FINANCIAL TRENDS IN FEDERALLY INSURED CREDIT UNIONS
January 1 – September 30, 2007

HIGHLIGHTS

This report summarizes the trends of all federally insured credit unions that reported as of September 30, 2007. Change is measured from December 31, 2006. [1]

Number of Credit Unions Reporting		
	Federal CUs	State CUs
2002	5,953	3,735
2003	5,776	3,593
2004	5,572	3,442
2005	5,393	3,302
2006	5,189	3,173
Sep 2007	5,068	3,095

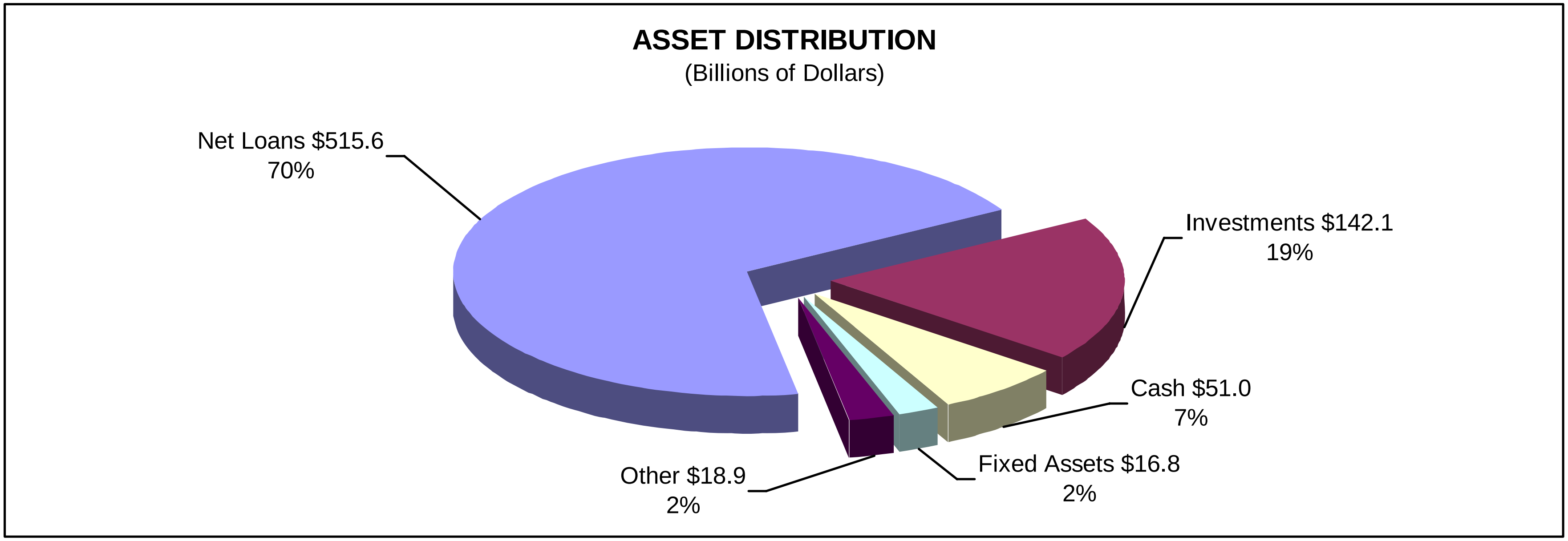
- **Assets** increased $34.43 billion or 4.85% to $744.43 billion. This equates to an annualized asset growth rate of 6.47%.
- **Net Worth** increased $3.72 billion or 4.54%. The net worth to assets ratio decreased slightly from 11.53% to 11.50%.
- **Earnings,** as measured by the return on average assets, decreased from 0.82% to 0.75%.[2]
- **Loans** increased $24.81 billion or 5.02% (6.69% annualized). The loan to share ratio increased from 82.23% to 82.66%.
- **Delinquent** loans as a percentage of total loans increased from 0.68% to 0.81%.
- **Net Loan Charge-Offs** (annualized) increased $179.67 million or 8.30%.
- **Shares** increased $26.91 billion or 4.48%. This represents an annual share growth rate of 5.97%. The majority of the growth in shares continues to come from share certificates and money market accounts.
- **Current members** increased by 1.2 million or 1.42%.

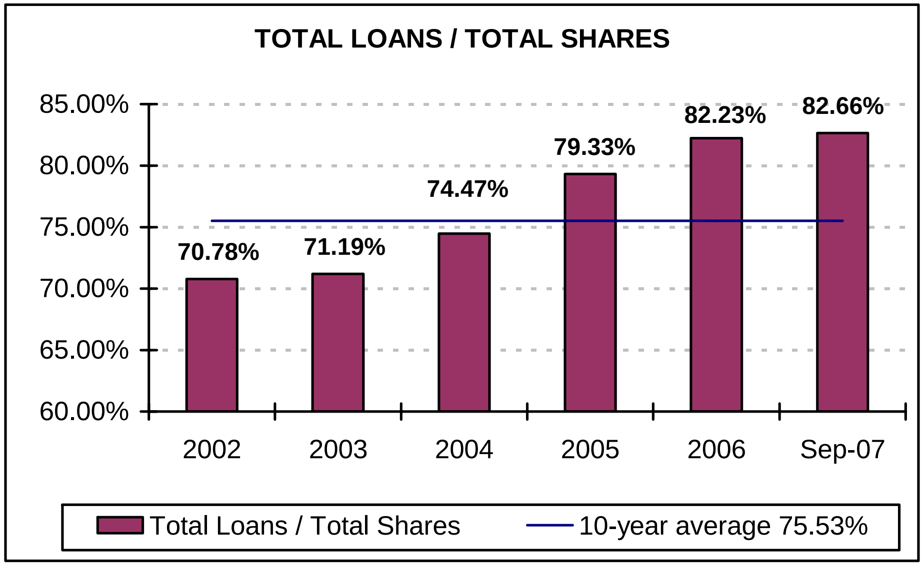
Federally insured credit unions continued their solid performance in the first nine months of 2007. Loans, shares, and net worth grew; however, the delinquent loan ratio increased 13 basis points and the loan loss ratio increased 1 basis point indicating increasing potential concerns in credit quality of loan portfolios. While net interest margins continued to decline, credit unions achieved favorable operating results. Real estate loans remain the dominant loan category in credit unions, highlighting the need for continued vigilance in underwriting and sound asset-liability management practices.

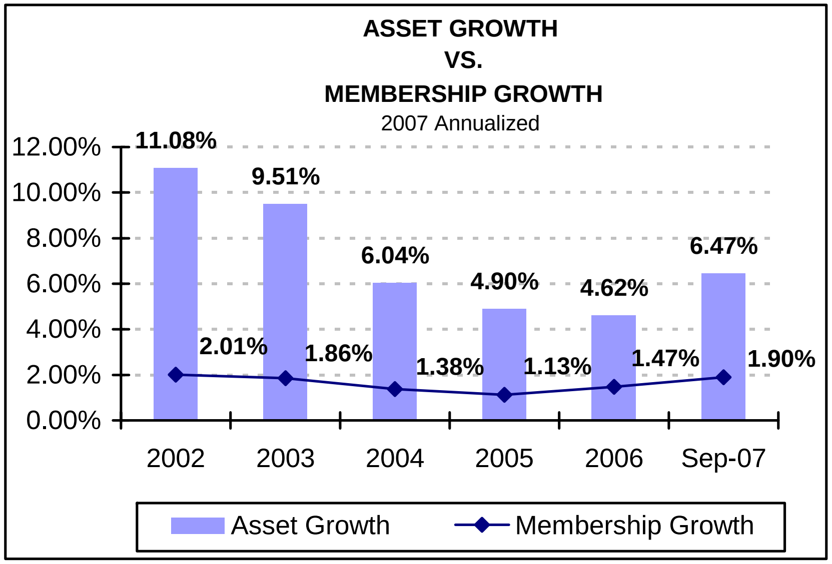
Total Shares and Deposits	2006 In Billions	Sep 2007 In Billions	% Change
Insured Shares & Deposits	$535.13	$556.09	3.92%
Uninsured Shares & Deposits	$66.06	$72.01	9.01%

[1] The financial results for prior periods may reflect changes when compared to the prior period trend letters due to subsequent call report modifications.
[2] The Return on Average Assets ratio is annualized net income divided by average assets for the period.

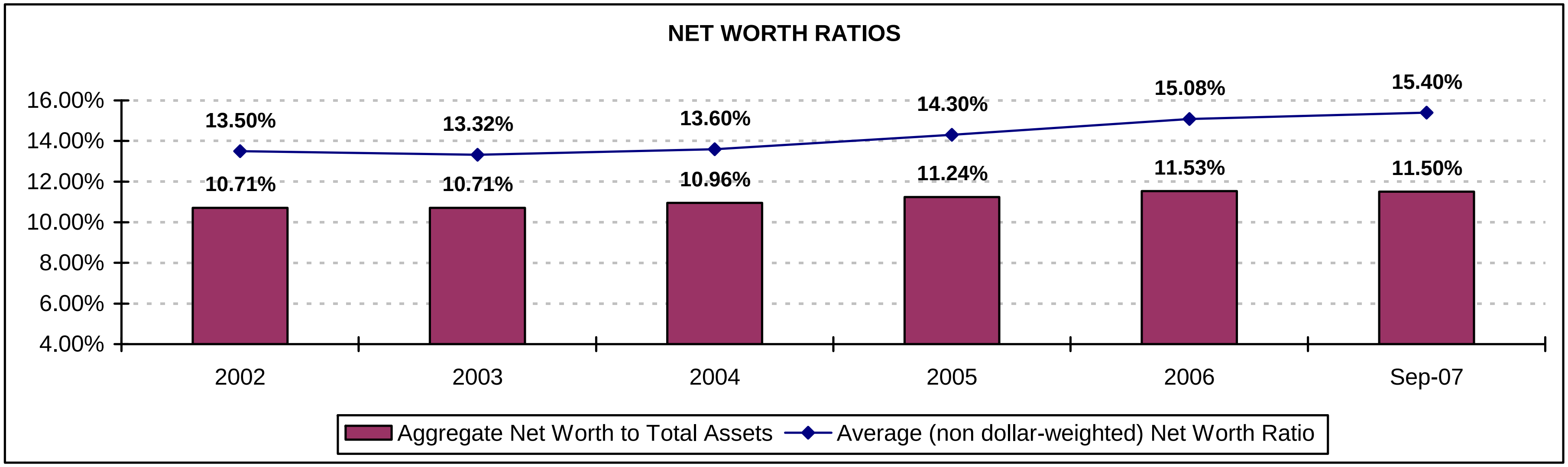
OVERALL TRENDS







NET WORTH

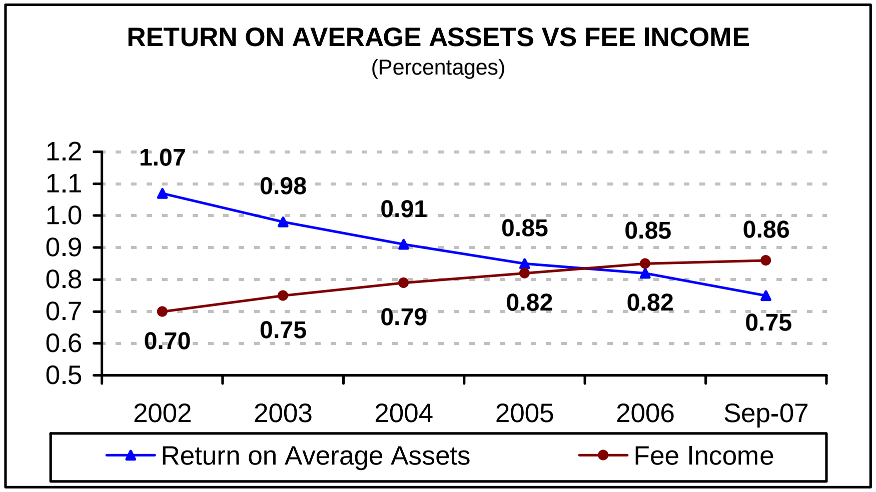


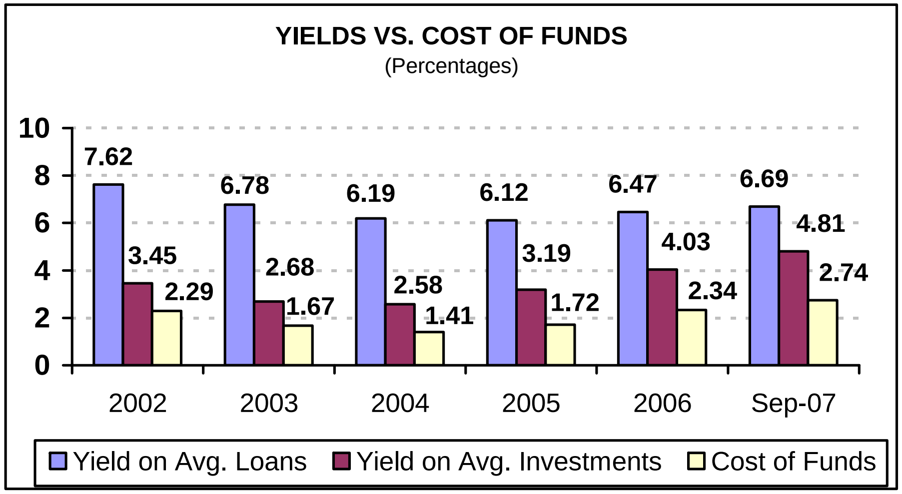
	December 2006 In Billions	**September 2007** In Billions	**% Change**
Total Net Worth	$81.92	$85.64	4.54%
Secondary Capital	$.027	$.028	0.95%

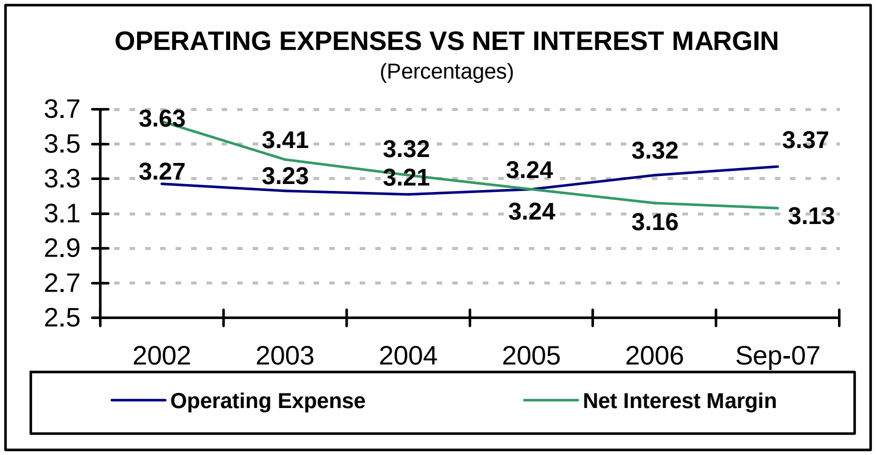
NET WORTH RATIOS				
Number of Credit Unions	**December 2006**	**% of Total**	**September 2007**	**% of Total**
7% or above	8,235	98.48%	8,056	98.69%
Net Worth Ratios				
6% to 6.99%	58	0.69%	50	0.61%
4% to 5.99%	36	0.43%	33	0.40%
2% to 3.99%	20	0.24%	14	0.17%
0% t0 2.00%	8	0.10%	2	0.02%
Less than 0%	5	0.06%	8	0.10%

Net Worth remains strong as total dollars increased $3.72 billion or 4.54% during the first nine months of 2007. The number of credit unions subject to Prompt Corrective Action, as a percentage of total credit unions, decreased from 1.52% as of December 31, 2006, to 1.31% as of September 30, 2007.

EARNINGS



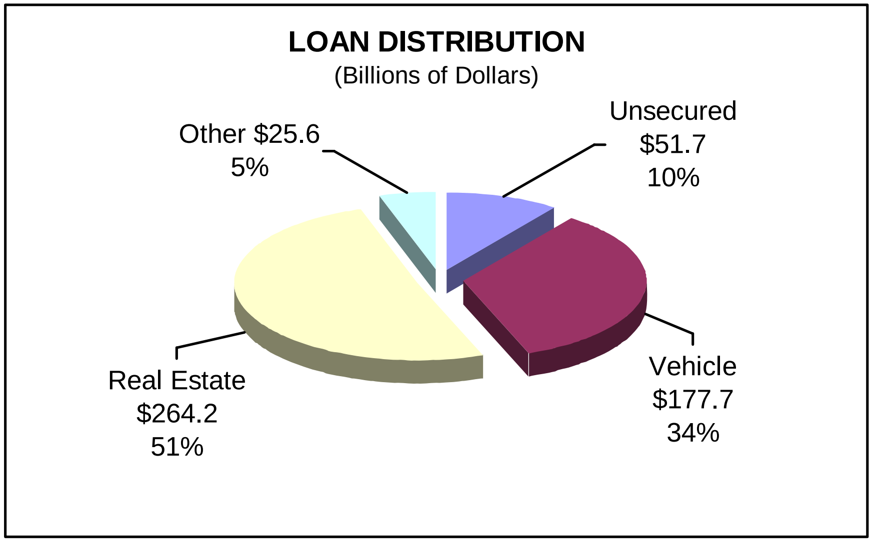


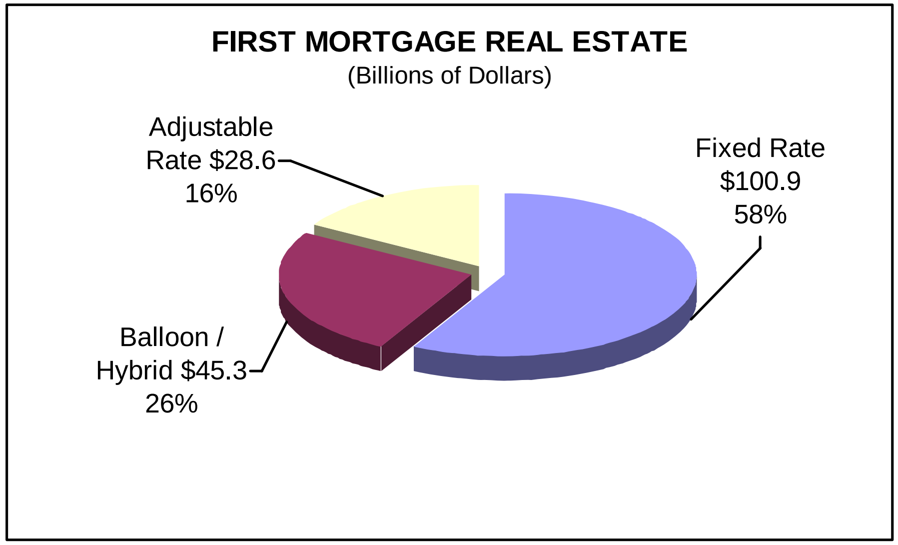


Ratio (% Average Assets)	As of 2006	As of Sept 2007	Effect on ROA
Net Interest Margin	3.16%	3.13%	- 3bp
+ Fee & Other Inc.	1.28%	1.32%	+ 4bp
- Operating Expenses	3.32%	3.37%	- 5bp
- PLLL	0.32%	0.37%	- 5bp
+ Non-Opr. Income	0.02%	0.04%	+ 2bp
= ROA	0.82%	0.75%	- 7bp

The level of earnings continues to be effective, covering the cost of operations as well as contributing to the already solid level of net worth. Net interest margin contracted 3 basis points to 3.13% as the cost of funds increased at a faster rate than the yield on assets. Operating expenses and Provision for Loan & Lease Losses continue to rise in relation to average assets.

LOAN DISTRIBUTION

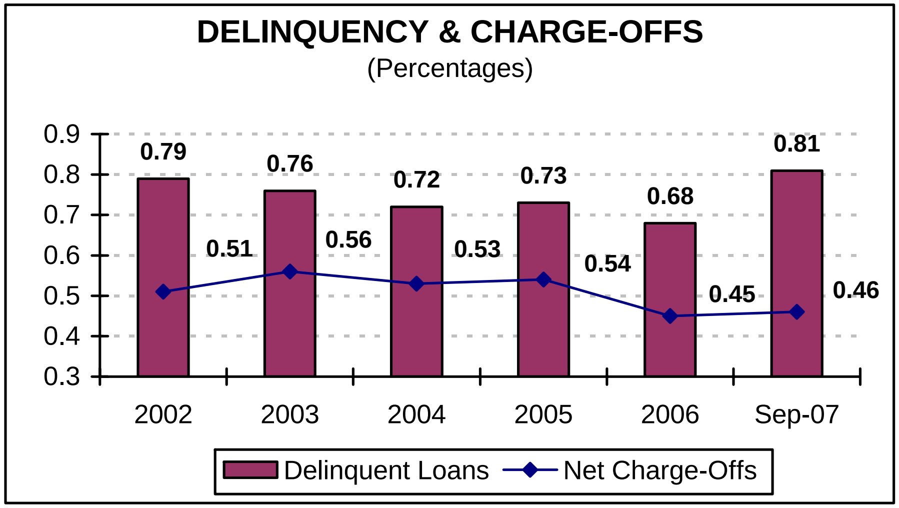


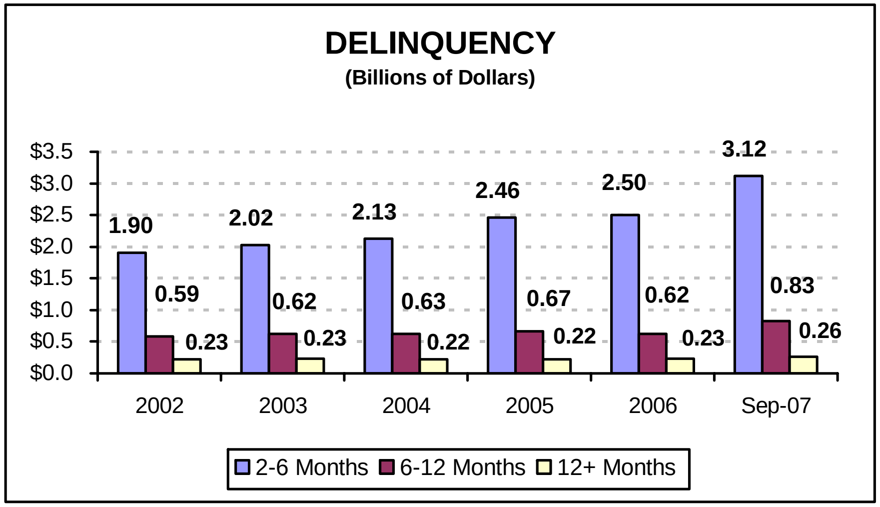


Loan Category	**2006 Balance** In Billions	**% of Total Loans 2006**	**September 2007 Balance** In Billions	**% of Total Loans Sep 2007**	**Growth** In Billions	**Growth Rate**
Unsecured Credit Card	$26.57	5.37%	$28.01	5.39%	$1.44	5.41%
All Other Unsecured	$22.62	4.58%	$23.73	4.57%	$1.11	4.91%
New Vehicle	$88.53	17.91%	$88.22	16.99%	-$0.31	-0.35%
Used Vehicle	$87.58	17.71%	$89.41	17.22%	$1.83	2.10%
First Mortgage Real Estate	$159.80	32.32%	$174.77	33.66%	$14.97	9.37%
Other Real Estate	$84.37	17.07%	$89.43	17.23%	$5.06	6.00%
Leases Rec & All Other	$24.92	5.04%	$25.63	4.94%	$0.71	2.84%
Total Loans	**$494.39**		**$519.20**		**$24.81**	**5.02%**

Loan growth outpaced share growth during the first nine months of 2007 with total loans increasing $24.81 billion, resulting in the loan to share ratio increasing from 82.23% to 82.66%. The growth was again fueled by first mortgages and other real estate loans. Real estate loans comprise the largest portion of total loans at 50.89%, followed by vehicle loans at 34.21%. During the first nine months of 2007, fixed rate first mortgages increased $9.99 billion (10.99%), adjustable rate first mortgages increased $0.98 billion (3.53%), and balloon/hybrid first mortgages increased $4.00 billion (9.70%). Credit unions are reporting $5.6 billion or 3.21% of total first mortgage loans in Interest Only & Optional Payment First Mortgage Loans.

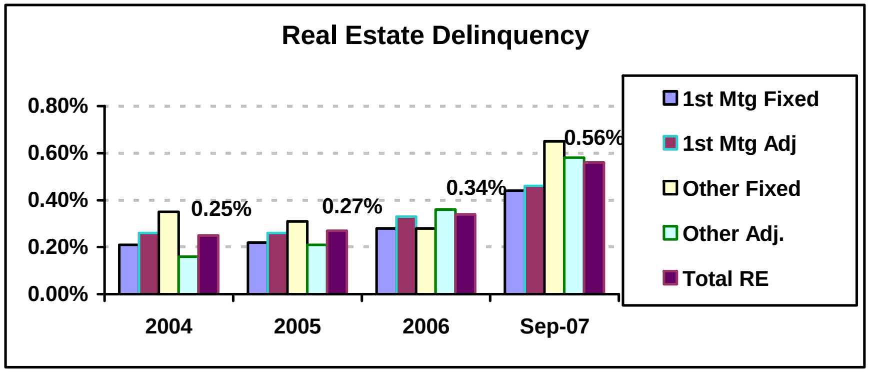
DELINQUENCY TRENDS





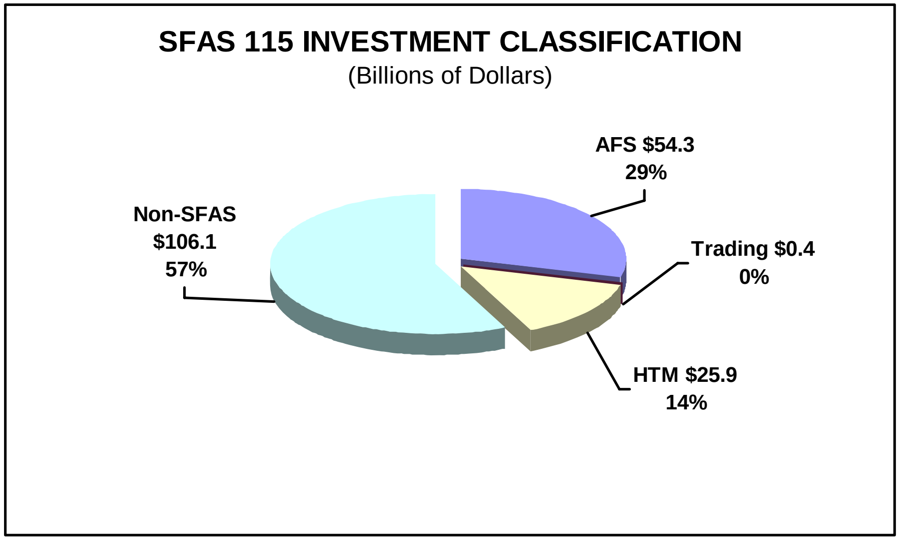
Total Loan Charge-Offs and Recoveries and Outstanding Foreclosed Real Estate	December 2006 In Billions	Sep 2007 In Billions	% Change
Total Loans Charged Off	$2.67	$2.89*	8.05%*
Total Loan Recoveries	$0.51	$0.55*	6.99%*
Total Net Charge-Offs	$2.16	$2.34*	8.30%*
Foreclosed Real Estate	$0.16	$0.27	65.66%

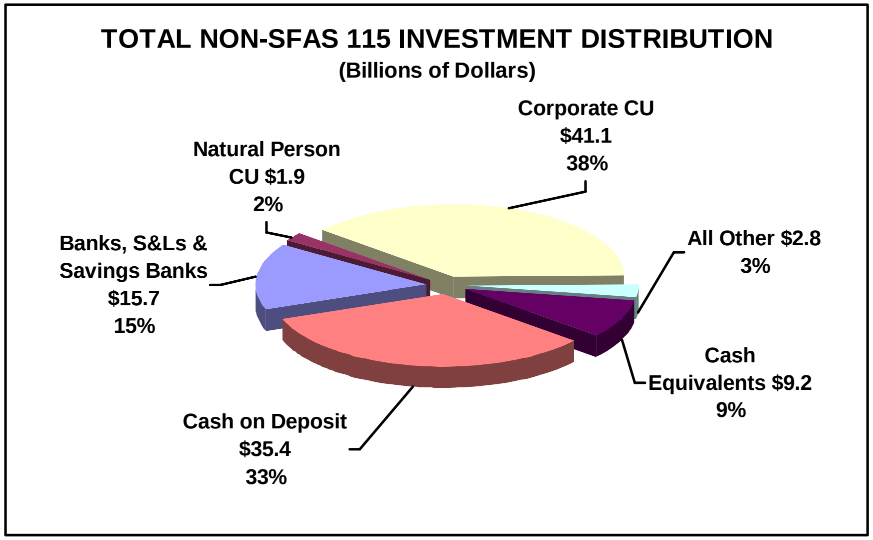
*Annualized



The quality of the loan portfolio deteriorated slightly as noted by a 13 basis point increase in delinquent loans to total loans during the first nine months of 2007, while the average net charge-off ratio increased only 1 basis point. There are some signs of stress in the performance of real estate loans, and the increasing real estate delinquency and loan losses are starting to impact the performance of the overall loan portfolio, as noted in the total delinquency and net charge-off numbers. Total delinquent real estate loans greater than 2 months increased from 0.34% at year-end 2006 to 0.56% as of September 30, 2007. All real estate delinquency categories increased with the largest being in Other Real Estate Fixed/Hybrid/Balloon loans which increased from 0.28% as of year-end 2006 to 0.65% as of September 30, 2007.

INVESTMENT TRENDS

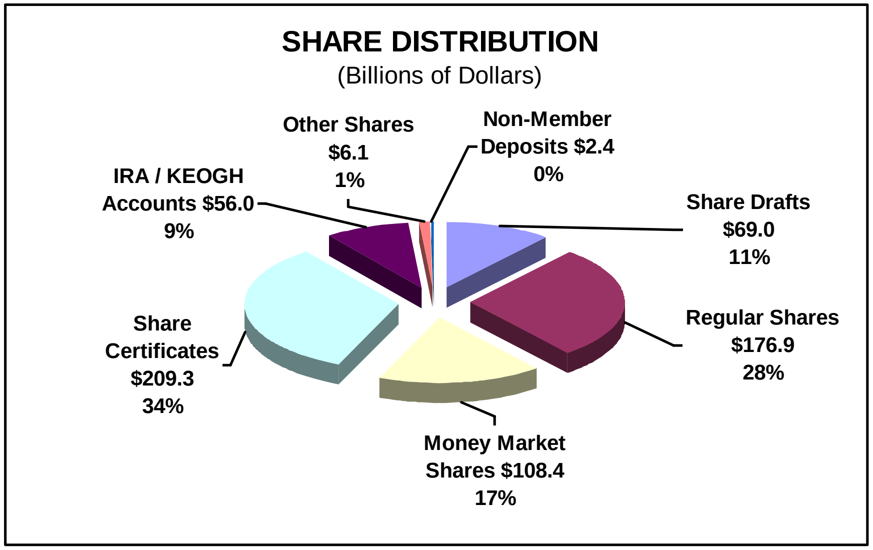


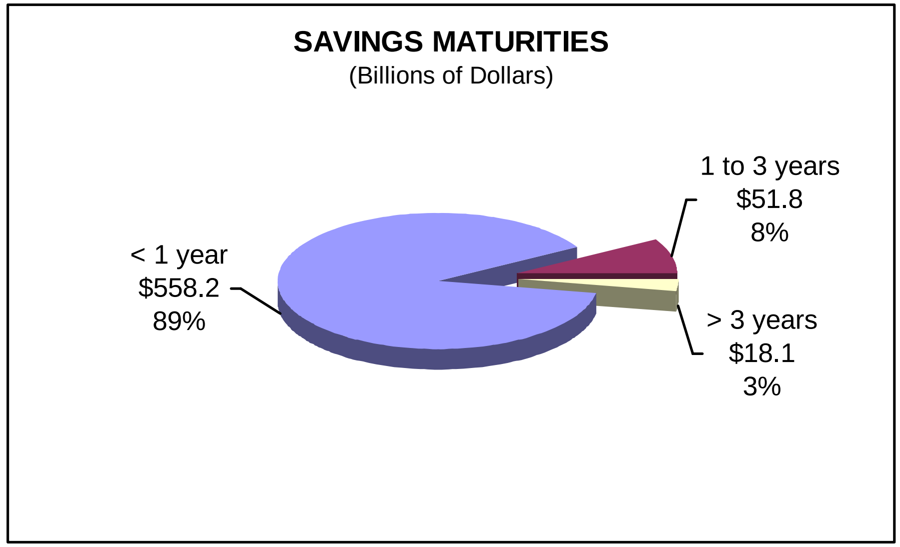


Investment Maturity or Repricing Intervals	**December 2006** In Billions	**% of Total Investments 2006**	**September 2007** In Billions	**% of Total Investments September 2007**
Less than 1 year	$105.83	58.95%	$109.68	58.74%
1 to 3 years	$51.96	28.94%	$49.11	26.30%
3 to 5 years	$14.45	8.05%	$18.56	9.94%
5 to 10 years	$5.17	2.88%	$6.81	3.65%
Greater than 10 years	$2.10	1.17%	$2.56	1.37%
Total Investments	$179.51		$186.72	

Strong loan demand outpaced share growth, decreasing the amount of funds available for investment in 2007. The maturity structure of the investment portfolio remains very short, resulting in a low interest rate risk profile for this portion of the balance sheet. Credit unions maintain their investments in high quality, safe instruments. Almost 57% of investments are in cash or equivalents, deposits in corporate credit unions, and deposits in other financial institutions. These provide liquidity and are generally not vulnerable to changing market values. Of the remaining investments, which are subject to SFAS 115 classification, 84.9% are in U.S. Government or Federal Agency Securities.

SHARE TRENDS

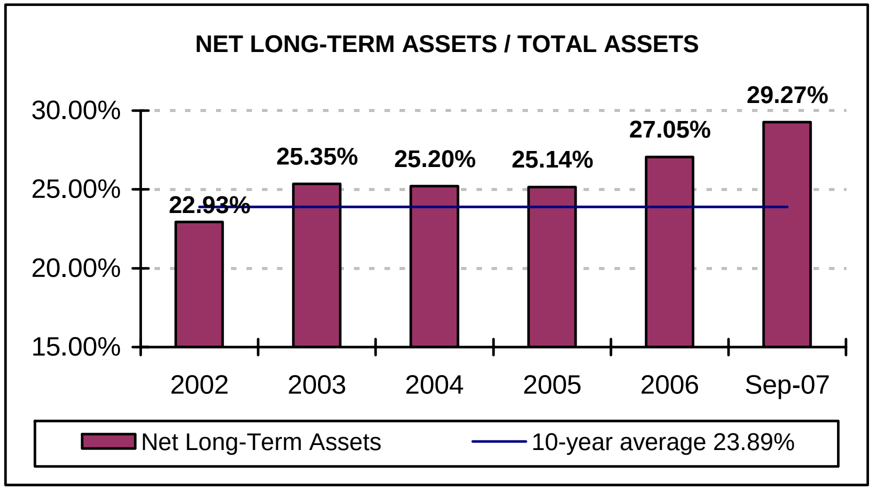


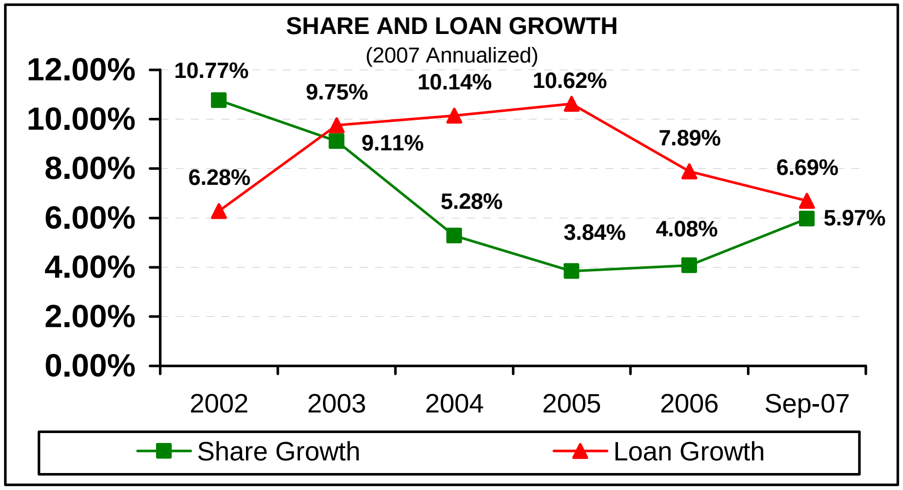


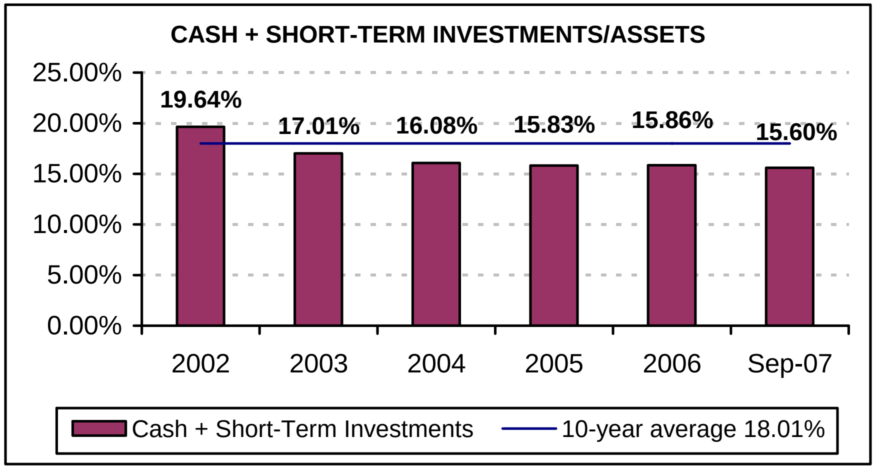
Share Category	2006 Balance In Billions	% of Total Shares 2006	September 2007 Balance In Billions	% of Total Shares Sept 2007	Growth In Billions	Growth Rate
Share Drafts	$70.29	11.69%	$68.96	10.98%	-$1.34	-1.90%
Regular Shares	$181.12	30.13%	$176.88	28.16%	-$4.24	-2.34%
Money Market Shares	$100.46	16.71%	$108.35	17.25%	$7.90	7.86%
Share Certificates	$188.89	31.42%	$209.28	33.32%	$20.39	10.79%
IRA / KEOGH Accounts	$52.04	8.66%	$56.04	8.92%	$4.01	7.70%
All Other Shares	$5.55	0.92%	$6.15	0.98%	$0.59	10.70%
Non-Member Deposits	$2.84	0.47%	$2.44	0.39%	-$0.40	-13.95%
Total Shares	**$601.19**		**$628.10**		**$26.91**	**4.48%**

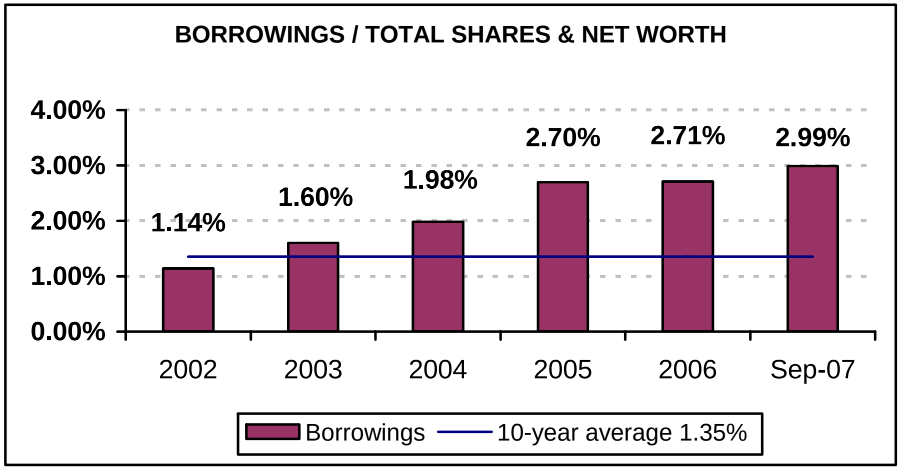
Total shares grew 4.48% ($26.91 billion) in the first nine months of 2007. Strong growth in money market shares, IRA/KEOGH accounts and certificates accounted for the majority of the growth. During the period, regular shares and share draft balances declined overall. Total share certificates continue to be the largest category exceeding regular shares for the fourth consecutive quarter.

ASSET LIABILITY MANAGEMENT TRENDS









Credit unions continue to hold adequate levels of liquidity; however, trends are showing tightening liquidity. The decline in cash and short-term investments during the first nine months of 2007 is due to the strong loan growth outpacing share growth. The net long-term asset ratio of 29.27% presents potential interest rate risk exposure. Credit unions with higher levels of liquidity risk or interest rate risk must maintain diligent liquidity and interest rate risk management procedures.

SUMMARY OF TRENDS BY ASSET GROUP

	Asset Group Under $10 million	**Asset Group** $10 million to $100 million	**Asset Group** $100 million to $500 million	**Asset Group** Over $500 million
# of Credit Unions	3,625	3,320	913	305
Total Assets	$13.58 billion	$114.78 billion	$196.28 billion	$419.79 billion
Average Assets (non dollar-weighted)	$3.75 million	$34.57 million	$214.98 million	$1.38 billion
Net Worth/Total Assets	16.60%	13.26%	11.85%	10.69%
Average Net Worth (non dollar-weighted)	18.02%	13.89%	11.85%	11.20%
Net Worth Growth	-2.47%	2.16%	0.74%	10.89%
Return on Average Assets	0.62%	0.68%	0.65%	0.82%
Net Interest Margin/Average Assets	4.26%	3.80%	3.35%	2.80%
Fee & Other Income/Average Assets	0.71%	1.26%	1.46%	1.29%
Operating Expense/Average Assets	4.06%	4.11%	3.80%	2.92%
Members / Full-Time Employees	447.52	396.43	350.21	385.22
Provision for LLL/Average Assets	0.33%	0.30%	0.40%	0.38%
Loans/Shares	72.14%	74.38%	81.73%	85.75%
Delinquent Loans/Total Loans	2.14%	1.14%	0.96%	0.63%
% of Real Estate Lns Delinquent > 2 Mths	1.11%	0.79%	0.90%	0.38%
Net Charge-Offs/Average Loans	0.53%	0.45%	0.46%	0.47%
Share Growth	-6.07%	0.29%	-0.18%	11.31%
Loan Growth	-7.43%	-1.27%	-0.50%	12.86%
Asset Growth	-5.63%	0.38%	-0.31%	12.19%
Membership Growth	-8.02%	-3.04%	-2.81%	9.07%
Net Long-Term Assets/Total Assets	8.19%	21.94%	30.00%	31.62%
Cash + Short-Term Invest./Assets	30.74%	21.20%	14.89%	13.90%
Borrowings/Shares & Net Worth	0.19%	0.55%	1.89%	4.31%

Note: The growth trends are an aggregate figure and do not account for the credit unions which moved into or out of adjoining asset groups.

There is a distinct difference in the performance among the different asset groups. Net worth ratios are solid among all asset groups with the largest percentages being reported in the under $10 million category. The highest return on average assets, loan growth, share growth, and loan to share ratio is noted in the over $500 million asset group, with this group being the only one to report positive loan and membership growth for the first nine months of 2007.