

DATA DISPATCH

# Industry growth leads credit union regulator to raise key supervision threshold

**Tuesday, August 16, 2022 10:41 AM ET**By Alison Bennett and Xylex Mangulabnan  
*Market Intelligence*

Crossing the \$10 billion asset threshold will not be as costly as used to be for credit unions.

The National Credit Union Administration on July 21 approved a final rule raising the total asset threshold for enhanced supervision under the Office of National Examinations and Supervision, or ONES, to \$15 billion from \$10 billion. Starting Jan. 1, 2023, ONES will examine capital planning and stress tests for credit unions with more than \$15 billion in total assets, while credit unions that cross \$10 billion in total assets will now remain under regional office supervision. However, credit unions already above \$10 billion in total assets under ONES supervision will continue to be supervised by that office.

Rapid industry growth brought about the rule change, NCUA Chairman Todd Harper said at the July 21 meeting. As of March 31, there were 19 credit unions with more than \$10 billion in total assets, and that figure is set to nearly double in 2023, according to the regulator.

"Such growth would have required a substantial reallocation of personnel within the agency, and thereby incurred an undue and avoidable cost burden," Harper said. "With the adoption of this rule, we are minimizing budget expenditures and reducing organizational disruptions."

Meanwhile, 11 credit unions had assets of at least \$15 billion as of March 31, according to S&P Global Market Intelligence data. Vienna, Va.-based Navy FCU topped that list with \$160.44 billion in assets, more than triple the size of the next largest credit union.

## Covered credit unions by asset tiers

As of March 31, 2022

Company	City, state	Total assets (\$B)	Asset growth since March 31, 2020 (%)	Membership growth since March 31, 2020 (%)	LTM ROAA (%)	LTM ROAE (%)
<b>Tier I - credit unions with \$10 billion to less than \$15 billion in total assets</b>						
Mountain America FCU	Sandy, UT	14.59	47.9	17.3	1.86	20.91
VyStar CU	Jacksonville, FL	12.39	32.3	15.8	0.84	10.62
Lake Michigan CU	Grand Rapids, MI	12.11	63.2	14.8	1.31	12.47
Bethpage FCU	Bethpage, NY	11.54	18.2	4.1	1.41	16.72
San Diego County CU	San Diego, CA	11.23	28.4	1.6	0.96	6.58
Star One CU	Sunnyvale, CA	11.06	18.1	5.8	0.72	6.43
Alaska USA FCU	Anchorage, AK	10.86	27.1	4.8	0.87	10.77
Security Service FCU	San Antonio, TX	10.81	9.7	1.0	1.78	16.63
<b>Tier II - credit unions with \$15 billion to less than \$20 billion in total assets</b>						
Golden 1 CU	Sacramento, CA	18.64	34.6	1.8	0.77	8.33
America First FCU	Riverdale, UT	17.57	43.8	12.6	1.46	16.35
Alliant CU	Chicago, IL	15.44	24.7	31.4	1.52	15.29
Randolph-Brooks FCU*	Live Oak, TX	15.36	42.6	17.3	1.72	16.06
Suncoast CU*	Tampa, FL	15.33	39.0	15.6	1.22	14.76
First Technology FCU*	San Jose, CA	15.01	8.2	3.8	0.91	8.22
<b>Tier III - credit unions with \$20 billion or more in total assets</b>						
Navy FCU	Vienna, VA	160.44	27.8	24.2	1.65	15.52
State Employees CU	Raleigh, NC	53.14	24.0	6.8	1.12	14.41
Pentagon FCU	Tysons, VA	35.38	40.9	42.4	1.04	10.45
Boeing Employees CU	Tukwila, WA	30.44	34.1	8.4	0.60	6.52
SchoolsFirst FCU	Santa Ana, CA	27.89	39.7	9.5	0.68	7.11

Data compiled Aug. 8, 2022.

ROAA = return on average assets; ROAE = return on average equity

Analysis includes operating U.S. credit unions that reported total assets greater than \$10 billion as of March 31, 2022.

\* Covered credit union crossed the \$15 billion asset threshold on March 31, 2022.

Data based on regulatory filings.

Source: S&amp;P Global Market Intelligence

## Approaching \$10 billion

Two credit unions crossed \$10 billion in total assets in the second quarter, while 11 more are approaching the threshold, according to data compiled by S&P Global Market Intelligence.

Many of these credit unions are exploring what the final rule means for their future regulation, said Gina Carter, a partner and credit union specialist at law firm Husch Blackwell.

"They're already focusing very seriously on understanding what it would mean to them in terms of compliance," she said in an interview. "There's a tremendous amount of planning going on."

Credit unions approaching \$10 billion in total assets still have to face other regulatory hurdles. Similar to banks, once a credit union hits \$10 billion, the Durbin amendment kicks in and limits their interchange fee income. Additionally, institutions become subject to more regulatory scrutiny, especially from the Consumer Financial Protection Bureau.

## US credit unions that crossed or are approaching \$10B in total assets in Q2'22

Company	City, state	As of June 30, 2022				
		Total assets (\$B)	QOQ asset growth (%)	QOQ membership growth (%)	LTM ROAA (%)	LTM ROAE (%)
<b>Credit unions that crossed the \$10 billion threshold</b>						
Digital FCU*	Marlborough, MA	10.69	8.5	1.5	0.34	3.47
GreenState CU	North Liberty, IA	10.66	12.5	4.3	2.10	21.68
<b>Credit unions approaching the \$10 billion threshold</b>						
American Airlines FCU	Fort Worth, TX	9.49	1.2	1.4	0.64	7.37
OnPoint Community CU	Portland, OR	9.41	0.2	2.0	0.80	7.84
ESL FCU	Rochester, NY	9.34	1.1	-2.8	1.81	11.66
Delta Community CU	Atlanta, GA	9.29	1.1	1.5	0.62	6.88
Ent CU	Colorado Springs, CO	9.06	2.8	3.2	0.69	6.84
Logix FCU	Valencia, CA	9.00	-0.2	1.8	1.11	8.64
Idaho Central CU	Chubbuck, ID	8.94	3.1	3.9	1.02	13.22
Teachers FCU	Hauppauge, NY	8.86	-0.1	3.1	0.98	11.16
Patelco CU	Dublin, CA	8.85	-1.9	1.9	0.77	8.47
Desert Financial FCU	Phoenix, AZ	8.35	-0.2	2.8	0.84	9.61
Pennsylvania State Employees CU	Harrisburg, PA	8.32	-0.2	3.8	0.92	10.05

Data compiled Aug. 8, 2022.

ROAA = return on average assets; ROAE = return on average equity

Analysis includes operating U.S. credit unions that reported total assets greater than \$10 billion as of June 30, 2022, but had fewer than \$10 billion in assets as of March 31, 2022. Credit unions that reported total assets between \$8 billion and \$10 billion as of June 30, 2022, are also included.

\* Credit union crossed the \$10 billion asset threshold on June 30, 2020, but reported total assets less than \$10 billion from March 31, 2021, to March 31, 2022.

Data based on regulatory filings.

Source: S&P Global Market Intelligence

### More new rules

Given the rapid growth across the industry, even more regulatory changes could be coming, including four distinct exam processes: a streamlined system for well-run small credit unions; a risk-focused exam regime for small credit unions experiencing difficulties and slightly bigger credit unions up to a certain threshold; a specialized regional program for larger credit unions approaching the \$10 billion threshold; and then ONES supervision for the largest credit unions above \$15 billion in assets.

*This article was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global.*