

Shares surge, charge-offs increase

Federally insured credit unions reported significant share growth in the first three months of 2008, and the loan delinquency ratio declined slightly primarily because of increased charge-offs according to Call Report data submitted by the nation's 8,049 federally insured credit unions.

Total shares increased 5.6 percent, or an annualized 22.4 percent in the first three months of 2008, with every category of savings, except non-member deposits, growing by annualized double digits. Loan growth was 1.1 percent, or an annualized 4.5 percent, during the first quarter. Share growth typically outperforms loan growth in the first quarter of the year. Rapid share growth caused the loan-to-share ratio to dip below 80 percent. At 79.8 percent, it trends slightly higher than the March 2007 loan-to-share ratio of 79.1 percent.

"The influx of shares in the first quarter illustrates credit unions are providing their members with competitive savings products," said NCUA Chairman JoAnn Johnson. "Federally insured credit unions reported a 4.8 percent increase in 1st mortgage real estate loans in the first three months of 2008. However, the data also indicates adverse real estate delinquency trends. While it does not threaten the overall safety, soundness and stability of the credit union industry, it is important for credit unions serving member mortgage needs to diligently underwrite and proactively manage their loan portfolios."

Overall, real estate delinquency increased from 0.67 percent to 0.70 percent. While delinquent 1st mortgage

fixed rate loans declined 0.7 percent, delinquent 1st mortgage adjustable rate loans increased from 0.69 percent to 0.87 percent. Additionally, the delinquency ratio for other real estate adjustable rate loans increased from 0.81 percent to 0.96 percent.

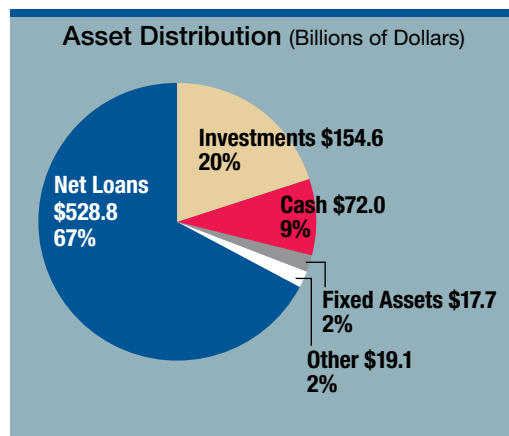
Net charge-offs increased from 0.50 percent to 0.67 percent, resulting in the loan delinquency ratio declining from 0.93 percent to 0.91 percent. Additionally, the combined delinquency and net charge-offs ratio increased from 1.44 percent to 1.58 percent.

Details of major balance sheet categories and membership growth in federally insured credit unions from December 31, 2007, to March 30, 2008, follows:

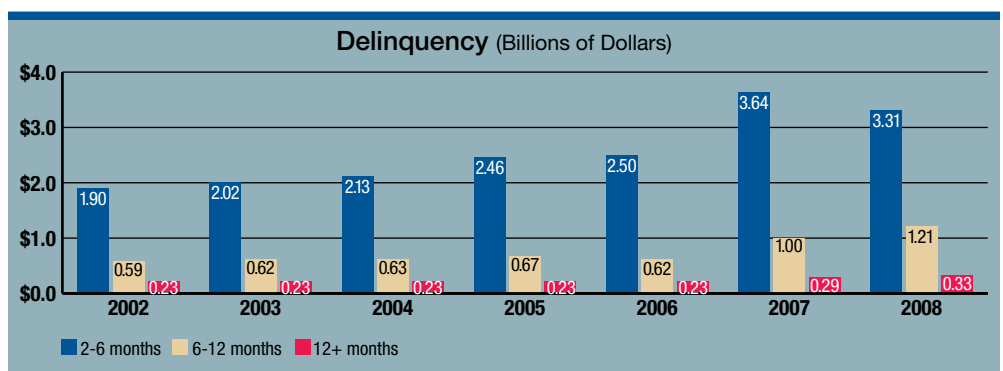
- Assets increased 5.1 percent to \$792.2 billion from \$753.4 billion;
- Loans increased 1.1 percent to \$532.8 billion from \$526.9 billion;
- Investments increased 8.5 percent to \$154.6 from \$142.5 billion;
- Shares increased 5.6 percent to \$667.7 billion from \$632.4 billion;
- Net worth increased 1.8 percent to \$87.7 billion from \$86.2 billion; and
- Membership increased 0.8 percent to 87.5 million members

Among the primary loan categories, total real estate loans increased 3.1 percent to \$279.6 billion, used auto loans increased 0.7 percent to \$89.7 billion, new auto loans declined 3.2 percent to \$84.1 billion, and unsecured credit card loans declined 1.2 percent to \$29.7 billion.

With the exception of 1st mortgage real estate loans, lending was curtailed in the first quarter of 2008, and the influx



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Unfair or deceptive credit practice proposal issued

NCUA issued a joint proposed rule May 2, 2008, prohibiting credit card and overdraft service practices identified as unfair or deceptive under Section 5 of the Federal Trade Commission Act.

The NCUA, Federal Reserve Board and Office of Thrift Supervision issued a joint proposal that would prohibit the following seven practices associated with credit card programs:

1. Unfair time constraints for consumers to make payments;
2. Unfair allocation of payments among balances with different interest rates;
3. Unfair application of increased annual percentage rates to outstanding balances;
4. Unfair fees for exceeding the credit limit solely because a hold is placed on an account;
5. Unfair balance computation method;
6. Unfair financing of security deposits and fees for issuance or availability of credit; and
7. Deceptive firm offers of credit.

The proposal would also require that federal credit unions (FCU) provide an opportunity for a consumer to opt out of an overdraft protection program, and it would prohibit an FCU from charging a fee for an overdraft caused by a hold placed on

consumer funds in connection with the use of a debit card.

Details of the proposed rule provisions follow.

Prohibited Credit Card Practices

Late payments—A payment could not be deemed late unless the borrower is given a reasonable period of time to make the payment. The proposal recommends credit card statements be mailed at least 21 days before the payment due date.

Payment allocation—When a credit card account balance is attributed to items with different interest rates, e.g., balance transfers, cash advances, and purchases, the proposal would require FCUs reasonably allocate payments in excess of the required minimum payment among each item in a manner no less beneficial to the member than one of the following:

- First to the item with the highest annual percentage rate, with any remaining portion to other balances in descending order by applicable annual interest rate;
- Equal portions to each item; or
- Proportionately based on each item's outstanding balance.

Retroactive interest rate increases to

pre-existing balances—The proposal would prohibit applying an increased interest rate retroactively to pre-existing balances, except for cases involving a variable rate, the expiration of a promotional rate, or where the member is more than 30 days late in making the minimum payment.

Fees for exceeding the credit limit—The proposal would prohibit assessing an over-the-credit limit fee against a member who exceeded the credit limit solely because a hold is placed on the account.

Double-cycle billing—The proposal would prohibit a federal credit union from computing the finance charge using a “two-cycle” average daily balance computation.

Security deposits and fees for the issuance or availability of credit—The proposal would prohibit financing a



security deposit or other fees associated with opening an account if the charges constitute more than 50 percent of the available credit offered to the member. Additionally, when the security deposit or the fee exceeds 25 percent of the available credit, the financial institution would have to spread the charge over the first year of the account instead of charging a lump sum.

Firm offers of credit—The proposal would require a firm offer of credit with a range of rates and terms to include a description of the factors used to determine whether the member will qualify for the best rates and terms.

Prohibited Overdraft Protection Program Practices

Opt out. The proposal would prohibit an FCU from imposing a charge for payment of an overdraft, unless it has provided the member with an opportunity to opt out of the overdraft protection program, and the member has elected not to opt out. Members may elect to do a partial opt out to prevent overdrafts caused by ATM withdrawals and point of sale transactions.

Overdrafts created by a debit card. As proposed, no overdraft charge may be imposed if the overdraft is caused solely by a hold placed on funds that exceed the actual purchase amount of the transaction, unless the actual purchase amount would have caused the overdraft.

The proposed joint rulemaking is available online at http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html.

NCUA News

National Credit Union Administration

NCUA News is published by the National Credit Union Administration, the federal agency which supervises and insures most credit unions.

JoAnn Johnson, *Chairman*
Rodney E. Hood, *Vice Chairman*
Christiane Gigi Hyland, *Board Member*

Information about NCUA and its services may be secured by contacting 703-518-6330.

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Alexandria, VA 22314-3428

Board actions May 22, 2008



Amendment to “underserved area” approval process issued

The NCUA Board issued a proposed rule that would modify the agency’s chartering policy to update and clarify the process for approving credit unions to serve “underserved areas.”

Proposed Rule *Interpretive Ruling and Policy Statement 08-2* would primarily modify NCUA’s *Chartering and Field of Membership Manual* in the following four respects:

- Clarify the procedure for establishing that an “underserved area” qualifies as a “local community;”
- Address the application of economic distress criteria (median family income, unemployment, poverty, county population loss and county migration loss) to determine if an area combining multiple geographic units is sufficiently distressed to qualify as “underserved;”
- Update the documentation and clarify the scope requirements for demonstrating that a proposed area has “significant unmet needs” for loans and applicable financial services; and,
- Recognize that meaningful data from NCUA and other federal banking agencies will be available to assess whether an area is “underserved by other depository institutions.”

The proposal includes methodology for using this data to compare the concentration of depository institution

facilities among the population area’s non-distressed parts against the same facilities-to-population concentration in the proposed area as a whole.

Proposed Rule IRPS 08-2 is issued with a 60-day comment period and is online at http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html.

Outreach Task Force recommendations approved

The NCUA Board, by a two to one vote, approved NCUA Outreach Task Force recommendations to collect, publish and distribute federal credit union membership and financial services data to grasp a better understanding of who federal credit unions serve and the extent of services provided.

The methodologies approved for data collection and distribution includes:

- Collect membership data needed to develop FCU membership profiles using AIRES, NCUA’s automated examination tool, during regularly scheduled examinations.
- Develop an alternate method to collect membership profile data from FCUs that cannot provide an AIRES download.
- Collect data on the financial services offered at FCUs via the 5300 Call Report.
- Publish aggregate data on membership income profiles and financial services.
- Develop a way for FCUs to obtain individual membership income profile data.

The improved data collection model, which becomes effective January 2009,

will benefit NCUA and federal credit unions. It will enable NCUA to be responsive to Congress and other interested parties, and it will facilitate NCUA outreach efforts.

Based on comments and concerns expressed at the six regional Town Hall meetings conducted by the Outreach Task Force, NCUA’s data collection model is designed to cause minimum regulatory burden. See related articles on page 4

Joint proposal addresses credit card and overdraft protection

NCUA staff presented details of a joint proposed rule, Part 706, the NCUA Board approved by notation vote May 2, 2008. The proposal is designed to prohibit certain credit card and overdraft protection practices considered unfair or deceptive under the Federal Trade Commission Act.

See page 2 for details of the proposal.

Incidental powers activities update issued

The NCUA Board approved a proposal to update and clarify regulation Part 721, federal credit union incidental powers, by adding illustrations recognized as permissible activities since 2001 that are categorized as—correspondent services, operational programs, and finder activities. The proposal was issued with a 60-day comment period.

Board votes are unanimous unless otherwise indicated

Johnson addresses “underserved area” proposal

“The regulations governing credit union adoption of underserved areas continue to assume a high degree of importance, particularly as Congress explores ways to enable consumers in disadvantaged communities with the ability to gain access to mainstream financial services. There is clear interest in seeing credit unions serve underserved areas, and this proposed rule is an attempt to ensure that NCUA regulations facilitate that process.” Chairman JoAnn Johnson

IRS initiates VITA Grant program

Coming Soon! The IRS will soon begin their first ever Community Volunteer Income Tax Assistance Matching Grant Program (VITA).

Application period: July 1–Sept. 1, 2008
Funds are available by: Dec. 1, 2008

For more information contact:
Grant.Program.Office@irs.gov

Apply early!

Hood comments on the data collection proposal

“I find it difficult to support proposed requirements for data collection. Given the Subprime mortgage debacle in the broader financial markets and the ripple effect those events have played and will likely continue to play in the credit union system, I believe that moving forward with this decision is ill-advised and poorly timed.

I understand that the Agency has wrangled with data collection for almost 17-years, well before this current board was appointed.

As a safety and soundness regulator, I believe that during the current financial market turbulence the Agency should marshal its resources toward keeping credit unions sustainable and vibrant—so that they can serve as a part of the solution to some of the issues facing the American economy, especially as it relates to providing access to affordable capital. Likewise, I believe this is the time for

credit unions to focus their energy on balance sheet management, ROA, risk mitigation, product development, and an entire host of other activities that help them meet the needs of their member-owners. This is no time to be distracted.

In addition, I don’t support data collection because, in my opinion, it teeters on the brink of imposing Community Reinvestment Act (CRA)-like requirements on federal credit unions. I served as a CRA Officer for one of the largest banks in America and find great similarities with the data I collected then and what the Agency proposes tracking today, especially as it relates to lending data, service data, and geo-coding. CRA was created as a punitive measure in 1977 to force banks to make loans available to all customers in their service area. Since joining the NCUA board, I have stated in numerous presentations my opposition to CRA for

credit unions or anything that resembles it.

I surmise it would only be a matter of time before our detractors push for more detailed reporting at the local credit union level. In the past few weeks, powerful members of Congress have openly stated their desire and willingness to impose CRA requirements upon credit unions. Today’s data collection recommendation brings this desire one step closer to fruition.

There is no guarantee that CRA advocates in Congress will be completely satisfied with federal credit union data in the aggregate. I believe this will lead to “CRA creep,” especially if those who request and receive the data examine it through a CRA lens.

I don’t want my legacy to be known for laying the groundwork for CRA to creep into federal credit unions. I want to work to strengthen the federal charter, not weaken it.” Vice Chairman Rodney E. Hood



April 28, 2008, Hart Senate Office Building—Former NCUA Associate Director of External Affairs Justin Grove discusses the benefits of credit union membership with Kelsey K. Malecha of Minnesota, reigning Miss Midwest 2008, during Financial Literacy Day on Capitol Hill. Financial literacy is Ms. Malecha’s platform as she competes for a spot in the Miss America pageant this summer.

Hyland data collection proposal Q&A

Board Member Gigi Hyland asked a series of pointed, practical questions at the May 22, 2008, NCUA Board meeting regarding implementation of the Outreach Task Force recommendations to collect data on federal credit union’s member income levels and financial services.

“The proposed recommendations on data collection considered and approved today by the Board would create a robust database to demonstrate how federal credit unions serve all members within their unique fields of membership,” said Board Member Hyland. “I can’t underscore enough how critical feedback has and will continue to be on deliberations concerning these and other issues,” she added, encouraging comments on the proposal.

Link to the media advisory containing Board Member Hyland’s Q&A on data collection recommendations at http://www.ncua.gov/news/press_releases/2008/MA08-0522-3.htm.

Johnson presents President's Volunteer Service Award

In recognition of National Volunteer Week, (April 27–May 3, 2008), Chairman JoAnn Johnson, presented Gordon A. Simmons, president/CEO of Service Credit Union, Portsmouth, New Hampshire, with the President's Volunteer Service Award at the 36th Annual Defense Credit Union Council's Overseas Subcouncil Meeting in Edinburgh, Scotland.

"I am pleased to recognize the volunteer efforts of Gordon Simmons, particularly those targeting improved financial literacy among military personnel and students," said Chairman JoAnn Johnson. "As chairman of the board of America's Credit Union Museum, Gordon Simmons' development and leadership of the 'CU Reality Fair' provides young consumers with the financial education tools and resources to make good choices for the rest of their lives. His tireless devotion to national financial education fosters better

decisions on the part of military service members and sets an example for credit union leaders across the country," said Chairman Johnson.

"Furthermore, I commend credit unions for their dedicated service to our nation's military personnel and their families. Credit unions play a crucial role in promoting financial literacy initiatives, helping prevent predatory lending and performing other important functions for our men and women in uniform," noted Johnson.

In his 2002 State of the Union address, President George W. Bush challenged all Americans to help their neighbors, communities, and Nation through volunteer service. In 2003, he created the President's Volunteer Service Award Program as a way to thank and honor Americans who, by commitment and example, inspire others to engage in volunteer service.



April 30, 2008, Edinburgh, Scotland—Chairman JoAnn Johnson presents the President's Volunteer Service Award to Gordon Simmons, president/CEO of Service Credit Union, Portsmouth, N.H., at the annual Defense Credit Union Council Overseas Sub-Council meeting in Scotland.

Hood addresses Alliance for Economic Inclusion

Vice Chairman Rodney E. Hood highlighted ways to avoid predatory lending and how credit unions and other financial services providers implement practices to better serve the underserved and unbanked when he addressed the Boston and Worcester Alliance for Economic Inclusion (AEI) at Brandeis University in Boston, Mass., May 21, 2008.

"I applaud Boston and Worcester AEI for taking steps to protect society's low-to-moderate income consumers and to improve low-wealth communities," said Vice Chairman Hood. "Today's forum demonstrates a proactive approach and allows people to gain from shared knowledge."

Recognizing the large number of unbanked and underserved people living in the United States, Vice Chairman Hood stressed the importance of fostering relationships with government-insured depository institutions with the means to help provide individuals the opportunity to save, borrow, invest and build solid credit files, enabling them to join the financial mainstream.

"I deeply believe that America is only as strong as her weakest community. Credit unions, like banks, play a pivotal role in providing hardworking people access to affordable financial products—the products needed to achieve and sustain the American dream of homeownership; the products to create small, viable businesses; and the products to send children to college and save for the future," Mr. Hood said.

He acknowledged the danger of predatory lending in today's society given the current economic climate, and he noted that credit unions are working diligently to combat the problem. In particular, he emphasized the function of the NCUA Office of Small Credit Union Initiatives, which offers assistance such as:

- Assistance in Community Development Initiatives
- Grants and low-interest loans
- Student internships
- Volunteer income tax assistance with IRS
- Building internal capacity
- Economic development specialists

"The overarching theme of the products offered is affordability and the components

of financial education and asset building. It is important that we teach underserved consumers how to differentiate mainstream lenders from fringe lenders—this to me serves as both education and protection. In addition to educating members and consumers about payday loans, it is also important that we look at various unscrupulous mortgage lending practices," he said.

Hood underscored that credit unions are also creating partnerships with results-oriented partners such as Operation Hope, the Federal Home Loan Bank, Department of Housing and Urban Development, Community Development Financial Institutions and the Internal Revenue Service.

"As we diligently examine financial products and services to reach the unbanked, it is imperative that financial regulators and stakeholders work together crafting user-friendly, flexible policies that do not produce unintended consequences for banks, credit unions and the very group we are trying to protect—individuals who rely on all of us to help them achieve economic empowerment," Mr. Hood said.

Conversations with AMERICA



My Government Listens

Date: Wednesday, June 25, 2008
Who: Vice Chairman Rodney E. Hood
Event: CorporateOne Federal Credit Unions Annual Enterprise Risk Management Conference
Location: Chicago, IL
Contact: Sally Thompson at sridgely@ncua.gov

Date: Wednesday, July 9, 2008
Who: Vice Chairman Rodney E. Hood
Event: NAFCU's 41st Annual Conference
Location: San Diego, CA
Contact: Sally Thompson at sridgely@ncua.gov

Date: Thursday, July 10, 2008
Who: Chairman JoAnn Johnson
Event: NAFCU's 41st Annual Conference
Location: San Diego, CA
Contact: Linda Queen at lqueen@ncua.gov or 703-518-6309

Date: Friday, July 11, 2008
Who: Board Member Gigi Hyland
Event: NAFCU's 41st Annual Conference
Location: San Diego, CA
Contact: Jessica Vogel at jvogel@ncua.gov or (703) 518-6318

Date: Saturday, July 12, 2008
Who: Vice Chairman Rodney E. Hood
Event: WOCCU Regulators' Roundtable
Location: Hong Kong
Contact: Sally Thompson at sridgely@ncua.gov

Date: Thursday July 31, 2008
Who: Board Member Gigi Hyland
Event: Louisiana Credit Union League Annual Convention
Location: New Orleans, LA
Contact: Jessica Vogel at jvogel@ncua.gov or (703) 518-6318



Asset liability management

Investment credit risk: impact on liquidity

In the February 2008 investment newsletter article, NCUA emphasized the importance of monitoring changes in the fair value of privately issued investments for signs of credit deterioration. Recent events in credit markets have adversely affected fair value and resulted in an impact on liquidity strategies for these investments.

In the case of liquid investments held for sale, market events, such as the widening of spreads that recently occurred, may temporarily restrict the ability of credit unions to sell investments needed for liquidity purposes.

Investments may still receive timely principal and interest when spreads are wide. However, losses could be incurred that would otherwise be unrealized if a credit union finds it necessary to sell an investment in order to raise liquidity. In these circumstances, it is prudent for a credit union manager to take extra steps, and anticipate alternative courses of action to plan for sufficient liquidity.

When unusual liquidity pressures arise, credit union managers should carefully assess the reliability of liquidity sources and consider increased monitoring of liquidity levels, taking into account realistic market conditions. They should revisit contingency funding plans that outline alternative liquidity sources, such as borrowed funds. Where necessary, managers should fine-tune strategic plans for asset growth.

There is no substitute for flexible, effective liquidity risk management in daily operations and oversight of a credit union's liquidity position. At the same time, diversifying liquidity sources is as basic to risk management as diversifying credit holdings.



May 8, 2008, Gulfport, Miss.—NCUA Board Member Gigi Hyland, with officials and employees of Enterprise Corporation of the Delta (ECD), a nonprofit affiliated with Hope Community Credit Union, and a partner of NeighborWorks America. Hope Community Credit Union was selected by the Mississippi Development Authority, and approved by HUD, to provide grant assistance and counseling services to qualifying homeowners in the Gulf area who suffered damage to their primary residence as a result of Hurricane Katrina.

From the left are Bill Bynum, CEO of ECD/Hope; Gary Kohn, NCUA senior policy advisor to Hyland; Jerry Reynolds, ECD counseling supervisor; Don Phoenix, NeighborWorks America; Mary Flood, ECD counselor; Laura Howe, ECD counseling manager; Wes Miller, Neighborworks America; and Board Member Hyland.

Hurricane preparedness information available online

Chairman JoAnn Johnson noted the National Hurricane Center Internet link, <http://www.nhc.noaa.gov/HAW2/english/intro.shtml>, was featured on the “What’s New” section of the main page of the MyMoney.gov website during National Hurricane Preparedness Week, May 25–31. The link provides consumers with information about safe money management in the event of a natural disaster or emergency.

“This educational resource not only contains useful and important financial information, it could also actually save

lives. As Chairman of the MyMoney.gov website, I am committed to making certain that consumers have ready access to timely, relevant and practical tools they can use in real life situations, and this addition is in keeping with that philosophy. I encourage the credit union community to continue playing an active role in equipping Americans with the information they need to protect their families and finances in the event of hurricanes and other natural disasters,” said Chairman JoAnn Johnson.

NCUA has also made efforts to strengthen its readiness in the event of

a hurricane. Since 2005, NCUA has encouraged credit unions to participate in the U.S. Treasury’s GoDirect initiative, a direct deposit initiative that will help ensure members have quick, safe access to their funds. In addition, the Agency has engaged in specific staff training to ensure adequate preparation in the event of a disaster.

To learn more about NCUA’s hurricane recovery information for credit unions and credit union members, please visit

<http://www.ncua.gov/Hurricane/>.

Hood urges Alaska CUs: Continue making credit available

Vice Chairman Rodney E. Hood addressed the Alaska Credit Union League’s Annual Conference in Juneau, Alaska, May 2, 2008, noting it is appropriate this year’s conference is held in Juneau, while the local area is in the midst of an energy crisis. He said the energy crisis in Juneau is one of the many examples of credit union members needing access to capital during a broader, nationwide financial crisis.

With the average cost of owning a home at roughly \$250,000, Vice Chairman Hood emphasized that Alaska’s credit unions continue to make homeownership a reality for their members.

“Homeownership in America remains paramount to building sustainable wealth and creating strong, viable communities,” Hood said. “I am thrilled to learn that during this time of economic uncertainty Alaska credit unions continue to make capital available to those who need it most, when they need it most, perpetuating homeownership even in areas where the cost of living is greater.”

The Vice Chairman praised the Alaska Credit Union League for their assistance in providing relief to those struggling with the wide-spread power outage as a result of the recent avalanche. In closing, Hood thanked the League for everything they do to promote the credit union industry and

called on each league member to continue being part of the solution to current hardships within their local economy.

Hood thanked the Alaska Credit Union League members and True North Federal Credit Union of Juneau for its 60 years of dedicated service.

“I am delighted to be part of this wonderful celebration and would like

to commend you for reaching this remarkable milestone. For the past 60 years, True North Federal Credit Union, in conjunction with the Alaska Credit Union League, has exemplified the philosophy of ‘people helping people’ by using their combined assets of over \$5 billion to make a difference in the lives of over 300,000 loyal customers,” said Hood.

Consumer adjustable rate mortgage illustrations issued

NCUA joined other financial regulatory agencies in May issuing final *Illustrations of Consumer Information for Hybrid Adjustable Rate Mortgage Products* (illustrations) to help consumers understand specific hybrid adjustable rate mortgage (ARM) products.

The *Statement on Subprime Mortgage Lending* (Subprime Statement), which became effective July 10, 2007, recommends that financial institutions provide clear, balanced, timely information to consumers about the relative benefits and risks of hybrid ARM products. These illustrations are designed to assist institutions provide this information.

The illustrations consist of (1) an explanation of some key features of products

covered by the Subprime Statement, and (2) three charts with examples of the potential payment shock accompanying these types of loans. Financial institutions may use the illustrations or an alternative format to provide consumers with the information described in the Subprime Statement guidance.

NCUA posted the illustrations on its website for downloading and printing. The illustrations are posted in English and Spanish along with a template that institutions can modify to reflect the latest market conditions.

The illustrations are available online at <http://www.ncua.gov/GuidesManuals/NonTradMort/NonTradMort.htm>.



NCUA issues 2007 annual report

The *National Credit Union Administration 2007 Annual Report* was sent to President Bush in mid-May. With the theme *Credit Unions Serve People*, the report includes a message from Chairman JoAnn Johnson highlighting the strength and stability of the credit union industry, board member initiatives and activities, including the Outreach Task Force, major regulatory actions, and the Capitol Hill hearings where NCUA testified in 2007.

The report includes the financial highlights of NCUA and credit unions and a summary of headquarters and various Fund activities during 2007. Charts and graphs detail the National Credit

Union Share Insurance Fund (NCUSIF) operations and depict insured credit union activity. The annual performance analysis and auditor's section evaluate the efficiency and effectiveness of NCUA operations, and several pages illustrate ten years of credit union and NCUSIF activity.

Credit unions can secure a free copy of the report by calling NCUA Publications, 703-518-6340, or by submitting a completed subscription form found online at http://www.ncua.gov/Publications/pub_avail/pub_avail.pdf. The annual report is available online at <http://www.ncua.gov/ReportsAndPlans/annualrpt/annualrpt.html>.

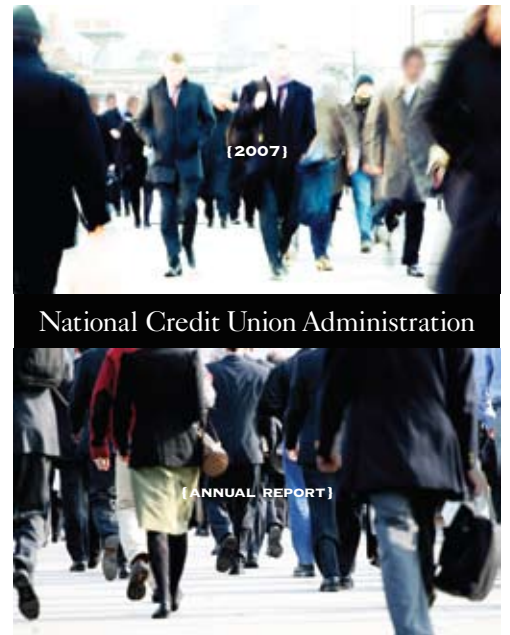
shares surge continued from page 1 of shares resulted in several investment categories expanding significantly. Available for sale securities increased 16.9 percent to \$67.9 billion, and deposits in commercial banks, S&Ls and savings banks grew 27.7 percent to \$21.0 billion.

Evaluating share growth, money market shares grew 7.9 percent to \$119.9 billion and share drafts grew 6.9 percent to \$75.8 billion. Regular shares grew 5.1 percent to \$177.6 billion and share certificates grew 4.6 percent to \$226.1 billion, while IRA

and KEOGH retirement accounts grew 4.2 percent to \$59.3 billion.

The return on average assets ratio declined to 0.60 percent from 0.64 percent at year-end 2007, due to an increase in the provision for loan and lease losses expense from 0.44 percent to 0.55 percent, as credit unions account for potential loan losses.

Detailed first quarter 2008 data are available in a consolidated balance sheet and a March 2008 Facts/Summary posted online at <http://www.ncua.gov/data/FOIA/foia.html>.




Visit the NCUA website
<http://www.ncua.gov>
 to access the latest
 information directly
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