

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION 1775 Duke Street, Alexandria, VA

DATE: December 2002 **LETTER NO.:** 02-CU-18
TO: Federally Insured Credit Unions
SUBJ: Expansion of Credit Union Peer Groups

DEAR BOARD OF DIRECTORS:

In an effort to provide better comparisons for credit unions over \$50,000,000 NCUA is increasing the number of peer groups from four to six. Since the introduction of the four peer groups, the assets of credit unions over \$50,000,000 has increased significantly. Currently, credit unions in the fourth peer group range in asset size from \$50,000,000 to over \$16,000,000,000. NCUA's Office of Examination and Insurance recently conducted a study of the current peer groups in light of the increasing asset size of larger credit unions. As a result we are expanding the number of peer groups to more accurately reflect comparisons of credit unions with assets over \$50,000,000.

Starting with the December 31, 2002, 5300 Call Report cycle NCUA will replace the *\$50,000,000 and more* peer group with three peer groups, bringing the total to six. The new peer group structure is:

- < \$2,000,000
- \$2,000,000 -- <\$10,000,000
- \$10,000,000 – <\$50,000,000
- \$50,000,000 -- <\$100,000,000
- \$100,000,000 -- <\$500,000,000
- \$500,000,000 or more

The December 2002 Financial Performance Report, as well as the AIREX examination program, statistical reports and website applications, will contain the expanded peer groups. In keeping with our prior practice, NCUA will not use the peer groups for examination comparisons, supervisory, or CAMEL determination purposes.

Sincerely,

/S/

Dennis Dollar
Chairman