2026 Supervisory Priorities Webinar

February 19, 2026

Office of Examination and Insurance

www.ncua.gov

NCUA
National Credit Union Administration

Agenda

- ❑ Welcome
- ❑ 2026 Supervisory Priorities
- ❑ Examination Program Updates
- ❑ Policy Changes & Deregulation
- ❑ Q&A Session
- ❑ Contact Information

Welcome & Introduction

NCUA Chairman

Kyle S. Hauptman

Supervisory Priorities

Balance Sheet Management

Lending: Credit Risk Management

- Credit risk management practices
- Sufficient underwriting standards for all loan types
- Sound modification and workout strategies for borrowers
- Effective loss mitigation programs and timely charge-off practices

Lending: Credit Risk Management

- Allowance for Credit Losses (ACL) reserve levels and the adequacy of methodologies
- Management of material credit risk concentrations
- Third party risk management practices for outsourced lending, servicing, or collections functions
- Credit union board of directors' oversight

Sensitivity to Market and Liquidity Risks

- Elevated funding costs
- Incomplete repricing from pandemic loans
- Increasing reliance on higher yielding assets
- Emphasis on diversified funding sources
- Heightened sensitivity to both up and down rate movements

Earnings and Capital

- Asset quality and allowance expenses are key pressures
- Higher capital levels and fewer unrealized losses
- Evaluating capital resiliency under a variety of scenarios
- Emphasize forward looking analysis aligned with size, complexity, and risk profile

Operational Risk Management

Payment Systems

Key Risks:

- Increased operational and security risk exposures.
- Expanding vulnerabilities in payment systems.

Payment Systems

NCUA Examination Focus:

- Governance and risk assessment frameworks.
- Vendor management and oversight.
- Security controls to protect member data.
- Resilience against fraud and cyber threats in payment ecosystems.

Fraud Scams

- Remain vigilant of increasing frauds and scams towards members and financial institutions
- Benefits of reporting incidents to the FBI's Internet Crimes Complaint Center
- Internal controls and governance to mitigate insider and external risks

Insider Abuse

- Risks and controls
- NCUA's Fraud Prevention Resources Website
  - Deter
  - Detect
  - Respond
  - Report

Compliance Risk Management

BSA Compliance and AML/CFT Programs

- Anti-Money Laundering (AML) Act of 2020
  - Continued implementation
  - Designed to modernize and strengthen the AML/CFT regime
- Significant developments and regulatory changes expected in 2026.
- Credit unions should stay informed to ensure their AML/CFT programs comply.

Recent BSA-Related Issuances

- CDD Rule Exceptive Relief Order (February 2026)
- FAQs Regarding SAR Reporting Requirements (October 2025)
- Customer Identification Program Exemption Order (June 2025)
- FinCEN Advisories

2026 BSA Regulatory and Exam Focus

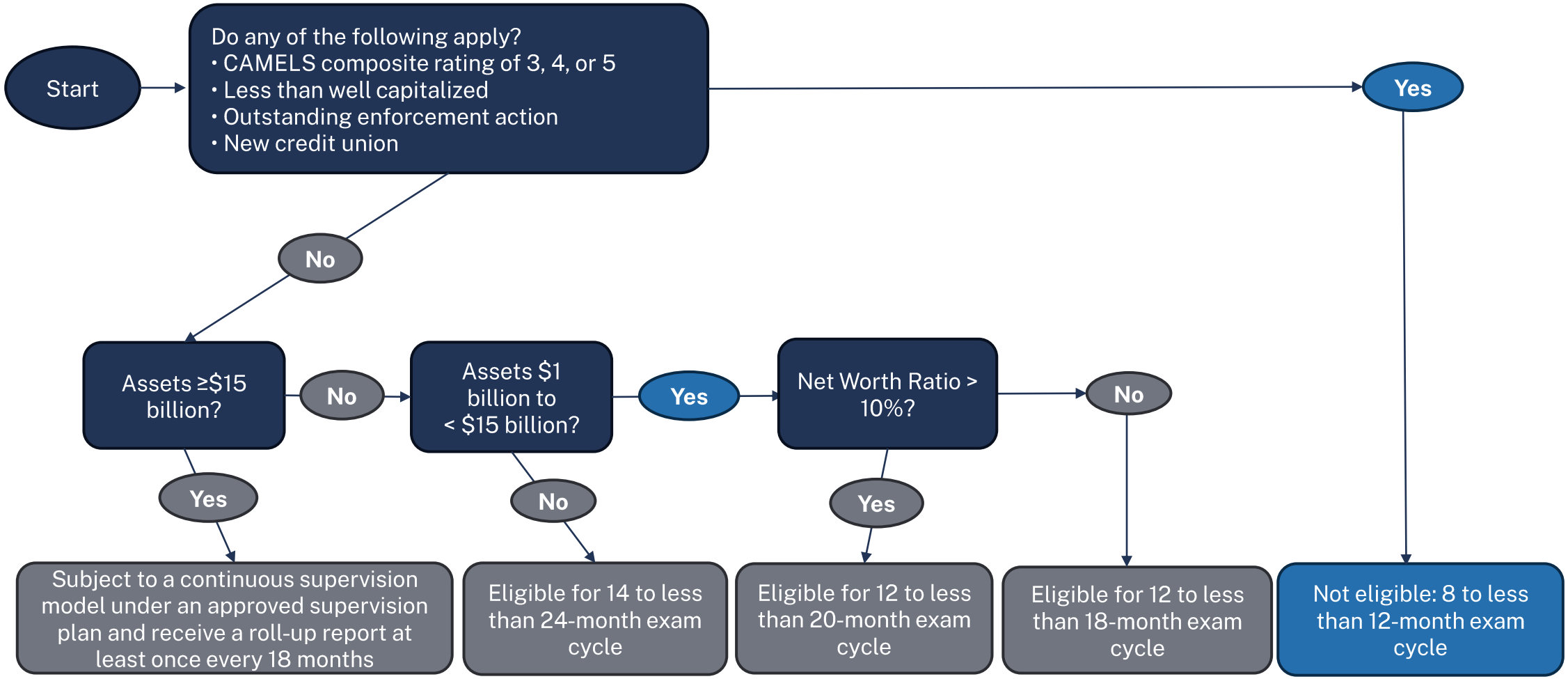
- The NCUA and other agencies are evaluating ways to:
  - Reduce BSA compliance burdens where possible
  - Help institutions maintain effective, risk-based AML/CFT programs
- NCUA's 2026 examination emphasis includes evaluating credit unions:
  - Risk-based approach to BSA compliance and tailored AML/CFT program
  - Whether resources are focused on the area(s) of greatest ML/TF risk
  - Effectiveness of policies, procedures, and controls in risk mitigation

EXAMINATION PROGRAM UPDATES

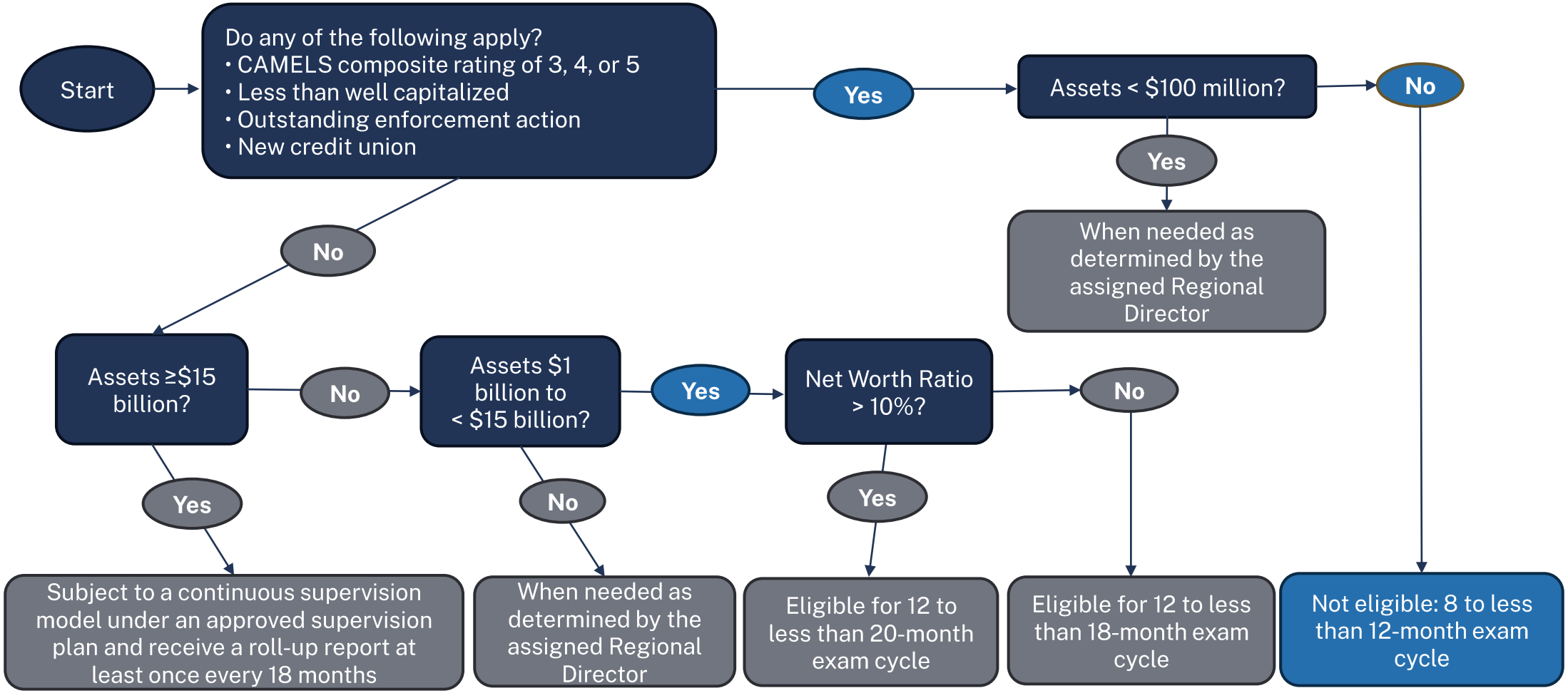
Exam Flexibility Initiative Update

NCUA

Federal Credit Union Eligibility



Federally Insured, State-Chartered Credit Union Eligibility



Document Request Lists

- Process improvements
- Tips for organizing requested documents
- Providing Documents through a Secure File Transfer Portal
  - See the SFTP User Guide
- Tips on Starting an Exam Efficiently webpage

More Tips for a Smooth Exam

- Request an entrance meeting to set expectations
- Maintain open communication throughout the process
- Address any concerns that arise with your examiner during the exam
- Work with your examiner on any proposed corrective actions

POLICY CHANGES & DEREGULATION

Elimination of Reputation Risk & Risk Ratings

What's Changing?

- Reputation risk removed from exams
- Guidance issued (*LTCU 25-CU-05*)
- References deleted from manuals, training, MERIT
- Risk ratings removed from templates and reports

Impact

- Greater clarity
- Focus on objective risk categories
- Streamlined examination process
- Less regulatory burden

Regulation by Enforcement & Deregulation

Regulation by Enforcement

- Regulation-by-enforcement is unethical and not permitted at NCUA
- Enforcement actions shall only occur in the case of clear and significant violations of law or regulation
- Enforcement actions are not a measure of agency success
- The agency's full statement is available at ncua.gov

Context

NCUA Strategic Plan

2022 – 2026

NCUA Mission

Enable access to financial services by facilitating safe, sound, and resilient credit unions.

Regulatory Review

▼ Title 12	Banks and Banking	Part / Section
▼ Chapter VII	National Credit Union Administration	700 – 799
▶ Subchapter A	Regulations Affecting Credit Unions	700 – 761
▼ Subchapter B	Regulations Affecting the Operations of the National Credit Union Administration	790 – 799
Part 790	Description of NCUA; Requests for Agency Action	790.1 – 790.3
Part 791	Rules of NCUA Board Procedure; Promulgation of NCUA Rules and Regulations; Public Observation of NCUA Board Meetings	791.1 – 791.21
Part 792	Requests for Information Under the Freedom of Information Act and Privacy Act, and by Subpoena; Security Procedures for Classified Information	792.01 – 792.69
Part 793	Tort Claims Against the Government	793.1 – 793.10
Part 794	Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities Conducted by the National Credit Union Administration	794.101 – 794.999
Part 796	Post-Employment Restrictions for Certain NCUA Examiners	796.1 – 796.6
Part 797	Procedures for Debt Collection	797.1 – 797.25
Parts 798-799 [Reserved]		

Deregulation

Obsolete

- These proposed changes allow credit unions to innovate and better serve members while remaining safe and sound.

Overly Burdensome

- These proposed changes enable NCUA and credit unions to reallocate resources towards material risks or towards improving member service, enhancing access to financial services.

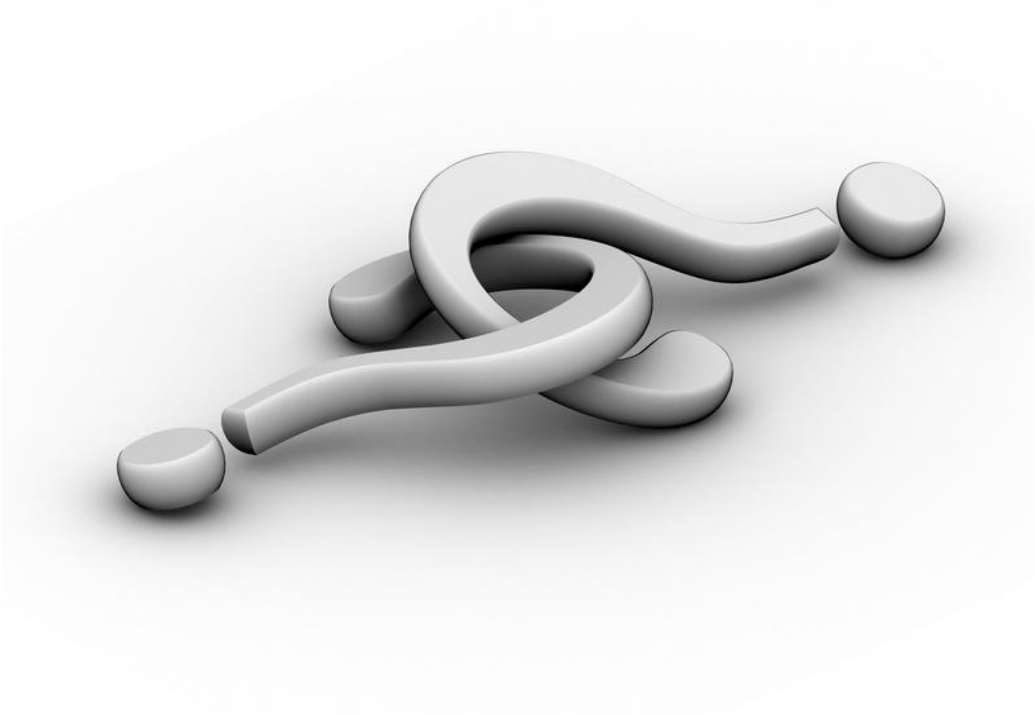
Duplicative

- These proposed changes will reduce confusion and improve compliance efficiency, which supports sound operations.

Guidance

- These proposed changes promote fairness, transparency, and resilience in compliance expectations

Questions



CONTACT INFORMATION

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