



# Trendwatch Deep Dive: Credit Unions Less Than \$500M in Assets



October 15, 2024



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## 1:1 Performance Review



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## Your Speakers:



**Sherry Virden**

Experience Analyst II



**Roman Ojala**

Industry Analyst II

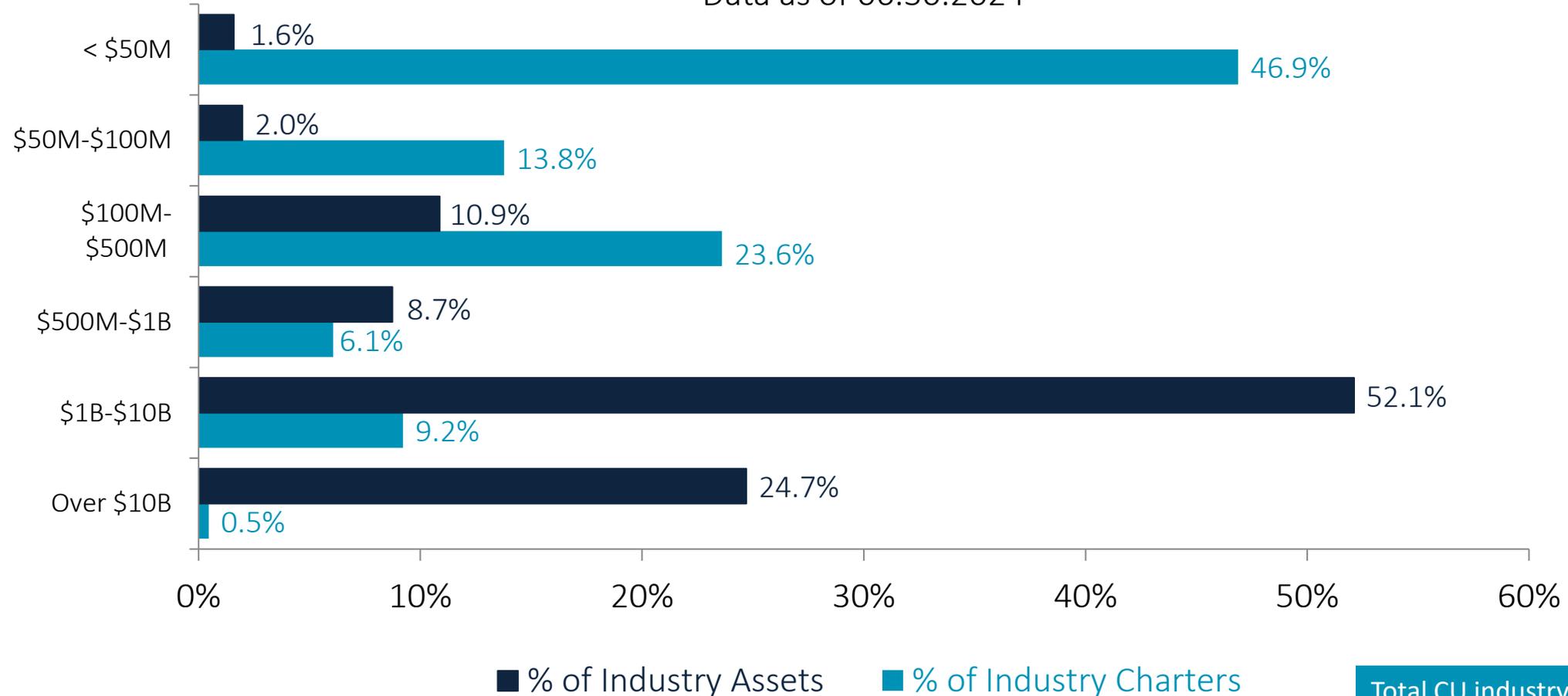
# Today's Agenda

- Credit union performance data for credit unions less than \$500M in assets
- Demonstration of how to benchmark against your peers in Callahan's Peer Suite



# Why Analyze Credit Unions Less Than \$500M?

Percent of Industry CUs and Assets by Asset Class  
Data as of 06.30.2024



Total CU industry AUM: \$2.3T  
CUs > \$1B: 77% of industry assets

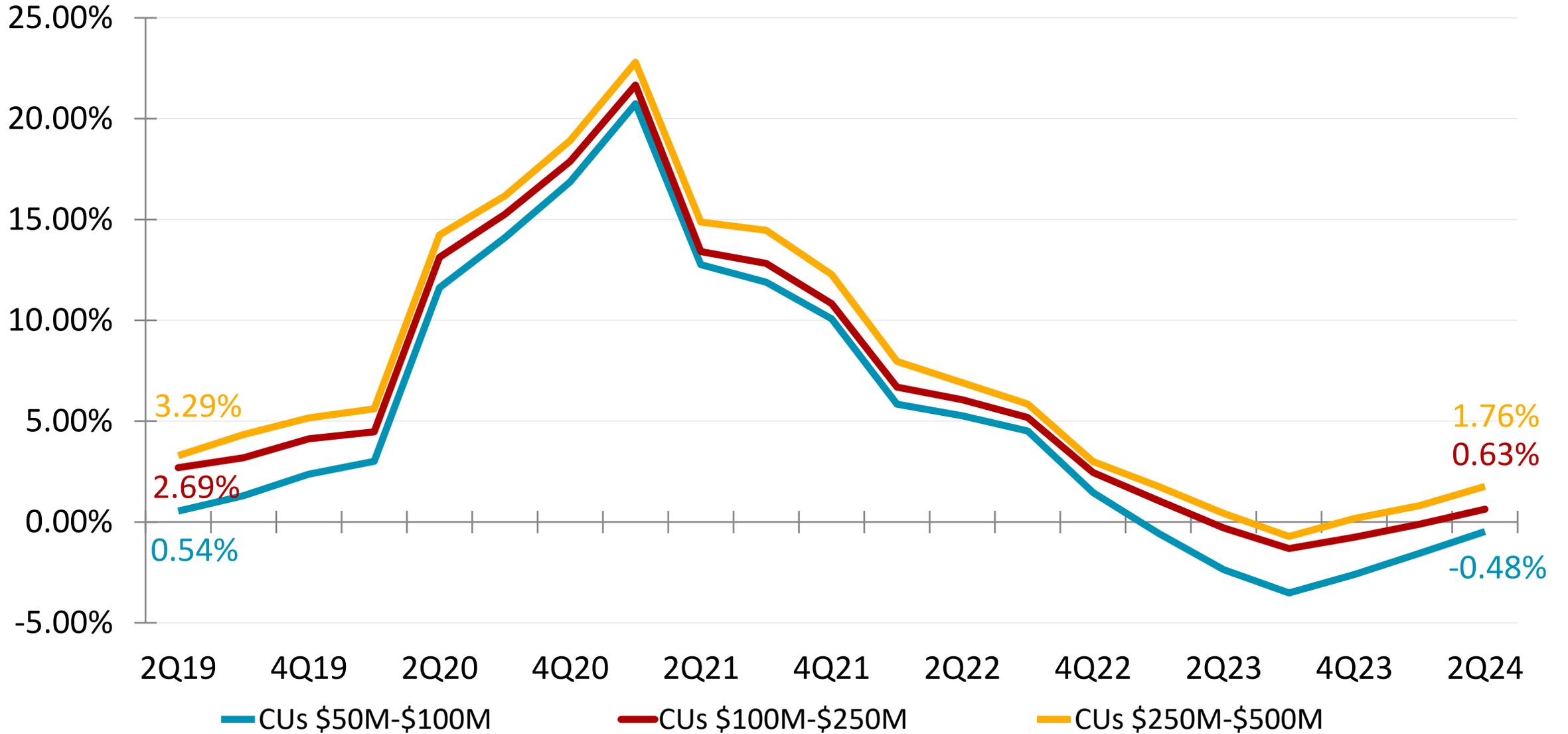
# 12-Month Growth of Key Metrics

Data as of 06.30.2024

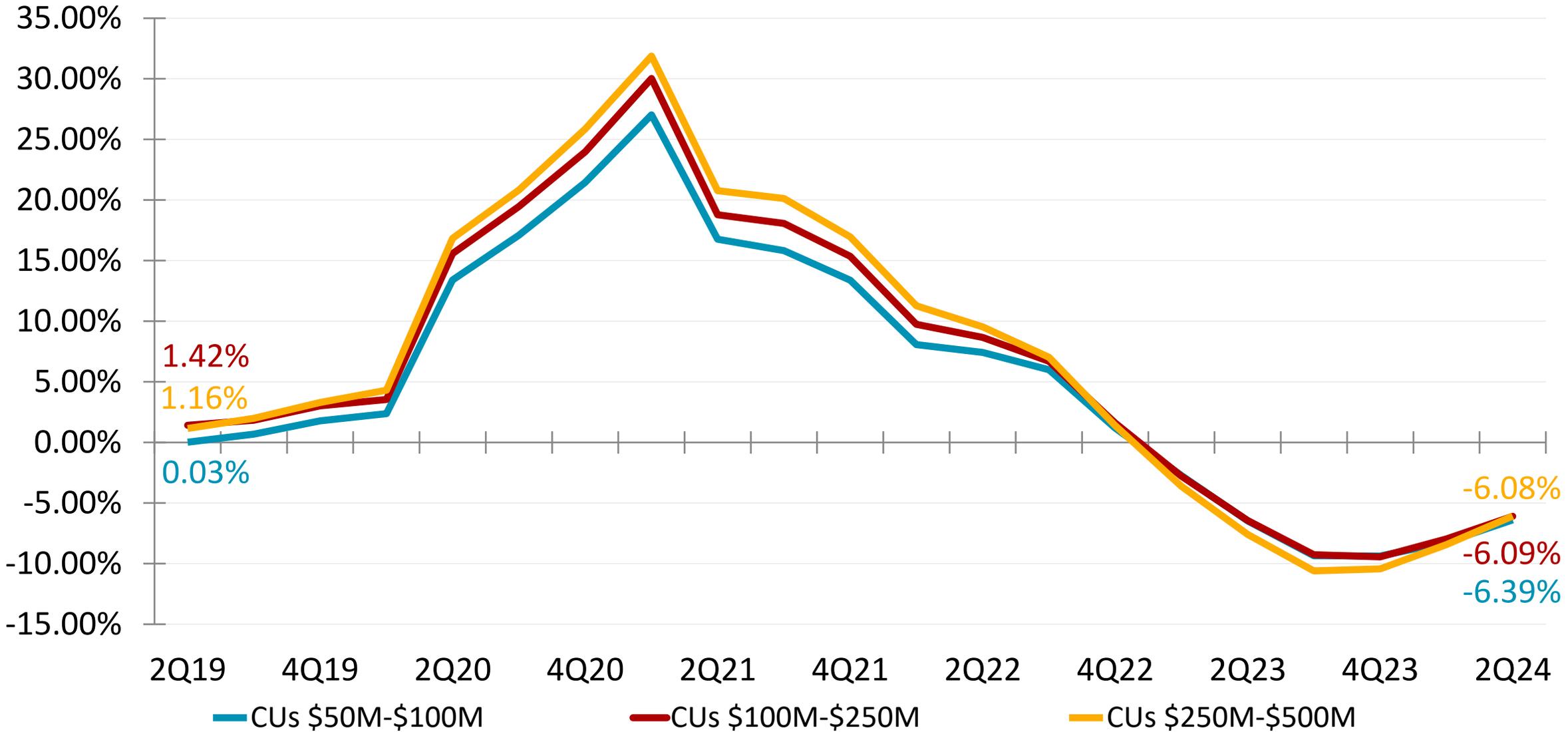
	CUs \$50M-\$100M	CUs \$100M-\$250M	CUs \$250M-\$500M	All Credit Unions
Assets	0.6%	1.7%	2.8%	3.5%
Loans	3.3%	2.5%	2.7%	3.6%
Shares	-0.5%	0.6%	1.8%	2.6%
Investments (incl. Cash)	-3.7%	-0.3%	2.7%	2.0%
Capital	8.2%	9.6%	10.3%	10.0%
Members	0.0%	0.3%	0.4%	2.4%

# Shares & Liquidity

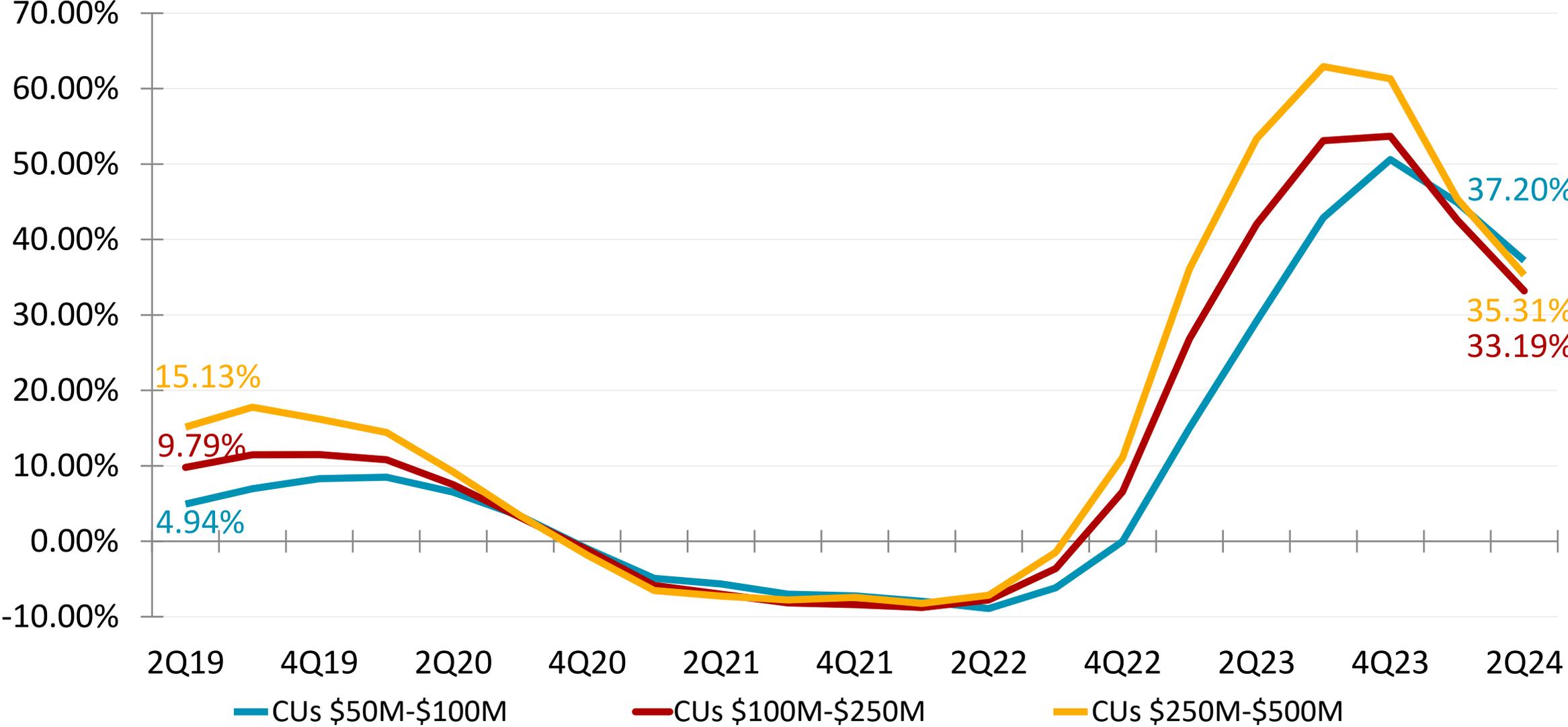
# Share Growth



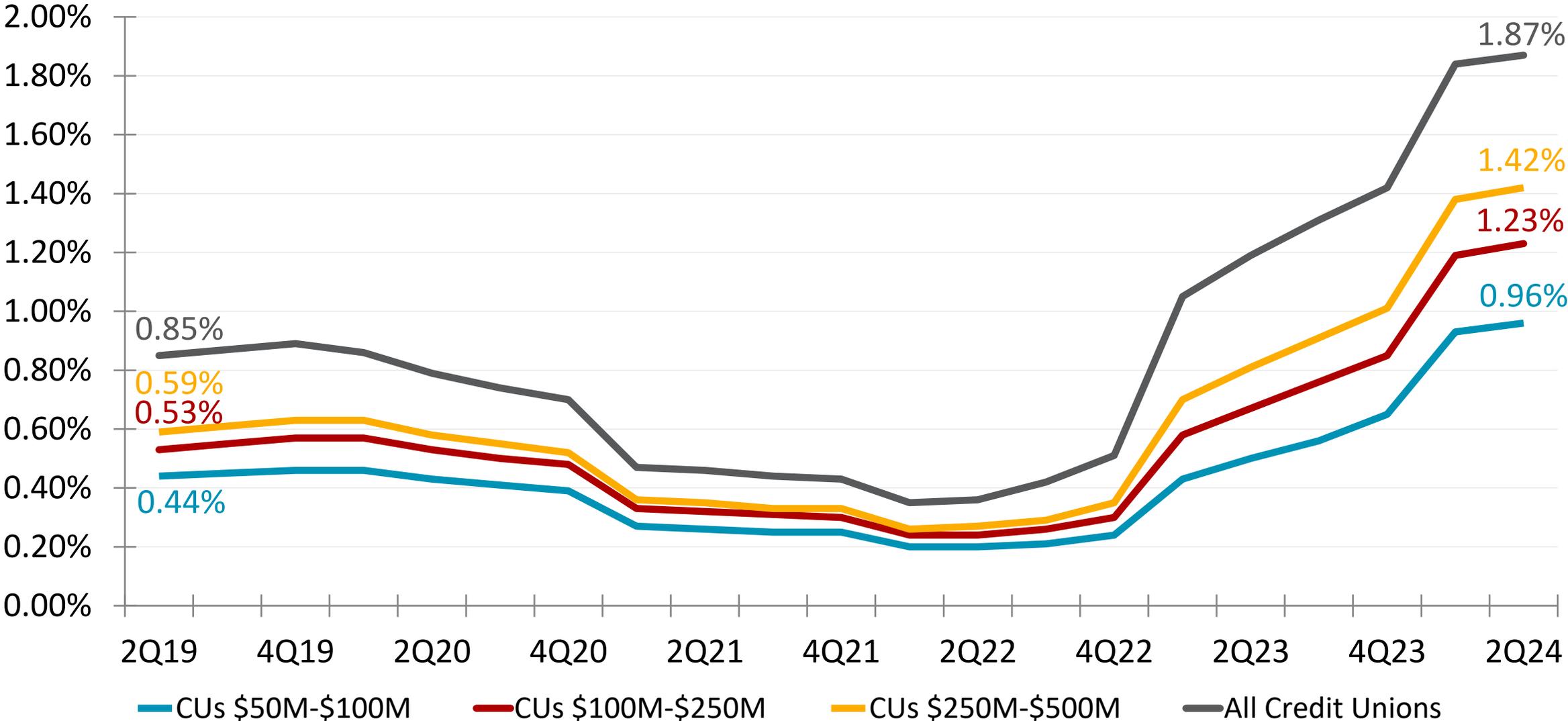
# Core Deposit Growth



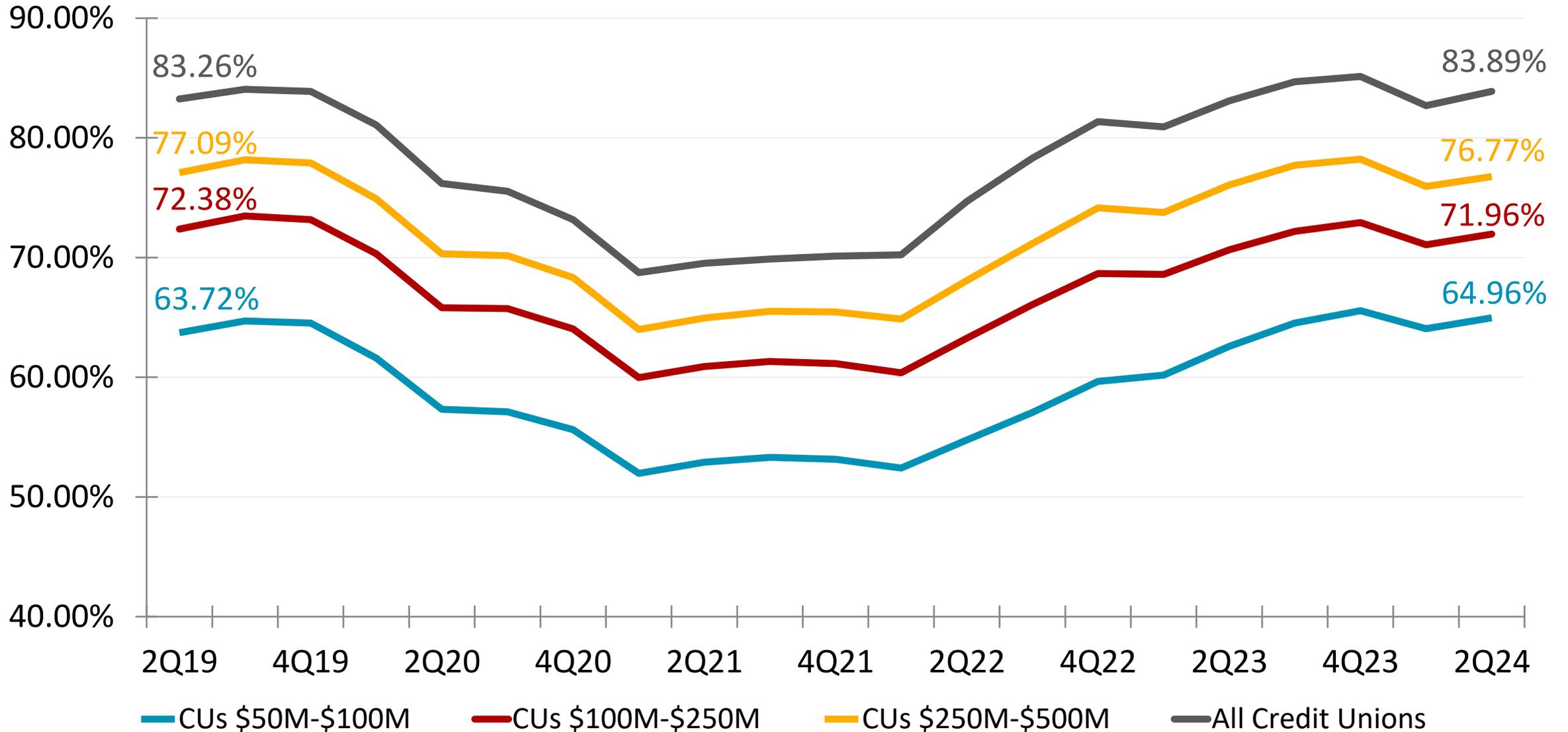
# Share Certificate Growth



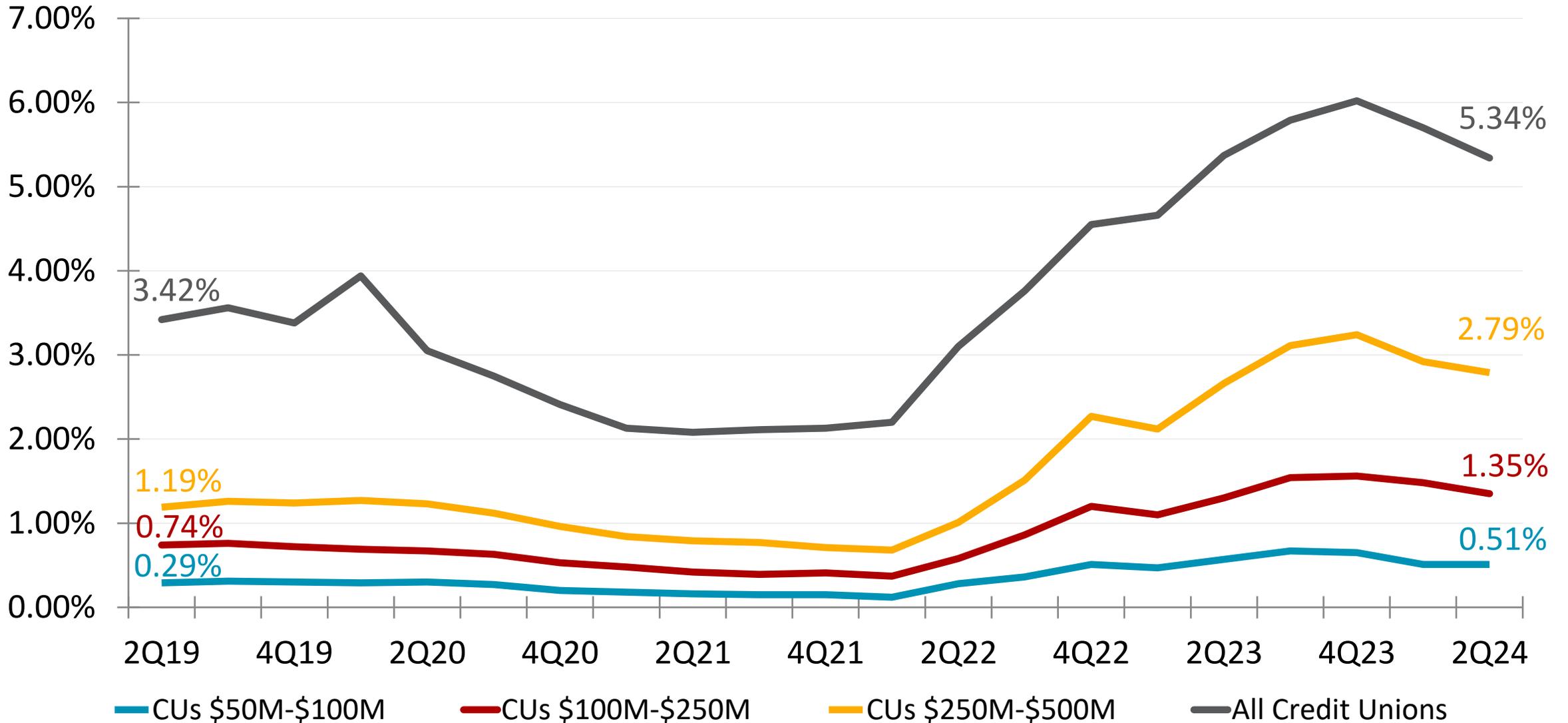
# Interest Expense/Average Assets



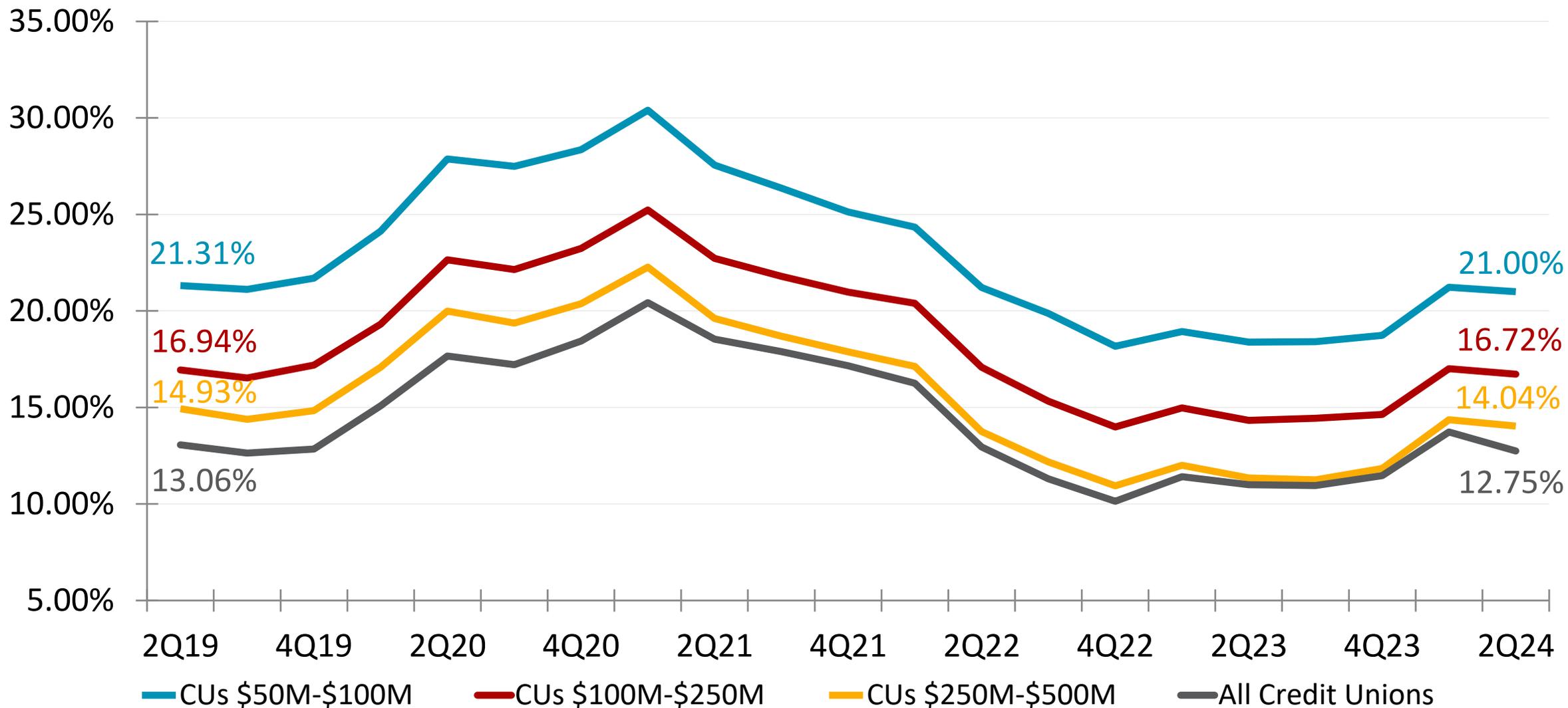
# Loans/Shares



# Borrowing/Assets



# Cash and Short-Term Investments/Assets



# Transcend's Teen Account Banks On The Future

## Top-Level Takeaways

- Transcend Credit Union lowered its average member age from the 50s to 47 in fewer than two years.
- Its teen checking accounts average \$864, and 530 accountholders make nearly 3,000 transactions per month.

**GO BACK TO School**  
**WITH EXTRA CASH!**

OPEN A MYCASH CHECKING OR YOUTH SAVINGS ACCOUNT

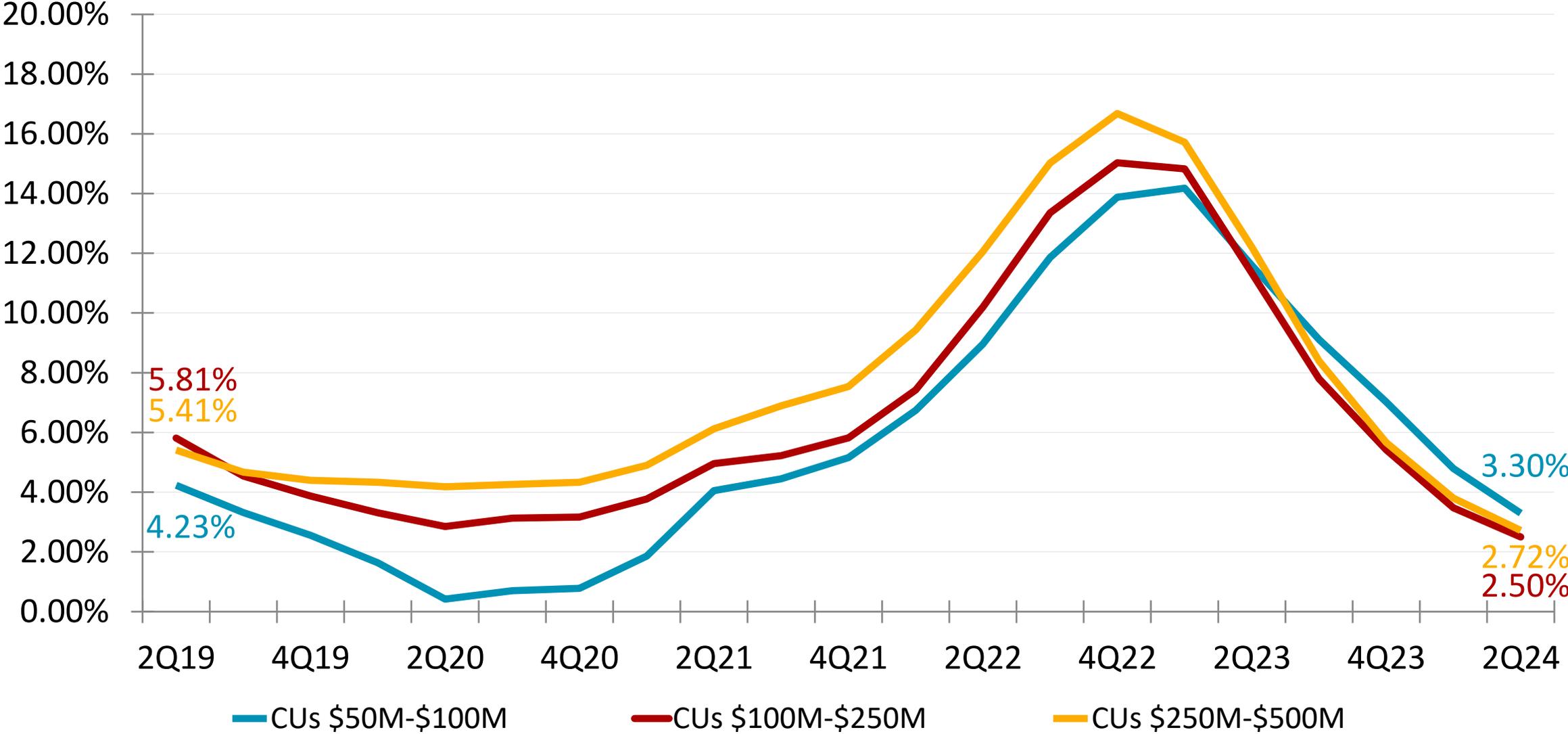
- For teens 13-17 years old
- FREE SmartCash VISA® Debit Card
- No monthly fees<sup>1</sup>
- Online & Mobile Banking
- For ages 0-17 years old
- FREE SmartCash VISA® Debit Card

AND WE'LL MATCH THE FIRST **\$200 DEPOSITED!**

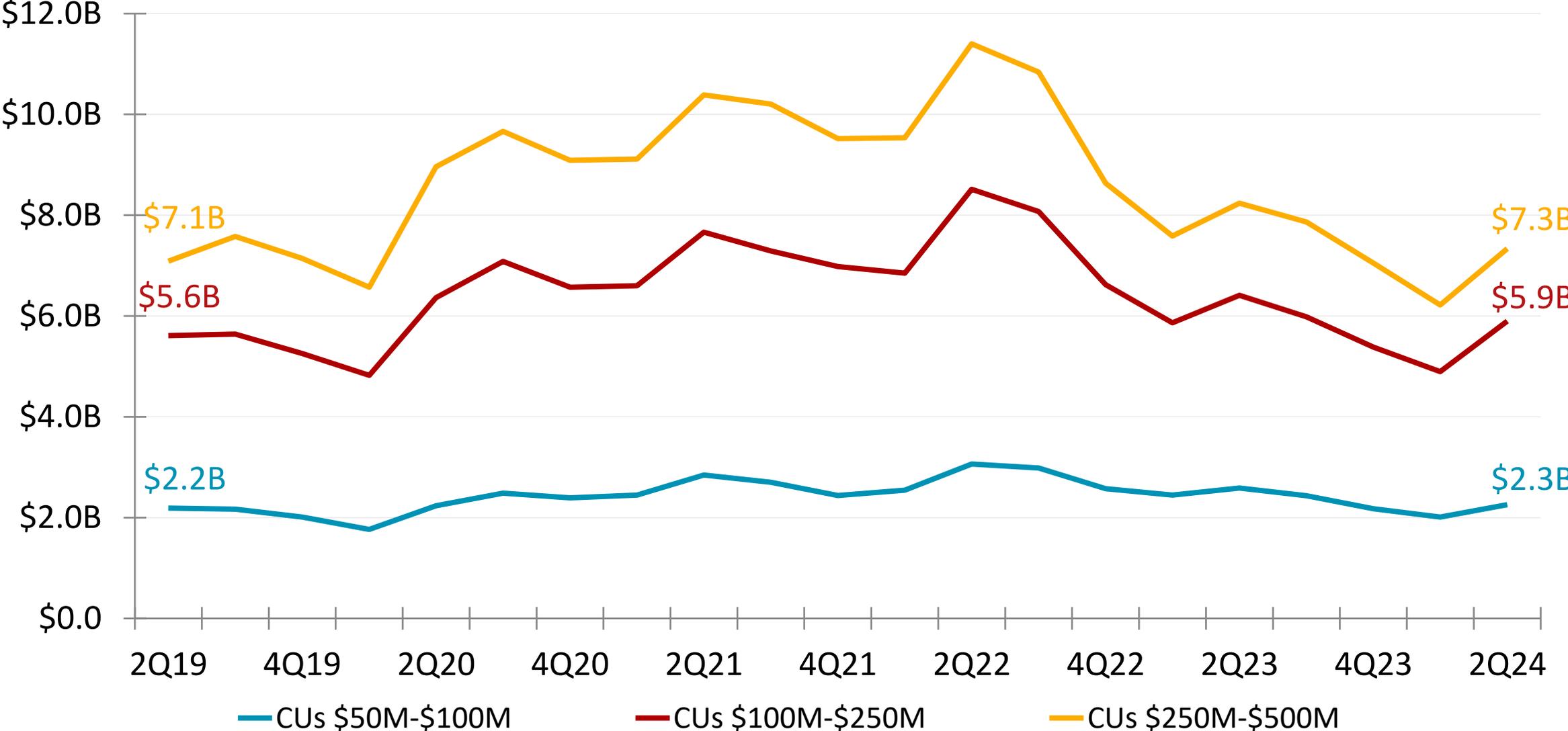
SmartCash  
TRANSCEND Credit Union  
DEBIT VISA

# Lending & Asset Quality

# Loan Growth



# Quarterly Loan Originations (\$)



# How One Credit Union Is Combatting The Lock-In Effect

## Top-Level Takeaways

- Wings Financial Credit Union offers competitive mortgage rates and other perks to make its repricing program appealing to current mortgage holders.
- The program not only draws in borrowers but also increases overall member satisfaction.
- The credit union can adjust its repricing strategies if necessary to maintain a balance between competitiveness and profitability.



discount • exclusive rate discount • ex

# 2% off

nt • exclusive rate discount • exclusive

## Exclusive Offer: 2% Mortgage Rate Discount

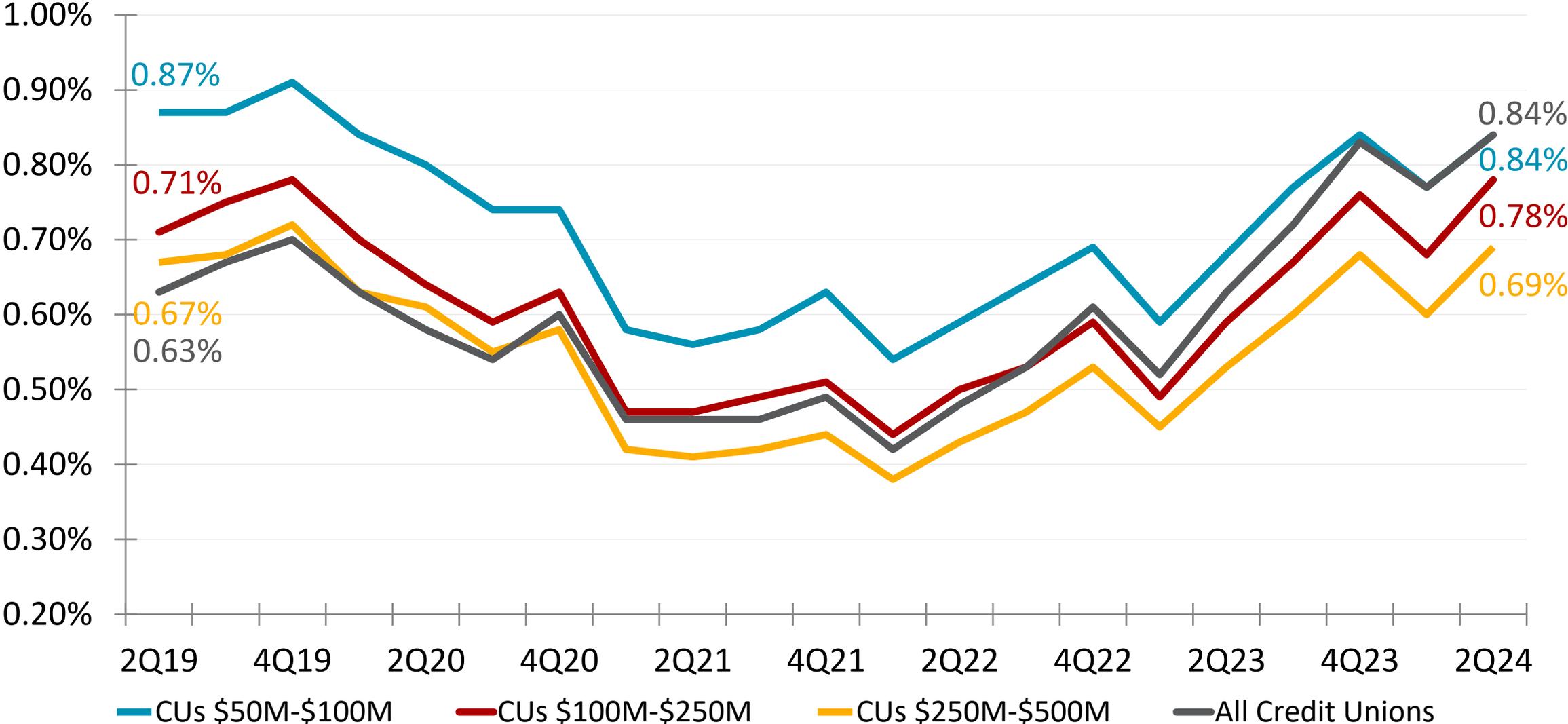
Considering looking for a new home or doing a cash out refinance but concerned about high mortgage rates? Wings Mortgage is here to help.

As a valued Wings member, we're excited to offer you an exclusive limited-time **2.00% rate discount** on any of our mortgage products when you replace your existing Wings mortgage. This is your opportunity to lock in a low rate on a new mortgage loan or cash out refinance!

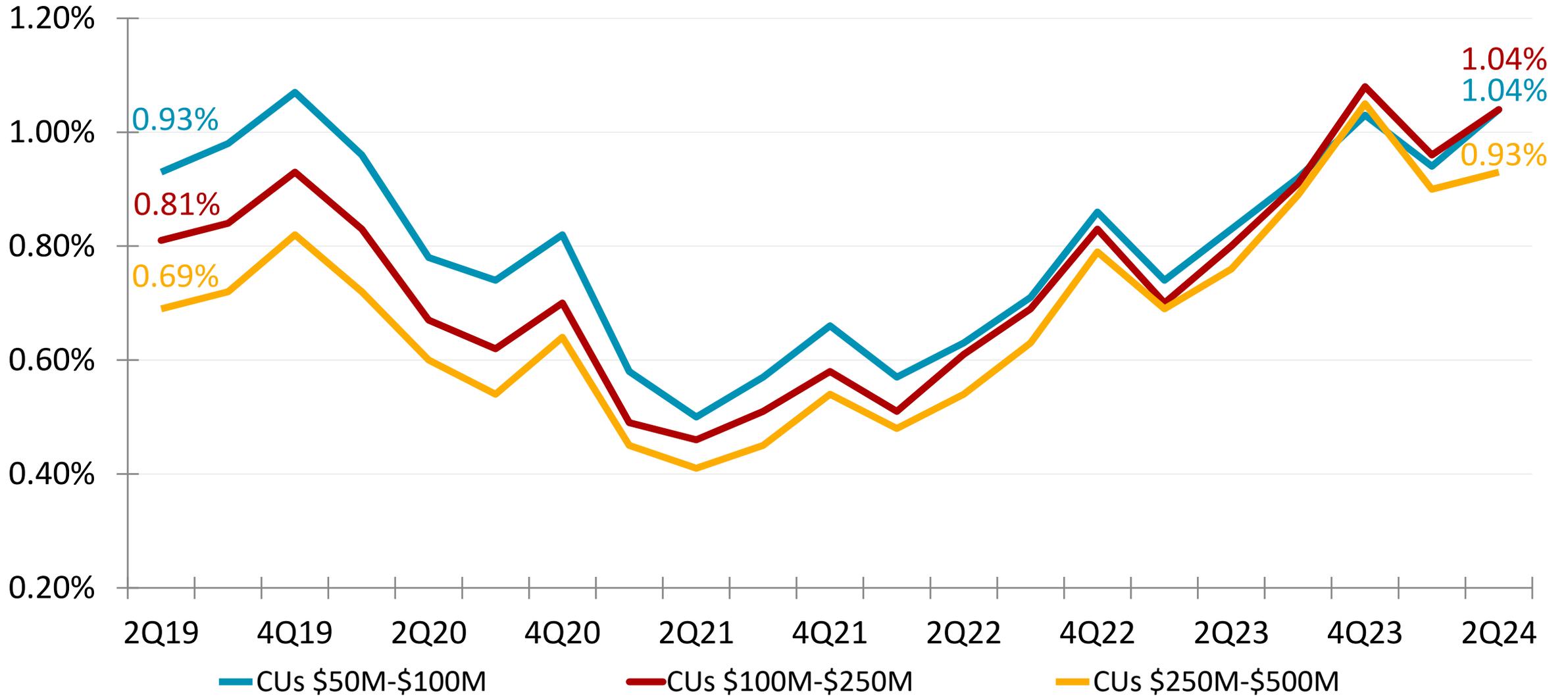
*Take advantage of this exclusive Wings member benefit by applying with the Promo Code: **Loyalty2%**.*

[Apply Now](#)

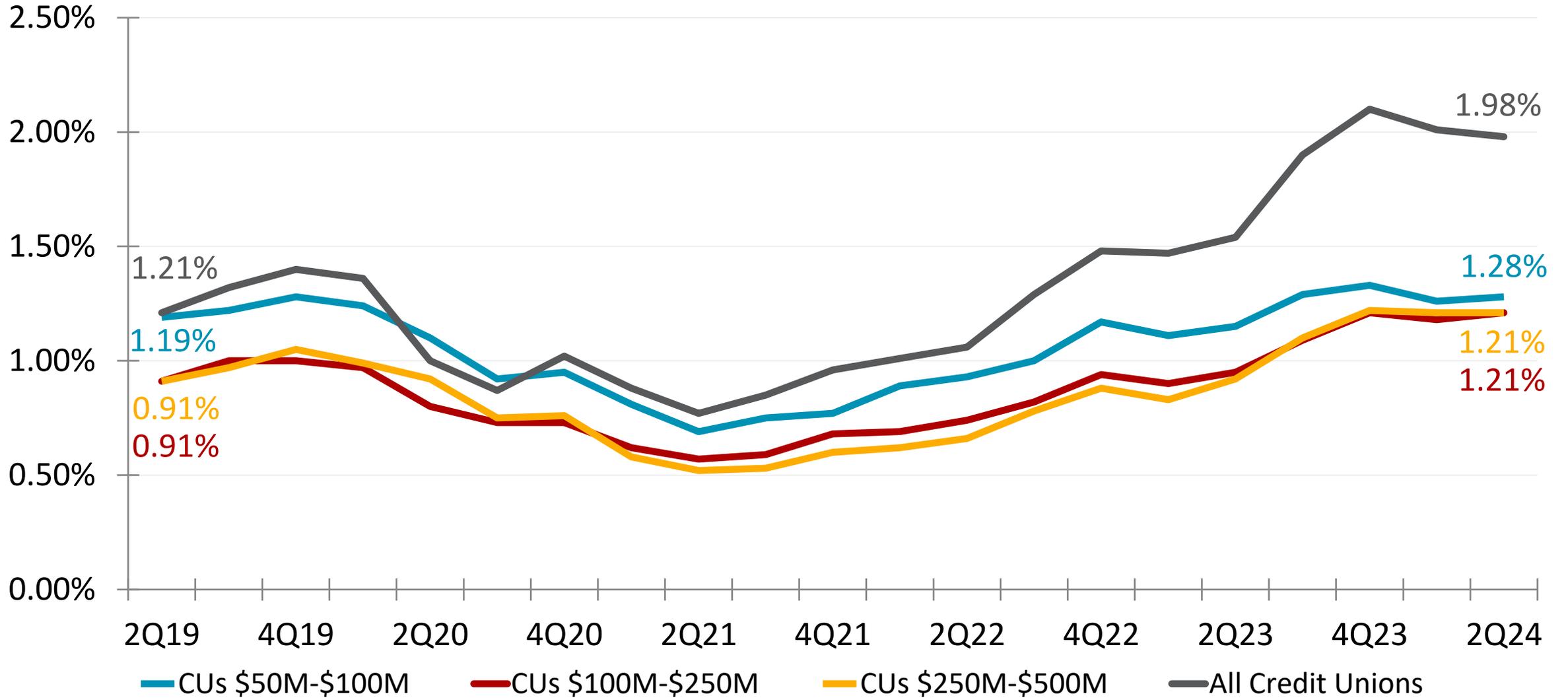
# Delinquency Ratio



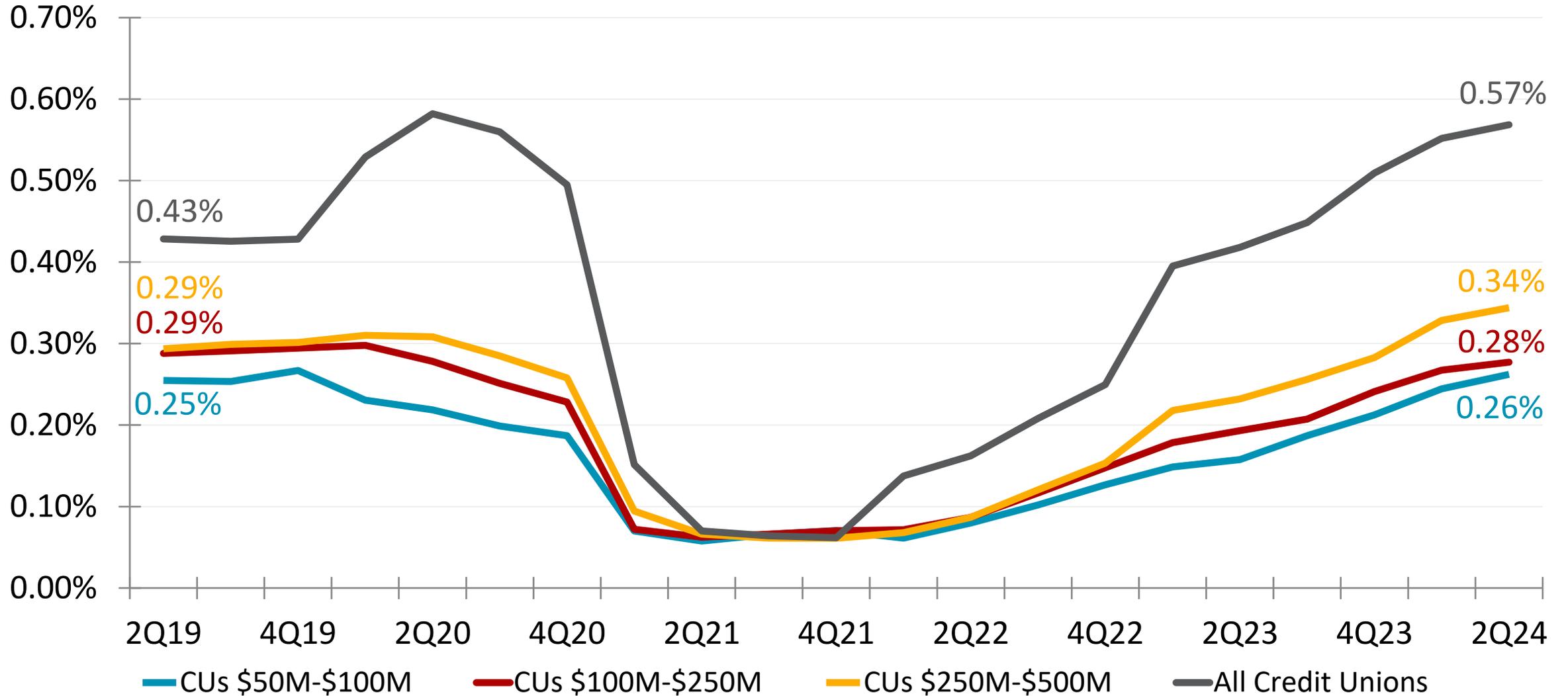
# Used Auto Delinquency



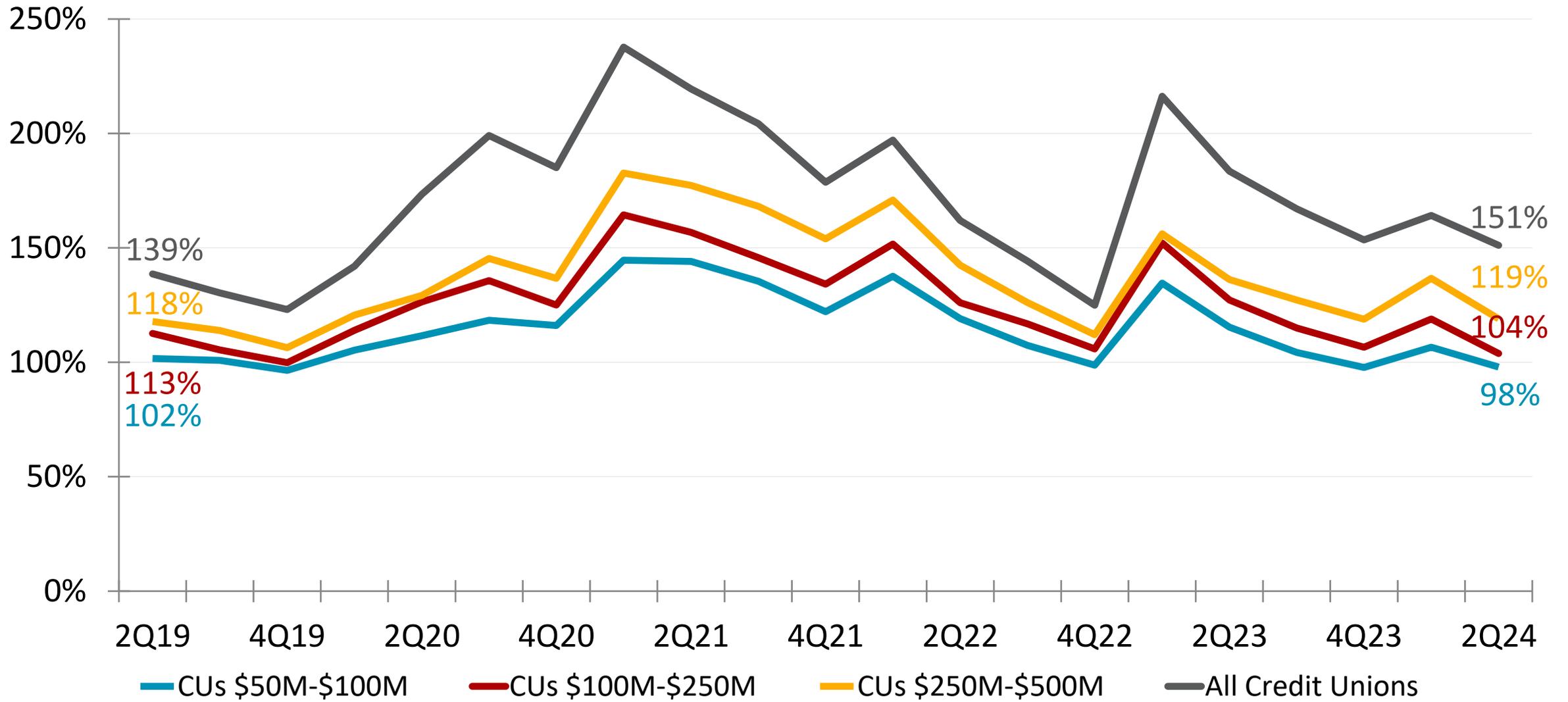
# Credit Card Delinquency



# Provision for Loan Loss/Average Assets

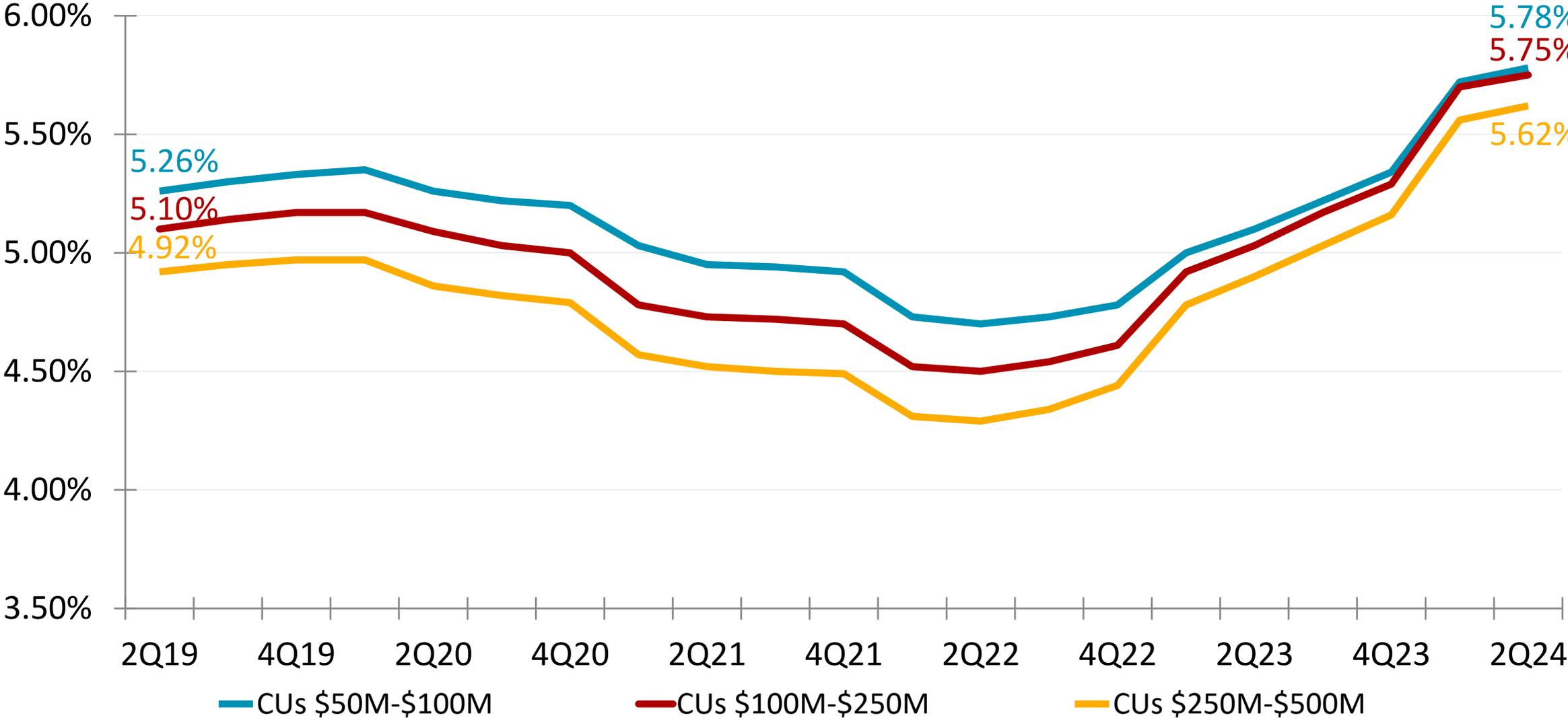


# Coverage Ratio

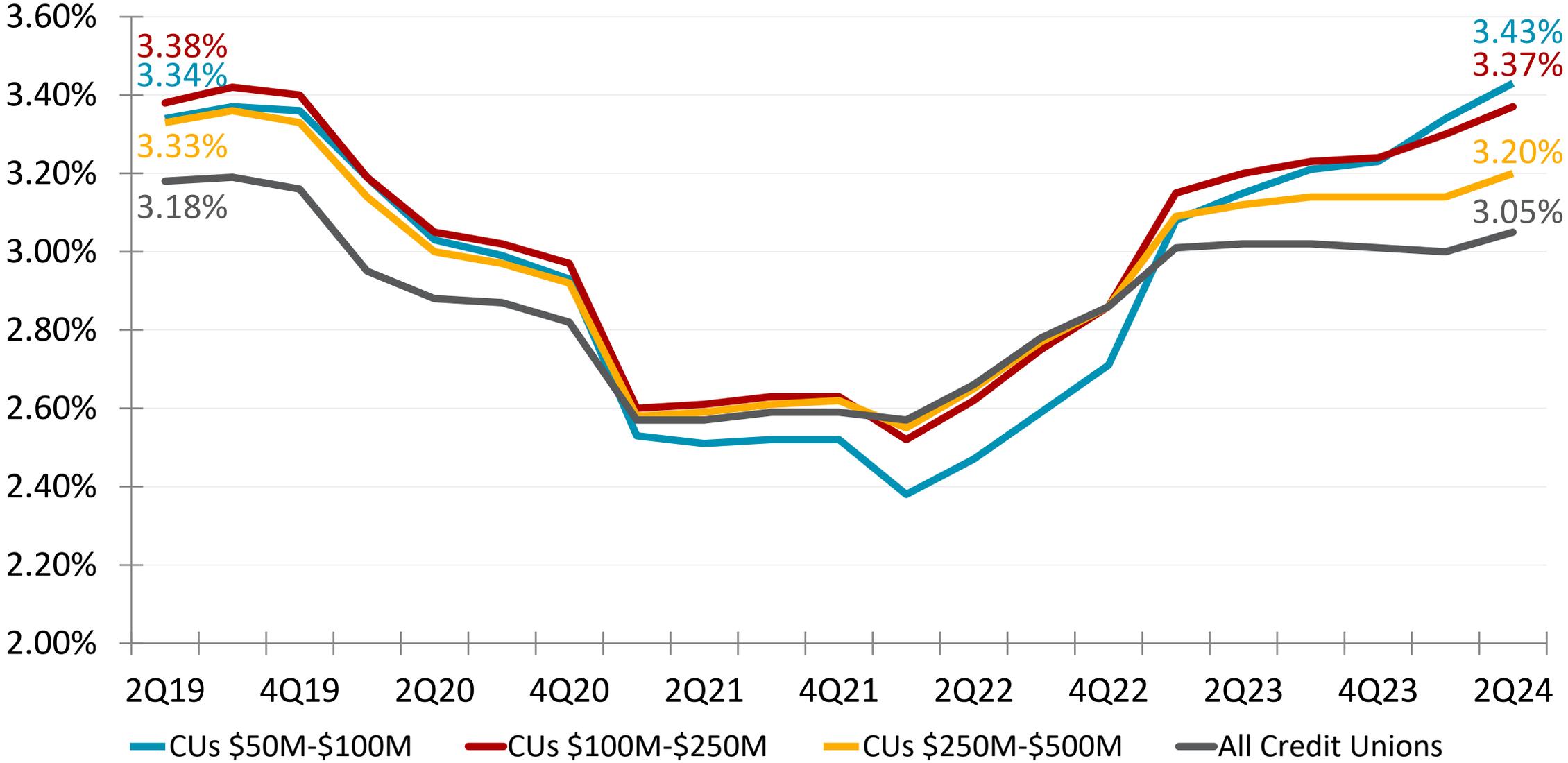


# Earnings & Capital

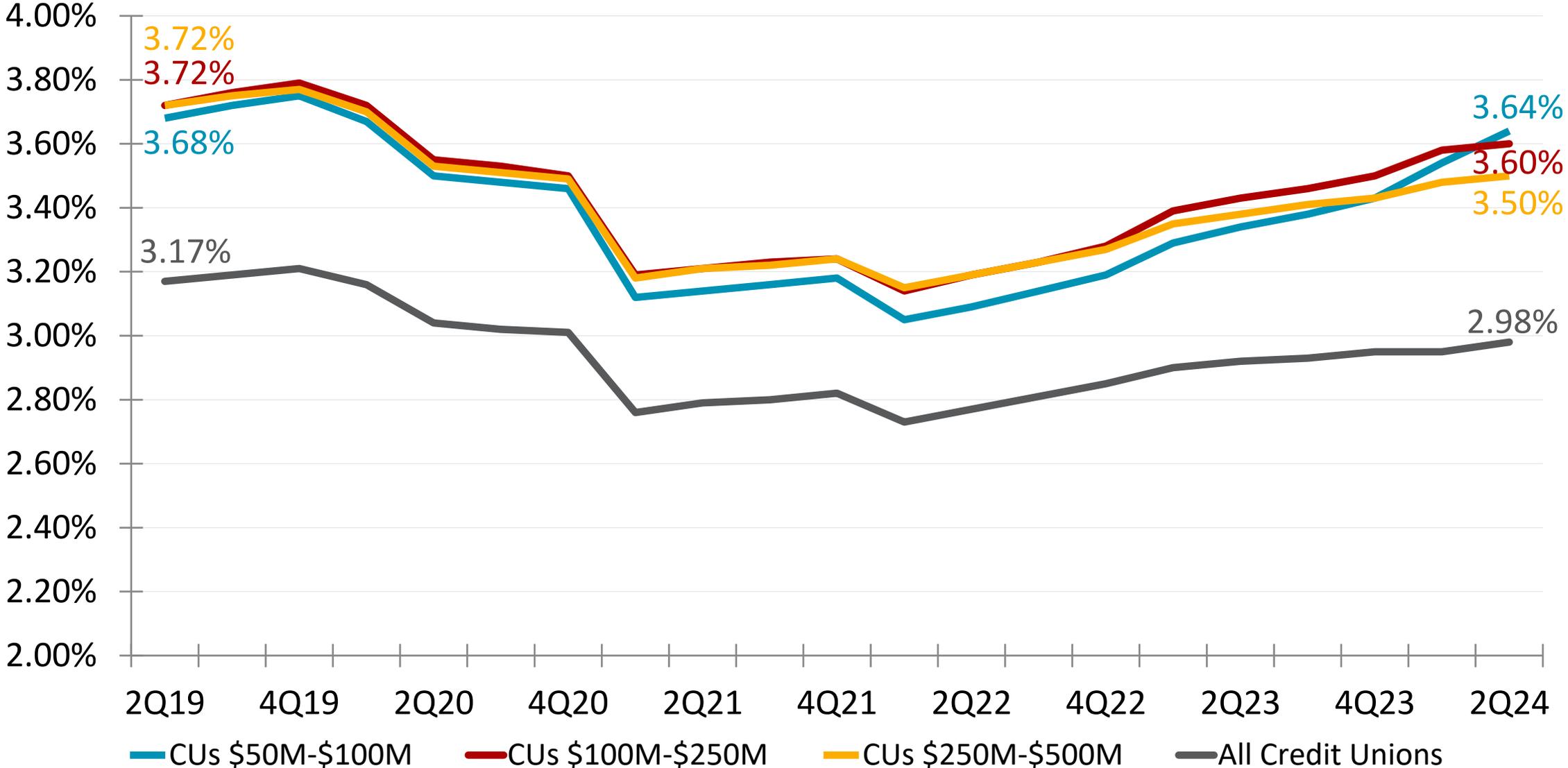
# Yield on Loans



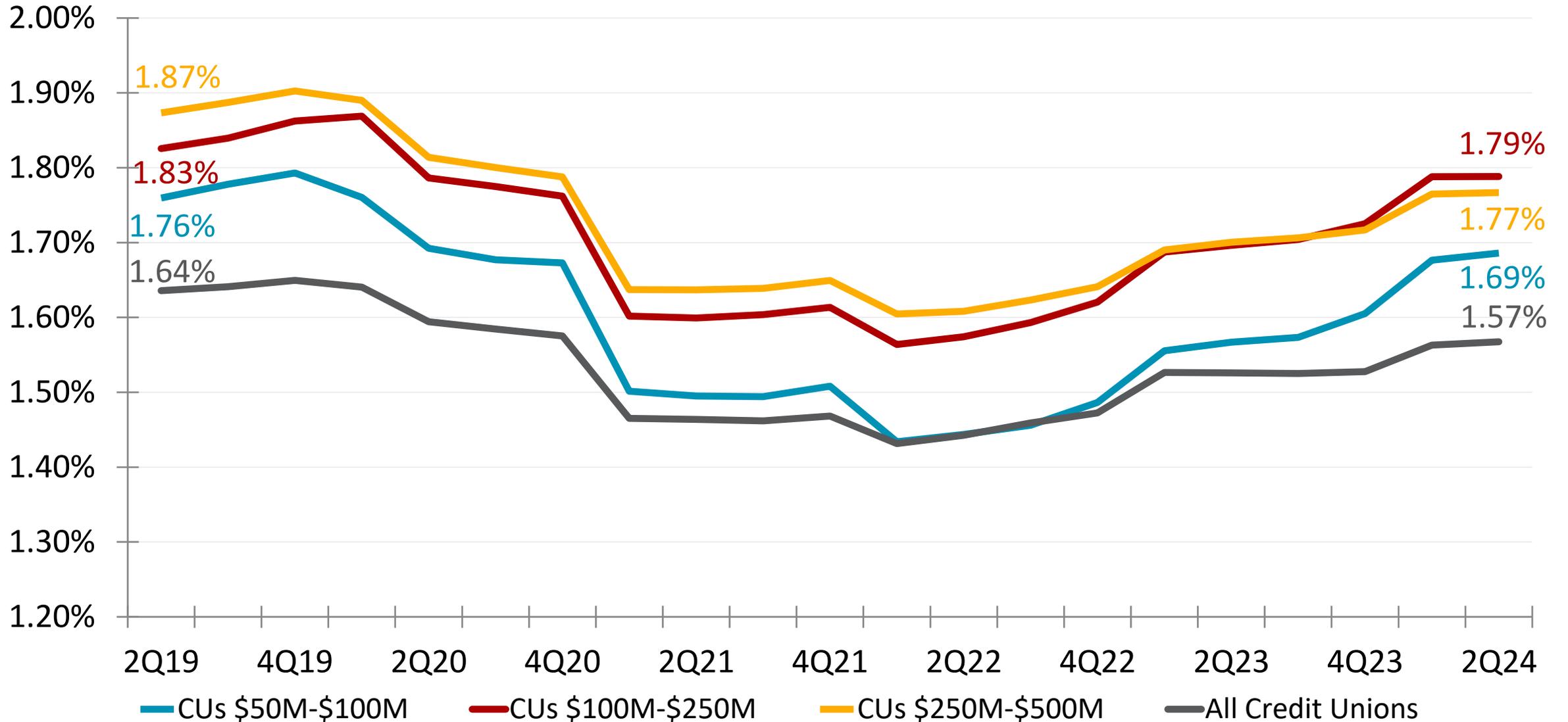
# Net Interest Margin



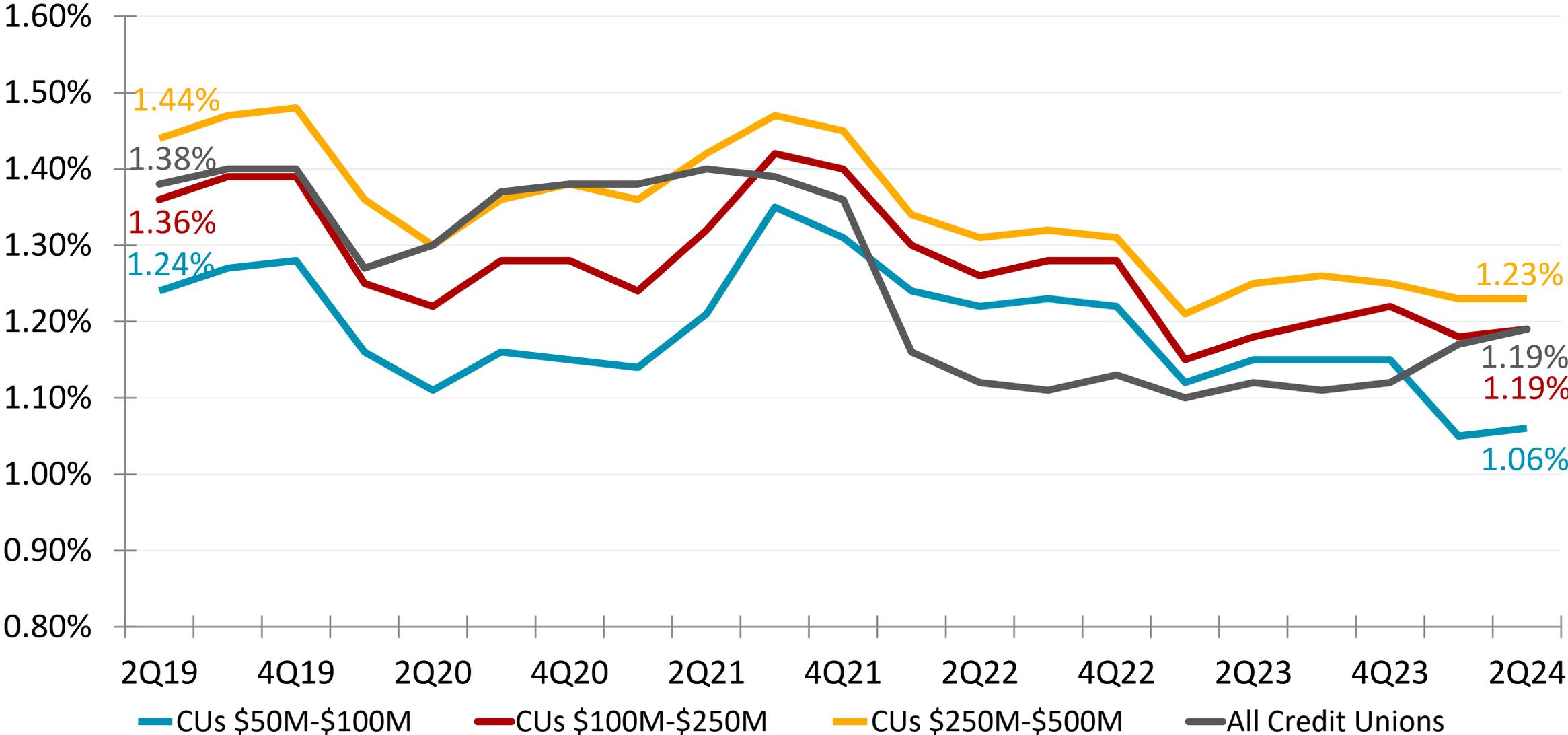
# Operating Expense/Average Assets



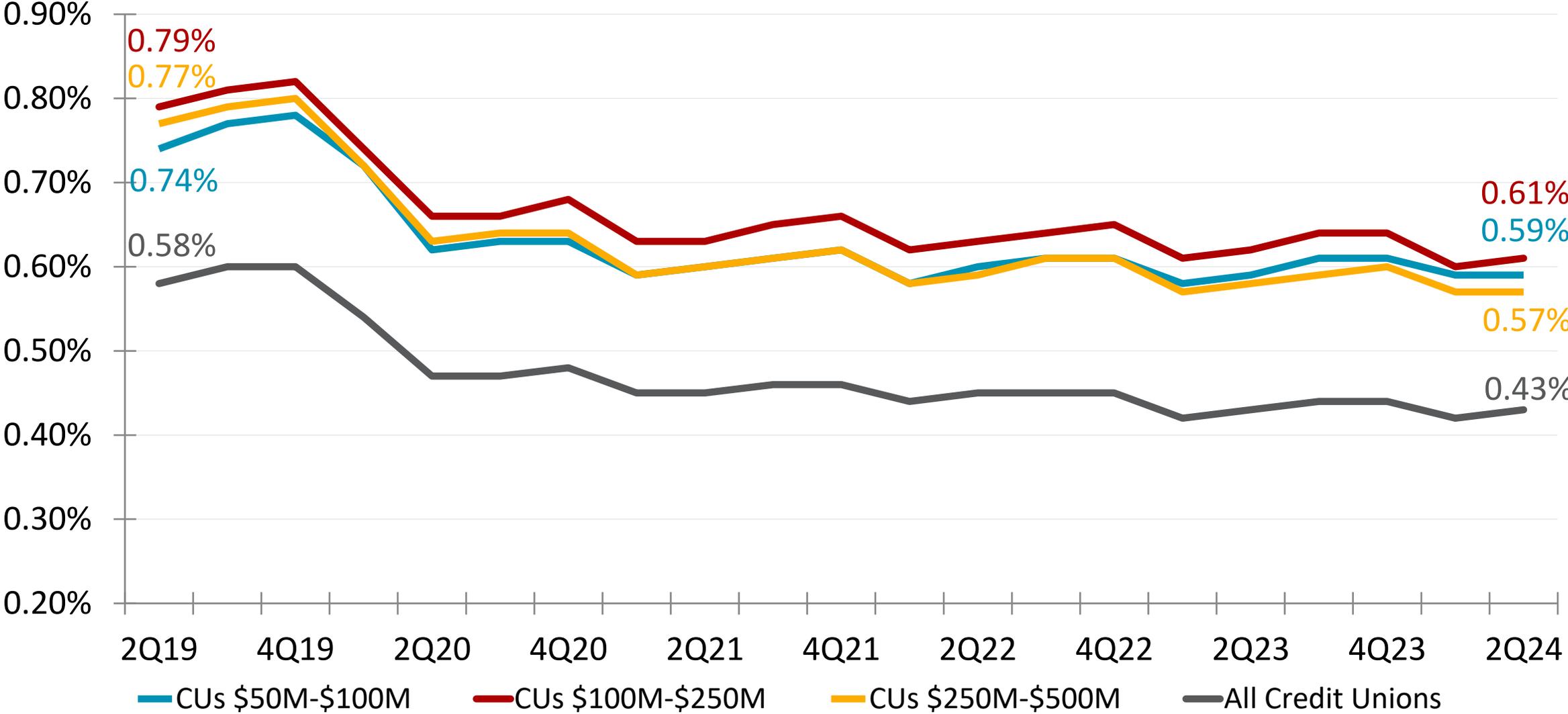
# Salary & Benefits/Average Assets



# Non-Interest Income/Average Assets



# Fee Income/Average Assets



# Earnings Model Comparisons

Data as of 06.30.2024

	CU \$50M-\$100M	CU \$100M-\$250M	CU \$250M-\$500M	All Credit Unions
Interest Income	4.39%	4.60%	4.62%	4.92%
Interest Expense	0.96%	1.23%	1.42%	1.87%
Net Interest Margin	3.43%	3.37%	3.20%	3.05%
Non-interest Income	1.06%	1.19%	1.23%	1.19%
Operating Expenses	3.64%	3.60%	3.50%	2.98%
Provision for Loan Losses	0.26%	0.28%	0.34%	0.57%
ROA	0.59%	0.68%	0.59%	0.69%

Expressed as a % of Avg. Assets  
May not sum due to rounding

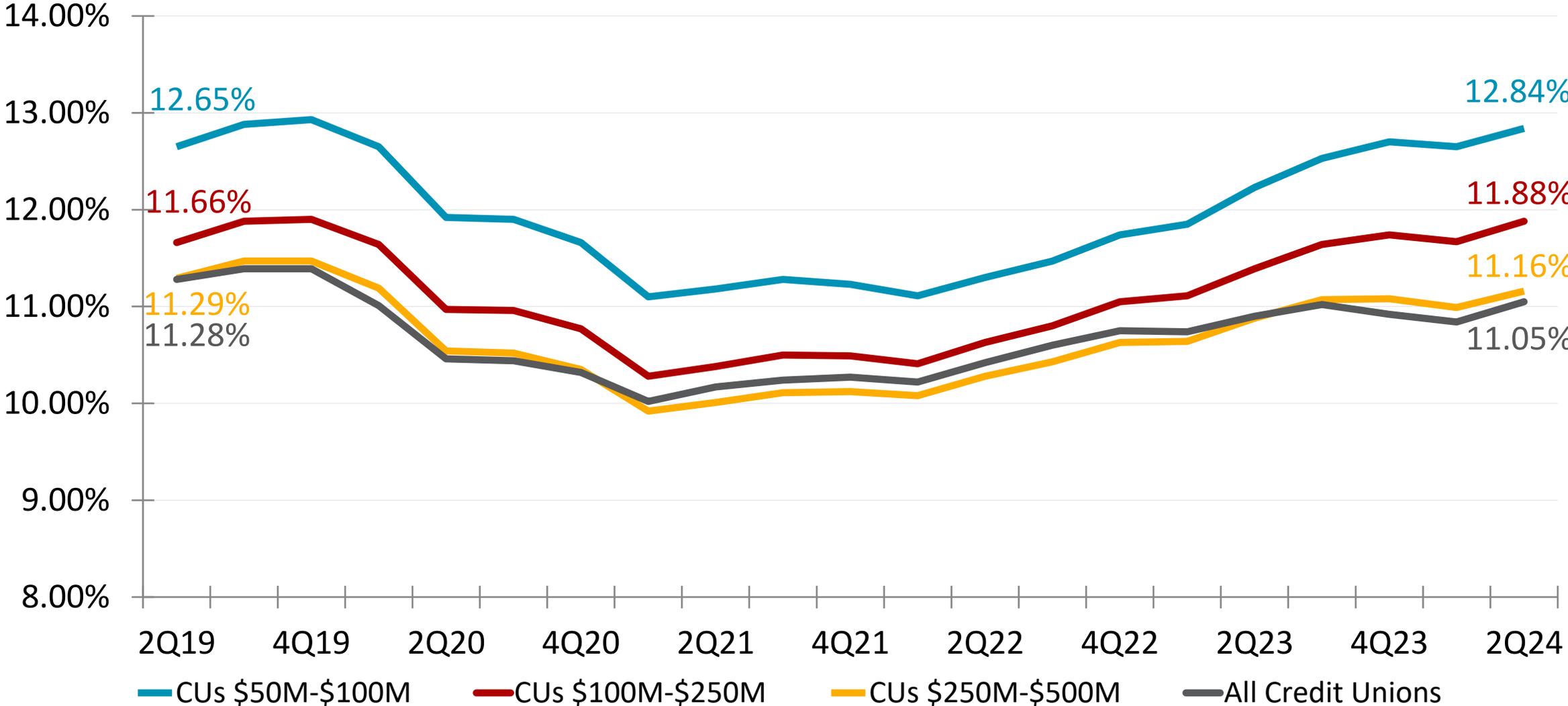
# Earnings Model Comparisons - Banks

Data as of 06.30.2024

	CU \$50M-\$100M	CU \$100M-\$250M	CU \$250M-\$500M	Banks \$50M-\$500M
Interest Income	4.39%	4.60%	4.62%	5.09%
Interest Expense	0.96%	1.23%	1.42%	1.77%
Net Interest Margin	3.43%	3.37%	3.20%	3.32%
Non-interest Income	1.06%	1.19%	1.23%	1.66%
Operating Expenses	3.64%	3.60%	3.50%	3.55%
Provision for Loan Losses	0.26%	0.28%	0.34%	0.09%
Taxes and Adjustments	NA	NA	NA	0.18%
ROA	0.59%	0.68%	0.59%	1.16%

Expressed as a % of Avg. Assets  
May not sum due to rounding

# Net Worth Ratio

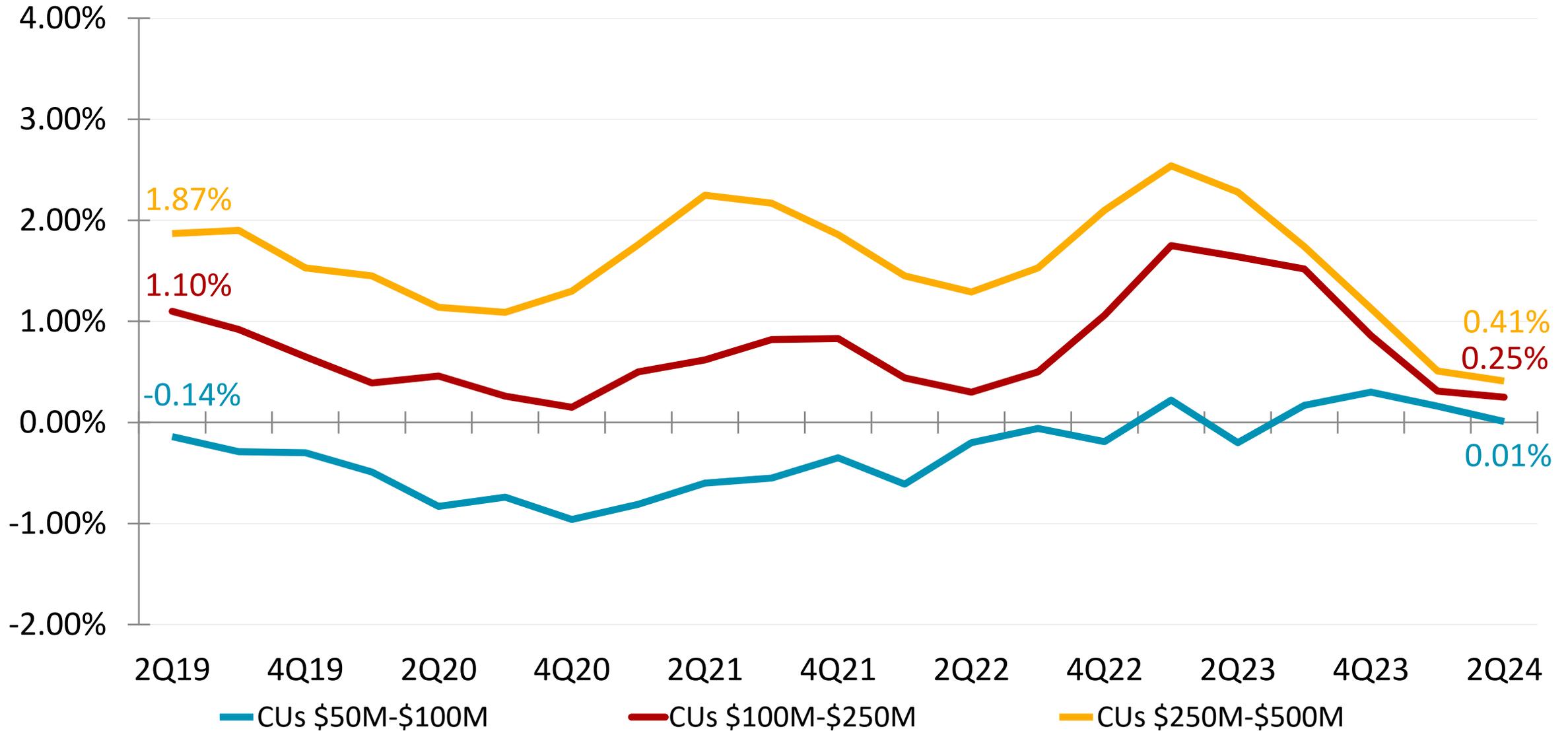




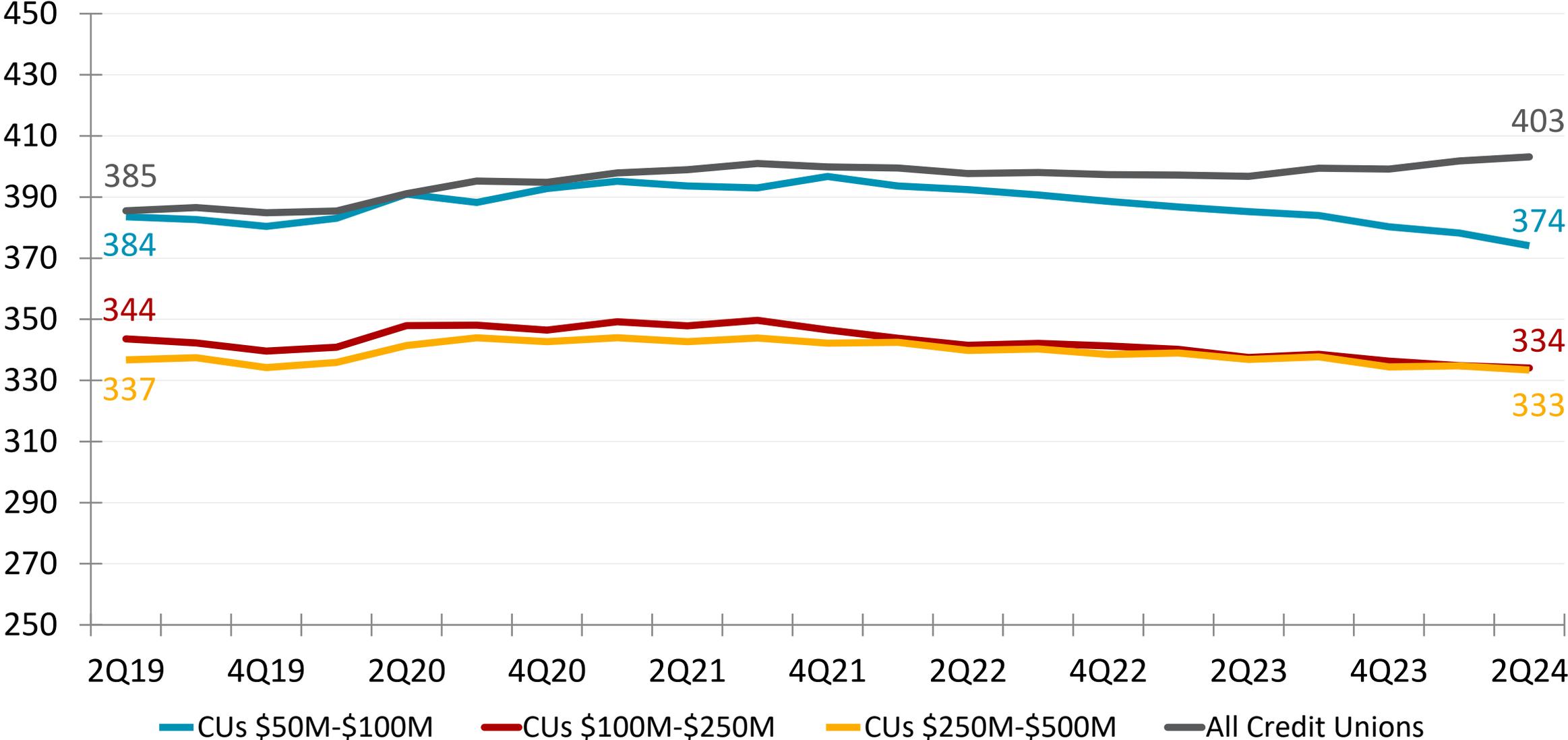
# Member Engagement & Productivity



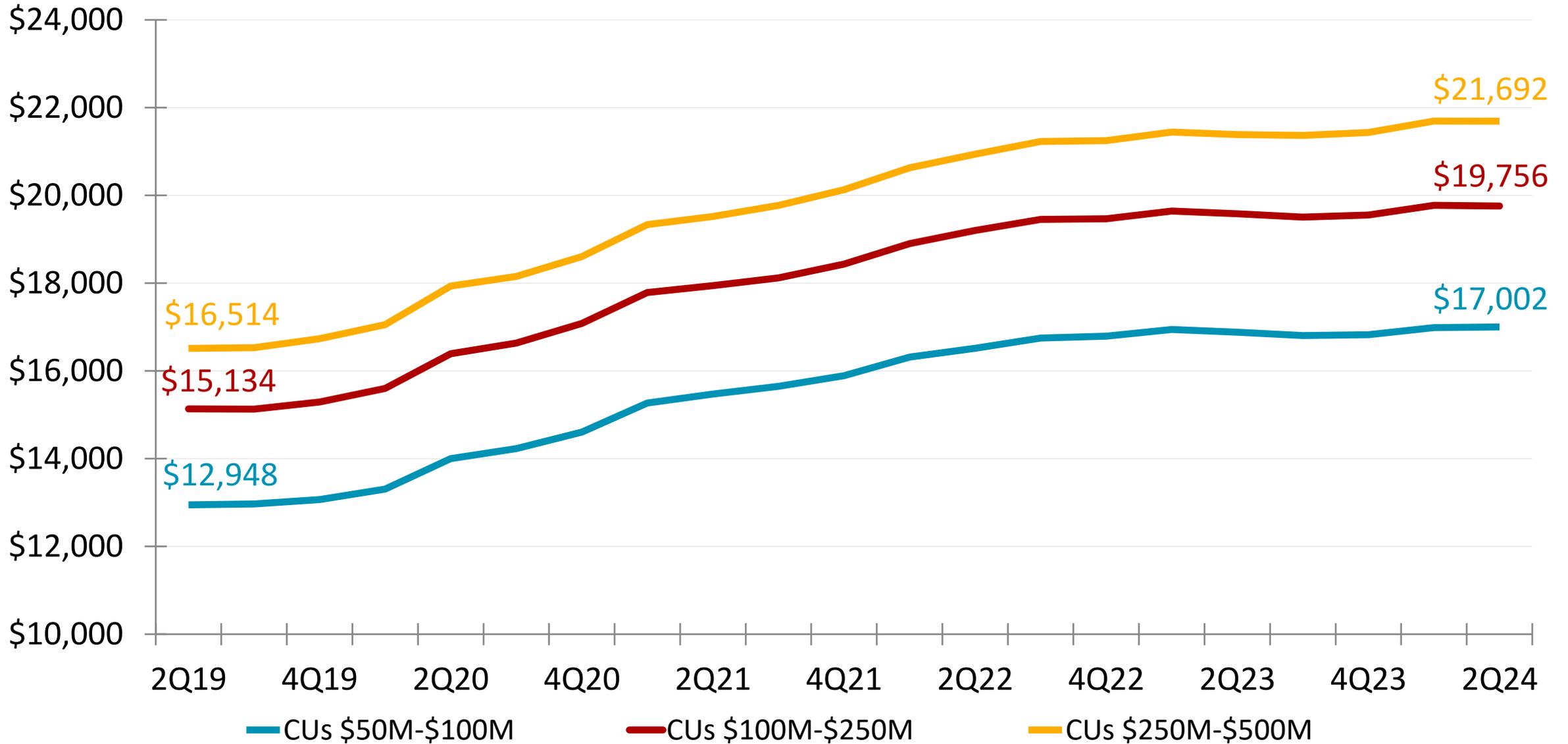
# Member Growth



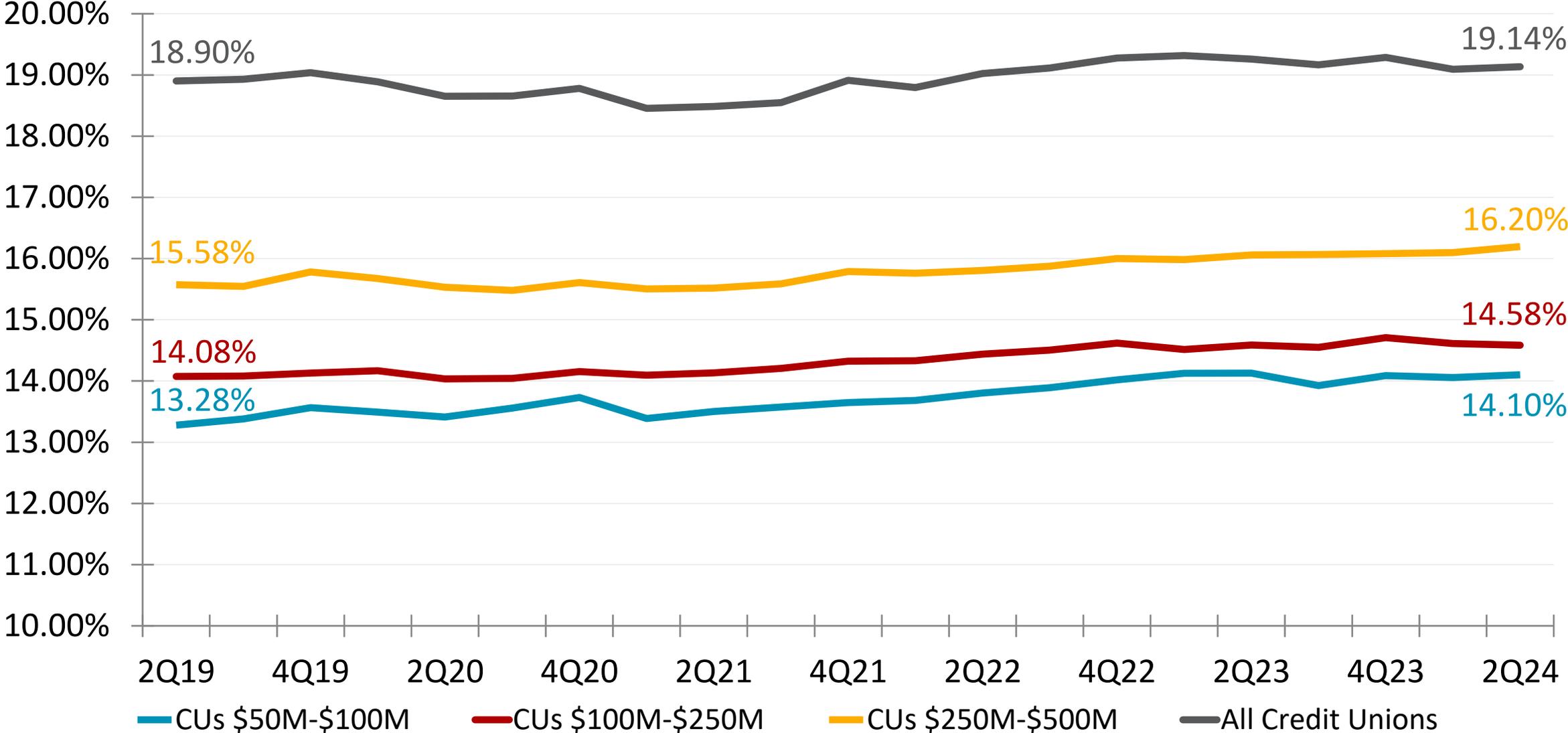
# Members per Employee (FTE)



# Average Member Relationship (Excluding Commercial Loans)

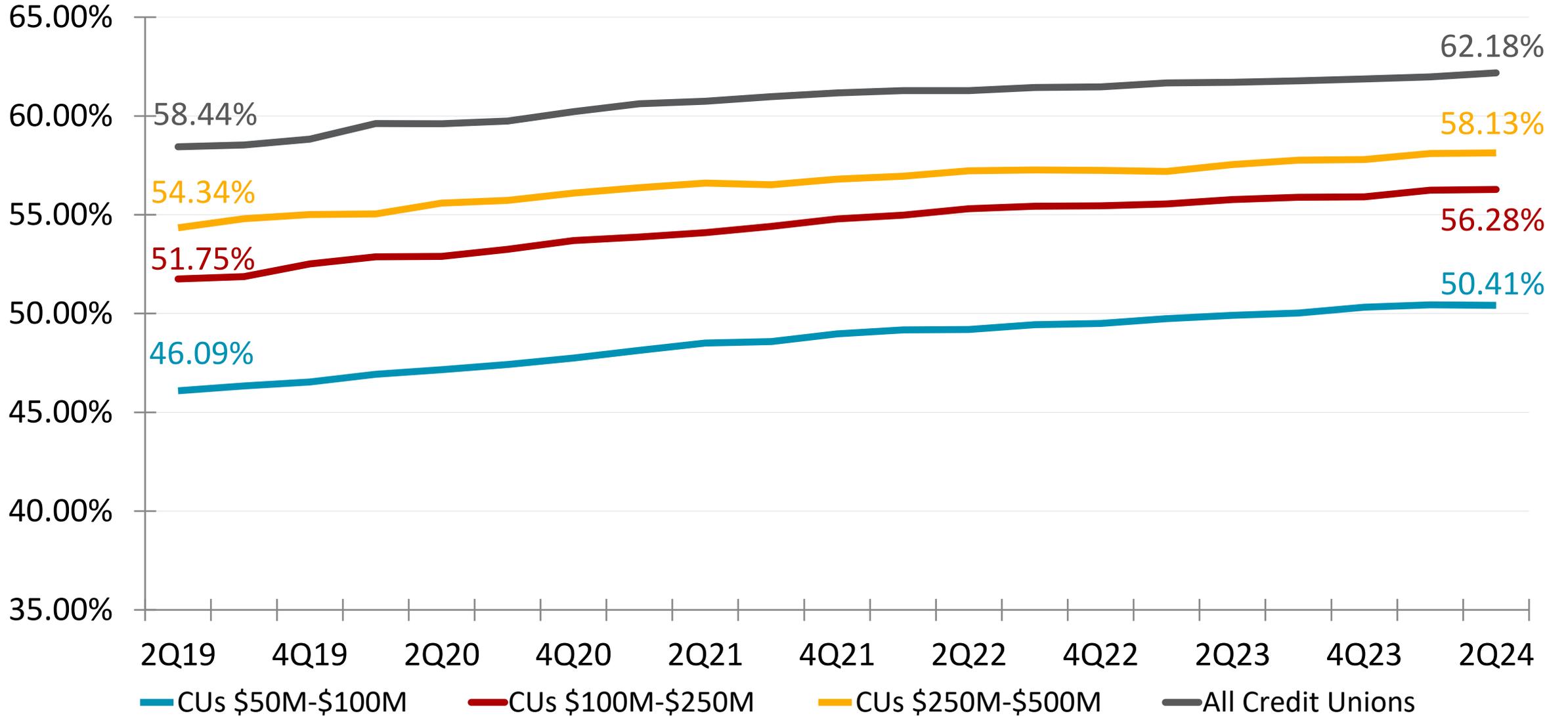


# Credit Card Penetration\*



\*Includes only CUs with credit card loans

# Share Draft Penetration



# First Financial Of Maryland Doubles Down On AI-Powered Lending

## Top-Level Takeaways

- After bringing in \$10 million in personal loans with an AI-powered loan application, First Financial of Maryland is expanding those efforts to credit cards.
- The new offering provides higher loan amounts while building on a proven growth engine.
- The intent is to combine big bank technology with traditional credit union service.



**Instant Approval. Instant Use.**

Get your credit card in minutes with our Express Visa application!

[Learn More](#)



# Takeaways and Closing Thoughts

## **Advantages:**

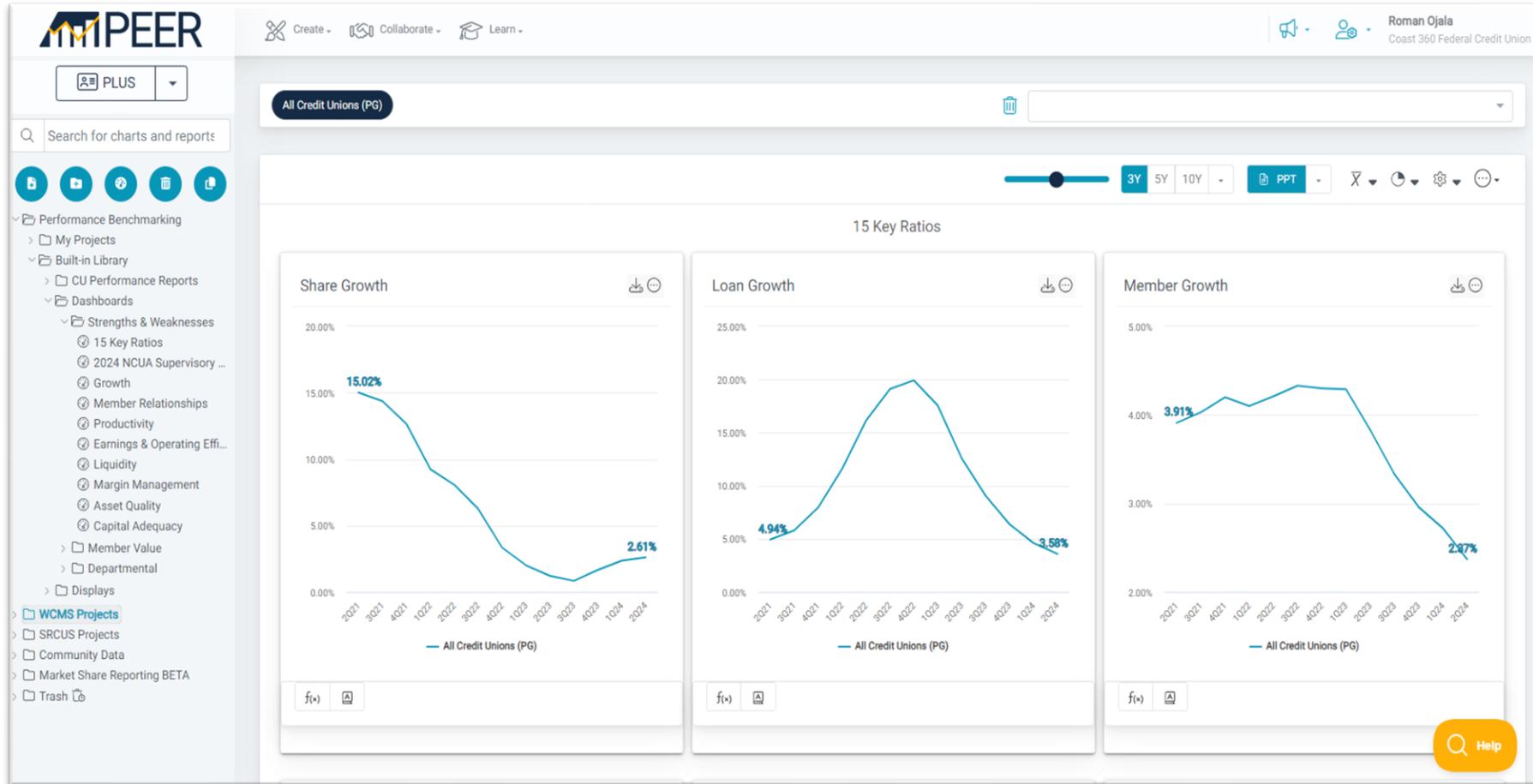
- More stable liquidity position, which means a lower cost of funds
- More employees = better member service
- Larger net worth cushion
- Community focus. Knowing members = better asset quality

## **Opportunities:**

- Use spare liquidity to lend to your communities. Step into areas where other financial institutions are stepping back
- Embrace member engagement to increase product penetration
- Utilize net worth for strategic investments

# But how does My Credit Union Stack Up?

Let's look at Callahan's Peer Suite



# THANK YOU FOR WATCHING



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