
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD MEETING RESULTS FOR FEBRUARY 16, 2006

National Credit Union Share Insurance Fund 2005 summary

The NCUA chief financial officer reported to the NCUA Board that during 2005 the National Credit Union Share Insurance Fund (NCUSIF) had gross income of \$175.7 million, net income of \$74.3 million and operating expenses of \$80.5 million.

The NCUSIF held \$72.97 million in reserves, and the NCUSIF equity ratio was 1.27 percent at December 31, 2005, based on projected insured shares of \$519 million. If insured share growth is less than projected, the NCUSIF equity ratio may instead be 1.28 percent at December 31, 2005.

Fifteen credit unions failed in 2005 – 10 were liquidated and 5 were merged with assistance. Insurance losses totaled \$21 million, which represents 0.04 cents per \$1,000 of insured shares.

At year-end 2005, there were 280 problem code credit unions with shares that represent 1.11 percent of total insured shares.

Based on monitoring and analysis of the credit unions affected by Hurricanes' Katrina and Rita in 2005, NCUA expects a small number of credit unions to eventually merge or liquidate and anticipates immaterial costs to the NCUSIF.

Comments sought on audit requirement modifications

The NCUA Board issued an advanced notice of proposed rulemaking (ANPR) seeking comments on four principal issues concerning Part 715, Supervisory Committee Audits:

- 1.) Should credit unions be required to obtain an "internal control attestation" (evaluation) from their external auditors?
- 2.) What standards should govern the assessment and evaluation components of an "internal control attestation"?
- 3.) What qualifications should be required as prerequisites to serve on a credit union Supervisory Committee?
- 4.) What standard should dictate the degree of independence required of state-licensed, compensated auditors of credit unions?

The ANPR was issued with a 60-day comment period.

Board votes are unanimous unless indicated