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## Media Release

FOR IMMEDIATE RELEASE

### Loans and Shares Reflect Steady Growth in 2007

#### ***Mortgage lending remains strong and loan delinquencies expand***

Alexandria, Va., February 21, 2008 – Federally insured credit unions reported solid loan and share growth and membership expansion in 2007 while loan delinquencies increased according to call report data submitted by the nation's 8,100 federally insured credit unions.

Loan growth was 6.6 percent and share growth was 5.2 percent as membership grew to 86,837,478 at the nation's federally insured credit unions during 2007. Investments expanded 4.9 percent following several years of decline, with credit unions primarily investing in the corporate credit union system.

"I am pleased to note that call report results indicate the cornerstone of credit union stability, net worth remains high at 11.44 percent," said NCUA Chairman JoAnn Johnson. "Real estate loans increased 11.0 percent to \$271.1 billion in 2007 illustrating credit unions are actively engaged in serving their members' mortgage lending needs. Reflecting widespread volatility in the mortgage market, which has migrated to many segments of the economy, credit unions are seeing increased delinquencies in various areas of lending and in foreclosures. Notwithstanding, it is important to note that the delinquency increases, though material, do not threaten the overall safety, soundness and stability of the credit union industry."

Lending data indicates real estate loans delinquent 2 months or more grew from 0.34 to 0.67 percent during 2007. Foreclosed real estate increased 102.2 percent to \$331.9 million, and although a marked increase, foreclosures continue to represent a very small .12 percent of total real estate loans. After declining for the past three years, credit card delinquencies were a reported 1.33 percent of total credit card loans at year-end 2007, remaining just below the 1.34 percent level reported in 2003. The total loan delinquency ratio for federally insured credit unions increased from .68 to .93 percent during 2007, a 25 basis point increase.

"While these statistics pinpoint the changes credit unions are currently undergoing

in the face of instability in the economic sector, I am confident that on the whole credit unions continue to perform well, and I encourage credit unions to stay the course and remain vigilant stewards offering a safe, sound place for their members to save and borrow and meeting their financial service needs.” Chairman Johnson said.

Details of major balance sheet categories and membership growth in federally insured credit unions from December 31, 2006, to December 31, 2007, follows:

- Assets increased 6.1 percent to \$753.5 billion from \$710.0 billion;
- Loans increased 6.6 percent to \$526.9 billion from \$494.4 billion;
- Investments increased 4.7 percent to \$142.5 billion from \$134.5 billion;
- Shares increased 5.2 percent to \$632.4 billion from \$601.2 billion;
- Net worth increased 5.3 percent to \$86.2 billion from \$81.9 billion; and
- Membership increased 1.3 percent to 86.8 million members

Major loan categories grew in 2007, with the exception of a slight 1.8 percent decline in new automobile loans, which ended the year at \$86.9 billion. First mortgage real estate loans grew 12.3 percent to \$179.4 billion, while other types of real estate loans grew 8.7 percent to \$91.7 billion. Used automobile loans grew 1.7 percent to \$89.1 billion, and unsecured credit card loans grew 13.4 percent to \$30.1 billion.

Reviewing recent trends in mortgage lending, in 2007 fixed rate 1st mortgage loans increased 14.4 percent, balloon/hybrid 1st mortgage loans increased 13.2 percent, and adjustable rate first mortgage loans increased 3.9 percent, illustrating the move to fixed rate loans.

Share certificate accounts grew 14.4 percent to \$216.1 billion, while money market share accounts grew 10.7 percent to \$111.2 billion, and IRA and KEOGH accounts increased 9.3 percent to \$56.9 billion. Share drafts grew 1.9 percent to \$71.6 billion and regular share accounts declined 7.0 percent to 168.4 billion

As the result of robust lending in most categories in 2007, the loan-to-share ratio increased to 83.3 percent during 2007. The year ended with a net worth ratio at federally insured credit unions of 11.44 percent. With net loan charge-offs of \$2.6 billion, the net charge-off ratio was 0.50 percent, and the return-on-average-assets declined to 0.65 as the result of increased cost of funds and net operating expenses and an increase in the provision for loan losses as credit unions account for potential losses.

Details of year-end 2007 data are available in a consolidated balance sheet and a December 2007 Facts/Summary posted online at: [click here](#).

The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of nearly 87 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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