

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: June 2012 **LETTER NO.:** 12-CU-08
TO: Federally Insured Credit Unions
SUBJ: State of the Credit Union Industry
ENCL: Financial Trends in Federally Insured Credit Unions

Dear Board of Directors and Chief Executive Officers:

I am writing to update you on the performance of federally insured credit unions.

The credit union industry this year reached two important milestones:

- Total assets topped \$1 trillion, and
- Net worth exceeded \$100 billion.

Net worth growth nearly kept pace with the robust asset growth, as credit unions' aggregate net worth ratio remained above 10%.

Membership also reached a new high. While the number of credit unions fell to 7,019, credit unions now serve more than 92.5 million members.

Most key financial measures indicate remarkably improved performance. The industry reported very strong earnings, as return on assets recovered to 84 basis points – up 17 basis points from year-end 2011 and up 66 basis points since year-end 2009.

As the economy improved, delinquencies and charge-offs declined to the lowest levels since the recession began in 2008.

Enclosed are highlights and new analyses of key trends, as well as significant existing and emerging risks. Despite the many encouraging trends, supervisory concerns remain in credit risk, interest rate risk, liquidity risk, and concentration risk.

NCUA will continue to provide in-depth information and guidance about these risks in Letters to Credit Unions, Regulatory Alerts, and other publications on our website at www.ncua.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Debbie Matz". The signature is fluid and cursive, with a large initial "D" and a long, sweeping tail.

Debbie Matz
Chairman

Enclosure