

Market Overview & Data Report



JUNE 2024

| KEY ECONOMIC INDICATORS | Latest Report | Current Report | Previous Report | 2023 |
|-------------------------------|---------------|----------------|-----------------|-------|
| ECONOMIC GROWTH | | | | |
| GDP | Q1 | 1.3% | 1.6% | 2.5% |
| EMPLOYMENT | | | | |
| Non-farm Payrolls (000s) | May | 272 | 165 | 2,697 |
| Private Payrolls (000s) | May | 229 | 158 | 2,025 |
| Unemployment Rate | May | 4.0% | 3.9% | 3.7% |
| Avg Hourly Earnings (Y/Y) | May | 4.1% | 4.0% | 4.1% |
| INFLATION | | | | |
| Wholesale (Y/Y) | Apr | 2.2% | 1.8% | 1.0% |
| Consumer (Y/Y) | Apr | 3.4% | 3.5% | 3.4% |
| PCE Core (Y/Y) | Apr | 2.8% | 2.8% | 3.2% |
| INCOME & SPENDING | | | | |
| Retail Sales | Apr | 0.0% | 0.6% | 5.6% |
| Personal Income | Apr | 0.3% | 0.5% | 4.2% |
| Personal Spending | Apr | 0.2% | 0.7% | 3.2% |
| AUTO & HOUSING | | | | |
| Total Auto Sales (MM) | May | 15.90 | 15.74 | 15.83 |
| New/Existing Home Sales (M/M) | Apr | -2.3% | -2.5% | -4.8% |
| S&P/Case Shiller HPI (Y/Y) | Mar | 6.5% | 6.5% | 5.0% |

Sources:

US Labor Dept; US Commerce Dept; National Association of Realtors; Bloomberg

| KEY MARKET INDICATORS | Mth End | Last Mth | 12 Mth Ago |
|-------------------------------|----------|----------|------------|
| | May-24 | Apr-24 | May-23 |
| MONEY MARKETS | | | |
| Effective Fed Funds | 5.33% | 5.33% | 5.08% |
| Prime Rate | 8.50% | 8.50% | 8.25% |
| 3-month SOFR | 5.32% | 5.33% | 5.04% |
| 2-year UST | 4.88% | 5.04% | 4.40% |
| 10-year UST | 4.50% | 4.68% | 3.64% |
| NATIONAL CU LOAN RATES | | | |
| CU 48-mth Auto | 7.09% | 7.04% | 6.29% |
| CU 60-mth Auto | 7.19% | 7.15% | 6.38% |
| CU 15-year Mtg | 6.51% | 6.53% | 6.05% |
| CU 30-year Mtg | 7.04% | 7.08% | 6.62% |
| EQUITY MARKETS | | | |
| Dow Jones Industrial Average | 38,686.3 | 37,815.9 | 32,908.3 |
| NASDAQ Composite | 16,735.0 | 15,657.8 | 12,935.3 |
| S&P 500 | 5,277.5 | 5,035.7 | 4,179.8 |
| OTHER COMMODITIES | | | |
| CRB Index | 290.2 | 291.5 | 253.9 |
| Crude Oil | 77.0 | 81.5 | 65.8 |

Source: Bloomberg; S&P Global Market Intelligence

KEY ECONOMIC AND MARKET INDICATORS

The U.S. added 272,000 jobs in May, mostly in healthcare, leisure and hospitality, and government. The unemployment rate rose to 4% for the first time in more than two years. The rise in unemployment inched higher as over 400 people left the labor force. Hourly earnings, both monthly and year-over-year, increased more than expected.

Core consumer prices rose at the slowest pace in six months during April. The year-over-year pace was the slowest in three years. The slowdown is a welcome change from the brisk run-up during the first three months of the year. Gasoline and housing costs accounted for over 70% of the increase in the index. Wholesale prices rose more than expected but were dismissed due to large downward revisions to the March report.

Retail sales were flat in April after strong spending in February and March. Seven of the 13 major categories posted declines, led by auto, sporting goods and internet sales. Clothing store sales rose for the first time in four months. Sales at restaurants and bars rose 0.2%, the first increase since November. Year-over-year retail sales were up 3%, double last year's pace.

The economy expanded at a slower pace in the first quarter of the year than initially estimated. Growth came in at 1.3% annualized, down from 1.6%. Weaker consumer spending contributed to the downward revision, coming in at 2.0% versus 2.5%. Business and residential investment was revised higher, partially offsetting the decline in personal consumption.

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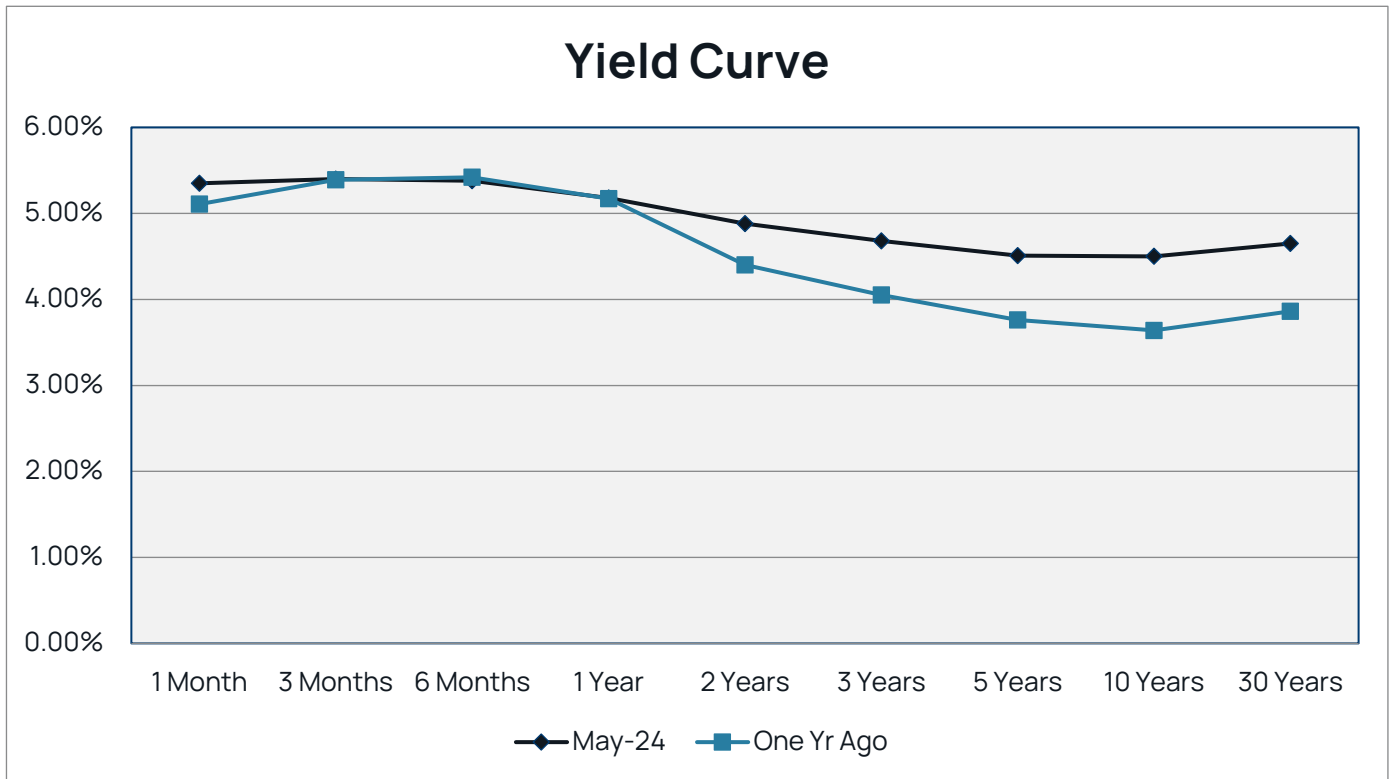
The financial markets had trouble deciding which way to move in May. Investors and market traders shifted between signals of a decline in inflation to strength in the economy keeping investors fluctuating between the possibility of no cuts this year to one or two. The early-month FOMC meeting proved the Federal Reserve was in no hurry to cut rates after three months of high inflation data. The markets settled into this strategy by pushing interest rates higher. But as soon as new data showed inflation was stabilizing, the markets took it upon its own to believe a rate cut was back on the table, which drove rates lower. At the same time, various Fed officials did their share of dispelling doubt on an imminent rate decrease. Fed comments ran the gamut from expecting inflation to moderate in the second half of the year, which would allow for an insufficiently restrictive rate cut to the current policy, to not taking the odds for a rate hike off the table. Current odds for a rate cut in 2024 has been pushed to September.

Mortgage rates moved in sync with the 10-year Treasury note during May, starting off on the high side but falling late in the month. The benchmark FHLMC 30-year mortgage began the month at 7.22%, the highest level since November 2023, but managed to close at 7.03%. The 15-year and 30-year mortgage rates, as measured by a variety of financial institutions, closed an average of three basis points lower at 6.51% and 7.04% respectively. Mortgage rates are 41 basis points higher from May 2023. The spread between FHLMC's 30-year mortgage rate and the 10-year Treasury yield decreased nine basis points to 254 basis points. The 50-year average spread is 174 basis points. The average 48-month auto loan rate closed the month five basis points higher at 7.09%, and 60-month auto loan rates increased four basis points to 7.19%. Auto loan rates are 80 basis points higher from a year ago. The difference between a 60-month auto loan and 15-year mortgage loan rate remains inverted at -68 basis points.

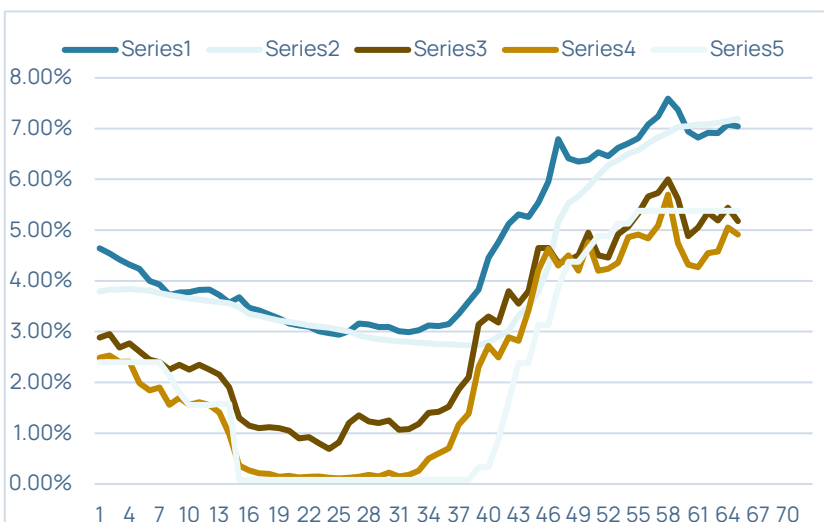
The equity market shrugged off April's losses and began May on an upswing. The S&P 500 topped 5,200 within the first few days of the month before quickly advancing to 5,300, its 23rd record in 2024, on better-than-expected inflation data. The Dow broke the 40,000 price point 872 days after reaching its last 10,000point milestone. Wall Street's "fear gauge" – the VIX – sank to the lowest level since January. With the first quarter earnings season about wrapped up, S&P 500 companies increased earnings by 7.7%, more than double initial estimates. As strong as the index was in May, Nvidia and its mega-cap peers accounted for more than half of the index's profit growth year to date. Nvidia alone surged as much as 10% in a day after the company reported second quarter revenue will be about \$28 billion, more than analysts expected. Equity investors continue to hold on to hopes for falling inflation and rates this year. The three key indices returned to positive after a negative April. The Dow closed May 2.3% higher, the Nasdaq was up 6.9% and the S&P 500 gained 4.8%. Year-to-date, the Dow is up 2.6%, the Nasdaq is ahead 11.5% and the S&P 500 is 10.6% higher.

FOR CREDIT UNIONS:

- The spring housing season is not shaping up to be very robust. Sales of both new and existing homes fell in April for the second time this year. Home prices continue to rise even as inventory is becoming slightly more plentiful. New home construction rose less than expected and permits fell for both single and multi-family homes. Builders are facing higher construction and financing costs.
- Consumer confidence rose in May for the first time in four months in spite of concerns over rising prices. Per the Conference Board's gauge of confidence, views on the labor market, business conditions and the stock market created a more optimistic outlook. Fewer consumers believed jobs were hard to get.
- Credit unions' share of auto loans in the first quarter declined to 20% from 25% a year ago and are back in line with pre-pandemic levels. Captive finance companies were the largest lenders, with 31.4% coverage. Used car loan amounts fell 1.9% in the first quarter.



Treasury securities regained confidence in the Fed and the economy as April moved into May. Yields fell 15 to 20 basis points within the first week after Federal Reserve officials repeatedly suggested that inflation will move closer to the 2% target even if it takes longer than expected. Weak retail and housing sales reports spurred hopes that the Fed would be prompted to lower rates on signs of a slowing economy. All it took, however, was a strong services and manufacturing PMI report near the end of the month to convince the market that high rates are here to stay, at least for a while. Treasury yields surged over 10 basis points in a few days but managed to close the month lower overall. The two-year yield ended at 4.88%, 16 basis points lower from April. The 10-year yields finished at 4.50%, 18 basis points lower. The yield curve ended May two basis points wider at -38 basis points.



RELATIVE VALUE OF ASSETS AND FUNDING:

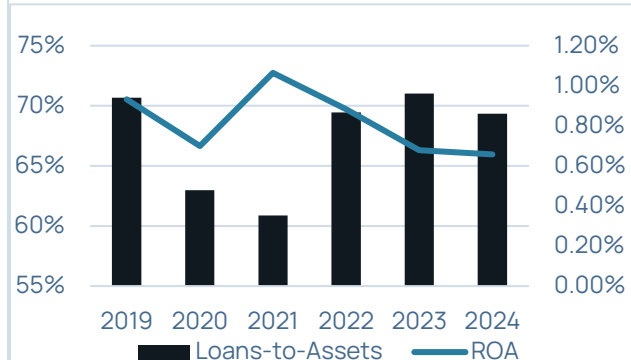
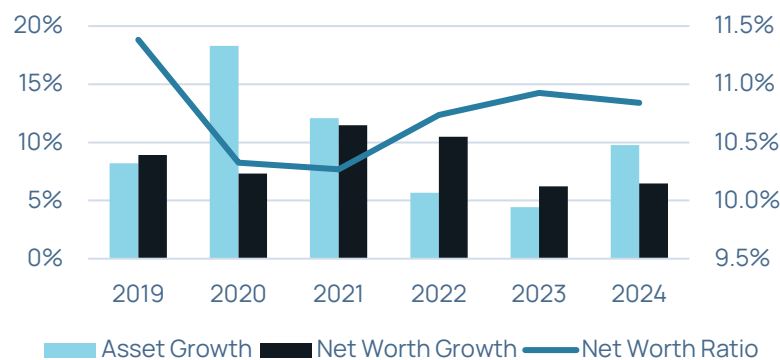
- The difference between loan and investment yields widened by 20 basis points. Loan rates were effectively unchanged. Rates on investments fell 20 basis points.
- The spread between a 60-month auto loan and a 15-year mortgage loan narrowed by five basis points to -68 basis points.
- Average CD rates increased three basis points except for one-year CDs, which were six basis points higher. Rates are on average 30 basis points higher than a year ago.

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NCUA - MARCH 2024

| KEY CREDIT UNION DATA | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------------|--------|--------|--------|--------|--------|--------|
| GROWTH RATES | | | | | | |
| Total Assets | 8.20% | 18.31% | 12.07% | 5.67% | 4.42% | 9.76% |
| Total Loans | 6.58% | 5.44% | 8.24% | 20.53% | 6.72% | 0.11% |
| Total Shares | 8.61% | 20.89% | 13.03% | 3.88% | 2.05% | 11.95% |
| Net Worth | 8.91% | 7.33% | 11.48% | 10.47% | 6.22% | 6.47% |
| CAPITAL ADEQUACY | | | | | | |
| Net Worth Ratio | 11.38% | 10.32% | 10.27% | 10.74% | 10.92% | 10.84% |
| Equity Capital Ratio | 11.24% | 10.34% | 9.99% | 8.77% | 9.12% | 9.04% |
| Capital Ratio | 11.85% | 11.04% | 10.52% | 9.31% | 10.02% | 9.91% |
| BALANCE SHEET COMPOSITION | | | | | | |
| Loans/Assets | 70.69% | 62.99% | 60.88% | 69.45% | 71.01% | 69.35% |
| Vehicle Loans/Net Loans | 34.12% | 33.04% | 32.50% | 32.49% | 31.49% | 31.13% |
| RE Loans/Net Loans | 50.86% | 52.25% | 52.80% | 44.22% | 44.83% | 45.17% |
| 1st Mtg Loans/Net Loans | 42.55% | 44.90% | 45.97% | 39.20% | 39.20% | 39.40% |
| Commercial Loans/Net Loans | 7.54% | 8.29% | 9.07% | 9.38% | 10.01% | 10.20% |
| LIQUIDITY POSITION | | | | | | |
| Cash & Short-Term Invs/Assets | 12.85% | 18.44% | 17.16% | 10.17% | 11.47% | 13.73% |
| Borr. & NM Deposits/Shares & Liab. | 4.75% | 3.39% | 2.97% | 6.06% | 7.96% | 7.56% |
| Net Liquid Assets/Shares & Liab. | 22.15% | 30.36% | 33.08% | 23.82% | 21.51% | 23.64% |
| Net Long-term Assets/Assets | 38.94% | 35.58% | 34.77% | 39.49% | 37.14% | 36.02% |
| LOAN QUALITY | | | | | | |
| Delinquency Rate | 0.72% | 0.62% | 0.51% | 0.67% | 0.85% | 0.77% |
| Net Charge-off Rate | 0.40% | 0.30% | 0.16% | 0.22% | 0.43% | 0.56% |
| EARNINGS | | | | | | |
| Investment Yield | 2.37% | 1.35% | 0.89% | 1.63% | 3.05% | 3.50% |
| Loan Yield | 4.90% | 4.71% | 4.37% | 4.43% | 5.25% | 5.66% |
| Asset Yield | 4.06% | 3.53% | 3.02% | 3.38% | 4.44% | 4.84% |
| Cost of Funds | 0.89% | 0.70% | 0.43% | 0.52% | 1.42% | 1.84% |
| Gross Net Margin | 3.17% | 2.83% | 2.59% | 2.87% | 3.02% | 3.00% |
| Provision Expense | -0.43% | -0.50% | -0.06% | -0.26% | -0.51% | -0.55% |
| Net Interest Margin | 2.74% | 2.33% | 2.53% | 2.61% | 2.51% | 2.45% |
| Net Operating Expense | 1.81% | 1.63% | 1.47% | 1.73% | 1.83% | 1.79% |
| Net Income (Return on Assets) | 0.93% | 0.70% | 1.06% | 0.88% | 0.68% | 0.66% |



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PEER STATISTICS

| | <\$2M | \$2-10M | \$10-50M | \$50-100M | \$100-500M | \$500M+ | Total |
|------------------------------------|---------|---------|----------|-----------|------------|-------------|-----------|
| Industry Statistics | | | | | | | |
| Average Asset Size (000s) | \$885 | \$5,668 | \$26,418 | \$72,324 | \$230,788 | \$2,736,066 | \$382,454 |
| Pct of Number of Credit Unions | 6.08% | 13.73% | 27.29% | 13.66% | 23.65% | 15.59% | 100.00% |
| Pct of Industry Assets | 0.03% | 0.16% | 0.77% | 2.11% | 6.89% | 87.74% | 100.00% |
| GROWTH RATES | | | | | | | |
| Total Assets | -2.59% | 0.74% | 4.59% | 6.75% | 8.48% | 10.10% | 9.76% |
| Total Loans | -8.13% | -4.61% | -2.58% | -1.78% | -1.30% | 0.35% | 0.11% |
| Total Shares | -1.90% | 0.82% | 5.19% | 7.72% | 10.00% | 12.46% | 11.95% |
| Net Worth | 1.52% | 2.77% | 5.45% | 4.75% | 5.65% | 6.67% | 6.47% |
| CAPITAL ADEQUACY | | | | | | | |
| Net Worth Ratio | 20.46% | 17.60% | 13.26% | 12.60% | 11.29% | 10.69% | 11.38% |
| Equity Capital Ratio | 20.39% | 17.39% | 12.81% | 11.69% | 9.76% | 8.80% | 11.24% |
| Capital Ratio | 21.73% | 18.02% | 13.28% | 12.14% | 10.28% | 9.74% | 11.85% |
| BALANCE SHEET COMPOSITION | | | | | | | |
| Loans/Assets | 47.14% | 52.60% | 52.12% | 55.78% | 64.14% | 70.65% | 69.35% |
| Vehicle Loans/Net Loans | 64.00% | 69.06% | 53.30% | 45.38% | 38.57% | 29.67% | 31.13% |
| RE Loans/Net Loans | 0.54% | 6.31% | 27.98% | 36.59% | 40.90% | 46.09% | 45.17% |
| 1st Mtg Loans/Net Loans | 0.47% | 5.37% | 24.55% | 31.23% | 35.11% | 40.28% | 39.40% |
| Commercial Loans/Net Loans | 0.26% | 0.34% | 1.32% | 3.68% | 7.59% | 10.75% | 10.20% |
| LIQUIDITY POSITION | | | | | | | |
| Cash & Short-Term Invs/Assets | 41.41% | 31.38% | 24.92% | 21.10% | 15.56% | 13.10% | 13.73% |
| Borr. & NM Deposits/Shares & Liab. | 1.73% | 1.60% | 1.44% | 2.10% | 3.88% | 8.26% | 7.56% |
| Net Liquid Assets/Shares & Liab. | 55.13% | 46.53% | 42.52% | 41.55% | 32.01% | 21.84% | 23.64% |
| Net Long-term Assets/Assets | 3.75% | 7.56% | 19.61% | 26.44% | 32.38% | 37.04% | 36.02% |
| LOAN QUALITY | | | | | | | |
| Delinquency Rate | 3.64% | 1.67% | 1.17% | 1.02% | 0.95% | 1.39% | 1.33% |
| Net Charge-off Rate | 0.40% | 0.33% | 0.22% | 0.26% | 0.32% | 0.61% | 0.56% |
| EARNINGS | | | | | | | |
| Investment Yield | 2.79% | 2.98% | 2.86% | 2.75% | 2.97% | 3.63% | 3.50% |
| Loan Yield | 7.20% | 6.34% | 5.87% | 5.74% | 5.62% | 5.66% | 5.66% |
| Asset Yield | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Cost of Funds | 4.88% | 4.71% | 4.33% | 4.29% | 4.51% | 4.90% | 4.84% |
| Gross Net Margin | 0.46% | 0.79% | 0.83% | 0.94% | 1.29% | 1.95% | 1.84% |
| Provision Expense | 4.41% | 3.92% | 3.50% | 3.35% | 3.21% | 2.95% | 3.00% |
| Net Interest Margin | -0.34% | -0.29% | -0.27% | -0.26% | -0.30% | -0.60% | -0.55% |
| Net Operating Expense | 4.07% | 3.63% | 3.23% | 3.09% | 2.91% | 2.36% | 2.45% |
| Net Income (Return on Assets) | 3.37% | 3.15% | 2.61% | 2.51% | 2.32% | 1.69% | 1.79% |
| | 0.70% | 0.48% | 0.62% | 0.59% | 0.59% | 0.67% | 0.66% |
| EFFICIENCY METRICS | | | | | | | |
| Avg Loan Balance | \$5,625 | \$9,449 | \$3,833 | \$7,152 | \$11,076 | \$21,080 | \$17,973 |
| Avg Share Per Member | \$2,440 | \$5,406 | \$9,125 | \$10,580 | \$12,459 | \$14,268 | \$13,786 |
| Avg Compensation per FTE | \$5,695 | \$7,515 | \$17,610 | \$19,220 | \$21,112 | \$26,978 | \$25,520 |
| Comp & Benefits-to-Total Assets | 2.17% | 2.00% | 1.63% | 1.69% | 1.78% | 1.53% | 1.56% |
| Pct of Total Operating Expense | 64.11% | 69.98% | 68.90% | 70.49% | 73.14% | 74.87% | 74.44% |
| Office Occ & Ops-to-Total Assets | 0.25% | 0.17% | 0.20% | 0.22% | 0.22% | 0.17% | 0.17% |
| Pct of Total Operating Expense | 16.89% | 16.26% | 21.68% | 24.00% | 25.39% | 24.32% | 24.38% |

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ECONOMIC CALENDAR

JUNE 2024

| Monday | Tuesday | Wednesday | Thursday | Friday |
|--|--|--|---|---|
| | | | | |
| 3 ISM Manufacturing Auto Sales Construction Spending | 4 JOLTS Durable Goods (Apr) Factory Orders | 5 ADP Employment ISM Services | 6 Jobless Claims Trade Balance | 7 Nonfarm Payrolls Unemployment Rate Consumer Credit |
| 10 Business Inventories | 11 | 12 CPI FOMC Rate Decision Fed Beige Book | 13 Jobless Claims PPI | 14 U. of Mich Sentiment (P) |
| 17 Empire Manufacturing | 18 Retail Sales Industrial Production | 19  | 20 Jobless Claims Housing Starts Building Permits | 21 Durable Goods (Apr) Leading Indicators Existing Home Sales |
| 24 | 25 S&P CL Home Prices Conf. Board Confidence | 26 New Home Sales | 27 Jobless Claims 1Q24 GDP Pending Home Sales | 28 Personal Income Personal Spending PCE Core Y/Y U. of Mich Sentiment (F) |

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Changes in any assumption may have a material effect on projected results.