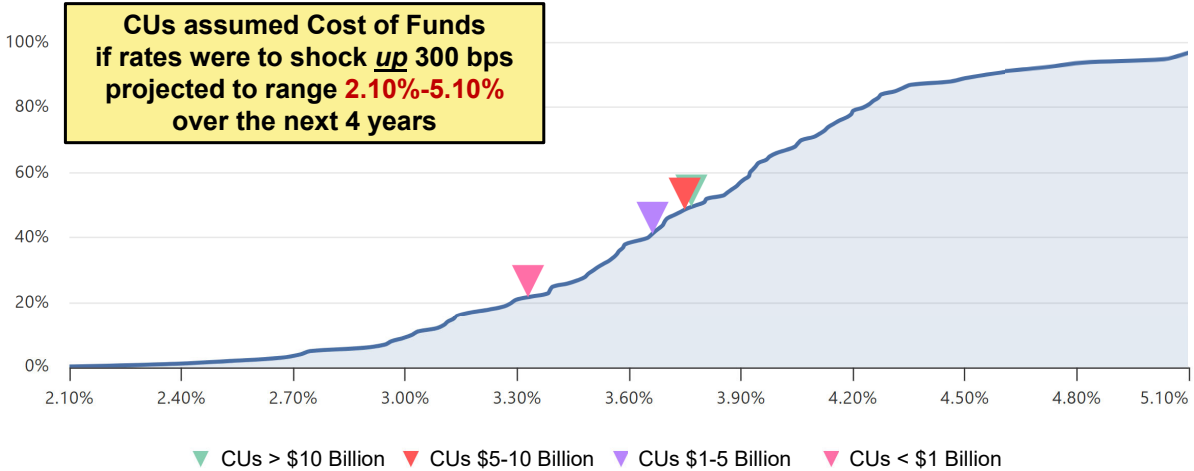
**Focused on what lies ahead**

## Cost of Funds for Total Deposits with Retention in a -300 bps



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## Cost of Funds for Total Deposits with Retention in a +300 bps



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## Loan Pricing Based Solely on Competitors

Proprietary Property of c. myers corporation

**Competitors pricing auto loans at 4.9%**  
**We elect to price our auto loans at 4.5%**

	Current Rates	Proposed
Loan Rate	5.75%	4.50%
Cost of Funds	1.80%	1.80%
Net Interest Margin	3.95%	2.70%

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## Loan Pricing Based Solely on Competitors

Vs.

## Loan Pricing Based on Broader Profitability Considerations

Proprietary Property of c. myers corporation

**Competitors pricing auto loans at 4.9%**  
**We elect to price our auto loans at 4.5%**

	Current Rates	Proposed
Loan Rate	5.75%	4.50%
Cost of Funds	1.80%	1.80%
Net Interest Margin	3.95%	2.70%
Operating Expense	-3.20%	-3.20%
Credit Risk Provision	-0.75%	-0.75%
Non-Interest Income	1.00%	1.00%
Net Operating Expense	-2.95%	-2.95%
Expected ROA	1.00%	-0.25%

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## Forecasting Examples Using profitability data to help set rates

### Increasing Loan Growth

Description	2026	
<b>Example Base Case</b> Deposits, loans and assets all growing ~5%. Operating expense growing 7.5% annually and non interest income growing ~2.5% annually.	ROA	0.84
	Net Worth %	11.42
<b>Loans Grow at 10% for the next 3 years</b> All other assumptions remain the same but loan growth elevates to 10% for the first 3 years	ROA	0.85
	Net Worth %	11.23

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# Increasing Loan Growth

Description		2026	2027	2028	2029	2030
<b>Example Base Case</b> Deposits, loans and assets all growing ~5%. Operating expense growing 7.5% annually and non interest income growing ~2.5% annually.	ROA	0.84	0.76	0.98	1.01	0.99
	Net Worth %	11.42	11.83	12.21	12.59	12.94
<b>Loans Grow at 10% for the next 3 years</b> All other assumptions remain the same but loan growth elevates to 10% for the first 3 years	ROA	0.85	0.80	1.08	1.15	1.17
	Net Worth %	11.23	11.32	11.61	12.37	13.09

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# Loan Growth Fueled by Lowering Rates

Description		2026	2027	2028	2029	2030
<b>Example Base Case</b> Deposits, loans and assets all growing ~5%. Operating expense growing 7.5% annually and non interest income growing ~2.5% annually.	ROA	0.84	0.76	0.98	1.01	0.99
	Net Worth %	11.42	11.83	12.21	12.59	12.94
<b>Loans Grow at 10% for the next 3 years</b> All other assumptions remain the same but loan growth elevates to 10% for the first 3 years	ROA	0.85	0.80	1.08	1.15	1.17
	Net Worth %	11.23	11.32	11.61	12.37	13.09
<b>Loan growth generated by reducing loan rates by 75 bps</b> Loan growth elevates to 10% for the first 3 years fueled by lowering rates by 75 bps	ROA	0.79	0.59	0.72	0.69	0.64
	Net Worth %	11.20	11.08	11.05	11.38	11.61

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# Loan Growth – Where is the Breakeven?

Description		2026	2027	2028	2029	2030
<b>Example Base Case</b> Deposits, loans and assets all growing ~5%. Operating expense growing 7.5% annually and non interest income growing ~2.5% annually.	ROA	0.84	0.76	0.98	1.01	0.99
	Net Worth %	11.42	11.83	12.21	12.59	12.94
<b>Loan growth generated by reducing rates by 50 bps</b> Loan growth elevates to 10% for the first 3 years fueled by lowering rates by 50 bps	ROA	0.81	0.66	0.84	0.85	0.81
	Net Worth %	11.21	11.16	11.24	11.71	12.11
<b>Loan growth generated by reducing loan rates by 25 bps</b> Loan growth elevates to 10% for the first 3 years fueled by lowering rates by 25 bps	ROA	0.83	0.73	0.96	1.00	0.99
	Net Worth %	11.22	11.24	11.43	12.04	12.60

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## Key Takeaways

# THINGS TO REMEMBER

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- 1. Many KPI metrics looking better: NIM, NEV, and Net Worth Not at Risk**
  - Still challenges and opportunities exist for growth, operating expenses, and non-interest income.
- 2. Larger financial institutions are required to conduct severe stress test scenarios:**
  - This concept can help financial institutions of all sizes
  - Use forecasting to improve your organizations financial resilience under a variety of different possible scenarios.
  - Create a *Fortress Balance Sheet that helps create future relevancy!*
- 3. Concerns about the economy and elevated credit risks present an opportunity to sharpen your loan pricing practices. Real-time forecasts can give you more complete profitability outlook information**

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