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NCUA Media Advisory

Statement from NCUA Chairman Matz on Progress since November 5 Meeting on Corporate Credit Union Capital Depletion

November 16, 2009 Alexandria, Va. – “Earlier this month I convened a meeting in NCUA’s Central Office where NCUA staff and corporate credit union representatives had a substantive face-to-face discussion on the issue of capital depletion. Every day since that November 5th meeting, we have been continuing the dialogue both internally and externally to carefully weigh the issues and considerations raised by stakeholders.”

“Any successful solution will hinge on whether or not current holders of depleted capital accounts can legally retain some form of rights to any future earnings on corporates’ ‘legacy assets.’ At this time, it appears unlikely that earnings or losses from legacy assets can be isolated or set aside in ongoing corporates. Nor can corporates’ depleted capital be frozen in a way that would preserve the integrity of their capital going forward.”

“However, we are still exploring creative ideas to address legacy assets as well as to allow affected capital holders to benefit if confirmed losses are less than recognized losses. Any such alternative approach must be consistent with all legal and accounting requirements, and uphold the fundamental purpose of capital.”

NCUA is the independent federal agency that regulates, charters and supervises federal credit unions. With the backing of the full faith and credit of the U.S. government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of nearly 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.