

Fryzel tells summit: My commitment to NASCUS is a partnership

NCUA Chairman Michael E. Fryzel delivered a message of cooperation and strong regulatory oversight to the National Association of State Credit Union Supervisors 2008 Summit in Seattle, Washington, August 21, 2008.

“My commitment to NASCUS is a partnership—a partnership of shared ideas and opinions; of open dialogue on problems and solutions; and of working together to achieve our common goal of a strong, vibrant credit union industry,” Mr. Fryzel said in his first official speech as NCUA chairman.

Chairman Fryzel said his regulatory philosophy emphasizes prudent, far-sighted regulatory oversight. It was developed over the years he served as the Illinois regulator of financial institutions, on the Governor’s Board of Credit Union Advisors, and garnered from private sector experience in legal and advisory capacities.

The chairman identified a rigorous safety and soundness standard as the central focus of both state and federal regulators when



describing the primary principles that will guide his approach as chairman of NCUA. Other essential elements include:

- Maintaining strong regulatory control that aggressively protects the rights of consumers;
- Providing common-sense rules that benefit both credit unions and the

- members they serve; and
- Monitoring credit unions to ensure consumers get a fair deal.

“These principles are central to the continued durability of the dual chartering concept,” Chairman Fryzel said. “The existence of strong, vital federal and state systems benefit all facets of the credit union industry. We have a commitment to those who placed us in these regulatory positions, and to the consumers who depend on us, to be diligent stewards keeping their financial institutions safe, sound and well-functioning.

“These are common goals, and I ask you to take every practical step to ensure you devote adequate resources to the thorough, careful and comprehensive examination and supervision of credit unions. At times like these, nothing less is acceptable. I will work alongside you to provide the help you might need every step of the way,” Chairman Fryzel said.

The speech is available online at <http://www.ncua.gov/news/speeches/2008/fryzel08-0821.html>

Sarah Vega is appointed chief of staff

Chairman Michael E. Fryzel appointed Sarah D. Vega, of Chicago, Ill., as his chief of staff and senior policy advisor effective September 10, 2008. Vega advises the chairman on the full range of issues before NCUA and oversees the day-to-day management of his office.

“Sarah Vega brings a wealth of knowledge and experience to this role. I am very pleased that she has chosen to

continue her public service in this capacity, and I am confident that she will be a tremendous asset to me and my efforts as NCUA Chairman,” noted Chairman Fryzel.

Vega comes to NCUA following 15 years of public service in Illinois, in addition to practicing law in the private sector.

She served four years as director of the Illinois Department of Financial Institutions, the regulatory agency

responsible for licensing and examination of all state-chartered credit unions, currency exchanges, consumer-installment lenders, sales finance companies, title insurance companies, money transmitters, foreign exchange offices, and debt management firms in the state of Illinois. Vega served 10 years as administrator of the Department’s Credit Union Division,

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Online data collection coming soon

Credit unions to submit 5300 data and Report of Officials via the Internet

NCUA is developing an integrated web-based system to capture and display credit union information. The online application will enable credit unions to submit their 5300/5310 Call Report and Report of Officials data via the Internet. The application will be deployed in late 2009 for natural person credit unions and in 2010 for corporate credit unions.

Benefits of the new online system include:

- Increases efficiency by not reporting redundant information each Call Report cycle;
- Eliminates the need to install Call Report and Report of Officials software; and
- Allows multiple users to access the system simultaneously.

The Report of Officials is being eliminated and integrated into a credit union profile. The profile will contain information about a credit union that infrequently changes, including Report of Officials data and some information currently collected on 5300/5310 Call Reports, such as contact, disaster recovery, and Information Systems and Technology

materials. The intent is to eliminate the requirement for a credit union to report redundant information each call report cycle. After profile data is entered, subsequent input will only be required for additions, deletions, or changes to the data. The profile will also include certain read-only chartering information about the credit union.

The entire Call Report process will be completed online through a secure website. All credit unions with access to the Internet will be required to use the system. Each institution must have Internet Explorer 6.0 or higher, a valid email address, and a login and password to be a user on the system. For efficiency, credit unions can have multiple users to ensure profile information is updated and the Call Report is timely completed. Additionally, multiple users will be able to access the system and complete different sections of the Call Report simultaneously.

NCUA recently posted a Frequently Asked Questions (FAQ) document on our Internet site, <http://www.ncua.gov/IndexCUQuery.htm>, titled "Coming in 2009: Credit Union Online Access." Please reference the FAQs, which will be periodically updated with additional details.

chief of staff continued from page 1 which regulates Illinois' state-chartered credit unions. Her career with the Department began as a regulatory attorney after serving as an enforcement attorney in the Securities Department of the Illinois Office of the Secretary of State.

Additionally, Vega served as chairman of the National Association of State Credit Union Supervisors, is a former member of the Board of Directors of the Federal Home Loan Bank of Chicago, and is a member of the Illinois Bar.

Ms. Vega holds a Juris Doctorate as well as a B.A. in Political Science from DePaul University. She and husband, Len Sherman, are the parents of twin daughters, Liz and Marissa.

credit unions continued from page 4 billion, other types of real estate loans reported 1.7 percent growth to \$92.8 billion, used automobile loans grew 3.3 percent to \$92.0 billion, unsecured credit card loans grew 1.5 percent to \$30.6 billion, and all other loans/lines of credit grew to \$25.6 billion.

Major share accounts grew across the board in the first six months of 2008. Money market shares showed the greatest expansion with a 13.9 percent increase to \$126.6 billion, share certificates grew 2.9 percent to \$222.3 billion, while IRA/KEOGH accounts grew 7.0 percent to \$60.9 billion. Share drafts grew 6.2 percent to \$75.3 billion and regular shares grew 8.0 percent to \$182.7 billion.

The loan delinquency ratio increased 4 basis points, up from .93 to .97 percent, and the net charge-off ratio increased from 0.51 to 0.71 percent during the first six months of 2008. The return on average assets ratio declined from 0.64 percent to 0.52 percent primarily due to increased funds set aside for loan and lease losses. With savings growth outpacing loan growth in 2008, the loan-to-share ratio declined to 80.72 percent from 83.32 percent at year-end 2007.

Details of mid-year 2008 data are available in a Consolidated Balance Sheet and a June 2008 Facts Summary posted online at <http://www.ncua.gov/data/FOIA/foia.html>.

NCUA News

National Credit Union Administration

NCUA News is published by the National Credit Union Administration, the federal agency which supervises and insures most credit unions.

Michael E. Fryzel, *Chairman*
Rodney E. Hood, *Vice Chairman*
Christiane Gigi Hyland, *Board Member*

Information about NCUA and its services may be secured by contacting 703-518-6330.

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July 30, 2008 New Orleans, La.— NCUA Board Member Gigi Hyland provides oxygen to a test dummy while supervised by a doctor from Louisiana State University Medical School's Center for Advanced Practice, which is partially funded by Campus Federal Credit Union of Baton Rouge.



My Government Listens

Date: Wednesday, September 17, 2008

Who: Vice Chairman Rodney E. Hood

Event: NCUA Regional Meetings

Location: Dallas, TX

Contact: Sally Thompson at

sridgely@ncua.gov

Date: Thursday, September 18, 2008

Who: Vice Chairman Rodney E. Hood

Event: Texas Credit Union League CEO Roundtable

Location: Dallas, TX

Contact: Sally Thompson at

sridgely@ncua.gov

Date: Tuesday, October 6, 2008

Who: Vice Chairman Rodney E. Hood

Event: New York State CUL's Annual Convention

Location: Niagara Falls, NY

Contact: Sally Thompson at

sridgely@ncua.gov

Date: Friday, October 17, 2008

Who: Vice Chairman Rodney E. Hood

Event: Firefighters Credit Union's Annual Convention

Location: Miami, FL

Contact: Sally Thompson at

sridgely@ncua.gov

Date: October 20, 2008

Who: Board Member Gigi Hyland

Event: AICPA National Conference on Credit Unions

Location: San Francisco, CA

Contact: Jessica Vogel at

jvogel@ncua.gov or (703) 518-6318

Date: Thursday, October 23, 2008

Who: Vice Chairman Rodney E. Hood

Event: Large New York State CU's CEO Roundtable

Location: Manhattan, NY

Contact: Sally Thompson at

sridgely@ncua.gov

Date: October 29, 2008

Who: Board Member Gigi Hyland

Event: Miami & Ohio CU CEO Roundtable

Location: Oxford, OH

Contact: Jessica Vogel at

jvogel@ncua.gov or (703) 518-6318

Hood summit stresses proactivity

NCUA Vice Chairman Rodney E. Hood hosted his second annual Risk Mitigation Summit August 7, 2008, at the filled to capacity Federal Reserve Bank of Chicago, where leaders from government and industry discussed the latest and most effective techniques for risk mitigation.

Vice Chairman Hood noted the importance and timeliness of the Summit, and he stressed the necessity for NCUA and the industry to proactively address risk mitigation issues.

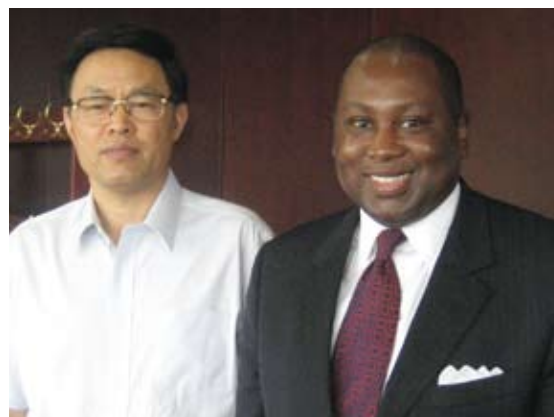
"Safety, soundness and consumer empowerment are closely related concepts," noted Vice Chairman Hood. "My interest in hosting today's Risk Mitigation Summit stems from my core belief that credit unions must have regulatory flexibility and empowerment to dynamically manage their balance sheets to respond to the challenges of current economic stresses."

Donna Gambrell, director of the U.S. Treasury Community Development Financial Institutions (CDFI) Fund, delivered the keynote address. The Summit featured sessions focusing on an overview of risk management by the Federal Reserve; interest and credit; reputation risk; CDFI Fund; operational

risk; and credit union risk trends. The sessions included presentations from John Hope Bryant—founder, chairman, and CEO of Operation Hope, Inc.; Nathaniel (Nate) Wuerffel—VP Operational Risk Management and Business Continuity for the Federal Reserve Bank of New York; Leo Tilman—president of L. M. Tilman & Co. and Adjunct Faculty at Columbia University; Chris Copeland—Corporate Risk manager, CUNA Mutual Group; and John Kutchey—director of the Division of Risk Management within NCUA's Office of Examination and Insurance.

Vice Chairman Hood encouraged the audience not to avoid risk, but to effectively manage risk in order to stimulate economic growth.

"I ask that you all join me on this journey of seeking clarity in the balance of risk and reward, amid economic indicators we often wish were clearer and more predictable. As financial service providers, today's credit unions are able to create member value and stimulate economic growth by taking risks. The seeds you plant today will shape America's families and communities tomorrow," Vice Chairman Hood said.



Beijing, China, July 17, 2008—Vice Chairman Rodney E. Hood meets with Vice Chairman Jiang Dingzhi of the International Department for the Chinese Banking Regulatory Commission to gain a better understanding of the Chinese financial system and share best practices of U.S. federal credit union regulation.



Hyland to host 75th FCU anniversary symposium

NCUA Board Member Gigi Hyland will host an agency symposium recognizing the 75th anniversary of the Federal Credit Union Act June 9 and 10, 2009, at the Capitol Hill Hyatt Regency Hotel in Washington.

The free, two-day event will celebrate 75 years of federal credit union history while providing a forum discussing the future of federal credit unions in the 21st century. The agenda will focus on the

current financial marketplace, importance of federal deposit insurance, opportunities for credit unions to serve all segments of their field of membership and opportunities for modernization of the FCU Act.

More information and further details about the agenda will be forthcoming. Participants are responsible for their own hotel accommodations. Please contact the hotel directly:

Hyatt Regency Washington on Capitol Hill
400 New Jersey Ave NW
Washington D.C. 20001
202-737-1234

<http://washingtonregency.hyatt.com>

President Franklin D. Roosevelt signed the FCU Act into law June 26, 1934. The symposium will be one in a series of upcoming agency events to highlight the landmark anniversary.

Credit unions grow assets, savings and members

The overall financial condition of federally insured credit unions remains strong. Assets, loans, shares, and membership demonstrated consistent growth through the first six months of the year according to June 30, 2008, Call Report data submitted by the nation's 7,972 federally insured credit unions.

Membership grew to nearly 88 million in federally insured credit unions, and transposing recent trends, savings outpaced lending in the first six months of 2008. Savings grew a substantial 7.0 percent, lending grew 3.7 percent, and assets increased 6.5 percent from January through June.

“Although current mortgage and credit markets continue to cause fluctuations

in the financial sector, the overall fiscal condition of federally insured credit unions remains stable,” said NCUA Chairman Michael E. Fryzel. “In addition, first mortgage real estate loans grew by 10.1 percent from January through June 2008, illustrating that credit unions continue to meet their members’ mortgage loan needs.”

Details of major balance sheet categories and membership growth in federally insured credit unions from December 31, 2007, to June 30, 2008, follow:

- Assets increased 6.5 percent to \$802.5 billion from \$753.4 billion;
- Loans increased 3.7 percent to \$546.4 billion from \$526.9 billion;

- Shares increased 7.0 percent to \$676.9 billion from \$632.4 billion;
- Investments increased 17.3 percent to \$167.0 billion from \$142.5 billion;
- Net worth increased 5.62 percent to \$88.6 billion from \$86.1 billion; and
- Membership increased 1.3 percent to 87.9 million members.

The loan to share ratio remains high at 80.72 percent. With the exception of declines in new automobile and other unsecured loans/lines of credit, all major loan categories grew from December 2007 through June 2008. In addition to the 10.1 percent increase in first mortgage real estate loans, which represent \$198.1

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