PRINTING INDUSTRIES CREDIT UNION

May 28, 2014

National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments on Proposed Rule: PCA – Risk-Based Capital

Dear Mr. Poliquin:

I am writing on behalf of Printing Industries Credit Union, which serves anyone associated with the printing industry. We have over 5000 Members and $24 million dollars in assets. Printing Industries appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Prompt Corrective Action – Risk-Based Capital.

The current Risk Based evaluation methods used by the NCUA served well during the recent financial crisis. The NCUA is sensible to review the events that led to the financial crises and to use what it learned to set new thresholds to protect the members of credit unions from potential credit union failures. Including risk based capital in this review and proposing new standards is prudent and warranted based on the number of credit unions that failed during the crisis. However, this would be a great time to review and potentially improve the Risk Based evaluation methods. A simple and useful Risk Based evaluation should benefit both the NCUA and all federally insured credit unions. As written, this proposal seems to benefit only the NCUA. Although Risk- based capital is appropriate, the requirements for credit unions should not be more restrictive than they are for U.S. Banks. This places credit unions at a competitive disadvantage and will result in credit unions not being able to serve their members or communities. While

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credit unions are unique in many ways, risk to a balance sheet should be basically the same for credit unions as it is for banks. When there are deviations the NCUA should clearly state why and how they developed their reasoning for the deviations

The proposed rule gives NCUA authority to require even higher capital for individual credit unions. I disagree with the addition of a subjective component to an objective calculation. One of my concerns is the inconsistent application when adding a human component, especially when a credit union's examiner changes. It is extremely difficult to run a credit union when discretion changes from exam to exam. Therefore, I recommend this section be stricken from the final rule.

Congress never intended for NCUA to set up a risk-based capital standard for well-capitalized credit unions. The FCU Act directs NCUA to devise a risk-based requirement, but the risk-based component for the well-capitalized threshold can be no higher than the component for the adequately capitalized level. Under NCUA's proposal, however, that is not what would happen. This goes against the current FCU Act and system of Prompt Corrective Action.

No two financial institutions are going to have exactly the same risk profile. While the NCUA may need ways to offset the perceived risk of a credit union which are not quantifiable by formula driven metrics, having the ability to change the capital requirements subjectively is very big concern. The application of a risk weighted capital standard may help NCUA determine riskiness within a credit union.

In conclusion, although I would support a sensible, lawful approach to risk-based capital requirements; I believe this proposed rule will do more harm than good. In my opinion this risk based capital change, as currently proposed is not what is needed to improve the security of credit unions. It would actually encourage some of the largest credit unions to consider converting to a bank rather than meet a risk based capital standard that can be subjectively changed or limits a credit union's ability to actively serve its members by restricting its ability to manage its balance sheet.

Thank you for the opportunity to comment on this proposed rule and for considering our views on risk-based capital requirements.

Sincerely,

Susan Conjurski

Susan Conjurski
President/CEO