



## **NCUA Media Release**

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# **Credit Union Membership Growth Accelerates in Third Quarter**

## ***Total Loans Expand for Sixth Straight Quarter; Net Worth Ratio Climbs Again***

**ALEXANDRIA, Va. (Nov. 29, 2012)** – The improving economy resulted in a continued strengthening in the performance of federally insured credit unions during the third quarter of 2012, according to Call Report data submitted to and compiled by the National Credit Union Administration (NCUA) for the period ending Sept. 30.

“Third-quarter statistics show the credit union industry continues to recover from the economic downturn,” NCUA Board Chairman Debbie Matz said. “Consumers increasingly chose credit unions as their financial services providers. Membership grew by almost 743,000 during the quarter, up nearly 2.1 million for the year. Ongoing growth in lending, continued declines in delinquencies and charge-offs, and strong net income year-to-date all demonstrate a strengthening economy. Moreover, the industry’s net worth ratio again jumped to end the quarter at 10.31 percent.”

### ***Membership Growth Rate Rises***

In July, August and September, ongoing gains in membership growth at credit unions accelerated. During the quarter, membership increased by 742,847 to 93.9 million, a quarterly growth rate of 0.8 percent. While membership rose, the overall number of federally insured credit unions declined from 6,961 to 6,888 as industry merger trends continued.

### ***Credit Union Lending Expands for Sixth Quarter in a Row***

For the third quarter of 2012, credit unions reported \$591.1 billion in outstanding loans, \$9.4 billion higher than the prior quarter. The third quarter’s 1.6 percent increase in lending nearly matches the 1.7 percent growth reported in the second quarter. Total loans by credit unions have now risen for six consecutive quarters, reflecting increased consumer demand.

The industry expanded lending in all but one category. New auto loans climbed 3.3 percent, used auto loans rose 2.7 percent, and loans for first mortgages increased by 1.3 percent. Non-federally insured student loans and leases receivable reported double-digit gains. Additionally, member business lending increased by 1.5 percent to \$40.8 billion from \$40.2 billion. The consumer-friendly payday alternative loan product grew by 5.2 percent to \$17.3 million.

### ***2012 Year-to-Date Industry Net Income Exceeds 2011 Totals***

For the first three quarters of 2012, credit unions had net income of \$6.4 billion, a figure that exceeds the \$6.3 billion recorded for all of 2011. Increases in fee income and other operating income coupled with declines in interest expenses and provisions for loan and lease losses

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resulted in \$2.1 billion in third-quarter net income. The industry's return on average assets ratio, an important measure of industry earnings, stayed constant at 86 basis points for the quarter.

### **Total Assets and Net Worth Rise Again, as Total Savings Inch Upward**

Credit unions' total assets grew by \$5.3 billion to end the third quarter at \$1,012.9 billion. Industry net worth rose to \$104.5 billion, an increase of \$2.1 billion for the quarter. The industry's net worth ratio, a measure of capital strength, was 10.31 percent. The metric has increased by 15 basis points in each of the last two quarters.

Total savings at credit unions rose modestly in the third quarter, growing by \$928.9 million to \$869.7 billion. Money market shares grew by 0.9 percent, non-member deposits increased by 0.7 percent, and IRA/Keogh accounts rose by 0.6 percent.

### **Delinquencies, Charge-Offs and Bankruptcies Trend Downward**

Reflecting a strengthening economy, downward trends in delinquencies and charge-offs continued in the third quarter. The delinquency ratio fell 3 basis points to 1.17 percent. Credit unions' net charge-off ratio dropped by 2 basis points to 0.73 percent. This is the third consecutive quarter that delinquencies and charge-offs have decreased.

New bankruptcy filings by members also declined again. For the third quarter, credit unions reported 49,576 members filing for bankruptcy, a 15.2 percent decrease from the prior quarter. The percentage of loan charge-offs due to bankruptcy remained constant at 21.5 percent, equal to the industry's performance in the second quarter.

### **Credit Union Key Indicators Continue Improvements**

Primary balance sheet and income statement indicators from federally insured credit unions generally improved in the third quarter over the second quarter of 2012:

- Credit union net worth grew 2.0 percent to \$104.5 billion from \$102.4 billion.
- Industry total assets increased 0.5 percent to \$1,012.9 billion from \$1,007.7 billion.
- Total savings rose 0.1 percent to \$869.7 billion from \$868.8 billion.
- Credit union investments, cash on deposit, and cash equivalents declined by 2.0 percent to \$378.7 billion from \$386.5 billion.
- Total loans expanded by 1.6 percent to \$591.1 billion from \$581.7 billion.
- The industry's quarterly net income declined slightly, by 0.2 percent, to \$2,133.9 million from \$2,138.2 million.

For more information about the performance of the credit union industry, NCUA makes the complete details of the September 2012 Call Report 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 94 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.*

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