April 27, 2015

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

RE: Comments on Proposed Rule: Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,

Introductory paragraph:

I am writing on behalf of ABNB Federal Credit Union, which serves the communities in Norfolk, Virginia Beach, Chesapeake, Portsmouth, Suffolk Virginia and a few aea's in North Carolina. We have over 55,000 Members and approximatly $500 million in assets. I appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed amendements to the Risk Based Capital Rule both as a member owner and as a employee.

WELL CAPITALIZED THRESHOLD AND PCA

The Risk Based threshold to be well capitalized is proposed at 10% while the Congressionally mandated threshold to be well capitalized is statutorily set at 7%. The 300 BP difference between the two could be construed as the risk buffer that many credit unions sought to maintain above the statutory threshold and one often promoted by examiners. This begs the question of the appropriateness of such a buffer under the Risk Based rule, since risk would have already been accounted for. Further at what point could a credit union expect an examiner to criticize declining capitalization albeit supported by an appropriate business plan and yet still be above either threshold? And, ultimately which threshold would apply for PCA?

COMPLEX CREDIT UNION THRESHOLD

Under the current rule, credit unions are considered complex and subject to the risk-based net worth requirement only if they have quarter-end total assets over $50 million *and* they have a risk based net worth requirement exceeding 6%. Under this Risk Based Capital proposal a complex credit union is simply defined using a single asset size threshold of $100 million as a proxy for a credit union's complexity. This threshold is understandable and likely applicable for smaller credit unions but may leave a group of medium sized credit unions with an undeserved complex label. I would propose that medium sized be defined as greater than $100 million to $1 billion. For these medium sized credit unions it may be more appropriate to consider a credit union's portfolios of assets and liabilities and actually determine their level of complexity.

INTEREST RATE RISK

While interest rate risk controls have been removed from this proposal, it is our understanding that the NCUA is considering an additional rule focused solely on interest rate risk. We strongly believe that the Asset/Liability Management (ALM) requirements that are already in place, as part of the examination process, are more than adequate. Any additional rule would be unnecessary and unwarranted.

CALCULATING THE RISK BASED CAPITAL RATIO

NCUA is commended for increasing the amount of the Allowance for Loan & Lease Losses that may be included in the ratio. We strongly recommend the 1% National Credit Union Share Insurance Fund deposit be included in the capital ratio calculation; it is an asset on our books, is refundable if we converted to private insurance, and represents a key differentiator between the structure of the credit union insurance fund and the bank fund.

Thank you very much for the opportunity to comment on this proposed regulation. The issues we have highlighted above with have significant impact on the credit union movement and our ability to serve our members. We respectfully urge NCUA to address some of the recommended improvements to the proposal contained herein.

If I can be a source of any further information on this comment letter, please do not hesitate to contact me at tdunca@abnb.org or by phone at (757) 523-5347.

Sincerely,

Anthony Duncan
VP-Finance/CFO
ABNB Federal Credit Union

cc: CUNA, CCUL