



May 2, 2025

The Credit Union's Together Conference
presents: **Five Important Gauges for a credit
Union**



THE **GARDNER**
AFFECT



5 Gauges

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Focus for Today's Session



Different areas of current credit union environment



Basic Ratio Information



Different ways to analyze numbers

5 Key Gauges (Ratios)

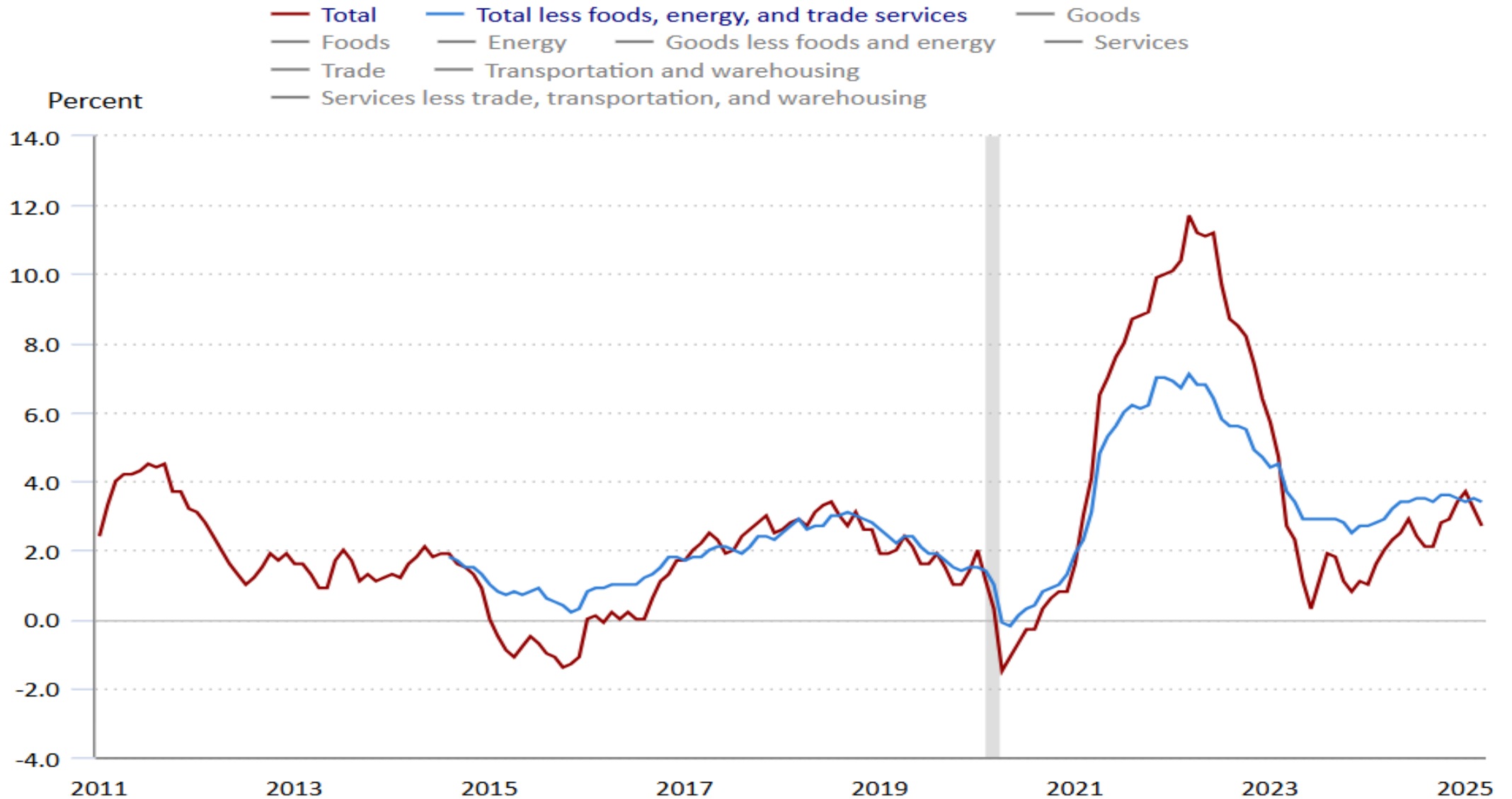
#1 - Inflation

2 Key Factors around Inflation

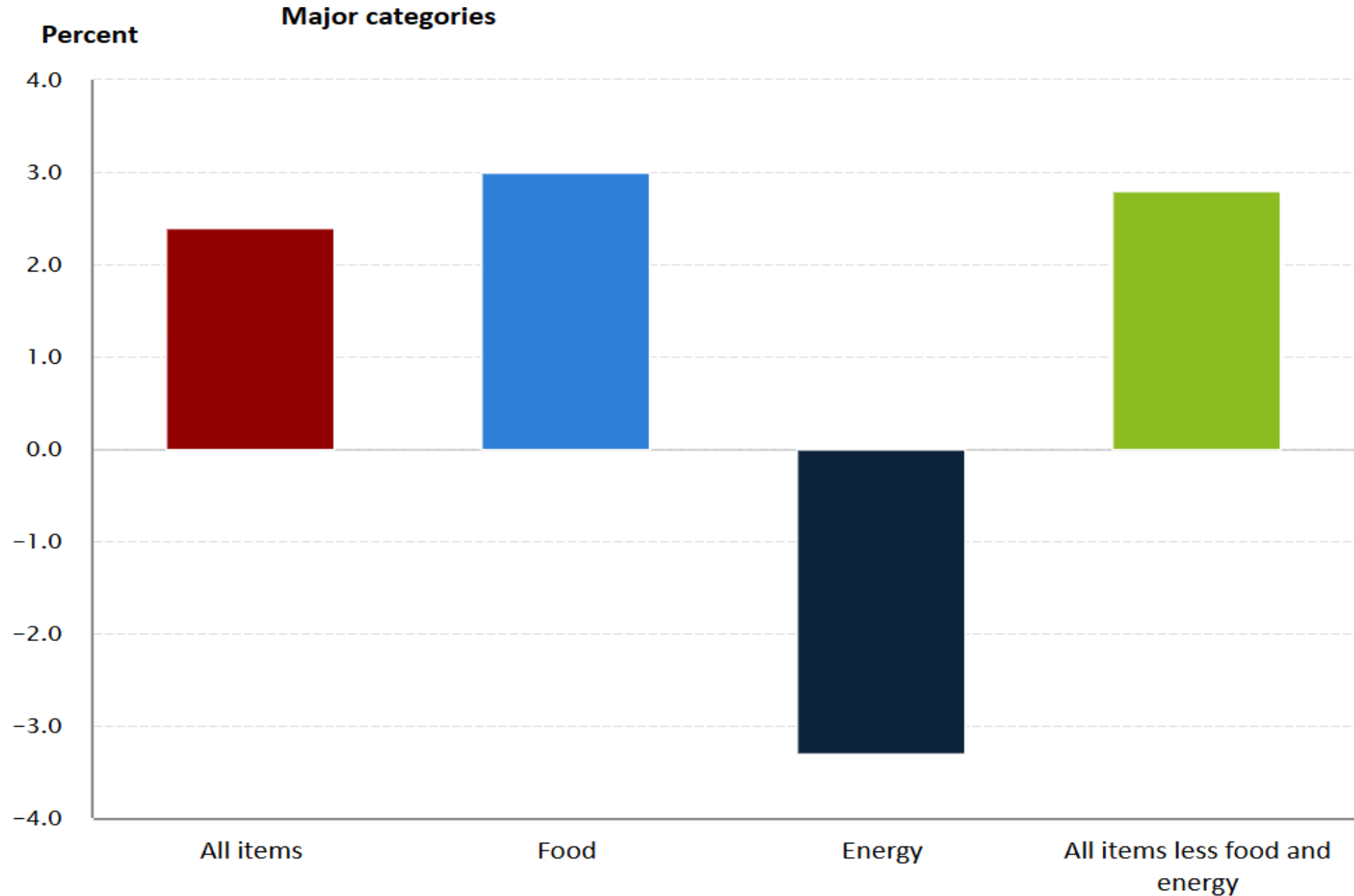
- Producer Price Index (PPI) – measures the change in selling prices which represents the cost of producing goods.
- Consumer Price Index (CPI) – change consumers pay for everyday items.

Producer Price Index as of April 2025

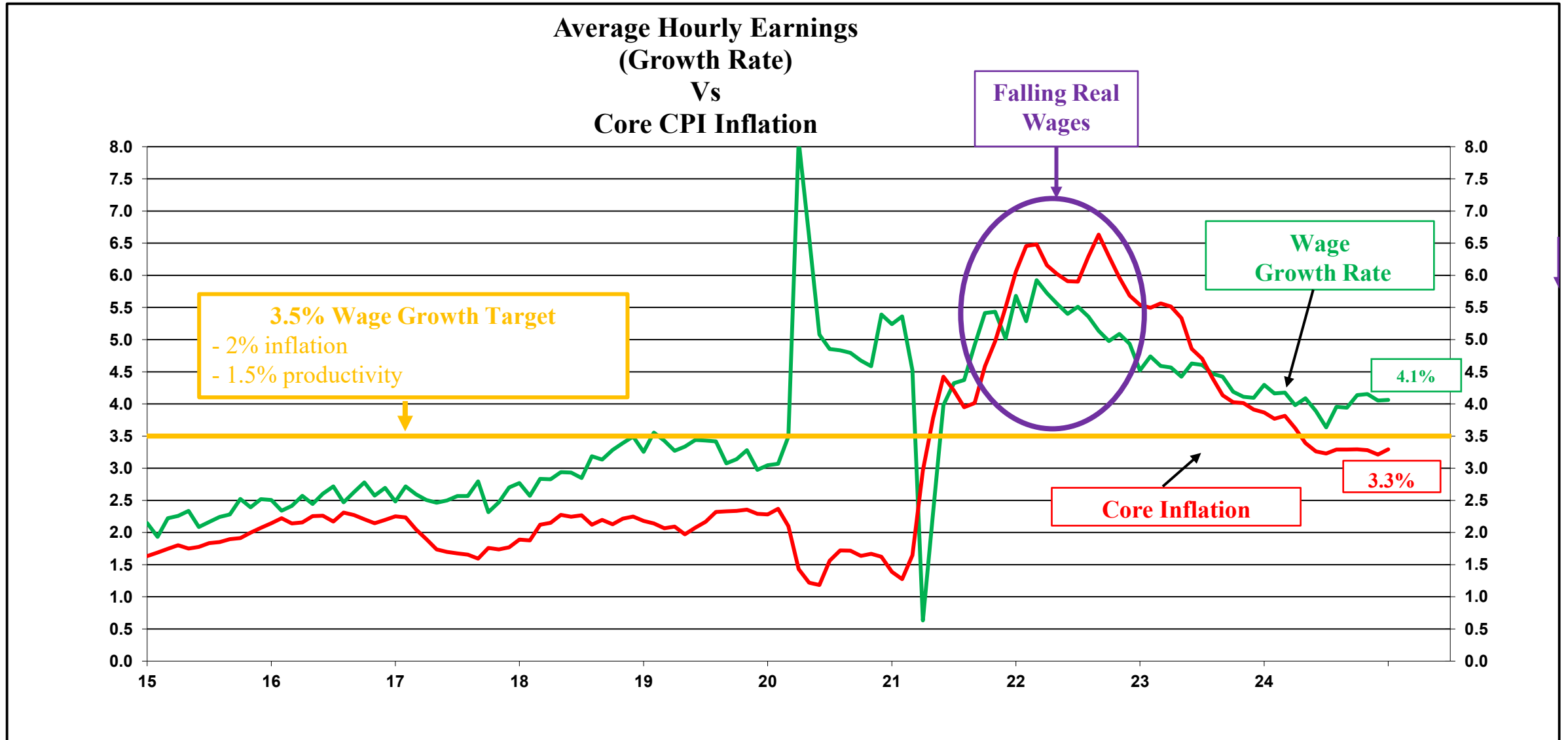
PPI for final demand, 12-month percent change, not seasonally adjusted



Consumer Price Index as of March 2025

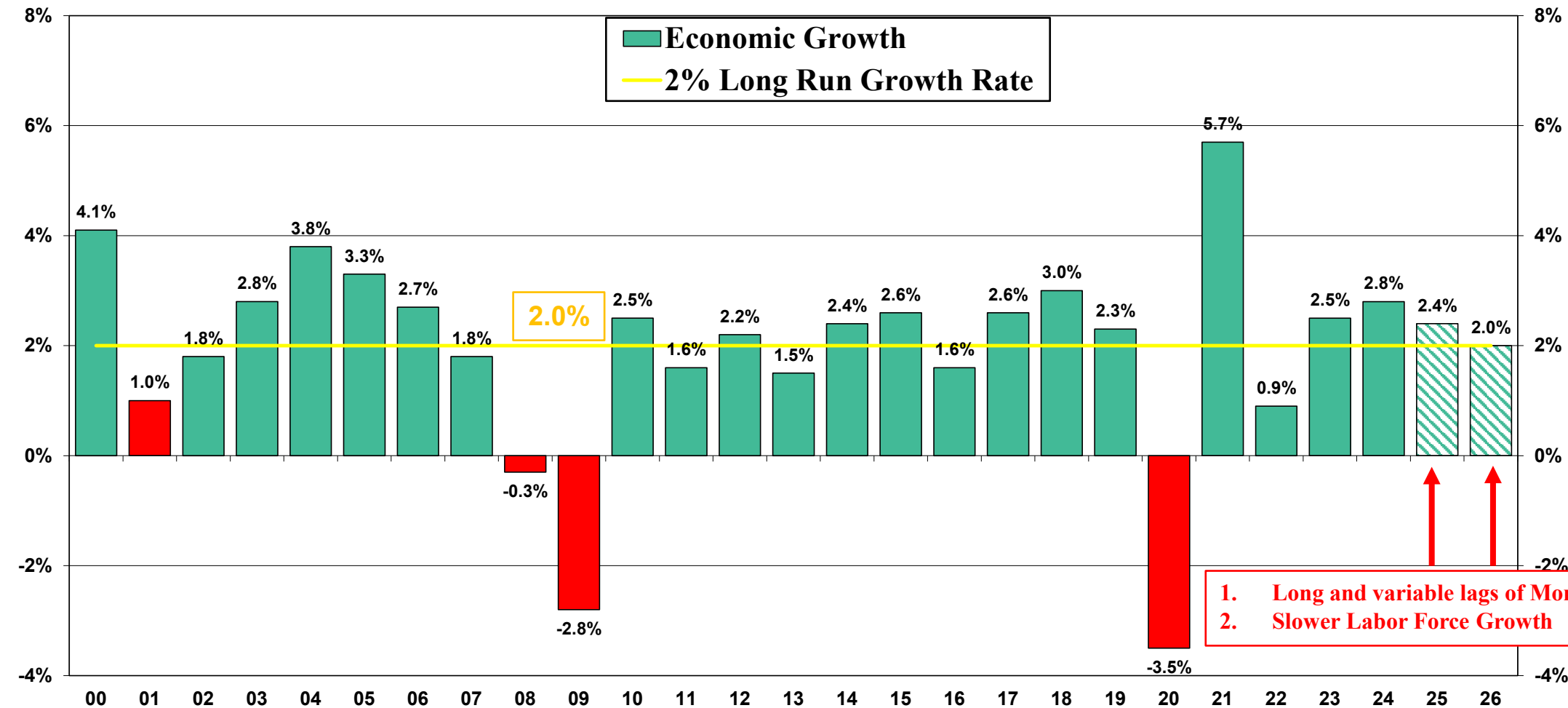


Wage Growth Slowing But Still High



Economic Growth Above Natural Growth Rate

U.S. Economic Growth Rate

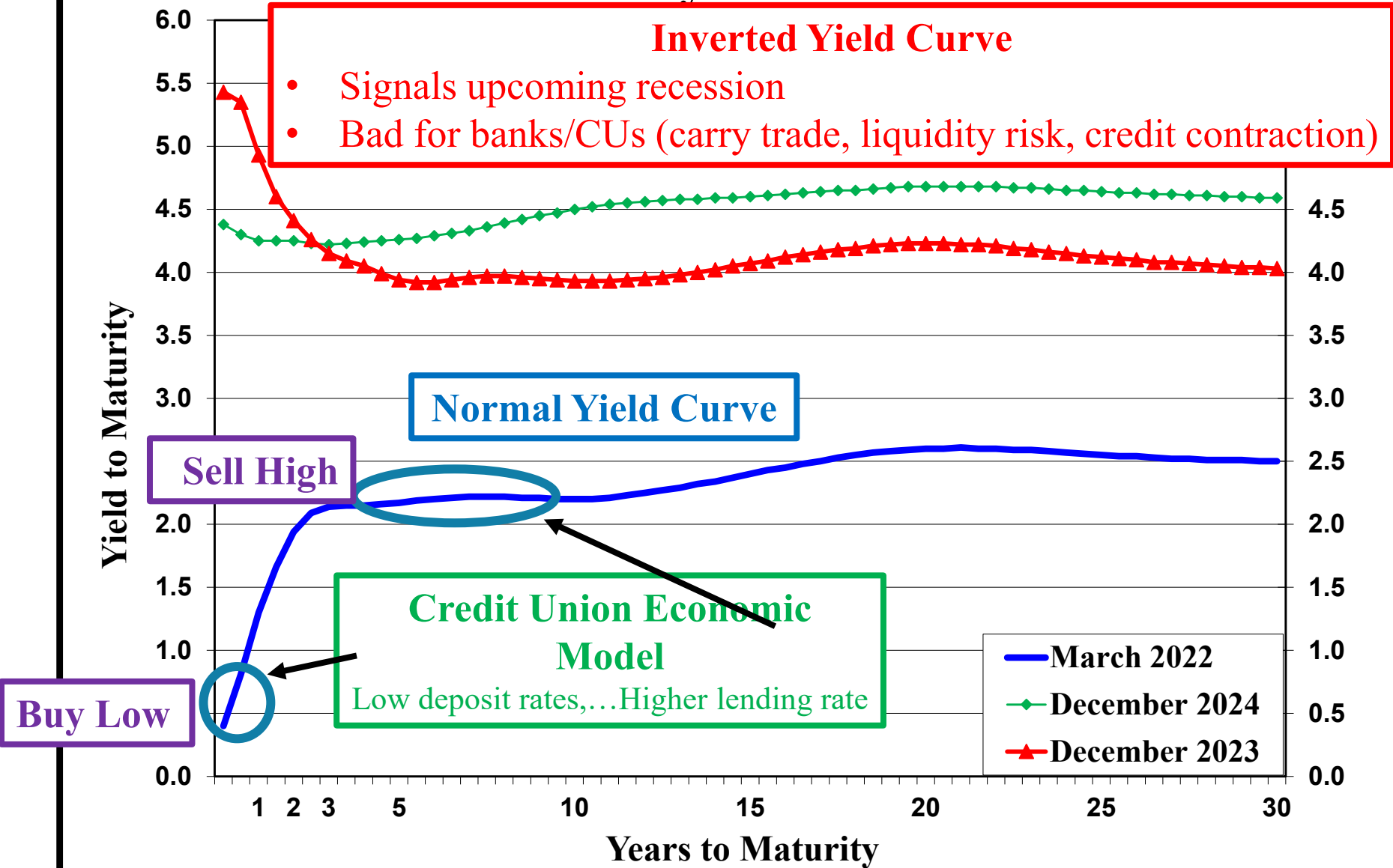


- 1. Long and variable lags of Monetary Policy
- 2. Slower Labor Force Growth

Source: Department of Commerce

#2 – Interest Rates

Treasury Yield Curves



Ratio Analysis

What makes up a ratio

- Numerator is the number on the top
- Denominator is the number down on the bottom
- Ratio is impacted by which number is increasing faster

What makes up a ratio

- $10/10 = 1$ (numerator and denominator are the same)
- $8/10 = .80$ (numerator is not growing as fast as denominator)
- $10/8 = 1.25$ (denominator is not growing as fast)

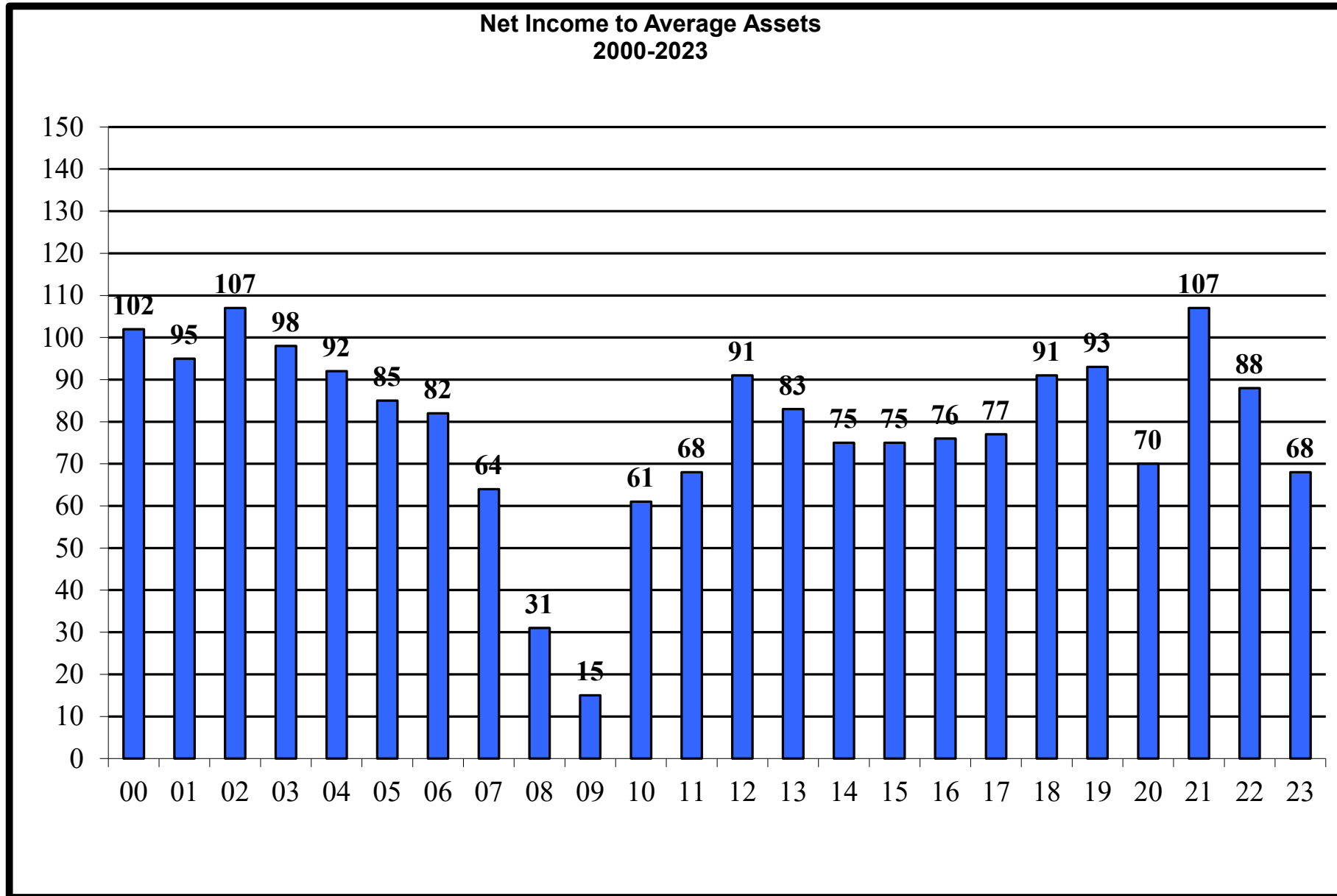
Different ways to compare ratios

- Use trend analysis over a period of time
- Comparison based on asset size
- Compare to other ratios

3 - Return on Assets

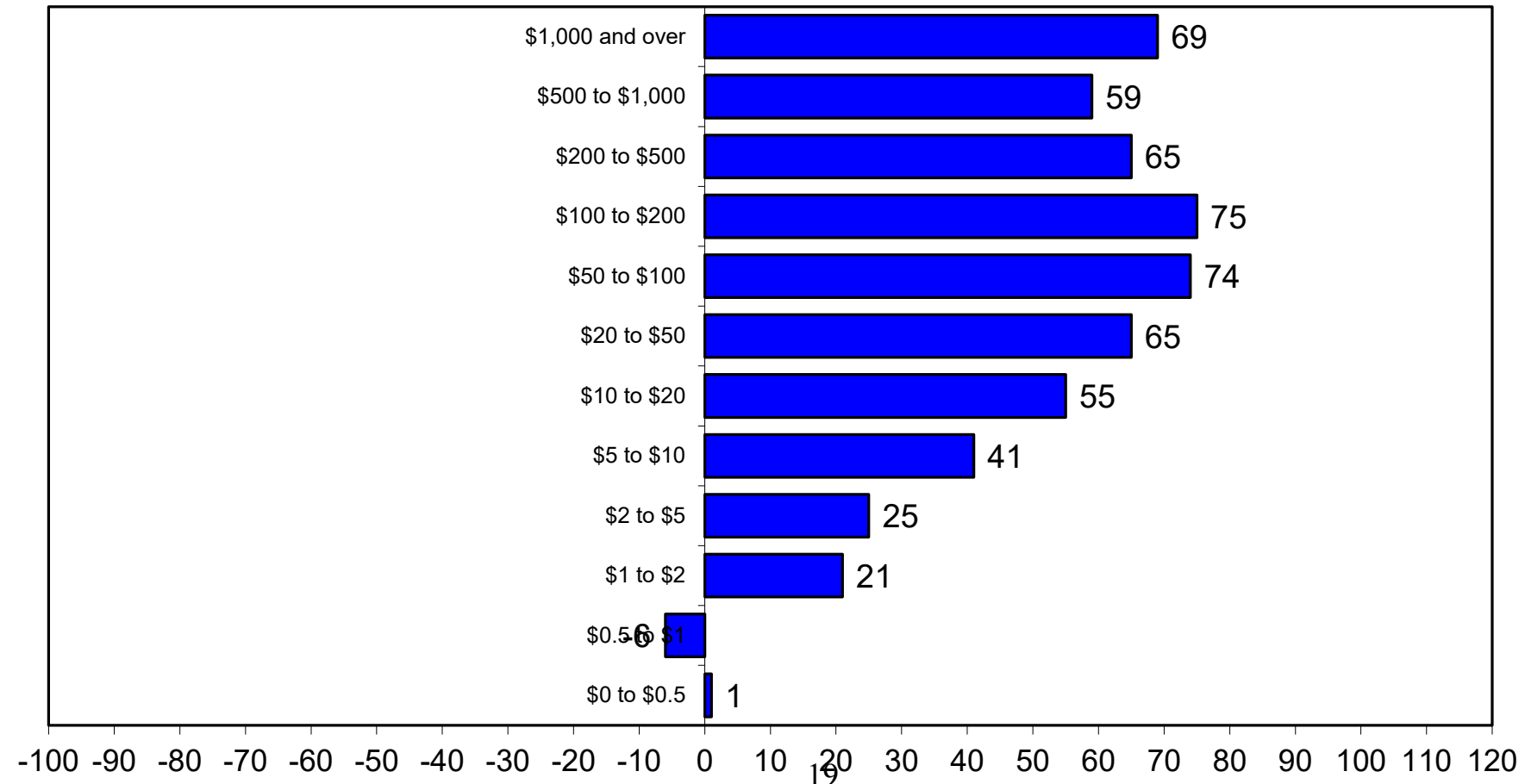
Net Income Average Assets

Return on Assets (ROA)



Return on Assets (ROA)

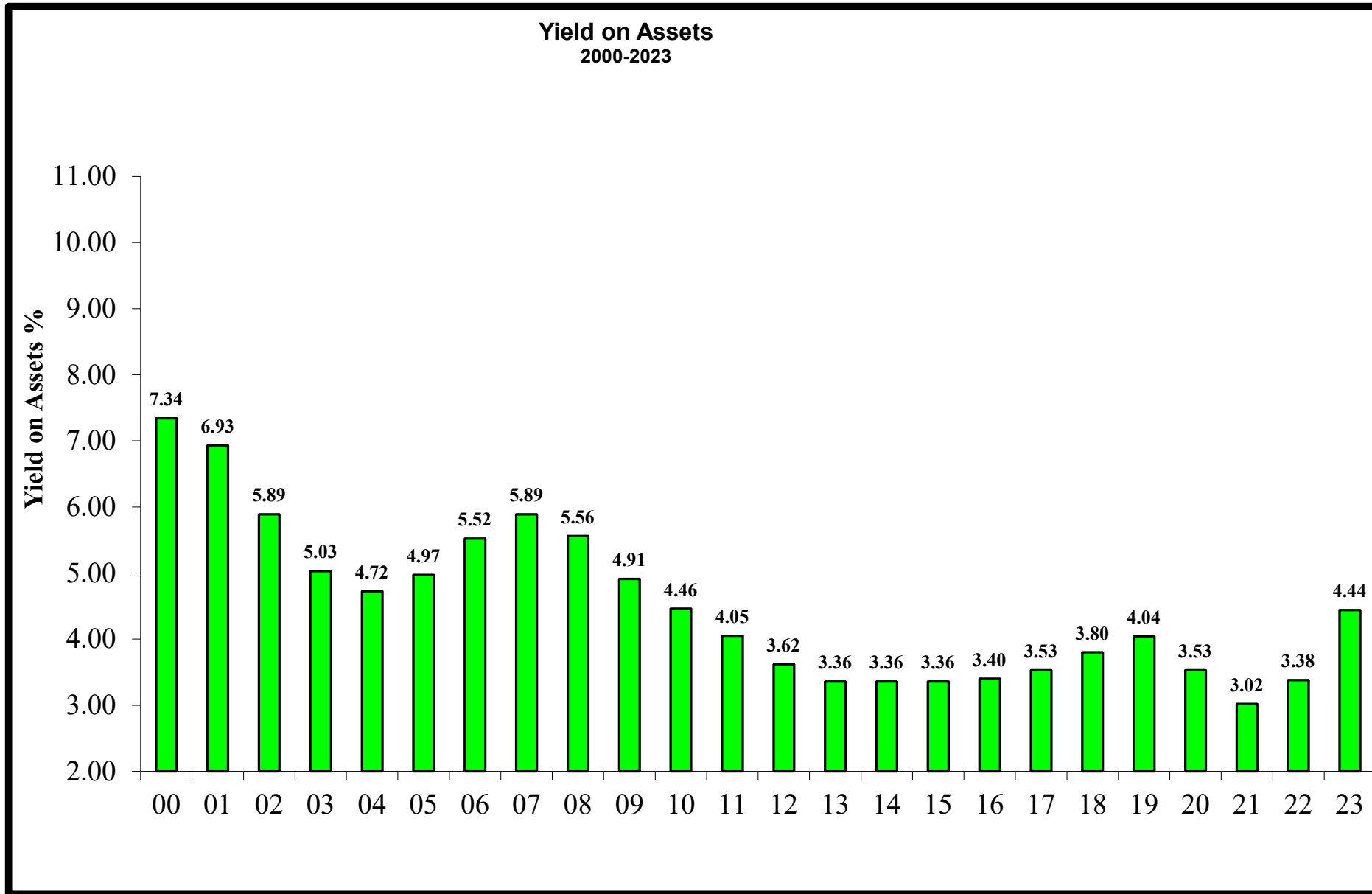
CU ROA (before Stab) (Basis Points of Average Assets - By CU Size)



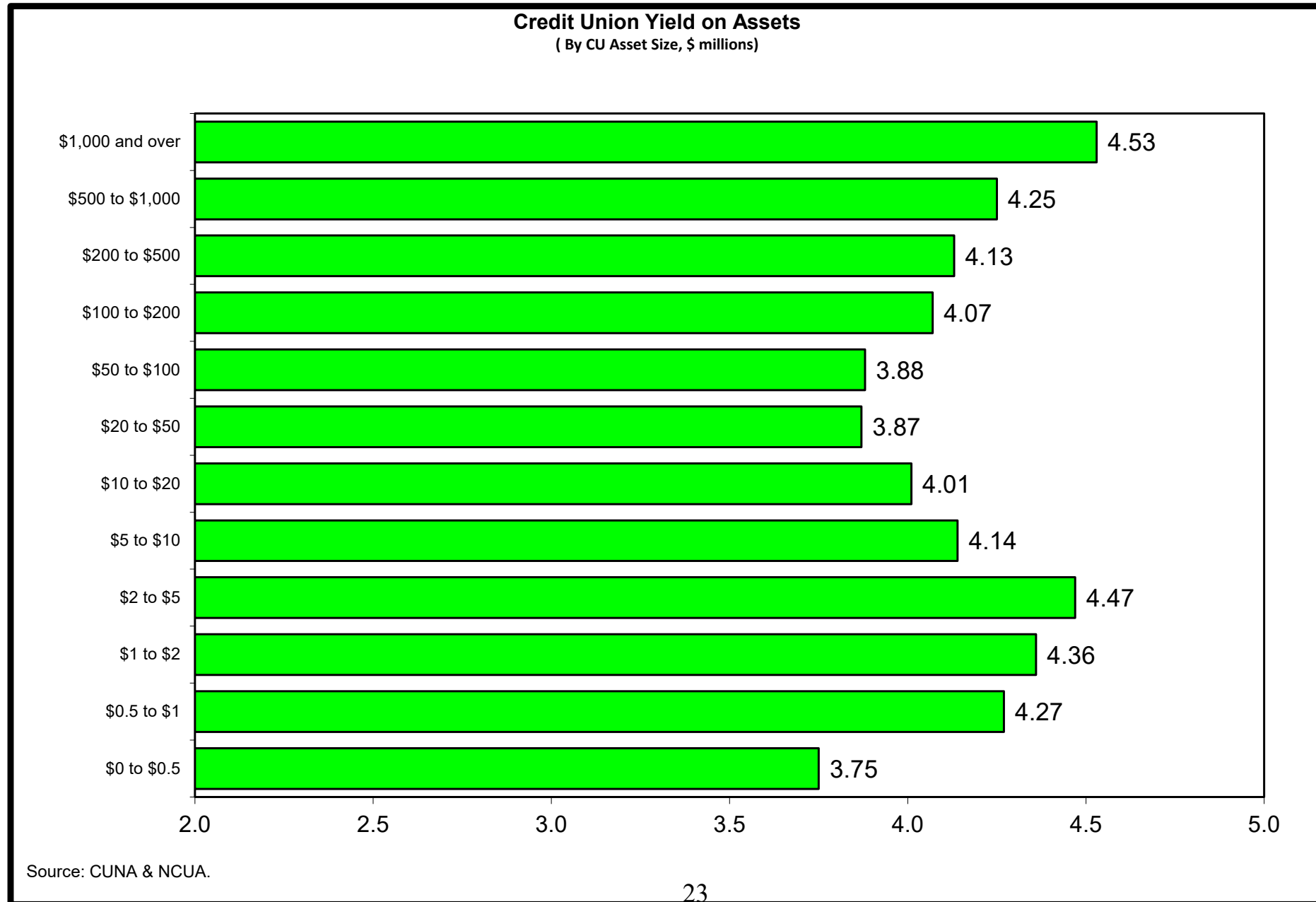
3 – Net Interest Margin (NIM)

$$\frac{\text{Interest Inc.} - \text{Interest Exp.}}{\text{Average Assets}}$$

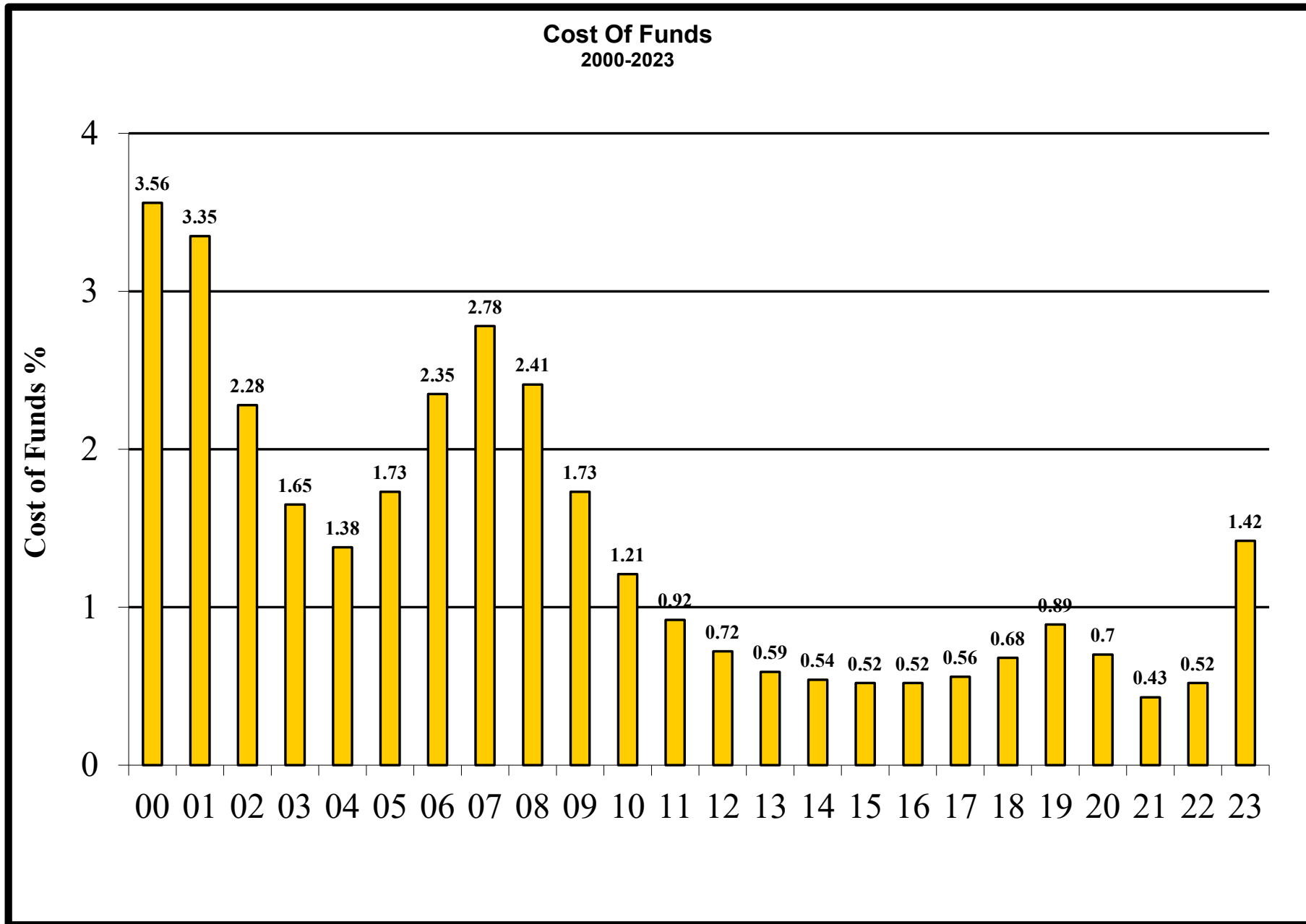
Yield on Assets



Yield on Assets

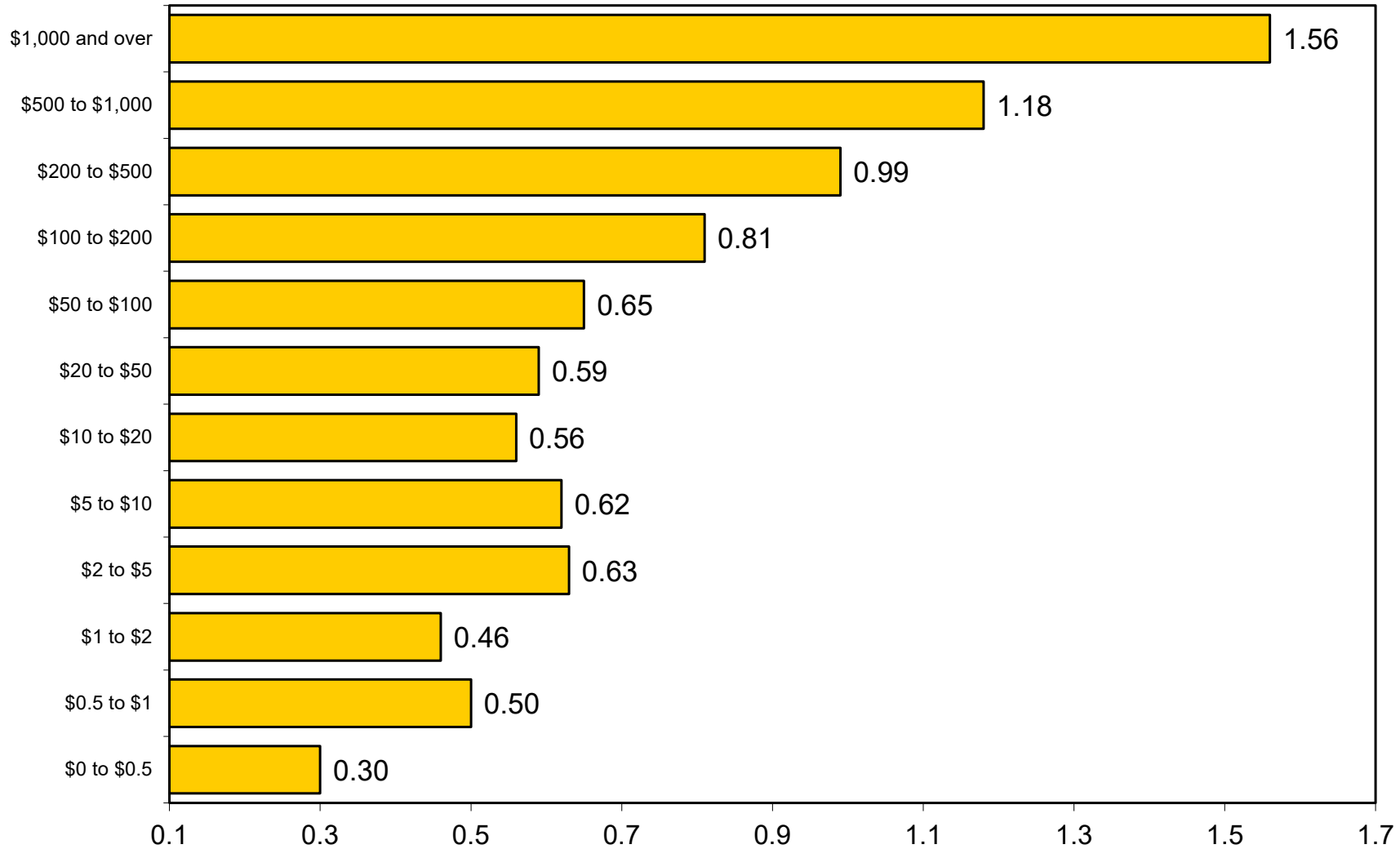


Cost of Funds



Cost of Funds

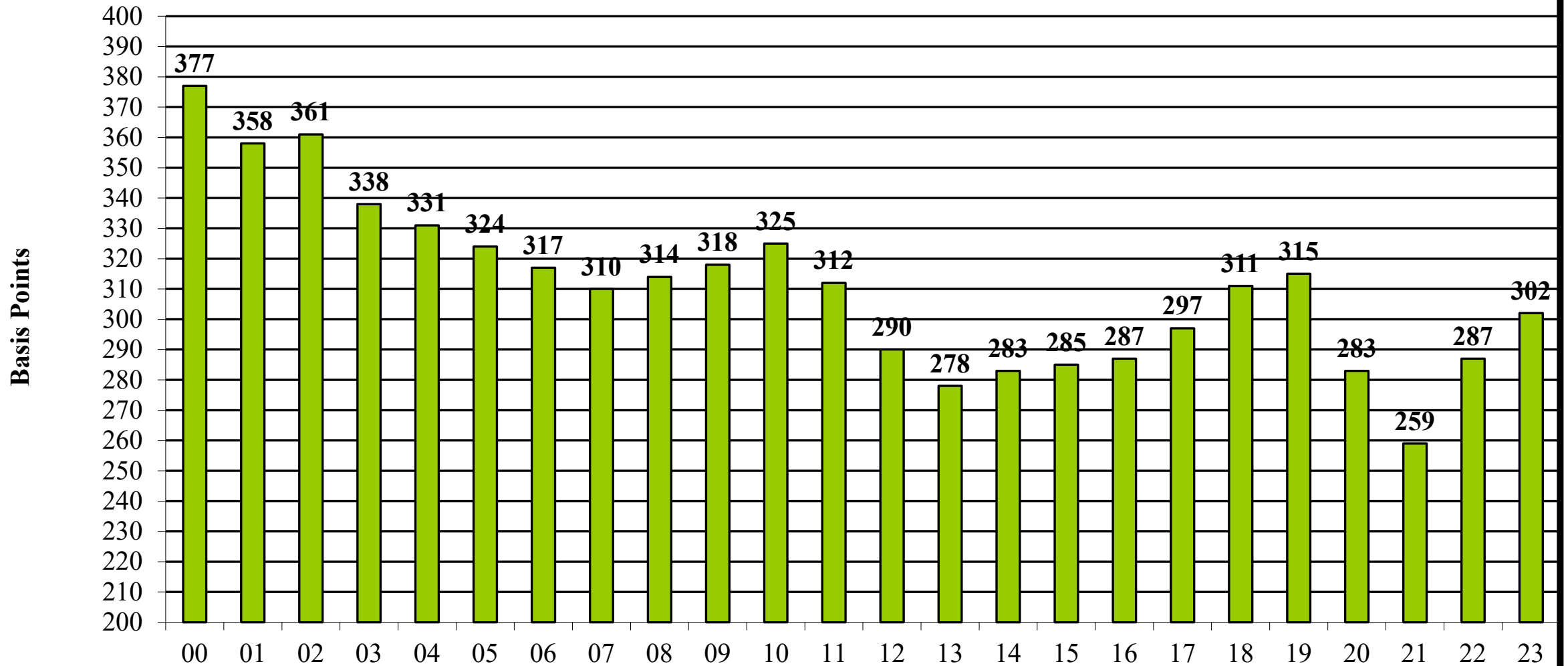
Credit Union Cost of Funds
(By CU Asset Size, \$ millions)



Source: CUNA & NCUA.

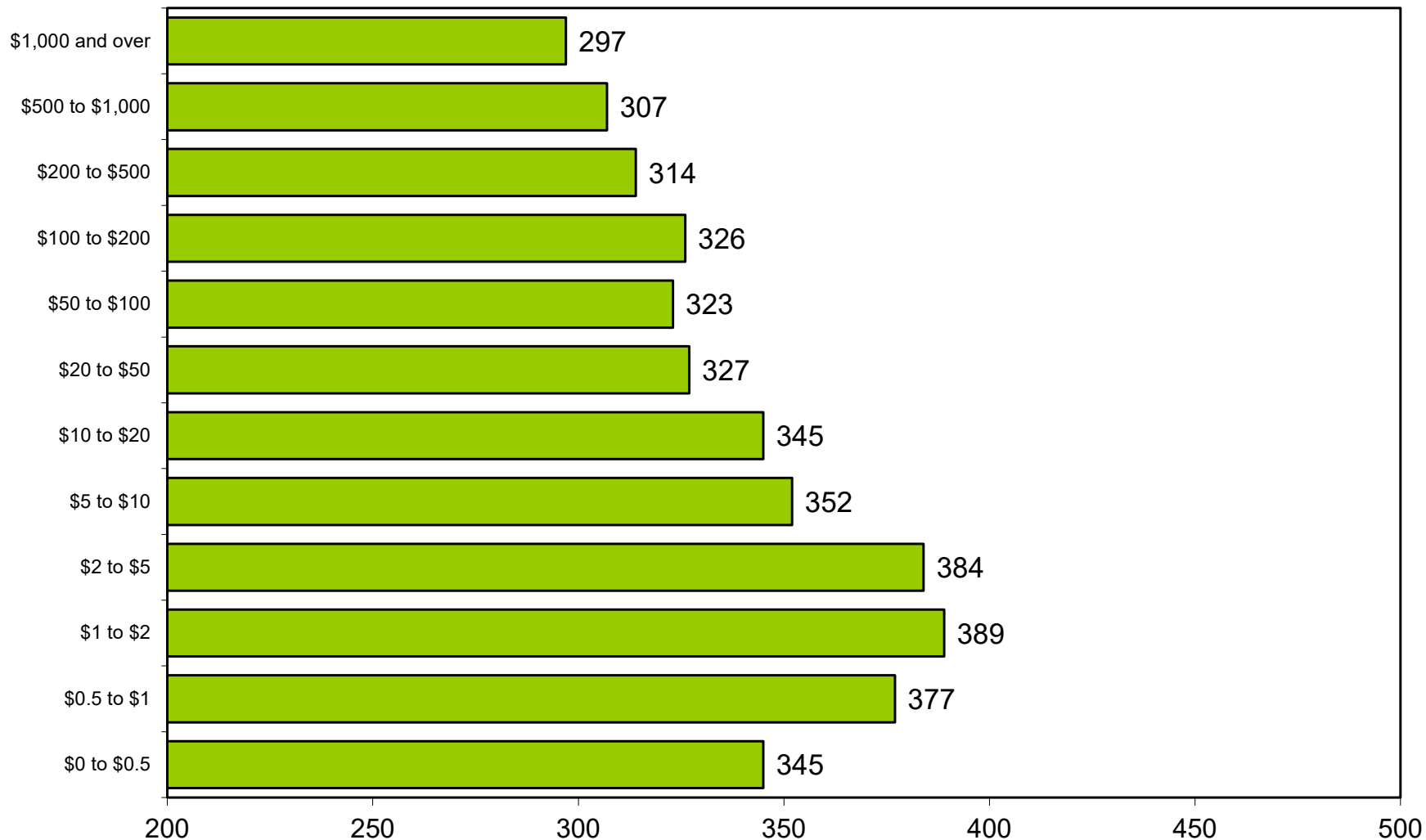
Net Interest Margin

Net Interest Margin (Gross Spread)
2000-2023



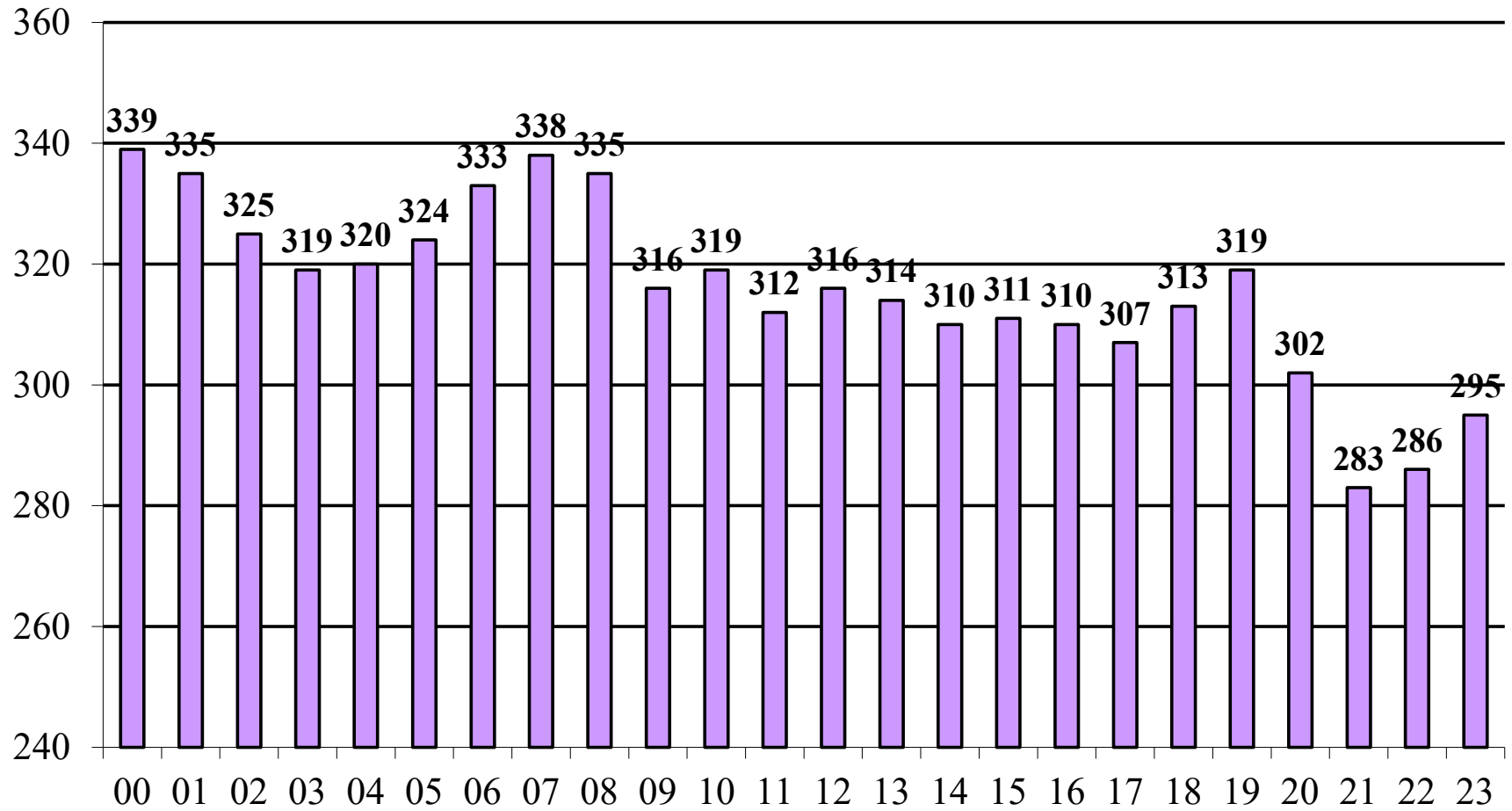
Net Interest Margin

Credit Union Net Interest Margin
(Basis Points of Average Assets - By CU Size)

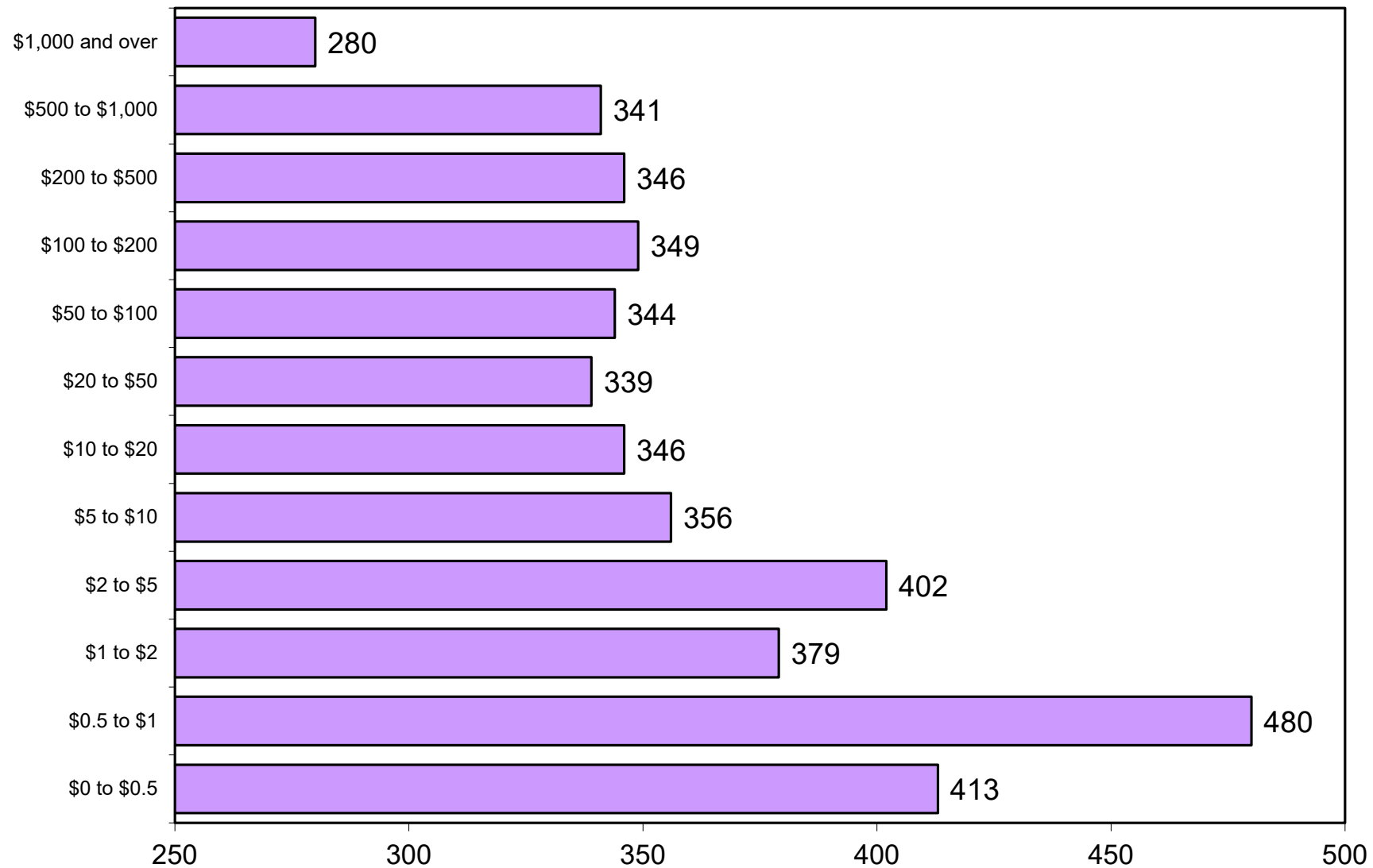


Source: CUNA & NCUA.

Operating (Non-Interest) Expense to Average Assets

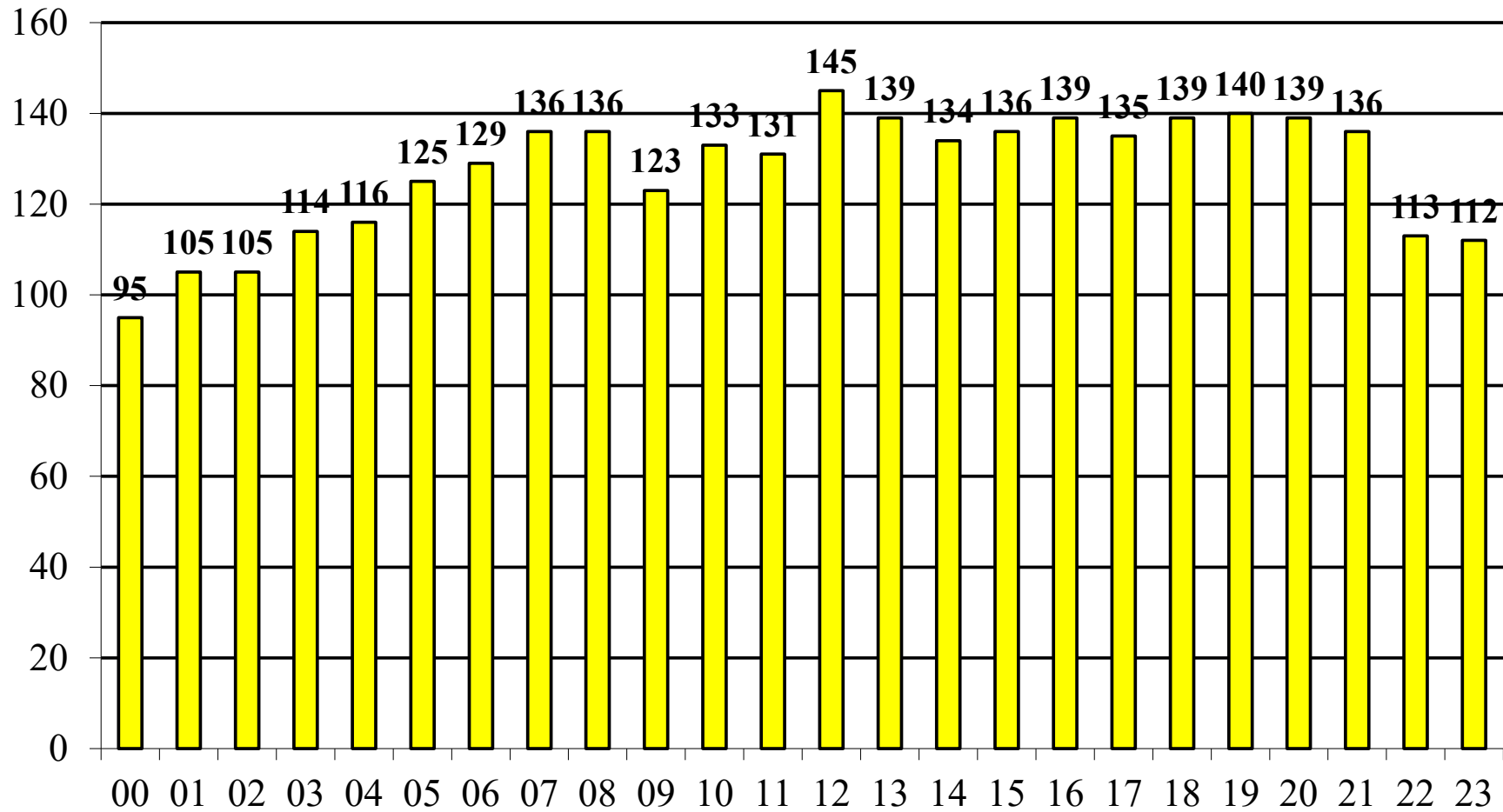


Credit Union Operating Expense
(Basis Points of Average Assets - By CU Size)

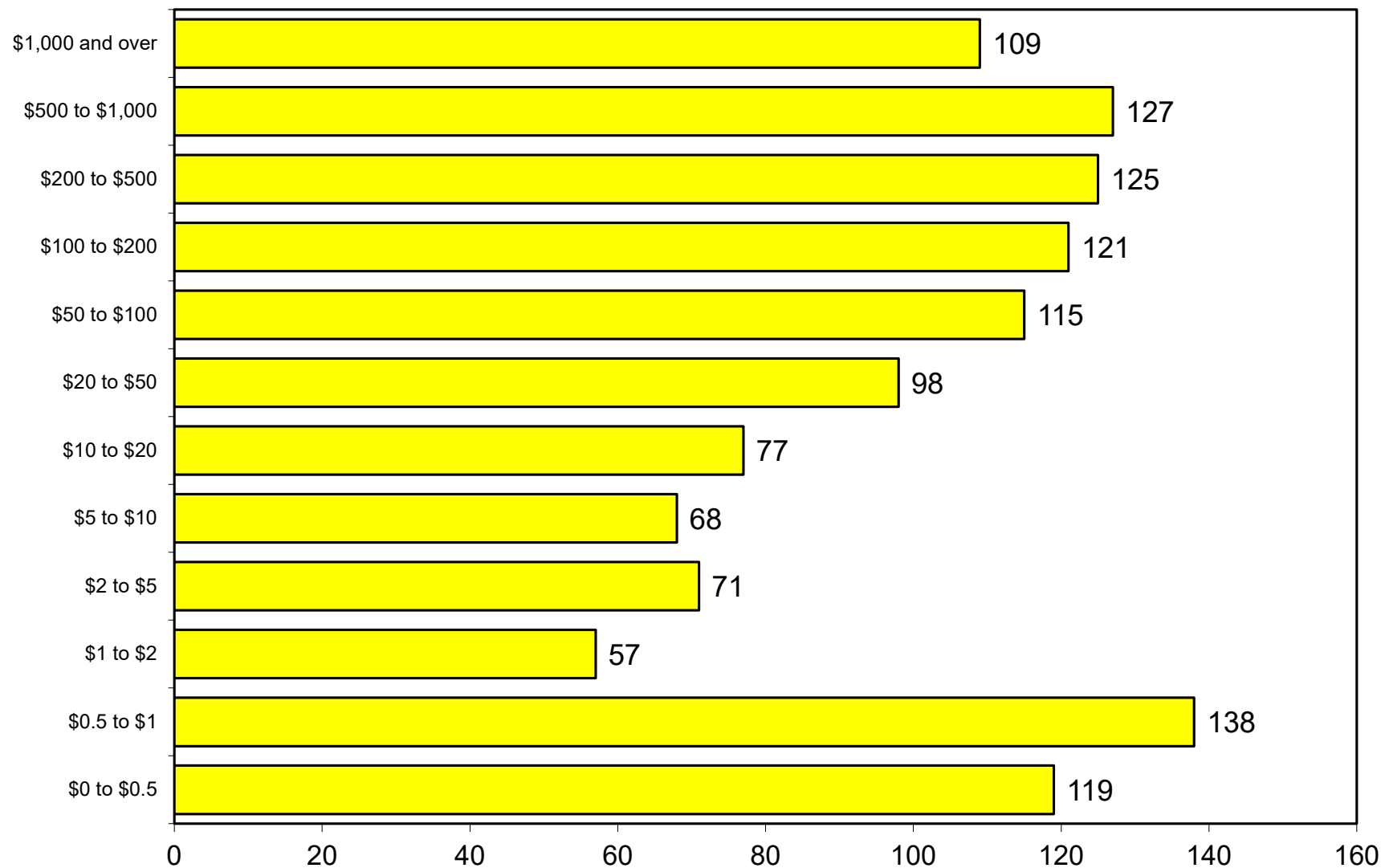


Source: CUNA & NCUA.

Non-Interest Income to Average Assets



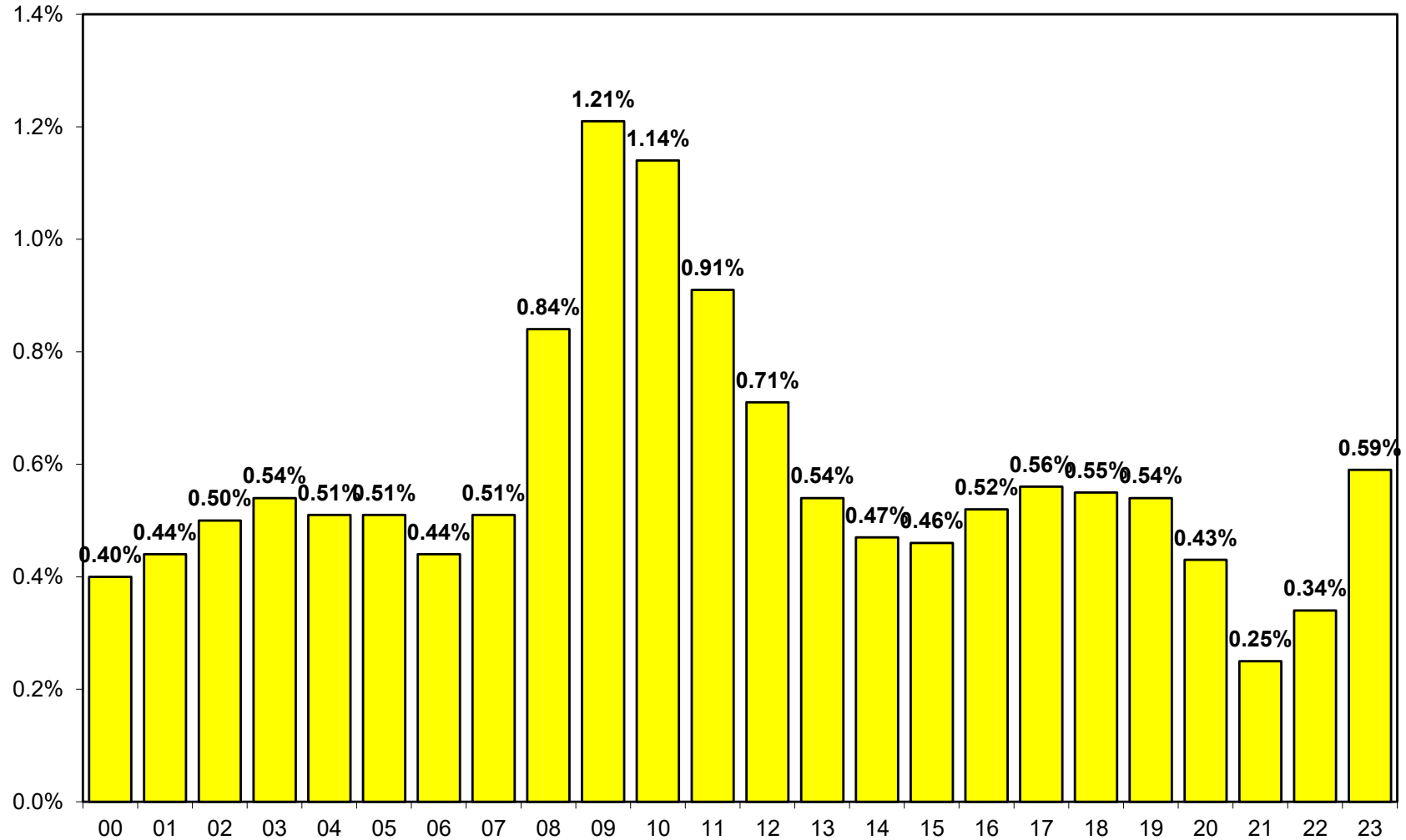
Credit Union Other Income
(Basis Points of Average Assets - By CU Size)



Source: CUNA & NCUA.

Net Charge-Offs

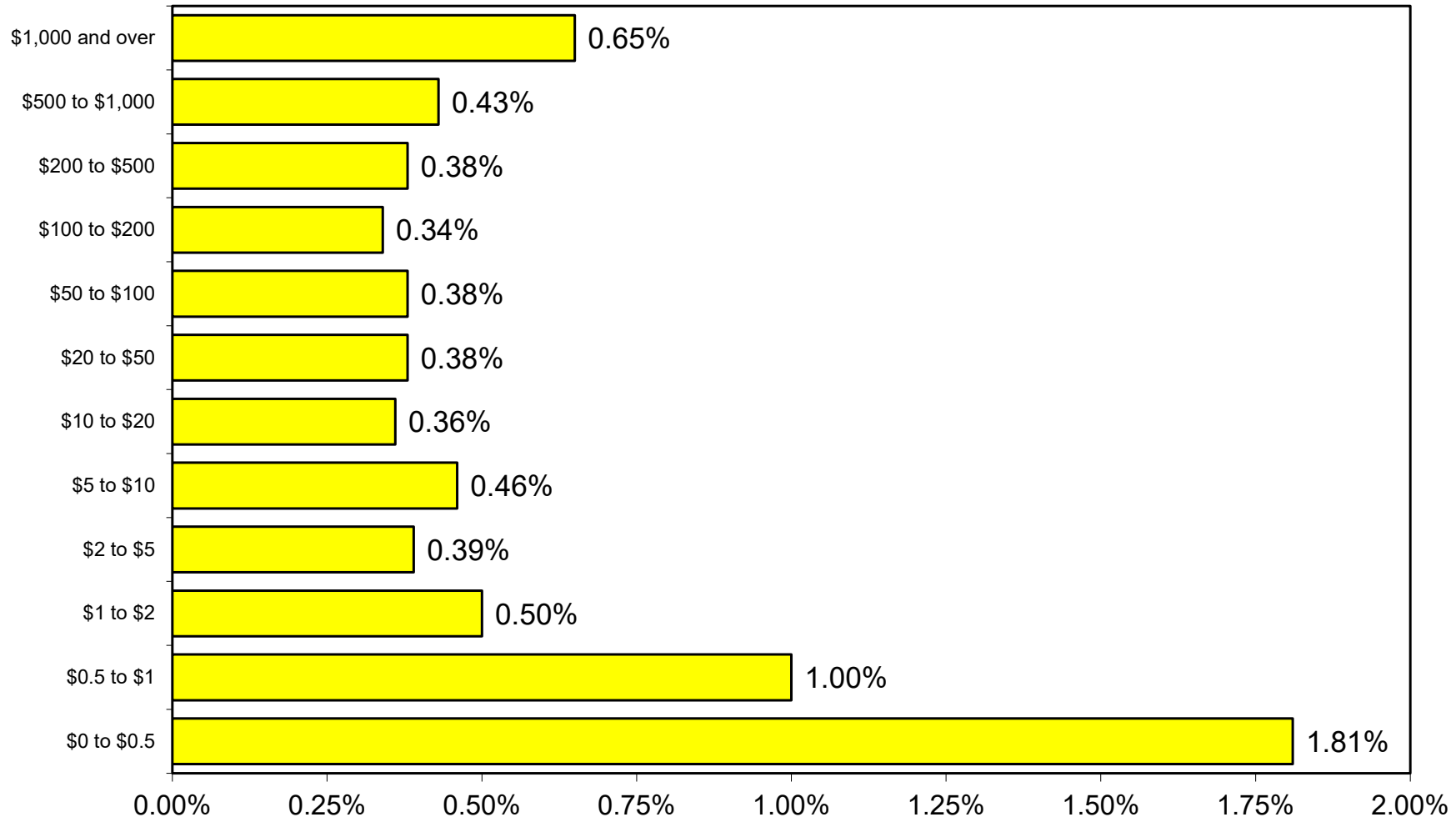
Credit Union Net Chargeoffs/Loans
(Dollar Chargeoffs Net of Recoveries)



Source: CUNA & NCUA.

Net Charge-Offs

Credit Union Net Charge Offs By Asset Size

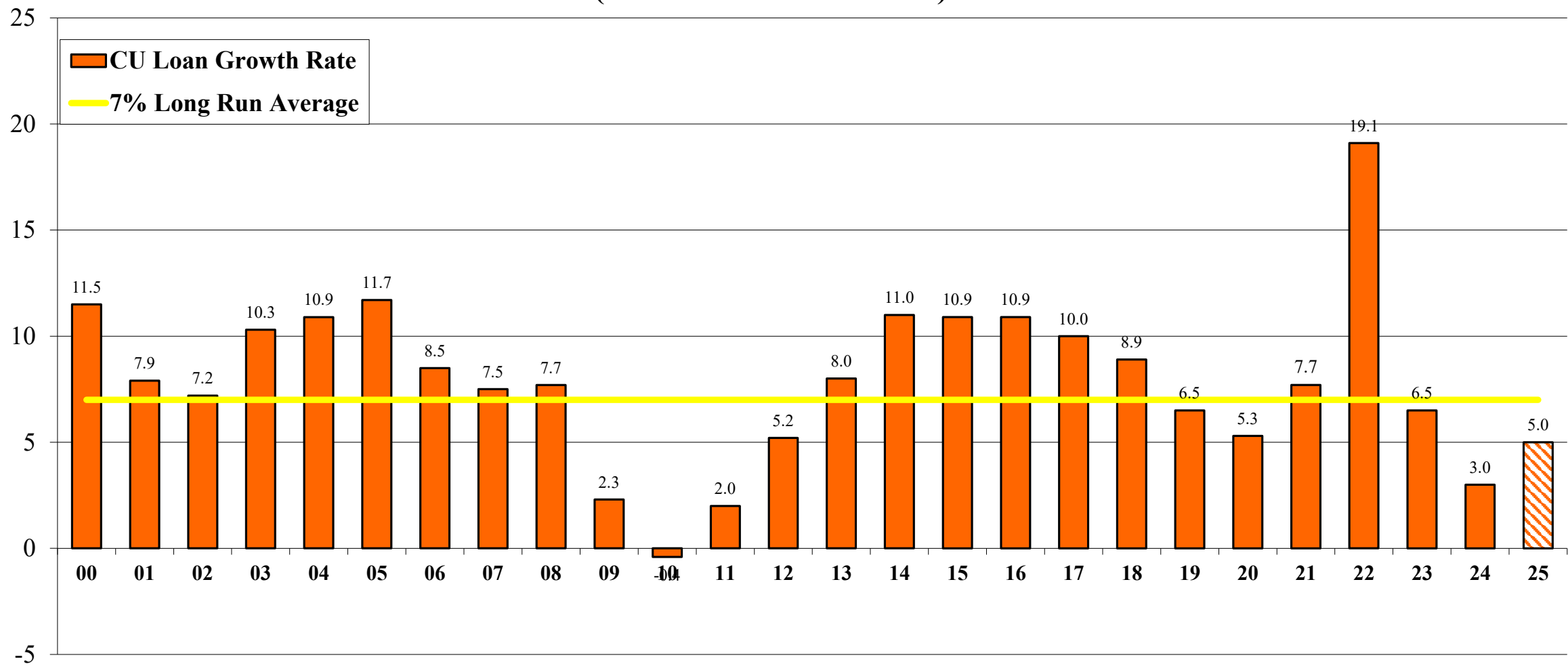


Source: CUNA & NCUA.

5 – Loan Growth

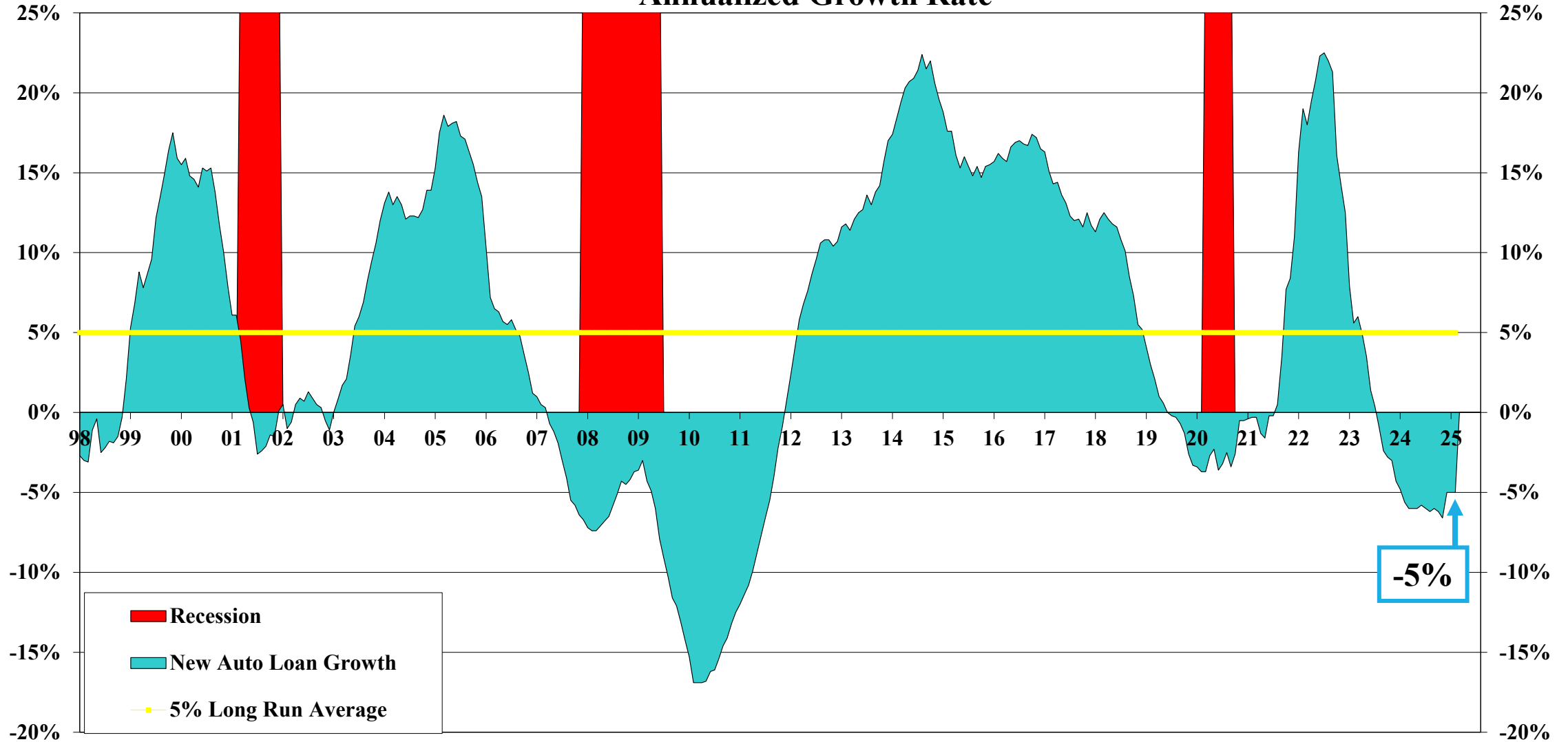
Slow Credit Union Loan Growth

Credit Union Loan Growth (Annual Percent Growth)



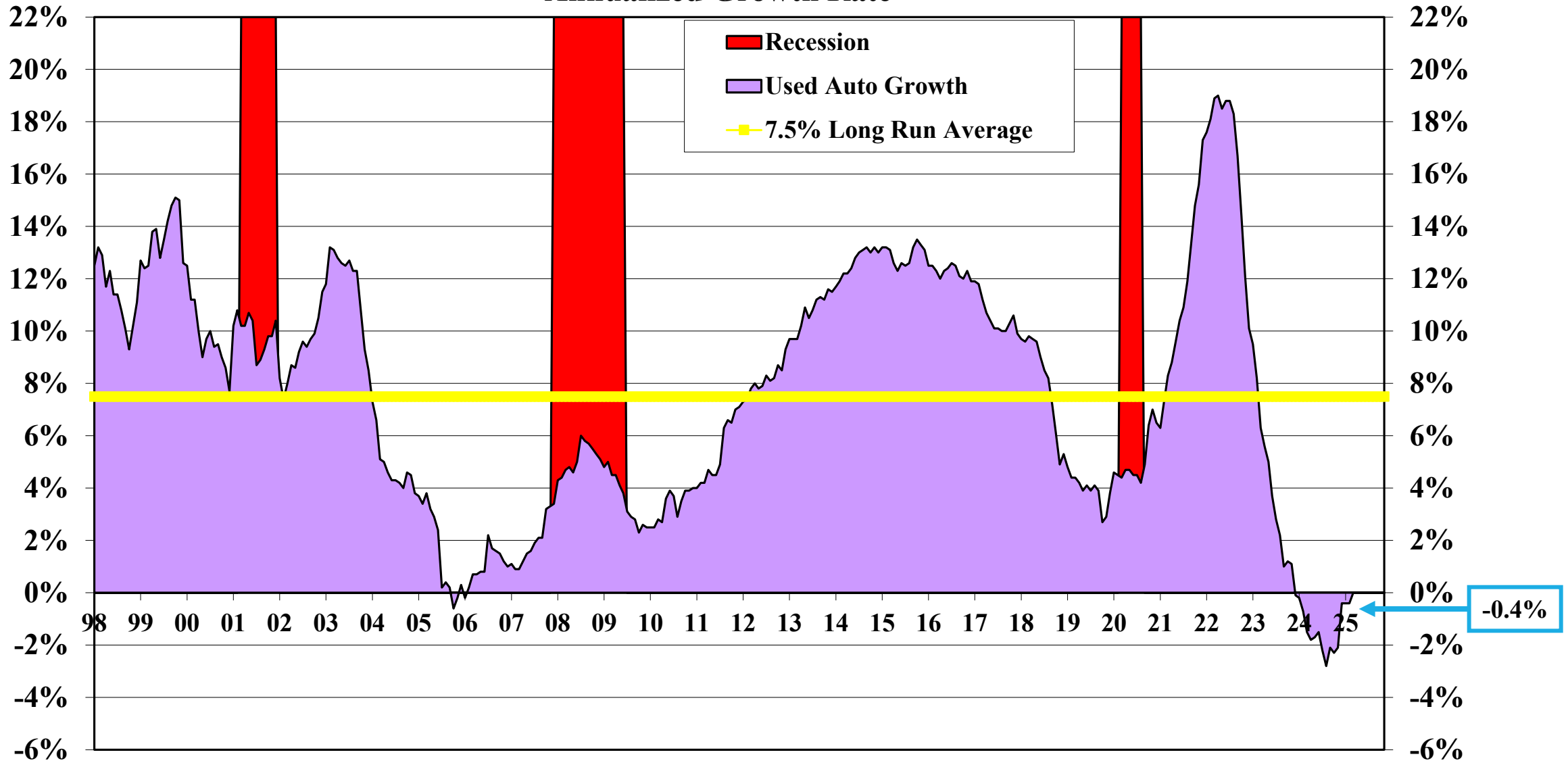
CU New Auto Growth

Seasonally Adjusted
Annualized Growth Rate



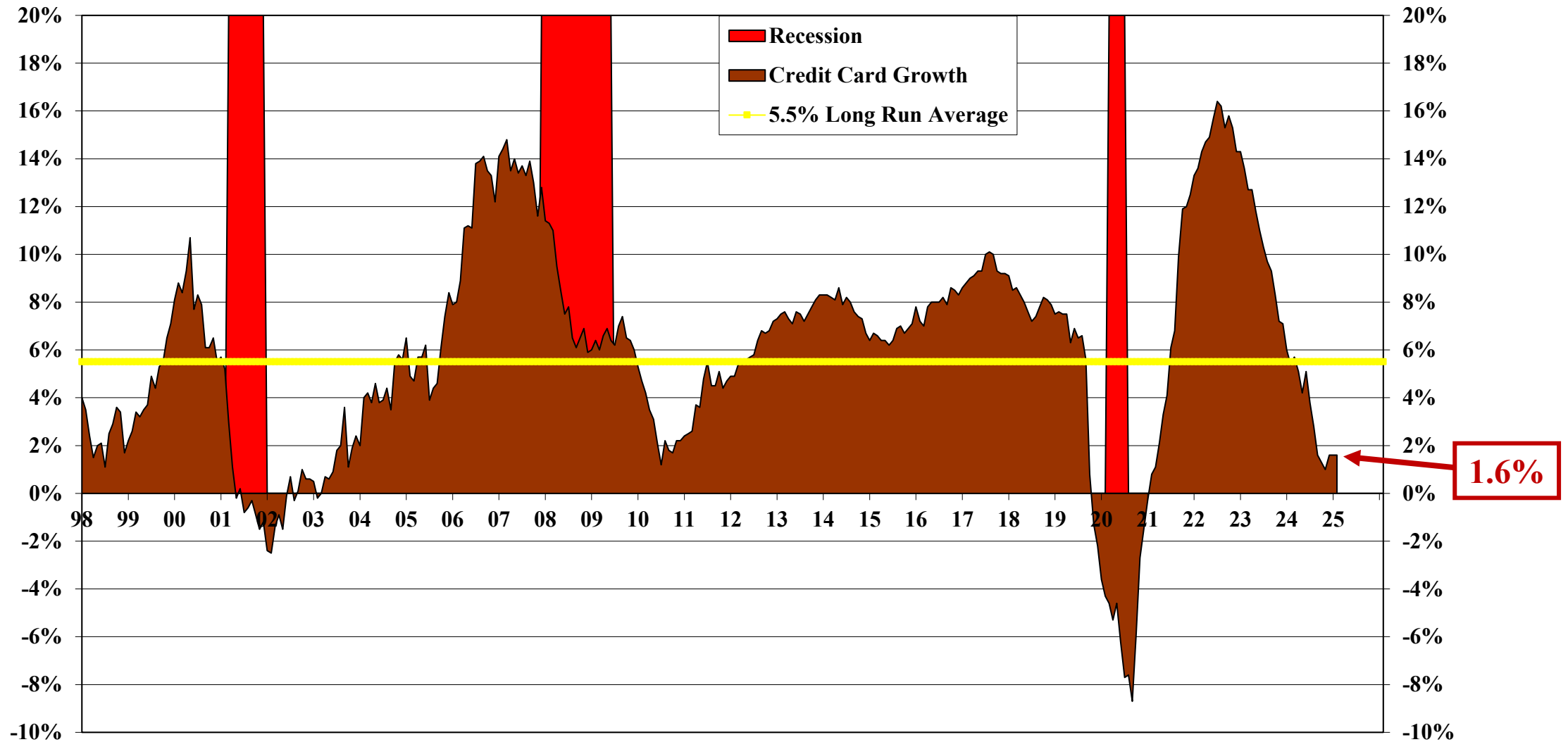
CU Used Loan Growth

Seasonally Adjusted Annualized Growth Rate



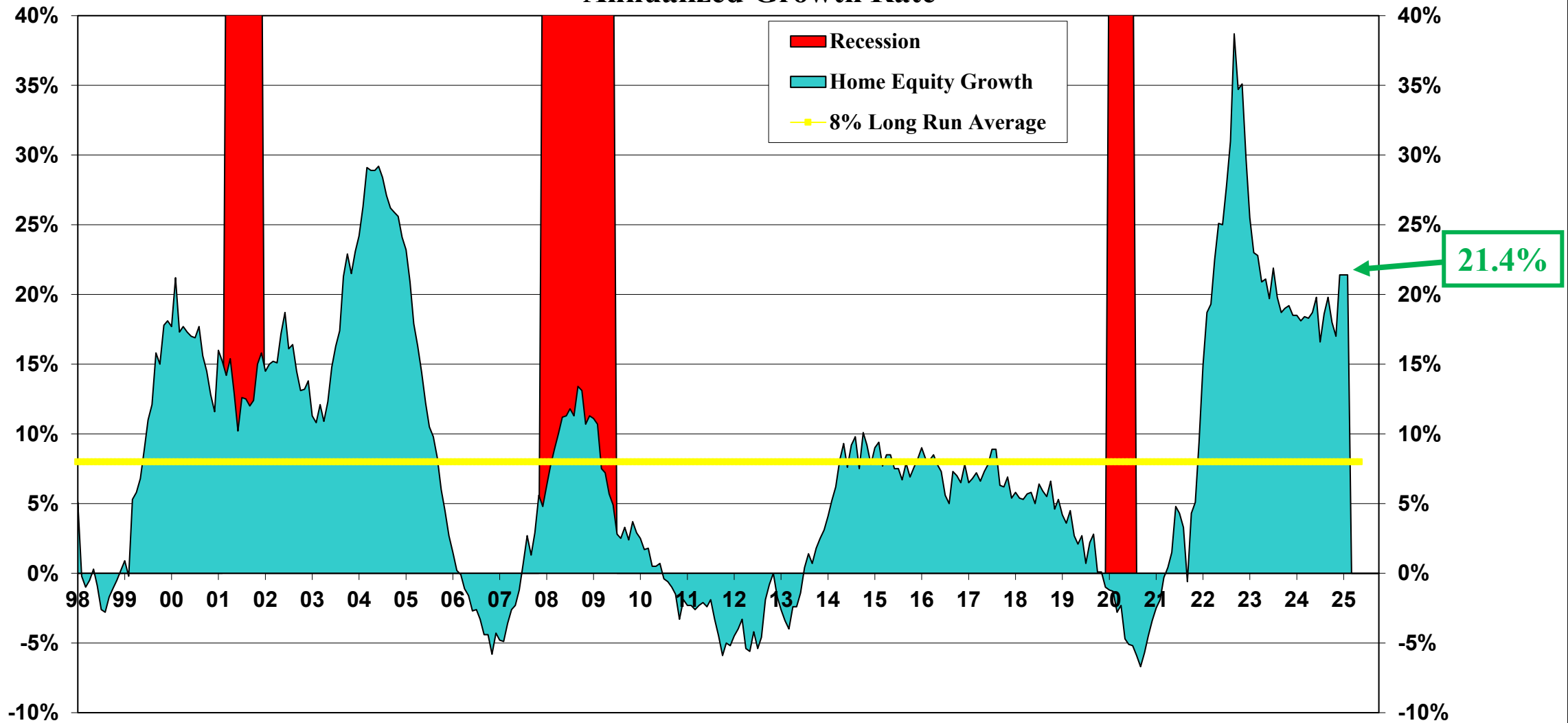
CU Credit Card Growth

Seasonally Adjusted Annualized Growth Rate



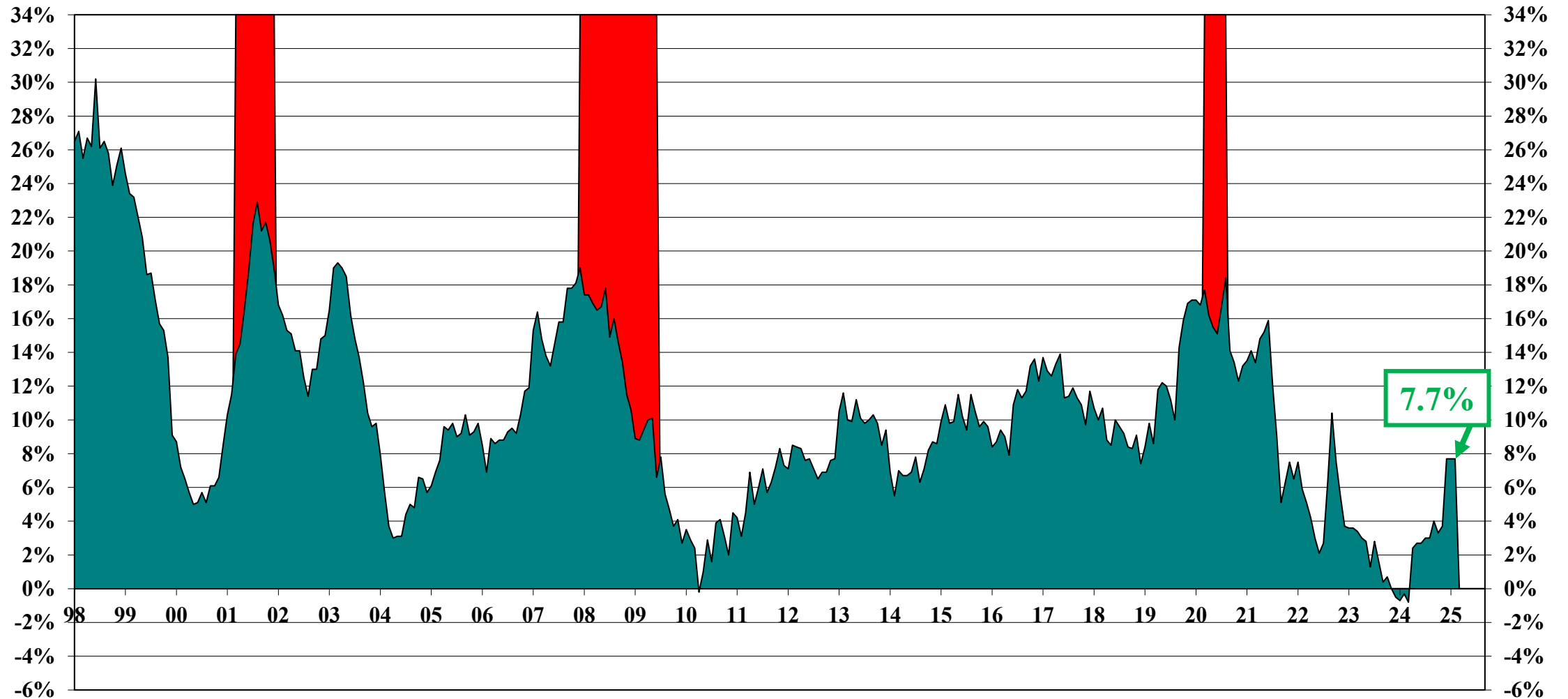
CU Home Equity Growth

Seasonally Adjusted Annualized Growth Rate



CU Fixed-Rate First Mortgage Growth

Seasonally Adjusted
Annualized Growth Rate



What did we accomplish

- Different areas of current economic environment
- Basic Ratio Information
- Different ways to analyze numbers

Other Places to Enhance Learning Like this

- CUNA Southeast Management School – June 16-21, 2024
 - www.srcus.org
- Financial Management School – May 13-16, 2024
 - <https://www.americascreditunions.org/2024-events/>
 - Then search for Financial Management School
- Financial Management eSchool – Various times through 2024

Q & A





May 3, 202

THANK YOU



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