

From: [Andrew Reynolds](#)
To: [Regulatory Comments](#)
Subject: Comments on Proposed Rule: Risk-Based Capital
Date: Thursday, March 26, 2015 2:54:40 PM

We are writing on behalf of Baylands Federal Credit Union (BFCU), which serves families located in the general vicinity of the Middle Peninsula Planning District of the Commonwealth of Virginia and headquartered in West Point, Virginia. As of 12/31/2014, we have 5,466 Members and \$70,724,716 in assets. BFCU appreciates the second opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule, Risk-Based Capital (RBC).

Instead of showing credit unions how few will need additional capital, please provide credit unions and our leagues substantial proof that RBC would have been a better measure during the financial crisis and prevented losses to our NCUSIF. A credit union below \$500 million deserves to understand the need for increased regulatory burden. Without the economies of scale of large credit unions, regulation burden destroys the profitability of a small credit union. A flattening yield curve will only amplify the consolidation of the industry.

When we analyze the return on average assets (ROA) by asset group, we see the correlation between increased regulation and decreased profitability. As of 12/31/14, ROA in credit unions \$500 million and greater is 0.93%. The smaller peers have an ROA of 0.04% (under \$10 million), 0.37% (under \$100 million), and 0.61% (under \$500 million) as of 12/31/14. We ask you to stop catering toward Navy and Pentagon and give the little credit unions the opportunity to grow and succeed.

The asset size threshold for RBC coverage was raised from \$50 million to \$100 million, reducing the number of credit unions covered from 2,237 to 1,455. We thank you for listening, but that is not enough. This rule should only apply to credit unions \$500 million and greater.

Thank you for the additional opportunity to comment on this proposed rule and for considering our views on risk based capital requirements. We appreciate the tools provided by NCUA to analyze the potential effects of RBC on our credit union. It is a pleasure to work with an agency that shares the goal of protecting and serving members of our credit union.

Respectfully submitted,

Christopher R. Burgess
President and CEO

Wm. Andrew Reynolds
Controller

CC: Rick Pillow
CC: Mary Dunn
CC: PJ Hoffman

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