



National Credit Union Administration

User's Guide for NCUA'S Financial Performance Report

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FINANCIAL PERFORMANCE REPORTS (FPR) USER'S GUIDE

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WHAT IS THE FINANCIAL PERFORMANCE REPORT?

The Financial Performance Report (FPR) is a financial analysis tool derived from Call Report data. The FPR is available to the public via NCUA's website (<http://www.ncua.gov/>). The FPR is one tool that NCUA, State Supervisory Authorities, and other interested parties may use to measure the financial performance of credit unions. The FPR provides a customized, multi-cycle picture of the financial trends and operating results for a credit union, or group of credit unions. The FPR may help users identify key trends, analyze past performance, and set future goals.

NCUA produces the FPR from the quarterly Call Report data (NCUA form 5300) that credit unions submit to NCUA. The FPR presents the data in the form of ratios, percentages, dollar amounts, and graphs for selected ratios. FPRs also present peer ratios for comparison to credit unions of similar asset size.

Financial Performance Reports are based on reliable sources; however, NCUA does not guarantee data accuracy. Any conclusions drawn by users of these reports are not to be attributed to the NCUA.

HOW DO I OBTAIN AN FPR?

How are FPRs Distributed to Credit Unions that File Electronically?

NCUA automatically emails a 7-page FPR to credit unions that file their 5300 Call Report electronically using eSend. The FPR is normally emailed within 24 hours after the Call Report is uploaded or after subsequent corrections are made. The credit union designates an email address during the eSend process for the receipt of this report. At the same time, the credit union's assigned examiner and State Supervisor (if appropriate) also receive a copy of the 7-page FPR.

The standard FPR emailed during the upload process includes a cover page plus the following 7 pages:

- Summary Financial Information;
- Ratio Analysis;
- Assets;
- Liabilities, Shares & Equity;
- Income Statement;
- Delinquent Loan Information; and
- Loan Losses and Bankruptcy Information.

Credit unions that do not file using eSend receive a hard copy of the 7-page FPR after all Call Report uploads are completed each quarterly cycle and peer averages are available. FPRs include current cycle peer average ratios after all credit unions upload Call Reports for the cycle. NCUA notifies users when the current cycle peer ratios are available – typically 6 to 8 weeks after the cycle date. In addition, all FPRs include peer averages for the most recent prior period-end.

How Do I Request an FPR for a Single Credit Union?

You may request an FPR via NCUA's website (<http://webapps.ncua.gov/ncuafpr/>). NCUA and SSA staff may also use NCUA's Intranet to request FPRs. FPRs are available for single credit unions after a Call Report is successfully uploaded. You may either request a detailed FPR to be sent via email or you may view a 2-page FPR summary online. Normally the system sends you an email with the requested FPR attached within 24 hours of the request. FPRs sent via email are Excel attachments. If you do not

have Excel software on your computer, download the Excel reader by clicking on the link in the body of the email or from NCUA's website.

Follow the steps below to request an FPR to be emailed to you for a single credit union.

1. Select the first option from the main page "I want an FPR emailed to me for one credit union " and click OK.
2. The FPR request screen for a single credit union report will appear. Enter the email address where you want the FPR sent in the box marked "Recipient's Email."
3. Select the report cycle date by using the Report Cycle drop down box and choosing the cycle date.
4. Select the interval desired (quarterly, annual, or semiannual) by clicking on the drop down arrow and highlighting your selection. A quarterly interval produces the current cycle, plus four prior quarter ends. An annual interval produces the current cycle, plus four prior year ends. A semiannual interval is only available for June cycles and produces the current cycle, plus four prior semiannual periods.
5. Enter the charter number in the Charter Number box or use the link "Click here to find a credit union."
6. If you want the entire report, be sure that there is a check mark in the "All Pages" box.
7. If you want specific pages of the FPR, uncheck the "All Pages" box and check the boxes next to the pages you want included in the report. The following pages are available:
 - Summary Financial Information
 - Ratio Analysis
 - Supplemental Ratios
 - Assets
 - Liabilities, Shares, and Equity
 - Income Statement
 - Delinquent Loan Information
 - Loan Losses and Bankruptcy Information
 - Indirect and Participation Lending
 - Real Estate Loan Information 1
 - Real Estate Loan Information 2
 - Member Business Loan Information
 - Investments, Cash, & Cash Equivalents
 - Other Investment Information
 - Supplemental Share Information, Off Balance Sheet, and Borrowings
 - Miscellaneous Information, Programs, and Services
 - Information Systems and Technology
 - Graphs 1 (Delinquency & Net Charge-offs, Loan & Share Growth, Net Worth, Return on Average Assets)
 - Graphs 2 (Loans/Assets, Net Long-Term Assets, Net Interest Margin, Cash & Short-Term Investments)

8. Click on the “Submit” button to register your request. If your request is successful, a screen that indicates “FPR Request Submitted” will appear. Use the back arrow to return to the previous screen to request additional reports.

Follow the steps below to view an FPR for one credit union online:

1. Select the third option from the main page “I want to view a 2-page summary for one credit union online ” and click OK. The FPR request screen for a single credit union report will appear.
2. Select the report cycle date by using the Report Cycle drop down box and choosing the cycle date.
3. Enter the charter number in the Charter Number box or use the link “Click here to find a credit union.”
4. Click on the “**Financial Summary**” button to immediately view a synopsis of the credit union’s balance sheet and income statement.
5. Click on the “**Ratio Analysis**” button to immediately view the standard set of FPR ratios for the credit union. Peer average ratios for the current Call Report cycle are not available until all data for the cycle has been collected and validated. NCUA notifies users when the peer ratios are available for the current cycle.
6. To print the FPR, change your page setup to “landscape” and use the print command. The online FPR cannot be downloaded; however, you can copy and paste the data into an Excel spreadsheet by doing the following:
 - a. Place your cursor anywhere in the data page, right click and chose “Select All” to highlight the entire page.
 - b. With the data highlighted, right click again and chose “Copy.”
 - c. Open an empty Excel spreadsheet and from the toolbar choose Edit and Paste to copy the data into your spreadsheet.

How do I request an FPR that aggregates data from multiple credit unions?

You may request an aggregate FPR that consolidates the data for a group of credit unions that meet your selection criteria. The ratios shown on an aggregate report represent the consolidated results for the selected group as a whole. For example, the Net Worth ratio on an aggregate FPR is calculated by totaling the Net Worth for all credit unions in the group, divided by the total of all Assets for credit unions in the group. Aggregate FPRs for the current cycle are available after all credit unions have uploaded for that cycle.

1. To request an aggregate FPR, go to NCUA’s website and click on the FPR link. NCUA and SSA staff may also use the Intranet to request FPRs.
2. Select the second option from the main page “I want an FPR that aggregates data for multiple credit unions based on credit union information” and click OK.
3. The FPR screen for aggregate reports will appear. Enter the email address where you want the FPR sent in the box marked “Recipient’s Email.”
4. Select the Report Cycle date by using drop down box and choosing the cycle date.

5. Select the interval desired (quarterly, annual, or semiannual) by clicking on the drop down arrow and highlighting your selection. A quarterly interval produces the current cycle, plus four prior quarter ends. An annual interval produces the current cycle, plus four prior year ends. A semiannual interval is only available for June cycles and produces the current cycle, plus four prior semiannual periods.
6. Select the criteria for the credit unions that you want included in the aggregate report. You must select the Credit Union Types that you want included in the report. Leaving the Region, State, TOM (Type of Membership) Code, or Peer Group selection boxes blank, defaults to include all. For example, if you leave the Region field blank, your aggregate FPR will include all regions.
7. If you want the report to include only credit unions that are designated Limited Income, select “Yes.” The default (“No”) includes all credit unions, regardless of Limited Income designation.
8. If you want the entire report, be sure that there is a check mark in the “All Pages” box.
9. If you want specific pages of the FPR, uncheck the “All Pages” box and check the boxes next to the pages you want included in the report. The following pages are available:
 - Summary Financial Information
 - Ratio Analysis
 - Supplemental Ratios
 - Assets
 - Liabilities, Shares, and Equity
 - Income Statement
 - Delinquent Loan Information
 - Loan Losses and Bankruptcy Information
 - Indirect and Participation Lending
 - Real Estate Loan Information 1
 - Real Estate Loan Information 2
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 - Miscellaneous Information, Programs, and Services
 - Information Systems and Technology
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 - Graphs 2 (Loans/Assets, Net Long-Term Assets, Net Interest Margin, Cash & Short-Term Investments)
10. The default (or standard aggregate) FPR includes all credit unions that meet your selection criteria in each cycle. The group of credit unions consolidated on the standard aggregate FPR changes is based upon the selection criteria which is applied independently for each cycle. If you wish to compare the same set of credit unions for each cycle on the FPR, check the “Retroactive Population” box. For example, if you select “Retroactive Population” for an aggregate FPR for all credit unions in Peer group 6 and there are currently 300 credit unions that meet this criteria, the

FPR aggregates the same 300 credit unions for each cycle (assuming they were active as of that cycle date) regardless of their asset size in the prior cycles.

11. Click on the “Submit” button to register your request. If your request is successful, a screen that indicates “FPR Request Submitted” will appear. Use the back arrow to return to the previous screen to request additional reports.

How do I view and print the FPR?

1. Within 24 hours of your request, or successful electronic submission of your Call Report, you should receive an email with the FPR attached as an Excel file. If you do not have Excel software on your computer, download the Excel reader by clicking on the link in the body of the email or from NCUA’s website.
2. You may either save the FPR to your hard drive or view the FPR from email.
3. Open the FPR by double clicking on the file name and select “Enable Macros.”
4. To view a particular page, click the links on the Cover Page or the specific tabs for each worksheet found across the bottom of the page.
5. To print the entire FPR, click file, print, select entire workbook, and click OK.
6. To print individual pages, click file, print, select page range, and click OK.

HOW DO I USE THE FPR?

FPR users may request reports for a single credit union or a custom report that aggregates user-specified credit unions.

Single Credit Union

An FPR for a single credit union provides a credit union’s financial and other trends over specified periods of time. In addition, the FPRs for single credit unions show peer average ratios for that credit union’s peer group enabling a comparison. Comparisons to peer and analysis of trends over time can also highlight numbers and ratios that appear out-of-line and require attention.

Aggregate FPR for Multiple Credit Unions

Users may request a consolidated FPR for a select group of credit unions by requesting an aggregate FPR. Users may define a group of credit unions based upon a number of common characteristics.

The default (or standard aggregate) FPR consolidates the data for the all credit unions that meet your selection criteria each cycle independently. For example, if you choose Peer group 6 (assets greater than \$500 million) as your selection criteria and there are 300 credit unions as of the selected cycle date that meet this criteria, the standard aggregate FPR consolidates the data for those 300 credit unions for the current cycle. In this example, the prior cycles on the standard aggregate FPR would show consolidated data from the credit unions that were in peer group 6 as of each prior cycle date. Therefore the group of credit unions consolidated for each cycle date on the standard aggregate FPR changes based upon the credit unions that met the selection criteria as of each cycle date.

If you wish to compare a more uniform set of credit unions for each cycle on the FPR check the “Retroactive Population” box. For example, if you select “Retroactive Population” for an aggregate FPR for all credit unions in Peer group 6 and there are currently 300 credit unions that meet this criteria, the FPR would show consolidated data for the same 300 credit unions for each cycle on the FPR (assuming they were active as of that cycle date) regardless of their asset size in the prior cycles. The retroactive population option consolidates data for the same credit unions across all cycles resulting in a more uniform group of credit unions. This option may provide useful when reviewing the consolidated trends of existing credit unions in a specific group such as a state, charter type, or TOM code.

Customized aggregate FPR reports can be tailored to the specific needs of the user. Ideally, user-defined groups should have common characteristics that make the group cohesive. This allows users to compare a select group of credit unions. For example, custom pools could identify credit unions by (1) Region; (2) State; (3) Charter type (FCU or FISCU); (4) TOM code (community, associational, etc.); or (5) Peer Group. If a particular criteria is not selected (Region, State, TOM Code, or Peer Group) the system defaults to include all information for that criteria.

Ratios in aggregate FPRs represent consolidated trends for the entire group and *do not* represent peer averages for that group. The aggregate FPR calculates ratios by adding together the individual account values for all credit unions in the group and then completing the calculation. Alternatively, peer average ratios are calculated by averaging the individual ratios within the predefined peer groups after trimming extreme values. For example, the delinquency ratio for an aggregate FPR equals total delinquency for all credit unions in the group divided by the total loans for all credit unions in the group.

WHAT GENERAL INFORMATION IS AVAILABLE ON THE FPR?

Intervals

FPR users may select from three report intervals as listed below.

<u>Report Interval</u>	<u>Cycles Displayed</u>
Quarterly	Selected Report Cycle date plus prior 4 quarter-end periods.
Annual	Selected Report Cycle date plus prior 4 year-end periods.
Semi-annual	Selected Report Cycle date plus prior 4 semi-annual periods (available only for the June cycles).

The box labeled “Report Cycle” defaults to the current cycle date and the drop down menu shows the other available cycles.

Ratios and percentages are annualized when appropriate.

Peer Groups

NCUA peer groups include all federally insured credit unions (i.e., all federal and state-chartered credit unions).

NCUA does not include non federally insured credit unions in the peer groups. A credit union’s peer group is based upon its asset size as defined below:

<u>PEER GROUP</u>	<u>ASSETS</u>
1	\$2 million or less
2	\$2 million to less than \$10 million
3	\$10 million to less than \$50 million
4	\$50 million to less than \$100 million
5	\$100 million to less than \$500 million
6	\$500 million or more

The credit union's peer group and respective asset range is shown on each page of the FPR.

How Are Peer Average Ratios Calculated?

Peer average ratios show how a credit union compares to a group of federally insured credit unions of similar asset size. NCUA excludes non federally insured credit unions from the peer average calculations. Peer average ratios are not calculated for Supplemental Ratios after March 2007.

The peer average ratios on FPRs for single credit unions are based upon the asset size. NCUA computes the peer group averages by calculating the average of the individual ratio values for all federally insured credit unions within each defined range¹.

The FPR includes both current and prior cycle peer ratios. Until the data is finalized, the current cycle peer ratios will be "N/A." Current cycle peer ratios are available on FPRs that you request *after* all credit unions have uploaded for the cycle and the data has been finalized, typically 6 to 8 weeks after the cycle ends. Peer ratios are not calculated on aggregate FPRs.

The individual FPR ratio calculations are defined beginning on page 11 of this User's Guide.

Percentile Rankings

Percentile rankings show where the credit union is ranked in relation to the federally insured credit unions in its peer group in key areas of financial performance. Percentile rankings are not calculated for Supplemental Ratios after March 2007.

NCUA calculates the percentile ranking for key ratios by arranging the corresponding ratios for all federally insured credit unions within each peer group in order from the *highest* to the *lowest* value. NCUA does not include non-federally insured credit unions in this ranking nor are they assigned percentile rankings. A percentile ranking from 100 (highest) to 1 (lowest) is assigned to each ratio depending on its position. Credit unions with the same ratio value (to 4 decimal places) are assigned the same percentile ranking.

¹ The calculation adjusts for credit unions with very extraordinary ratio values to prevent the peer average from being skewed by a few extreme outliers.

The percentile ranking is a measure of the credit union's relative standing in the entire range of ratios. For example, a percentile ranking of 75 means 25 percent of all federally insured credit unions in the peer group have the same or higher ratios and 75 percent have lower ratios.

A high or low percentile ranking does not automatically imply satisfactory or unsatisfactory performance. Users should consider other available data to determine the relevance of a high or low percentile ranking to the credit union's financial performance.

Page-by-Page Description

The FPR has two standard groupings of pages within the report. The FPR provided via email or hard copy each cycle includes a Cover Page plus:

- Summary Financial Information
- Ratio Analysis
- Assets
- Liabilities, Shares & Equity
- Income/Expense
- Delinquent Loan Information
- Loan Losses and Bankruptcy Information

When requesting an FPR online, users have the option of selecting which pages of the report they want to receive. In addition to the 7 pages sent automatically each cycle, there are other pages available by request. The FPR pages available for request include:

- Summary Financial Information
- Ratio Analysis
- Supplemental Ratios
- Assets
- Liabilities, Shares, and Equity
- Income Statement
- Delinquent Loan Information
- Loan Losses and Bankruptcy Information
- Indirect and Participation Lending
- Real Estate Loan Information 1
- Real Estate Loan Information 2
- Member Business Loan Information
- Investments, Cash, & Cash Equivalents
- Other Investment Information
- Supplemental Share Information, Off Balance Sheet, and Borrowings
- Miscellaneous Information, Programs, and Services
- Information Systems and Technology
- Graphs 1 (Delinquency & Net Charge-offs, Loan & Share Growth, Net Worth, Return on Average Assets)
- Graphs 2 (Loans/Assets, Net Long-Term Assets, Net Interest Margin, Cash & Short-Term Investments)

A page-by-page description of the FPR is provided below.

Cover Page and Table of Contents. This page provides information about the credit union, including its name, charter or certificate number, address, and peer group information. This page also contains a table of contents, the cycle date, run date, and interval of the report.

Summary Financial Information, Page 1. This page contains balance sheet and year-to-date income and expense data for the current cycle date and previous 4 cycles selected by the user. The annualized percentage changes are displayed to the right of each line item. The Summary Financial Information page may be used to review broad trends and monitor a credit union's progress in various areas of financial performance.

Ratio Analysis, Page 2. The Ratio Analysis page displays financial ratios that are grouped into six categories. The first four categories are derived from the four financial areas of the CAMEL Rating System (Capital adequacy, Asset quality, Earnings, asset/Liability management). The remaining two ratio categories are productivity and other ratios. The Ratio Analysis page for a single credit union displays the corresponding peer group ratios for the current cycle date and the prior period end.

The Ratio Analysis page allows in-depth analysis of fundamental financial ratios and trends. Also, by carefully reviewing peer and other available data, a user should be able to judge the importance (positive or negative impact on the credit union) of any particular ratio value. *[It is important to remember that peer ratios are simply for comparative analysis and a credit union's ratios must be evaluated in relation to other available data, including any factors unique to the credit union, prior to drawing any conclusions.]*

Supplemental Ratio Analysis, Page 3. The Supplemental Ratio Analysis page consolidates and displays other ratios calculated using information reported on the Detailed Call Report Data pages. The categories include Other Delinquency, Real Estate Delinquency, Miscellaneous Loan Loss Ratios, Specialized Lending Ratios, Real Estate Lending Ratios, and Miscellaneous Ratios.

Detailed Call Report Data, Pages 4 through 17. Pages 4 through 17 display financial and other data reported on the call report. The pages are:

- Assets
- Liabilities, Shares, and Equity
- Income Statement
- Delinquent Loan Information
- Loan Losses and Bankruptcy Information
- Indirect and Participation Lending
- Real Estate Loan Information 1
- Real Estate Loan Information 2
- Member Business Loan Information
- Investments, Cash, & Cash Equivalents
- Other Investment Information
- Supplemental Share Information, Off Balance Sheet, and Borrowings
- Miscellaneous Information, Programs, and Services
- Information Systems and Technology

Graphs, Pages 18 and 19. These pages contain graphs of several financial ratios for the current cycle date and 4 prior data cycles. Each graph includes a charted trend line for the peer ratios of each period. Peer ratios are not graphed for aggregate FPRs. The Graphs provide a quick, visual review of key

financial trends, and can be used to monitor the credit union's progress in various areas of financial performance.

Page 18 Graphs:

Delinquency and Net Charge-offs,
 Loan and Share Growth,
 Net Worth to Assets, and
 Return on Average Assets.

Page 19 Graphs:

Loans to Assets,
 Net Long-Term Assets to Assets,
 Net Interest Margin, and
 Cash and Short-Term Investments to Assets.

The following describes the graphed ratios. The ratios are listed in the same order as they appear on the Graphs 1 and Graphs 2 pages.

<u>Ratio</u>	<u>Method of Computation and Comment</u>
Delinquency	This <u>Asset Quality</u> ratio measures delinquent loans in relation to total loans. This ratio is an indicator of the effectiveness of delinquency control and quality of loans held in portfolio. A high ratio in relation to the peer ratio indicates that the credit union may have higher loan and lease loss requirements relative to other credit unions in the peer group.
Net Charge-Offs	This <u>Asset Quality</u> ratio measures net charge-offs in relation to average loans. Net charge-offs are an important indicator of the effectiveness of lending and collection practices. A high ratio in relation to the peer ratio may indicate a higher level of uncollectible loans relative to other credit unions in the peer group.
Loan & Share Growth	These ratios impact more than one risk area. They provide a general view of the credit union's growth in loans and shares for the cycle and may help to assess <u>interest rate risk</u> . Rapid growth in either loans or shares may indicate inappropriate pricing and increased volatility in the balance sheet. Loan and share growth also reflects a credit union's risk management practices and is a factor in assessment of <u>strategic risk</u> and planning. Share growth that outpaces the ability to generate sufficient net income (a primary earnings ingredient is loan interest income) reduces the overall strength of the credit union's net worth.
Net Worth / Total Assets	This <u>Capital Adequacy</u> ratio measures net worth in relation to total assets. Net worth cushions fluctuations in earnings, supports growth, and provides protection against insolvency. The rate of net worth growth should be commensurate with the levels of risk and asset growth.

<u>Ratio</u>	<u>Method of Computation and Comment</u>
Return on Average Assets	This <u>Earnings</u> ratio measures net income in relation to average assets and represents the bottom line. A positive ratio value shows that earnings covered the credit union's operating expenses and cost of funds.
Loans to Assets	This ratio is one indicator of a credit union's <u>liquidity</u> . A high loan to assets ratio may stress liquidity, especially if (1) the credit union has limited funding sources, (2) existing funding depends on volatile sources, or (3) the credit union has minimal short-term investments.
Net Long-Term Assets	This <u>interest rate</u> risk ratio measures a credit union's ability to react to changing interest rates and its exposure to increased interest-rate risk. A low ratio does not automatically eliminate concerns about high concentrations of long-term assets. Even variable-rate loans have different terms and conditions for repricing that may present potential interest-rate risk concerns.
Net Interest Margin	This ratio impacts more than one risk area. This <u>earnings</u> ratio measures whether income from loans and investments sufficiently covers the cost of funds. Net interest margin also reflects a credit union's risk management practices and is a factor in assessment of <u>interest rate risk</u> management, <u>strategic risk</u> , and planning. In general terms, if a credit union properly matches assets and liabilities, this ratio should remain constant in varying interest rate cycles. A fluctuating ratio could indicate a change in loan rates charged, a change in investment practices, or (in a rapidly changing rate environment) a slow adjustment of dividend rates paid.
Cash & Short-Term Investments	This <u>liquidity</u> ratio is an indicator of the level of cash and liquid assets available to meet share withdrawals or additional loan demand. A low or rapidly declining ratio may indicate the credit union will be unable to meet its current obligations.

HOW ARE THE FPR RATIOS CALCULATED?

The following describes the ratios used in the Ratio Analysis and Supplemental Ratio Analysis. Commonly used components of some of the ratios are defined first in order to simplify the descriptions. All ratios are rounded unless otherwise stated.

Ratio Components:

AVERAGE ASSETS. Total Assets for the current period plus Total Assets for the prior year-end divided by 2.

AVERAGE INVESTMENTS. Total Investments, Cash on Deposit, and Cash Equivalents for the current period plus Total Investments, Cash on Deposit, and Cash Equivalents for the prior year-end divided by 2.

AVERAGE LOANS. Total Loans for the current period plus Total Loans for the prior year-end divided by 2.

BORROWINGS. The total of Draws Against Lines of Credit, Other Notes, Promissory Notes, and Interest Payable, Borrowing Reverse Repurchase Transactions, and Subordinated Debt, less Borrowing Repurchase Transactions Placed in Investments for Purposes of Positive Arbitrage. **For low-income designated credit unions only**, borrowings also include Uninsured Secondary Capital.

COST OF FUNDS. Total of Dividends on Shares, Interest on Deposits, and Interest on Borrowed Money.

ESTIMATED LOSSES. Estimated losses include the Allowance for Loan & Lease Losses and the Appropriation for Non-Conforming Investments (this account is used by state-chartered federally insured credit unions for investments not authorized by NCUA). Note: In conformity with SFAS 115, it is assumed that investments classified as Available for Sale or Trading are properly reported at fair value.

EQUIVALENT FULL-TIME EMPLOYEES. Number of Part-Time Employees divided by 2 plus the number of Full-Time Employees.

FIXED RATE REAL ESTATE LOANS. Total fixed rate first mortgage loans (includes fixed rate first mortgages greater than 15 years, fixed rate first mortgages 15 years or less, balloon/hybrid first mortgages greater than 5 years, and other fixed rate first mortgages) plus other fixed rate real estate loans (closed-end fixed rate, open-end fixed rate, and other fixed rate).

GROSS INCOME. Total of Interest Income, Fee Income, and Other Operating Income.

NET MEMBER BUSINESS LOANS. The outstanding member business loan balance plus any unfunded commitments, reduced by any portion of the loan that is:

- secured by shares in the credit union, or by shares or deposits in other financial institutions;
- secured by a lien on the member's primary residence;
- insured or guaranteed by any agency of the federal government, a state or any political subdivision or such state;
- subject to an advance commitment to purchase by any agency of the federal government, a state or any political subdivision of such state; or
- sold as a participation interest without recourse and qualifying for true sales accounting under generally accepted accounting principles.

NET WORTH. The total of the Undivided Earnings, Regular Reserves, Appropriation for Non-Conforming Investments (state-chartered credit unions only), and Other Reserves (Appropriations of Undivided Earnings). **For low income designated credit unions only**, Net Worth also includes Uninsured Secondary Capital. Note: In all FPRs other than the December cycle, the undistributed Net Income is included in the calculation of net worth for credit unions that did not close their books. Credit unions must close out net income into undivided earnings for the December reporting period.

OPERATING EXPENSES. Total Non-Interest Expense (this does not include the Provision for Loan and Lease Losses or Cost of Funds).

SHARES. The total of all shares and deposits.

STANDARD RATIO ANALYSIS

CAPITAL ADEQUACY:

NET WORTH / TOTAL ASSETS. Net Worth divided by total assets. The results are truncated, not rounded.

NET WORTH / TOTAL ASSETS – ALTERNATIVE ASSET ELECTION. Net Worth divided by alternative asset election or total assets. If a credit union selects one of the three optional total asset elections (Average of Daily Assets over the calendar quarter, or Average of the three month-end balances over the calendar quarter, or Average of the current and three preceding calendar quarter-end balances), the net worth ratio will be computed using the alternative asset election as the denominator instead of total assets. If the credit union does not select an optional total assets election, total assets are used and the results are the same as the NET WORTH/TOTAL ASSETS ratio above. The results are truncated, not rounded.

TOTAL DELINQUENT LOANS / NET WORTH. All loans 2 months or more delinquent divided by net worth.

SOLVENCY EVALUATION (ESTIMATED). Total Assets less Liabilities, Uninsured Secondary Capital, and Appropriation For Non-Conforming Investments divided by Total Shares.

CLASSIFIED ASSETS (ESTIMATED) / NET WORTH. Estimated Losses divided by Net Worth.

ASSET QUALITY:

DELINQUENT LOANS / TOTAL LOANS. All loans 2 months or more delinquent divided by Total Loans.

NET CHARGE-OFFS / AVERAGE LOANS. Total amount of loans charged-off during the year less all recoveries on charged-off loans during the year divided by average loans. For March, multiply the result by 4 to annualize this ratio. For June, multiply the result by 2 to annualize this ratio. For September, multiply the result by 1.33 to annualize this ratio.

FAIR (MARKET) VALUE / BOOK VALUE (for investments Held-to-Maturity). Fair market value of investments Held-to-Maturity divided by the book value of investments Held-to-Maturity.

ACCUMULATED UNREALIZED GAINS OR (LOSSES) ON AVAILABLE FOR SALE SECURITIES {+ debits - credits} / COST OF INVESTMENTS AVAILABLE FOR SALE. Accumulated Unrealized Gains or (Losses) on Available for Sale Securities, divided by the total of the book value of investments Available for Sale minus the Accumulated Unrealized Gains or (Losses) on Available for Sale Securities.

DELINQUENT LOANS / ASSETS. All loans 2 or more months delinquent divided by total assets.

EARNINGS:

Earnings ratios which use average assets as the denominator are annualized. To annualize these ratios, multiply the result of the formula by the appropriate annualization factor for each quarter:

March	4
June	2
September	1.333

No annualization is necessary for December ratios because they reflect an annual period.

RETURN ON AVERAGE ASSETS. Net Income (Loss) divided by average assets, annualized as appropriate.

GROSS INCOME / AVERAGE ASSETS. Gross income divided by average assets, annualized as appropriate.

YIELD ON AVERAGE LOANS. Interest on Loans (Gross – before interest refunds) divided by average loans, annualized as appropriate.

FEE & OTHER OPERATING INCOME / AVERAGE ASSETS. Fee Income plus Other Operating Income (including unconsolidated CUSO income) divided by average assets, annualized as appropriate.

YIELD ON AVERAGE INVESTMENTS. Income from Investments and Trading Profits and Losses divided by average investments, annualized as appropriate.

COST OF FUNDS / AVERAGE ASSETS. Cost of funds divided by average assets, annualized as appropriate.

NET MARGIN / AVERAGE ASSETS. Gross income minus cost of funds divided by average assets, annualized as appropriate.

OPERATING EXPENSES / AVERAGE ASSETS. Total operating expenses divided by average assets, annualized as appropriate.

PROVISION FOR LOAN & LEASE LOSSES / AVERAGE ASSETS. Provision for Loan & Lease Losses divided by average assets, annualized as appropriate.

NET INTEREST MARGIN / AVERAGE ASSETS. Total of Interest on Loans (Gross – before interest refunds), Income from Investments, and Trading Profits and Losses, minus the cost of funds divided by average assets, annualized as appropriate.

OPERATING EXPENSES / GROSS INCOME. Total operating expenses divided by gross income. This ratio is not annualized.

FIXED ASSETS AND FORECLOSED & REPOSSESSED ASSETS / TOTAL ASSETS. The sum of Land and Building, Other Fixed Assets, all Future Capital and Operating Lease Payments on Fixed Assets, and Foreclosed and Repossessed Assets divided by Total Assets. This ratio is not annualized.

NET OPERATING EXPENSES / AVERAGE ASSETS. Total operating expenses minus Fee Income divided by average assets, annualized as appropriate.

ASSET/LIABILITY MANAGEMENT:

NET LONG-TERM ASSETS / TOTAL ASSETS. The sum of real estate loans which will not refinance, reprice or mature within 5 years, member business loans, investments with remaining maturities of more than 3 years, NCUSIF deposit, land and building, and other fixed assets divided by total assets.

REGULAR SHARES / TOTAL SHARES AND BORROWINGS. Regular Shares divided by total shares and borrowings.

TOTAL LOANS / TOTAL SHARES. Total Loans divided by Total Shares.

TOTAL LOANS / TOTAL ASSETS. Total Loans divided by Total Assets.

CASH AND SHORT-TERM INVESTMENTS / ASSETS. Total of Cash on Hand, Total Cash on Deposit, Cash Equivalents, and investments with less than one-year remaining maturity divided by Total Assets.

TOTAL SHARES, DEPOSITS AND BORROWINGS / EARNING ASSETS. Total Shares and Deposits, and total borrowings divided by the sum of Total Loans and Total Investments (excluding Borrowing Repurchase Transactions Placed in Investments for Purposes of Positive Arbitrage).

REGULAR SHARES + SHARE DRAFTS / TOTAL SHARES AND BORROWINGS. Regular Shares plus Share drafts divided by Total Shares and borrowings.

BORROWINGS / TOTAL SHARES AND NET WORTH. Borrowings divided by Total Shares and Net Worth.

PRODUCTIVITY:

MEMBERS / POTENTIAL MEMBERS. Number of current members divided by the total of potential members.

BORROWERS / MEMBERS. Number of loans divided by the number of current members.

MEMBERS / FULL-TIME EMPLOYEES. Number of current members divided by equivalent full-time employees.

AVERAGE SHARES PER MEMBER. Total Shares divided by number of current members.

AVERAGE LOAN BALANCE. Total loans divided by number of loans.

SALARY & BENEFITS / FULL-TIME EMPLOYEES. Total Employee Compensation and Benefits divided by equivalent Full-Time Employees.

OTHER RATIOS (GROWTH):

All growth ratios result from the same basic formula:

$$\frac{\text{Current Period (***) minus Prior Year End (***)}}{\text{divided by Prior Year End (***)}}$$

where (***) is the growth item calculated (such as shares or loans).

Growth ratios are annualized. To annualize these ratios, multiply the result of the formula by the appropriate annualization factor for each quarter:

March	4
June	2
September	1.333

No annualization is necessary for December ratios because they already reflect an annual period.

NET WORTH GROWTH. This ratio measures Net Worth growth. To compute the ratio, use total net worth in the basic formula discussed above and annualize as appropriate. (Note: The calculation of this ratio requires using the absolute value of the denominator.)

MARKET SHARE GROWTH. This ratio measures share growth. To compute the ratio, use total shares in the basic formula discussed above and annualize as appropriate.

LOAN GROWTH. This ratio measures loan growth. To compute the ratio, use total loans in the basic formula discussed above and annualize as appropriate.

ASSET GROWTH. This ratio measures asset growth. To compute the ratio, use total assets in the basic formula discussed above and annualize as appropriate.

INVESTMENT GROWTH. This ratio measures investment growth. To compute the ratio, use total investments (excluding reverse repurchase transactions placed in investments for positive arbitrage) in the basic formula discussed above and annualize as appropriate. Beginning in December 2000 this ratio indicates growth in the sum of investments, cash on deposit and cash equivalents.

MEMBERSHIP GROWTH. This ratio measures the growth in current members. To compute the ratio, use total current members in the basic formula discussed above and annualize as appropriate.

SUPPLEMENTAL RATIOS

OTHER DELINQUENCY RATIOS:

CREDIT CARDS DELINQUENT 2 OR MORE MONTHS / TOTAL CREDIT CARD LOANS.

Amount of credit card loans delinquent 2 or more months divided by total credit card loans.

ALL OTHER LOANS DELINQUENT > 2 MONTHS / TOTAL ALL OTHER LOANS. Amount of other non-real estate loans (includes all other unsecured loans, new auto loans, used auto loans, and other member loans) delinquent 2 or more months divided by total non-real estate loans.

LEASES RECEIVABLE DELINQUENT > 2 MONTHS / TOTAL LEASES RECEIVABLE. Amount of leases receivable delinquent 2 or more months divided by total leases receivable.

INDIRECT LOANS DELINQUENT > 2 MONTHS / TOTAL INDIRECT LOANS. Amount of indirect loans delinquent 2 or more months divided by total indirect loans.

PARTICIPATION LOANS DELINQUENT > 2 MONTHS / TOTAL PARTICIPATION LOANS. Total participation loans delinquent 2 or more months divided by total participation loans.

BUSINESS LOANS DELINQUENT > 1 MONTH / TOTAL BUSINESS LOANS. Total business loans delinquent 1 or more months divided by total business loans.

BUSINESS LOANS DELINQUENT > 2 MONTH / TOTAL BUSINESS LOANS. Total business loans delinquent 2 or more months divided by total business loans.

REAL ESTATE LOAN DELINQUENCY:

FIRST MORTGAGE FIXED/HYBRID/BALLOON LOANS DELINQUENT > 2 MONTHS / TOTAL FIRST MORTGAGE FIXED/HYBRID/BALLOON LOANS. Total first mortgage fixed/hybrid/balloon loans delinquent 2 or more months divided by total first mortgage fixed/hybrid/balloon loans.

FIRST MORTGAGE ADJUSTABLE RATE LOANS DELINQUENT > 2 MONTHS / TOTAL FIRST MORTGAGE ADJUSTABLE RATE LOANS. Total first mortgage adjustable rate loans delinquent 2 or more months divided by total first mortgage adjustable loans.

OTHER REAL ESTATE FIXED/HYBRID/BALLOON LOANS DELINQUENT > 2 MONTHS / OTHER REAL ESTATE FIXED/HYBRID/BALLOON LOANS. Total other real estate fixed/hybrid/balloon loans delinquent 2 or more months divided by other real estate fixed/hybrid/balloon loans.

OTHER REAL ESTATE ADJUSTABLE RATE LOANS DELINQUENT > 2 MONTHS / OTHER REAL ESTATE ADJUSTABLE RATE LOANS. Total other real estate adjustable rate loans delinquent 2 or more months divided by other real estate adjustable rate loans.

INTEREST ONLY AND PAYMENT OPTION FIRST MORTGAGE LOAN DELINQUENCY / TOTAL INTEREST ONLY AND PAYMENT OPTION FIRST MORTGAGE LOANS. Total interest only and payment option first mortgage loans delinquent 2 or more months divided by total interest only and payment option first mortgage loans.

TOTAL MODIFIED 1ST AND OTHER REAL ESTATE LOANS > 2 MONTHS DELINQUENT / TOTAL MODIFIED 1ST AND OTHER REAL ESTATE LOANS . Total modified 1st mortgage and other real estate loans delinquent 2 or more months divided by total modified 1st mortgage and other real estate loans.

MODIFIED RE LOANS ALSO REPORTED AS BUSINESS LOANS > 2 MONTHS DELINQUENT / MODIFIED RE LOANS ALSO REPORTED AS BUSINESS LOANS . Modified real estate loans also reported as business loans delinquent 2 or more months divided by modified real estate loans also reported as business loans.

REAL ESTATE LOANS DELINQUENT 1 OR MORE MONTHS / TOTAL REAL ESTATE LOANS. Total delinquent real estate loans and lines of credit 1 or more months delinquent divided by total real estate loans.

REAL ESTATE LOANS DELINQUENT 2 OR MORE MONTHS / TOTAL REAL ESTATE LOANS. Total delinquent real estate loans and lines of credit 2 or more months delinquent divided by total real estate loans.

MISCELLANEOUS LOAN LOSS RATIOS:

CHARGE OFFS DUE TO BANKRUPTCY (YTD) / TOTAL CHARGE OFFS (YTD). Year-to-date charge offs due to bankruptcy divided by total year-to-date charge offs. This ratio is not annualized.

Net charge off ratios that use average loans as the denominator are annualized. To annualize these ratios, multiply the result of the formula by the appropriate annualization factor for each quarter:

March	4
June	2
September	1.333

No annualization is necessary for December ratios because they reflect an annual period.

NET CHARGE OFFS – CREDIT CARDS / AVERAGE CREDIT CARDS. Total amount of credit card loans charged-off during the year less all recoveries on charged-off credit card loans during the year divided by average credit card loans annualized as appropriate.

NET CHARGE OFFS – ALL OTHER LOANS / AVERAGE ALL OTHER LOANS. Total amount of all other non real estate loans (includes all other unsecured loans, new auto loans, used auto loans, and other member loans) charged-off during the year less all recoveries on all other non real estate loans during the year divided by average all other non real estate loans annualized as appropriate.

NET CHARGE OFFS – TOTAL REAL ESTATE LOANS / AVERAGE TOTAL REAL ESTATE LOANS. Total amount of real estate loans charged-off during the year less all recoveries on charged-off real estate loans during the year divided by average real estate loans annualized as appropriate.

NET CHARGE OFFS – FIRST MORTGAGE LOANS / AVERAGE FIRST MORTGAGE LOANS. Total amount of first mortgage loans charged-off during the year less all recoveries on charged-off first mortgage loans during the year divided by average first mortgage loans annualized as appropriate.

NET CHARGE OFFS – OTHER REAL ESTATE LOANS / AVERAGE OTHER REAL ESTATE LOANS. Total amount of other real estate loans charged-off during the year less all recoveries on charged-off other real estate loans during the year divided by average other real estate loans annualized as appropriate.

NET CHARGE OFFS – LEASES RECEIVABLE / AVERAGE LEASES RECEIVABLE. Total amount of leases receivable charged-off during the year less all recoveries on charged-off leases receivable during the year divided by average leases receivable annualized as appropriate.

NET CHARGE OFFS – INDIRECT LOANS / AVERAGE INDIRECT LOANS. Total amount of indirect loans charged-off during the year less all recoveries on indirect loans during the year divided by average indirect loans annualized as appropriate.

NET CHARGE OFFS – PARTICIPATION LOANS / AVERAGE PARTICIPATION LOANS. Total amount of participation loans charged-off during the year less all recoveries on participation loans during the year divided by average participation loans annualized as appropriate.

NET CHARGE OFFS – BUSINESS LOANS / AVERAGE BUSINESS LOANS. Total amount of business loans charged-off during the year less all recoveries on business loans during the year divided by average business loans annualized as appropriate.

SPECIALIZED LENDING RATIOS:

INDIRECT LOANS OUTSTANDING / TOTAL LOANS. Indirect loans outstanding divided by total loans.

PARTICIPATION LOANS OUTSTANDING / TOTAL LOANS. Participation loans outstanding divided by total loans.

PARTICIPATION LOANS PURCHASED YTD / TOTAL LOANS GRANTED YTD. Participation loans purchased year-to-date divided by total loans granted year-to-date.

PARTICIPATION LOANS SOLD YTD / TOTAL ASSETS. Participation loans sold year-to-date divided by total assets. This ratio is annualized.

TOTAL BUSINESS LOANS (NMBLB) LESS UNFUNDED COMMITMENTS / TOTAL ASSETS. Total net member business loan balances less unfunded commitments divided by total assets.

LOANS PURCHASED FROM OTHER FINANCIAL INSTITUTIONS YTD / LOANS GRANTED YTD. Loans purchased from other financial institutions year-to-date divided by loans granted year-to-date.

REAL ESTATE LENDING RATIOS:

TOTAL FIXED RATE REAL ESTATE / TOTAL ASSETS. Total fixed rate real estate loans divided by total assets.

TOTAL FIXED RATE REAL ESTATE / TOTAL LOANS. Total fixed rate real estate loans divided by total loans.

TOTAL FIXED RATE REAL ESTATE GRANTED YTD / TOTAL LOANS GRANTED YTD. Total fixed rate real estate loans granted year-to-date divided by total loans granted year-to-date.

FIRST MORTGAGE REAL ESTATE LOANS SOLD YTD / FIRST MORTGAGE REAL ESTATE LOANS GRANTED YTD. Total first mortgage loans sold in the secondary market year-to-date divided by total first mortgage loans granted year-to-date.

INTEREST ONLY & OPTIONAL PAYMENT FIRST MORTGAGES / TOTAL ASSETS. Total interest only and optional payment first mortgages divided by total assets.

INTEREST ONLY & OPTIONAL PAYMENT FIRST MORTGAGES / TOTAL NET WORTH. Total interest only and optional payment first mortgages divided by total Net Worth.

MISCELLANEOUS RATIOS

MORTGAGE SERVICING RIGHTS / NET WORTH. Mortgage Servicing Rights divided by total Net Worth.

UNUSED COMMITMENTS / CASH & SHORT-TERM INVESTMENTS. Total unused commitments divided by total cash on hand, cash on deposit, cash equivalents, and short-term investments. Unused commitments include unfunded commitments for business loans: commercial real estate, construction and land development, and other unfunded business loan commitments; and unfunded commitments for all remaining loans (non-business loans): revolving open-end lines secured by 1-4 family residential properties, residential construction excluding business purposes, credit card lines, outstanding letters of credit, unsecured share draft lines of credit, overdraft protection program commitments, and other unfunded commitments. Short-term investments are defined as those with maturities less than one year.

WHERE DO I OBTAIN ADDITIONAL INFORMATION?

Contact the appropriate NCUA regional office for additional information about the FPR or this User's Guide.

NATIONAL CREDIT UNION ADMINISTRATION REGIONAL OFFICES

Region I (Albany)

Regional Director
National Credit Union Administration
Region I (Albany)
9 Washington Square
Washington Avenue Extension
Albany, NY 12205
(518) 862-7400

Connecticut	New Hampshire
Maine	New York
Massachusetts	Rhode Island
Michigan	Vermont
Nevada	

Region IV (Austin)

Regional Director
National Credit Union Administration
Region IV (Austin)
4807 Spicewood Springs Road
Suite 5200
Austin, TX 78759-8490
(512) 342-5600

Arkansas	Nebraska
Illinois	North Dakota
Iowa	Oklahoma
Kansas	South Dakota
Louisiana	Texas
Minnesota	Wisconsin
Missouri	

Region II (Capital)

Regional Director
National Credit Union Administration
Region II (Capital)
1775 Duke Street,
Suite 4206
Alexandria, VA 22314-3437
(703) 519-4600

Alaska	
Delaware	Pennsylvania
Virginia	West Virginia
Maryland	New Jersey
District of Columbia	

Region V (Tempe)

Regional Director
National Credit Union Administration
Region V (Tempe)
1230 West Washington Street
Suite 301
Tempe, AZ 85281
(602) 302-6000

Arizona	Montana
California	New Mexico
Colorado	Oregon
Guam	Utah
Hawaii	Washington
Idaho	Wyoming

Region III (Atlanta)

Regional Director
National Credit Union Administration
Region III (Atlanta)
7000 Central Parkway
Suite 1600
Atlanta, GA 30328
(678) 443-3000

Alabama	North Carolina
Florida	Puerto Rico
Georgia	Ohio
Indiana	South Carolina
Kentucky	Tennessee
Mississippi	Virgin Islands