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May 23, 2011

Ms. Mary F. Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Ms. Rupp:

On behalf of the Board and management of EasCorp, thank you for the opportunity to comment on NCUA's Proposed Rule on Interest Rate Risk Management.

With certain exclusions for smaller institutions, the Proposed Rule would require a written interest rate risk policy and an interest rate risk management program as a condition of insurance for all federally insured credit unions. We endorse the exclusion for smaller credit unions, as well as those with less sophisticated balance sheets, and have several suggestions about certain aspects of the Proposed Rule.

Section I, Part B

Risk measurement systems assessing the IRR sensitivity of either or both:

a. *Earnings*
b. *Asset and liability values*

The choice to measure either earnings or valuation is left to the discretion of the credit union's Board; however, in our opinion, assessing both measures provides a more complete view of a financial institution's risk profile, and enables management to make more informed decisions regarding balance sheet strategy and risk mitigation. Income simulation models (i.e. earnings sensitivity) are reliable for measuring IRR in the near-term future (e.g. no longer than three years). Risk measurement systems for assessing the sensitivity of asset and liability values to IRR, such as a net economic valuation, are timeless. The two risk measurement systems should be combined in practice, even if they are not combined in regulation.

Indeed the more sophisticated asset/liability models possess the capabilities to perform both tasks. In this regard, credit union management can utilize more of their IRR model's functionality (without adding significant cost), while also gaining a clearer picture of the true risk exposure within its balance sheet.

In summary, if a credit union must measure IRR sensitivity, both methods should be used.

Section IV, Part C, #2, Aggregation of Data Input

As a credit union's complexity, risk exposure, and size increases, the degree of detail should be based on data that is increasingly disaggregated.

We agree with this portion of the Proposed Rule, but have the following concerns:

1. The subjective criteria by which credit unions would be subject to this specific proposal
2. How this would be examined, i.e., how would the Agency respond to a credit union deemed 'complex' that utilizes a model that aggregates inputs by category?

Complexity varies dramatically from credit union to credit union, and this portion of the proposed rule is subject to interpretation. We agree that using disaggregated data enhances modeled results, and feel that this component will enhance interest rate risk management. In addition, we believe that modeling with disaggregated data will become more important as interest rates rise, driven by a more varied mix of loan rates held in portfolio.

In closing, we thank you once again for this opportunity to comment on the Proposed Rule on interest Risk Management.

Sincerely,

Jane C. Melchionda

Jane C. Melchionda
President/CEO

JCM/cmg