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NCUA Media Release

Membership, Assets and Savings Grow in '09 as Net Income Continues Decline

Alexandria, Va., May 27, 2009 – Members continue to seek the safe haven of federally insured credit unions, as member share accounts grew across the board by annualized double digits in the first quarter of 2009, while loan growth contracted according to the call report data submitted by the nation's 7,749 federally insured credit unions.

“Reflecting the unstable economy and typifying the normal first quarter influx of funds, credit union members were strong depositors posting gains in every category of credit union share and savings account in the first three months of 2009,” Chairman Michael Fryzel noted. “The unstable economy slowed lending, with the exception of mortgage lending primarily due to historically low 1st mortgage loan rates.”

“While the economy and expected National Credit Union Share Insurance Fund (NCUSIF) stabilization expense presented significant reductions in net income during the first quarter, credit unions continued to reflect strong capital levels. I continue to caution credit unions that adverse economic conditions and unstable financial markets remain significant factors to consider as part of risk-based financial planning.”

Details of major balance sheet items and membership growth in federally insured credit unions from December 31, 2008, to March 31, 2009, follows:

- Assets increased 5.6 percent to \$856.4 billion from \$811.4 billion;
- Loans declined (0.1) percent to \$565.2 billion from \$565.9 billion;
- Investments increased 14.5 percent to \$189.8 billion from \$165.8 billion;
- Shares increased 6.4 percent to \$724.5 billion from \$681.1 billion;
- Net worth declined (3.9) percent to \$83.1 billion from \$86.4 billion; and
- Membership increased 0.7 percent to 89.2 million from 88.6 million members.

Reviewing first quarter 2009 asset figures, loan and investment activity fluctuated by category. First mortgage real estate loans and lines of credit grew 1.5 percent and used auto loans grew 0.8 percent, while the significant lending categories of credit cards and

other types of unsecured credit declined over 3 percent, and new vehicle loans continued to decline, down 1.6 percent during the first quarter of 2009.

Share accounts grew across the board. Share drafts increased 6.7 percent, regular shares grew 7.9 percent, money market shares grew 8.2 percent, share certificates grew 3.9 percent, and IRA/KEOGH accounts increased 6.5 percent.

Delinquent loans as a percentage of total loans increased from 1.37 percent at year-end 2008 to 1.44 percent at March 31, 2009, the smallest quarterly increase in over a year. However, delinquency in the 6-12 month category rose by 33.4 percent and by 14.4 percent in the 12 month and over category. Net charge-offs to average loans grew from 0.85 percent to 1.11 percent during the first quarter.

As share growth outpaced loan growth, the loan-to-share ratio declined from 83.1 percent to 78.0 percent. The return on average assets ratio declined from (0.01) percent at yearend 2008 to (1.51) percent at March 31, 2009, primarily due to increased funds set aside for loan and lease losses and for the NCUSIF corporate stabilization. If the stabilization expense is factored out, the first quarter return on average assets ratio would be (0.01) percent. NCUA considers this indicative of credit union performance. Recently passed legislation allows the NCUA Board to spread the assessments for the corporate stabilization costs over a period of several years rather than all in one year as currently required.

Details of 2009 first quarter data are available in an aggregate Financial Performance Report and a March 2009 Facts Summary 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 nearly 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.