

NASCUS[®]

The National Association of State Credit Union Supervisors

John Kolhoff, SVP Policy and
Supervision

Phone 517-243-4589

Email jkolhoff@nascus.org



2024 Q4 SCU Industry Report

Industry Status Based on December 2024
5300 Data

NASCUS 2024 4Q SCU INDUSTRY REPORT – INDUSTRY STATUS BASED ON DECEMBER 2024 5300 DATA

Background and Introduction

The information presented in this report represents December 31, 2024, 5300 publicly released data and therefore does not include credit unions from Puerto Rico and may not always represent privately insured credit unions unless noted.

On December 31, 2024, state-chartered credit unions (SCUs) totaled 1,756 charters (includes privately insured credit unions (PISCUs) but excludes SCUs in Puerto Rico) with total assets of \$1.15 trillion. These numbers represent a 20 SCU decline from the previous quarter (66 YTD) and a \$8.2 billion decrease in total SCU assets over the quarter. Assets in SCUs declined for the third consecutive quarter. Comparatively, the number of federally chartered credit unions (FCUs) declined 26 charters (86 YTD) and represented a quarterly asset increase of \$4.1 billion. On December 31, 2024, SCUs represented 38.6% of active charters, 46.8% of total assets and 49.5% of reported members.

5300 FILING CU SUMMARY REPORT				AS OF	12	2024	NASCUS	
Current Quarter Total		SCU		FCU		% SCU		
CU #'S	1,756	2,794	38.59					
MEMBERS	67,204,882	76,457,864	46.78					
ASSETS	1,152,814,311,231	1,177,583,994,029	49.47					
Previous Quarter Total		SCU		FCU		% SCU		
CU #'S	1,776	2,820	38.64					
MEMBERS	67,293,276	76,081,086	46.94					
ASSETS	1,161,018,419,032	1,173,436,860,345	49.73					
CHANGE		SCU		FCU				
CU #'S	-20	-26						
MEMBERS	-88,394	376,778						
ASSETS	-8,204,107,801	4,147,133,684						

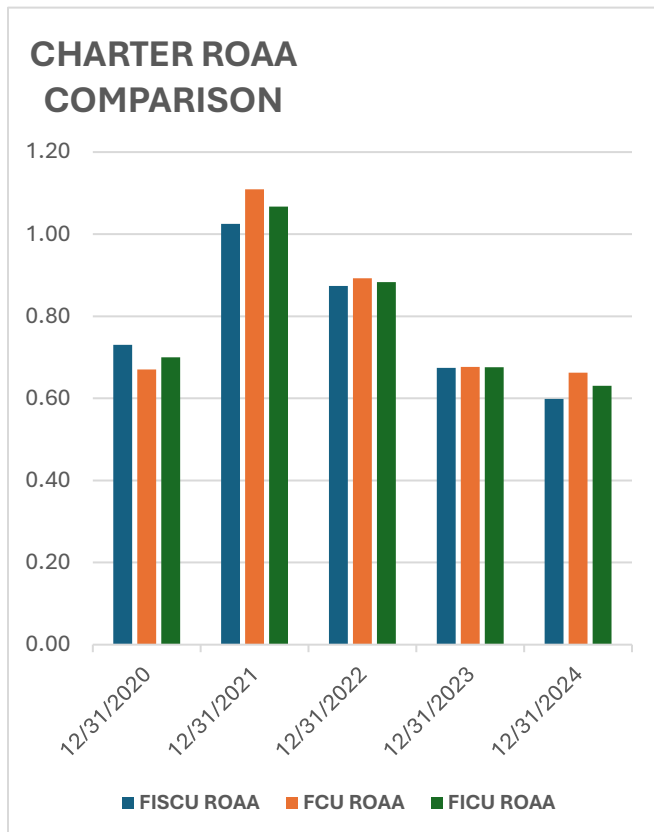
Puerto Rico chartered Cooperativas declined by one over the last quarter to 91. Total Puerto Rico chartered credit union assets remained steady from the previous quarter to finish out the year at \$12.1 billion.

Earnings and Net Worth

SCUs (excluding Puerto Rico) reported an aggregate annualized ROA of .65, unchanged from the previous quarter, earning \$6.8 billion over the twelve months of 2024 with an average and median YTD institution earnings of \$3.9 million and \$511 thousand, respectively.

The percentage of profitable SCUs improved slightly from 87% of all SCUs at 3Q24 to 88% at 4Q24, likely related to industry consolidation during the quarter. Considering only the 1,548 profitable institutions, spot ROA averaged .86 with a median of .72.

FCU ROAA of .66 outperformed FISCO charters .60 ROAA at YE 2024. While stable over the four quarters of 2024, the 2024 FISCO ROAA evidenced its lowest annual performance over the last five years, ending the year with a 7-basis point decline from 2023 and a 42-basis point decline from the peak performance noted in 2021.



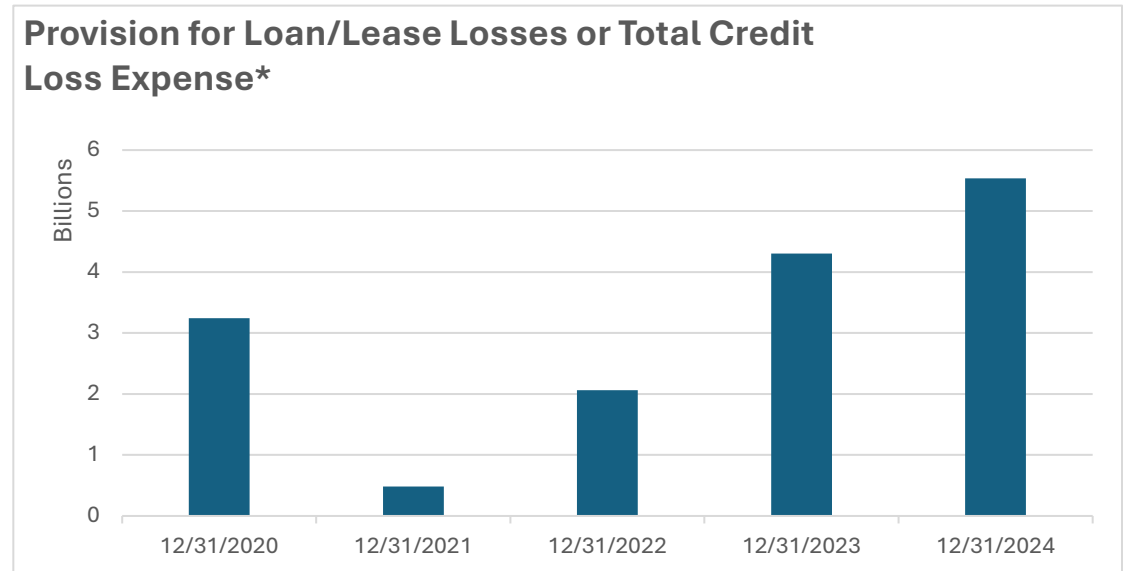
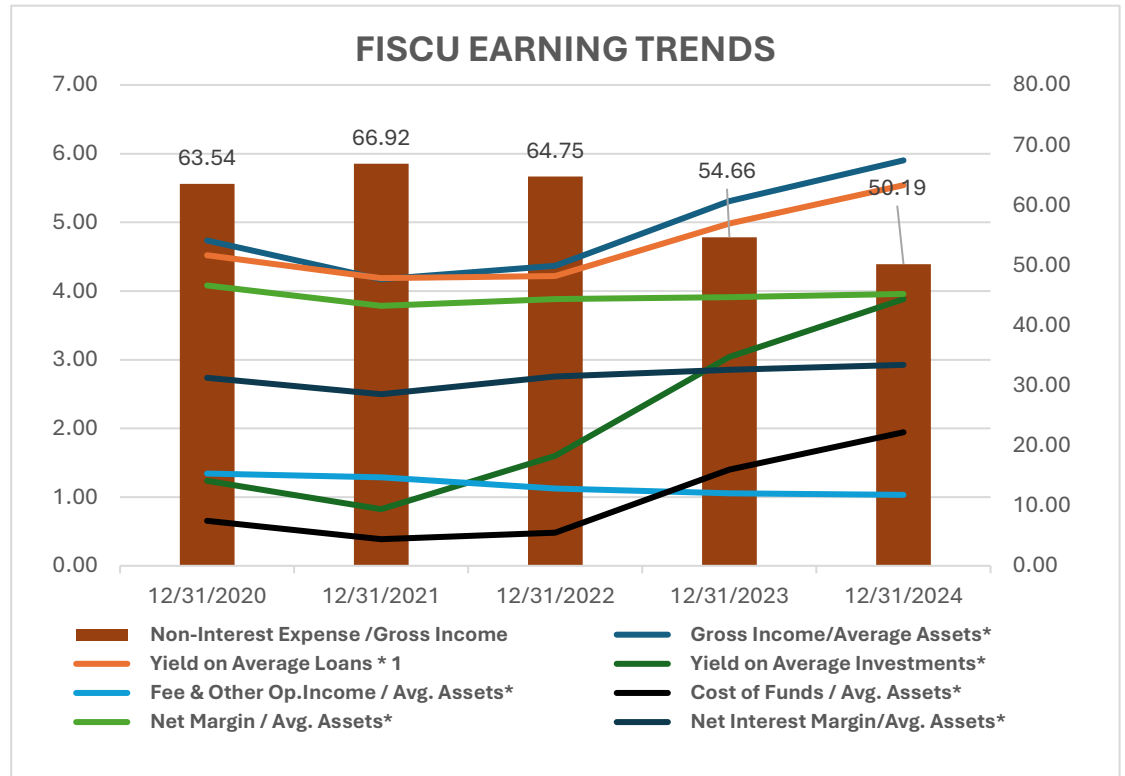
A thorough review of the FISCO earning trends indicates the industry ROAA remains stable but unable to take advantage of the significant improvements in operational efficiency (i.e. declines in non-interest expenses) noted over the last two years.

While the impact of improvements in loan and investment yields to average assets ratios were significant at 56 and 84 basis points respectively, these improved investment returns were paced by the impact of increased cost of funds of 54 basis points. The final impact on the net interest margin represented an increase of only 6 basis points for the year and was not substantial enough to replace the steady decline in fee income. Non-interest income based on fees or other operating income to average assets declined to its lowest level to 1.03% of average assets, down from 1.34% of average assets at YE 2020.

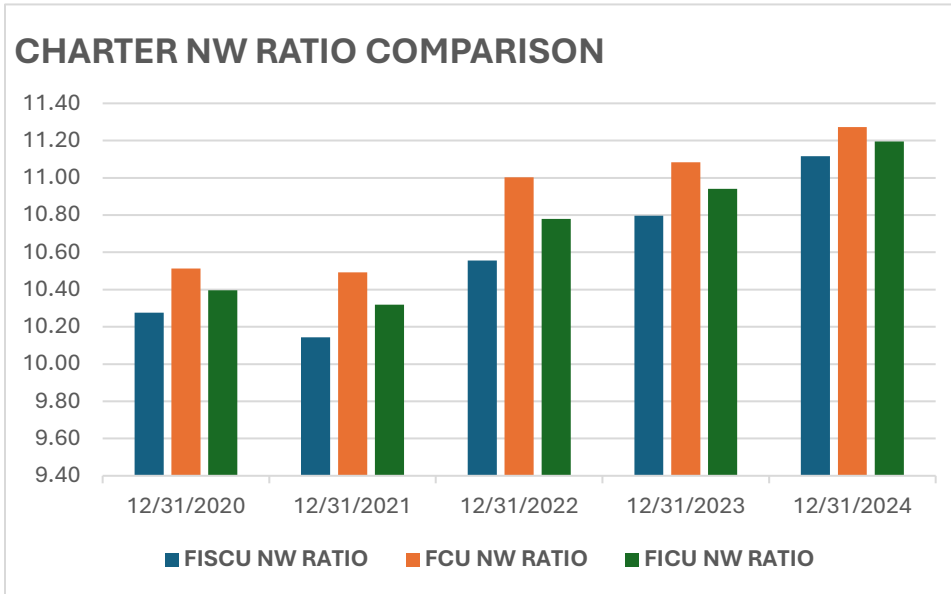
Significantly elevated charge-offs and rising delinquencies continued to require higher provisions for loan losses and further hampered earnings. As of December 31, 2024, FISCUs collectively expensed \$5.5 billion in provision expenses, exceeding YE 2023 provision expenses of \$4.3 billion by \$1.2 billion.

Aggregate provision expenses to average assets for 2024 increased 10 basis points from 2023-year end to contribute a 49-basis points impact on the ROAA ratio.

Additional graphs outlining the trends in net charge offs and delinquency for both FCU and FISCUs can be found on page 10 of this report.



Aggregate NW for state-chartered credit unions continued to exhibit an improving trend from YE 2021 to approximately 11.1% of total assets at 4Q24. Despite this aggregate performance, seventeen SCUs nationwide reported a PCA status of less than well capitalized, a decrease of three institutions from the previous quarter.



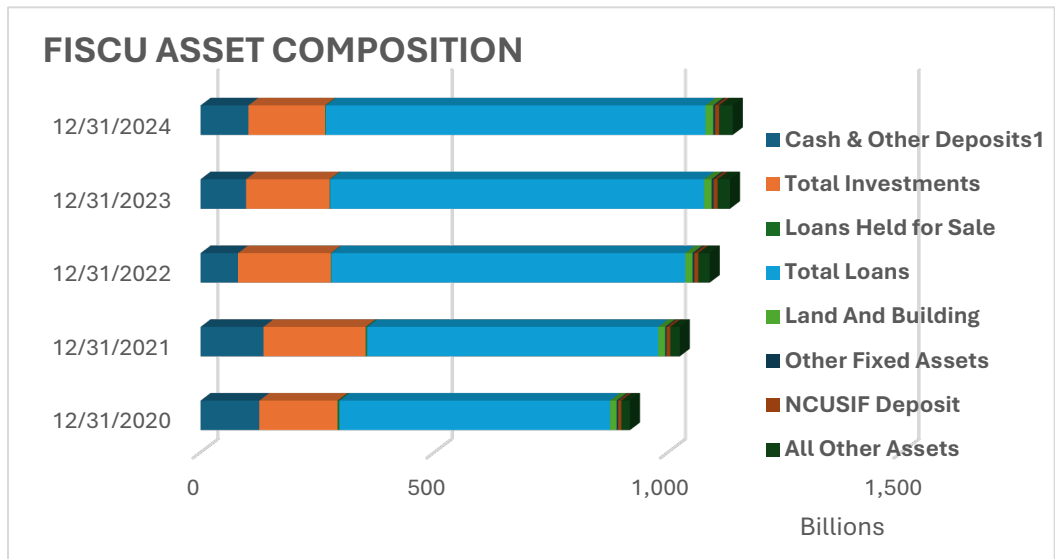
Of those seventeen less-than-well capitalized, state credit unions two reported an undercapitalized status and another two reported significantly undercapitalized status at 4Q24. Those four undercapitalized credit unions held an average NW ratio of 3.96% with a median of 3.89%. The decline in the number of undercapitalized institutions from the previous quarter is offset

by the significance of their reported financial positions with three of those four institutions reporting a 2024 earnings performance that indicates the current levels of losses could reasonably deplete the institution’s capital position within the next 12 months if current trends continue.

Improvement in overall net worth ratio trends from 4Q23 primarily resulted from continued improvements in the HTM and AFS losses held in reserve against investment losses and benefited from a continued declining asset base. However, concerns regarding the current market’s volatility which could see a reversal of market pricing and the resurgence of unrealized losses on the balance sheet.

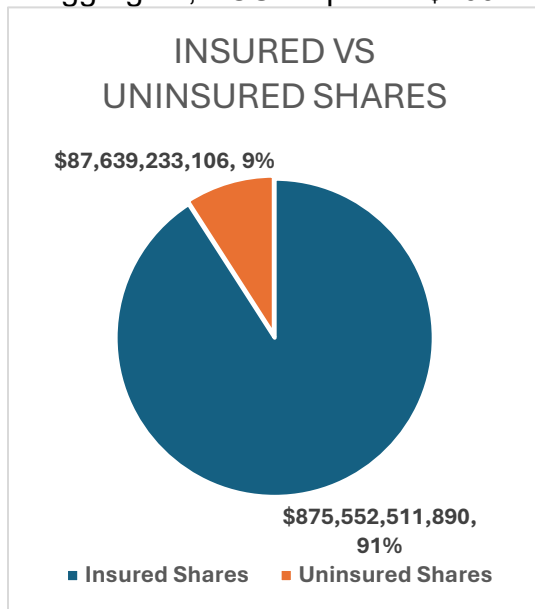
Balance Sheet Composition

While the annual comparison of YE 2023 AND 2024 showed very nominal asset growth of \$5.8 billion, the \$1.15 trillion SCU 4Q24 aggregate balance sheet continued to show quarterly declines with an \$8 billion decrease in total assets from the previous quarter.



The SCU Aggregate balance sheet was funded primarily with \$983 billion in total shares and deposits, an increase of \$10 billion from the previous quarter, and backed by aggregate total net worth of \$128 billion, which remained relatively unchanged from the previous quarter.

In aggregate, SCUs reported \$269 billion of available lines to address short-term liquidity concerns, an increase of approximately \$17 billion from 2023 YE. The consolidated SCU balance sheet liquidity position remained consistent from the previous quarter. While total shares increased and borrowings declined, much of those funds were replaced by growth in CDs and other higher cost deposits. However, cash levels have increased from YE 2023, as it appears funds are being held in short-term/liquid “cash” and not immediately utilized to fund a longer-term investment portfolio.

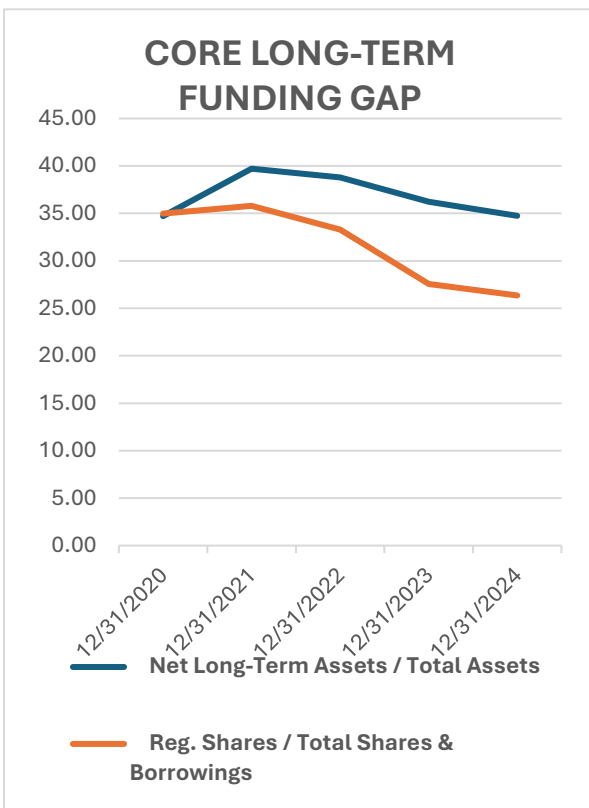
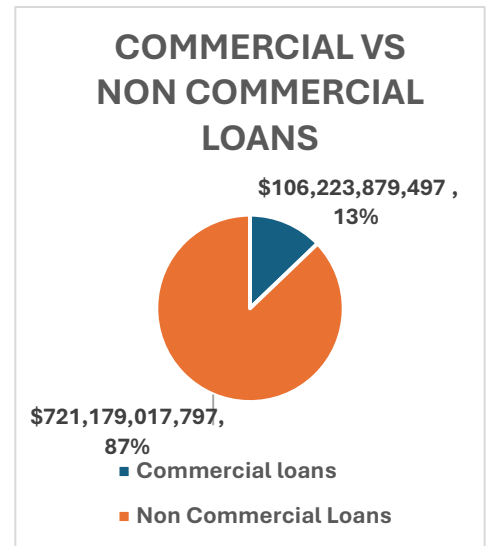


Uninsured shares at 4Q24 represented approximately \$88 billion (up \$3 billion from 3Q) or 9% of total shares. At YE 2023, uninsured shares represented 8% of total shares at approximately \$78 billion.

Total loans held by SCUs approximated \$827 billion at YE 2024, up \$7 billion from 3Q24 and \$12 billion from YE 2023. FISCU total loans

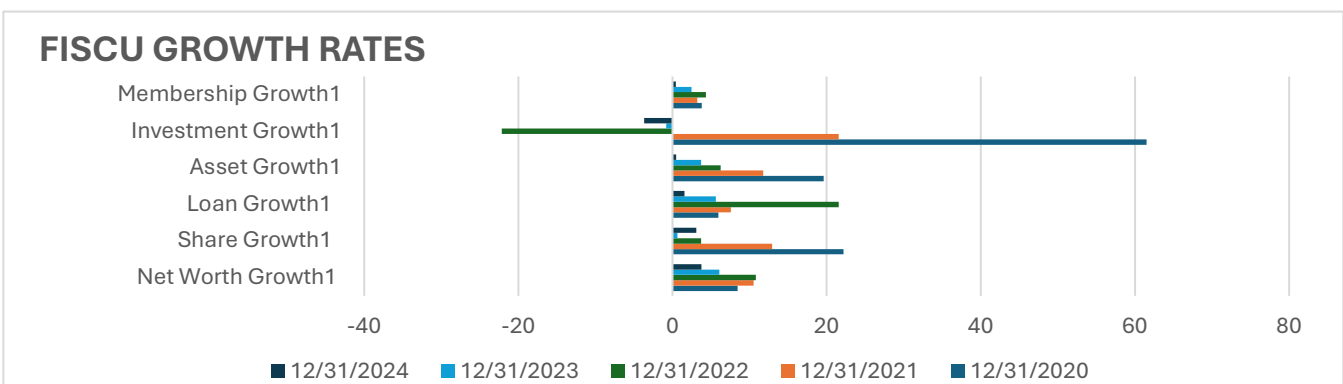
represented approximately 72% of average assets at December 2024, up substantially from the 63% reported at YE 2020.

Commercial loans represent approximately 13% of the aggregate SCU loan portfolio at \$106 billion, an increase of \$4 billion from the previous quarter and \$10 billion from YE 2023 when commercial loans represented 11% of the aggregate loan portfolio for SCUs. This shift toward an increased mix of commercial loans in the aggregate SCU loan portfolio has been exhibited by steady growth since 2020.



Investments held by FISCUs represented \$164 billion, declining to the lowest levels noted since YE 2020, relatively unchanged from 3Q24 but representing a \$14 billion decline over 2024. A significant improvement in both HTM and AFS losses is also noted in 4Q24. However, the current levels of market volatility and potential for economic destabilization could reverse the improvement in investment market values and has the potential for a more significant impact due to the increasingly commercial nature of the balance sheet.

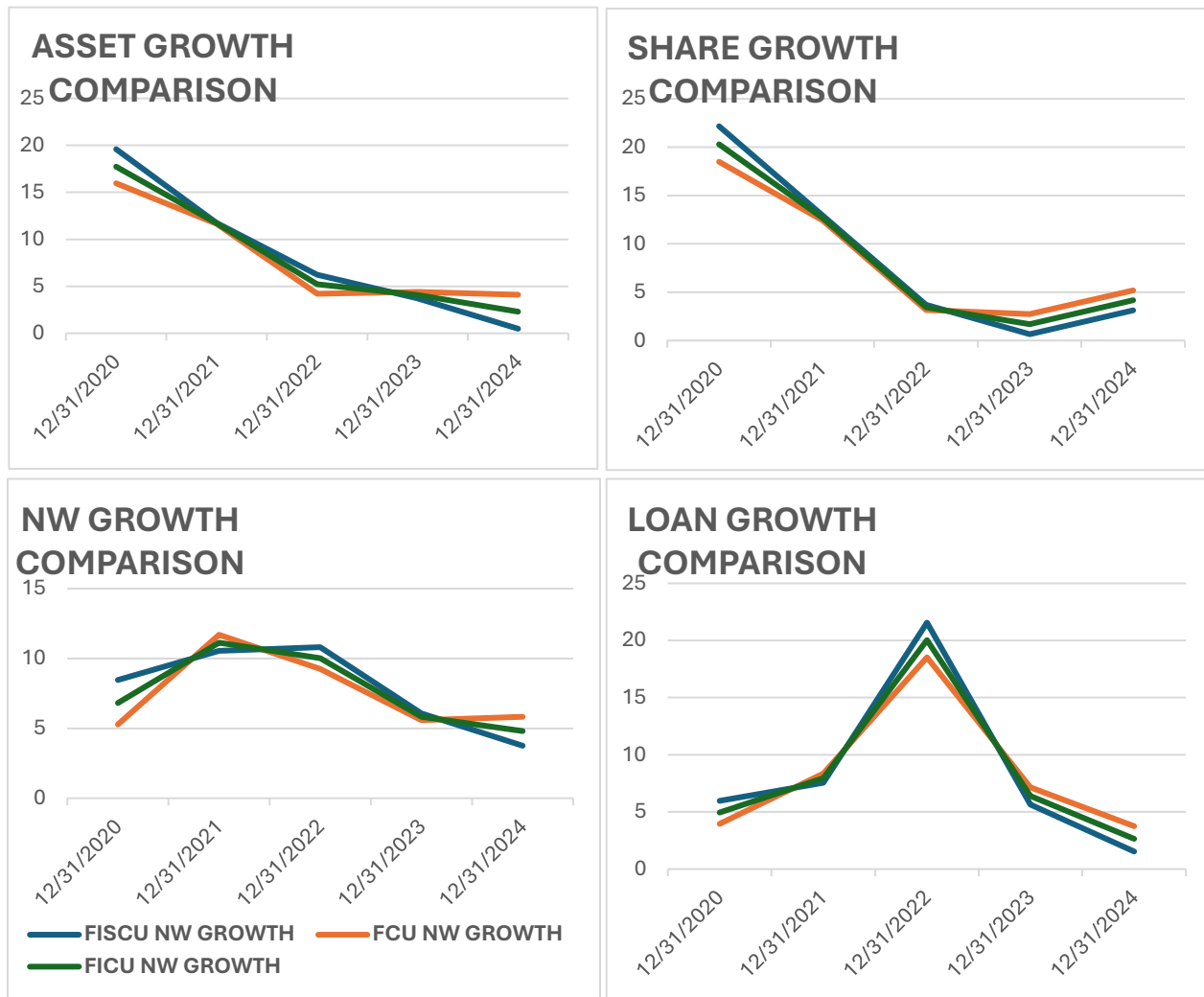
Liquidity remains stable but continues to represent elevated risk. As evident in the Core Long-Term Funding Gap graphic, declines in regular shares as a percentage of funding continues to outpace the



declines of net long-term assets, although both have levelled off from the more extreme slopes noted previously.

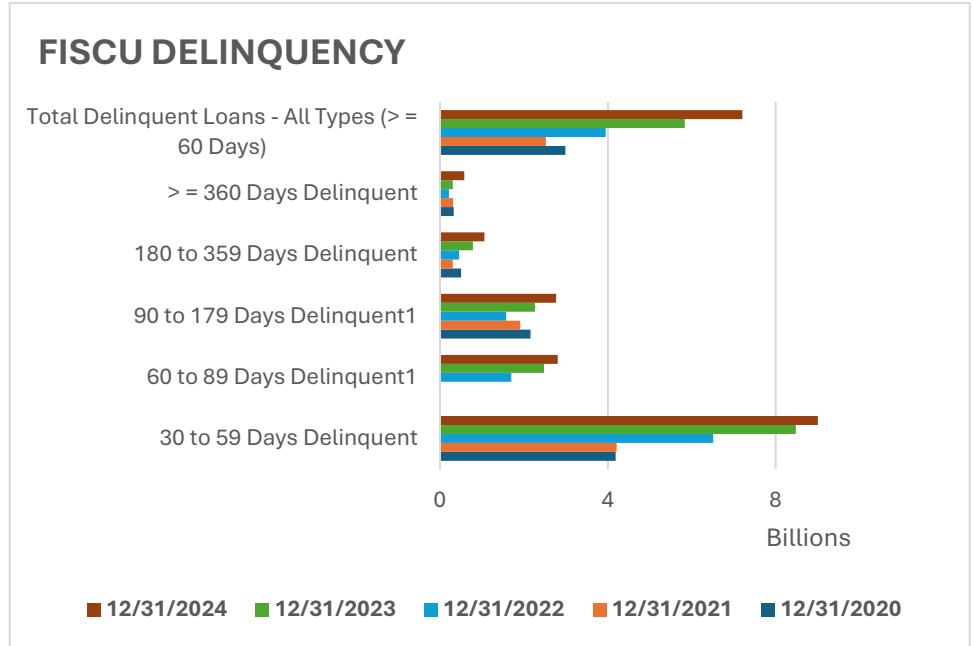
Annual FISCO growth rates are anemic, while maintaining positive performance. Share growth was modest and improved over 2023 growth rates but represents the second worst annual growth rate over of the five-year period. Investment growth, while showing positive trends in previous quarters, continues to decline on an annual basis. Membership and asset growth rates remained nominally positive on an annual basis; however, quarterly declines continue to be evident throughout 2024. The most notable year-over-year growth rate on December 31, 2024, was net worth, which appears driven by the earnings impact of an increased short-term nature of the balance sheet, an inverted yield curve and the related interest rate impact on the value of its investments and finally, the anemic asset growth noted from the previous year.

The graphics below show the relative growth rates of FISCUs, FICUs and FCUs over the last five years.

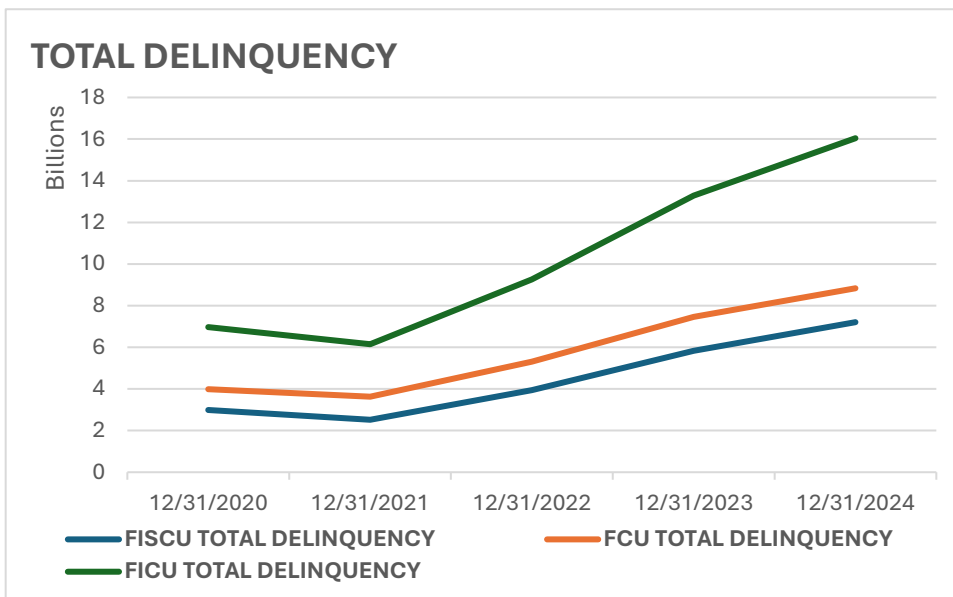


Delinquency and Charge Offs

YE 2024 FISCU delinquency greater than 60 days increased from \$6.5 billion to \$7.2 billion representing a \$700 million increase from the previous quarter and a \$1.6 billion increase from YE 2023. Although it continues to increase substantially and is higher than that experienced over the last five years, delinquent loans to total loans represents .89 for FISCU as YE 2024, remaining well below the 1.38 ratio experienced during the recession at YE 2008. The graphs provided confirm these trends and differentiate that despite these increases, FISCU continue to report total delinquencies at rates less than those of their federally chartered peers.



FISCU delinquency grew in each of the reporting buckets, indicating growing credit risk within the portfolio. The increases in YE 2024 FISCU delinquencies 60 days or greater noted above, combined with the increased delinquencies in the less than 60 days bucket of \$1.2 billion (33%) to \$4.7 billion, represents additional higher risk loans in the 4Q24 balance sheet.

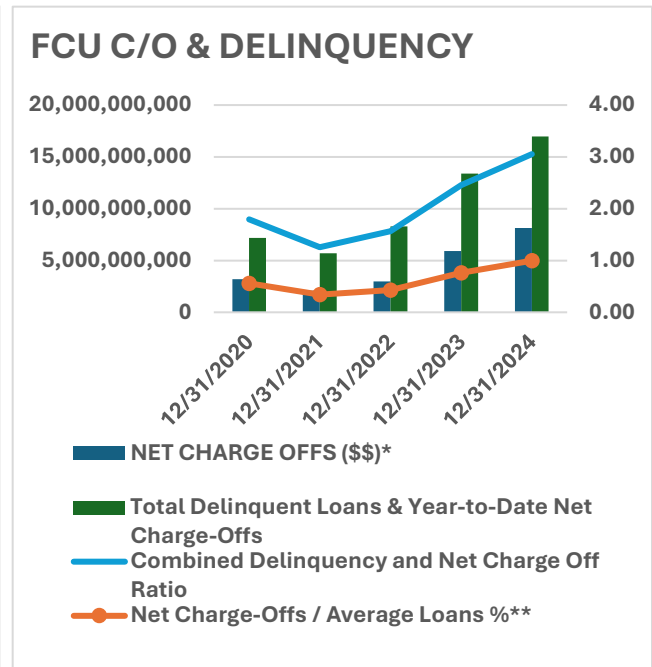
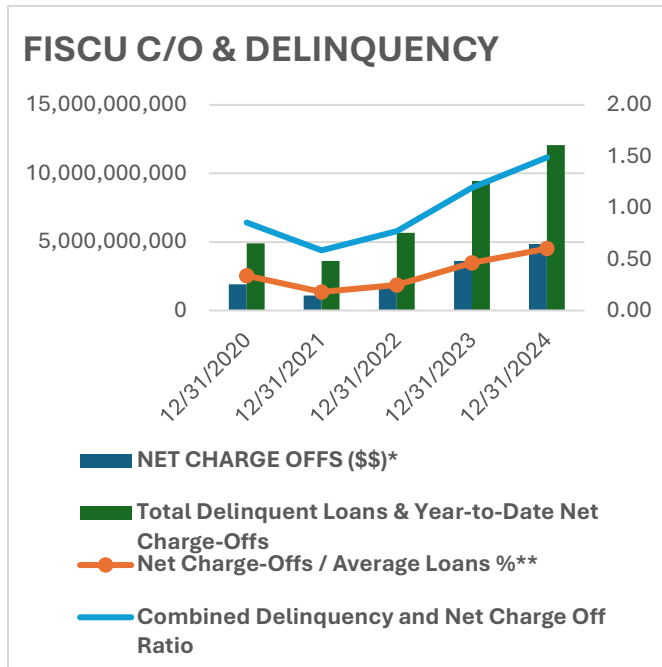
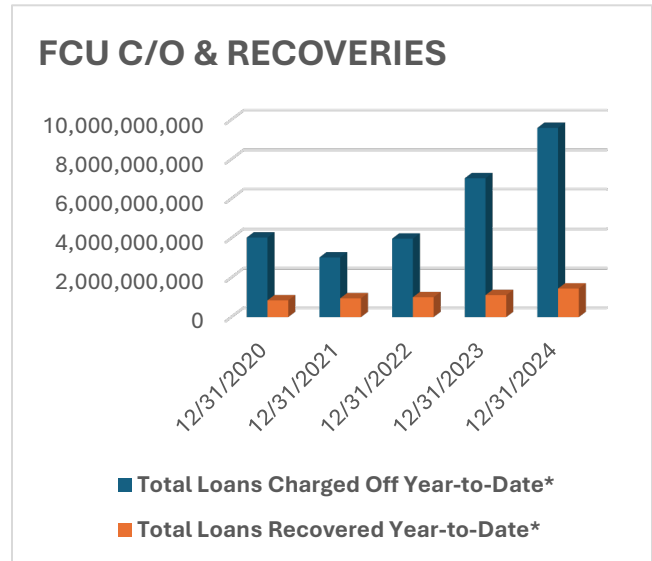
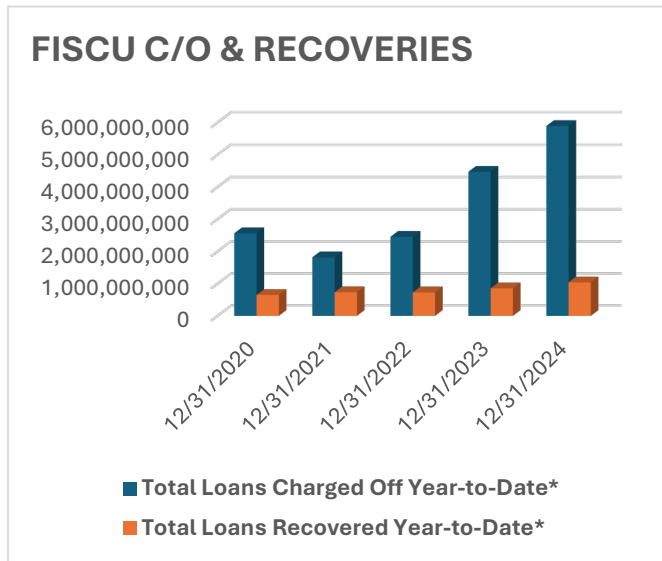


Increased net losses have not mitigated the growth in delinquency. At YE 2024, FISCU reported \$5.9 billion in total charge offs with \$4.9 billion in net charge offs.

Provision expenses for YE 2024 represent a 29% increase year over year to

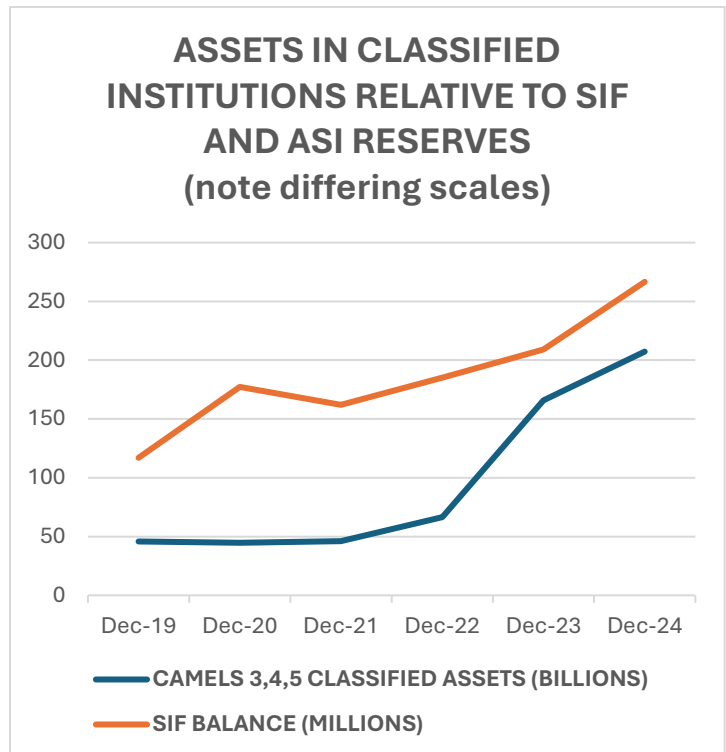
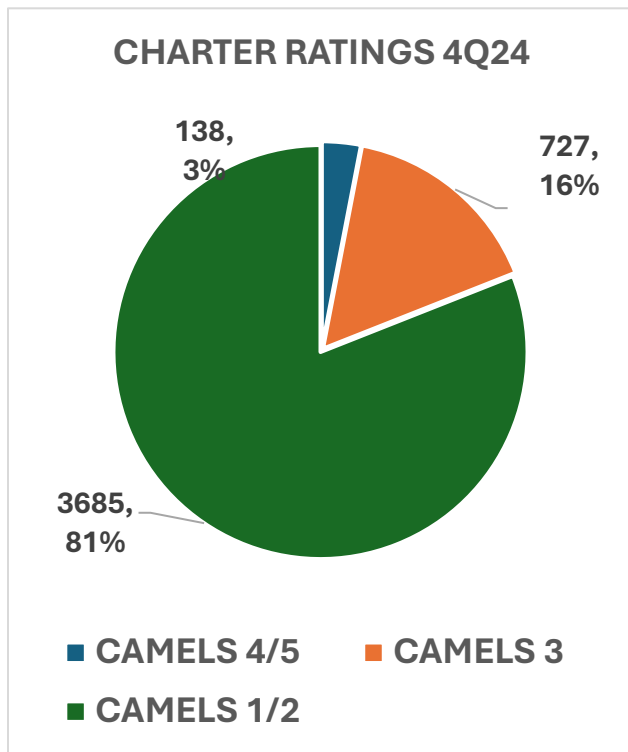
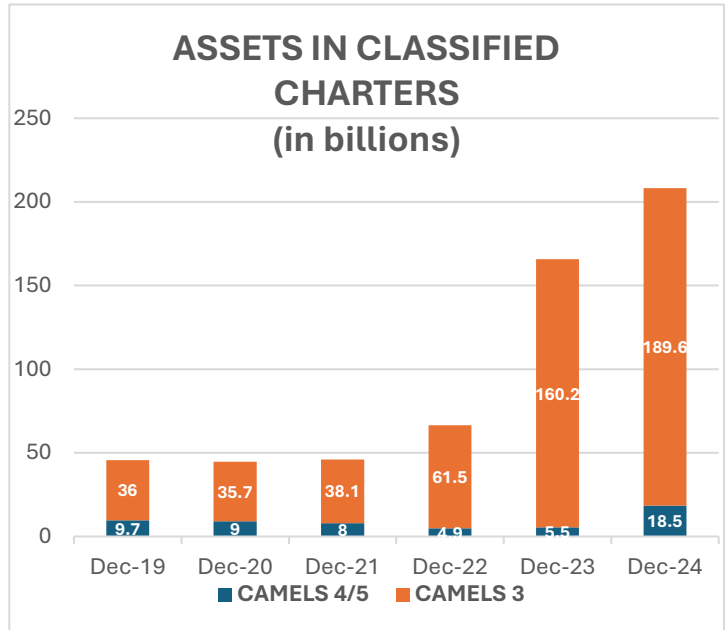
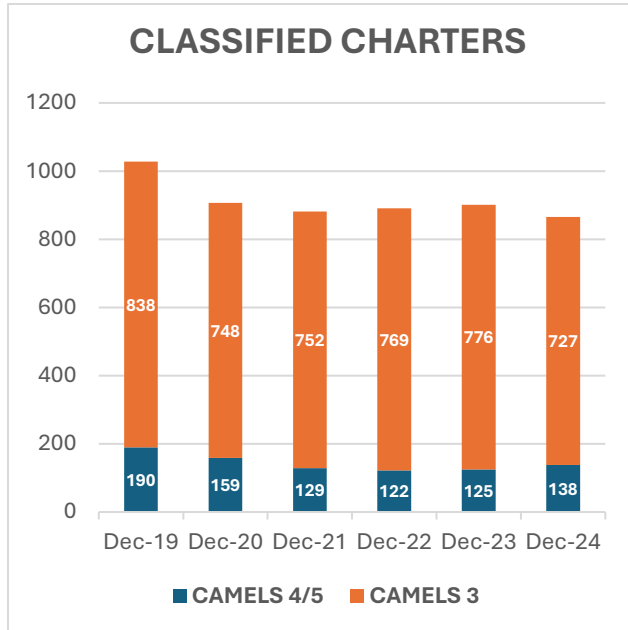
\$5.5 billion. These factors together continue to indicate credit risk within the state credit union system is increasing and could become more susceptible to economic or other environmental shocks.

Due to the significance of the credit risk aspect of the portfolio, additional related graphs are presented to represent FISCO and FCU delinquency and charge-off trends.

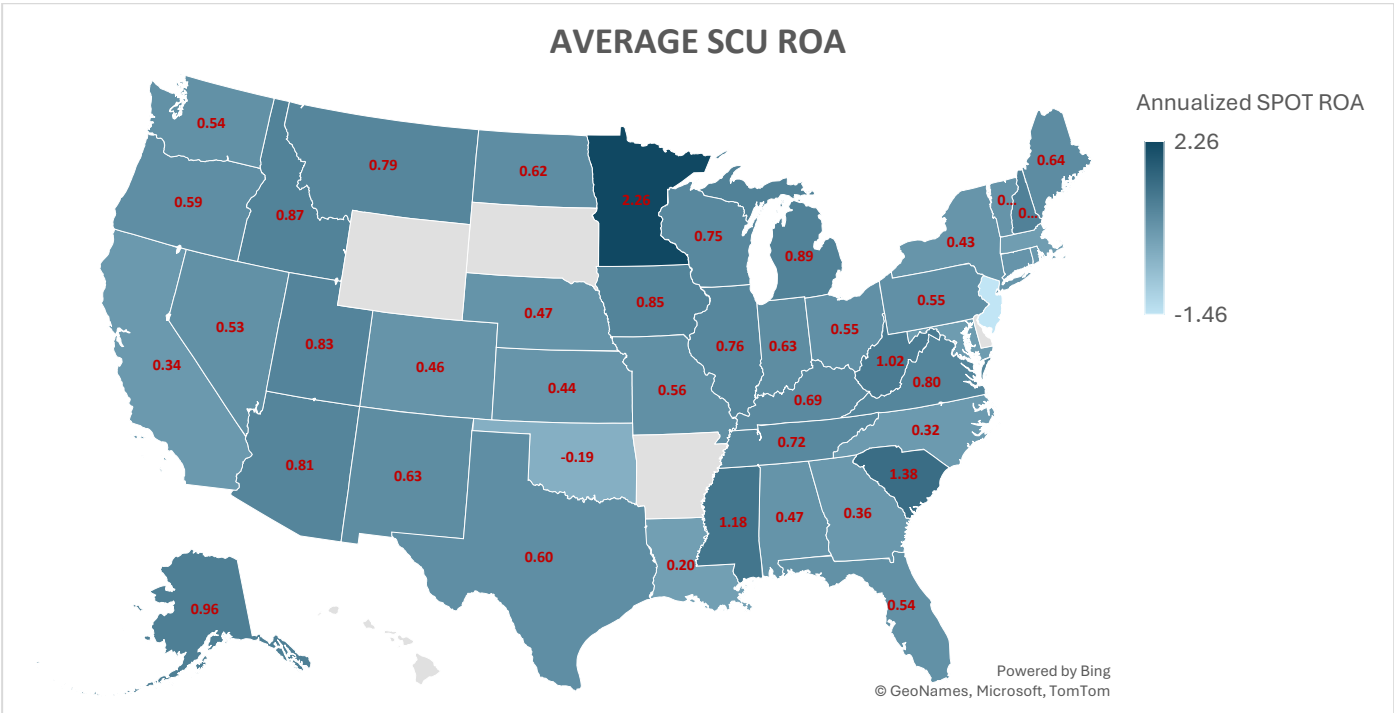
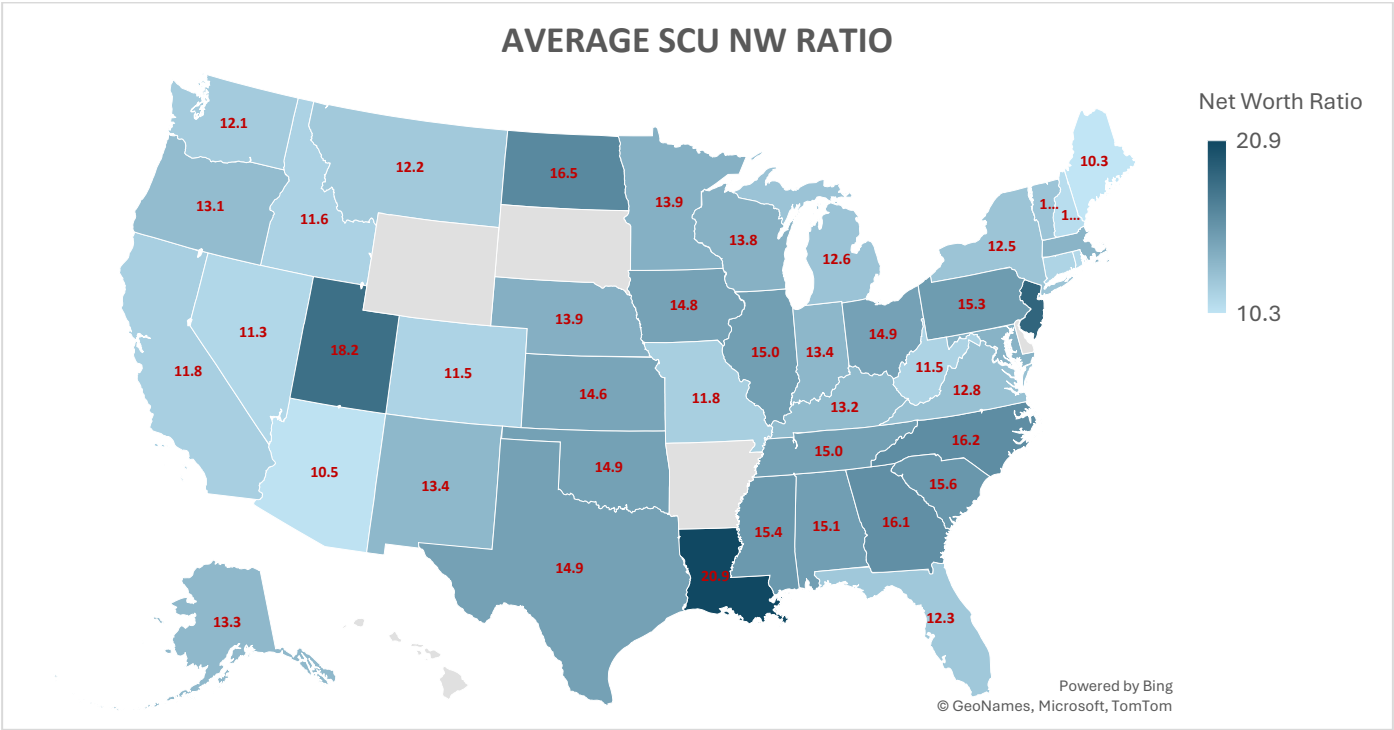


Watch CU Assets/Institutions and NCUA SIF and ASI Reserve Analysis

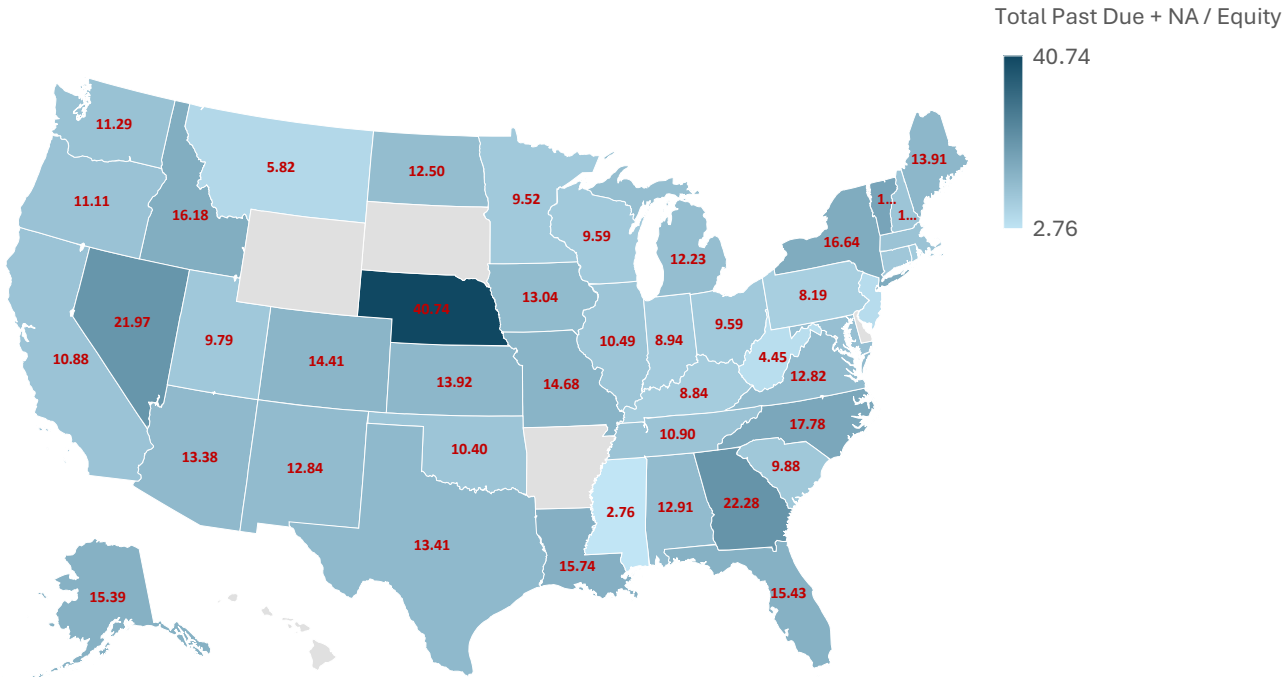
The following graphs represent the level of Watch institutions, those with a composite rating three or worse, based on information provided in the NCUA's quarterly review of the SIF and information provided by American Share Insurance.



State by State Averages

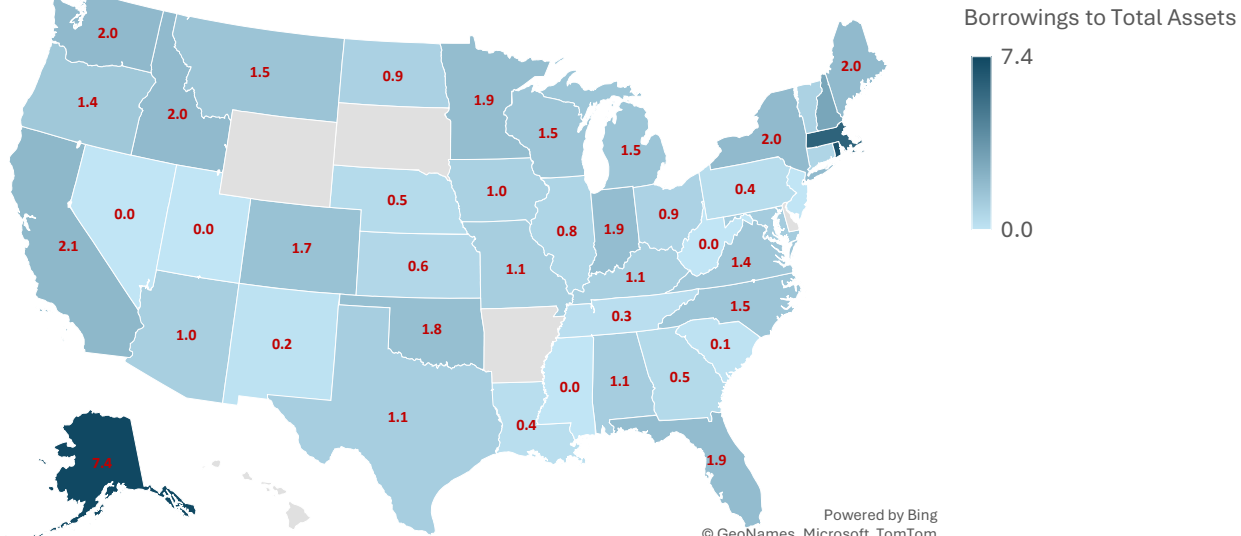


AVG SCU TOTAL PD/EQUITY

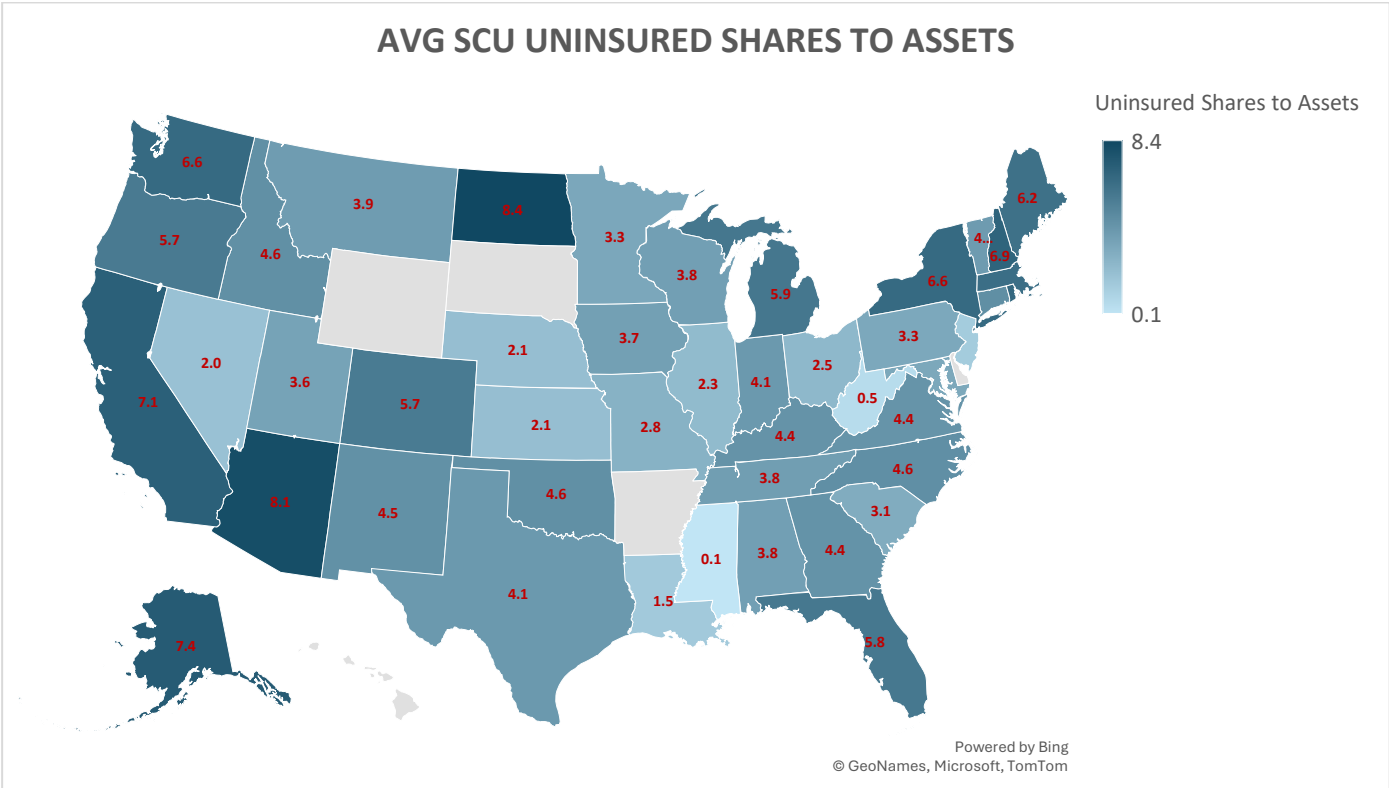


Powered by Bing
© GeoNames, Microsoft, TomTom

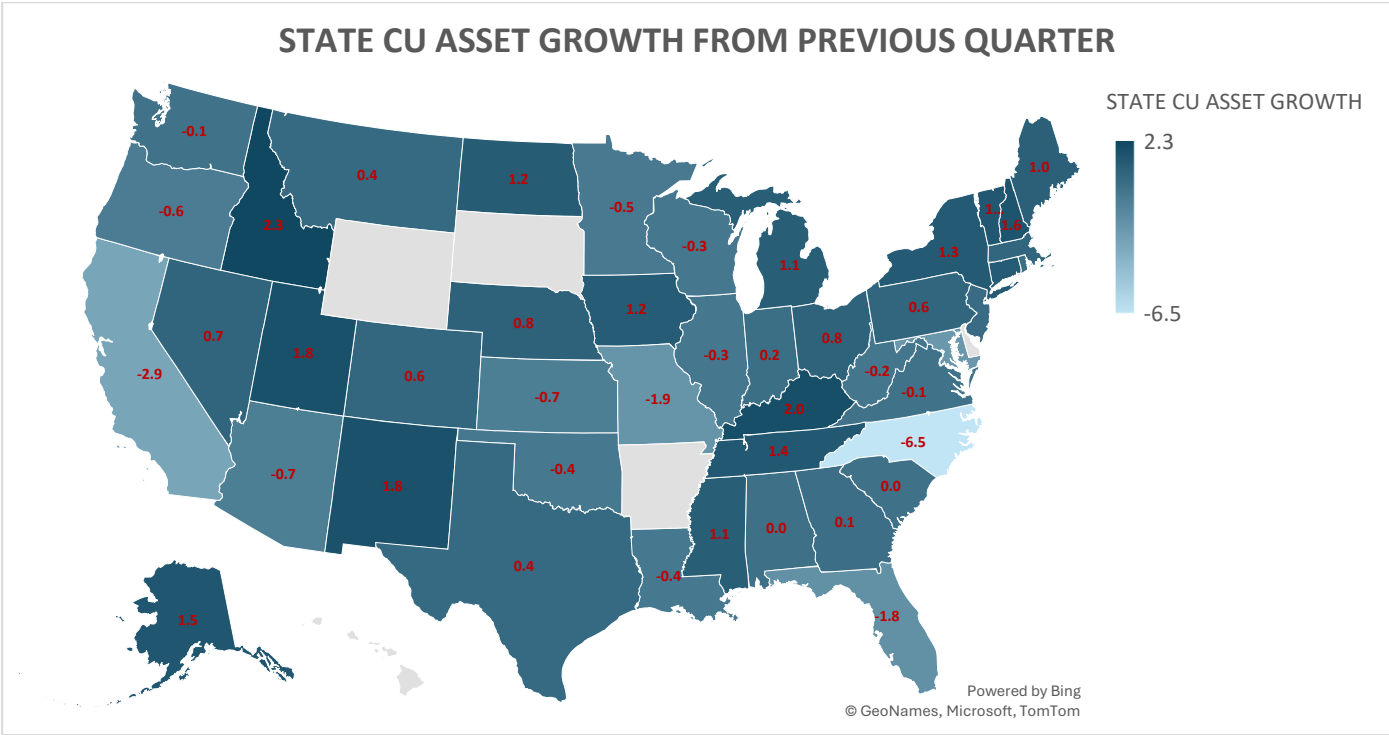
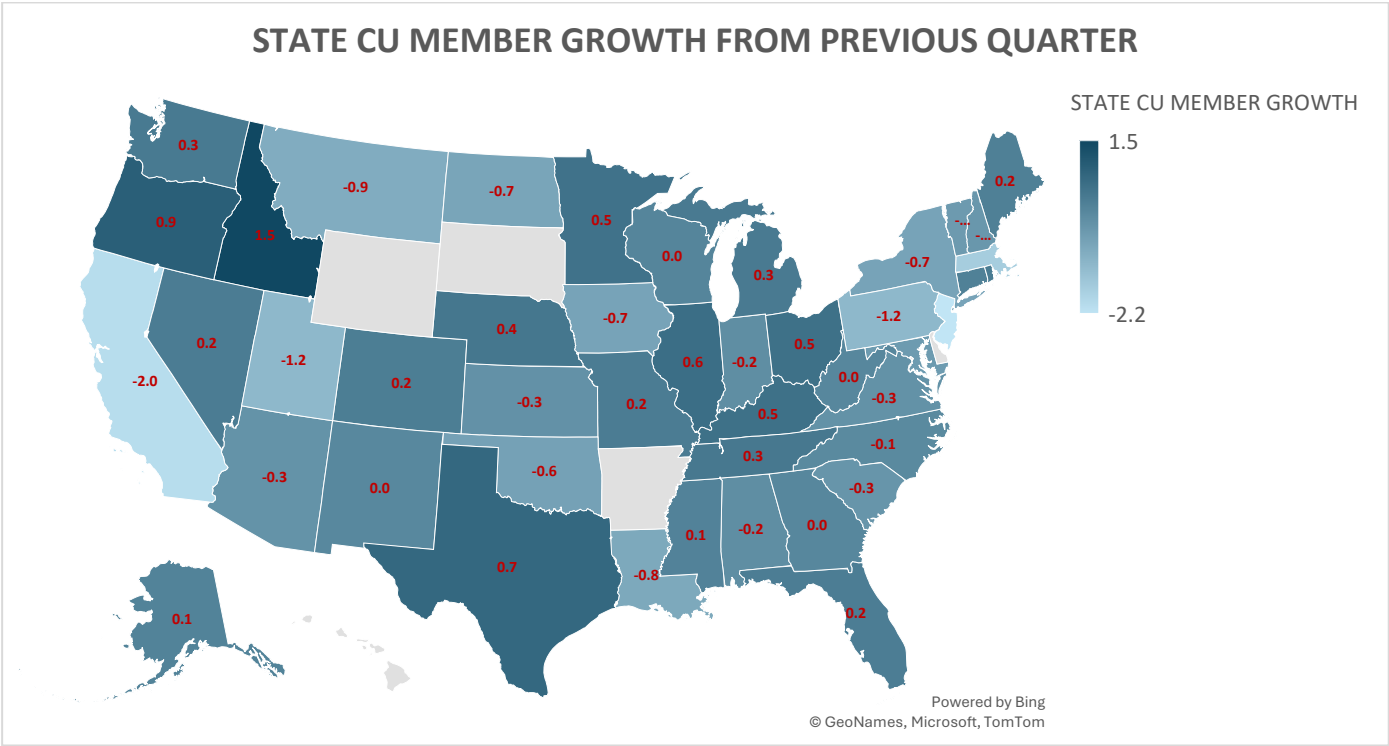
AVG SCU BORROWINGS TO TOTAL ASSETS



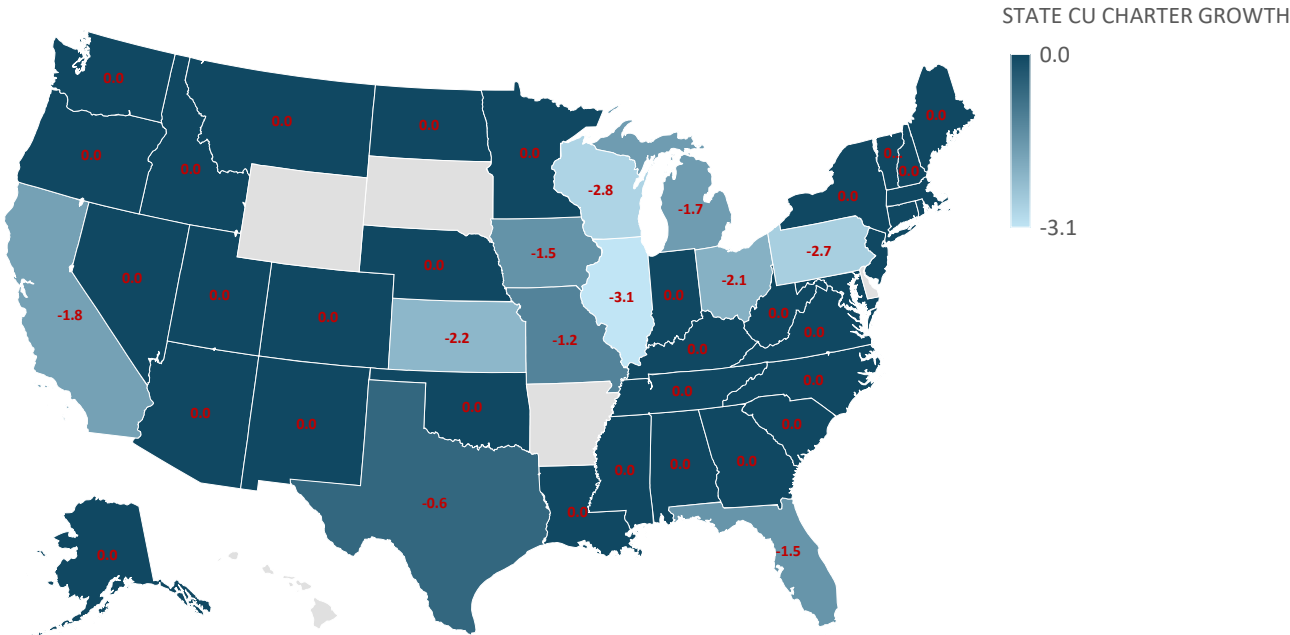
Powered by Bing
© GeoNames, Microsoft, TomTom



State Growth Rates

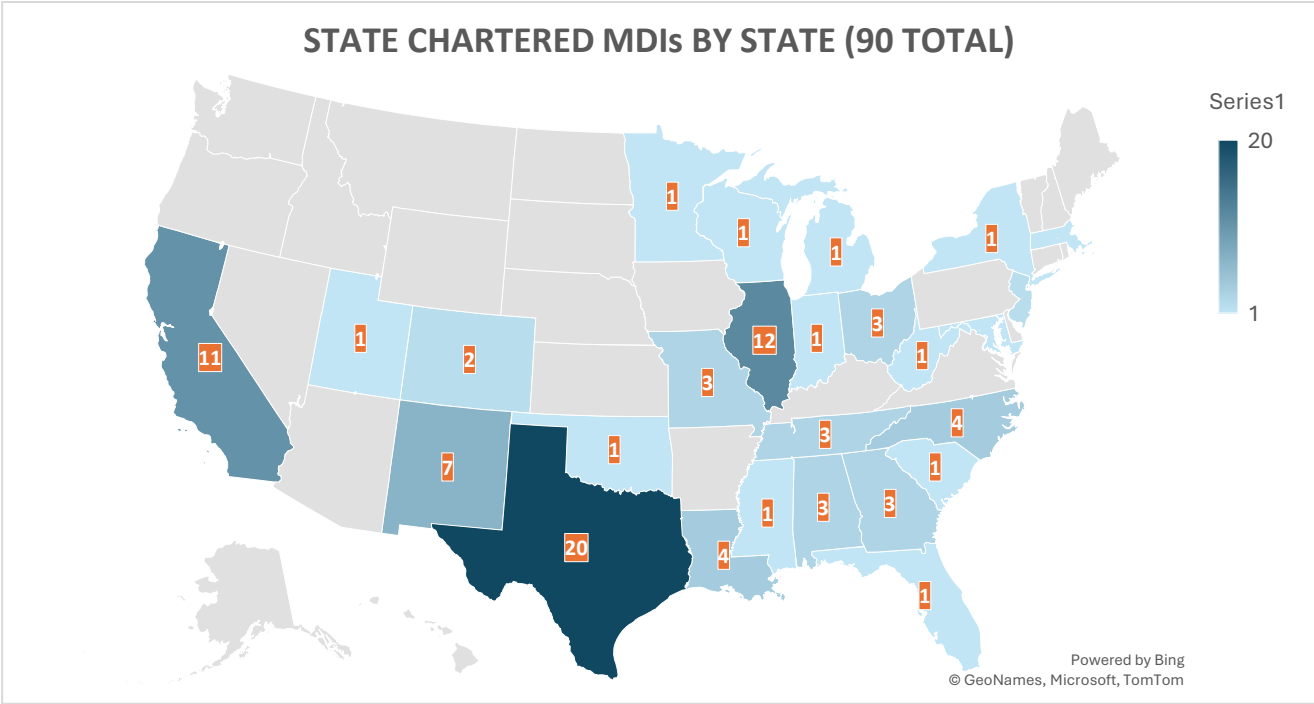
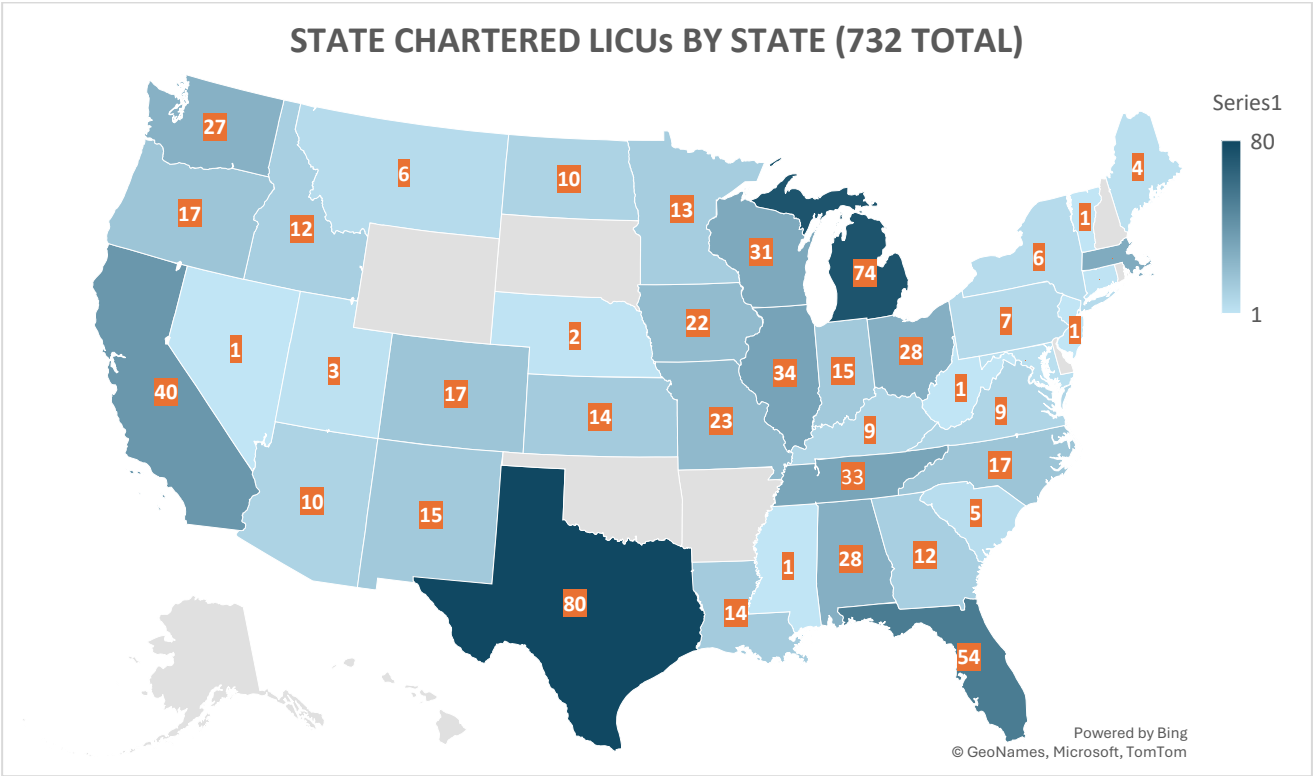


STATE CU CHARTER GROWTH FROM PREVIOUS QUARTER



Powered by Bing
© GeoNames, Microsoft, TomTom

State Credit Union LICU AND MDI Designations



State Rankings

Information provided regarding the rankings of states based on: size of largest SCU, size of largest FCU, highest percentage of SCU charters, members and assets to respective totals for those states.

STATE RANKINGS BY THE FOLLOWING					
RANKING	SIZE OF SCU	SIZE OF FCU	% OF SCU CHARTERS	% OF SCU MEMBERS	% OF SCU ASSETS
1	NC	VA	WI	IA	IA
2	WA	CA	IA	RI	RI
3	CA	UT	PR	WI	WI
4	IL	TX	MO	WA	WA
5	FL	NY	IL	IL	MO
6	MI	MA	KS	MO	ND
7	ID	AK	MN	ND	IL
8	IA	PA	VT	NV	NV
9	CO	MI	MI	CO	GA
10	OR	AL	WA	OR	CO
11	MN	DC	ID	GA	OR
12	TN	OK	NV	MI	MI
13	OH	NH	FL	ID	ID
14	AZ	MD	AL	FL	FL
15	PA	NC	ND	AZ	AZ
16	GA	SC	TN	OH	MN
17	WI	NM	NH	MN	OH
18	NY	IL	RI	NC	NC
19	MD	TN	CO	KS	CT
20	IN	MN	NC	CT	KS
21	MO	IN	AZ	CA	AL
22	TX	MS	GA	AL	CA
23	RI	NJ	OH	IN	IN
24	AL	FL	NM	TN	MT
25	MA	VT	CA	MT	TN
26	VA	WI	UT	KY	MA
27	CT	AR	TX	TX	TX
28	KY	HI	OR	NH	NH
29	MT	CO	MA	ME	KY
30	NV	KY	CT	MA	ME
31	KS	AZ	KY	NM	NM
32	NH	LA	IN	PA	PA

STATE RANKINGS BY THE FOLLOWING					
RANKING	SIZE OF SCU	SIZE OF FCU	% OF SCU CHARTERS	% OF SCU MEMBERS	% OF SCU ASSETS
33	AK	SD	ME	MD	MD
34	ND	WY	MT	NY	NE
35	NM	KS	VA	VT	NY
36	UT	WA	NE	LA	VT
37	LA	CT	OK	NE	LA
38	ME	ID	LA	AK	AK
39	OK	NE	SC	OK	OK
40	NE	MT	PA	SC	UT
41	VT	ME	AK	UT	SC
42	SC	GA	MD	VA	VA
43	WV	WV	NJ	WV	WV
44	NJ	OR	NY	NJ	NJ
45	MS	OH	WV	MS	MS
46	AR	PR	MS	AR	AR
47	DC	MO			
48	DE	DE			
49	GU	IA			
50	HI	GU			
51	PR	NV			
52	SD	ND			
53	VI	RI			
54	WY	VI			

NASCUS[®]

The National Association of State Credit Union Supervisors

NASCUS.org

NASCUS | National Association of State Credit Union Supervisors

1655 North Fort Myer Drive, Suite 650, Arlington, Virginia 22209 | Tel. (703) 528-8351 | NASCUS.org