



NCUA Media Release

NCUA to Ensure Uninterrupted Service to Western Bridge Members

United Resources Corporate Capital Raise Results Prompt Contingency Plan

ALEXANDRIA, Va. (Sept. 1, 2011) – The member-driven solution for United Resources Federal Credit Union to succeed Western Bridge Corporate Federal Credit Union did not achieve enough capital subscriptions to reach the stated goal of \$200 million by Aug 31.

As a result, Scott Hunt, agent for the conservator of Western Bridge, whose corporate headquarters are in San Dimas, Calif., sent a letter to the members of Western Bridge today.

“The National Credit Union Administration (NCUA) remains firmly committed to ensuring continuity of service and operations for all Western Bridge member credit unions,” wrote Hunt. “We have no immediate plans to shutter Western Bridge’s operations. NCUA is committed to an orderly and timely resolution that ensures uninterrupted service to all member credit unions.”

“While Western Bridge is a temporary entity, NCUA seeks a holistic approach in addressing member credit union service needs that will not require significant changes to how your credit union currently does business. However, credit unions that choose to directly seek an alternative provider in the coming months are still free to do so,” Hunt added.

During the fall 2010 corporate system resolution town hall meetings, audiences were briefed on the possible inability of one or more corporates to achieve their planned capital raise. This known contingency was planned for during the development of NCUA’s corporate system resolution plan.

Thus, NCUA is enacting its contingency plan to provide an alternative, through which Western Bridge members can continue to obtain corporate services for the long term.

The service infrastructure and member service volume at Western Bridge have significant value. NCUA is working to solicit acquirers to obtain the business as a package transaction that will have minimal impact on member credit unions. This may be accomplished through a merger with or an acquisition by another corporate or wholesale financial institution.

In negotiating such a package transaction, NCUA’s efforts will be best maximized by retaining the volume of members and service activity that currently exists at Western Bridge. Stabilizing the membership and service base maintains the value of the institution for potential bidders.

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“We believe the new plan will provide critical elements that each credit union will want to consider as part of its due diligence process before making a final decision on its future service needs,” said Hunt in the letter. “As such, member credit unions may want to continue utilizing Western Bridge services during this process.”

NCUA expects a solicitation and bidding process to begin soon. To enable a fair bidding process, obtain the best possible solution for member credit unions, and ensure the best financial outcome, within sound public policy, for the Temporary Corporate Credit Union Stabilization Fund, much of the process must be done confidentially. NCUA will, however, keep Western Bridge members informed to the greatest extent possible.

Some member credit unions may have already finalized a decision to transition their services to other providers. As part of their individual contingency planning, every member credit union is encouraged to have a full understanding of the products and services they receive from Western Bridge in order to understand the potential effect of a transition to a new provider. NCUA staff will work with those credit unions that have already made the decision to transition services away from Western Bridge to ensure that the process goes as smoothly and timely as possible.

Frequently asked questions regarding this matter are attached to this press release, below.

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise 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 more than 91 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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Corporate System Resolution Status of Western Bridge Corporate Federal Credit Union Frequently Asked Questions (FAQs)

1. What does this FAQ cover?

This document covers frequently asked questions resulting from the member driven solution to not capitalize the successor to Western Bridge Corporate Federal Credit Union (Western Bridge), United Resources Corporate Federal Credit Union.

2. What actions do member credit unions need to take at the present time?

No action is currently required by member credit unions at this time. Uninterrupted services will continue to be provided by Western Bridge during the transition process. NCUA is seeking a solution which will transfer services in a “package” solution. Your credit union may find it beneficial to review the “package” plan before making any final decisions about making changes to your service provider.

3. Are my funds safe at Western Bridge while NCUA goes through the next part of the resolution phase?

Yes, your funds are safe. The Temporary Corporate Credit Union Share Guarantee Program remains in effect at Western Bridge through December 2012.

4. What happens next?

NCUA will solicit potential bidders to acquire the assets and business lines of Western Bridge. NCUA will hold a bidders meeting to provide information to any parties interested in obtaining the assets and services of Western Bridge and will also provide bidder’s package to interested parties.

NCUA will analyze bids submitted based on several factors, including any potential cost to the Corporate Stabilization Fund and the potential impact to member services. A final bidder will then be selected. We anticipate the bidding and selection process will be completed by the end of 2011.



5. Can you tell us what entities will be on the list of bidders?

The bidding process must be kept confidential in order to ensure a fair outcome. The list of potential purchasers will include entities that have the staff, infrastructure, and expertise to absorb the services currently provided by Western Bridge as well as existing members.

6. The letter indicates we should “stay put” in order to get the best deal in an acquisition scenario, but it also indicates we should be performing due diligence on transitioning to other service providers. Can you clarify?

The decision to stay with Western Bridge or find another service provider is a business decision that must be determined by the board of directors of each individual credit union. The greater the service volumes the more valuable that service is to a potential bidder. However, many credit unions may have decided they do not want to wait for the “package” solution and have already decided to change service providers. For those credit unions it is imperative they do adequate planning and analysis to avoid problems during the process of converting to the new service provider.

7. How long will Western Bridge be operational?

When NCUA launched the corporate system resolution plan one year ago, we indicated the bridge corporates would be in existence for approximately 12 to 24 months. NCUA remains committed to resolving the bridge corporates within that time frame. However, our primary concern is a timely and orderly transition of member services.

8. If the ultimate acquirer of Western Bridge is another corporate credit union, will my credit union have to contribute capital in order to obtain service?

Most corporate credit unions recently completed capital raises in order to meet the new capital requirements set forth in Part 704 of NCUA’s Rules and Regulations. As such, the addition of significant shares from new members would likely dilute their capital levels and might require former Western Bridge members to contribute capital in order to obtain service.

It should be noted, however, some corporates do not require contributed capital to obtain services but do charge higher fees to non-capitalizing credit unions. NCUA will be cognizant of any such requirements and will provide sufficient time for those



credit unions who do not want to contribute capital or pay a higher fee scale to find an alternative solution.

9. What happens if I wait to review NCUA’s “package” solution but then decide I do not want to participate? Will I be immediately forced to transition away from Western Bridge?

Again, the decision to stay with Western Bridge during this transition time is up to each individual credit union. For those that delay their decision until there is an opportunity to review the proposal, your credit union may save a significant amount of staff resources and avoid potential service disruptions by going with the package solution. If your credit union does not ultimately go with that solution, NCUA is committed to ensuring an adequate transition period for credit unions to finalize the process in a timely and orderly manner. No member credit union faces an immediate forced transition away from Western Bridge. NCUA has been successful in ensuring that services have continued uninterrupted in conserved corporates for the past 2.5 years and in bridge corporates for the past 12 months.

10. When can we expect to hear more from NCUA in regard to the bidding process?

NCUA is committed to an open dialogue with Western Bridge members as we move through the next phase of our resolution efforts. It is important the bidding process be allowed to proceed in a confidential manner, as is customary in such a business transition. As soon as we are able to provide specifics, we will be communicating with member credit unions to ensure they have complete information to make their future service provider decisions. We are initially planning to hold a webinar later this month to discuss the process.