NCUA BOARD MEMBER MICHAEL E. FRYZEL REMARKS

LOUISIANA CREDIT UNION LEAGUE ANNUAL MEETING AND CONVENTION

NEW ORLEANS, LA

AUGUST 4, 2011

Good afternoon and thank you for inviting me here today. it's wonderful to see board chairman glen beard and your league CEO Anne Cochran. It's also a pleasure to visit New Orleans and meet with the Louisiana Credit Union League.

No matter where I am -- in Chicago, our nation's capital, or any of the various places I travel, people understand that many of you here in Louisiana have been through some very rough times. You have shown remarkable courage, flexibility, and adaptability in the face of hurricanes, oil spills, economic hardship, and floods. And for those reasons, they look to you for inspiration.

Everyone knows of the French and French Canadian influence here in Louisiana. We can also recall with pride the French Canadian influence on credit unions. Alphonse Desjardins and his wife Dorimène approximately 110 years ago started the first cooperative credit unions here in America from their home in Quebec. That initial effort, which netted $26.40 in its first day, has now grown to a credit union system of $939 billion in the United States and $172.3 billion in Canada.

Louisiana is an important part of the credit union system, as is every credit union that operates within the United States. Credit unions were made to help people, and most especially in times of hardship. Other institutions are organized in order to make a profit. But when supreme difficulties come, profit-making companies often make themselves scarce. When it is time to join the sandbag line, they are not in sight. But Credit unions ban together in tough times and are there for their members. Louisiana serves as a great example of triumph over hardship

and its credit unions continue to aid in helping their members overcome their own economic hardships as our country continues to move forward.

Here in Louisiana is where, as some public relations person put it years ago, “The rubber meets the road.” Here is where a member feels a need, walks into his or her credit union, and explains that need: a car, a refrigerator, a line of credit to fix a roof or a home in a new neighborhood. The credit union works with that member so that the member understands good management of his or her financial resources, and steadily pays back the loan so that the credit union can make other loans to other families that have their own needs. Here and all across this beautiful state – this work is done.

Everyone one knows that since 2005 you have suffered numerous natural and manmade disasters, Gulf oil spills, and floods. We at NCUA have had our share of disasters, as well: corporate credit unions, that as a result of the credit crisis in 2008, saw a good portion of their assets disintegrate; a critical need to overhaul the corporate credit union system; credit unions whose members lost their jobs or suddenly found themselves in homes worth less than their mortgages; and very serious strains on the national share insurance fund.

You might say that in 2008-2009 the corporates had their own Katrina. It blew into our lives like Hurricane Katrina blew into yours. We had expected some trouble, but we were shocked by the fury, the damage, and the devastation that our own Katrina caused. We knew we had to get to work immediately. We stabilized the damaged corporates so financial lives could continue. We seized some corporates and we isolated their toxic assets. We worked out plans for recapitalizing the corporates that were damaged most. We also, as you have, had to maintain an eye out for new troubles. and, they kept on coming, causing additional anxiety and requiring plain hard work.

But as you did not give up on the good lives here in Louisiana, we never slackened from the notion that credit unions are a cooperative system. We understood that credit unions became successful and attracted the trust and savings of one-third of all Americans, because credit unions are cooperatives. So when troubles began we relied again on the cooperative nature, asking that everyone sacrifice a little so that everyone together might move forward. The cooperative system has been our strength, building us up but also repairing us in times of distress. Just as you have not yet fully emerged from the awful devastation of Hurricane Katrina and still face new troubles with flooding, wetlands erosion, and beach pollution, so we have the ongoing clean-up of the 2008-2009 financial storm and are dealing with new troubles as they come along.

For all of us, though, the horizon is brightening. We can see some glow. We know that time is on our side, that with each day and month and fiscal quarter, we put more of our troubles behind us. We would all like to see the economy stronger and growing faster but, the direction is at least in the right way. Delinquencies are declining, bottom lines are improving, and the corporates are regaining their health. Moreover, both Americans and the Congress are recognizing that credit unions are the best financial services deal for American families; they offer the lowest loan rates and the highest savings rates. They provide the latest technologies but they also keep fees and annoying charges to the absolute minimum. Both Americans and the Congress see that a cooperative model is very often superior to a competition model, that putting the interests of the customer – the member – ahead of the interests of a select group of stockholders helps those individuals gain better control over their financial lives, keep money in their pockets, build stronger families and shape better futures.

In preparing to address this group I learned that per capita Louisiana leads the nation in producing the highest number of National Football League players. I'm not surprised. Louisiana has always been a big sports state. I find that all to the good. I know many attribute this to the Brees that blows from the superdome. In any case, Sports, besides helping develop healthy bodies and healthy minds, has many lessons to teach us. Don't rely on luck. Practice, prepare, and work hard. And don't rely on other persons to deliver success to you -- the path to success is to get out there and do *your* job the best you can.

As Ronald Reagan once said, "To sit back and hope that someday, some way, someone will make things right is to go on feeding the [alligator], hoping he will eat you last – but eat you he will." As in sports, so in life: You have to know your job and do it to the best of your ability. No one is going to do your job and hand you a victory; you have to do it yourself.

There is another thing Ronald Reagan said, and I am sure you will see it as vintage Reagan: "Government's first duty is to protect the people, not to run their lives." I certainly echo that. The purpose of NCUA is to protect the credit union system; it definitely is not to run credit unions. Running credit unions is the work of credit union management and boards. My job is to protect the deposits of 90 million Americans, maintain a safe and sound credit union system and keep the share insurance fund strong.

Credit unions are run here in Louisiana from Monroe to Houma. It is well to remember that credit unions were helping people with loans and savings for decades before the 1930s, that is, decades before the creation of a federal regulator. You help your neighbors and friends, and your communities. You also have to balance the books, make the decisions to keep your loan portfolios productive, and keep your costs under control. My role, along with my fellow NCUA Board members and the staff at NCUA, is to try to work with each of you and the

entire cooperative system to ensure that the capital you send to the share insurance fund builds and sustains that fund for a rainy day.

Sometimes doing what we do looks like intrusion, but we at NCUA see it as assuring that persons not only play fair but also play in a way that maintains resources in the most efficient way, so that more people – not less – can buy the car, or send their child to college or fix a damaged home. Our role is to assure that although a credit union may need to be closed in North Carolina, credit union members in Wyoming are not impacted by that event.

Credit unions should never think of NCUA as a super-executive; we work to protect, not to manage. Each of us has to understand our separate jobs, and then do it to the best of our abilities. We shouldn't rely on luck, and we shouldn't rely on someone else coming to the rescue. Doing our separate work/ as best we can/ is the best recipe for success.

There's another thing to note about Ronald Reagan. He is often heralded as the quintessential conservative, the father of the no-new-taxes movement today. But Ronald Reagan was also a pragmatist. He knew you had to do certain things to get other things done. He raised taxes at least twice during his two terms as president, once to re-invigorate the Social Security system. He knew that at the right time you had to be flexible to solve problems you hadn't expected. These are lessons we should apply to the credit union movement. When troubles fly in our face we often have to come up with new ways of dealing with them, ways that before may have been seen as unusual or untested.

Louisiana and NCUA have certainly had our storms. We have had to deal with them in ways we had not previously considered, but the damage is being repaired. We are moving forward. The means of repairs are in place; now we need to let them take their course. We have some work, sweat, toil and tears ahead of us, but we are going to come out of this stronger than before.

I applaud your work here in Louisiana, not only repairing the damage of natural disaster, but of tending and growing your state's credit union movement. Together, we are going to make the nation's credit union movement stronger, more resistant to shock, and better able to serve our citizens in both good times and bad.

Thank you for inviting me here today to your wonderful state and this magnificent city. And thank you for listening.