



## **NCUA Media Release**

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# **Credit Unions Add Members, Grow Assets, and Build Net Worth in Third Quarter**

## ***Deposits and Lending Also Rise, as Private Student Loans Surge***

**ALEXANDRIA, Va. (Dec. 1, 2011)** – Key indicators for the credit union industry generally improved or remained steady in the third quarter of 2011, according to the aggregated Call Report data submitted by the nation’s 7,179 federally insured credit unions to the National Credit Union Administration (NCUA).

“In the third quarter, credit union financials continued to move in the right direction. Membership, assets, and net worth all rose, and I am especially pleased that the net worth ratio inched upward to 10.15 percent,” said NCUA Board Chairman Debbie Matz. “While credit union deposits and loans both increased during the quarter, deposits grew at a faster pace. As a result, the loan-to-share ratio dropped slightly. Net income growth also slowed. However, net income during the first 9 months of 2011 has already exceeded net income for all of 2010.”

### ***Membership and Total Assets Growth Continues***

Despite a slight decline in number, federally insured credit unions added more than 450,000 members during the third quarter, growing to 91.4 million individuals. In all, membership has increased by almost 1 million during the first 9 months of 2011. Credit union total assets also continued to expand, standing at \$951.1 billion on Sept. 30, an increase of almost \$8.7 billion for the quarter.

### ***Net Worth Ratio Rises Steadily, While Return on Assets Ratio Drops Slightly***

In the third quarter of 2011, credit unions’ net worth ratio increased slightly, while the industry’s return on average assets (ROA) ratio, a measure of profitability, fell slightly compared to the prior quarter. The net worth ratio, a key indicator of credit union industry health, increased 1 basis point during the quarter, from 10.14 percent to 10.15 percent.

The annualized ROA ratio stood at 66 basis points at the end of the third quarter, down slightly from 77 basis points in the second quarter. Notwithstanding the quarter-over-quarter decline, the current ROA is 15 basis points higher than year-end 2010 when the ratio came in at 51 basis points.

### ***Credit Union Shares Rise Faster Than Lending***

Credit union shares stood at \$819.2 billion on Sept. 30, an increase of nearly \$7 billion in deposits for the quarter. Checking, savings, and money market shares all rose, while share certificates and non-member deposits fell somewhat.

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For the second quarter in a row, credit union lending increased to end the period at \$567.1 billion, an increase of \$3.1 billion over the prior quarter. New auto loans and other real estate loans continued to decline, while used vehicle loans, unsecured loans—including credit cards—and first mortgage real estate loans again all rose during the quarter. Notably, demand for non-federally guaranteed student loans jumped 20.5 percent during the third quarter to end at \$1.3 billion on Sept. 30.

### ***Delinquencies and Charge-Offs Fairly Constant, as New Bankruptcy Filings Fall***

For the third quarter, credit unions reported a loan delinquency ratio of 1.59 percent, a 1 basis point increase over the prior quarter. The net charge-off ratio continued to drop, declining by 4 basis points from June 30 to end the third quarter at 0.91 percent.

New bankruptcy filings by credit union members continued to fall during the quarter, too. Credit unions reported 56,572 members filing for bankruptcy in the third quarter, a 26.7 percent drop compared to second quarter new filings. The percentage of loans charged off due to bankruptcy fell by 14 basis points during the third quarter to 23.95 percent of charged off loans, even though total charge-offs due to bankruptcy increased \$332.6 million since the prior quarter's end.

### ***Key Industry Indicators Generally Improve***

With rounding, key balance sheet and income statement data from federally insured credit unions representing quarter-over-quarter growth rates follow:

- Net worth increased 1.06 percent in the third quarter to \$96.6 billion from \$95.6 billion;
- Assets increased 0.92 percent to \$951.1 billion from \$942.5 billion;
- Shares increased 0.86 percent to \$819.2 billion from \$812.2 billion;
- Investments, cash on deposit, and cash equivalents increased 1.78 percent to \$347.2 billion from \$341.1 billion; and
- Loans increased 0.55 percent to \$567.1 billion from \$564.0 billion.

Net income growth, however, slowed to \$1.0 billion in the third quarter from \$1.9 billion in the second quarter. Nevertheless, credit unions' earnings during the first 9 months of 2011 now stand at \$4.61 billion, more than the industry's net income reported for all of 2010.

NCUA makes the complete details of Sept. 2011 Call Report data available online in an Aggregate Financial Performance Report, as well as a Call Report Data Summary at: <http://www.ncua.gov/DataApps/QCallRptData/Pages/default.aspx>.

*NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise 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 more than 91 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.*

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