



# NASCUS<sup>®</sup>

The National Association of State Credit Union Supervisors

John Kolhoff, SVP Policy and  
Supervision

Phone 517-243-4589

Email [jkolhoff@nascus.org](mailto:jkolhoff@nascus.org)

## 2024 Q2 SCU Industry Report

Industry Status Based on June 2024  
5300 Data

NASCUS.org

## NASCUS 2024 2Q SCU INDUSTRY REPORT – INDUSTRY STATUS BASED ON JUNE 2024 5300 DATA

### Background and Introduction

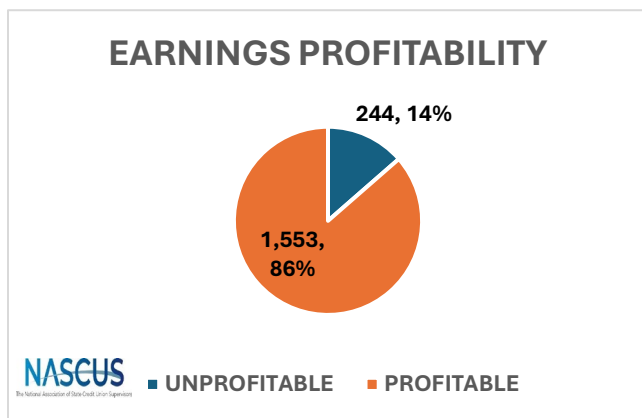
The information presented in this report represents June 30, 2024, 5300 publicly released data and therefore does not include credit unions from Puerto Rico and may not always represent privately insured credit unions unless noted otherwise.

On June 30, 2024, state-chartered credit unions (SCUs) totaled 1,797 charters (includes PISCUs but excludes SCUs in Puerto Rico) with total assets of \$1.16 trillion. These numbers represent a decline from the previous quarter of 11 institutions (25 YTD) and a \$7.2 billion decrease in total assets over the 2<sup>nd</sup> quarter. Comparatively, the number of FCUs declined 28 charters (46 YTD) and represented quarterly asset declines of \$3.1 billion. At that time, SCUs represented 38.8% of active charters, 50.2% of total assets and 47.5% of reported members. Puerto Rico state Cooperativas declined by one over the last quarter to 94 and reported minor asset growth of only \$25,000 to remain stable at \$12 billion in assets over the same period.

5300 FILING CU SUMMARY REPORT AS OF 06 2024			
NASCUS			
Current Quarter Total		SCU	FCU
CU #'S	1,797	2,834	38.80
MEMBERS	67,569,226	74,806,836	47.46
ASSETS	1,164,198,311,139	1,155,818,662,619	50.18
Previous Quarter Total		SCU	FCU
CU #'S	1,808	2,862	38.72
MEMBERS	67,446,630	74,300,493	47.58
ASSETS	1,171,392,415,908	1,158,938,079,847	50.27
CHANGE		SCU	FCU
CU #'S	-11	-28	
MEMBERS	122,596	506,343	
ASSETS	-7,194,104,769	-3,119,417,228	

### Earnings and Net Worth

SCUs (excluding Puerto Rico) reported an aggregate annualized ROA of .66, earning \$3.8 billion over the first six months of 2024 with an average and median YTD institution earnings of \$2.1 million and \$226 thousand, respectively.

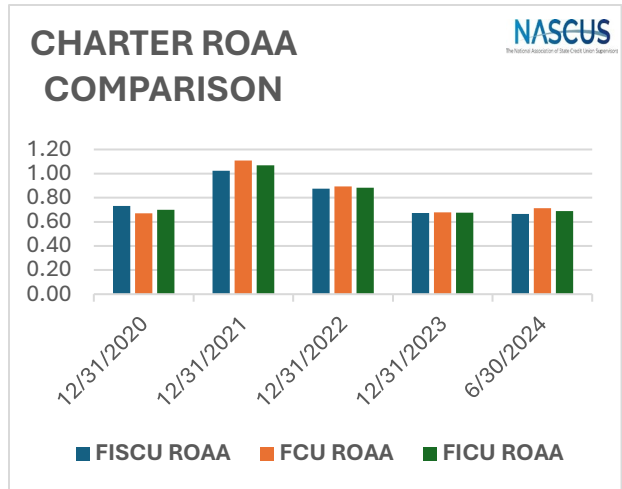


Aggregate earnings performance improved slightly with ROA increasing approximately 2 basis points from the previous quarter. The number of profitable SCUs also improved from 83% of all SCUs at 1Q 2023 to 86% at 2Q 2024. FCUs slightly outperformed SCU

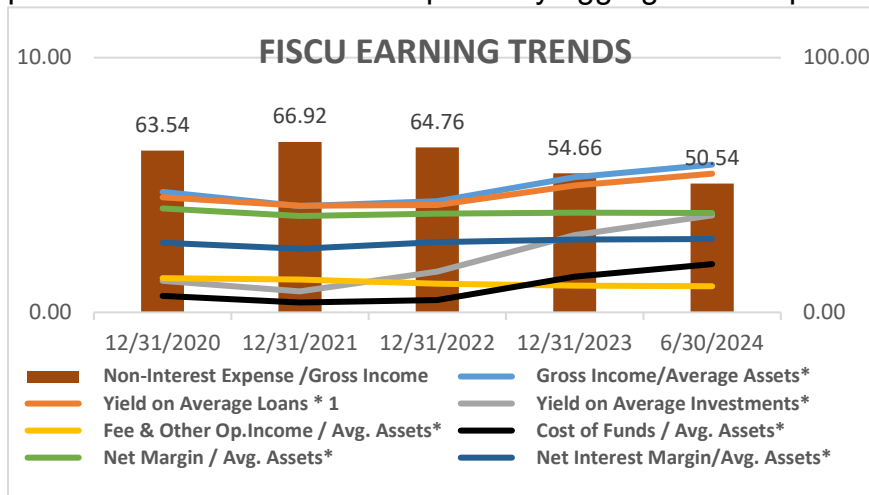
charters with a ROAA of .71 YTD 2024 which, while stable from last quarter, continues to be well below performance in 2021 and 2022.

A thorough review of the FISCU earning trends indicates the declining ROAA was not materially assisted by significant declines in non-interest expenses. The earnings impact of improvements in loan and investment yields were mitigated by increased cost of funds and, as a result, the net interest margin remained relatively unchanged.

Fueled by elevated charge offs, declines in fee income and increased charge offs earnings performance was further hampered by aggregate SCU provision expenses.

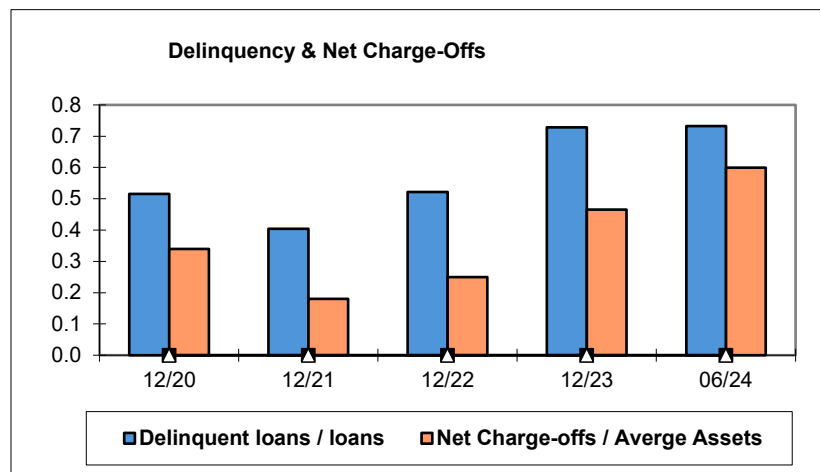


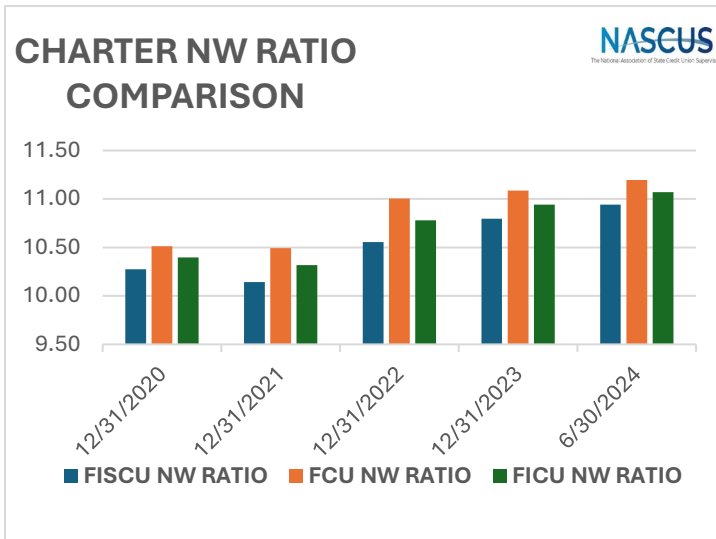
As a indication of the elevated impact, provision expenses of \$8.3 billion for the **first six months of 2024** exceed the **2023 YE** provision expenses experienced by SCUs by approximately \$60 million.



Aggregate NW for state-chartered credit unions improved somewhat from 1Q 2023 to approximately 10.94% of total assets; however, 21 SCUs nationwide reported a

PCA status of less than well capitalized, a decrease of one institution from the previous quarter. These 21 institutions included eight SCUs nationwide reporting undercapitalized positions at the end of 2Q 2024 with an average NW ratio of 4.99%, an increase of one institution in this the undercapitalized category from the previous quarter end.

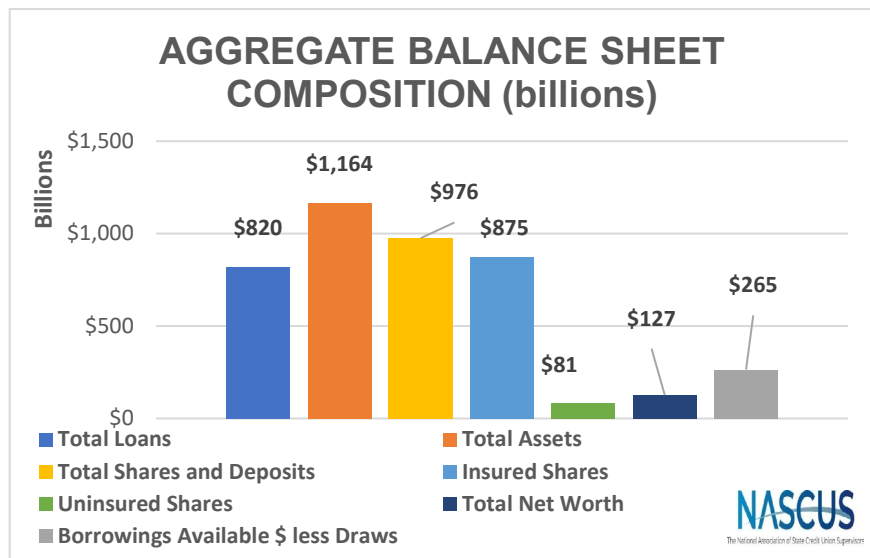




The improvement in net worth ratio trends from 4Q 2023, partly resulting from a declining asset base, continues the steady improvement from the lows reported at YE 2021. Despite the trend, capital levels remain approximately 50 basis points lower than those reported at YE 2019 and do not fully reflect the impact of the HTM unrealized losses within the portfolio.

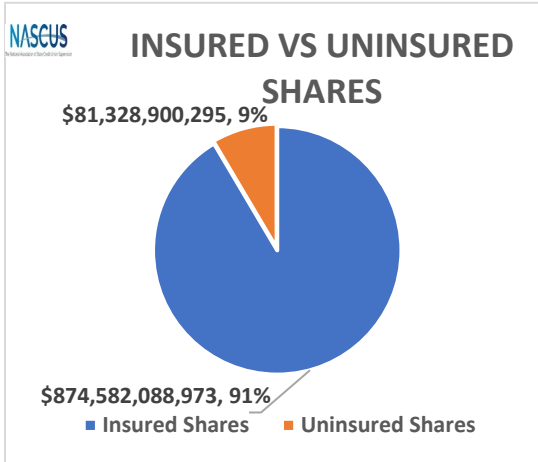
## Balance Sheet Composition

The \$1.16 trillion SCU 2Q 2024 aggregate balance sheet was funded with \$976 billion in total shares and deposits, an increase of approximately \$100 billion from the previous quarter, and total net worth of \$127 billion. In aggregate, SCUs reported \$265 billion of available lines to address short-term liquidity concerns, an increase of approximately \$12 billion from the 2023 YE. In aggregate, the SCU balance sheet liquidity position remained fairly consistent with last quarter with continuing declines in investment holdings, elevated cash, and a modest increase in total loans.



Uninsured shares at 2Q 2024 represented approximately \$81 billion or 9% of total shares.

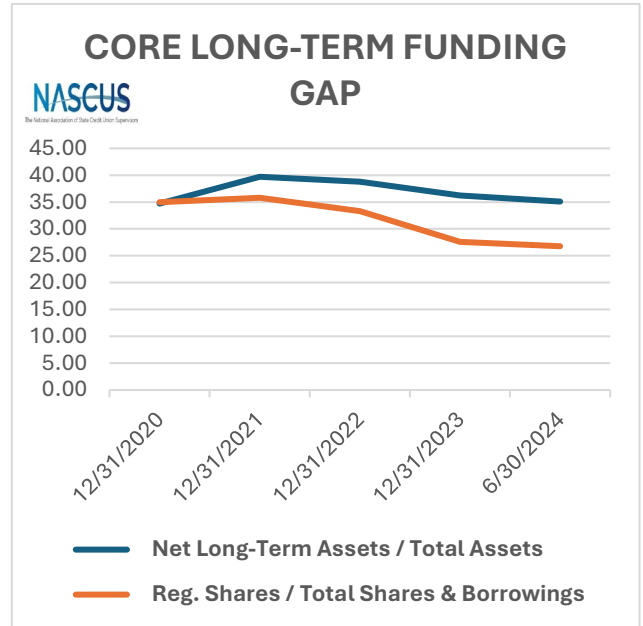
Total loans held by SCUs increased approximately \$8 billion from the previous quarter representing \$820 billion at the quarter's end.



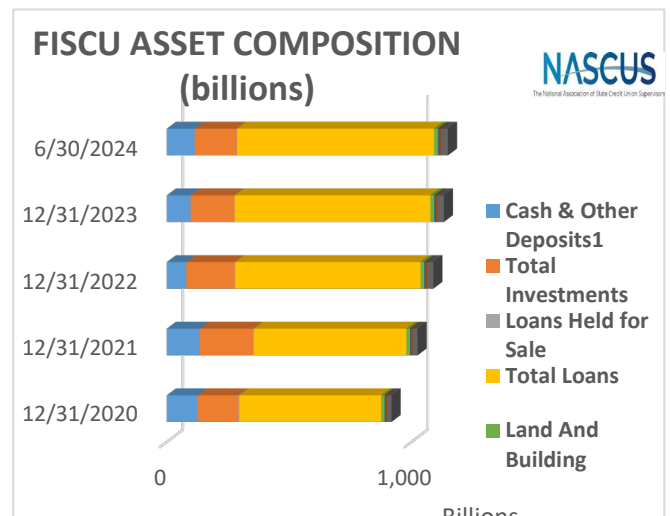
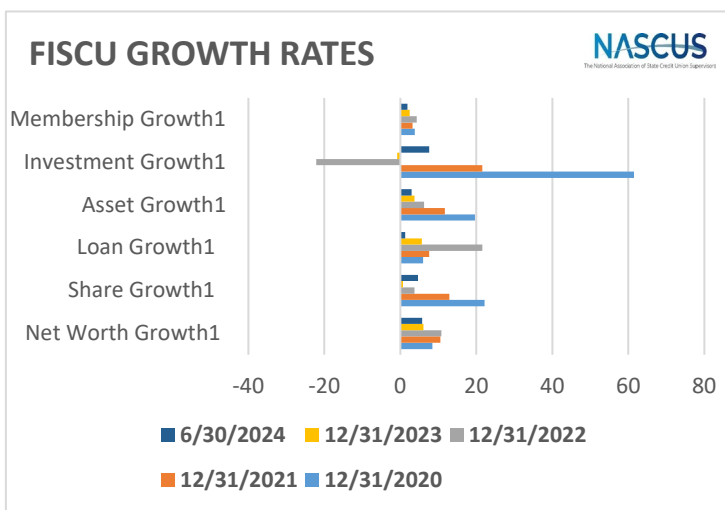
Investments held by FISCUs represented \$172 billion, declining to the lowest levels noted since YE 2020 and evidencing lessening exposure to unrecognized losses caused by the significant rate increases experienced over the 18-month period from March 2022 to July 2023.

Liquidity, while remaining relatively stable, continues to

represent elevated risk. As evident in the Core Long-Term Funding Gap graphic, declines in regular shares as a percentage of funding have outpaced the decline net long-term assets, although both have leveled out from previously more extreme slopes.

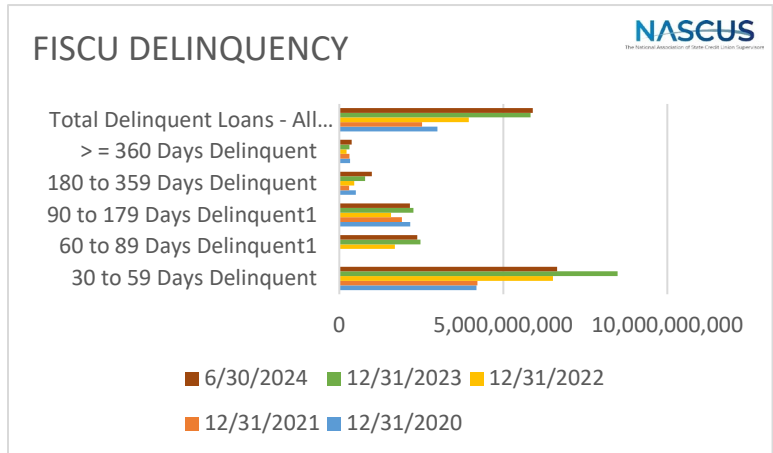


Annual FISCU growth rates, while still at low levels, evidenced modest performance. Share growth was modest, but a substantial improvement over the last two years as a result of the anemic growth evidenced in 2023. Investment growth showed substantial improvement but is primarily driven by the relatively of significant declines experienced in 2022 and lack of growth in 2023. Membership, assets, and net worth growth rates all remained positive in 2024 for SCUs, but also remained modest, beginning to show improvements to meet the average annual levels experienced over the last five years.

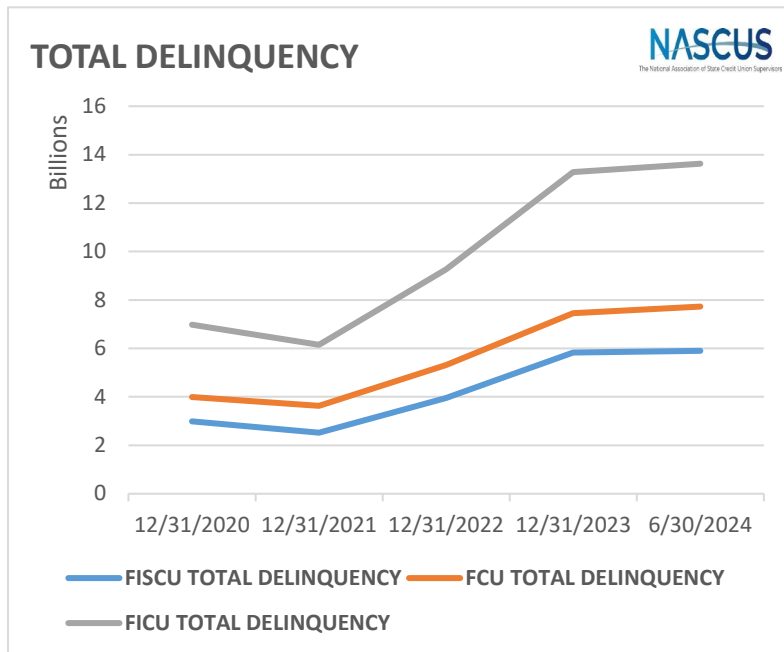


## Delinquency and Charge Offs

FISCU delinquency greater than 60 days increased slightly to \$5.9 billion representing \$.6 billion more than the previous quarter. Although higher than that experienced over the last four years the level does not represent those noted during the last recession. The graphs provided confirm these trends and differentiate that despite these increases, FISCUs continue to report total delinquencies at rates less than those of their federally chartered peers. FISCU delinquency remained stable in each of the reporting buckets for reportable delinquency (>60 days). Further, non-reportable delinquencies (those less than 60 days), decreased to levels commensurate with YE 2022 to \$6.6 billion, well below the \$8.5 billion reported at YE 2023. This and the slight

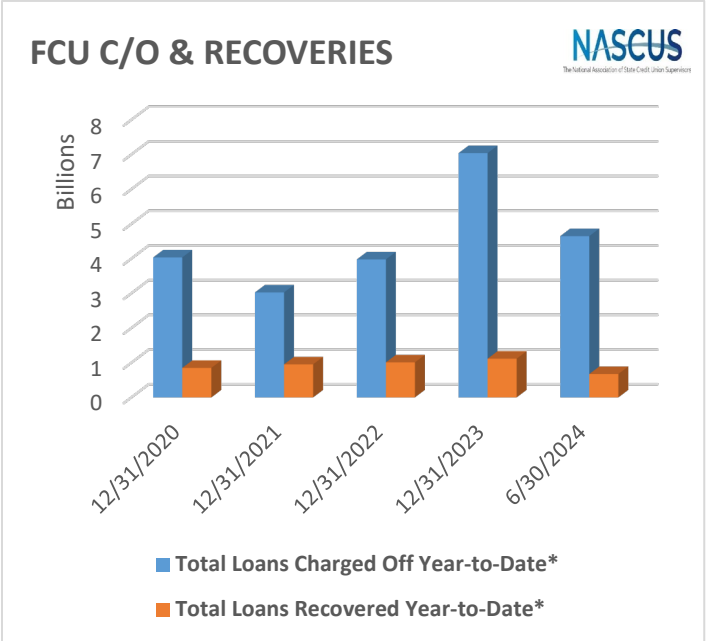
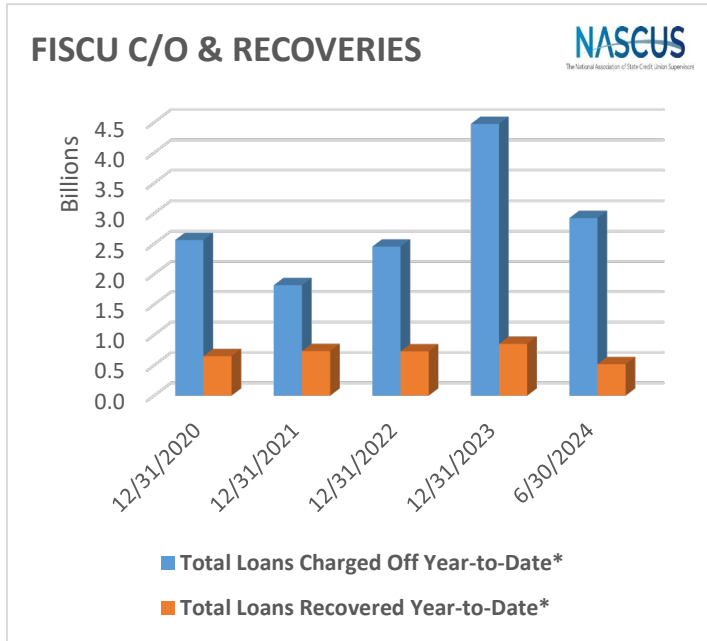
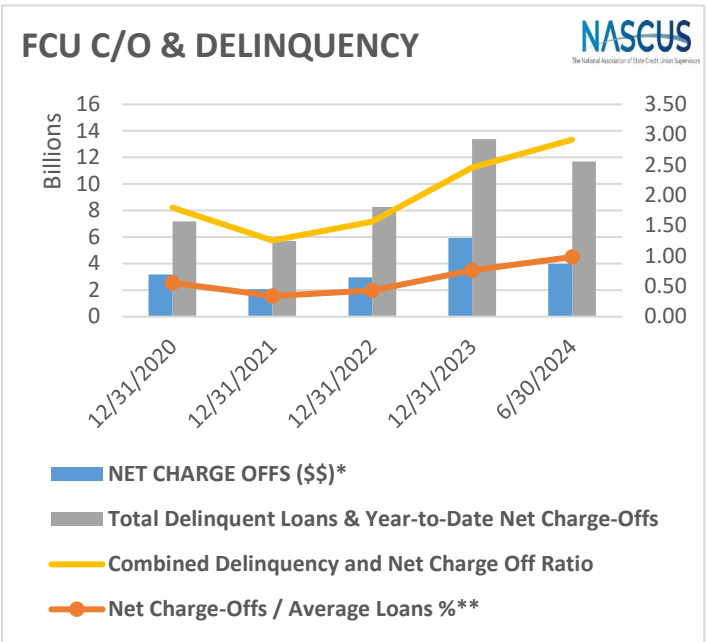
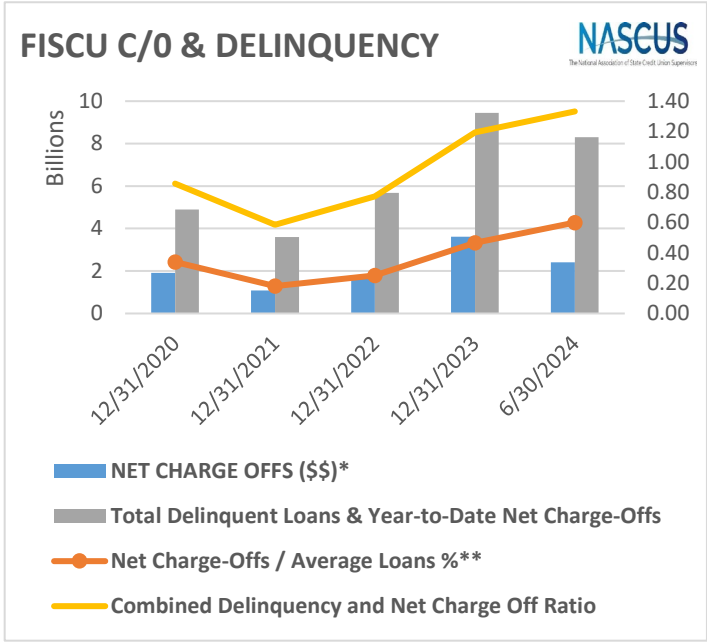


improvement noted in the 60-to-89-day delinquency bucket indicates some improvement in the current credit risk environment, however, it should also be noted that elevated net losses have been experienced and could be impacting those numbers.



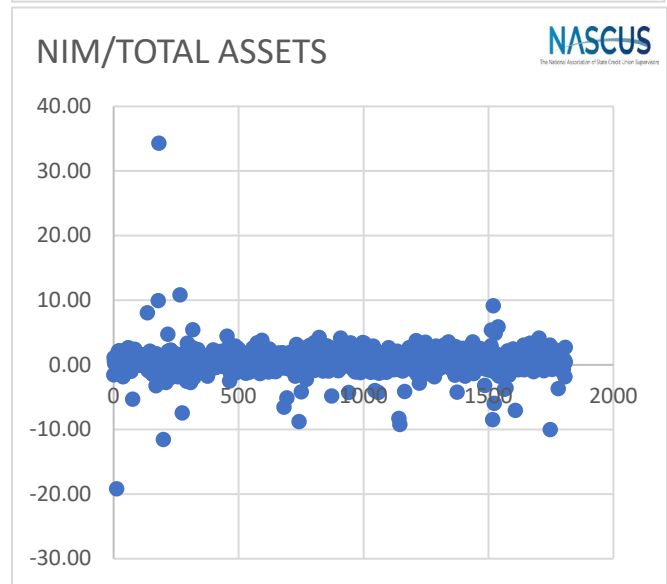
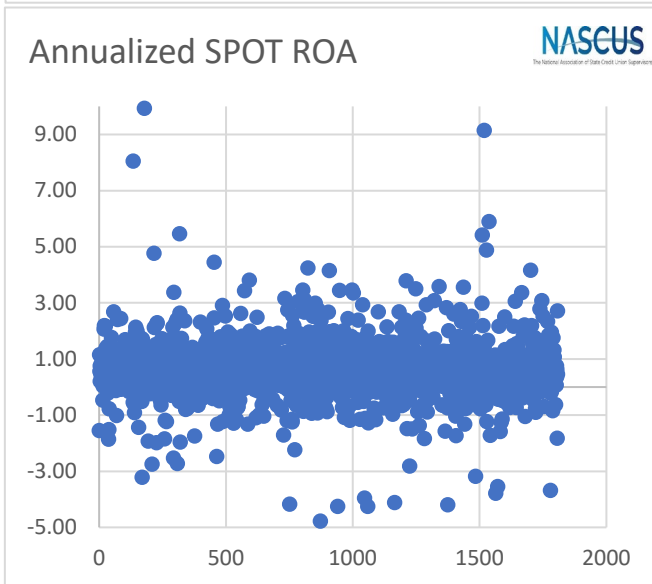
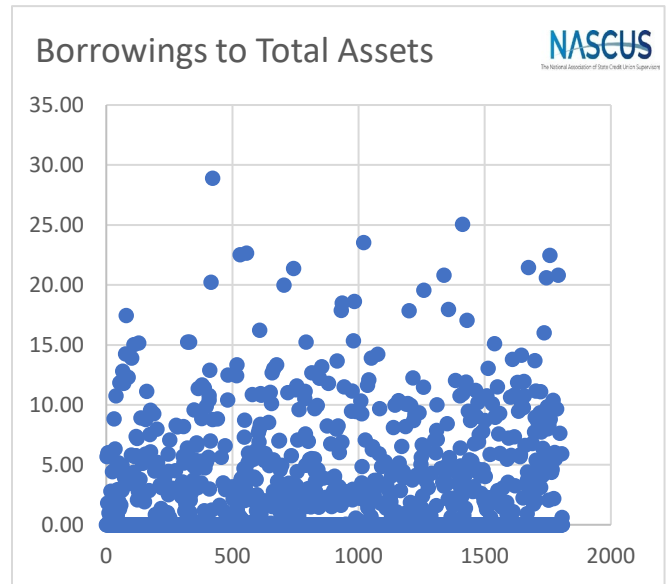
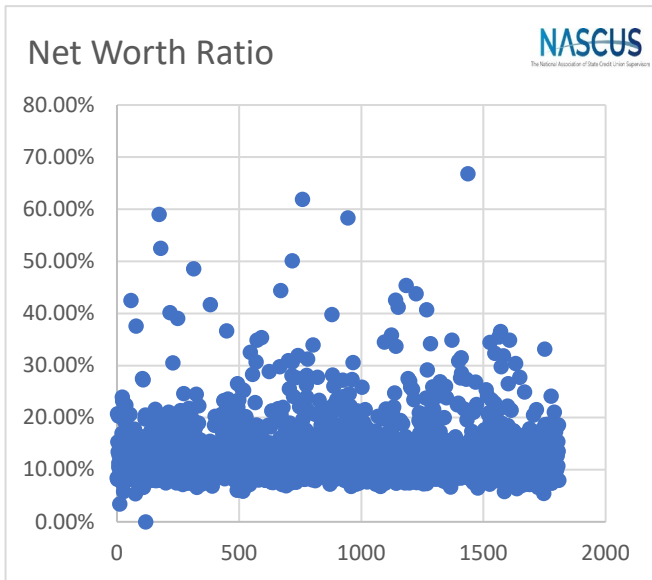
As noted previously related to earnings, provision expenses for the first six months already exceed those from the entire 2023 earnings cycle. Annualized estimates of 2024 net charge offs based on the YTD performance could indicate significant additional impact of embedded credit risk remains within the FISCU loan portfolio.

Due to the significance of the credit risk aspect of the portfolio, additional graphs are presented representing various aspects of FISCU delinquency and charge-off trends along with comparable FCU graphs.

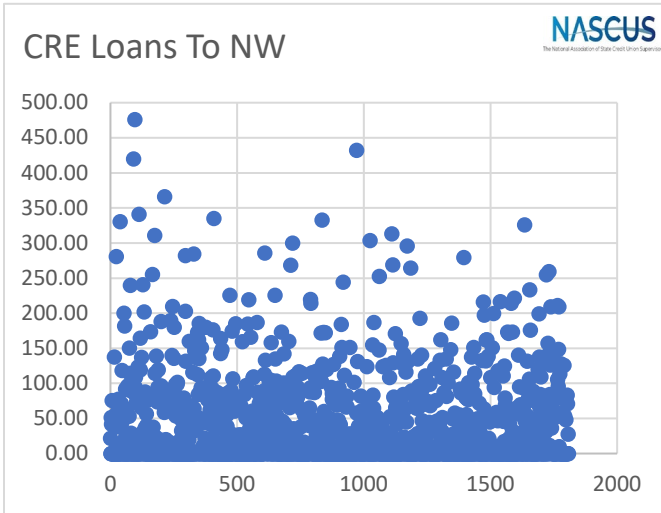
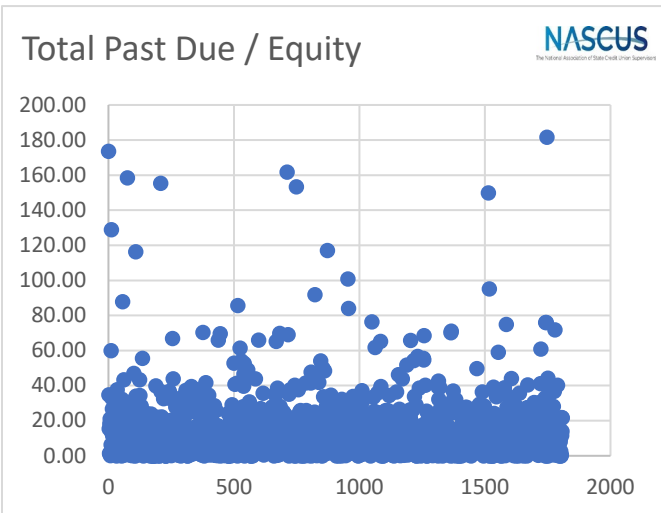
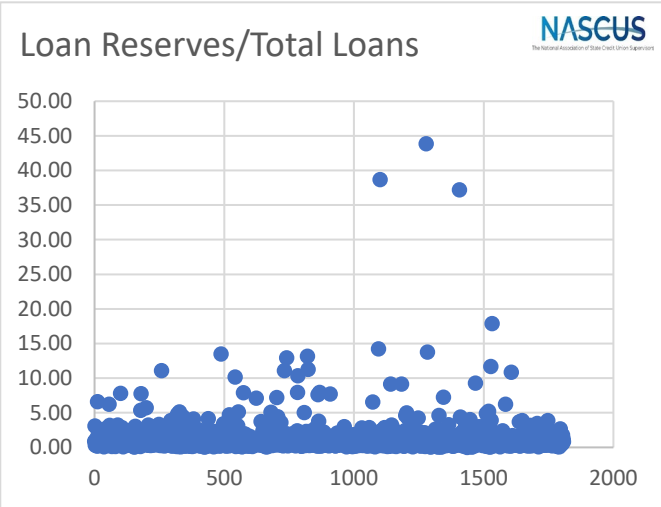
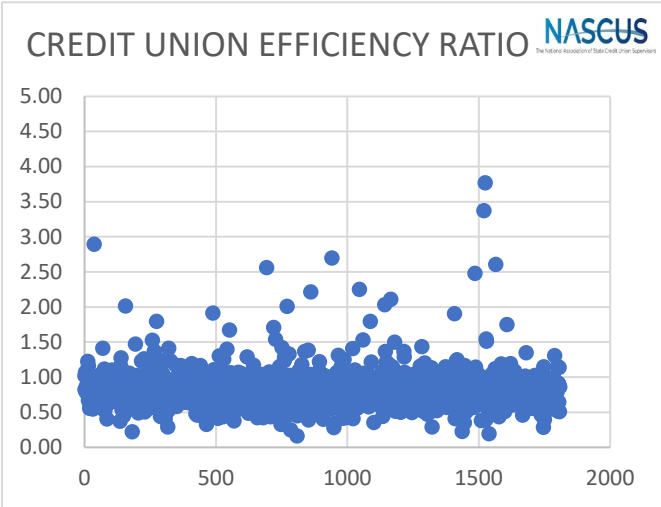
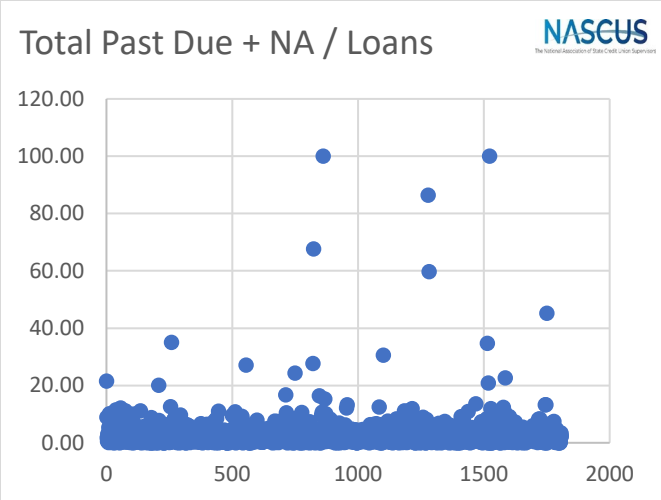
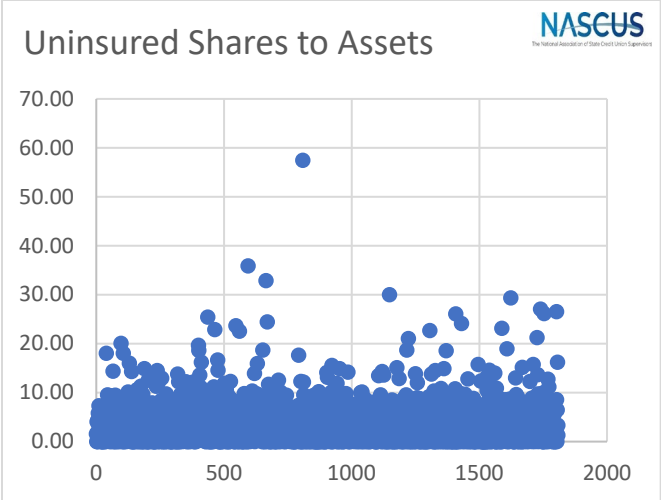


## Scattergram Graphs to Graphically Present Risk Outliers

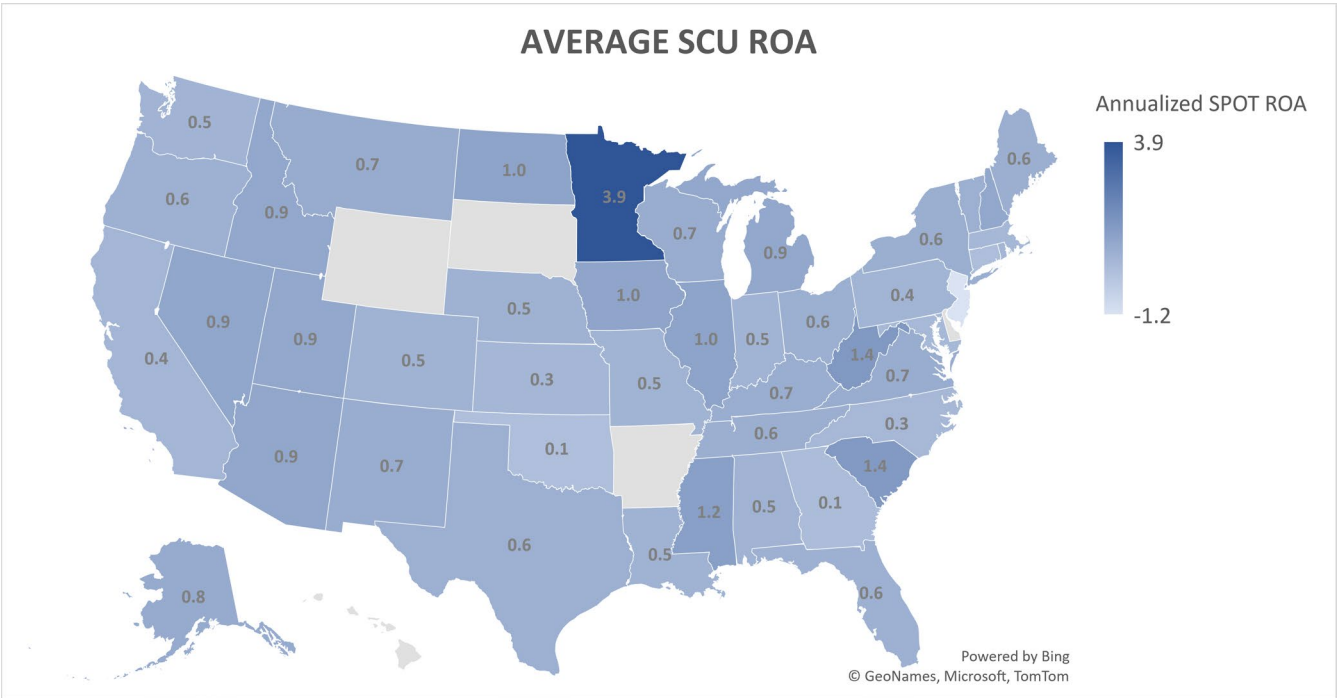
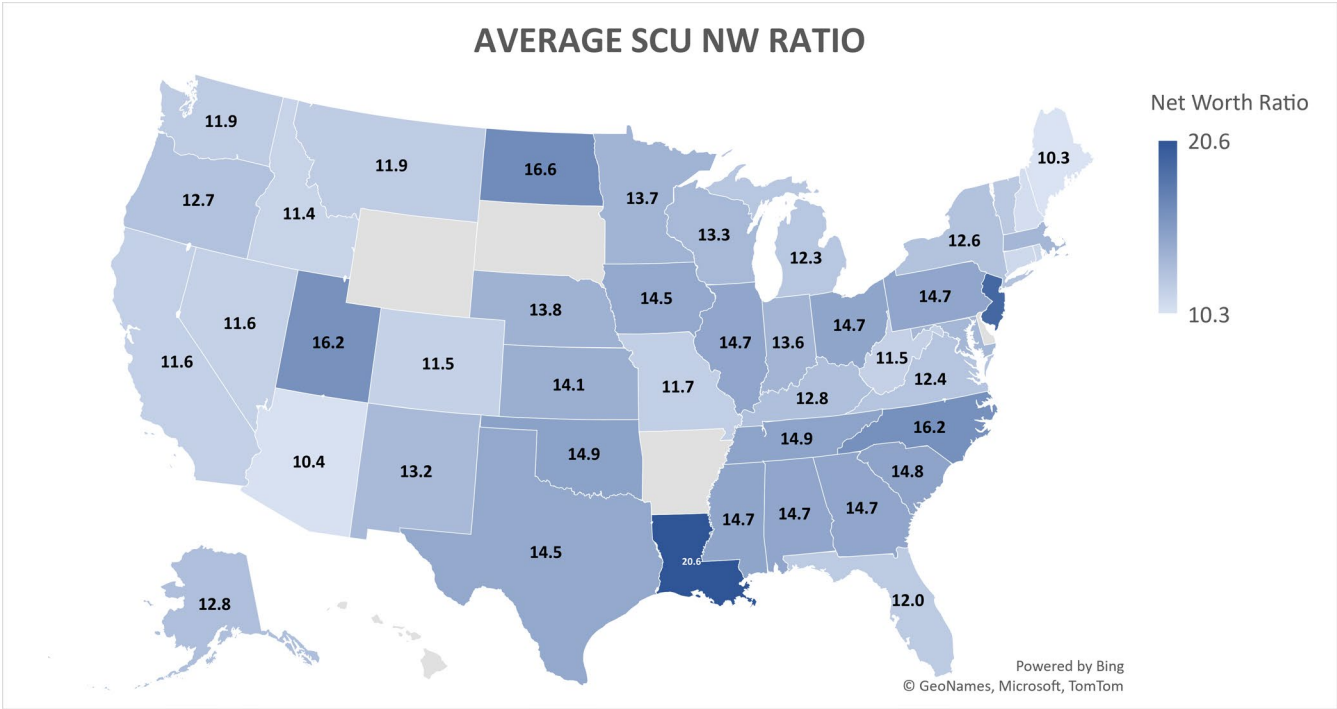
While generally, most SCUs remain in a safe and sound condition there are outliers within the system in various component areas. To illustrate a sense of the performance over the entire SCU industry the scattergrams below are provided to cover the following ratios: Net Worth, Borrowings to Total Assets, Annualized SPOT ROA, NIM/TOTAL ASSETS, Uninsured Shares to Assets, Past Due + NA to Equity, Loan Reserves/Total Loans, Past Due + NA to Loans, Loan Reserves to Total Loans and CRE Loans to NW.

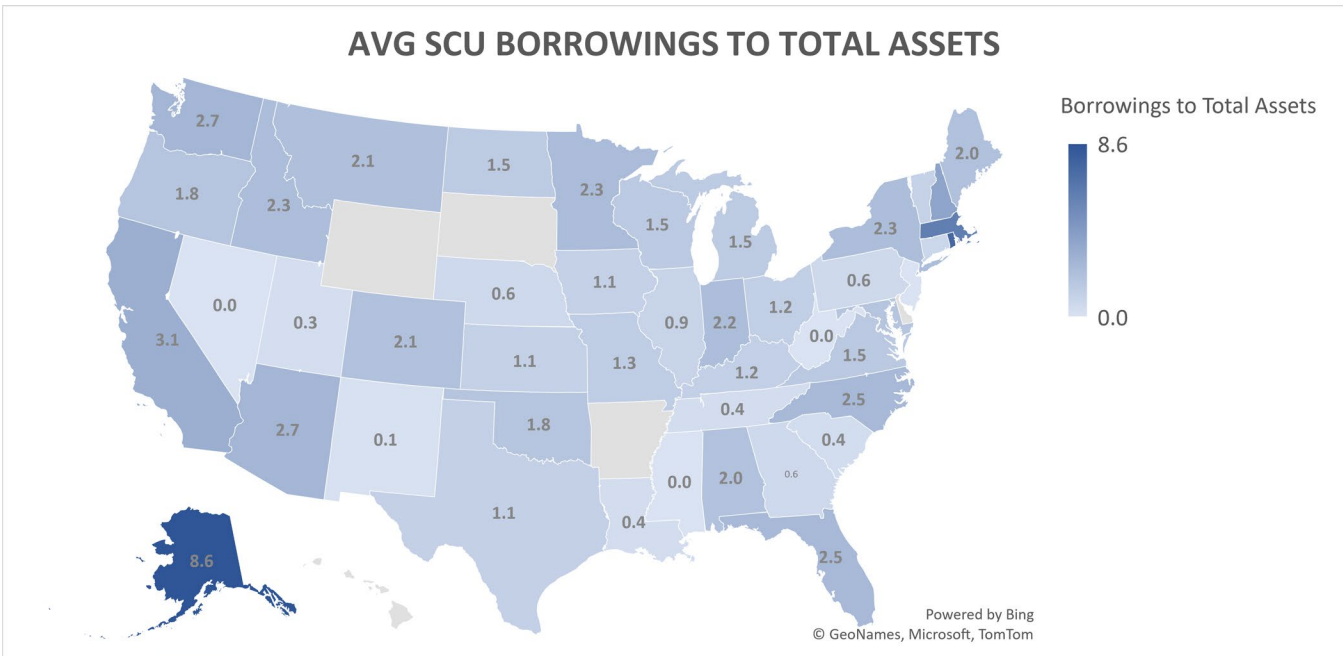
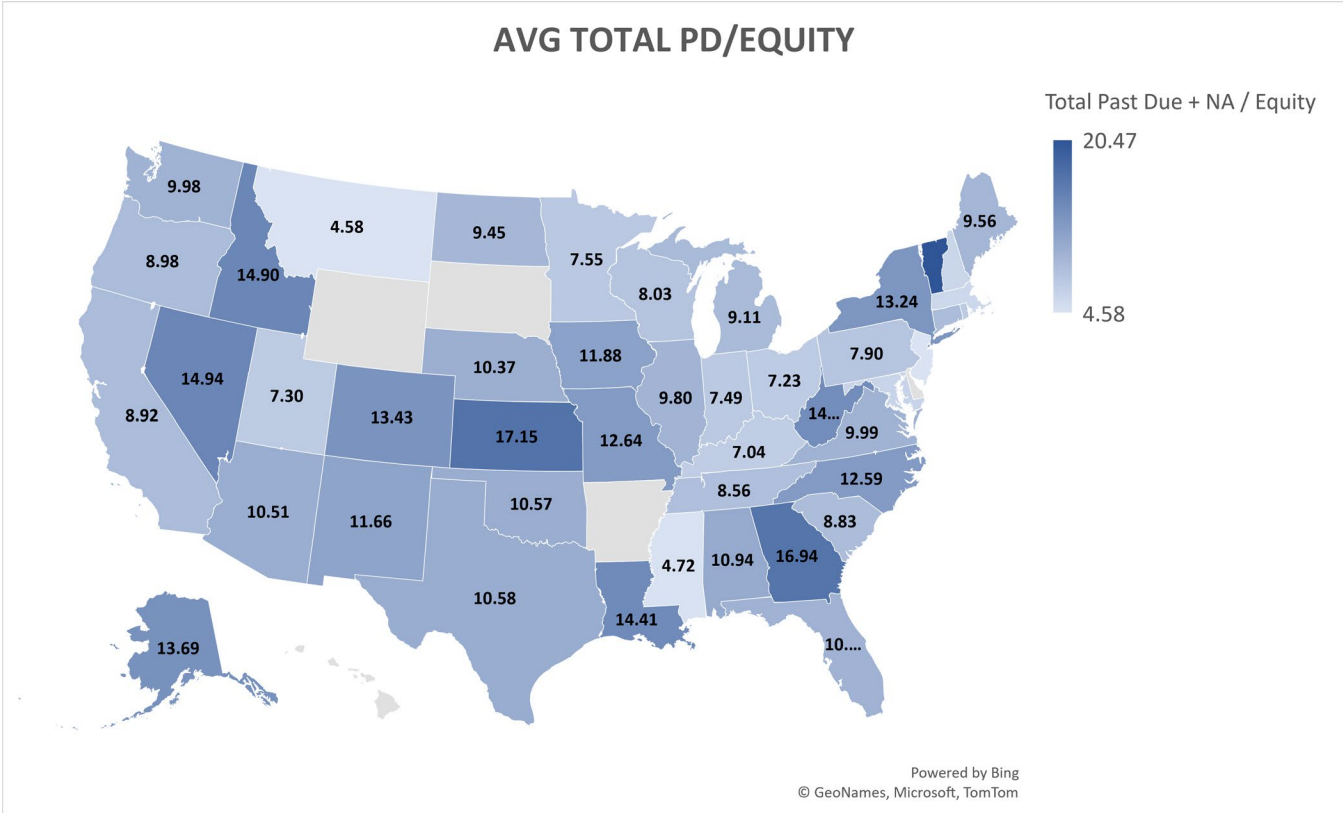


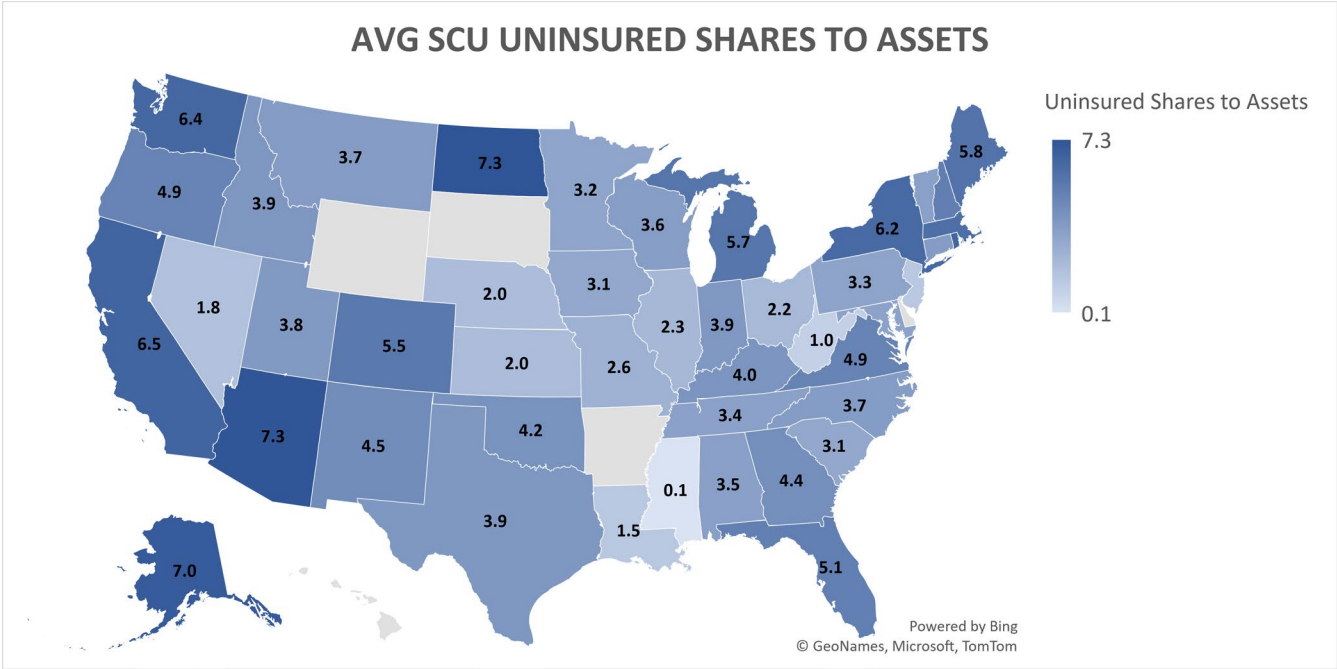




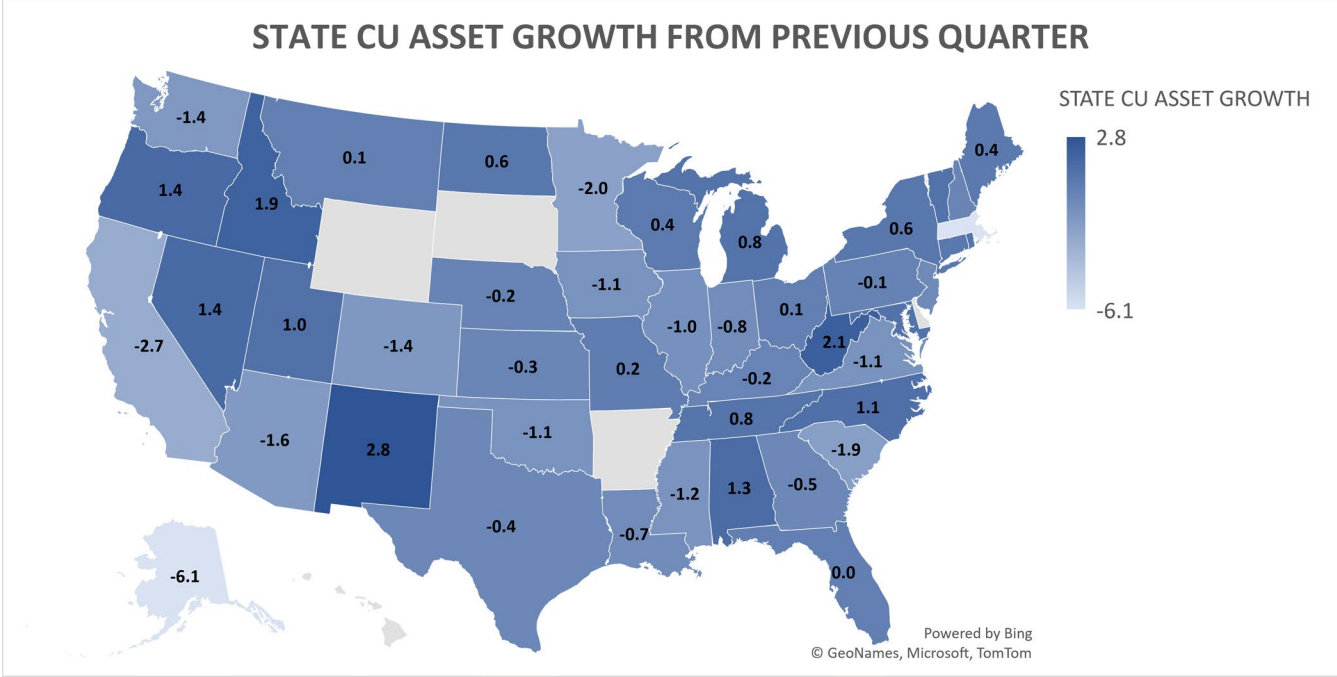
## State by State Averages



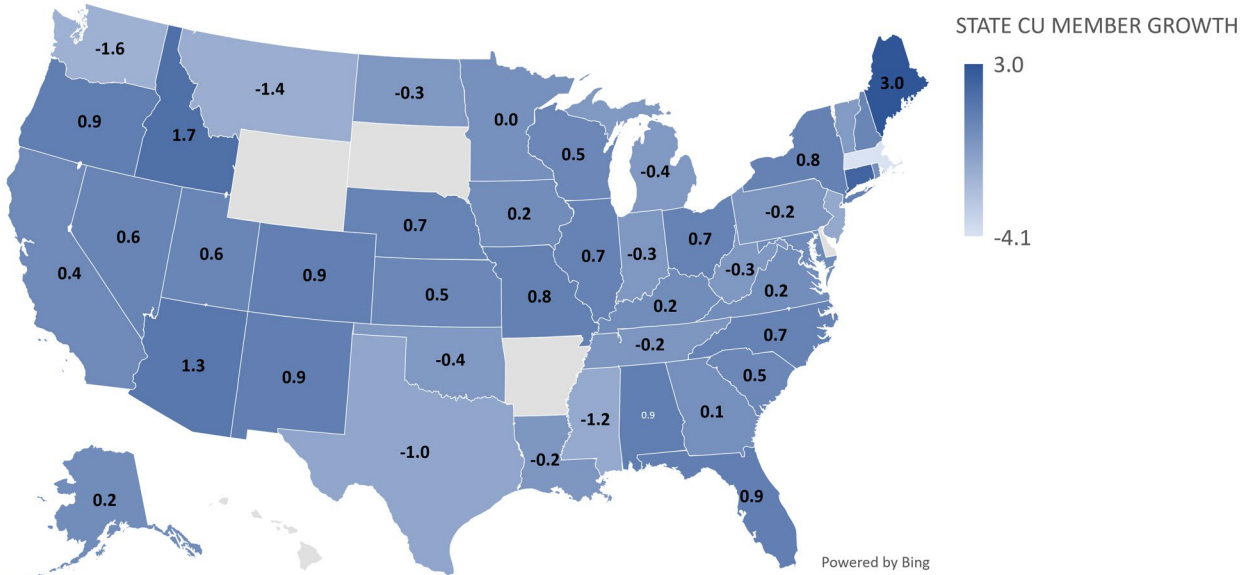




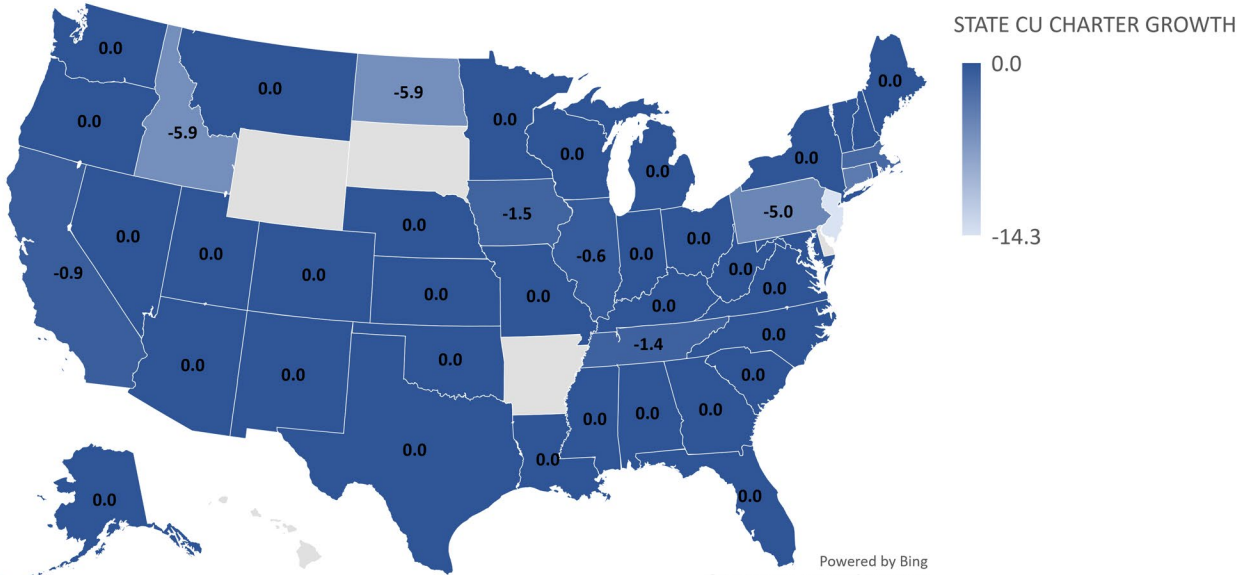
### State Growth Rates



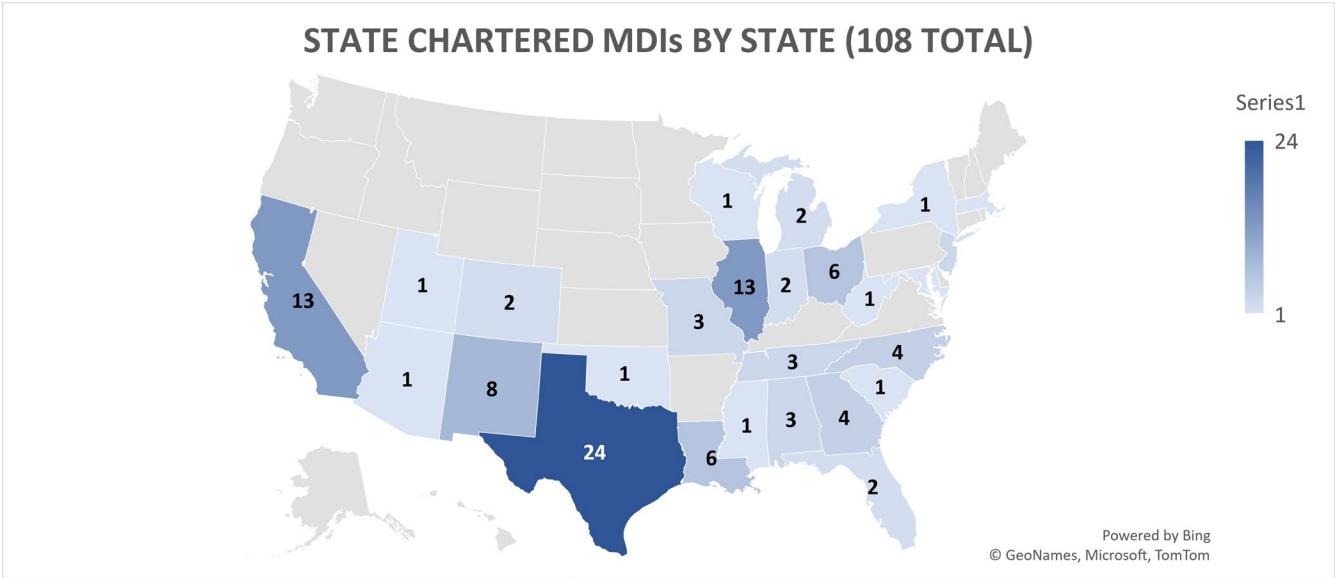
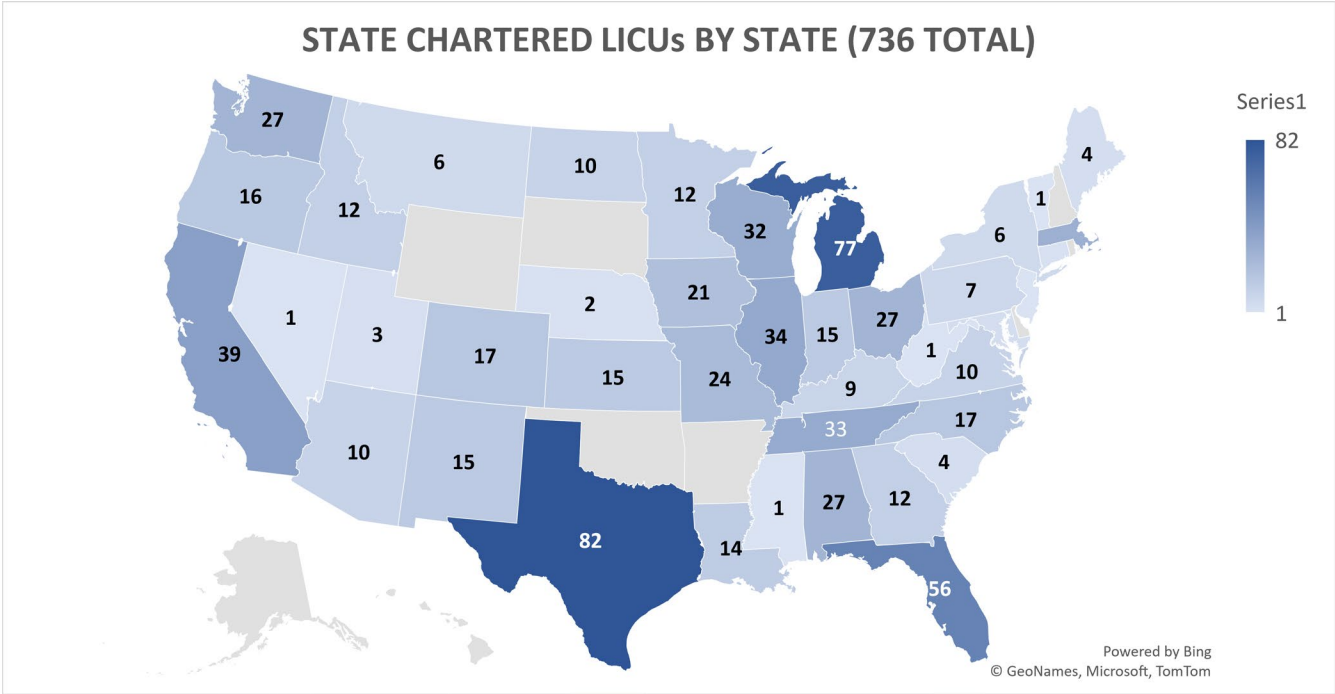
## STATE CU MEMBER GROWTH FROM PREVIOUS QUARTER



## STATE CU CHARTER GROWTH FROM PREVIOUS QUARTER



## State LICU/MDI Designations



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