



CREDIT UNION DEPARTMENT

Harold E. Feeney
Commissioner

James R. Deese
Deputy Commissioner

Update for the Senate Committee on Business and Commerce July 2, 2012

Issues of possible interest to the committee members that have occurred since the end of the special session:

Key financial indicators for state-chartered credit unions have largely improved during the early part of 2012. Total assets, net income, net worth, and membership have all increased. The March 2012 call reports reflect a 29% year-over-year decline in the number of Texas credit unions below the well-capitalized regulatory standard. Currently, 94% of the credit unions are considered well-capitalized. Earnings performance also improved, as the number of credit unions with an operating loss declined 21% from the same period in 2011. Overall, while the operating environment for credit unions remains difficult, the trends for credit unions continue to improve during this protracted economic recovery.

Industry statistics as of March 31, 2012:

- Assets under the Department's jurisdiction increased by 4.5% to \$27.47 billion over the prior quarter.
- Ratio of delinquent loans to total loans is 1.38%, down from 1.63% the prior quarter.
- Average net charge-off ratio is 0.88%, down slightly from 0.91% in the prior quarter.
- Loan growth remains relatively flat with only a 0.6 % increase from the prior quarter.
- Return on average assets is 0.96%.
- Net worth increased to \$2.4 Billion or 8.7% of total assets.

Implementation of Significant Legislation:

The Department was not required to implement any agency-specific legislation following the 82nd Legislative Session.

New or ongoing issues affecting the agency or its jurisdiction:

The Supreme Court has not yet issued a decision in the home equity interpretation case summarized in the last report.