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Media Advisory

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Vice Chairman Hood Addresses the COSO Enterprise Risk Management Conference

April 30, 2007, Alexandria, VA – National Credit Union Administration (NCUA) Vice Chairman Rodney E. Hood addressed the COSO Enterprise Risk Management Conference to help demonstrate to credit union executives and regulators the importance of identifying the risks associated with their strategic initiatives and the necessity to manage those risks to enhance the performance of their credit unions.

Mr. Hood opened by thanking Lee Butke, President and CEO of Corporate One Federal Credit Union along with his leadership team at Corporate One for hosting the conference. "I am very pleased to see the impressive array of speakers and subject matter experts you have assembled for this conference," said Hood.

Hood applauded the prosperity of today's credit unions in serving over 89 million member-owners and accumulating over \$700 billion dollars in assets. He went on to say, "Of particular note is the fact that even in today's flattened yield curve environment, credit unions posted an average net worth of 11.54%."

Although the success of the credit union industry should not be ignored, Hood went on to recognize that as a safety and soundness regulator it is crucial to pursue forward-thinking and results-oriented strategies that will help credit unions mitigate and manage risk. The landscape of today's financial services industry is ever-changing. "As credit unions grow and evolve in today's complex and dynamic financial marketplace, it is imperative that they have the tools, resources, and products they need to remain viable, sustainable, and relevant," said Hood.

In order to help credit unions overcome the challenges presented by new technologies, new financial products, and constantly changing regulatory and legislative framework, enterprise risk management is essential. To this end, the Vice Chairman stated: "I firmly believe that enterprise risk management enables management to effectively deal with uncertainty and associated risks and opportunities by enhancing a credit union's ability to build member-owner value."

After highlighting the sections of the COSO report that include enterprise risk management (ERM), the Vice Chairman went on to discuss lessons learned and

how they apply to ERM. In particular, Hood emphasized balance sheet management, compliance risks, operational risks, information security, and mortgage lending and subprime.

“Please know that I hope to gather best practices from conferences so that they can be shared throughout the credit unions system. The seeds we plant today will clearly shape the credit union environment tomorrow.” In closing, Hood also declared that he will organize a summit in 2008 on enterprise risk management for small credit unions.

The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund (NCUSIF), insuring the deposits of over 85 million account holders in all federal credit unions and the majority of state-chartered credit unions.