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# US credit unions working off excess liquidity

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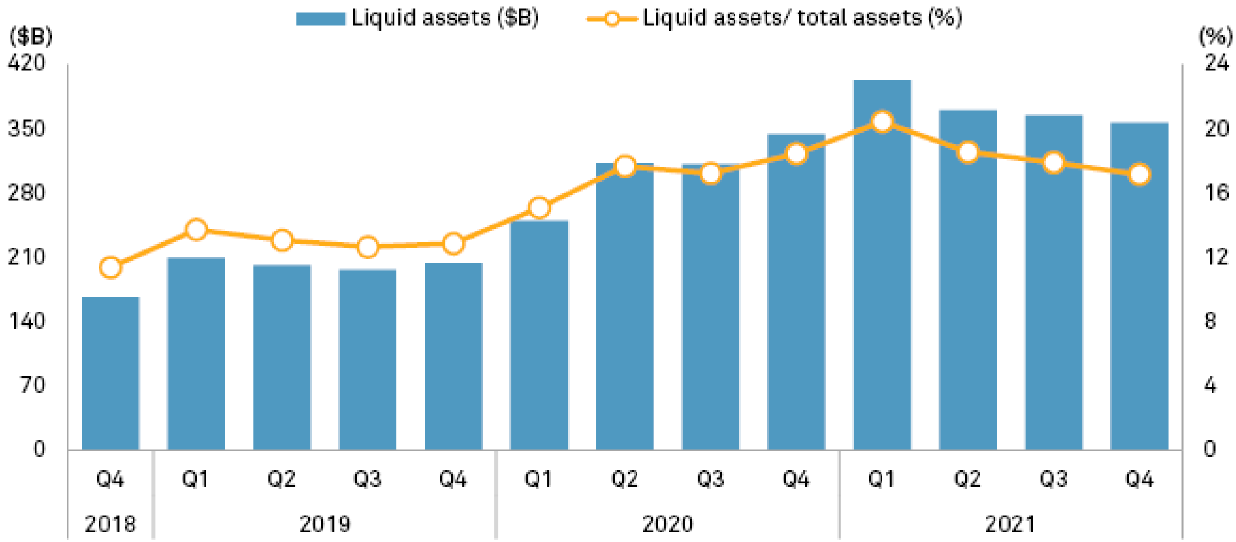
By Robert Clark
*Market Intelligence*

For the third consecutive quarter, U.S. credit unions deployed excess liquidity into accelerated loan growth.

## Liquid assets at US credit unions

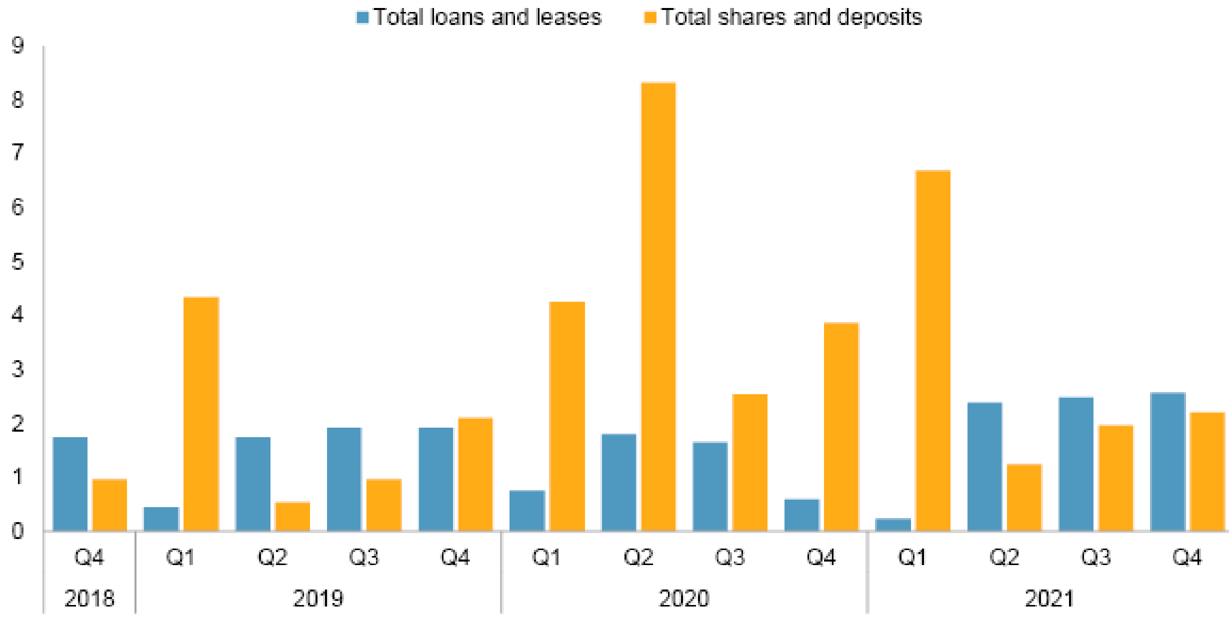



Data compiled Feb. 7, 2022.
Liquid assets = cash and cash equivalents + investments maturing in less than or equal to one year
Analysis includes all U.S. credit unions except corporate credit unions.
Data based on regulatory filings.
Source: S&P Global Market Intelligence

Liquid assets, which are cash and cash equivalents plus investments maturing in one year or less, peaked in the first quarter of 2021. Liquidity totaled $402.56 billion at March 31, 2021, almost double from year-end 2019 as credit unions maneuvered their balance sheets for greater safety and flexibility. The liquidity ratio, which shows liquid assets as a proportion of total assets, rose to 20.4% from 12.9%.

During the last three quarters, the credit union industry has steadily drawn down that liquidity. At year-end 2021, liquid assets were $356.72 billion, or 17.2% of total assets.

QOQ balance sheet growth at US credit unions (%)

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Some of the liquidity has been flowing into total loans and leases. In the fourth quarter of 2021, loans were up 2.6% quarter over quarter, the largest linked-quarter increase since the second quarter of 2018 and besting the 2.2% quarter-over-quarter increase in shares and deposits. That continued a trend: In the second and third quarters, loan growth was higher than deposit growth by 115 basis points and 52 basis points, respectively.

The majority of the loan growth is coming from fixed-rate first mortgages, approximately two-thirds of which had maturities greater than 15 years at the end of 2021. Used vehicle loans represent another growth category, rising to $265.01 billion from $243.17 billion at March 31, 2021.

Credit unions also have been adding investments that mature after one year, with a focus on the three- to five-year maturity products. On the other hand, the industry continues to shy away from investments with greater than a 10-year maturity, which comprise just 4% of total investments.

## Balance sheet change at largest US credit unions, Q4'21

| Company | City, state | Total assets ($B) | QOQ change (%) Liquid assets | Investments > 1 year | Total loans and leases | Total shares and deposits |
|---|---|---|---|---|---|---|
| Navy FCU | Vienna, VA | 153.43 | 8.0 | 5.7 | 3.7 | 1.5 |
| State Employees CU | Raleigh, NC | 51.65 | -0.3 | 1.3 | 2.7 | 1.4 |
| Pentagon FCU | Tysons, VA | 32.52 | -29.8 | -0.9 | 1.6 | 6.1 |
| Boeing Employees CU | Tukwila, WA | 30.16 | -2.1 | 1.5 | 4.9 | 3.3 |
| SchoolsFirst FCU | Santa Ana, CA | 26.97 | -10.4 | 6.3 | 4.4 | 2.7 |
| Golden 1 CU | Sacramento, CA | 18.33 | -4.5 | 8.1 | 0.0 | 1.5 |
| America First FCU | Riverdale, UT | 16.83 | -3.2 | 21.8 | 1.9 | 3.4 |
| Alliant CU | Chicago, IL | 15.15 | -2.9 | -5.9 | 4.8 | 3.8 |
| First Technology FCU | San Jose, CA | 14.93 | -11.7 | -0.5 | 4.8 | 1.5 |
| Suncoast CU | Tampa, FL | 14.87 | -4.2 | 19.9 | 3.1 | 3.9 |
| Randolph-Brooks FCU | Live Oak, TX | 14.77 | -16.4 | 7.9 | 3.9 | 3.4 |
| Mountain America FCU | Sandy, UT | 14.02 | -12.7 | 40.3 | 5.3 | 1.7 |
| Lake Michigan CU | Grand Rapids, MI | 11.67 | 12.1 | 17.0 | 9.9 | 10.8 |
| VyStar CU | Jacksonville, FL | 11.65 | -19.8 | 20.5 | 4.3 | 2.2 |
| Bethpage FCU | Bethpage, NY | 11.47 | -1.5 | 0.7 | 3.4 | 2.4 |
| Star One CU | Sunnyvale, CA | 11.07 | -1.6 | 4.1 | 0.9 | 2.9 |
| San Diego County CU | San Diego, CA | 10.82 | -24.8 | 2.3 | 5.8 | 1.2 |
| Alaska USA FCU | Anchorage, AK | 10.72 | 9.4 | -1.0 | 0.9 | 1.1 |
| Security Service FCU | San Antonio, TX | 10.49 | -26.6 | 5.0 | 4.2 | 0.9 |
| Digital FCU | Marlborough, MA | 9.89 | -16.1 | -0.8 | 5.5 | 1.4 |
| **Industry aggregate** | | | **-2.2** | **5.4** | **2.6** | **2.2** |

Data compiled Feb. 7, 2022.
Liquid assets = cash and cash equivalents + investments maturing in less than or equal to one year
Analysis includes all U.S. credit unions except corporate credit unions.
Data based on regulatory filings as of Dec. 31, 2021.
Source: S&P Global Market Intelligence

Only three of the 20 largest credit unions by total assets at Dec. 31, 2021, reported a quarter-over-quarter increase in liquid assets.

One of the exceptions was the nation's largest credit union, Vienna, Va.-based Navy FCU, which grew liquid assets at a faster pace than both loans and investments maturing after one year. Its liquidity ratio was 16.6% at the end of 2021, up by 1 percentage point from the previous quarter.

Grand Rapids, Mich.-based Lake Michigan CU reported the highest growth rates for liquid assets and loans among the 20 institutions, thanks in part to its acquisition of Tampa, Fla.-based Pilot Bancshares Inc., which closed Dec. 22, 2021.

Anchorage, Alaska-based Alaska USA FCU increased its liquid assets and loans but trimmed its longer-term investments. During the fourth quarter, its liquidity ratio rose to 8.8% from 8.1%.

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