National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
www.ncua.gov

Media Contact: NCUA Office of Public & Congressional Affairs
Phone: (703) 518-6330
Email: pacamail@ncua.gov

NCUA Media Advisory

Credit Union Net Worth Remains Strong, Market Challenges Continue, Third Quarter Numbers Show

November 25, 2009, Alexandria, Va. – Credit union net worth remained above 10 percent, the return on average assets is modest at 0.28 percent, membership and lending grew despite overall stress in the economy in the third quarter but delinquencies also increased, according to Call Report data submitted by the nation's 7,637 federally insured credit unions.

According to the Reports, the credit card and used auto lending gained momentum in the third quarter, and first mortgage real estate loans continued to grow, although the pace slowed.

As a continuing reflection of stress in the job market and a faltering economy, delinquent loans as a percentage of total loans increased from 1.37 percent at year-end 2008 to 1.68 percent at September 30, 2009, although the rate of increase has slowed. And, net charge-offs to average loans grew from 0.85 percent to 1.17 percent.

“These numbers buttress the case for increased regulatory oversight as credit unions deal with adverse economic conditions," noted NCUA Chairman Debbie Matz. "While credit union net worth remains strong at 10.05 percent, and evidences a slight 2 basis point gain above the mid-year level, the overall environment for financial institutions and consumers remains challenging. Credit unions must consider the unemployment rate, housing market weakness and overall economic volatility as they continue serving member needs. Likewise, NCUA is enhancing our supervision, and increasing the number of examiners and frequency of examinations, all of which reflect our strong commitment to assisting credit unions during this difficult time."

Details of major balance sheet items and member growth in federally insured credit unions from December 31, 2008, to September 30, 2009, follows:

- Assets increased 7.7 percent to $874.0 billion from $811.2 billion;
- Loans grew 1.7 percent to $575.5 billion from $566.0 billion;
- Shares increased 8.4 percent to $738.4 billion from $681.1 billion;
- Investments increased 24.7 percent to $206.6 billion from $165.7 billion;
- Net worth grew 2.0 percent to $87.9 billion from $86.2 billion; and
- Membership increased 1.9 percent to 90.3 million from 88.6 million members.

Because share growth significantly outpaced loan growth, the loan-to-share ratio declined to 77.9 percent from 83.1 percent during the year. The result was significant growth in investments.

Within share accounts, share drafts increased 5.6 percent, regular shares grew 10.2 percent, money market shares grew 18.5 percent, share certificates grew 1.1 percent, and IRA/KEOGH accounts grew 12.0 percent. Lending saw used automobile loans produce 4.5 percent growth, while first mortgage real estate loans and lines of credit grew 4.1 percent in the first nine months of 2009. Meanwhile, new automobile loans declined 3.2 percent and other mortgage loans declined 3.5 percent.

To protect against potential losses, federally insured credit unions increased provisions for loan and lease losses by 30.7 percent. Over $2 billion is now set aside to cover real estate loan losses in the nation’s federally insured credit unions, and the number of real estate loans over 2 months delinquent, as a percentage of total real estate loans, increased from 1.20 percent at year-end 2008 to 1.79 percent at September 2009.

Details of September 2009 data are available in an Aggregate Financial Performance Report (FPR) and a September 2009 Facts Summary posted online at click here.

NCUA is the independent federal agency that regulates, charters and supervises federal credit unions. With the backing of the full faith and credit of the U.S. government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of nearly 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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