



MID-SIZED CREDIT UNION ROUNDTABLE • OCTOBER 2026

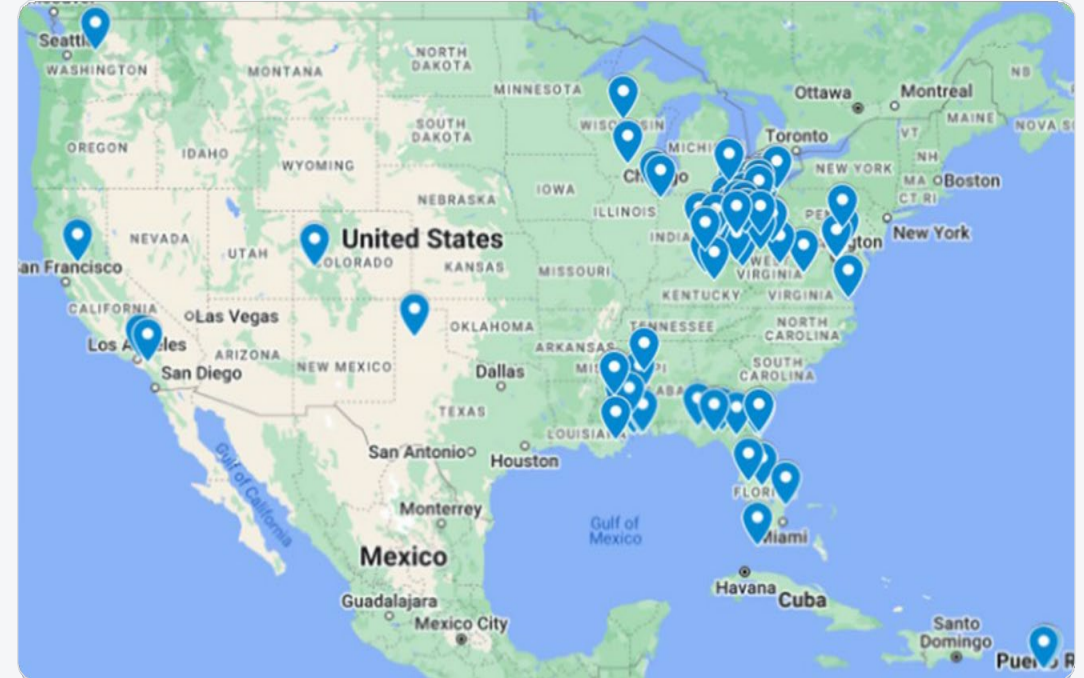
Mission, Membership, Math

The Three M's Governing Credit Union Strategy Trade-Offs

JD Pisula, CEO • Accolade Investment Advisory, LLC

About Accolade

- A wholly-owned CUSO of Corporate One Federal Credit Union
- We provide:
 - Outsourced Chief Investment Officer
 - ALM reporting and consulting
 - Loan Analytics and CECL tools
 - Loan Pricing & Profitability consulting
- We've got your back, empowering credit union leaders to focus on what only they can do -- serving their members and driving their mission forward.



Where we're headed

- 1 Opening: a story about three committees, all doing their jobs well
- 2 The framework: Mission, Membership, and Math as one governed system
- 3 Four real credit unions — where the trade-off breaks, and where it holds
- 4 Bringing it into your boardroom — a template to use before your next board meeting



A STORY YOU MIGHT RECOGNIZE

MARCH

Lending committee

Approves a Payday Alternative Loan (PAL) program because it serves Mission — a real alternative to predatory payday lenders. Nobody asks what it commits the balance sheet to fund.

JUNE

ALCO committee

Raises the PAL application fee because the margin on small-dollar lending is thin. Nobody asks what it does to the relationships March was built to deepen.

SEPTEMBER

Strategic planning

Sets an aggressive growth target — never asking if enough members exist to hit it, or noticing June's fee already cost March some of its mission value.

A year on: the fee increase that protected the margin quietly undid the relationship the program was built to deepen — and there's still no meeting on record where anyone chose that trade-off.



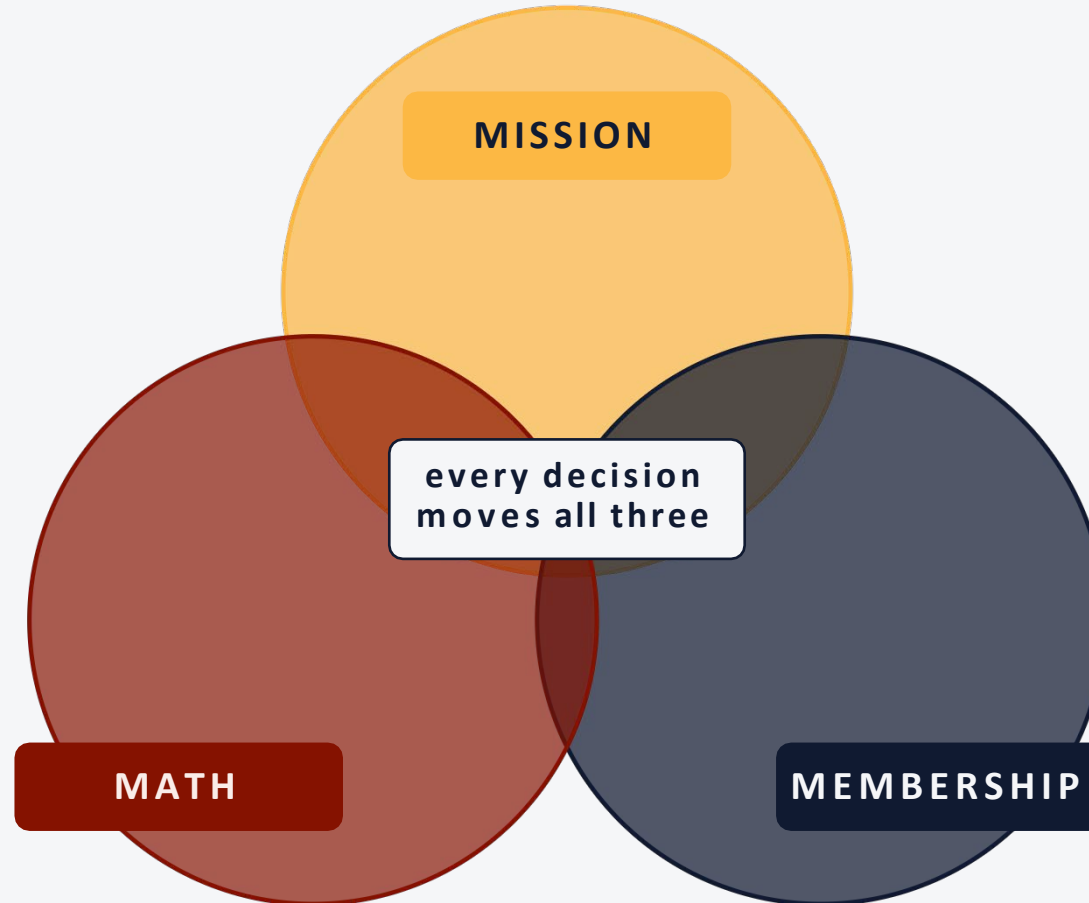
Sound familiar?

Show of hands: whose board has approved that exact sequence in their career?

WHY THIS JOB IS HARDER THAN IT LOOKS

A single-bottom-line business chases one number. You're chasing three at once, with no tiebreaker between them.

The system every credit union board governs



Not invented at a whiteboard

Balanced Scorecard (Kaplan & Norton)

Don't manage only what's easy to measure — hold every dimension in view at once.

Michael Porter

Strategy is choosing what you will NOT do. Naming a trade-off is the strategy.

Jensen's critique of stakeholder theory

Multiple objectives with no decision rule is functionally no objective at all.

Callahan's Strategic Growth Framework

Built for credit unions: when purpose, member engagement, and growth align, each builds on the next. The Three M's is for the moments they pull apart.

The Three M's doesn't invent a new discipline — it adapts these to a balance sheet where the customer is also the owner, and to the decisions where its three dimensions pull against each other.



Mission

The purpose the cooperative charter exists to serve — people helping people, financial inclusion, the financial well-being of the people served. The commitment to serve people rather than profit.

It's the commitment. Membership is the delivery. An institution can hold an unimpeachable mission and still serve a narrower, more convenient population than the one it names.



Membership

The narrower, more testable question: is your mission actually reaching the population your charter commits you to serve?

That gap is visible only if Mission and Membership are governed as separate dimensions — not folded into a single idea about "members."



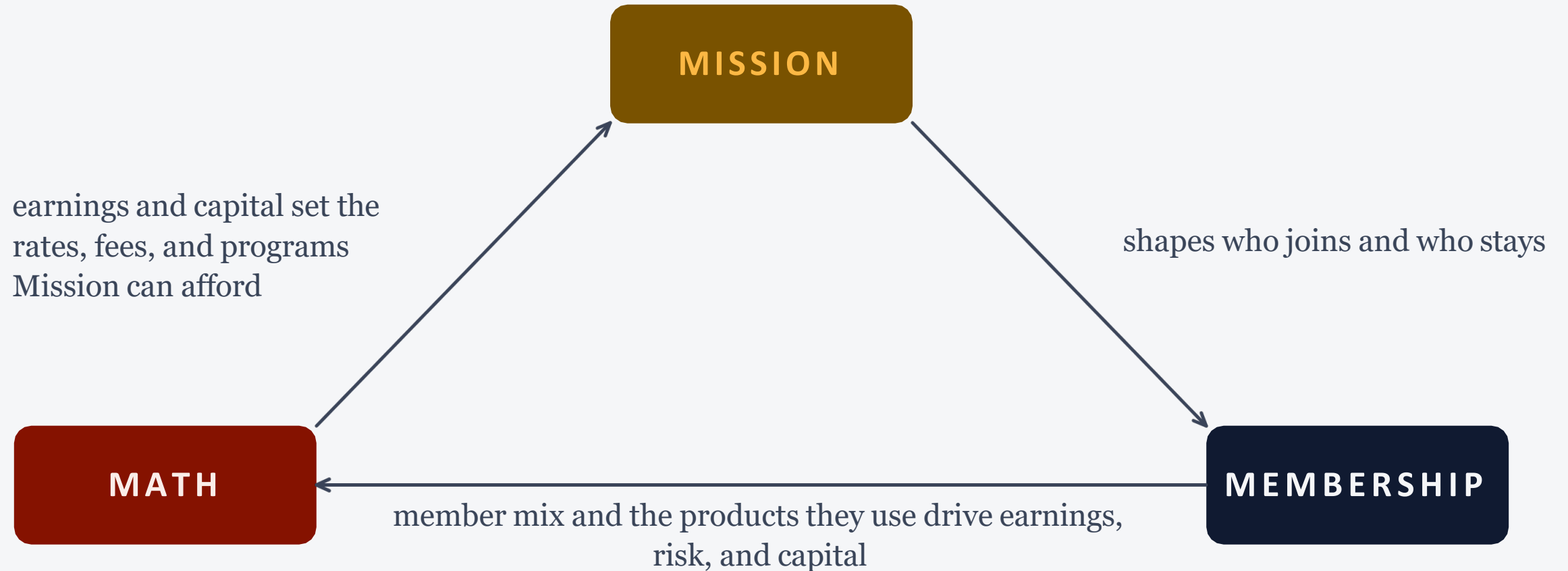
Math

The institution's financial capacity to sustain Mission and Membership over time: earnings, capital, liquidity, risk tolerance, balance-sheet economics.

The word is used for its plainness in a boardroom — not as a claim that this dimension reduces to arithmetic.



The loop most boards already run



Run it backward, too

The forward column is what arrives in every memo. The reverse column is the board's job — and it's the one nobody has an incentive to raise unprompted.

RELATIONSHIP	FORWARD (FAMILIAR)	REVERSE QUESTION A BOARD SHOULD ASK
Mission ↔ Membership	Mission's pricing and service posture shapes what kind of membership the institution attracts.	Does this mission commitment still have a real membership behind it — growing, stable, or decaying?
Membership ↔ Math	Membership is how the institution delivers value and generates the revenue that sustains it.	Which members do we subsidize, which do we earn from — and does that match what we say our mission is?
Math ↔ Mission	Math constrains what pricing and service Mission can responsibly extend this year.	Is this decision returning value to members — or just accumulating capital for its own sake?



Why the reverse question catches what the forward one misses

A community credit union states its mission as "providing everyday credit." Its loan book is profitable, but concentrated in A+ indirect new-auto paper.

Every forward metric looks fine

Membership is growing, credit quality is excellent, and the book is profitable

Ask the reverse question

Which members is this growth actually subsidizing? Once acquisition cost is charged against it, the A+ indirect book earns a mediocre return — direct lending to less-prime members is quietly subsidizing the indirect volume.

The mission suggests one population. The balance sheet is funding a different one. Who does the mission tell us the capital should be for?



Capital only means something if it comes back to members

What "owner" actually means here

A member isn't a shareholder. It's a financial contract: one vote, and access to services — not a claim on residual earnings or the economic value the institution builds.

So if we mean it, capital has to go somewhere

Return it now — better rates, lower fees. Or invest it forward — mission-aligned programs that build capacity to serve members you don't have yet.

A capital ratio that just sits there isn't stewardship. It's the Math ↔ Mission reverse check, made concrete.



It's fine to lean on different M's at different times

The Three M's isn't a fixed equal weighting. Deliberately prioritizing one circle for a period is leadership is not a violation of the framework as long as the choice is named.

UNDERCAPITALIZED

A new CEO inherits a 6.5% net worth ratio

Math gets prioritized for a while, even at some cost to Mission because an institution that can't survive can't serve anyone.

OVERCAPITALIZED

A CEO inherits a comfortable 14% that isn't moving

14% means nothing if it isn't reaching members. This CEO targets lower earnings on purpose — better rates, or mission lending that earns less.

DILUTIVE GROWTH

A CEO caps the indirect channel on purpose

Indirect volume is diluting capital faster than it earns. This CEO slows that Membership growth to fund direct, mission-aligned lending instead.

All three are the same discipline: name which circle you're leaning on, and why — and know it's temporary, not the new permanent ranking.



PAUSE — TABLE DISCUSSION

**Pick one decision your board approved this year.
Which circle did the memo argue for?
Which circle never got asked?**

60 seconds — turn to your neighbor



CASE ONE

The taxi medallion credit unions

Melrose, LOMTO, Montauk, and Progressive — decades of deep relationships and high loan-to-share, lending against NYC taxi medallions. What their boards did, and didn't do, as concentration built for years before the collapse.

80%

collateral value collapse, 2014–2017, once ride-hailing disrupted the industry

5.87%

LOMTO's capital ratio at year-end 2016, before its 2017 loss and closure the following year

\$765.5M

combined cost of three medallion lenders to the National Credit Union Share Insurance Fund



What a strong Math position actually buys

33.55%

Progressive Credit Union's net worth ratio heading into 2017 — an extraordinary cushion by any regulatory standard.

That capital bought nearly two extra years of working out distressed borrowers directly, rather than forcing liquidation. It did not buy survival — a sufficiently undiversified book can exhaust even a 33% cushion.

What it bought was the ability to fail on its own terms, on a longer timeline with an orderly merger into PenFed, not a disorderly conservatorship.



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CASE TWO

Polish & Slavic FCU: a scale trade-off for deeper affinity

\$2.71B

assets, 126,138 members, year-end
2025

64.9%

loan-to-share — below peer average,
~38% of assets in investments

5-star

BauerFinancial rating, four consecutive
years running

On paper, 64.9% loan-to-share reads as idle capital. It isn't. The Membership ceiling is **cultural**, not eligibility: a Polish-American identity that is deep and limited by design.

The board's answer: don't stretch the bond, follow it. New branches in Florida, Indiana and Illinois, and an office in Warsaw.



The trade-off it chose: a lower loan-to-share and slower growth, to keep an affinity bond it won't dilute.



CASE THREE

Hope Credit Union: governing a commitment earnings alone can't fund

99.7%

loan-to-share, Q2 2026

0.03%

return on assets — what mission focused operations produce

\$92.6M

Treasury ECIP capital investment, imported to fund the mission

Neither Mission nor Membership is the constrained dimension — both are as legible as any in the industry. Math is. So, Hope's leadership imported capacity from outside the member base: secondary capital, ECIP, and a Transformational Deposit program that drew Netflix, PayPal, and Nike at roughly ten basis points.

The trade-off it chose: near-zero return on assets and reliance on capital from outside the member base, to keep lending fully deployed to the people its mission names.



CASE FOUR

Buying a bank: the board is the only member vote

22 → 16 → 4

announced deals: 2024, 2025, and H1 2026

\$231.2M

Global FCU's cash purchase of First Financial Northwest Bank

The forward case — scale, efficiency, new geography, pre-built commercial capability — always arrives fully argued.

The issue is structural: in a credit union's purchase of a bank, the **bank's** shareholders vote. Your member-owners generally don't.

The board is the only body that renders member-owner judgment on what may be the largest use of member equity in the institution's history. We need to ask, “is this how our members want to spend capital?” and “does this use of capital align with our mission?”



PAUSE — TABLE DISCUSSION

Which of today's four cases looks most like a decision sitting on your own balance sheet right now?

Three minutes at your table — then a few of you share

Could be used as a diagnostic tool too...



Take five seconds. Don't say it out loud — just place your own credit union somewhere on this map.



Steal this for your next proposal

THE MEMO

\$40M indirect auto program

18 months, through a dealer network

The forward case

- Several thousand new members
- Excess liquidity into higher yield
- Stronger earnings and capacity to serve

MATH ↔ MISSION

1

What will the margin fund, and does it reach the members the charter names?

MEMBERSHIP ↔ MATH

2

What's the acquisition cost per relationship after dealer compensation? Does the yield survive it? Compared to investments?

MISSION ↔ MEMBERSHIP

3

Are these members, or “customers” acquired at a point of sale who hold one product and leave when it matures?

None of these questions kills the proposal. They convert a yield decision into a governed one and leaves a record of what was chosen, not what was discovered two years later.



Before your next board meeting

1

Pick one decision already on the agenda.

2

Ask the reverse question out loud, in the room before the vote, not after.

3

Write down which circle you chose to subordinate — and why.

Making it a habit of making the trade-off visible before it becomes a surprise.





Thank you

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