



National Credit Union Administration
Office of National Examinations and Supervision

April 25, 2014

SENT BY E-MAIL

To the Credit Union Addressed

The National Credit Union Administration (NCUA) Board approved a final rule requiring federally insured credit unions, with assets of \$10 billion or more, to develop and maintain capital plans. The rule also provides for annual stress tests at these credit unions. As of March 31, 2014, your credit union had \$10 billion or more in assets, and so it will be covered by the rule.

Capital planning and stress testing will be critically important to safeguard both the credit union system and the National Credit Union Share Insurance Fund. Capital planning and stress testing will require NCUA to take the business model and financial risks of the largest credit unions into account as they serve their members, to ensure that each of them remains soundly capitalized, and the planning for this is conducted in a comprehensive manner.

The rule is effective 30 days from the date of publication in Federal Register. It will be posted on the NCUA website at <http://www.ncua.gov/Legal/Regs/Pages/FIRegulations.aspx>. The stress testing cycle for 2014-2015 will have an "as of" date September 30, 2014. By December 1, 2014, NCUA will release scenarios on which it will conduct independent stress test for the cycle.

The Board stated in the preamble to the rule that NCUA will issue guidance for covered credit unions. This guidance will cover capital policy and governance, capital planning and analysis and annual supervisory stress testing.

As we begin implementation of this rule, I think it would be productive to open joint discussion between NCUA and the covered credit unions. I am enclosing NCUA's draft guidance on the final rule as the first item for discussion. We look forward to your comments before we issue it as final. Further, we want to discuss expectations and implementation issues and questions. The goal is to facilitate effective implementation of the rule. We will be reaching out to set up a mutually acceptable time.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott A. Hunt".

Scott A. Hunt
Director
Office of National Examinations
and Supervision

ONES/JFT
SSIC 4600
Enclosure