

# NCUA LETTER TO CREDIT UNIONS

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

**DATE:** March 2010 **LETTER NO.:** 10-CU-03  
**TO:** Federally Insured Credit Unions  
**SUBJ:** Concentration Risk  
**ENCL:** Supervisory Letter – Concentration Risk

Dear Board of Directors:

NCUA examiners were recently provided guidance addressing the evaluation of concentration risk. This letter provides all federally insured credit unions with the same guidance via the attached Supervisory Letter.

I encourage credit union officials to understand the concentration risk in their credit union's current balance sheet, as well as how strategic plans may affect the level of concentration risk; and to ensure their risk management practices are commensurate with the level of risk.

Also, please refer to the recent [Advisory on Interest Rate Risk Management](#) issued by the Federal Financial Institutions Examination Council in January 2010 for additional guidance.

I encourage credit unions to open a dialogue with examiners to consider the suitability of existing risk management practices given the risks inherent in any concentration.

If you have any questions related to this letter, you should contact your regional office, district examiner, or state supervisory authority.

Sincerely,

Debbie Matz  
Chairman

Enclosure