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## NCUA Media Advisory

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# Few Positive Signs in First-Quarter Data

## *Call Reports Indicate High Share Growth, Low Loan Demand Present Ongoing Challenges for Credit Unions*

**June 2, 2010, Alexandria, Va.** – As America’s credit unions continue to welcome new members and new deposits, their balance sheets are challenged by a declining demand for loans across the board, according to first-quarter Call Report data submitted by the nation’s 7,498 federally insured credit unions.

Because share growth significantly outpaced loan growth, credit unions’ loan-to-share ratio continues to recede, down to 73.16 percent as of March 31, 2010, from 76.06 percent at year-end 2009. Despite an annualized 1.5 percent rise in first mortgages, the first quarter showed declines in most secured and unsecured loan markets, such as credit cards, new auto and other real estate loans.

And even though the industry’s delinquency and charge-off ratios edged lower in the aggregate, credit unions in certain markets are confronted with much higher loan losses – particularly in “sand states” where many real estate and business loan portfolios are underwater.

“We have been cautioning credit unions that 2010 will be a difficult year. Early indications show this to be the case,” said NCUA Chairman Debbie Matz. “As long as serious economic issues persist, credit unions will be challenged. NCUA is taking administrative actions wherever necessary to uphold safety and soundness standards. We are working diligently to ensure that credit unions maintain strong balance sheets so that they can continue to serve members well through the economic recovery and beyond.”

A few positive signs emerged during the first three months of 2010: Member bankruptcies decreased, while return on average assets increased, and credit unions retained nearly 9.9 percent net worth overall. “Some of the short-term numbers are moving in the right direction,” Chairman Matz pointed out. “However, credit unions still have a long way to go before overcoming all of the residual issues from the economic downturn of the past two years.”

What follows are major balance sheet items and member growth trends annualized in federally insured credit unions from January through March 2010:

- Assets increased 5.86 percent to \$897.6 from \$884.7 billion;
- Loans declined 4.76 percent to \$565.7 billion from \$572.5 billion;

- Shares increased 10.94 percent to \$773.2 billion from \$752.7 billion;
- Investments, Cash, and Cash Equivalents increased 28.61 percent to \$290.1 billion from \$270.8 billion;
- Net income posted a positive return of \$1.1 billion, with a return on average assets ratio of 0.47 percent;
- Net worth grew 4.68 percent to \$88.6 billion from \$87.6 billion; and
- Membership increased 1.35 percent to 90.2 million from 89.9 million members.

Details of March 31, 2010, data are available in an Aggregate Financial Performance Report (FPR), and a 1-page March 2010 Facts Summary is posted online at <http://www.ncua.gov/DataServices/FOIA/foia.aspx>.

*The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 90 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not tax dollars.*

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