

DATA DISPATCH

Credit unions show mixed credit quality trends in Q1

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Market Intelligence

Credit quality at U.S. credit unions was mixed during the first quarter, while community banks showed improvement in nonperforming assets and net charge-offs.

Nonperforming assets at credit unions trended up year over year, but they were down from the linked quarter, according to S&P Global Market Intelligence data. Net charge-offs, meanwhile, were down from the year-ago period but were up sequentially.

Mixed trends at credit unions

Credit unions logged a 9.8% quarter-over-quarter decrease and a 1.0% year-over-year increase in aggregate nonperforming assets to \$5.94 billion. Meanwhile, community banks booked \$15.06 billion in aggregate nonperforming assets, a 7.1% decrease from the fourth quarter of 2021 and a 23.3% decrease from the first quarter of 2021.

The nonperforming assets to total assets ratios at credit unions and community banks dropped both sequentially and yearly to 0.28% and 0.49%, respectively.

Net charge-offs at credit unions came in at \$890.1 million, up 9% sequentially but down 4.2% yearly. Credit unions also reported lower loan loss reserves from both the linked quarter and the first quarter of 2021.

Community banks logged higher loan loss reserves in the first three months of 2022, compared to both the fourth quarter of 2021 and first quarter of 2021.

Credit quality at US credit unions and community banks, Q1'22

Aggregate balances	Q1'22 (\$B)	Change (%)	
		QOQ	YOY
Nonperforming assets	5.94	-9.8	1.0
	15.06	-7.1	-23.3
Net charge-offs	0.89	9.0	-4.2
	0.26	-45.3	-23.9
Loan loss reserves	10.89	-1.6	-15.3
	25.50	1.3	1.8
Aggregate ratios	Q1'22 (%)	Change (bps)	
		QOQ	YOY
Nonperforming assets/total assets	0.28	-4	-2
	0.49	-5	-24
Reserves/nonperforming assets	183.17	1,525	-3,524
	169.31	1,415	4,166
Reserves/total loans and leases	0.83	-4	-27
	1.34	-2	-14
Net charge-offs/average loans	0.28	2	-4
	0.05	-5	-3

Credit unions **Community banks***

Data compiled May 31, 2022.

Analysis based on regulatory filings of U.S. credit unions and community banks as of March 31, 2022; excludes corporate credit unions.

Paycheck Protection Program loans are excluded from total assets, total loans and leases, and average loans.

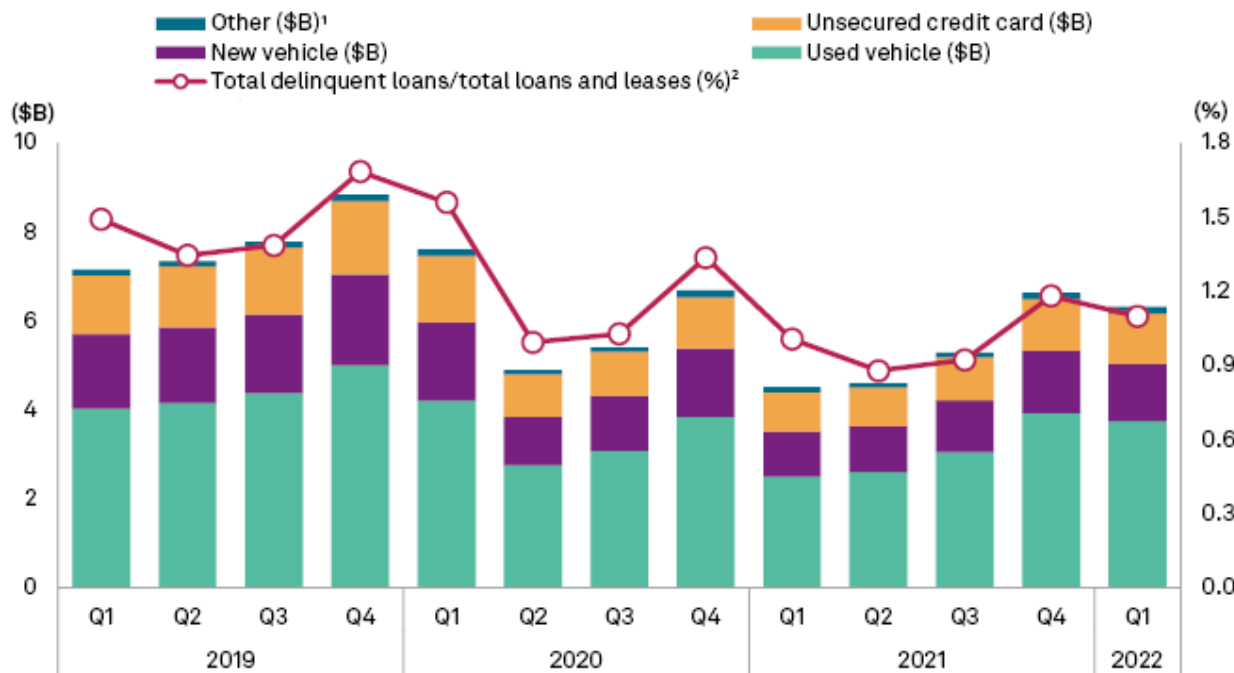
* Community banks include all U.S. commercial banks, savings banks, and savings and loan associations that reported total assets of less than \$10 billion for the quarter ended March 31, 2022; excludes nondepository trusts and companies with a foreign banking organization charter. Parents and middle-tier parents of banks and thrifts with over \$10 billion in assets are also excluded from the analysis.

Source: S&P Global Market Intelligence

Delinquencies down quarter over quarter, up YOY

Aggregate delinquent loans at credit unions were 1.10% of total loans and leases in the first quarter, down from 1.18% in the fourth quarter of 2021 when seasonal patterns pushed delinquencies higher. That ratio was up from 1.01% in the first quarter of 2021.

Delinquencies at US credit unions by loan type



Data compiled May 31, 2022.

Analysis limited to new vehicle, used vehicle, unsecured credit card and other loans reported by credit unions. Commercial loans, first mortgage real estate loans and other real estate loans have been retired and restructured in line with the new Call Report Form 5300.

Data based on regulatory filings for U.S. credit unions; excludes corporate credit unions.

Delinquencies include loans 30 days or more past due.

¹ Includes payday alternative loans, non-federally guaranteed student loans and lease receivables.

² Paycheck Protection Program loans are excluded from total loans and leases.

Source: S&P Global Market Intelligence

Credit quality at CUs

Out of the 20 largest U.S. credit unions by loans, 15 logged year-over-year improvements in nonperforming loans as a percentage of total loans and leases.

The five remaining credit unions with higher nonperforming loan ratios included Navy FCU, the largest credit union by loans, with a ratio of 0.82%. The Vienna, Va.-based credit union, which had \$96.73 billion in total loans and leases as of March 31, also reported the highest net charge-off ratio at 1.13%.

Tyson's, Va.-based Pentagon FCU, the second-largest credit union by loans, recorded the highest ratio of nonperforming loans to total loans and leases among the credit unions at 1.10%, but it was still an improvement from the year-ago period.

Asset quality at 20 largest US credit unions, Q1'22

Ranked by total loans and leases

Company	Total loans and leases (\$B)	NPLs/loans		Reserves/NPAs		NCOs/average loans	
		(%)	vs. Q1'21*	(%)	vs. Q1'21*	(%)	vs. Q1'21*
Navy FCU	96.73	0.82	▲	224.6	▼	1.13	▲
Pentagon FCU	27.87	1.10	▼	76.4	▼	0.70	▲
State Employees CU	26.06	0.83	▼	159.4	▼	0.31	▲
Boeing Employees CU	14.30	0.16	▼	453.2	▲	0.19	▼
SchoolsFirst FCU	13.63	0.35	▼	167.6	▼	0.20	▼
Mountain America FCU	11.24	0.36	▼	180.1	▼	0.29	▼
America First FCU	10.76	0.59	▼	240.4	▼	0.35	▼
Alliant CU	10.72	0.41	▼	164.8	▼	0.32	▼
Suncoast CU	10.53	0.22	▼	570.4	▼	0.37	▼
Randolph-Brooks FCU	10.11	0.21	▼	255.6	▼	0.19	▼
First Technology FCU	10.02	0.28	▲	246.4	▼	0.31	▼
Golden 1 CU	9.74	0.33	▲	220.3	▼	0.26	▲
Security Service FCU	9.37	0.53	▼	212.8	▼	0.29	▼
Alaska USA FCU	8.70	0.90	▼	58.9	▼	0.07	▼
GreenState CU	8.33	0.50	▲	118.1	▼	0.38	▲
VyStar CU	8.27	0.31	▲	192.4	▼	0.24	▼
Digital FCU	8.01	0.47	▼	366.2	▲	0.38	▼
Lake Michigan CU	7.86	0.11	▼	181.0	▲	0.02	▲
Ent CU	6.99	0.32	▼	40.5	▼	0.19	▼
Bethpage FCU	6.93	1.07	▼	99.0	▼	0.18	▲
Industry aggregate		0.42	▼	183.2	▼	0.28	▼

Data compiled May 31, 2022.

NCOs = net charge-offs

Analysis includes U.S. credit unions that filed call reports for the quarter ended March 31, 2022; excludes corporate credit unions.

* The year-over-year comparison represents the change in values rounded to two decimal places.

Paycheck Protection Program loans are excluded from total loans and leases and average loans.

Source: S&P Global Market Intelligence

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