
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD MEETING RESULTS FOR JULY 26, 2007

NCUA's 2007 mid-session budget review

The NCUA Board approved a mid-session budget review reducing the operating budget by 0.5 percent, or \$739,637, and allocating \$250,000 for upcoming capital acquisitions.

By design, the 2007 mid-session decrease in the operating budget is small compared to past mid-session adjustments. The original budget included a reduction for anticipated vacancies. Additionally, vacancies have remained low and steady with the 2006 year-end rate, 2.9 percent. These two factors, as well as an increase in the travel budget due to higher energy costs and lengthening of the examination time, have combined for the small mid-session decrease.

The Board approved a NCUA 2007 reprogrammed budget of \$151.3 million, an increase of \$250,000 in capital acquisitions, and continued the agency's current staff level at 957.92 full-time equivalents.

NCUSIF report at mid-year

During the first six months of 2007, National Credit Union Share Insurance Fund (NCUSIF) revenue and expense activity included gross income of \$157.8 million, net income of \$103.9 million, operating expenses of \$37.9 million and insurance losses of \$16.0 million.

The provision for loan loss reserve account grew to \$86 million, with an additional \$1.0 million added during June. Problem code 4 and 5 credit unions declined from 240 at year-end 2006 to 219 at June 30, 2007, while shares held in problem code credit unions increased from 1.05 to 1.06 percent of total shares. Eight federally insured credit unions failed in the first six months of 2007.

Based on projected 4.3 percent growth, shares are expected to reach \$558 million at mid-year, which results in a 1.27 percent NCUSIF equity ratio at June 30, 2007, and an expected equity ratio of 1.31 percent at year-end.

Catastrophic Act Reporting and Records Preservation amendments finalized

The NCUA Board issued a final rule amending Parts 748 and 749, Catastrophic Act Reporting and Records Preservation, to clarify requirements for vital records preservation and provide a

new Appendix that offers guidelines for developing a program to prepare for a catastrophic act.

Effective when published in the Federal Register, the final rule and new appendix will assist federally insured credit unions be well-positioned to reconstruct vital records and deliver vital member services to their members with minimal disruption in the event of a catastrophe.

Comments sought on CU investment in foreign currency

The NCUA Board approved an Advanced Notice of Proposed Rulemaking (ANPR), to Parts 703 & 704, seeking comments on a broad range of concerns associated with permitting natural person federal credit unions and corporate credit unions to make investments in foreign denominated currency, which would provide a complementary authority to the recent change allowing FCUs to accept member shares denominated in foreign currency.

Some items for discussion include restricting investments to domestic issuers, exchange rate risk, credit risk, information and technology risk, and the need for internal controls and exit strategies.

The ANPR was issued with a 90-day comment period. Please submit comments using one of the following methods:

- NCUA Website: <http://www.ncua.gov/RegulationsOpinionsLaws/proposedregs/proposedregs.html>
- E-mail: regcomments@ncua.gov
- Fax: (703) 518-6319
- Mail: Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314-3428.

Board votes are unanimous unless otherwise indicated