

**JOINT STATEMENT BY
CUNA AND NAFCU
ON CREDIT UNION CAPITAL ISSUES**

Our associations agree that the current economic crisis has further validated the need to reform the current system of capital standards for credit unions. Ours is the only capital regulation system for insured depository institutions that (1) relies primarily on a static net worth ratio, rather than risk-based capital standards, in setting required capital levels; and (2) excludes potential sources of reliable capital that could strengthen credit unions to allow them to better meet the credit needs of consumers, contribute to the liquidity of the financial system, and support national economic growth and stability.

As a result, we have agreed to work together for change in the capital standards applicable to credit unions. While each association has different areas of emphasis, we share the following objectives:

- We seek a system based primarily on risk-based capital standards, with reasonable leverage ratios, as is the case for the banking system.
- We support a system in which credit unions have access to supplemental capital in addition to retained earnings (currently the sole source of capital for credit unions, except for low-income credit unions). We have varying conceptions of the details and guidelines that must characterize this system, but we agree that the capital structure of credit unions must:
 - 1) Preserve the not-for-profit, mutual, member-owned and cooperative structure of credit unions and ensure that ownership interest remains with the members;
 - 2) Provide a degree of permanence; and,
 - 3) Ensure that any proposed solution applies for PCA purposes (to include risk-based capital as appropriate) or changes the definition of net worth to include other capital balances.

**CREDIT UNION NATIONAL
ASSOCIATION, INC.,**



By: _____

Daniel A. Mica, President and CEO

**NATIONAL ASSOCIATION OF
FEDERAL CREDIT UNIONS**



By: _____

Fred R. Becker, Jr. President and CEO