

# **NCUA LETTER TO FEDERAL CREDIT UNIONS**

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

**DATE: August 2006** **LETTER NO.: 06-FCU-04**  
**TO: Federal Credit Unions**  
**SUBJ: Evaluation of Earnings**  
**ENCL: Supervisory Letter – Evaluation of Earnings**

Dear Board of Directors:

The purpose of this Letter is to provide all Federal Credit Unions with the same guidance provided to NCUA field staff about evaluating earnings. The attached Supervisory Letter was provided to NCUA field staff in August 2006.

NCUA appreciates the delicate balance credit unions must strive to achieve between the short-term and long-term needs of the credit union. In this regard, I encourage credit union officials to be committed to a sincere, conscientious, and well-planned strategy to safely balance the net worth and earnings needs of the credit union with strategies to achieve longer-term objectives. I am confident that with an open dialogue examiners will be supportive of such endeavors.

However, in the event any disagreements with your examiner in this respect cannot be resolved, please contact your supervisory examiner or regional office. For any such disagreements with an NCUA regional office, please contact NCUA's Supervisory Review Committee.<sup>1</sup>

Sincerely,

/s/

JoAnn M. Johnson  
Chairman

Enclosure

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<sup>1</sup> Refer to [www.ncua.gov/RegulationsOpinionsLaws/IRPS/1995/IRPS95-1.html](http://www.ncua.gov/RegulationsOpinionsLaws/IRPS/1995/IRPS95-1.html) and [www.ncua.gov/RegulationsOpinionsLaws/IRPS/2002/IRPS02-1.html](http://www.ncua.gov/RegulationsOpinionsLaws/IRPS/2002/IRPS02-1.html) for information on submitting appeals to NCUA's Supervisory Review Committee.