

# America's credit unions: Secure, strong

With federal insurance, serving as consumers' safe harbors



Credit Union National Association



## Credit unions as a whole are healthy, with strong balance sheets.

- Credit unions are well capitalized. Their overall capital-to-asset ratio stands at a very solid 10%. In dollars, that's a capital cushion of \$90 billion.
- Credit union loan delinquencies stood at 1.8% at year-end 2009 – one third the 5.4% rate reported by commercial banks. The relatively low credit union delinquency rate is especially significant since credit unions report delinquencies on a 60+ day basis while banks report on a 90+ day basis (i.e., bank numbers reflect an extra month of collections efforts).
- Credit union loan net charge offs totaled 1.2% in 2009 – less than one-half the 2.5% rate reported by the nation's banks.



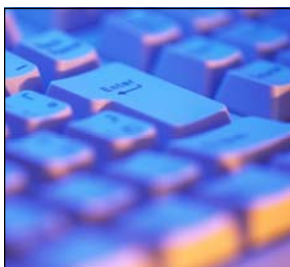
## Credit unions have steered clear of the subprime mess. We're still lending responsibly.

- The dollar amount of credit union first mortgage originations grew by 35% in 2009. This at a time when mortgage losses have forced other lenders to scale back or close their doors entirely.
- Why? For one thing, credit unions operate more conservatively and have high asset quality and high capital ratios.
- Secondly, credit unions are member-owned and not-for-profit cooperatives. We exist to serve our members, not profit from them. Unlike the banks and brokers, we're not out to force loans on our members just to make a quick buck.
- Today 59% of credit unions offer first mortgages, and 90% of the nation's 90 million credit union members belong to one of the credit unions that offer first mortgage loans.
- To the extent credit unions have been affected by the subprime debacle, it's primarily as "collateral damage"—members having trouble making payments on other loans because of a subprime mortgage they've gotten elsewhere, or because some members are losing their jobs in today's down economy.
- But credit unions went into this with very strong balance sheets, and will still be in very strong shape when it is over.



## Credit unions are a safe harbor for consumer savings.

- Savings at credit unions grew 10% in 2009. In today's economy, consumers are increasing their savings in response to concerns about their economic future.
- More people seeking to put their money in a stable source offering good rates are turning to credit unions.
- As not for profit cooperatives, credit unions typically offer higher savings rates than banks. For a daily rate comparison, go to this link: <http://www.creditunion.coop/ratedex.php>
- Consumers saved \$7.3 billion in 2009 by using credit unions rather than banks. The savings come in the form of lower fees, higher savings rates and lower loan rates. That works out to about \$80 per credit union member or \$155 per household.



## Federal insurance covers credit unions, too.

- All credit unions in this state are federally insured by a fund that, like the FDIC, is backed by the full faith and credit of the U.S. government.
- As the FDIC does for banks, the National Credit Union Share Insurance Fund (NCUSIF) insures savings in credit unions of at least \$250,000 per account (with additional coverage of up to \$250,000 for certain retirement accounts).
- The NCUSIF is administered by the National Credit Union Administration (NCUA), an agency of the federal government. To determine insurance coverage, see the NCUA's insurance estimator at: <http://webapps.ncua.gov/ins/>
- The NCUA recently reported that the NCUSIF remains strong, with an equity-to-insured deposits ratio of 1.24% at year-end 2009.
- For more information on federal share insurance, see the NCUA brochure "Your Insured Funds," available at the link here: <http://www.ncua.gov/Resources/ShareInsurance/YourInsuredFunds.pdf>

