



National Credit Union Administration
Office of National Examinations and Supervision

September 17, 2014

Sent By E-Mail

To: Federally Insured Credit Unions with assets greater than \$10 billion

Subject: Principles of Capital Policy and Capital Planning

The National Credit Union Administration (NCUA) is committed to ensuring the safety and soundness of the credit union system and to protecting the National Credit Union Share Insurance Fund. To that end, NCUA believes the largest federally insured credit unions (FICUs) should have in place systems and processes to monitor and maintain their capital adequacy. At the April 2014 NCUA Board Meeting, the Board approved 12 CFR Part 702, Subpart E – Capital Planning and Stress Testing as a final rule. The rule applies **only** to credit unions with assets greater than \$10 billion. The rule requires covered FICUs to annually submit capital plans to NCUA. The rule also provides for annual stress tests of those credit unions.

The Office of National Examinations and Supervision (ONES) developed the enclosed *Principles of Capital Policy and Capital Planning* to assist credit unions in developing their capital plans. Capital policy and planning must be commensurate with the risks and complexity of the credit union in the context of their own circumstances; these are best guided by principles, and cannot be predefined. NCUA will therefore evaluate each covered credit union's capital plan with respect to the firm's unique characteristics and circumstances.

The enclosed NCUA Supervisory Letter No. 14-05 provides guidance to ONES staff for evaluating and approving submitted capital plans. Staff guidance provides a structural framework for review and evaluation of credit union policy and capital plans.

If you have questions or would like further information, please contact ONES Senior Capital Markets Specialist Dale Klein at (703) 518-6640.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott A. Hunt", written over a large, stylized loop.

Scott A. Hunt
Director
Office of National Examinations
and Supervision

ONES/SH:DK
SSIC 4000
Enclosures (2)