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Quarterly Pulse — Q3 2025

FINASENSE Research | December 14, 2025 | Data: Q3 2025

Fed Funds: 4.09% · 10-Year T-Note: 4.16% · 2-Year T-Note: 3.60%

Data through September 30, 2025 . All figures reflect the universe of 4,419 federally insured credit unions reporting for the quarter. Income-based ratios (ROAA, NIM, NCO ratio) are annualized from year-to-date figures. Growth rates are quarter-over-quarter.

Where the industry stands as of 9/30/2025: The credit union system expanded modestly in 3Q25, with assets crossing $2.42 trillion on the back of steady loan growth and a recovering deposit base. Capital remains well above Prompt Corrective Action (PCA) thresholds system-wide. But the credit quality picture continues to deteriorate — the 60+ day delinquency ratio is pressing toward 1.00%, the largest institutions are carrying disproportionate stress, and annualized charge-offs are running near 76 basis points (bps). Earnings are holding, for now, on the strength of a net interest margin (NIM) that has stabilized in the low 3.30s, but provision expense continues to absorb a growing share of pre-provision income.

System at a Glance

Total Assets	Total Loans	Total Shares & Deposits	Net Income (YTD)
$2,420.2B	$1,717.6B	$2,053.2B	$14.5B

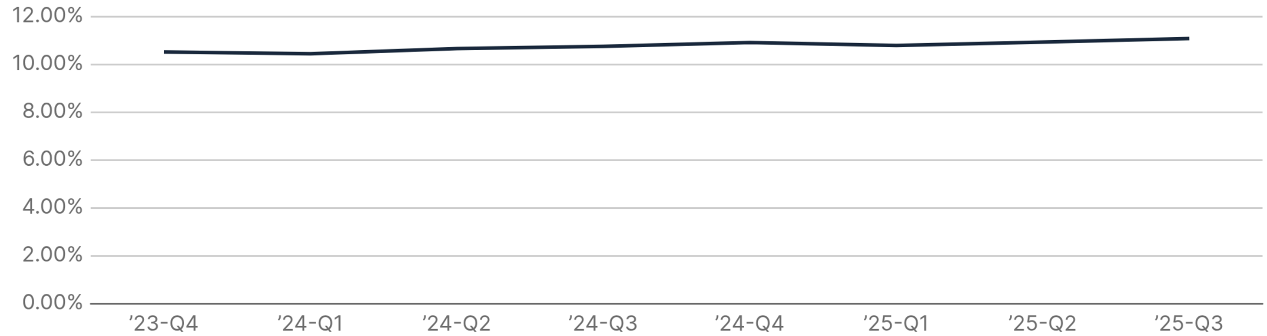
Net Worth Ratio	ROAA (Ann.)	Delinquency Ratio (60+)	NCO Ratio (Ann.)
11.05%	0.80%	0.94%	0.76%

Capital Adequacy

Stable, but watch the tails: The system-wide net worth ratio held at 10.25%, comfortably above the 7.00% well-capitalized threshold. Smaller credit unions continue to carry the thickest capital buffers — institutions under $100M average 13.8% — while the over-$10B cohort runs the leanest at 9.4%. The spread between top and bottom tiers is nearly 450 basis points, a structural feature of asset-size scaling that persists across cycles.

All Federally Insured CUs: Net Worth / Total Assets

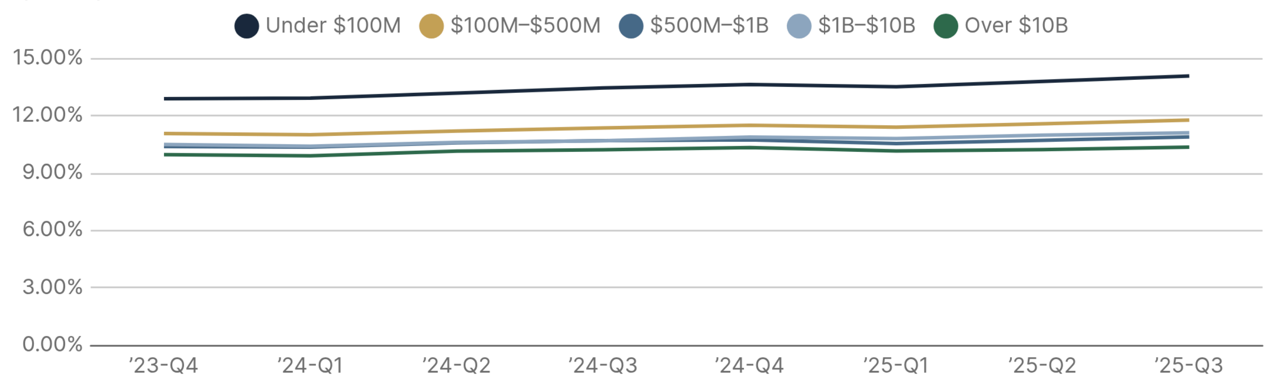
1Q23–3Q25



Source: NCUA 5300 Call Report; FINASENSE analysis.

Net Worth Ratio by Asset-Size Cohort

1Q23–3Q25



Source: NCUA 5300 Call Report; FINASENSE analysis.

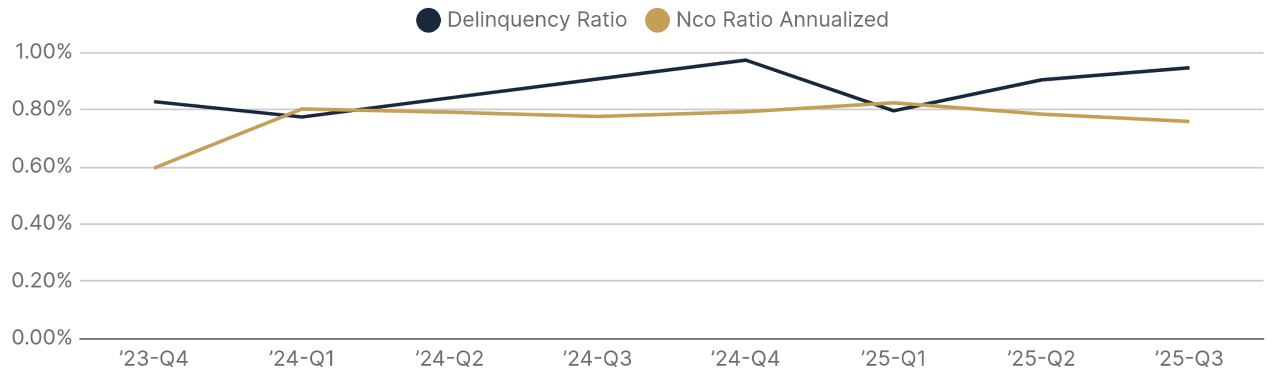
Asset Quality

The deterioration continues: The 60+ day delinquency ratio reached 0.94% in Q3 2025, up from 0.88% the prior quarter. The over-$10B cohort is carrying a 1.36% ratio — nearly double the $1B–$10B tier. Annualized net charge-offs are running at 76 bps system-wide, with the over-$10B tier the outlier at 128 bps.

The concentration of stress at the top of the asset distribution is worth watching: the over-$10B cohort holds 35% of system loans but accounts for a disproportionate share of delinquent balances. The elevated charge-off rate in this tier is consistent with their heavier consumer and indirect auto exposure.

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

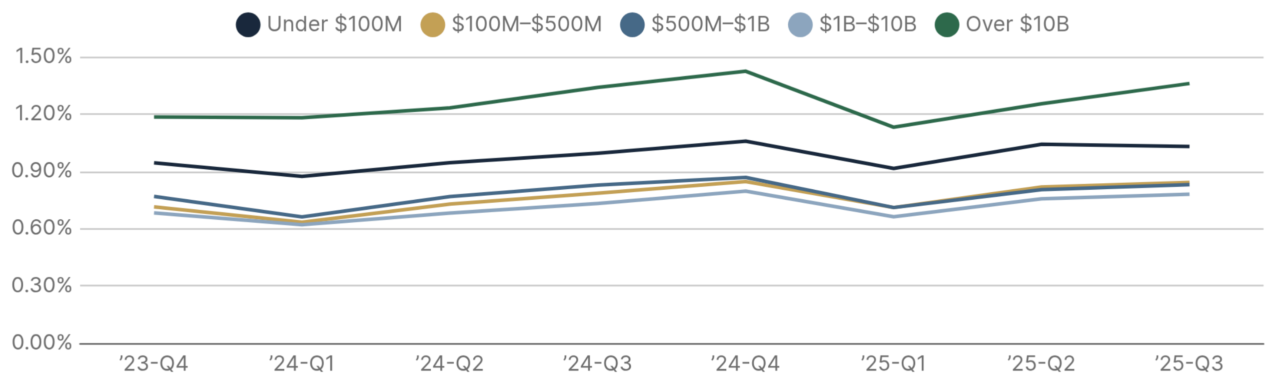
1Q23–3Q25



Source: NCUA 5300 Call Report; FINASENSE analysis.

60+ Day Delinquency Ratio by Asset-Size Cohort

1Q23–3Q25

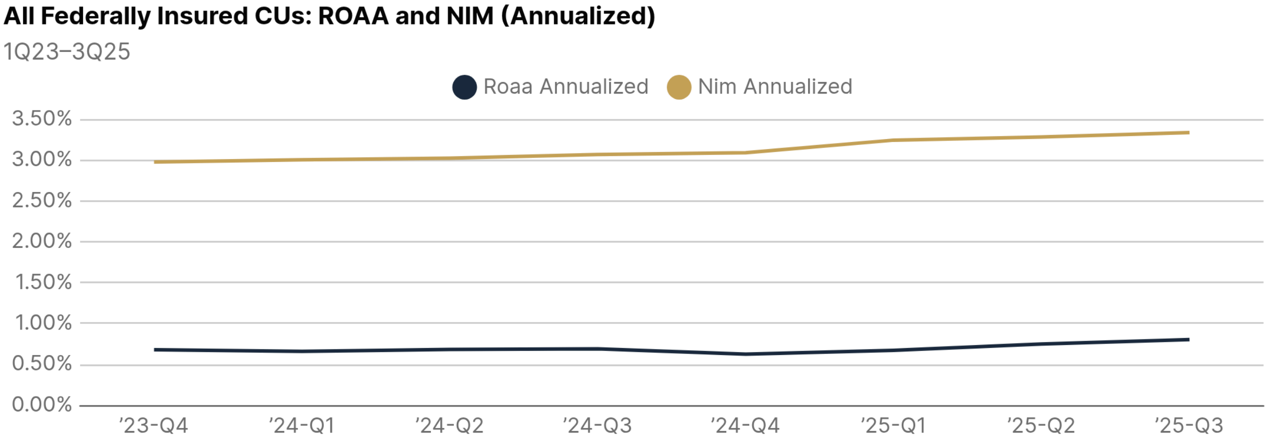


Source: NCUA 5300 Call Report; FINASENSE analysis.

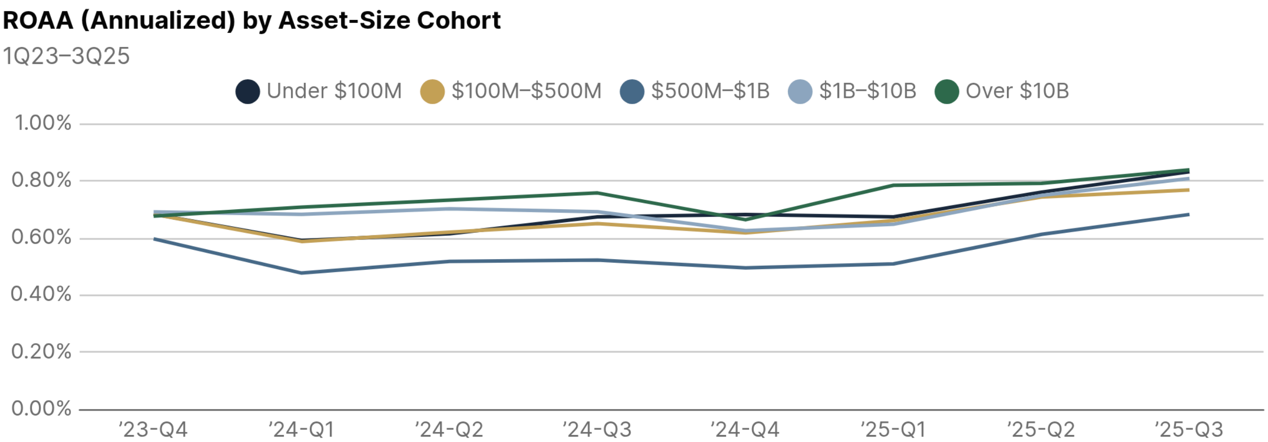
Earnings

> **NIM has stabilized, but provision pressure is real:** Annualized net interest margin held at 3.33%, roughly flat from the prior two quarters after compressing through 2023–2024 as funding costs caught up with asset yields. ROAA came in at 80 bps annualized, but provision for credit losses is absorbing a growing share of pre-provision income.

The repricing lag appears to have largely run its course, at least in aggregate. The smallest credit unions (under $100M) are posting ROAA in line with the system despite their higher capital ratios, while the $500M–$1B tier is the relative underperformer at 68 bps.



Source: NCUA 5300 Call Report; FINASENSE analysis.



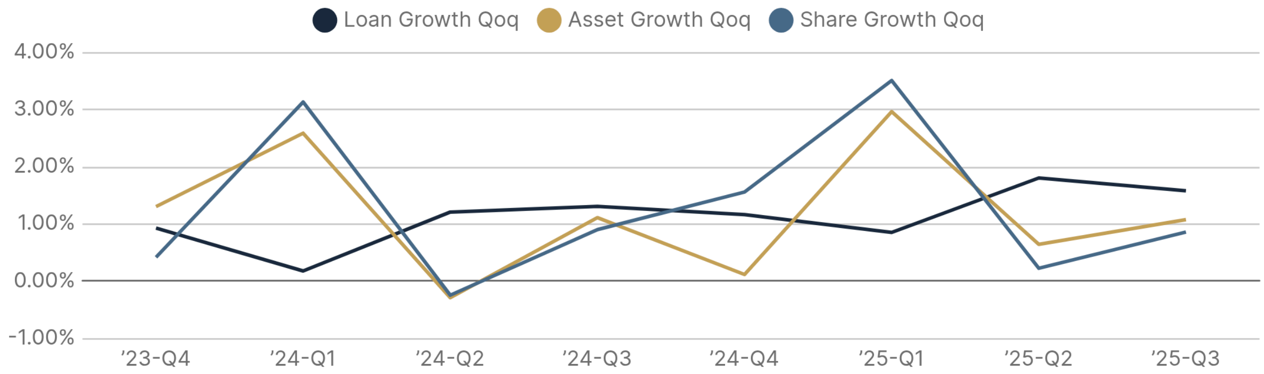
Source: NCUA 5300 Call Report; FINASENSE analysis.

Loan Growth & Composition

> **Lending is accelerating, led by the largest institutions:** System loans grew 1.57% quarter-over-quarter, the strongest single-quarter expansion in the 12-quarter window. The $1B–$10B cohort led at 1.75% QoQ. Credit unions under $100M posted essentially flat balances (+0.45%).

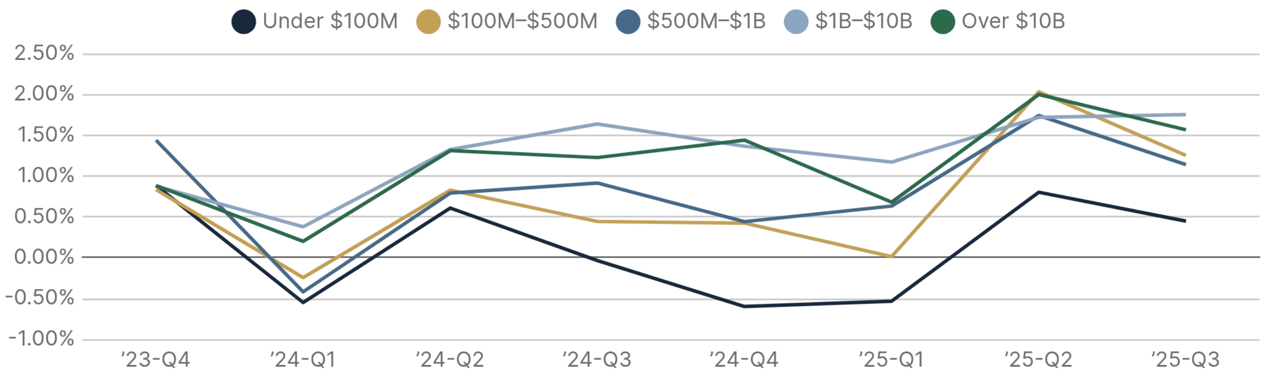
The system-wide loans-to-assets ratio ticked up to 70.97%, continuing a gradual rise that reflects both loan origination momentum and the relative drag on investment portfolio returns that keeps credit unions reaching for yield on the loan book. The flat growth at smaller institutions is consistent with the secular consolidation trend in which they are losing market share in lending.

All Federally Insured CUs: Quarter-over-Quarter Growth
1Q23–3Q25



Source: NCUA 5300 Call Report; FINASENSE analysis.

Loan Growth (QoQ) by Asset-Size Cohort
1Q23–3Q25

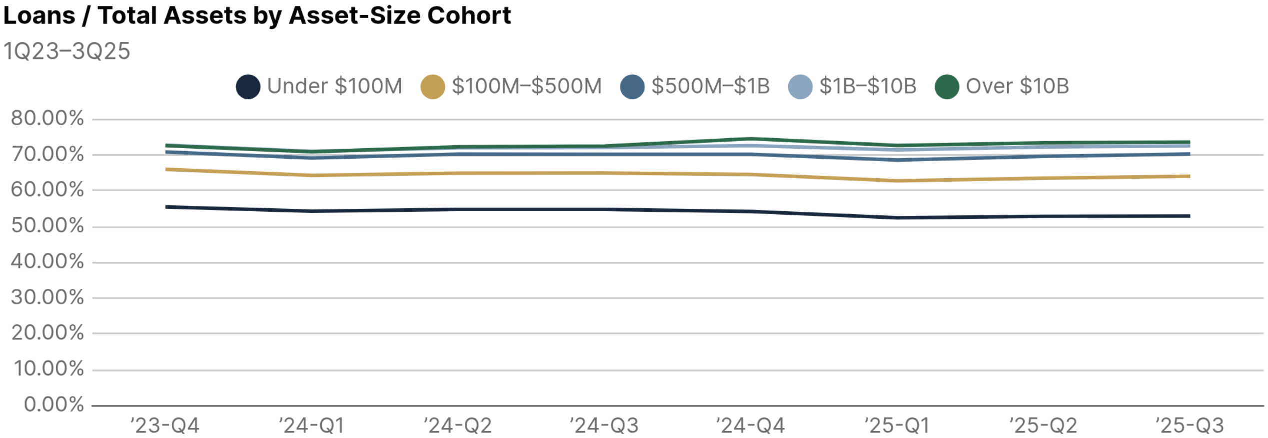


Source: NCUA 5300 Call Report; FINASENSE analysis.

Liquidity

> **Funding is following the loans:** Shares and deposits grew 0.85% QoQ to $2.05 trillion, modestly trailing loan growth and continuing to push the loans-to-assets ratio upward. Borrowings total $88.3 billion — material but not alarming relative to system size.

The loans-to-assets ratio varies meaningfully by tier: the largest credit unions run at 73%, while those under $100M sit at 53%. This reflects both the lending capacity that comes with scale and the operational reality that smaller credit unions carry proportionally more of their balance sheet in investments and cash.



Source: NCUA 5300 Call Report; FINASENSE analysis.

Standardized Data Table — Q3 2025

Key CAMELS-aligned metrics by asset-size cohort for the quarter ending September 30, 2025. Income-based ratios annualized from 9-month YTD figures. Growth rates are single-quarter (QoQ).

Standardized Data Table — CAMELS Metrics by Asset-Size Cohort, Q3 2025

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

- **Pressure:** Delinquency at the top of the distribution — The over-$10B cohort's 1.36% delinquency ratio is now 58 bps above the system average and widening. This tier's outsized consumer lending exposure — particularly indirect auto and credit card — is the likely driver.
- **Watch:** Loan growth reaccelerating — The 1.57% QoQ loan expansion is the strongest in the 12-quarter dataset. If this pace holds through Q4, full-year loan growth will exceed 2024 levels despite the tightening credit environment.
- **Favorable:** NIM compression has paused — After six quarters of declining margins driven by deposit repricing, NIM has flatlined in the low 3.30s. Whether this is a floor or a pause depends on the path of short-term rates and the degree to which credit unions have completed their CD and money market repricing.

- **Favorable:** Small CU capital buffers — Credit unions under $100M carry a 13.8% net worth ratio — nearly 700 bps of cushion above the PCA well-capitalized threshold. These institutions have room to absorb credit losses that would stress thinner-capitalized peers.
