

NCUA LETTER TO CREDIT UNIONS

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

DATE: May 2006 **LETTER NO.: 06-CU-08**
TO: Federally Insured Credit Unions
SUBJ: Credit Union Financial Trends for the First Quarter of 2006
**ENCL: Financial Trends in Federally Insured Credit Unions
January 1 - March 31, 2006**

Dear Board of Directors:

Enclosed is a report highlighting credit union financial trends for the first quarter of 2006. We based our analysis on data compiled from the first quarter 2006 call reports submitted by all federally insured credit unions.

The financial strength of the credit union industry remains strong. However, a decline in the net interest margin represents future challenges for the industry. Credit unions are encouraged to actively manage their balance sheet and monitor net worth levels, recognizing lower levels of profitability may occur considering the current economic environment and risk mitigation strategies.

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

Sincerely,

/s/

JoAnn Johnson
Chairman

Enclosure