



## **NCUA Media Release**

---

# **Matz: “Credit Unions Ended 2011 in a Safer and Stronger Position”**

## ***Fourth-Quarter Industry Indicators Improve as Membership Reaches New High***

**ALEXANDRIA, Va. (March 1, 2012)** – Key financial measures for credit unions improved in the last quarter of 2011, according to Call Report data submitted by the nation’s 7,094 federally insured credit unions and compiled by the National Credit Union Administration (NCUA).

“Credit unions ended 2011 in a safer and stronger position than at the start of the year. During the fourth quarter and for the entire year, credit union savings and lending grew at healthy rates. Credit union membership also reached an historic high of 91.8 million on Dec. 31,” said NCUA Board Chairman Debbie Matz. “Demonstrating the industry’s resilience, 2011 saw annual net income jump 41.2 percent to \$6.4 billion. As a result, net worth grew 6.9 percent, reaching \$98.4 billion, and the net worth ratio climbed from 10.06 percent to 10.23 percent.”

### ***Membership and Total Assets Hit Record Highs***

Despite a decline in the overall number of federally insured credit unions (from 7,339 to 7,094), the industry continued to add members in 2011. In all, membership increased 398,000 in the last quarter and 1.3 million for the year. Membership growth in the fourth quarter of 2011 stands in contrast to losses of 251,000 in the last quarter of 2010 and 218,000 in the final quarter of 2009. Credit union total assets also continued to rise, reaching \$961.8 billion on Dec. 31, an increase of \$10.6 billion for the quarter and \$47.4 billion for the year.

### ***Industry Earnings Improve***

The industry’s return on assets (ROA) ratio, a measure of earnings, stood at 68 basis points at the end of 2011, up 18 basis points from the year-end 2010 ROA and 2 basis points from the prior quarter. Industry ROA has increased 50 basis points since December 2009.

### ***Loans Grow for Third Consecutive Quarter***

Credit unions steadily increased lending throughout the last three quarters of 2011. Total loans by year-end 2011 reached \$571.5 billion, up 1.2 percent over 2010. Nearly two-thirds of the 2011 lending growth (0.79 percent) occurred during the fourth quarter as the economic recovery strengthened.

For the quarter, consumer lending grew by \$3.3 billion for first home mortgages, \$1.5 billion for unsecured credit cards, and \$1 billion for used cars. Business lending also rose to \$39.1 billion on Dec. 31, a 1.7 percent increase for the quarter and 5.2 percent for the year.

Demand for non-federally guaranteed student loans grew by 10.1 percent during the last quarter. Finally, demand for credit union short-term small loans—a consumer-friendly alternative to payday loans—surged 40.3 percent in the fourth quarter.



- MORE -

### **Deposits Rise More Rapidly**

Deposits continued to grow faster than lending. As a result, the industry's loan-to-share ratio declined to 69.07 percent, down 14 basis points in the fourth quarter and 2.7 percentage points year-to-year. Total savings at credit unions reached \$827.4 billion, an increase of \$8.2 billion in the fourth quarter and \$41 billion for the year. In the fourth quarter, money market funds expanded by \$4 billion, regular shares rose by \$3.6 billion, share drafts increased \$1.4 billion, and retirement accounts grew \$138 million. Share certificates, however, fell by \$609 million.

### **Delinquencies and Charge-Offs Constant**

Credit unions reported a loan delinquency ratio of 1.60 percent for the fourth quarter. The ratio represents a slight 1 basis point increase over the third quarter, but a drop of 16 basis points from a year earlier. The net charge-off ratio during the quarter stayed constant at 0.91 percent.

### **New Bankruptcy Filings Fall Again**

New bankruptcy filings by credit union members continued to drop. In the fourth quarter, credit unions reported 52,852 members filing for bankruptcy, a 6.4 percent decline compared to the third quarter. Members filing bankruptcy in 2011 totaled 274,765, a decline of 17.8 percent from last year. The percentage of loans charged off due to bankruptcy fell by 11 basis points during the last quarter to 23.83 percent of charged-off loans. Compared to the third quarter, total charge-offs due to bankruptcy increased at a slower rate in the fourth quarter. The amount of loans charged off due to bankruptcy declined 16.7 percent in 2011 compared to the prior year.

### **Key Industry Indicators Improve**

Year over year, key balance sheet and income statement data from federally insured credit unions improved:

- Net worth increased 6.9 percent to \$98.4 billion from \$92.0 billion;
- Assets increased 5.2 percent to \$961.8 billion from \$914.3 billion;
- Shares increased 5.2 percent to \$827.4 billion from \$786.4 billion;
- Investments, cash on deposit, and cash equivalents increased 12.4 percent to \$352.1 billion from \$313.3 billion;
- Loans increased 1.2 percent to \$571.5 billion from \$564.7 billion; and
- Net income increased 41.2 percent to \$6.4 billion from \$4.5 billion.

NCUA makes the complete details of December 2011 Call Report data available online at: <http://go.usa.gov/URs>.

*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 nearly 92 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.*

- NCUA -