WHEN THE LIGHTHOUSE GOES OUT



DECIDE FOR YOURSELF: THE BOARD'S MANDATE IN A DEREGULATING ERA

THE KEYNOTE SPEAKER YOU EXPECTED



The Channel swimmer



The champion



The ultrarunner

What this moment calls for is

A PARTICULAR SET OF SKILLS

I HAVE SAT ON BOTH SIDES OF THE EXAM TABLE FOR 25 YEARS

23

Bank examiner, right out of Morehouse

OCC

Safety and soundness across the Southeast

Practice lead

Banking and credit union practice, regional firm

16 years

Synergy, board to board

FOUR JOBS TAUGHT ME WHAT A BOARD NEEDS FROM THE RISK SIDE



Examiner

What the regulator looks for, and what it stops looking for



Auditor

Whether the control exists on paper or in the building



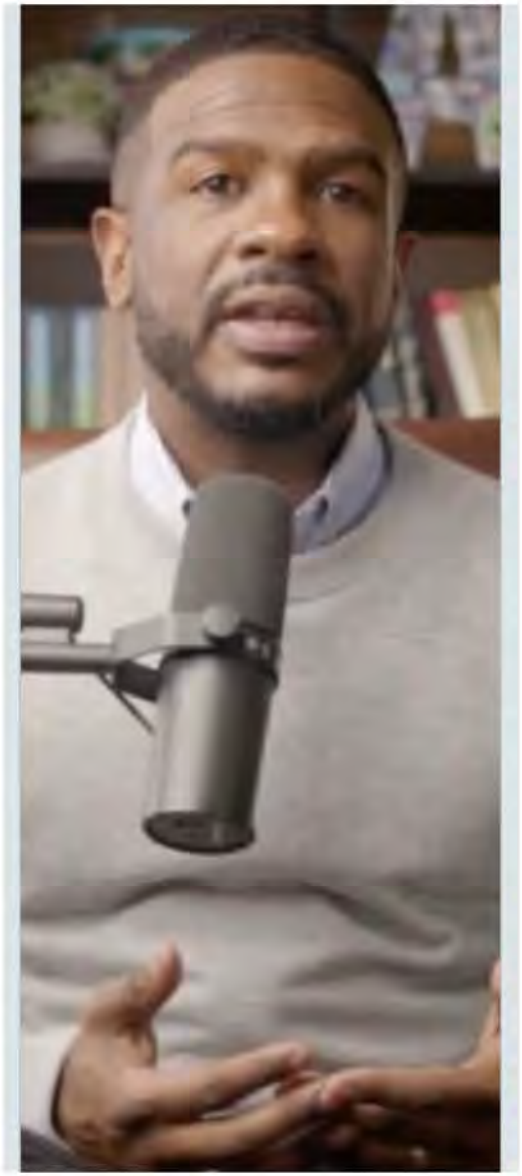
Consultant

How a strategy turns into a balance sheet, and where it strains



Educator

How to say it so a volunteer board can act on it



ANCIN R. COOLEY, CIA, CISA

Owner and principal, Synergy Credit Union Consulting

For sixteen years Ancin has worked with credit union, community bank and nonprofit boards on the decisions that belong to them, starting with strategy and how much risk a board is willing to carry to get there. He is both a strategic and an operational consultant, so he can help a board set the course and then stay engaged with management to make sure it gets executed.

Ancin started his career as a safety and soundness examiner with the Office of the Comptroller of the Currency in the Southeast. Working with seasoned examiners, he learned what to look for in a well run financial institution and in an institution that may need assistance. After leaving the OCC, he led the banking and credit union practice at a regional accounting firm, where much of the work was strategy with boards alongside an internal audit practice.

That background shapes how Ancin serves credit union boards today. He can make a complicated balance sheet readable to a director who does not work in finance, and he keeps the board conversation focused on strategic concerns. Boards both small and large point to his straight talk and his ability to lead them through tough conversations.

Ancin teaches strategic planning and enterprise risk management at the Southwest Credit Union Management School and the Southeast Credit Union Management School. He also builds board and supervisory committee training courses. To learn more, reach him at synergyonstrategy.com. You can email him directly at acooley@syncuc.com

WITH HEAD AND HEART





YOUR SEASON IS DIFFERENT

The chairs before you led under a regulator that checked the work. You lead under one that is stepping back. Your job is to decide what the board checks itself.

CHAIR TIP

TEMPERANCE

The strongest chairs I have watched across hundreds of institutions do not get pulled hard in any direction. They are the steady voice in the room when the CEO, the examiner or the board is not.

This presentation is divided into three acts

KNOW THE SEASON.
KNOW THE STRATEGY.
OWN THE RISK.

KNOW THE SEASON

What is changing, and what does it require of our board?



KNOW ALL THREE SEASONS, AND THE ONE AT THE CENTER IS YOURS

The economy sets the weather. The regulator sets the rules. Your own season is the one only you can name: a CEO transition, a growth push, a merger, or a year of holding steady. That season decides what the other two ask of the board.

NCUA'S DEREGULATION PROJECT SORTS EVERY RULE INTO FOUR BINS

31 proposed rules by June 2026, each tagged as one of

- **OBSOLETE**
- **DUPLICATIVE**
- **OVERLY BURDENSOME**
- **GUIDANCE**

Source: ncua.gov/news/deregulation-project; June 24, 2026 board briefing. Re-check the count the week of the keynote.

1 in 5

NCUA employees gone in 2025

FEWER EXAMINERS MEANS FEWER OUTSIDE EYES ON YOUR NUMBERS

The exam still comes on schedule. The examiner has less time in your building and more credit unions on the list.

Source: NCUA sought an 18 percent workforce cut in 2025; more than 200 employees departed (Bloomberg Law)

EVERY RULE SITS SOMEWHERE ON THIS LINE, AND DEREGULATION MOVES IT TO THE RIGHT

PRESCRIPTIVE — The rule names the number

PRINCIPLE — The board names the number

THREE PLACES YOU ALREADY KNOW THE DIFFERENCE BETWEEN A RULE AND A PRINCIPLE

The student

PRESCRIPTIVE

The school posts the reading list and the test date.

PRINCIPLE

The school says read widely and be ready. The student decides what and when.

The lifeguard

PRESCRIPTIVE

The stand is staffed and the flags are out. Someone else is watching the water.

PRINCIPLE

The stand is empty and the sign says swim at your own risk. The water did not change.

The speed limit

PRESCRIPTIVE

The sign says 55 and the officer is checking.

PRINCIPLE

The sign says reasonable and prudent, and the officer stopped checking. Montana tried it, 1995 to 1999.

THE INDIRECT AUTO CAP IS GONE AS OF SEPTEMBER 8, 2026. WRITE YOUR OWN CAP THIS QUARTER.

Before

~~50%~~

of net worth, third party serviced indirect loans; 100% after 30 months



After

[_]%

the number your board writes into the risk appetite statement, with an owner and a review date

Source: NCUA final rule effective September 8, 2026, naming the board's risk tolerance as the measure

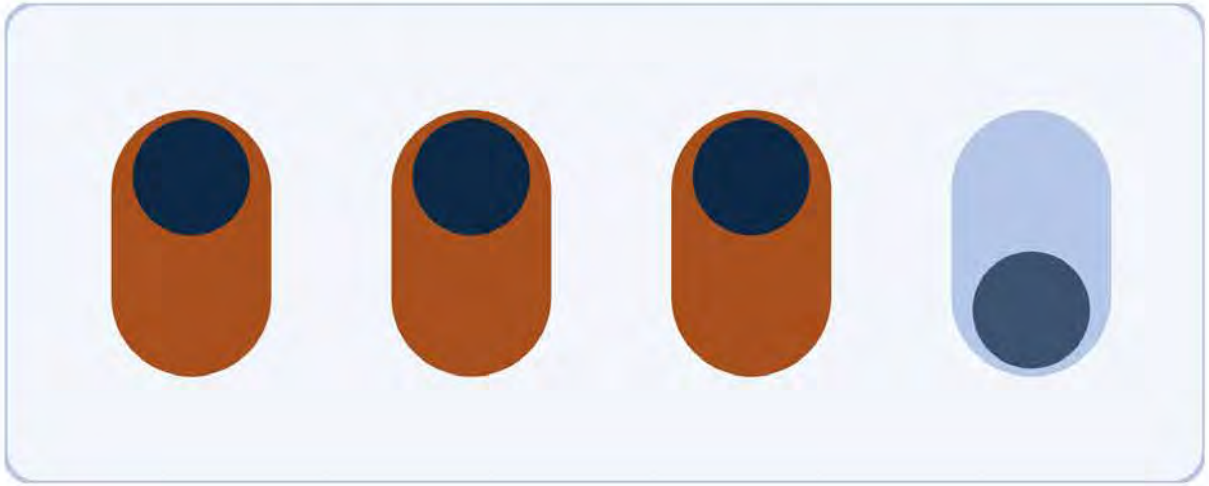
NCUA IS DROPPING THE SIX MONTH DIRECTOR TRAINING CLOCK. SET YOUR OWN.

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Seated	Learning	Learning	Learning	Learning	Able to read the statements

~~Required~~ **Still needed**

NCUA proposal, February 2026, deletes the six month working familiarity requirement

NCUA IS LOOSENING THE INTERNAL CONTROL RULE. DECIDE WHICH CONTROLS YOUR BOARD KEEPS.



Assign one person to turn the fourth switch back on

Part 715 trims the definition, the dual signed engagement letter, and the audit report sent on request

NCUA Part 715 proposal; comment period closed February 9, 2026

NCUA'S OWN POSTMORTEMS: IN 15 OF 16 FAILURES, OVERSIGHT WAS PART OF THE CAUSE

15 of 16

Ineffective management or lack of oversight

Supervisory committees skipped annual audits, periodic reviews, audit follow-up and account verification. Boards did not require sound underwriting or controls over lending.

13 of 16

Fraud, almost all of it insider

The failed credit unions lacked strong internal controls, periodic review of those controls, and consistent enforcement of them.

12 of 16

Poor internal controls

Weak controls invite fraud, and they also let errors, policy violations and misstated financials go unnoticed.

4 of 16

Credit risk

Weak underwriting, loans extended month after month instead of charged off, new loan programs launched without tailored controls, high concentrations.

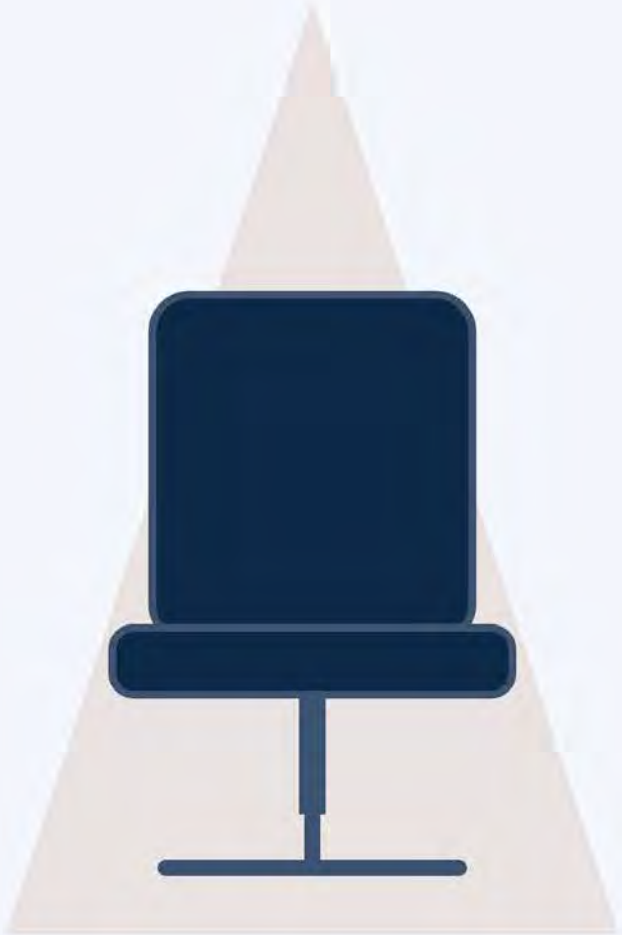
Source: NCUA Office of Inspector General, review of 16 credit union postmortems and material loss reviews

NCUA STOPPED RATING THE SEVEN RISK CATEGORIES. RATE THEM YOURSELVES, TWICE A YEAR.



Each exam used to hand your board a rating and a direction for every one of these. The last one you received is the last one you will receive.

Source: NCUA release, September 2025, discontinuing risk category ratings



NAME WHO RUNS THE CREDIT UNION THE MORNING THE CEO CHAIR IS EMPTY

The succession rule asks for a plan. Your board needs a name, a second name, and a date you last checked both.

Succession planning rule effective January 1, 2026

THE EXAMINER'S CHECKLIST IS GETTING SHORTER. YOUR BALANCE SHEET RISKS ARE NOT.

KNOW THE SEASON.
KNOW THE STRATEGY.
OWN THE RISK.

II

KNOW THE STRATEGY

How do our choices create advantage, and what exposures come with them?

A CREDIT UNION STRATEGY CARRIES THE MEMBER AND THE MARGIN IN THE SAME HEAD





STRATEGY DECIDES WHO WE SERVE. TACTICS DECIDE WHICH TOOL WE BUY.

How do we become the financial institution of choice for members aged 11 to 30?

STRATEGY

How do we get Zelle?

TACTIC

COMPETITIVE ADVANTAGE IS A SET OF CAPABILITIES BUILT TOGETHER THAT A RIVAL CANNOT COPY QUICKLY

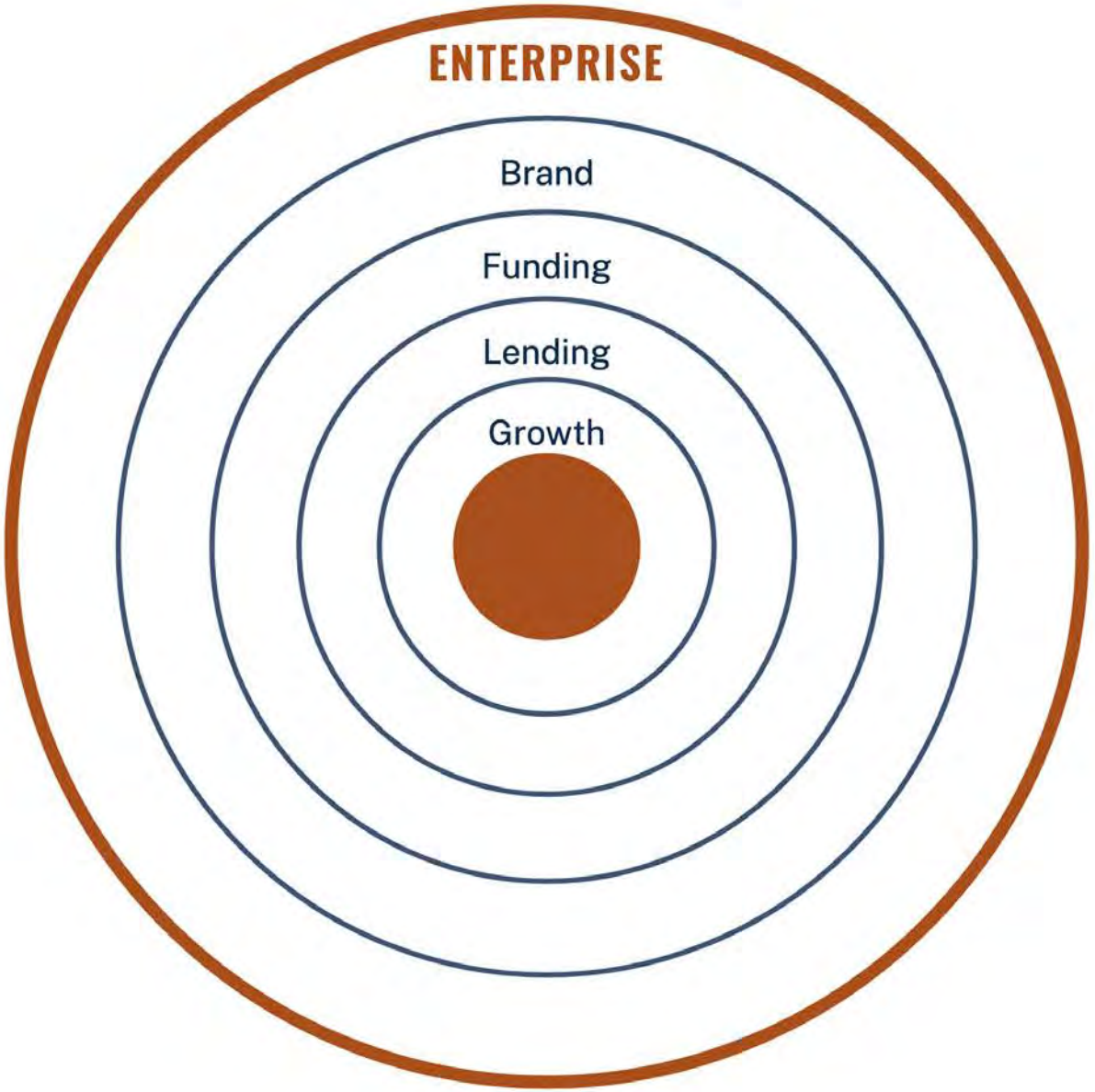
FUNDING	BRAND	INDIRECT LENDING	COLLECTIONS	TOGETHER

Any one of these can be bought. The combination, run well for five years, is the only thing a competitor cannot buy. Most institutions lack the patience to build it, which is why it works.

PORTER SAYS THE ADVANTAGE IS THE WHOLE SYSTEM OF ACTIVITIES, AND THAT IS WHERE THE RISK HIDES TOO

"Competitive advantage grows out of the entire system of activities; the capacity to outperform rivals by establishing a difference it can preserve over time."

Michael Porter



YOUR ENTERPRISE STRATEGY IS FIVE STRATEGIES THAT MUST FIT TOGETHER

Brand, funding, lending, growth and talent. Approve them as one set, because a lending plan the funding plan cannot carry is not a plan.

YOUR STRONGEST STRATEGY FAILS AT THE WEAKEST STRATEGY HOLDING IT UP

A+	A	A	D	D
Lending	Brand	Growth	Funding	Talent

Illustrative report card

KNOW THE SEASON.
KNOW THE STRATEGY.
OWN THE RISK.

III

OWN THE RISK

What must the board understand, approve, and oversee?

WOULD YOU BET THE SAME WITH YOUR MONEY AS WITH HOUSE MONEY? MEMBERS' CAPITAL IS YOUR MONEY.



Your money House money

EVERY DIRECTOR SHOULD BE ABLE TO SAY THREE NUMBERS OUT LOUD: CAPACITY, APPETITE, TOLERANCE

CAPACITY

How much loss the credit union can absorb before net worth is impaired. Set by the balance sheet, not by a vote.

The size of the engine

APPETITE

How much of that capacity the board chooses to put at risk in pursuit of the plan. Set by a vote.

Where the red line sits

TOLERANCE

How far a single measure may drift from plan before someone must act. Set per metric.

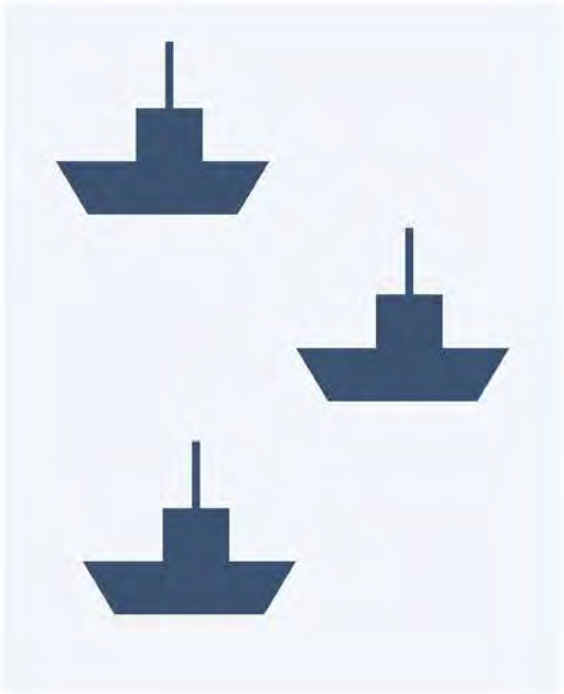
The band before the red line

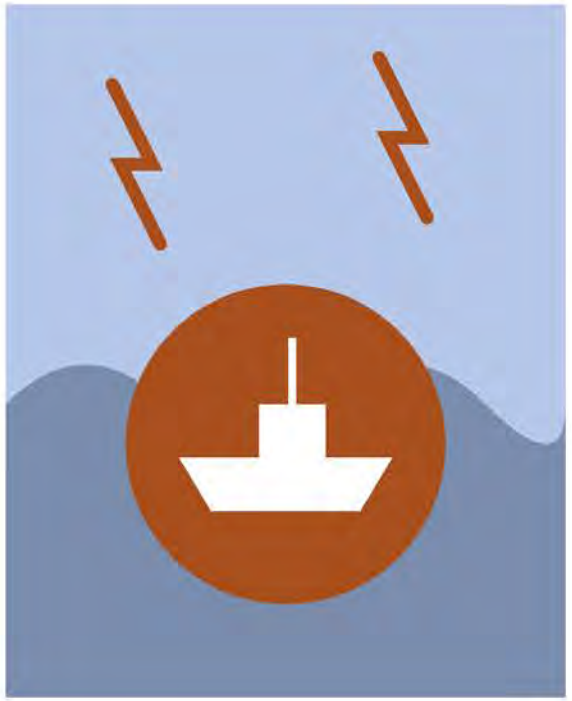
WOULD YOU SWIM ACROSS A POOL WITH A CROCODILE IN IT FOR ONE MILLION DOLLARS?

Every hand that goes up has a risk appetite. Every hand that stays down has one too.

RISK IS TO BE MANAGED, NOT FEARED

A credit union that takes no risk pays no dividend and makes no loan. The board's job is to choose the risk, size it, and watch it.





WHAT LETS ONE BOAT FISH IN THE STORM THE OTHERS STAY OUT OF?

Same ocean, same weather. The boat on the right goes where the fish are because of what it carries, not because its captain is braver.

THE STORM READY BOAT CARRIES SIX THINGS



A forecast

Knows the season before leaving the dock



A captain and crew

People who have sailed this water before



A bigger engine

Capacity: capital and liquidity that can take a wave



Radar

Signals that show the rocks before the hull does



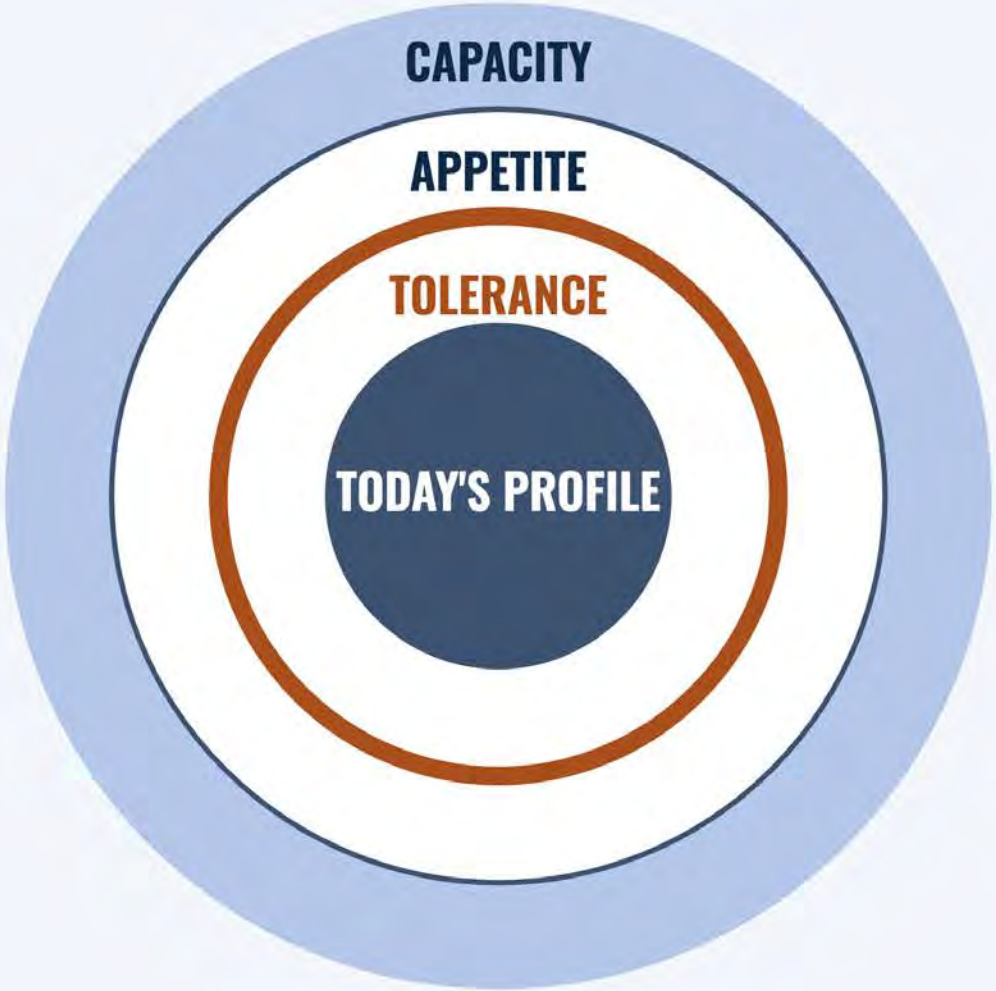
Fuel in reserve

Earnings and funding that outlast the storm



A rescue plan

Assurance and a line to shore when something fails



APPETITE SITS INSIDE CAPACITY, TOLERANCE INSIDE APPETITE, AND TODAY'S PROFILE INSIDE ALL THREE

When the inner circle touches the rust ring, someone has to speak. When it crosses the white ring, the board has to act. The outer ring is where the credit union breaks.

A RISK APPETITE STATEMENT IS THREE SENTENCES THE BOARD CAN READ ALOUD

CAPACITY

"Our capital is strong. Our net worth ratio is 16 percent."

APPETITE

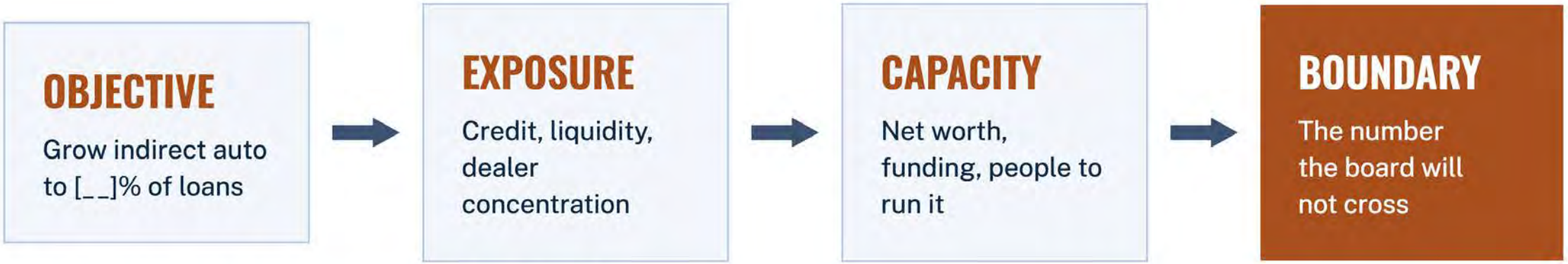
"We are willing to lend to established businesses whose financial statements reflect a paper grade of at least C+."

TOLERANCE

"Member business loan net credit losses will stay below [X] percent of average loan balances."

Illustrative statements from Risk Appetite in Plain Language

WALK EVERY INITIATIVE FROM OBJECTIVE TO BOUNDARY BEFORE THE BOARD APPROVES IT



Illustrative initiative; bracketed figure to be filled

ERM IS ONE TABLE: EVERY INITIATIVE IN THE PLAN, ITS EXPOSURE, ITS OWNER, ITS LIMIT

Initiative in the plan	Main exposure	Owner	Board limit
Grow indirect auto	Credit, liquidity, dealer concentration	Chief Lending Officer	[__]% of net worth
Open two branches in [county]	Fixed cost, talent, brand	COO	Efficiency ratio under [__]%
Launch under-30 member program	Funding mix, pricing	CMO and CFO	Core deposits above [__]% of shares
Evaluate merger with [CU]	Strategic, reputation, talent	CEO	Board vote required above [$__] assets

Illustrative rows; bracketed figures belong to your board

THE BOARD SETS THE LIMIT, MANAGEMENT RUNS TO IT, ASSURANCE PROVES THE NUMBERS

BOARD	Approves the appetite, keeps the oversight
MANAGEMENT	Executes, measures, escalates
ASSURANCE	Tests the evidence, reports to you

JACKSON AREA FCU LOST $95 MILLION TO ONE PERSON. ASK WHAT HAS STOPPED THAT AT YOUR CREDIT UNION.

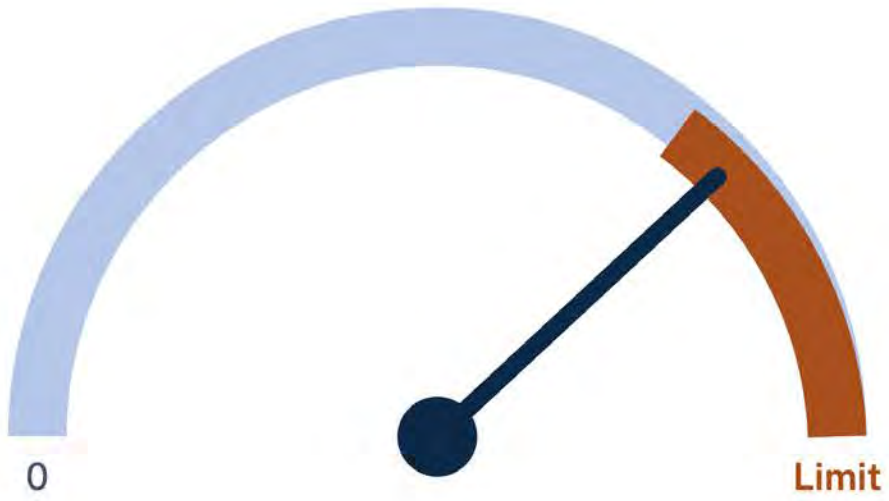
THE PEOPLE

Their temperament, their background, their morals. Good cloth, good character, a solid résumé.

THE STRUCTURE

Controls, procedures, the audit environment, the risk environment the board built.
The part that holds when a good person decides otherwise.

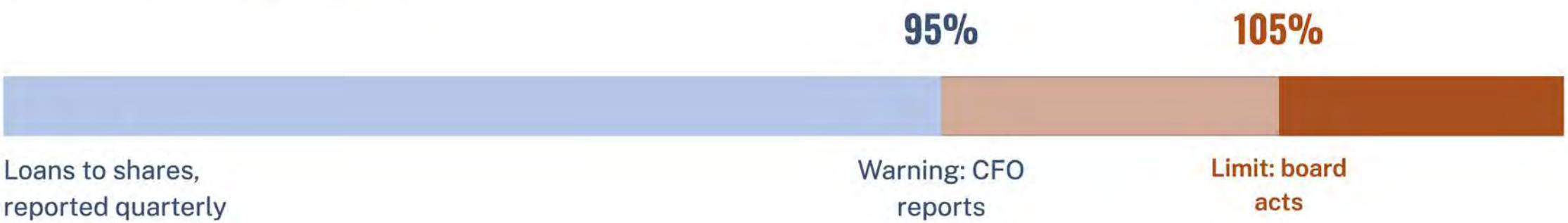
Source: NCUA complaint as reported by WLBT, June 18, 2026, and Insurance Journal, June 22, 2026; alleged, not adjudicated



THE BOARD DRAWS THE RED LINE AND DEMANDS A DIAL IT CAN READ

Management builds the engine. The board does not drive it, but the board decides where the limit sits and refuses to ride without the gauge.

A SIGNAL IS A NUMBER WITH A WARNING LEVEL, A LIMIT, A NAME AND A DATE



The board does not need a dashboard. It needs a handful of signals like this one, each with a person who is obligated to speak when the warning level is crossed.

Illustrative thresholds

ASK FOR THIS ONE PAGE EVERY QUARTER, AND READ THE RIGHT-HAND COLUMN FIRST

Credit	60 day delinquency against peer	At or under [X] above peer	
Interest rate	Change in NEV, 300 bp ramp	At or under 25%	
Liquidity	Loans to shares	At or under 85%	
Compliance	Staff regulation testing	Score above 80	

Four squares are the last four quarters. Dark is inside tolerance, light is near it, rust is over it. Illustrative only.

WHEN A LIMIT IS CROSSED, RUN FIVE STEPS IN ORDER: BREACH, REPORT, EXPLAIN, DECIDE, AUDIT

B

Breach

A tolerance is crossed

R

Report

It reaches the board

E

Explain

Management names the driver

D

Decide

Cure the breach or change the limit

A

Audit

Verify the decision was carried out

A breach is not the failure. A breach with no process to surface it and talk about it is the failure.

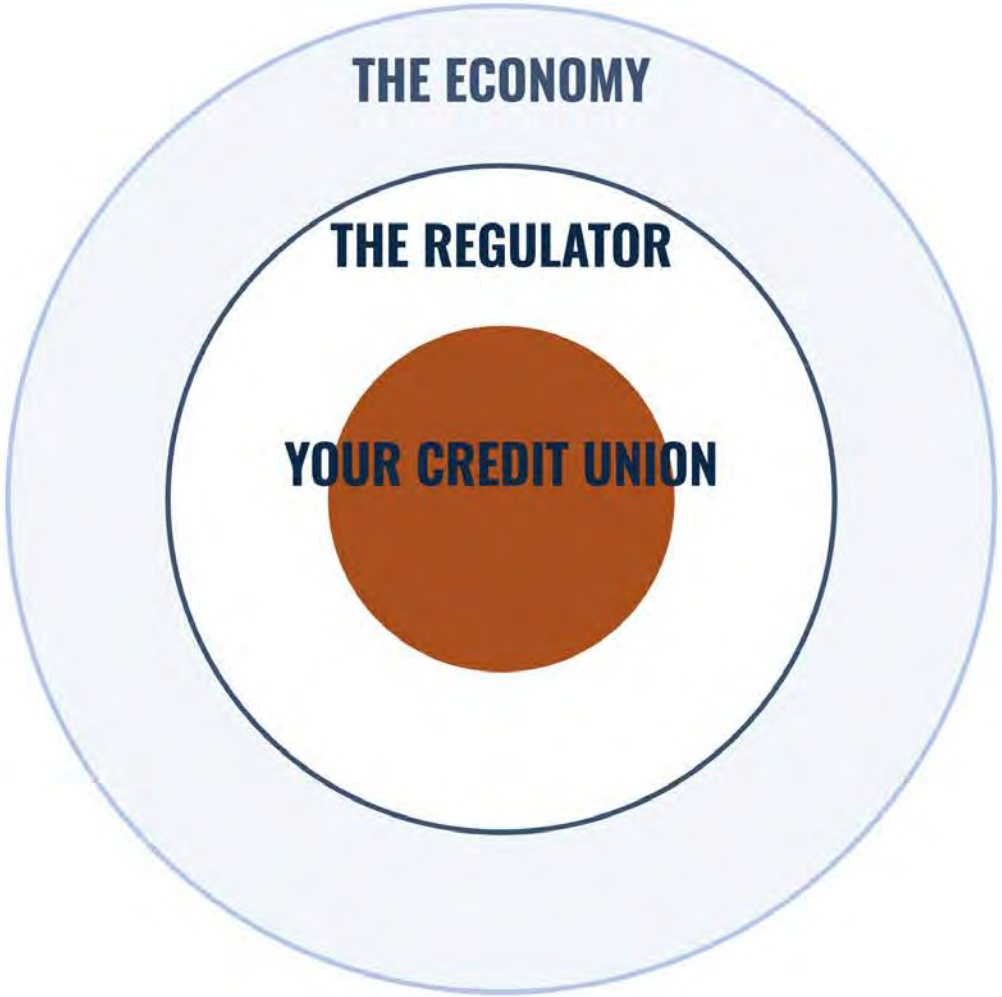
ASK THESE FOUR QUESTIONS ABOUT APPETITE AT YOUR NEXT BOARD MEETING

1. What are our strategic objectives, and which risks are we willing to take to reach them?
2. What keeps the appetite consistent with strategy, capital and capacity, and does compensation reward staying inside it?
3. Do we review actual against approved limits, by business line and by risk category, every quarter?
4. Is there an ongoing education program for directors on the topics the appetite depends on?

FILL IN THIS PAGE FOR YOUR LARGEST INITIATIVE BEFORE YOU LEAVE THE CONFERENCE

Initiative	
Boundary (the number)	
Owner (one name)	
Signal (warning level and limit)	
Review date (a meeting on the calendar)	
Who tests the number (assurance)	

A printable copy is at synergyonstrategy.com



BEFORE YOU LEAVE, NAME THE SEASON YOUR CREDIT UNION IS IN

Write it in one sentence on the worksheet. The regulator's season has changed for everyone in this room. Yours is the one your board has to answer for.

KNOW THE SEASON.
KNOW THE STRATEGY.
OWN THE RISK.



THANK YOU

EMAIL ME FOR A COMPLIMENTARY TOOLKIT

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ANCIN R. COOLEY, CIA, CISA · WWW.SYNERGYONSTRATEGY.COM

The toolkit includes the risk tolerance dashboard template, example risk appetite statements, and the one-page worksheet from today.

