

Quarterly Pulse – Q4 2024

FINASENSE Research | March 14, 2025 | Data: Q4 2024

Fed Funds: 4.33% · 10-Year T-Note: 4.58% · 2-Year T-Note: 4.25%

Data through December 31, 2024 . All figures reflect the universe of 4,550 federally insured credit unions reporting for the quarter. Income-based ratios (ROAA, NIM, NCO ratio) are full-year figures (Q4 = no annualization adjustment). Growth rates are quarter-over-quarter.

Where the industry stands as of 12/31/2024: The credit union system closed 2024 with \$2.33 trillion in assets, essentially flat quarter-over-quarter (+0.11%) after 1.10% growth in Q3 – the weakest single-quarter asset growth in the dataset (rank 34/35). But the headline stall masks divergent dynamics underneath: loan growth held at 1.16% QoQ, shares and deposits surged 1.55%, and institutions paid down \$25.5 billion in borrowings. The net worth ratio rose to 10.88%, its third consecutive quarterly increase, while NIM extended a four-quarter climb to 3.09%. Credit quality remains the industry's most pressing challenge: the 60+ day delinquency ratio reached 0.97% – the highest reading in the dataset – with over-\$10B credit unions reporting 1.42%.

System at a Glance

Total Assets	Total Loans	Total Shares & Deposits	Net Income (Full Year)
\$2,330.4B	\$1,660.2B	\$1,979.2B	\$14.5B
Net Worth Ratio	ROAA	Delinquency Ratio (60+)	NCO Ratio
10.88%	0.62%	0.97%	0.79%

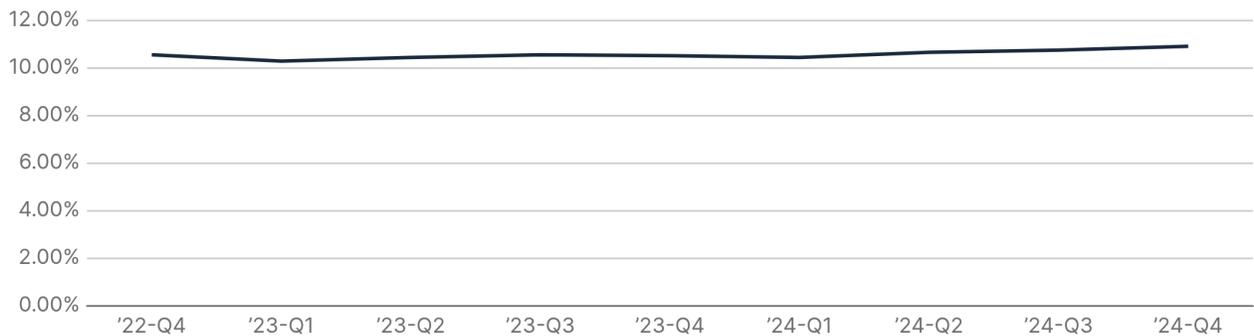
Capital Adequacy

Capital strengthens for a third straight quarter: The system-wide net worth ratio rose to 10.88% as of 12/31/2024, up 16 bps from 10.72% in Q3 2024 and 39 bps above the year-ago level of 10.49%. This marks the third consecutive quarterly increase — a steady climb from the 10.41% trough in Q1 2024, when elevated provision costs and modest earnings growth weighed on equity accumulation. With \$3.3 billion in equity added during Q4, capital growth outpaced the near-flat 0.11% asset expansion.

The capital picture varies sharply by size: credit unions under \$100M hold the thickest buffer at 13.61%, nearly 275 bps above the system average, reflecting their more conservative balance sheets and lower leverage. The over-\$10B cohort sits at the other end at 10.32%, thin enough that a sustained earnings downturn or credit cycle would erode the cushion more quickly. At 10.88%, the system-level net worth ratio ranks 6th out of 36 quarters in the dataset — well above the 10.10% post-COVID low (Q4 2020) but still below the pre-pandemic peak of 11.19% (Q3 2019).

All Federally Insured CUs: Net Worth / Total Assets

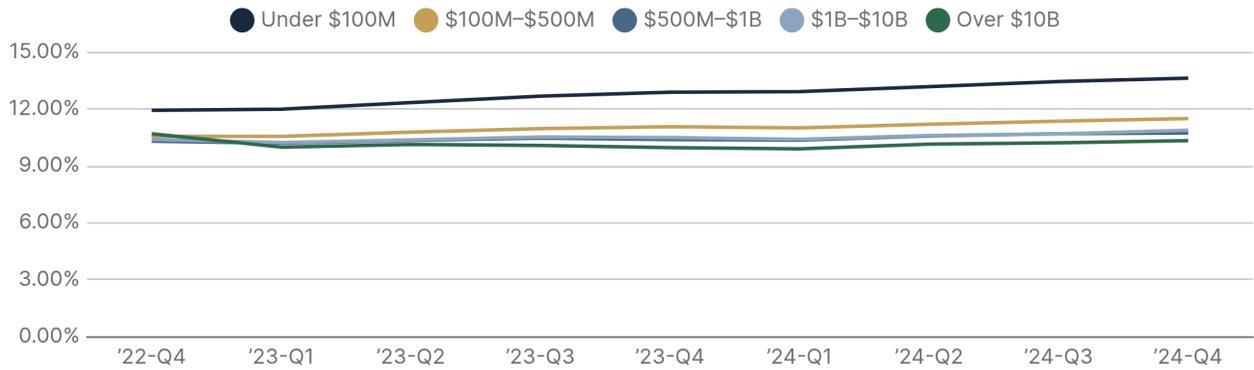
4Q22–4Q24



Source: NCUA 5300 Call Report; FINASENSE analysis.

Net Worth Ratio by Asset-Size Cohort

4Q22-4Q24



Source: NCUA 5300 Call Report; FINASENSE analysis.

Asset Quality

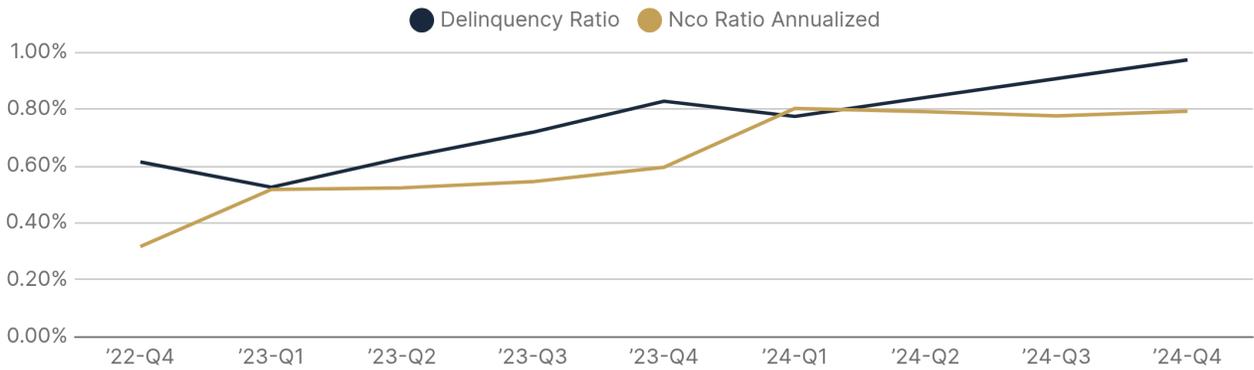
Delinquency hits a record high as the credit cycle matures: The 60+ day delinquency ratio rose to 0.97% in Q4 2024, up 7 bps from 0.91% in Q3 and 15 bps from 0.83% a year ago. This is the highest reading in the dataset and marks the third consecutive quarterly increase. The deterioration has been steady since the post-pandemic floor of 0.42% in Q1 2022 — a 55 bps climb over eleven quarters as the rate-hiking cycle worked through consumer balance sheets.

The over-\$10B cohort is driving the system-level headline: at 1.42%, their delinquency rate sits 45 bps above the system average, reflecting outsized exposure to indirect auto and unsecured consumer lending — the segments most sensitive to higher rates. Net charge-offs are running at 79 bps, up 2 bps QoQ and 20 bps year-over-year. The largest institutions account for a disproportionate share: the over-\$10B cohort's NCO ratio of 1.40% is nearly triple the \$100M-\$500M tier's 0.49%.

The year-end reading carries a seasonal dimension worth flagging: Q4 delinquency tends to peak as holiday spending strains consumer cash flows and institutions accelerate year-end charge-off activity. The Q1 2025 reading will reveal how much of the deterioration is cyclical versus structural — historically, Q1 delinquency drops as tax refund receipts cure early-stage delinquencies. But the trajectory matters: even the Q1 2024 seasonal trough (0.77%) came in 25 bps above the prior year's Q1 (0.52%), confirming that each cycle of seasonal curing is resetting to a higher floor.

All Federally Insured CUs: Delinquency Ratio (60+) and NCO Ratio

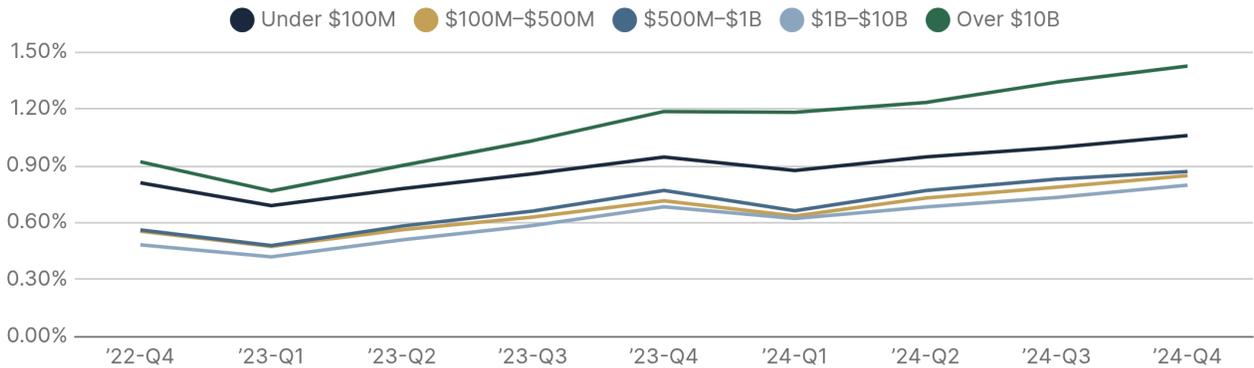
4Q22-4Q24



Source: NCUA 5300 Call Report; FINASENSE analysis.

60+ Day Delinquency Ratio by Asset-Size Cohort

4Q22-4Q24



Source: NCUA 5300 Call Report; FINASENSE analysis.

Earnings

NIM grinds higher but earnings give back ground: NIM reached 3.09% in Q4 2024, up 2 bps from Q3's 3.07% and extending a four-quarter climb from the 2.97% trough in Q4 2023. The improvement is modest in pace but consistent in direction — asset yields continue to reprice higher on the loan book while funding costs stabilize. ROAA, however, slipped to 0.62%, down 6 bps from Q3's 0.69% and 5 bps below the year-ago 0.68%.

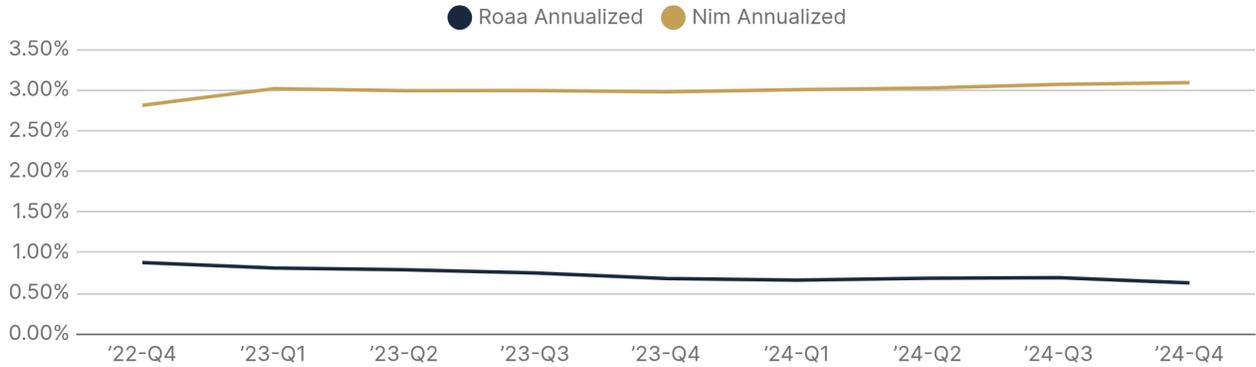
The margin expansion has been real but narrow — 12 bps cumulative from the Q4 2023 trough — and the ROAA decline suggests the improvement is being consumed by rising credit costs. Full-year net income came in at \$14.5 billion, down from \$15.3 billion in 2023, as provision expense absorbed more of the margin improvement.

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The cohort story reveals a wide NIM dispersion: the over-\$10B tier leads at 3.40%, benefiting from scale-driven fee income and diversified asset mixes. The \$1B–\$10B tier lags at 2.85% – 24 bps below the system average – caught between higher funding costs and competitive pressure on loan pricing. The \$500M–\$1B cohort remains the earnings laggard at 0.49% ROAA, squeezed by the cost structures of mid-sized institutions without the scale advantages of the largest.

All Federally Insured CUs: ROAA and NIM

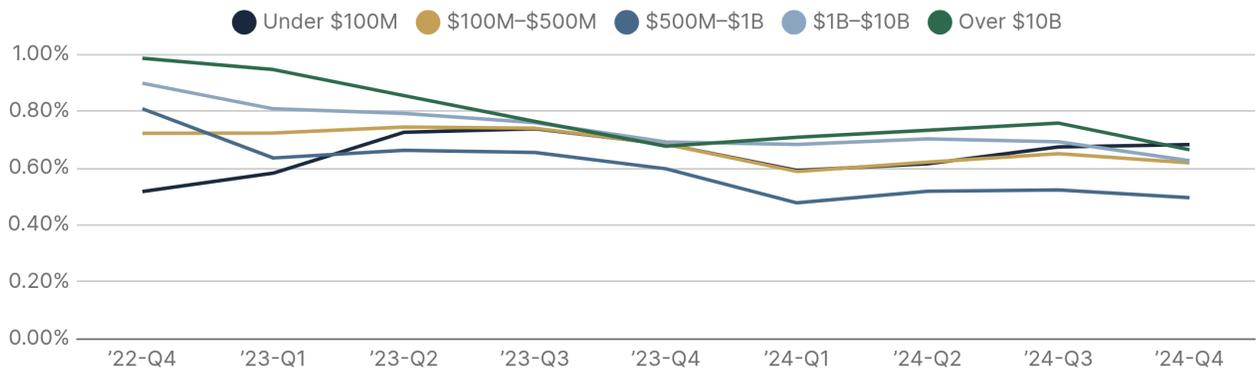
4Q22–4Q24



Source: NCUA 5300 Call Report; FINASENSE analysis.

ROAA by Asset-Size Cohort

4Q22–4Q24



Source: NCUA 5300 Call Report; FINASENSE analysis.

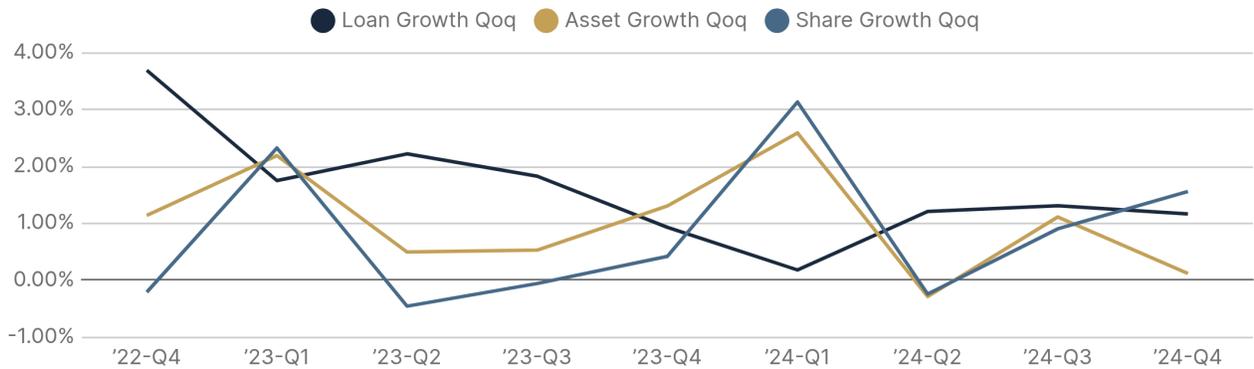
Loan Growth & Composition

Loan growth slows but stays positive across most cohorts: System loans grew 1.16% quarter-over-quarter in Q4 2024, a modest deceleration from Q3's 1.30% pace. In historical context, this reading ranks 31st of 35 quarters – stronger only than the pandemic slowdowns and the Q1 2024 near-stall (0.17%). The deceleration is consistent with higher rates weighing on consumer demand, particularly in rate-sensitive categories like first mortgage and auto lending.

Growth continues to consolidate toward the largest institutions. The over-\$10B cohort posted the strongest loan growth at 1.44%, followed by the \$1B–\$10B tier at 1.36%. Credit unions under \$100M contracted by 0.60%, extending the secular trend of lending market share migration upward. The loans-to-assets ratio rose to 71.24% – its third consecutive quarterly increase and the third-highest reading in the dataset – signaling that the balance sheet remains loan-heavy heading into 2025.

All Federally Insured CUs: Quarter-over-Quarter Growth

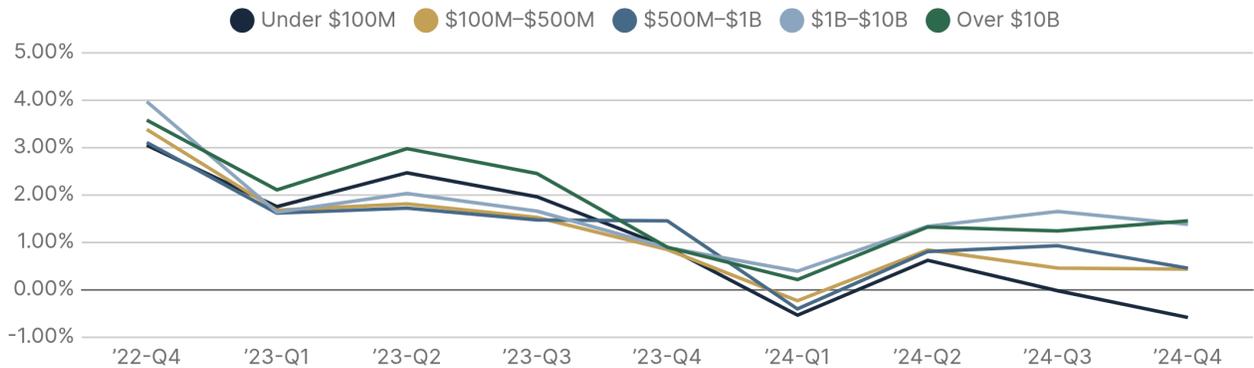
4Q22–4Q24



Source: NCUA 5300 Call Report; FINASENSE analysis.

Loan Growth (QoQ) by Asset-Size Cohort

4Q22–4Q24



Source: NCUA 5300 Call Report; FINASENSE analysis.

Liquidity

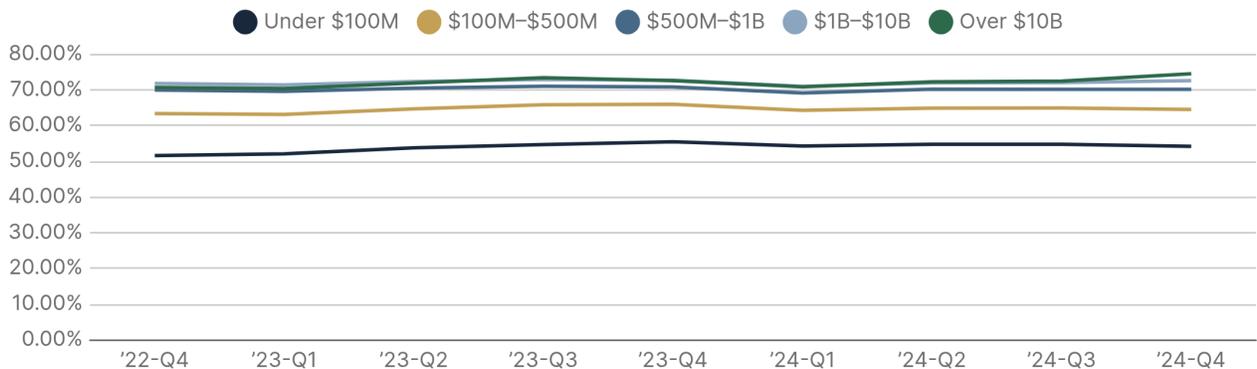
Wholesale deleveraging as deposits return: Shares and deposits grew 1.55% QoQ to \$1.98 trillion, while total assets barely moved (+0.11%). The gap was filled by a dramatic reduction in borrowings: the system retired \$25.5 billion in wholesale funding during Q4, bringing total borrowings to \$92.8 billion – down from \$118.3 billion in Q3 and \$133.1 billion a year ago. Institutions are actively replacing expensive wholesale funding with lower-cost member deposits.

The borrowings drawdown is the defining liquidity story of late 2024. From the Q4 2023 peak of \$133.1 billion, wholesale funding has been cut by \$40.3 billion – a 30% reduction in four quarters. This de-leveraging supports the NIM expansion narrative: by substituting high-cost FHLB advances and brokered deposits with member share inflows, institutions are improving their cost of funds even as asset yields remain elevated.

The loans-to-assets ratio at 71.24% remains elevated – third-highest in the dataset – meaning the balance sheet is lean on liquid assets. The \$1B–\$10B tier runs the tightest ratio at 72.48%, while the over-\$10B cohort sits at 74.42%. If the Q1 2025 seasonal deposit surge materializes as expected, the liquidity position should improve temporarily, but the structural question is whether the borrowing reduction is sustainable if loan growth re-accelerates.

Loans / Total Assets by Asset-Size Cohort

4Q22–4Q24



Source: NCUA 5300 Call Report; FINASENSE analysis.

Standardized Data Table – Q4 2024

Key CAMELS-aligned metrics by asset-size cohort for the quarter ending December 31, 2024. Income-based ratios are full-year figures (Q4 = no annualization adjustment).

Growth rates are single-quarter (QoQ).

Standardized Data Table – CAMELS Metrics by Asset-Size Cohort, Q4 2024

This table is optimized for interactive viewing and is not included in the PDF. View the full data at finasense.com or in the accompanying spreadsheet.

Notable Moves This Quarter

- **Watch: Delinquency reaches a new high** – The 60+ day ratio hit 0.97%, the highest in the dataset and its third consecutive quarterly increase. The over-\$10B cohort leads at 1.42% – 45 bps above the system average – reflecting concentrated consumer credit exposure.
- **Favorable: Wholesale deleveraging accelerates** – Borrowings fell \$25.5 billion in Q4 alone, bringing the four-quarter cumulative reduction to \$40.3 billion (–30%). Institutions are replacing high-cost wholesale funding with member deposits, supporting NIM expansion.
- **Favorable: NIM extends its climb** – Net interest margin reached 3.09%, its fourth consecutive quarterly increase from the 2.97% Q4 2023 trough. The improvement is gradual (+12 bps cumulative) but directionally clear, driven by both asset repricing and funding cost relief.
- **Pressure: ROAA slips despite margin improvement** – ROAA fell to 0.62%, down 6 bps QoQ and 5 bps YoY, as rising credit costs consumed the NIM gains. Full-year net income of \$14.5 billion trails 2023's \$15.3 billion by 5.2%.
- **Pressure: Small CUs continue to shed loans** – Credit unions under \$100M posted –0.60% loan growth, extending the secular consolidation of lending market share toward larger institutions.

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