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NCUA Media Advisory

Credit Union Net Worth Remains Strong; Shares Expand, Lending Slows in 2009

March 1, 2010, Alexandria, Va.,— Credit unions finished 2009 with nearly 10 percent net worth, while loan demand and delinquencies showed weakness in the face of economic stress, according to Call Report data released today by the National Credit Union Administration. Membership in the nation’s 7,554 federally insured credit unions increased to nearly 90 million, and shares grew at a robust rate of 10.5 percent.

“Credit union membership growth is impressive and encouraging. The ‘flight to safety’ that landed new deposits at credit unions during the economic downturn continues, as evidenced by credit union share growth in several categories,” noted NCUA Chairman Debbie Matz. “However, these positive developments are tempered by recognition of ongoing market stresses. This reality reinforces NCUA’s decision to increase examination staff and augment regulatory oversight to monitor and assist credit unions faced with persistent, adverse economic conditions.”

Reflecting stress in the job market and a struggling economy, delinquent loans to total loans grew to 1.82 percent. Credit unions continued to build provisions for loan losses as the ratio of net charge-offs to average loans grew from 0.85 percent to 1.21 percent during the year.

Overall loan volume grew 1.1 percent. A majority of loan growth in 2009 was in used automobile, credit card and first mortgages.

Net income returned to a positive \$1.7 billion after a 2-year decline. This figure includes both National Credit Union Share Insurance Fund stabilization income and expense in 2009. Data also suggests that, by improving cost management, credit unions reduced operating expenses and the return on average assets grew 24 basis points compared to year-end 2008.

Details of major balance sheet items and member growth in federally insured credit unions from January through December 2009 follow:

- Assets increased 9.08 percent to \$884.8 billion from \$811.1 billion;
- Loans grew 1.1 percent to \$572.4 billion from \$566.0 billion;
- Shares increased 10.5 percent to \$752.7 billion from \$681.1 billion;
- Investments increased 27.3 percent to \$210.9 billion from \$165.7 billion;
- Net worth grew 1.9 percent to \$87.7 billion from \$86.1 billion; and
- Membership increased 1.5 percent to 89.9 million from 88.6 million members.

Because share growth significantly outpaced loan growth during 2009, the loan-to-share ratio declined to 76.05 percent from 83.1 percent posted at year-end 2008. This resulted in significant investment growth.

Within share accounts, regular shares, share drafts, and IRA/KEOGH accounts each posted double-digit increases, and money market shares grew a substantial 23.5 percent. Funds in federally insured credit union share certificates declined 0.2 percent. Lending saw used automobile loans gain 4.1 percent. First mortgage real estate loans and lines of credit grew 4.4 percent in 2009. Credit cards posted 6.6 percent increase, 2 percent lower than the 8.6 percent unsecured credit card debt posted in 2008. New automobile loans declined 7.7 percent and other types of real estate loans declined 4.3 percent.

To protect against potential losses, federally insured credit unions increased provisions for loan and lease losses by 34.1 percent during 2009 following a 120 percent increase in 2008. Over \$9.4 billion is now set aside to cover loan and lease losses. Delinquent loans grew 33.7 percent to a reported \$10.4 billion.

Details of December 2009 data are available in an Aggregate Financial Performance Report (FPR), and a 1-page December 2009 Facts Summary is also posted online at [click here](#).

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 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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