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Media Release

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Credit Unions Post Solid Asset Growth in 2006

Alexandria, Va., February 21, 2007 – Federally insured credit unions reported solid asset growth as lending continued to expand and the yield on loan income grew 15.45 percent according to year-end 2006 call report data submitted by the nation's 8,362 federally insured credit unions.

While lending continued to grow, investments declined in 2006, although investment income grew 18.84 percent tracking strong investment yield growth as Treasury bill rates increased over the year. Delinquent loans also continued to decline and net charge-offs dropped 11 basis points.

"In addition to continued increased lending, credit unions reported an average return on assets of 0.82 percent and a net worth ratio of 11.54 percent at year-end 2006," said Chairman JoAnn Johnson. "Year after year of strong financial results indicate credit unions are prudently managed and well-run stewards of their members' money, and in doing so fulfill their mission to enable consumers to save and invest in a cooperative environment."

Details of major balance sheet categories and membership growth in federally insured credit unions from January 1 to December 31 2006 follows:

- Assets increased 4.61 percent to $709.9 billion from $678.7 billion
- Loans increased 7.88 percent to $494.3 billion from $458.2 billion
- Investments declined 9.14 percent to $134.4 billion from $148.0 billion
- Shares increased 4.08 percent to $601.2 billion from $577.6 billion
- Net worth increased 7.42 percent to $82.0 billion from $76.3 billion
- Membership increased 1.48 percent to 85.8 million members

Examining asset specifics, real estate, the largest category of credit union lending, reported continued strong growth. First mortgage real estate loans grew 10.04 percent to $169.7 billion, while other types of real estate loans grew 15.03 percent to $84.4 billion.

Tracking Federal Reserve Board findings that the housing market cooled substantially in 2006, federally insured credit union real estate loan originations declined 5.23 percent over the year, and delinquent real estate loans increased – total real estate loans over 2 months delinquent increased 41.31 percent to $825.6 million and 1st mortgage real estate loan charge-offs increased 34.01 percent.

In lending, new auto loans overtook used auto loans in the auto lending category for the first time since 2000. New auto loans grew 5.44 percent to $88.5 billion, while used auto loans grew 1.11 percent to $87.6 billion.

Among the various share accounts, share certificates grew 23.81 percent to $189.0 billion surpassing regular shares for the first time to become the largest share category. Money market shares grew 1.44 percent to $100.4 billion, and IRA/KEOGH accounts grew 7.66 percent to $52.0 billion. Regular shares declined 6.76 percent to $181.0 billion and share drafts declined 6.75 percent to $70.4 billion.

The return on average assets declined slightly, from 0.85 percent to 0.82 percent, as the result of increased cost of fund expenses and net operating expenses.

In miscellaneous data reported, the number of regular and credit cards loans charged-off declined while the amount of recoveries increased respectively. Also, the number of members filing bankruptcy and amount of loans subject to bankruptcy declined significantly during 2006.

Details of year-end 2006 data are available in a consolidated balance sheet and a December 2006 Facts/Summary posted online at click here.