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Media Release

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Asset and Share Growth Expands in 2007

Credit unions experience relatively small volatility in mortgage lending

Alexandria, Va., August 22, 2007 – Federally insured credit unions reported solid asset and share growth through June 30, 2007, according to mid-year 2007 call report data submitted by the nation's 8,238 federally insured credit unions.

Reversing recent trends, share growth surpassed loan growth during the first six months of 2007. Also reversing recent trends, while lending continued to grow, investments expanded at a faster pace. Federally insured credit union investments in corporate credit unions experienced the largest growth, expanding by over \$6 billion from January through June 2007.

“As the financial markets fluctuate because of volatile Subprime mortgages, thus far credit unions remain stable, experiencing some increase in mortgage and loan delinquencies and foreclosures, albeit on a relatively small scale.” said Chairman JoAnn Johnson. “Total real estate loans expanded 4.6 percent to \$255.4 billion in the first half of 2007, as real estate loans delinquent 2 months or more grew from 0.34 to 0.44 percent and foreclosed real estate increased to \$213 million, representing a small 0.08 percent of total real estate loans at June 30, 2007.

“While any increase is undesirable, federally insured credit unions’ loan delinquency ratio increased just 1 basis point, up from .68 to .69 percent during the first six months of 2007, which demonstrates that up to this point credit unions have not been significantly impacted by the current upheaval in the mortgage markets. I commend credit union managers and urge they remain vigilant stewards providing responsible lending based on solid financial underwriting,” Chairman Johnson said.

Reviewing recent trends in mortgage loans granted in the first half of 2007, fixed rate 1st mortgage loans increased an annualized 17.2 percent while total balloon/hybrid 1st mortgage loans declined an annualized 9.0 percent, and total adjustable rate first mortgage loans declined an annualized 15.5 percent, illustrating a move to fixed rate loans.

Details of major balance sheet categories and membership growth in federally insured credit unions from December 31, 2006, to June 30, 2007, follows:

- Assets increased 4.3 percent to \$740.7 billion from \$709.9 billion;
- Loans increased 2.4 percent to \$506.4 billion from \$494.4 billion;
- Investments increased 5.5 percent to \$142.0 billion from \$134.5 billion;
- Shares increased 4.8 percent to \$630.3 billion from \$601.2 billion;
- Net worth increased 6.26 percent to \$84.5 billion from \$81.9 billion; and
- Membership increased 1.0 percent to 86.6 million members

With the exception of a small dip in new automobile loans, all major loan categories grew in 2007. Other types of real estate loans reported 2.4 percent growth to \$86.4 billion, used automobile loans grew 0.8 percent to \$88.3 billion, unsecured credit card loans grew 1.3 percent, and new automobile loans declined 1.0 percent to \$87.6 billion.

Major share accounts grew across the board in the first six months of 2007. Money market shares expanded 7.3 percent to \$107.8 billion; share certificates grew 7.1 percent to \$202.3 billion, while IRA/KEOGH accounts grew 5.7 percent to \$55.0 billion. Share drafts grew 2.7 percent to \$72.1 billion and regular shares grew 1.7 percent to \$184.3 billion.

With net charge-offs of \$1.1 billion, the net charge-off ratio remained 0.45 percent, and the return-on-average-assets declined from 0.82 percent at year-end 2006 to 0.75 at mid-year 2007 as the result of increased cost of fund and net operating expenses. With shares outpacing loans in 2007, the loan-to-share ratio declined to 80.3 percent from 82.2 percent.

Details of mid-end 2007 data are available in a consolidated balance sheet and a June 2007 Facts/Summary posted online at [click here](#).

The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of over 86 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.