



## **NCUA Media Release**

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# **Matz: “Low-Income Credit Unions Lead Nation in Loan Growth”**

## ***NCUA Expanding Services for Small and Low-Income Credit Unions***

**ATLANTA (June 15, 2012)** – In a speech before the annual conference of the National Federation of Community Development Credit Unions here today, National Credit Union Administration (NCUA) Board Chairman Debbie Matz noted that low-income designated credit unions who serve 6.6 million Americans are lending more than other types of financial institutions and growing stronger as a result of NCUA assistance.

“Low-income credit unions are national trendsetters. These dedicated financial cooperatives are leading other lenders in loan growth, while strengthening their safety and soundness,” said Chairman Matz. “The collective success of low-income credit unions demonstrates that credit unions can do well while serving people of modest means.”

### ***Low-Income Credit Unions Lending More, Growing Stronger***

As a group, low-income credit unions led the nation in lending throughout the recession of 2008–2009, as well as the steady recovery of recent years. Between December 2007 and March 2012, low-income credit unions expanded loans by \$11 billion (57.6 percent). During the same time period, the entire credit union industry expanded loans by \$45 billion (8.6 percent), while banks and thrifts decreased loans by approximately \$500 billion (6.3 percent).

Most recently, low-income credit unions have steadily increased their lending in each of the last four quarters, including a robust 4.6 percent increase in loan growth for the first quarter of 2012. In comparison, credit unions’ total loans inched up by 0.1 percent in the first quarter, and the Federal Deposit Insurance Corporation reported that loan balances at banks and thrifts declined by 0.8 percent in the same timeframe.

“Most key indicators for low-income credit unions continued to improve in the first quarter. Low-income credit unions as a group now have a net worth ratio of 10.25 percent, 24 basis points higher than all federally insured credit unions,” noted Matz. “Since year-end 2009, return on average assets at low-income credit unions has nearly doubled, delinquencies have held steady, and charge-offs have fallen by about a third.”

While low-income credit unions’ delinquency rate (1.83 percent) is higher than the credit union industry average (1.44 percent), low-income credit unions’ charge-off rate (0.65 percent) is lower than the industry average (0.78 percent). “These statistics reflect the unique nature of low-income borrowers,” explained Matz. “Many low-income borrowers may pay slowly at first, but they work diligently to repay their loans.”

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### **NCUA’s Small Credit Union Assistance Increases**

To help small and low-income credit unions grow stronger and provide more services to their members, Matz highlighted the enhanced programs and services of NCUA’s Office of Small Credit Union Initiatives (OSCUI).

“During the last year, NCUA has greatly expanded its support for small and low-income credit unions by providing more strategic planning consulting, offering a wider range of assistance, and revamping our loan and grant program,” added Matz. “As a result, OSCUI is reaching more credit unions through a mix of new and old technology, including DVDs, online videos, webinars, e-newsletters, phone calls, and in-person visits and workshops. Additionally, qualified credit unions can now use a streamlined process to receive grants and loans with record-low rates.”

Through the Community Development Revolving Loan Fund, OSCUI offers grants and loans for 1,119 credit unions with a low-income designation. NCUA has made available \$1.3 million in grants and \$11 million in loans this year. Credit unions have until June 29 to apply for individual grants up to \$25,000. Loans up to \$300,000 are available until funds are fully expended. OSCUI may raise the loan amount for credit unions in special circumstances.

To learn more about OSCUI’s programs, workshops, grants, loans, and services for small and low-income credit unions, visit <http://www.ncua.gov/Resources/CUs/Dev/Pages/CUDev.aspx>. You can also contact OSCUI at [oscui@mail@ncua.gov](mailto:oscui@mail@ncua.gov) or 703-518-6610.

*NCUA is the independent federal agency created by the U.S. Congress to regulate, charter, and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 92 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.*

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