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Media Release

FOR IMMEDIATE RELEASE

Membership, Assets, Loans and Savings Grew in 2008 as Net Income Declined

Alexandria, Va., February 23, 2009 – According to call reports submitted by the nation's 7,806 federally insured credit unions, all savings categories and the majority of loan categories showed positive growth in 2008, while the return on average assets declined as loan loss reserves were increased. Net income decreased 47.5 percent, based primary on a 112.3 percent increase in the provision for loan & lease losses as credit unions prepare for possible losses. Significant increases in delinquencies and charge-offs indicate ongoing stress in the financial sector.

"Membership grew and lending expanded as credit unions readily fulfill their mission of serving members in these difficult financial times," said NCUA Chairman Michael E. Fryzel. "Adverse economic conditions and distress in the financial sector places credit unions at greater risk; however, net worth remains high helping to stabilize the industry. With safety and soundness the priority, NCUA has proactively adopted a more frequent examination contact schedule and activated a national examination team with the knowledge, skill, and experience to effectively deal with current issues."

Details of major balance sheet categories and membership growth in federally insured credit unions from December 31, 2007, to December 31, 2008, follows:

- Assets increased 7.7 percent to $813.4 billion from $755.0 billion;
- Loans increased 7.08 percent to $566.0 billion from $528.6 billion;
- Investments increased 16.7 percent to $166.3 billion from $142.5 billion;
- Shares increased 7.71 percent to $681.1 billion from $632.4 billion;
- Net worth increased 3.26 percent to $88.9 billion from $86.1 billion; and
- Membership increased 2.0 percent to 88.6 million members.

Reviewing 2008 asset figures, loan and investment activity fluctuated by category.

Lending expanded in most categories, with the largest a 14.5 percent increase recorded in 1st mortgage real estate loans and lines of credit. Used vehicle loans increased 5.8 percent while new vehicle loans declined 6.2 percent. Reflecting stress in the economic sector, foreclosed real estate grew 112.4 percent and repossessed automobiles increased 27.8 percent during 2008. While both indices saw significant gains, they continue to represent a relatively low percentage of the total loan portfolio.

Delinquent loans as a percentage of total loans increased from 0.93 percent at year-end 2007 to 1.37 percent at year-end 2008, while net charge-offs to average loans grew from 0.51 percent to 0.84 percent during the year.

The loan-to-share ratio remains a strong 83.1 percent, as total loans and total shares expanded at a similar pace. Regular shares increased 5.7 percent while money market shares increased 15.6 percent, share certificates increased 4.7 percent and IRA/KEOGH accounts increased 13.7 percent during 2008.

The return on average assets ratio declined from 0.63 percent to 0.31 percent primarily due to increased funds set aside for loan and lease losses and other non-operating expenses.

Details of 2008 year-end data are available in a Consolidated Balance Sheet and a December 2008 Facts Summary 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 over 88.6 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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