

# NCUA LETTER TO CREDIT UNIONS

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

**DATE:** September 2007                      **LETTER NO.:** 07-CU-10

**TO:** Federally Insured Credit Unions

**SUBJ:** Credit Union Financial Trends for the First Half of 2007

**ENCL:** Financial Trends in Federally Insured Credit Unions  
January 1 – June 30, 2007

**Dear Board of Directors:**

Enclosed is a report highlighting credit union financial trends for the first six months of 2007. We based our analysis on data compiled from the quarterly call reports submitted by all federally insured credit unions.

The financial condition of the credit union industry remains sound, as indicated by strong share growth, high net worth levels, and continued low levels of loan delinquency and loan losses. Consistent with the last several years, the majority of the loan growth in 2007 continues to come from the real estate portfolio.

Credit unions with a large or increasing real estate loan portfolio need to maintain vigilance in their asset-liability management and liquidity management planning processes, as well as address the credit risk implications in light of recent developments in the real estate market. Credit unions must continue to balance member service with safety and soundness considerations when structuring their products and services.

Thank you for your cooperation in submitting your financial and statistical data in a timely manner.

Sincerely,

/s/

JoAnn Johnson  
Chairman