

NCUA LETTER TO CREDIT UNIONS

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

DATE: January 2007 **LETTER NO.:** 07-CU-01
TO: Federally Insured Credit Unions
SUBJ: Credit Union Financial Trends for the Third Quarter of 2006
ENCL: Financial Trends in Federally Insured Credit Unions
January 1 – September 30, 2006

Dear Board of Directors:

Enclosed is a report highlighting credit union financial trends for the first nine months of 2006. 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 the increasing net worth levels, strong loan growth, and lower delinquent and charged-off loan levels. However, if loan growth continues to exceed share growth, liquidity pressures could emerge in individual institutions. I continue to encourage you to verify the adequacy of your credit union's liquidity management and planning processes.

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

Sincerely,

/s/

JoAnn Johnson
Chairman

Enclosure

