

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: November 2013 **LETTER NO.:** 13-CU-12
TO: Federally Insured Credit Unions
SUBJ: Supervisory Guidance on Enterprise Risk Management
ENCL: Supervisory Letter—Enterprise Risk Management (ERM)

Dear Board of Directors and Chief Executive Officer:

Sound risk management is crucial to the ongoing success of any credit union. However, the approach taken to achieve effective risk management can vary from organization to organization.

NCUA's examination process requires examiners to gauge the overall effectiveness of a credit union's risk management process based on an evaluation of several components, as well as an understanding that each credit union's approach will be tailored to its individual business strategy and risk tolerance.

The enclosed Supervisory Letter is intended to clarify NCUA's supervisory expectations regarding credit unions' risk management systems.

I encourage you to review this letter and to contact your regional office or state supervisory authority if you have any questions on this subject.

Sincerely,

/s/

Debbie Matz
Chairman

Enclosure