



NCUA Media Release

NCUA Settles Claims Against Deutsche Bank Securities

Settlement Reduces Federally Insured Credit Unions' Assessments for Corporate Credit Union Losses

ALEXANDRIA, Va. (Nov. 14, 2011) – The National Credit Union Administration (NCUA) and Deutsche Bank Securities reached a settlement regarding potential claims relating to the sale of residential mortgage-backed securities to five failed wholesale credit unions.

Deutsche Bank Securities agreed to pay NCUA \$145 million to reduce the losses associated with the five credit union failures. The settlement with Deutsche Bank Securities does not admit fault on their part.

NCUA will use the net proceeds from this settlement to reduce assessments being charged to credit unions to pay for the losses.

“We are fulfilling our statutory responsibility to secure maximum recoveries for credit unions and ensure that consumers remain protected,” said NCUA Board Chairman Debbie Matz. “As part of our resolution strategy for the five failed credit unions, we raised over \$28 billion in liquidity by re-securitizing troubled assets. Deutsche Bank Securities is among the first major underwriters to come forward with a settlement proposal and we appreciate its efforts to resolve potential claims so that we can avoid the expense and delay of litigation. This settlement furthers our goal to minimize losses and thereby reduce the assessments that all credit unions will have to pay.”

Losses from wholesale credit union failures are paid from the Temporary Corporate Credit Union Stabilization Fund. Expenditures from this fund must be repaid through assessments against all federally insured credit unions. Thus, recoveries such as this settlement reduce the amount of future assessments on credit unions.

Since 2009, NCUA has assessed credit unions \$3.3 billion to pay for losses associated with the five corporate credit union failures. Given the current settlement proceeds, projections for remaining assessments range between \$1.8 billion and \$6.1 billion that must be paid by 2021.

Corporate credit unions are wholesale credit unions that provide services to retail credit unions, which in turn serve consumers. Consumer credit unions rely on corporate credit unions for services such as check clearing, electronic payments and investments.

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In addition to this settlement, NCUA has taken many decisive actions to mitigate losses to credit unions from the five corporate failures. Among the actions taken:

- After placing those five corporate credit unions into liquidation, NCUA re-securitized the problematic mortgage-backed securities and sold them in the marketplace with a government-backed guarantee. This action garnered approximately \$28.3 billion in proceeds.
- NCUA filed four lawsuits against other securities firms alleging violations of federal and state securities laws and misrepresentations in the sale of hundreds of securities.
- NCUA established a temporary share guarantee for deposits at corporate credit unions.
- NCUA established bridge corporate credit unions in conservatorship to ensure the services provided to consumer credit unions continued during the resolution and transition period.
- NCUA successfully worked with members of the bridges to transition critical corporate credit union services to new entities.

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 91 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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