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Media Release

FOR IMMEDIATE RELEASE

Chairman Johnson Testifies on State of CU Industry

March 4, 2008, Alexandria, Va - National Credit Union Administration (NCUA) Chairman JoAnn Johnson joined federal and state financial regulators testifying before the United States Senate Banking, Housing, and Urban Affairs Committee on "The State of the Banking Industry".

Chairman Johnson provided NCUA's perspective on the health of the federally chartered credit unions, their role in the mortgage lending market, and NCUA mortgage lending guidance activities. Johnson also addressed foreclosure mitigation efforts, systemic risk, transparency, and risk management techniques being applied to enhance safety and soundness throughout the credit union industry.

Chairman Johnson noted that federally insured credit unions are well-capitalized with net worth at 11.4 percent, total assets at \$753 billion, and aggregate net worth at \$86 billion, the highest dollar amount in history.

"NCUA data collection and financial trend monitoring, extensive examination procedures, and strong mortgage lending and risk management guidance in the form of Letters to Credit Unions have been crucial in ensuring the federally chartered credit union system remains financially strong in the midst of real challenges in the mortgage market," stated Chairman Johnson.

While highlighting credit unions' track record for providing responsible lending products to their members, Chairman Johnson stressed that nontraditional loans, usually riskier than traditional loans, are not prevalent in federally insured credit unions. The majority, 58 percent of credit union mortgage loans are fixed rate and only 2.3 percent are interest only or optional payment loans.

"While the financial services industry is facing challenges, federally insured credit unions are well capitalized and show positive financial trends. Assets, loans and shares are growing, which affords a continued ability to provide members with a full range of financial services. The NCUA will continue its policy of thoroughly monitoring financial trends through diligent regulatory oversight to ensure credit

union members have access to prudent mortgage lending products that are beneficial to their financial future,” said Chairman Johnson.

Chairman Johnson’s testimony is available online at: [click here](#). The Chairman will be on Capital Hill again this week on Thursday, testifying before the House Committee on Financial Services Committee’s hearing on "The Need for Credit Union Regulatory Relief."

The National Credit Union Administration charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund (NCUSIF), insuring the deposits of over 86 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not federal tax dollars.