



NCUA Media Release

Credit Union Industry Assets Top \$1 Trillion

Industry Earns \$2.1 Billion for 21.9 Percent Increase in Quarterly Net Income as Membership Climbs 667,000 to 92.5 Million in First Quarter

ALEXANDRIA, Va. (June 1, 2012) – Key financial indicators for federally insured credit unions largely improved in the first quarter of 2012, according to Call Report data submitted to and compiled by the National Credit Union Administration (NCUA).

“The credit union industry reached important milestones in late March. Credit unions’ total assets topped \$1 trillion, and the industry’s net worth exceeded \$100 billion for the first time,” said NCUA Board Chairman Debbie Matz. “Credit unions now have the potential to lend to 667,000 more members added in the first quarter, on top of the 1.4 million members added in 2011. In addition to membership reaching 92.5 million, delinquencies and charge-offs fell, and the industry netted almost \$2.1 billion in income.”

New Highs for Industry Total Assets, Net Worth, and Membership

During the first three months of 2012, credit unions’ total assets, net worth, and membership all hit new highs. Total assets increased \$40.1 billion (4.2 percent) to end the quarter at just over \$1 trillion. Industry net worth grew by \$2.1 billion (2.1 percent) to \$100.3 billion. While the overall number of federally insured credit unions fell to 7,019 from 7,094, a record 92.5 million members belonged to a credit union as of March 31.

Credit Unions’ Earnings Continue Upward Trends

Declines in interest expenses and reserving for loan losses, coupled with a rise in other operating income, raised the industry’s net income. In the first three months of 2012, credit unions booked nearly \$2.1 billion in net income, up \$369.6 million from the prior quarter.

Notably, credit unions’ return on assets (ROA) ratio, an important measure of industry earnings, stood at 84 basis points as of March 31. The ROA ratio was up 17 basis points from the year-end 2011. In all, the industry’s ROA ratio has grown by 66 basis points since December 2009.

Deposits Climb Rapidly; Net Worth Ratio Stays Strong

Member shares continued to rise during the first three months of 2012. Total savings at credit unions rapidly climbed to \$866.0 billion, a gain of \$38.6 billion (4.7 percent) for the quarter. In comparison, members’ total savings increased \$41.0 billion for all of 2011. In the first quarter, share drafts (checking) climbed 11.4 percent, regular shares (savings) rose 8.3 percent, money market funds grew 3.8 percent, and retirement accounts increased 1.0 percent. In contrast, non-member deposits and share certificates fell 2.2 percent and 0.6 percent, respectively.

The industry’s net worth ratio fell to 10.01 percent for the quarter, as assets grew more quickly than net worth. The 20 basis point change in the ratio was the first quarterly decline in a year. The ratio remains strong and exceeds the statutory well-capitalized standard of 7.0 percent.

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Delinquencies and Charge-Offs Fall, but Bankruptcy Filings Rise

Credit unions reported declines in delinquencies and charge-offs during the first quarter. The industry's delinquency ratio dropped 16 basis points to 1.44 percent. The net charge-off ratio fell 13 basis points to 0.78 percent. Despite these positive declines, both ratios remain elevated above historical norms.

New bankruptcy filings by members also increased. For the first three months of 2012, credit unions reported 70,938 members filing for bankruptcy, a 34.5 percent increase over the prior quarter. However, the percentage of loans charged off due to bankruptcy fell significantly to 20.69 percent of charged-off loans, a decrease of 318 basis points for the quarter.

Loans Inch Upward to Grow for Fourth Consecutive Quarter

The industry's lending rose for the fourth consecutive quarter, but in the first quarter 2012, credit unions' total loans only inched up by \$532.5 million to \$572.0 billion. A rise in first mortgages, used vehicles loans, and non-federally insured student loans offset declines in other lending products such as credit cards, unsecured loans, and other real estate loans. Because deposit inflows exceeded loan growth, the industry's loan-to-share ratio declined to 66.05 percent from 69.07 percent.

Member business lending also rose. On March 31, the industry had \$37.8 billion in outstanding member business loans, a quarterly rise of 1.4 percent, and an additional \$1.9 billion in unfunded business loan commitments.

Key Credit Union Indicators Improve

With rounding, key balance sheet and income statement indicators from federally insured credit unions improved in the first three months of 2012. For the quarter:

- Credit union net worth increased 2.1 percent to \$100.3 billion from \$98.3 billion;
- Industry total assets increased 4.2 percent to \$1,001.8 billion from \$961.7 billion;
- Member total savings increased 4.7 percent to \$866.0 billion from \$827.4 billion;
- Credit union investments, cash on deposit, and cash equivalents increased 11.2 percent to \$391.6 billion from \$352.1 billion;
- Total loans increased 0.1 percent to \$572.0 billion from \$571.5 billion; and
- Credit union quarterly net income increased 21.9 percent to \$2.1 billion from \$1.7 billion.

For more information about the performance of the credit union industry, NCUA makes the complete details of March 2012 Call Report data available online at <http://go.usa.gov/URs>.

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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