

**Financially “High Performing” Credit Unions:
Evaluating Performance within a Strategic Financial Vision
– Research Methods and Results**

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Executive Summary and Commentary

By George A. Hofheimer
Chief Research Officer

Benjamin Disraeli, the celebrated literary figure and late-nineteenth-century prime minister of the United Kingdom, famously said, “There are three kinds of lies: lies, damned lies and statistics.” Numbers can be made to tell any story you wish. I learned this stark lesson during my undergraduate business studies. During my freshman year, I took a course in managerial accounting and discovered the purpose of this type of accounting is to inform folks inside a company of the firm’s financial performance. A semester later, I took a course in financial accounting and discovered the purpose of this type of accounting is to inform those outside an organization of the firm’s financial performance. From this, I learned a single set of economic activities from one company can produce two very different financial deliverables. This realization struck my idealistic sensibilities quite hard. As time elapsed, and my business experience grew broader, I came to better understand the importance and slippery role of financial performance reporting.

Credit union executives and boards live in a world informed (and hopefully not driven) by numbers, statistics, and ratios. Institutions benchmark their performance against others by comparing their return on assets (ROA), loan-to-share ratio, net worth ratio, efficiency ratio, and a multitude of financial permutations. Underlying these comparative performance measurements are a few important considerations:

- First, what constitutes high performance compared with others?
- Second, how do you measure your institution?
- Third, against which institutions do you measure your institution?

Without answering these questions upfront, you will likely end up with beautifully presented reports with lots of four-color graphs and tables comparing your credit union’s performance against that of a peer group. At the very core, however, you could end up with lies – or worse, damned lies. Harold Sollenberger, D.B.A., a professor of accounting and information systems at Michigan State University and the author of this report, has put a great deal of thought and expertise into the important topic of credit union financial performance evaluation. He, too, realizes the importance of framing the question of financial performance.

What Did the Researcher Discover?

Sollenberger establishes the following thesis for effective credit union performance measurement:

Given a strategic financial vision (SFV), a credit union should perform at a superior level, relative to its peer group of credit unions, in key financial measurements across multiple performance areas.

Sollenberger then identifies SFV approaches credit unions could consider:

- Balanced approach.
- Conservative-leaning approach.
- Growth-oriented approach.

- Earnings-emphasis approach.
- Productivity-focused approach.

Next he meticulously creates a series of financial performance measurements and peer group pairings for credit unions to consider given their specific SFV. Finally, Sollenberger tests his methodology with real credit union data to illustrate the efficacy of his approach.

Practical Implications

I come back time and again to the wisdom of Peter Drucker, who aptly remarked, “What we need is (1) a way to identify the areas of effectiveness (of possible significant results) and (2) a method for concentrating on them.” Sollenberger accomplishes both with this user-friendly guide to credit union financial performance measurements. The report, therefore, is both a discussion piece and a practical how-to on truly understanding your credit union’s financial performance. I urge you to identify the SFV that fits your credit union, run the ratios and performance measurements recommended by Sollenberger, and compare your credit union against institutions with similar SFVs. You may discover that this approach is particularly useful for your institution.

I would be remiss if I did not emphasize one important consideration: *the credit union difference*. Or, in the words of credit union pioneer Charles Hyland, “The credit union is an association of people helping each other.” In addition to all the wonderful financial wizardry and comparisons you can make with your data, at the core of every credit union are the important nonfinancial measurements. Sollenberger notes this consideration by relating the credit union’s mission and vision with selection of the right SFV.

About the Author

Dr. Harold M. Sollenberger

Harold Sollenberger is professor of accounting and information systems at Michigan State University. He has taught an entire generation of credit union managers in more than 25 years of teaching for the Credit Union National Association (CUNA), other credit union groups and leagues, and individual credit unions. He has also served on the faculties of banking schools.

His current research involves credit union financial performance analysis, risk-based capital, simulation in financial institutions, and the evolution of accounting systems in computer-based manufacturing systems. His latest articles focus on methodologies for finding a credit union's ideal capital position and analyzing risk-based net worth data. He presented at the NCUA's (National Credit Union Administration) Summit on Credit Union Capital. His most recent books are *Managerial Accounting: Manufacturing and Service Applications*, fourth edition and *Financial Planning for Credit Unions*, fourth edition. Among his publications are more than a dozen books and many articles dealing with financial planning in financial institutions, management information systems, and cost management.

Sollenberger's business relationships include CUNA, Olson Research Associates, and several accounting and financial services firms. He is active in professional associations including the AAA, FEI, IMA, and the Michigan Association of CPAs. He has served as treasurer of three statewide political campaigns. Sollenberger has taught in many continuing-education programs on topics such as financial analysis, financial simulation, planning and budgeting, and strategic cost analysis.

At Michigan State University, he has served as Associate Dean for MBA Programs and was Chairperson of the accounting, finance, and insurance faculties. He has led many international management study visits to Europe and Asia for MBAs and has taught in an MBA program in China. In addition to being a CPA, he holds doctoral and master's degrees from Indiana University and is a graduate of Shippensburg University (Pennsylvania).

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Preface

Over the past thirty-plus years, I have taught credit union financial management to thousands of credit union managers and board members. In almost every session, I have used the term “high-performing credit unions.” It is an expression that sounds good, has a ring of success to it, and should encourage everyone to emulate high-performing management teams. I have always assumed that the reader or listener would know what was meant.

In more quiet moments, I would often give cursory thought to what I was really talking about... Yes, this would be a credit union with sufficient capital, enough liquidity, asset quality above reproach, consistent and strong earnings, and limited exposure to interest rate risk; additionally, it should be aggressive with strong loan and deposit growth. No, it would not necessarily be NCUA’s CAMEL 1 credit union; but, wouldn’t everyone agree that establishing a description for “financially high performing” as it relates to credit unions is important? Many credit union enthusiasts would place member service and satisfaction ahead of all other attributes. But, I was teaching financial analysis and focusing on financial performance. Being a financially high performing credit union was my real focus. Although I did not ignore more member-oriented issues, I wanted to narrow the scope of my discussion.

My credit union’s definition of success and yours may well vary because of different demographic situations, individual goals and aspirations, past problems, asset size, and perhaps hundreds of other factors. Thus, the true definition of “financially high performing” is unique to each credit union. While industry averages are useful, I’m more interested in how my credit union is doing relative to a much smaller set of industry leaders, my key competitors, and other credit unions that I respect. My credit union also has a strategic vision of where it wants to be in 5 or 10 years, what type of presence it wants to have in our financial services marketplace, and what tools it will emphasize to get there.

Measuring success is in the eyes of the beholder – does it mean being in the top half of a peer group, being in the top ten percent, or being the “king-of-the-hill?” How do we measure this? – (1) some statistically determined value; (2) a narrowly focused set of measures that emphasizes, for example, growth or earnings; (3) a small set of key commonly used financial ratios; (4) a large standard set of ratios; or (5) a ratio set that financially expresses our strategic direction? It is this last measurement that should, I have concluded, be the appropriate base for measuring high performance.

The purpose of this research report is to create a methodology and approach that will enable a credit union management team to assess its financial performance. This assessment is relative to its strategic financial vision, its peer group, its selection of financial ratio measures, and its actual financial results.

This is a parallel report to ***Financially “High Performing” Credit Unions: Evaluating Performance within a Strategic Financial Vision***. In this version, more detail is provided regarding the research methodology, the databases, and the factor analysis and its results. Approximately, an additional 50 pages of data are described and presented in attachments. The detail is appropriate for those persons applying this methodology and wanting additional description of the tools used, steps taken, and results obtained.

Being a financially high performing credit union is not easy! Not many credit unions are truly in this category; however, most of us aspire to be there. Knowing how to measure performance may help us create a clearer set of financial goals to define our success and, therefore, performance level – high or otherwise. A financially high performing credit union is self-defined, self-monitored, and yet presentable and defensible to members and to others.

Harold M. Sollenberger
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Chapter 1

Introduction: High Performing

Frequently, those who write and speak about credit unions use a common expression to define success – high performing. A high-performing credit union can be anything from a fast-growth credit union, to a very “profitable” credit union, to a “safe and sound” credit union with high capital, to a CAMEL 1 credit union, or to a credit union whose management focuses on member service and allows its financial results to fall where they may. Yes, all these scenarios could define high performing in their own ways. Here, however, the focus is on financial aspects of high performance. What does that mean in a comparative or absolute sense? Credit unions have no stock price to allow the world to measure their financial success or lack thereof. There is no magic set of ratios or formulas to rank one credit union above another financially.

Financial strength may be another way to describe financial performance. Strength is generally viewed within credit unions as a balance of controlling or minimizing an array of risks while supporting growth and other nonfinancial credit union goals. Financially high performing could imply that a credit union has strength above and beyond the average performance level. Yet what does that mean pragmatically, statistically, and managerially? The response is the traditional answer to tough questions – it depends! It depends on expectations, on past performances, on current financial positions, and, most importantly, on a strategic view of the credit union’s future.

Outline of the Report¹

This study of financially high-performing credit unions is composed of four primary parts and a conclusion:

- Chapter 2: Create the framework for defining a financially high-performing credit union based on a strategic financial vision (a SFV): The task is to focus on a strategic perspective and make it unique to each credit union’s board of directors and management team.
- Chapter 3: Report high performance values for financial measures based on actual credit union performances.
- Chapter 4: Use management-determined strategic approaches and database relationships to score and rank financial performances and to identify high-performing credit unions.
- Chapter 5: Evaluate relationships among the ratios and the performance areas using a statistical methodology.
- Chapter 6: End with a summary of the methodology and conclusions of the study.

¹ A summary report on this research, ***Financially “High Performing” Credit Unions: Evaluating Performance within a Strategic Financial Vision***, is available from the Filene Research Institute, Madison, WI

In Chapter 2, a definition of high performance is developed and broken into five components. Each component is structured to emphasize the strategic view a credit union builds of itself. A credit union's strategic plan, its financial goals, and its set of peer credit unions frame the definition of high performance, which is the focus of the evaluation. Each credit union's financial success is a reflection of its ability to execute the financial portion of its strategic plan. Typically, the financial goals are built around multiple performance areas – creating a strong defense against risks facing the credit union and a base for taking advantage of competitive opportunities.

Chapter 3 outlines the financial realities of the past four years. The financial databases are described, ratios are developed, and distributions of actual results are presented. Thus, the reporting math shows 72 ratios over four years for more than 4,600 credit unions broken into six asset-size groups. The task is to synthesize these numbers into meaningful relationships.

Chapter 4 presents the performance evaluation process, including the final decision on whether a credit union is a financially high performer. A number of performance ranking methods are offered. Two cases are discussed in detail. The first identifies high performers for different strategic approaches and asset-size groups, and the second examines a specific credit union's performance. This credit union is ranked four ways, for five approaches, and for four years within its asset-size group and its specifically developed peer group. Comparing alternative ranking systems gives insight into the characteristics of the ranking methods themselves.

Chapter 5 evaluates a statistical approach to the performance rating task. Perhaps, a more formal statistical analysis of performance numbers may provide insight into which ratios are more relevant to the evaluation task and whether a strong correlation exists with the management-derived rankings.

Finally, Chapter 6 contains a summary step-by-step walk through the methodology, the advantages gained from this effort, and the conclusions. A summation of the purposes and usefulness of the results concludes the report. For reference, a large quantity of data to support the discussion and to add insight is contained in a series of attachments.

Definition of High Performing

For purposes of this study, the working definition of high performing is:

Given a ***strategic financial vision*** (SFV), a credit union should perform at a ***superior level***, relative to its ***peer group of credit unions*** in ***key financial measurements*** across ***multiple performance areas***.

Together, the five highlighted dimensions create the framework for defining a high-performing credit union. The meaning and intent, content, and application of each dimension will be examined to support a model designed and developed to measure a credit union's financial performance. This definition is at the core of each step in the task of achieving an operational system to measure and interpret high performance.

Value of Measuring High Performance

The value of determining whether a credit union's past is financially high performing rests on a view of the future. Several purposes stand out, including the motivation to:

- Set a challenging SFV within a credit union's strategic plan that compares favorably with other high-performing credit unions.

- Assess a credit union's success in achieving its SFV relative to its peers.
- Understand what level of performance in key financial measures is necessary to compare favorably with similar credit unions.
- Incentivize management to excel financially by setting strong performance targets.
- Help managers focus on key financial issues as a guide to day-to-day decision making.
- Create a financial model that contributes to a more robust plan, a stronger decision-making base, and, hopefully, improved financial results.
- Show a credit union's current performance ranking to managers, board members, and others.

With these in mind, the definition needs context, structure, and explanations of the five dimensions of high performance. The purposes reflect an array of goals from strategic thinking to very pragmatic decision making.

Creating a Framework for Defining a “Financially High-Performing Credit Union”

What does high performing really mean? And, what is meant by this term when used here? First, in the current context, the definition looks at financial results. A variety of ratios is used to measure financial well-being across a credit union's financial spectrum. Member service, market share measures, or other nonfinancial goals are not completely omitted, but the focus is on financial measurements that can be compared quantitatively.

Second, high performance is measured relative to strategic goals, a competitive environment, and management perspectives. Each credit union must assess its financial success within its strategic plan, its mission, and its goals and targets. Thus, working from a large base of financial ratios, an individual credit union must select key ratios to monitor and gauge its progress and success.

Third, the framework defines achieving success in a challenging sense. The credit union must perform better than industry averages; or, it should meet or exceed demanding targets or goals set for itself. High performing means above average, not the mean itself, and certainly not below average. But, how high is a matter of judgment and preference. It is not the intent here to allow a management team to select timid or irrelevant goals for the express purpose of winning a “high performer” competition. Evaluations need to consider the rigor of goals, peers, and performance levels.

Fourth, in most contexts, a credit union achieves success relative to a peer group of credit unions believed to be equal in competition, asset size, operating characteristics, membership, and/or shared risks and opportunities in financial services marketplaces. Selection of a peer group is critical to this analysis. It demands careful thought about key competitive, demographic, and management-intent factors and, potentially, includes direct contact with these peers to exchange more detailed data.

Thus, the statement that a credit union is an above-average, financially healthy credit union depends on its financial results when compared to its strategic mission and to peers. Again, nonfinancial factors are set aside while the focus is on financial performance. An analyst can then integrate this financial assessment into an overall business plan and the complete strategic plan. The financial “tail” should not “wag the dog.” But, a credit union's strategic plan is based on

numerous financial measures. The financial and nonfinancial planning goals are linked from beginning to end.

High Performing Perspectives

Strategic plans often reveal a credit union's goals in key areas in quantitative terms – percentages and ratios. These numbers often expose the temperament of managers and the board.

An idealist's strategic view – What should a “high-performing” credit union achieve?

High performing may be perceived as a picture of the ideal or perfect credit union. This view visualizes a future idyllic environment – not necessarily aligned with its unique real-life situation. It might be a board's view of what others want their credit unions to be. While it is rarely useful to look too carefully at another's strategic plan, insights are gained. A valid perspective and quality goals should be personal to each credit union.

Unreal aspirations. Unrealistic expectations are performances that a credit union management team might want to achieve or believe should be achieved. The goals may, however, be too challenging. They may be old “rules of thumb” or a set of targets that are simply mathematically unattainable. These thoughts, daydreams, and discussions provide grist for strategic long-term goals. Aspirations can be unrealistically high or low; or they can be pragmatic, challenging, and motivating.

A pragmatic view – Where is this credit union now? What are its problems? And, who are its competitors and its peers? “The” all-important question is: “How are we doing now?” The immediate answer is a daily trip report on the road to achieving the credit union's strategic goals. The danger is that current issues and problems may hide long-term and strategic views. Too much concern for current events hides the year's mission. The pragmatic view may be too powerful as the result of little or no input from the credit union's strategic planning effort – because it either contains no substance or it is ignored. Neither is acceptable.

Different views for different credit unions. Conventional financial ratio analysis is often based on a common set of ratios. A credit union's numbers are compared with industry-wide numbers to help the credit union's management determine if its results are positive. Although credit unions share many common themes and purposes, they are diverse institutions and need to be evaluated individually. No credit union can ignore key performance or risk areas; but, focus needs to be placed on the management team's view of its strategic financial mission.

Non-Financial Business Issues That Affect Financial Performance

It would be remiss not to mention the importance of non-financial issues and measures. As stated earlier, this report is not a comprehensive credit union assessment; it is a financial assessment. It must be remembered that other key components influence and may, at times, overpower the financial aspects.

Member Service

Perhaps the most important and pervasive performance value is member service, which is often hard to define and assess. It must cover friendliness, accessibility, quality levels, types of

services and products, prices and fees, and ease of transacting business. It is the essence of being a member-owned credit union. While only a few of these parameters are financial, all have financial impacts. In evaluating financial performance, low operating costs are important, but low operating costs may mean long lines, fewer products from which to choose, more mistakes, little state-of-the-art technology, and/or poor service levels. In this analysis, there is no exact way to measure the value of many nonfinancial member services.

Market Presence

Very few credit unions are the dominant financial institution in their member service areas. From balance sheet and income statement data, it is not possible to determine market share and market leadership. An increase in market share indicates a healthy competitive outlook. A decline in market share could indicate any number of problems and ramifications. Bigger is not necessarily better, but becoming relatively smaller has many more negative impacts than positive ones.

Growth Opportunities

Linked to market presence is growth. Whereas excessive growth can create many imbalances and financial difficulties, consistent and balanced growth can create a very healthy environment. Growth ratios are particularly helpful in identifying potential problems and in solving other nagging issues that, in the absence of growth, could become serious issues. Opportunities, or lack thereof, cannot be measured financially. An astute and competitively aggressive management is assumed here.

Merger and Acquisition Plans

Normal internal growth can be analyzed using ratio analysis. Externally generated growth through merger and acquisition activity, however, distorts a wide range of ratios and trends and dramatically changes the analysis. Often, a major merger causes two data problems: the merged credit union no longer exists and the survivor's financial statements are changed, such that trends are useless and year-to-year and within-year ratios are often outside of normal bounds – outliers.

Economic Environment

Financial analysis can indicate interest rate movements through yields and cost of funds. Yet, expanding economies, recessions, inflation, and major events are not part of financial statement data. In the past 30 years, double-digit inflation, very high bank and savings and loan failure rates, a prime rate of 20 %, historically very high and low mortgage rates, corporate bankruptcies, and record government deficits and surpluses have all occurred. Some of these impact balances and earnings; some impact management attitudes and morale; and some even change regulatory attitudes and regulations.

These and many other variables affect a credit union's financial results and even the definition of high performance. Within this report's context, these exogenous variables are not emphasized nor are they ignored, since the overall strategic plan is influenced by the economic environment that impacts financial measures used to guide planning and control.

A Brief History of Credit Union Financial Analysis

Financial ratio analysis in financial institutions has a long history. This is a numbers-oriented industry. National financial data for each credit union and for the industry as a whole have been available for many years. The National Credit Union Administration (NCUA) has published credit union statistics at least annually since the early 1980s. These data were taken from call reports (the 5300 reports) that credit unions file with the NCUA.

In 1987, NCUA introduced a financial analysis scoring system based on **Capital, Asset Quality, Management, Earnings, and Liquidity – CAMEL**. A credit union was given a rating of “1” (the highest) to “5” (the worst) in each element and in an overall rating. At the beginning, much gnashing of teeth occurred as national norms were set for all credit unions. The exercise was eye-opening to many managers and board members. No longer could a credit union claim superior performance if its CAMEL rating was merely a 2 or a 3. Issues in every part of the acronym appeared. Remember that savings and loan problems and bank failures were common at this time. The banking insurance fund was threatened, and the Keating 5 became infamous. The CAMEL system sharply brought financial analysis to the attention of credit union managers and boards. In the past 20 years, probably no other financial innovation has gotten more attention from credit union managers. Like it or not, rankings appear important whether it is NCAA football, MBA programs, “best” employers, or credit union financials.

In the late ‘90s, NCUA introduced Prompt Corrective Action (PCA) and a “net worth” classification system using new definitions of equity – required and actual net worth. This was the NCUA’s introduction of a risk-based capital system – focusing on interest rate and credit risk concerns. Again, being “well capitalized” was very important and much better than being merely “adequately capitalized.” Though few in number, “undercapitalized” credit unions face restrictions, much oversight; and the threat of elimination.

During these years, nearly every credit union included a key ratio report in its management and board report package to monitor its financial progress, goal achievements, and general well being. Now, financial results do get the attention of CEOs and boards but perhaps still at a too perfunctory level.

Summary

The definition of financially high performing has been given. It contains five dimensions that the remainder of this report will examine carefully – a **strategic financial vision**, a **superior level** of performance, a **peer group of credit unions**, and a set of **key financial measurements** that apply to **multiple performance areas**.

Applying this framework within a specific credit union involves the following tasks:

- Create a challenging SFV within a credit union’s strategic plan.
- Understand what is necessary to become high performing and to compete with high-performing credit unions.
- Create a stronger case for financial modeling, forecasting, and planning.
- Develop a plan to move the credit union toward achieving its SFV.
- Incentivize management to excel in its financial planning and control within its SFV.
- Guide managers in making better day-to-day financial and operating decisions.
- Measure and understand a credit union’s current performance ranking within its peer group.

With these benefits and goals in mind, the definition provided will be separated into its parts and discussed in Chapter 2. Presented is how each dimension helps build a model to measure and assess financial high performance.

Chapter 2

High Performing: The Dimensions of the Definition

From the definition of high performing given in Chapter 1, five dimensions stand out as keys to describing high performance for a specific credit union. These are shown in Figure 1:

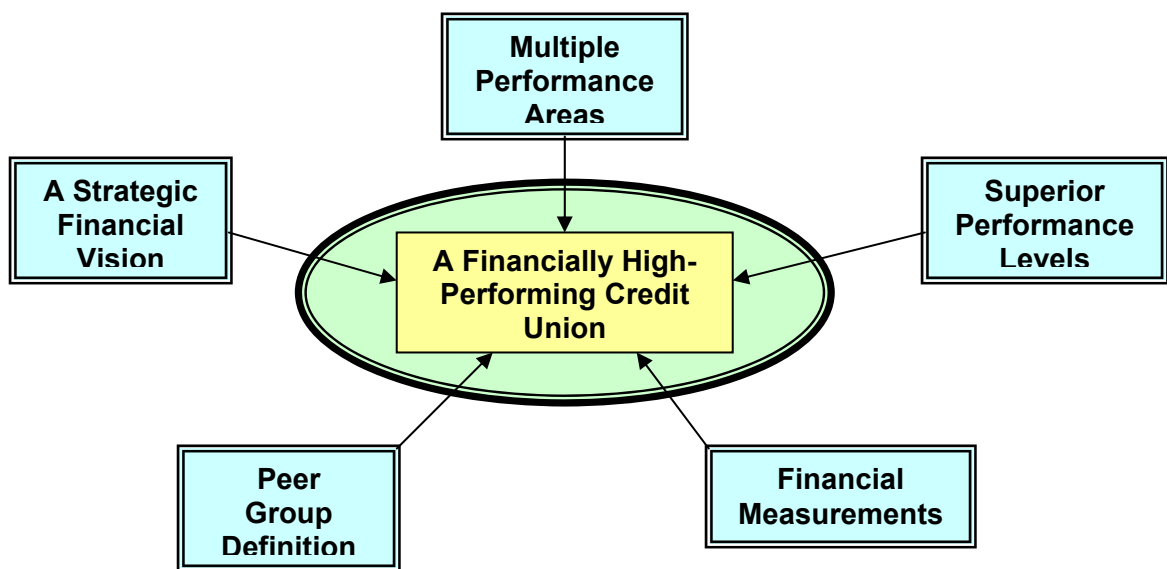


Figure 1: Dimensions of the Definition of Financially High Performing

Throughout Chapter 2, these five dimensions intertwine to produce a guide for measuring high performance.

Strategic Financial Vision

A credit union's SFV is set during its strategic planning process. What kind of credit union does the management and board team want to fashion? The SFV is a uniquely defined purpose, an organizational attitude, and a commitment to provide financial services to its current and future members or "owners." The SFV plan evolves from a carefully developed and comprehensive strategic plan, a mission statement, and specific goals. It describes the credit union's planned future and directions. Thus, this strategic financial perspective is a part of the strategic plan – an important part of but not the complete plan. Five versions, or approaches, are described here, used throughout the report, and shown in Figure 2.

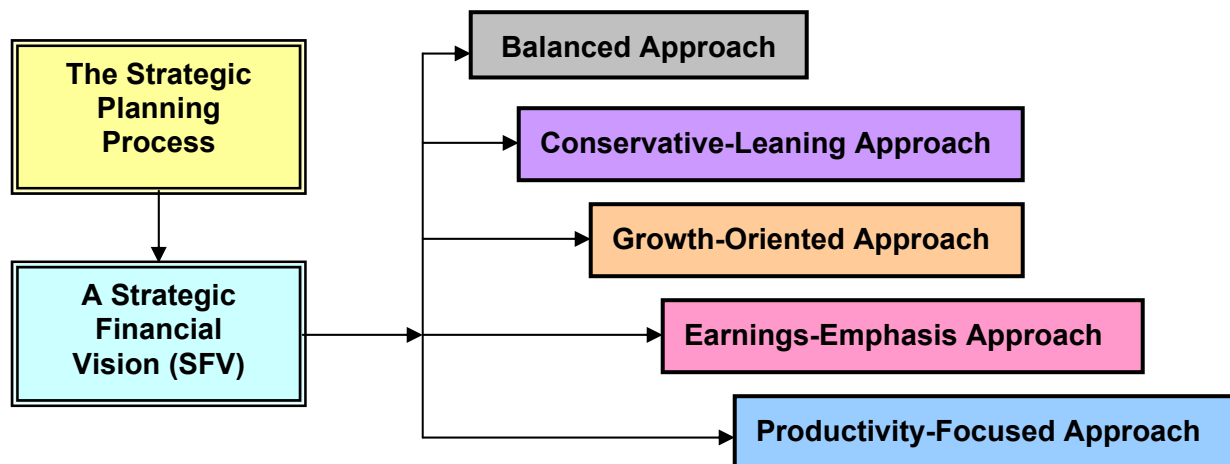


Figure 2: The Five Strategic Approaches to the Strategic Financial Vision

Most of the SFV’s goals are expressed in financial terms and become the basis for evaluating performance. To determine whether a credit union is high performing, the ratios used should reflect the SFV itself. A routine set of financial ratios will not adequately evaluate success in achieving the credit union specific mission and goals.

Examples may be the easiest way to explain the SFV’s role in setting high-performance targets and then in assessing the credit union’s performance levels. Attachment 2 shows the complete list of ratios used in this research, five suggested strategic approaches, and a set of financial ratios that best reflect each strategy. The ratio sets for each approach were selected by an expert panel and are used in the analyses done later. Ratio sets were created for both comprehensive and focused views of each strategic approach, again indicated in each approach column in Attachment 2.

A Balanced Approach

A balanced approach may best describe a stable credit union with a diverse competitive environment, a healthy membership and sponsor relationship, and a strong financial position – with no major weaknesses that need correction or resolution. Goals of a balanced approach include continuity of the credit union’s growth, asset quality, earnings, and capital patterns. The ratios shown in Attachment 2 reflect a well-rounded assessment focusing more on traditional ratios than do other approaches.

A Conservative-Leaning Approach

It is not always clear what a conservative approach means. Being too conservative in certain areas, such as limited growth and reducing lending levels, may actually create more risk in other areas. Here, it reflects the desire to avoid higher risk levels from any source – particularly high-risk lending, new products and services, expanded expense spending, and high-yield investments. It is likely that no credit union would select this approach for the long term, since this reflects more of a healing or problem resolution strategy after some difficult period has passed. Greater focus is placed on liquidity, asset quality, and capital; and less emphasis is on growth and earnings. Many times this approach is temporary in nature, and a credit union’s approach may evolve over time.

A Growth-Oriented Approach

Credit unions with a strong growth mentality are clearly interested in strong growth ratios. Areas like capital, expense control, and even earnings are secondary concerns or are considered to be controls to prevent excessive or out-of-control growth from creating weaknesses in, for example, equity coverage, liquidity, and interest rate sensitivity. Managements and boards of these credit unions see market opportunities that could be exercised now to increase market share, expand membership, and fulfill member product and service demands. The challenge of fast growth often is to maintain reasonably balanced growth – allowing all aspects of the credit union to grow together. Nonbalanced growth patterns can create an array of problems.

An Earnings-Emphasis Approach

While the vast majority of credit unions are well capitalized (using the NCUA's PCA metric) and even overcapitalized, a few need or want to strengthen their equity positions through higher earnings. An SFV with an earnings focus looks at margins, yields, costs of funds, rates of returns, and expense controls. It has an income statement base and emphasizes earnings over growth. This approach tends to have a shorter timeframe to solve a problem created from past loan losses, past or anticipated excessive growth, or other capital-threatening events. Managements are looking for opportunities to earn higher-than-normal profits and focuses on net interest margin while controlling operating expenses and loan losses. Most credit unions need only an average ROA to sustain strong capital ratios because of their already high capital levels.

A Productivity-Focused Approach

In the long term, productivity may be the key to credit union survival and success. It evolves around two categories. First is productivity of people (full-time equivalent employees or FTEs), facilities, and members. These measures examine what outputs high-performing credit unions generate from resources committed. In FTEs, both the numerators and the denominators are keys – what resources are generated or used by how many employees. Facilities – in reality multiple locations – may be a very important membership link and may vary greatly. Members can create wide variations with membership being very diverse or concentrated by employer or geography, being professional or blue collar, and being upscale or economically challenged.

The second productivity category is noninterest income and expenses. Noninterest items reflect policies and situations where fees, operating costs, and other income statement items are often traded for higher or lower interest margins and operating expenses.

Data available from 5300 reports limit extensive analysis of productivity, efficiency, and effectiveness. Exchanges of more detailed productivity benchmarking data among peer credit unions could increase the comparative analyses quality.

Other SFV Approaches

Other SFV approaches could be created. Each credit union should base its financial strategy on its strategic plan. The emphasis here is on relevant financial measures that reflect the intent of management and the focus of the credit union. Much debate should go into defining the SFV. Again, the ratios listed for each strategic approach in Attachment 2 are based on a consensus built from a small group of knowledgeable and experienced credit union managers and advisors. In real life, a credit union management team selects its approach and constructs its own ratio set.

The five approaches presented here attempt to span possible alternative real-world strategic views. The temptation is to select one of these and use it – a lazy approach. Hopefully, each credit union management and board team would already have the basic framework of an SFV developed from many revisions and updates of its strategic plan. Yet, completing an SFV in the detail needed here may take additional thought, discussions, and agreement. It is critical that relative emphasis, ratios selected, weightings, and evaluation methods used be consistent with the credit union’s strategic mission and goals. The value of the exercise including the effort required is enhanced or diminished as the SFV parallels or contrasts with the strategic plan. This SFV also requires an annual update, just as the strategic plan is revised by new information and perspectives.

Multiple Performance Areas

Even with a clear SFV, a financially successful credit union cannot be one-dimensional. Eight areas of assessment that capture the diverse financial risks and returns facing a credit union are shown in Figure 3. In a financial institution context, the measurements are likely to have more of a financial overtone than in other industries and to reflect the diverse risks along with the business opportunities facing the institution. The eight performance areas developed here would fit nicely into a balanced scorecard model (see sidebar). These could be modified or regrouped for any specific credit union situation. Each is a piece of the high-performing picture and is explained along with some discussion of the ratios used.

Balanced Scorecard: Multiple Measures for a Common Goal

Robert Kaplan, a Harvard professor, introduced the balanced scorecard approach back in the 1990s to evaluate management performance. He suggested less focus on a single view, such as return on equity or even a stock price, and more emphasis on a broader set of perspectives that reflects the mission of the firm. These broad perspectives are typically:

- How do customers see us? For credit unions, the member service perspective.
- At what must we excel? An internal perspective.
- Can we continue to improve and create value? Innovation and learning perspectives.
- How do we look to shareholders (or member owners)? A financial perspective.

Each company selects a set of measures in each perspective and monitors these through the planning and control cycles. Some of these are financial, others nonfinancial. Kaplan and others have taken major firms through the development, implementation, and use of a balanced scorecard to clarify the mission and direction, to incentivize managers, and to meet long-term shareholder expectations. Today, large and diverse sets of firms use a version of the balanced scorecard system as a whole or in part.

Source: Robert S. Kaplan and David P. Norton, *The Balanced Scorecard: Translating Strategy into Action*, Harvard Business School Press, (Copyright 1996), 322 pp.

Capital Adequacy

The capital component has several aspects, including the protection provided by a strong capital base. But too much capital can be nearly as problematic as too little. The implication is that a “just right” capital level must exist. In previous writings, an approach to finding an ideal capital level has

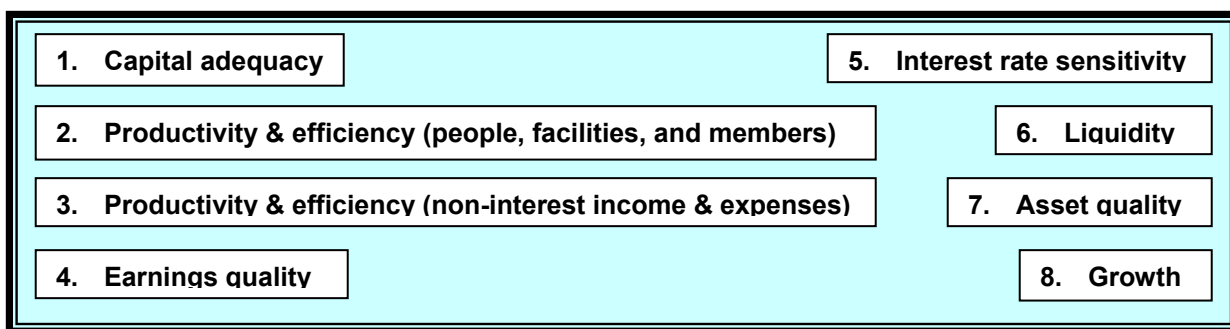


Figure 3: The Eight Performance Areas

been created.² To emphasize this issue, a unique ratio has been added – deviation from target capital of 9.5%. Each credit union should follow a process to develop its “just right” capital position. In this exercise, a surrogate for the ideal level has been adopted and set at 9.5%. Please note that no consideration is given to whether one credit union has more risk than another – the 9.5% is applied to all equally. This is an arbitrary choice of a constant and can be changed by anyone using this methodology. In this report, any absolute (positive or negative) deviation from that number is viewed negatively – too much is viewed as negatively as too little. Other capital ratios look at both coverage (equity to assets) and need (delinquent loans to equity). This is an important issue when rankings are developed later.

The capital ratios also include NCUA’s PCA actual and required net worth. Because this is an important and available risk assessment, several components of the required net worth are also provided separately, giving information on capital adequacy for interest rate risk, some credit risk, a little liquidity risk, and limited off-balance sheet commitments.

Productivity and Efficiency – Use of Resources (FTEs, Facilities, and Members)

Ratios of assets, costs, and people give strong indications of internal efficiency. Employees (full-time equivalents or FTEs) and their support are often the major operating expense in the credit union. The ratios reflect staffing levels and employee productivity – sometimes moving in opposite directions. Care must be taken since both numerators and denominators could be at opposite ends of the productivity scale – high or low staffing levels and high or low output measures. Thus, low FTE ratios may indicate poor service levels or highly efficient operations.

In credit unions with numerous locations, branch productivity ratios can examine their cost effectiveness. Yet, branches are very different – many are storefronts, while others are multi-million dollar sites. Member ratios give indications of activity and saturation levels. Credit unions with many inactive members or members in name only will cause these numbers to show lower loan and deposit levels, while participation from active members may be particularly strong. Credit unions where interaction with members is a strategic key may want to examine these numbers carefully.

To get maximum benefit from member and FTE ratios, peer selection becomes very important. Often, these productivity ratios are not very insightful in industry-wide analyses because of the diversity of operating methods but important within smaller peer groups.

² Harold M. Sollenberger, “Building a Consensus on Credit Union Capital Adequacy,” *Bank Accounting and Finance*, August 2005. Harold M. Sollenberger, “A Strategic Approach to Ideal Capital: Building a Consensus,” *CUNA CFO Council White Paper*, June 2007, <http://cunacfo.org>. An additional look at the capital adequacy issue is presented in Will Chamberlin, *Are U.S. Credit Unions Overcapitalized: An Empirical Analysis*, (Madison, WI: Filene Research Institute, 2007).

Productivity and Efficiency – Noninterest Income and Expenses

Noninterest revenues and expenses directly impact the “bottom line” – net income. Operating expense levels reflect the operating systems within a credit union. Fees and service charges are growing in importance, probably aimed at covering operating expenses or even generating the entire net income when operating expenses consume net interest margin. Operating expenses have grown rapidly over the past decade, which is and will continue to be a major concern. Again, peer group selection for comparisons is important.

In the long run, internal efficiencies will strongly influence a credit union’s ability to compete successfully. Adding and maintaining state-of-the-art technology and training and keeping skilled personnel cost money. Yet, good ratios for assessing operations productivity are difficult to develop from current call report data.

Earnings Quality

Earnings ratios are aimed at assessing the earning power of the credit union. Shrinking margins, lower ROAs, and low yields on earning assets have stressed earnings in the past decade. The good news is that equity has grown so dramatically that few credit unions have a serious need for earnings to build equity. Most earnings ratios are evaluated on a high-to-low basis. The ratios largely focus on net interest margin and its components and returns on assets and equity. Rates of returns and yields reflect pricing policies and decisions in an asset/liability policy context. These ratios, particularly net interest margin to earning assets – a major focus of asset/liability modeling and planning – tell much about the earning power of the credit union.³

Interest Rate Sensitivity

Interest rate risk measures such as shock tests and duration calculations need data that are unavailable from call reports. Ratios used are clearly surrogates for real assessments of interest rate risk. General maturity data about investments, loans, deposits, and borrowings are the only figures available. Additional interest rate risk ratios do appear in capital adequacy under the PCA required net worth components for long-term fixed-rate real estates and investments.

Liquidity

Liquidity ratios here focus on short-term assets and liabilities, current borrowings, and off-balance sheet lending and borrowing commitments. The NCUA has a one-year-and-less maturity category for liquid assets. The problem is that liquidity problems can easily come and go well within that year time frame. Preferred data would be 90-day or 180-day maturities. However, alternative off-balance sheet tools lessen the need to liquidate noncash assets to solve short-term cash-flow problems.

Historically, the loans-to-deposits ratio is a liquidity measure with a lower number being better. But with the expansion of loan and deposit product lines, the traditional measure has been greatly denigrated as a liquidity evaluator. This ratio is used here as a traditional value in liquidity analysis, ranked from low to high. Loans-to-deposits ratio also gives insight into lending competitiveness. This analysis uses the same ratio as an earnings ratio in the earnings area, ranked from high to low.

³ ROA should be evaluated in the context of deviations from current net worth levels, expected growth rates, and a desired path to targeted (or future) net worth. In this approach, more earnings does not always give a better performance signal because if equity is too high, a high ROA only adds to the problem.

Off-balance sheet commitments of both sources and uses of funds are helpful indicators of liquidity needs and adequacy, even though data from the 5300 reports may be somewhat suspect.

Asset Quality

Asset quality is a major performance area for nearly every credit union – lending and investing quality. In every SFV approach, asset quality ratios appear prominently. They include available loan-loss statistics, delinquent loan levels, and a market value of the investment portfolio. The quality of the loans portfolio is by-and-large the most pervasive evaluation area for most credit unions. These ratios represent approximately 20% of the total performance ratio sets.

Growth

The growth area takes a diverse look at a credit union's growth. Most growth ratios are ranked high to low; however, some growth is not particularly attractive – operating expenses, for example. Of special note are two measures not frequently seen – balanced growth and total growth in key accounts. A frequently stated goal is balanced growth. To measure this, three key growth rates are used – loans, deposits, and equity. The lowest growth rate among these three is subtracted from the highest, and the result is ranked from low to high. Zero is ideal balanced growth; a high number suggests significant imbalance and potential problems. Initially, some lack of balance might be tolerated as a credit union moves toward a targeted balance-sheet position. Total growth is measured by summing the same three growth rates. This sum indicates the of magnitude of growth in each credit union.

These eight areas are designed to allow broad-based and well-rounded evaluations of the financial performance areas using different SFV approaches.

Superior Performance Levels

What does high performance mean on a relative basis? How can a credit union consider itself high performing by evaluating just itself? If peer evaluations are necessary, what is truly high and what is just okay? Two perspectives stand out, both requiring peer comparisons:

- **Comprehensive version – A set of ratios that emphasizes a strategic approach but includes an across-the-board performance view.** Beyond the ratios assessing the SFV focus, all performance areas are represented in this set of ratios. The set is composed of 20 to 25 ratios to avoid overlap, to limit confusing cross-signals, and to prevent overrepresentation of a given performance area in this all-embracing approach. Ratio selection still creates problems. Often, the first 10 to 15 are easy picks, but the last 10 present difficult priority-setting choices. Thus, a credit union might rank well in areas that match its strategic approach, but it should also have strengths and avoid weaknesses in other performance areas. The rankings here would look at a credit union's balance versus its peers' balance.
- **Focused version – A set of ratios that aims directly at a specific strategic approach.** This version evaluates performance using a small set of measures – maybe five to eight ratios. These ratios could well be the key strategic financial goals – small and focused. This is a narrow look at performance since it is without balance across all performance areas. Using this version, a credit union would be high performing in its special area of emphasis. Only risks

and returns from this narrow perspective are considered, since weaknesses outside the focus area are ignored.

In Chapter 4, these approaches are discussed and used. Generally, the analysis emphasizes the more comprehensive look at high performance, but narrower views may have definite use in a credit union's strategic planning activities. In the end, after all rankings are completed and the analysis is done, a decision must be made as to whether the credit union being analyzed is high performing. Figure 4 gives a preview of the criteria that will be used to make this judgment.

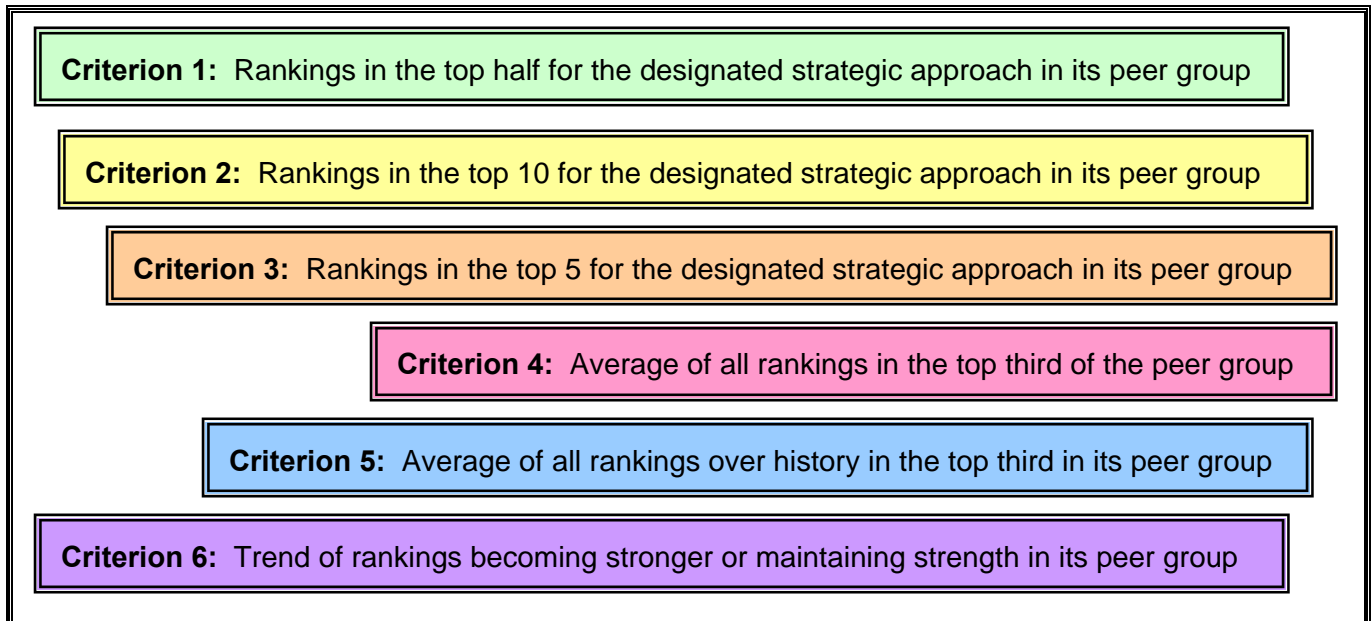


Figure 4: A Sample Set of Ranking Criteria for a “Yes” or “No” Decision

Ratios Selected for Each Strategic Approach and Performance Area

Attachment 2 shows two sets of ratios selected for each SFV approach across the eight performance areas. The process used to select the ratios for each approach comes from a panel of credit union financial experts. The panel was given several starting-point suggestions and aids:

- Definitions of the five SFV approaches were provided, similar to those outlined above.
- A set of 72 ratios, along with definitions, was provided, as in Attachments 1 and 2.
- Between 20 and 25 performance ratios could be selected for a comprehensive (across-the-board or all-risks) version of the five strategic approaches. Based on logic and need, more could be added.
- For the comprehensive version, at least one ratio must come from each performance area.
- In the narrower focused version, no more than eight ratios aimed directly at that SFV approach could be selected. Each performance area need not be represented.

In Attachment 2, the number in each strategic approach column indicates the expert panel's consensus – picked by 5, 4, 3, 2, 1, or none. Ratios marked with an “X” are the sets of 25 ratios for the comprehensive version, largely composed of ratios that were selected by three or more panel members. The highlighted “X”s are the eight key ratios used for the focused version.

Of note are the panel's selections. Attachment 2 shows the selection patterns; many were unanimous. But to complete the set of 25 (including the requirement that all performance areas be included), non-unanimous ratios were added. Later in the ranking processes, certain ratios will be weighted heavier than others based on the expert panel's level of selection consensus.

Peer Group Definition

Who is similar to this credit union? What are the key common descriptors? Many credit unions will have already identified a set of peers and used it for other benchmarking activities. Parameters for finding peers can include:

- **Size** – big and complex versus small and uncomplicated or specialized.
- **Strategic vision** – parallels a credit union's self-defined strategic mission.
- **Field-of-membership (FOM) type** – community versus single bond group, e.g., firemen, teachers, government agency, an entire state.
- **Physical organization and operation** – number of branches, online banking, shared-site credit union service organizations (CUSOs), etc.
- **Geographic coverage** – local or national, many branches or single location.
- **Membership and management sophistication** – board and management experience and financial savvy.
- **Degree of change recently experienced** – stable to continually changing (mergers, FOM environments, etc.).
- **Managerial intent or style** – managerial competitive attitude, beyond the strategic vision.
- **Number needed** – probably a minimum of 10, between 20 and 40 preferred.

While not a complete set, it does highlight the common elements that glue credit unions together as a peer group. Several of the above parameters would be used in combination. It is possible to include competitors, even banks, and other financial institutions in the peer group, but to get comparable data is the key.

All data used in Chapters 3, 4, and 5 are from the 5300 report. If the peer group is a set of cooperating credit unions, sharing other relevant data may be possible. Productivity and efficiency measures could be supplemented and expanded by shared internal data. Yields and costs of funds on individual asset and liability accounts may be useful. Allocation of FTEs to specific functions and units can expand productivity measures. Linking marketing and member relations activities and costs can give greater insight into these costs and their effectiveness. Processing costs of loans, transaction volumes, branch volumes and costs, and shared activities may allow the calculation of measurements similar to those produced by the Federal Reserve's Functional Cost Analysis that was developed and used by banks and a few credit unions in the 1970s and 1980s.

Financial Performance Measurements – The Ratios

Attachments 3a through 6b report actual ratio values for six asset-size groups in eight performance areas over four years. Generally, common ratios are used, with a few additions to fill measurement needs. This set has evolved over many years of financial ratio analysis and includes

suggestions from credit union chief financial officers (CFOs) and credit union consultants. In this section, the emphasis is on the ratios themselves in the eight areas.

Performance Area Ratio Groups

Attachment 1 gives a brief definition of the ratios in each performance area. Chapter 3 will discuss implications of and interrelationships among the ratios within and across each area. Performance areas were discussed earlier and include the following number of ratios:

<u>Performance area</u>	<u>Number of ratios</u>	<u>Comment</u>
Capital adequacy	12	6 ratios, plus 6 PCA risk portfolio percentages
Productivity – Resources	15	Focus on FTEs, branches, and members
Productivity – Noninterest	10	Noninterest income and expense relationships
Earnings quality	11	ROI measures, yields, and margins
Interest rate sensitivity	3	No shock or duration measures; maturities used
Liquidity	7	Short-term definitions; debt and commitments
Asset quality	5	Loan and investment portfolio measures
Growth	<u>9</u>	Balanced, total, and component growth
Total ratios	<u>72</u>	

Applying Common Sense

Ratios, being stark numbers, can rarely stand on their own as sources of information. They can contribute positive or potentially misleading information. Ratios lead us to conclusions, but they can also be contraindicators. For example, use of FTE data should show relative efficiency, if the “right number” of FTEs is employed. But what if a credit union has too few?

High values of certain variables may indicate too much success. For example, an ROA higher than 2% may sound wonderful for earnings; but, it may come from exploited members. In Chapter 3, values for the 90th percentile are given as high for each ratio because the actual high value is likely an outlier and not necessarily an indicator of superior performance.

Within the 72 ratios are a number of sets of ratios that have similar intent, e.g., operating expenses to total assets, to earning assets, or to loans plus deposits. Only one from a set like this would be included in any analysis – it is the credit union’s choice.

Finding a best set of ratios for a credit union may require trial and error, testing, and reviews of ranking results. This is not to imply that a credit union should look at the results to determine whether a given ratio helps its rankings but whether each ratio contributes to the analysis and evaluation.

Returning to the starting point: what does the strategic plan say? What are the credit union’s priorities? What measurements do managers use operationally and believe best reflect its situation? The search is for a pragmatically useful ratio set to measure performance and aim at strategic goals. And finally, after much discussion, analysis, and testing, does the high-performing definition have a special or unusual meaning in a real-world context?

The abundance of available ratios presents a problem. Too many contributors confuses the outcomes. A limit must be set; not all 72 ratios can be used at the same time. Some are highly correlated and measure essentially the same issue, for example, net interest margin on earning assets and net interest margin on total assets.

Summary

The task, as laid out in Chapter 1, is to create a framework for defining, measuring, and determining a high-performing credit union. Chapter 2 created a framework that can be used for planning, motivating managers (and boards), making decisions, and evaluating financial results. The definition of high performing is as follows:

Given an **SFV**, a credit union should perform at a **superior level** relative to its **peer group of credit unions** in **key financial measurements** across **multiple performance areas**.

A credit union's priorities are laid out in its strategic plan, which includes the SFV. Quantitative benchmarks test its performance against peers. It must be understood that trade-offs among service, finance, and operating goals be made at some cost and/or benefit to each component. In addition, the planning time frames include long-term, intermediate-term, and short-term views – again with trade-offs.

Using the strategic plan and the SFV effectively to build a high-performance assessment framework, decision makers are given more direction and have greater confidence in making choices. As with any plan, monitoring results and taking corrective action closes the planning and control circle: plan, motivate, act, evaluate, update, and move on.

Chapter 3

Reporting Actual Financial High-Performance Results

For a credit union to be a financially high performer, management must realize that their actual results must truly be above average, given the credit union's SFV. The humorist Garrison Keillor, of *A Prairie Home Companion* fame, always signs off on his Minnesota Public Radio show on Saturday nights with "Good bye from Lake Wobegon where all the women are strong, all the men are good looking, and all the children are above average."⁴ No, all credit unions cannot be above average – nor good looking! This is why it is so important to select a set of financial ratios that image the strategic direction taken and the energy invested by a credit union's management and board to achieve its financial goals.

The Databases: 4 Years x 6 Asset-Size Groups x 72 Ratios

High performance levels are described in this chapter. Actual results for each ratio for four years are provided in the study's databases and are summarized by the six asset-size groups in Attachments 3a and 3b for 2006, Attachments 4a and 4b for 2005, Attachments 5a and 5b for 2004, and Attachments 6a and 6b for 2003.

Chapter 2 discussed the five main dimensions of the definition of high performing. Putting muscles and ligaments on this skeleton is the role of Chapter 3. Real numbers paint pictures of the credit union world and the marketplaces in which all credit unions operate. Thus, the vision and managerial emphases, peers to whom a credit union elects to relate, and actual competition create a view of success, or lack of it. And, since stockholders do not exist, credit unions are not held to stock market expectations. Yet, they need to be accountable to more than a passive membership and narrowly focused regulatory bodies. Performances can be judged relative to peers and to strategies, targets, and goals.

Six asset-size categories are based on previous credit union research work, and they function well in this context. The size groupings have evolved from past financial analyses dealing with earnings, capital adequacy, interest rate sensitivity, and asset quality questions. Very large credit unions have dissimilar ratio results than their smaller brethren. The memberships are often very different – more general or broad at the upper asset level and much more specialized at smaller levels. Larger credit unions take greater risks, even with less capital protection; and, smaller credit unions tend to have simpler structures, less financial risk exposure, and greater capital coverage.

Numbers of Credit Unions by Size Group

The numbers of credit unions in each asset-size category over the past four years are given in Figure 5. Credit unions have been getting larger and declining in total number. The three groups of

⁴ *Wikipedia, The Free Encyclopedia*, "Garrison Keillor," http://en.wikipedia.org/wiki/Garrison_Keillor

large credit unions have grown, while the three groups of smaller credit unions have shrunk. The largest decline is in the smallest asset-size group.

<u>Total Assets</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$1 billion and above	116	107	99	83
\$300 million to \$1 billion	369	357	339	335
\$100 million to \$300 million	747	749	743	727
\$50 million to \$100 Million	762	765	782	785
\$25 million to \$50 million	1,056	1,098	1,128	1,131
\$10 million to \$25 million	<u>1,607</u>	<u>1,668</u>	<u>1,740</u>	<u>1,802</u>
Total	<u>4,657</u>	<u>4,744</u>	<u>4,831</u>	<u>4,863</u>

Figure 5: Numbers of Credit Unions by Size Grouping

Credit unions with less than \$10 million in assets are excluded from this study because of the wide financial variations that exist in these smaller but numerous credit unions. Incidentally, a credit union with less than \$10 million in assets could easily be evaluated in the \$10 to \$25 million peer group for analysis purposes.

Levels of High Performance

It is at this point that statisticians and statistics enter the game. What should be considered high performing?

- Beating the ratio value for the exact middle credit union of the peer group – the median?
- Beating the average of all credit unions in the peer group – the mean?
- Being above the 75th percentile of the peer group – in the top quartile?
- Being above the 90th percentile of the peer group – the top decile or top 10%?
- Being the best overall, being in the top 10 or the top third in the peer group, or beating some other benchmark level?

The answer is still: It depends! Reviewing from Chapter 2:

- The ratios used by a specific credit union could cover each performance area, or a few ratios could focus on the credit union's SFV.
- A credit union with a specific strategic mission will have strengths in certain areas and be less strong (or even have weaknesses) in others.
- Being very highly ranked for a given ratio may cause out-of-balance or more lowly ranked results for other ratios.

Performance Levels Used

As part of setting the SFV goals, the selection of performance levels should be considered carefully. Two sides of this issue present different perspectives. If rigorous performance levels are planned and the peer group is composed of credit unions already considered to be high performers, the expectation is that a specific credit union might find itself doing well but being in the middle of

ratio ranges. Thus, to be a truly high-performing credit union might require superhuman efforts. Yet, if the comparisons are made to a broader industry-average peer group, higher rankings could be expected. Thus, the peer group can influence the performance levels selected.

Performance Level Indicators

The data provided in Attachments 3 through 6 show values from midpoints (mean and median) to a “best in class” levels (here using the 90th and 75th percentiles). These four values are:

- **90th percentile.** This represents nearly the “best in class.” For practically every ratio, a few anomaly credit unions exist with very extreme values – both high and low. Using the 90th percentile level ignores these extremes.
- **1st quartile or 75th percentile.** This is a well-above-average achievement, perhaps reserved for key ratios that focus on the credit union’s SFV. Management could believe it can reach this high level – beating 75% of all peer-group credit unions. This higher level could be applied to key strategic issues or to ratios that management wants to give greater visibility, that are part of its management incentive program, or that may be used for motivation purposes.
- **Median, or the middle.** To beat the median means the credit union’s results are in the top 50% of all credit unions in its peer group. This may not be a significant achievement, because half of the group will also be there. If the peer group is a highly selective set, being in the top half of strong credit unions is an achievement.
- **Mean, or the average value.** With a number of very high or very low values at either the top or bottom of a distribution, the average of all credit unions in the peer group may be different from the exact middle credit union’s value. This is a subtle difference from the median, but a casual look at the median and mean columns in Attachments 3 to 6 confirms the differences. The mean is used to create the standard deviation of a ratio’s distribution and helps indicate the skewness of the distribution – perhaps indicating a non-normal distribution.

Other gradations could be applied, but these four values provide important insights about the distributions, at least at the top end of an achievement range. Chapter 4 suggests using a uniform method to create a consistent ranking system. Thus, a unique set of ratios creates a unique ranking of that credit union relative to its peer group.

Other Data Issues

In addition to statistical data measures, the databases themselves need to be prepared for a variety of uses. Uniform data formats are important to quality analyses.

Standardized Scores. The spread of actual values of a ratio can be very large or very minor. For example, the deviation of earning assets to gross assets typically ranges from lows of 90% to highs of 98% – a narrow variation. On the other hand, the loans-to-deposits ratio ranges from under 50% to over 100% for the 10th and 90th percentiles. To standardize the distributions, standard scores for deviations from the mean of a ratio are calculated – the actual ratio value minus the mean divided by the standard deviation reflects how far a given ratio is from the mean for its peer group. This allows percentages, dollars, and multiples to be compared on similar scales. Excel is used to calculate standard deviations and standardized scores. Attachments 3a and 3b include the standard scores for the 2006 six asset-size peer groups.

One difficult issue is the dispersion in some ratios. For example, the distance between the 25th percentile and the 75th percentile may be very narrow, meaning that a small change in a numerator

or denominator could move a credit union up or down significantly in the rankings within its peer group. This issue will be discussed later as part of ranking approaches explanations.

There are other questions that exist about the “fairness” of standard scores. Extreme values for a ratio for a particular credit union may result from unusual events and influence that credit union’s overall ranking and the peer group’s standard deviations. Ratios that are well outside a reasonably normal range have been eliminated from the database. While not applied here, logarithmic scales or other approaches might be used to mitigate extreme value problems.

Weightings. Not all ratios are of equal importance. A weight can be attached to each standard score to indicate its importance. In this study, a range of 0.0 to 1.0 is used, with 0.0 indicating that this ratio has been excluded from the analysis. A weight of 1.0 counts that standard score fully. Weights for included ratios range between a low of 0.6 to 1.0.

Rankings. The final step is to rank the results. Different ranking methods produce different results. Each ranking method gives a different slant on the evaluation. In Chapter 4, four versions are developed and a statistically-based method is discussed in Chapter 5. The basic approaches are:

- Sum the weighted standard scores for each included ratio and rank the totals.
- Rank the individual weighted standard scores for each included ratio, sum the rankings, and rank the totals.
- Count and sum the individual ratios that are ranked above a “high-performance” cut-off, and rank the number of high-performing ratios. Two levels of intensity are used in Chapter 4 – 50th and 75th percentiles.
- Other statistically based approaches and statistical treatments of the actual ratio values or their standard scores may be introduced. Chapter 5 introduces factor analysis.

There appears to be a slight preference for the first approach, since the actual dispersion reflected by the standard scores would also be reflected in the score totals. In the second approach, for ratios with narrow dispersion, a small difference may make large differences in the rankings near the middle of the distributions. The third approach has a rather finite result – either the ratio or its standard score is above some cutoff percentile or it isn’t. Also, the third approach would have a stronger impact with a well-defined peer group, particularly if the peer group truly reflects a specific credit union’s vision, character, demographics, and accomplishments.

Many other statistical tests could be performed on these ratio results. Given the complexity of the measures, the difficulty developing peer groups, and the significant commitment needed to define the ratio set for a given SFV, the statistics here have been kept straightforward. This by no means ignores or denies the use of more sophisticated statistical techniques.

Performance Areas and Their Ratios

The ratios are broken down by performance areas. Each ratio is intended to examine the risk and achievement within a financial performance area.

The Ratios – By Performance Area

A quick view of the performance areas is useful to frame the long list of actual numbers in the attachments.

Capital Adequacy

The capital component has several aspects. One is having a strong capital base. However, too much capital can be as problematic as too little. Capital is needed to cover possible losses from a diverse set of risks. The capital ratios include the NCUA's PCA actual and required net worth. Because this is an important and available risk assessment, several components of the required net worth are provided separately. The capital ratios are:

<u>Ratio</u>	<u>Direction</u>	<u>Comment</u>
Total equity to Total assets	High to low	Traditional definition
Total equity and allowance to Total assets	High to low	On-balance sheet protection; traditional definition
Deviation from Target capital of 9.5%	Low to high	Absolute difference from a central target; a unique ratio created for this analysis setting the ideal capital at 9.5% for all credit unions
PCA net worth actual to Total assets	High to low	Based on NCUA's definition of net worth
PCA net worth required to Total assets	Low to high	Based on NCUA's set of eight risk pools
Delinquent loans to Total equity	Low to high	Coverage of potential loss; traditional definition
<i>Risk-based PCA net-worth components:</i>		
Long-term real estates	Low to high	Interest rate risk in fixed real estates
Member business loans	Low to high	Credit risk in member business lending
Investments	Low to high	Interest rate risk in investment portfolio
Average risk assets	Low to high	Predominantly credit risk in remaining assets
Loans with recourse	Low to high	Primarily off-balance sheet credit risk potential
Member business commitments	Low to high	Primarily off-balance sheet credit risk potential

Note that PCA net worth actual and total equity are essentially the same measures with minor definitional differences. Also, of the eight PCA risk pools, only six are shown. Low-risk assets does not create a PCA required net worth risk because of its zero weight, and, the loan loss allowance is a capped version of the allowance for loan loss to loans included in asset quality ratios.

Productivity and Efficiency – Resources

Ratios of assets, costs, and people give strong indications of internal efficiency. Employee salaries and their benefits (FTEs) are often the major operating expense. The ratios reflect staffing levels and employee productivity – sometimes moving in opposite directions.

In credit unions with numerous facilities, ratios can help examine their cost effectiveness. Yet, branches are very different. Peer groups may be formed based in part on the number of facilities used. Member ratios may be relevant to credit unions where personal contact with members is key to member relations. The basic productivity ratios are:

<u>Ratio</u>	<u>Direction</u>	<u>Comment</u>
<i>FTEs:</i>		
Total assets to FTEs	High to low	Indication of efficient staff use
Loans and deposits to FTEs	High to low	Indication of efficient staff use
Operating expenses to FTEs	Low to high	Indication of efficient operations
Net operating expenses to FTEs	Low to high	Indication of efficient operations
Salary expenses to FTEs	Low to high	Indication of personnel costs, separate from quality
Promotion, education, and travel to FTEs	Low to high	Indication of control of other expenses
Operating expenses w/o salaries to FTEs	Low to high	Indication of control of non-salary expenses
Members per FTE	High to low	Ability to efficiently handle member service

Facilities productivity:

Total assets per Branch	High to low	Indication of branch service potential
Operating expenses per Branch	Low to high	Indication of branch operations efficiency
FTEs per Branch	Low to high	Indication of branch personnel efficiency

Member service productivity:

Total assets per Member	High to low	Reflects saturation of member participation
Loans and deposits per Member	High to low	Reflects saturation of member participation
Operating expenses per Member	Low to high	Reflects member service cost and efficiency
Net operating expenses per Member	Low to high	Reflects member service cost and efficiency

Productivity and Efficiency – Noninterest Income and Expense

Non-interest income and expenses directly impact the “bottom line” – net income. Operating expense levels reflect the ability of a credit union to get the maximum from its operating personnel and facilities.

Ratio	Direction	Comment
Earning assets to Total assets	High to low	Indicates minimization of non-earning assets
Operating expenses to Earning assets	Low to high	Relative efficiency of managing earning assets
Operating expenses to Total assets	Low to high	Relative efficiency of managing total assets
Operating expenses to Loans & deposits	Low to high	Relative efficiency of managing activity accounts
Net operating expenses to Earning assets	Low to high	Ability to make earning activities pay for themselves
Net operating expenses to Total assets	Low to high	Ability to make all assets pay for themselves
Net operating expenses to Loans & deposits	Low to high	Ability to make key activities pay for themselves
Non-interest income to Operating expenses	High to low	Ability of non-interest revenue to pay for operations
Non-interest income to Net interest margin	High to low	Ability of non-interest revenue to multiply margin
Non-interest income to Total assets	High to low	Ability of non-interest income to earn off asset base

Note that three sets of three similar ratios are included. Only one ratio from each set would likely be included in the peer group rankings. Choices must be made. Fortunately, the cost of choosing the “wrong” version is not great. The three presented allow management teams to select their preferred version. The denominator logic for the three operating expense ratios follows:

To earning assets	These assets (investments and gross loans) are the focus of asset/liability management – both sources and uses of these funds. This version concentrates on assets that generate interest revenue and incur interest and dividends expenses to finance them and is used extensively in banking, but less so in credit unions.
To total assets	Total assets represents the sum of the balance sheet. Managing all assets, whether loans, investments, or otherwise, is a credit union task. Total assets is a denominator appearing commonly in credit union reports.
To loans plus deposits	Particularly for the operating expense ratio, total loans and deposits is an appealing version. Credit unions’ main activities are handling deposit and loan transactions – activities that incur many costs.

Managing operating expenses is a two-way street. Excessively high operating expense rates may imply inefficiency or unbridled member service. Low operating expenses may imply efficiency or lack of satisfactory member service levels. These ratios need to be matched with other measures of member service and productivity. Here again peer selection is important.

Earnings Quality

Earnings ratios are aimed at assessing earning power. Rates of returns and yields are reflected in pricing policies and decisions in an asset/liability management context. These few ratios tell much about interest margins.

<u>Ratio</u>	<u>Direction</u>	<u>Comment</u>
Return on Assets	High to low	Traditional definition
Return on Equity	High to low	Traditional definition
Net interest margin to Earning assets	High to low	Key asset/liability management ratio, bankers
Net interest margin to Total assets	High to low	Key asset/liability management ratio, credit unions
Yield on Earning assets	High to low	Earning capacity, based on loans and deposits
Yield on Total assets	High to low	Earning capacity, based on total assets
Yield on Loans	High to low	Traditional earning rate on loans
Yield on Investments	High to low	Traditional earning rate on investments
Cost of Funds	Low to high	Cost of interest and dividend paying liabilities
Breakeven yield (Total assets)	Low to high	Yield which covers all business costs, allowing profit
Loans to Deposits – high % to low %	High to low	Nontraditional, used to gauge earning capacity

Earnings ratios are key to high performance, even though most credit unions have excess capital. Earnings is, in a sense, a continuation of the productivity areas. Efficient and productive activities tend to support higher earnings levels.

Interest Rate Sensitivity

Interest rate ratios are clearly surrogates for genuine assessments of interest rate risk, such as shock tests and duration calculations. However, sufficient information is not available from the 5300 report to measure interest rate sensitivity adequately. Maturities of key long-term balance sheet accounts are the best available data.

<u>Ratio</u>	<u>Direction</u>	<u>Comment</u>
Long-term assets to Total assets	Low to high	Indicates level of potential interest rate risk
Long-term liabilities to Total assets	High to low	Indicates level of long-term funds available
Long-term liabilities to Long-term assets	High to low	Indicates maturity matching to mitigate interest rate risk

The high-to-low and low-to-high directions are a function of current low interest rate scenarios – where low levels of fixed-rate assets and high levels of long-term liabilities would be viewed positively if interest rates are expected to rise in the future.

Liquidity

Liquidity ratios focus on short-term assets and liabilities, use of borrowing capacity, and potential demand for funds. Of note is the loan-to-deposit ratio. But with the diversity of loan and deposit products in today's marketplace, the old measure has been reduced in value. More emphasis is placed on borrowing, borrowing commitments, and off-balance sheet commitments.

<u>Ratio</u>	<u>Direction</u>	<u>Comment</u>
Loans to Deposits – low % to high %	Low to high	Most traditional liquidity ratio, avoiding “loaned up”
Short-term assets to Total assets	High to low	More balance sheet liquidity is better
Short-term liabilities to Total assets	Low to high	Fewer liabilities have short maturity or “on demand”
Short-term liabilities to Short-term assets	Low to high	Attempts to match maturities at the short end
Total borrowings to Total assets	Low to high	Actual borrowings tap borrowing safety cushion

Borrowing commitments to Total assets	High to low	Availability of borrowings in times of cash needs
Off-balance sheet items to Total assets	Low to high	Available (5300 report) information on off-balance sheet commitments

Liquidity risk has waned in importance in the past decade. Planning and managing internal cash flows, external sources of short and intermediate cash, repurchase agreements, and lowered negative attitudes about borrowing have allowed the amount of liquidity on most credit union balance sheets to decline. In the early part of this decade, credit union liquidity became stressed with very low deposit growth and strong loan demand. The flood of “flight to safety” deposits temporarily brought a surplus of liquid funds to many credit unions. Normalcy (if such exists) has returned, as deposit growth has slowed again.

Asset Quality

Asset quality is broadly important to all SFV approaches. Lending has been and will continue to be one of the two primary roles of credit unions – the other is to accept deposits. The quality of loans is important across all strategic missions. While the investments portfolio is also important, the move toward pricing to market values has put higher percentages of investments on the balance sheet at near-market values.

<u>Ratio</u>	<u>Direction</u>	<u>Comment</u>
Delinquent loans to Gross loans	Low to high	Traditional early warning of possible loan losses
Provision for loan loss to Gross loans	Low to high	Traditional measure of annual loan loss expense
Allowance for loan loss to Gross loans	Low to high	Traditional amount of protection for possible losses
Net charge-offs to Gross loans	Low to high	Traditional measure of actual annual loan losses
Investments market value to Book value	High to low	Market-to-book as an indicator of investment losses

These ratios commonly appear on most credit union key ratio reports. The four loan loss ratios are interrelated – like legs on a bar stool. All four need to be known to interpret the quality of a credit union’s loan portfolio. The investment market value percentage is impacted in large part by interest rate changes and in part by credit risk.

Growth

Aggressive growth creates other stresses across the credit union. Yet, highly competitive credit unions look at market share (a nondollar and difficult-to-measure concept) as an indication of marketing and competitive success. Surrogates are loan and deposit growth. Generally, deposit growth most directly influences asset growth. A healthy growth environment would show reasonably balanced changes on both sides of the balance sheet and in key income statement components.

<u>Ratio</u>	<u>Direction</u>	<u>Comment</u>
Total asset growth	High to low	Reflects annual total credit union growth
Loans growth	High to low	Reflects lending activity
Deposits growth	High to low	Indicates credit union growth
Equity growth	High to low	Indicates amount of equity increase from earnings
Operating expenses growth	Low to high	Indicates ability to control credit union expenses
Net income growth	High to low	Relatively volatile; residual of annual operations
Net interest margin dollars growth	High to low	Key asset/liability management number
Balanced growth (loans, deposits, & equity)	Low to high	Unique gauge of balanced growth in key areas
Total growth (loans, deposits, & equity)	High to low	Unique gauge of credit union growth in key areas

Balanced growth and total growth of key balance sheet accounts are uncommon ratios. Both are attempts to measure comprehensive credit union growth. A reasonable goal for balanced growth (expressed as the difference between the high and low of loans, deposits, and equity growth rates) is to be below 10%. Imbalance among these variables creates a variety of financial problems over time. The sum of growth in these three indicates the robustness of a credit union's total growth. Both provide useful targets and bases for evaluating actual growth.

Calculation Issues

In calculating so many ratios over years, certain problems arise with data and calculations.

- Ratios with balance sheet numbers are often best analyzed using balance sheet averages. Also, growth rates need two years of data. It is sometimes difficult to link credit union 5300 report data over years because of name and charter changes, mergers, and other identity events. For consistency and for inclusion of the maximum number of credit unions, yearend data are used for most ratios.
 - Net interest margin to earning assets and to total assets are the only ratios that use two-point averages, aside from growth rates. Using yearend numbers and not 2-point averages tends to understate slightly yields, expense rates, and certain productivity ratios for most growing credit unions.
 - All growth ratios do use the beginning and ending balances or period-to-period changes for growth rates.
- Discretion was used in deleting a particular ratio value if it was widely out of line with normal ranges. These “outliers” arise from a variety of causes: filing errors, misinterpretations, unusual circumstances, unavailable data, and nonapplicable situations. A number of credit unions, for example, have nearly zero long-term assets or long-term liabilities, causing the long-term assets to long-term liabilities ratio to range from several thousand percent to zero – these extremes have been dropped. Also, missing, non-existent, or zero values for numerators or denominators produce zero or infinity values.
- All ratios presented in Attachments 3 through 6 are percentages, except where noted. Many productivity area ratios are in dollar amounts.
- Each ratio is ordered by either high-to-low values or low-to-high values, depending on the objective of the ratio – e.g., expense ratios are often low to high, and earnings ratios are high to low.

The Ratios and What They Signal

Given the databases provided in Attachments 3 through 6, comparisons can look at different demographics:

- Large versus small credit unions (peer group to peer group in this analysis).
- Year-to-year data (a four-year span is available).
- Dispersion and skewness of distributions of different ratios at different percentile levels.

Summaries of comparative data are given key ratios and ratios with significant differences.

By Size

From the largest asset-size peer group (over \$1 billion) to the smallest studied here (between \$10 and \$25 million), differences are apparent. The means of a few ratios for 2006 along with a brief comment are:

<u>Ratio</u>	<u>Largest Size</u>	<u>Smallest Size</u>	<u>Comments</u>
Equity to Assets	10.62%	14.48%	Generally, smalls have more capital
Operating expenses to Earning assets	2.94%	4.29%	Economies of scale, big over small
Noninterest income to Net int margin	44.77%	23.36%	Bigs charge more fees and service charges
Members per FTE	406	481	Surprisingly, not much difference
Loans and deposits to FTEs	\$7.692 mill	\$3.747 mill	Bigs are more than double smalls
Loans and deposits per Member	\$19,049	\$8,276	Bigs have a huge "advantage" on participation
Return on assets	0.83%	0.67%	Bigs earn more in competitive markets
Net interest margin to Earning assets	2.94%	4.67%	Bigs have narrower margins
Yield on earning assets	5.47%	6.01%	Bigs' costs are lower to be competitive
Cost of funds	2.86%	2.02%	Bigs pay more to get money
Loans to Deposits	84.49%	72.36%	Bigs lend more of their deposits
Delinquent loans to Loans	0.49%	1.30%	Smalls have much higher delinquency rates
Net charge-offs to Loans	0.42%	0.51%	Charge-offs are relatively similar
Borrowings to Assets	3.93%	0.40%	Bigs can borrow more and do so
Sum of loans, depts, & equity growth	26.33%	8.64%	Bigs continue to grow; smalls struggle to grow
Balanced growth (loans, depts, equity)	8.00%	14.02%	Bigs are more balanced

Larger credit unions can spread risk across more products, members, and markets, allowing them to need less capital and take more risk. They can also presumably weather economic ups and downs; keep costs lower through volume, technology, and much larger average balances; charge more for services; and grow at a stronger rate.

Year-to-Year Differences

The study's database include four years – 2003, 2004, 2005, and 2006. The ratios reflect the economic conditions of these years: low inflation, reasonably stable and flat interest rate yield curves, low rates relative to history, consolidation among financial institutions, and broadening competition. Yet, from 2003 to 2006, most ratios do not moved dramatically. Using the asset-size group of \$1 billion and above, a few comparisons follow:

<u>Ratio</u>	<u>2006 Data</u>	<u>2003 Data</u>	<u>% Change</u>	<u>Comments</u>
Equity to Assets	10.62%	9.99%	6.31%	Minor increase to already high equity
Noninterest inc to Net int margin	44.77%	34.97%	28.02%	Big jump in fees and service charges
Loans to Deposits	84.49%	72.70%	16.22%	Higher loan growth relative to deposits
Return on equity	7.96%	11.14%	(28.55%)	Decline by over one-fourth
Growth in net income	0.88%	2.21%	(60.18%)	Rather steep decline in earnings
Growth in assets	6.81%	13.05%	(47.82%)	Decline by one-third, return to past levels
Sum of Ins, depts, & eq growth	26.33%	39.55%	(33.43%)	Decline by one-third

Many other ratios remained relatively stable. Asset quality numbers, for example, moved only slightly. Generally, net income figures improved over four years, while net interest margin

continues to decline. In the ranking analysis in Chapter 4, year-to-year rankings are examined for both consistency and relative improvement.

Dispersion and Skewness of Ratio Values

Issues of some concern are ranking ratio values and ranking standard scores. For example, using standard deviation as a percentage of the mean, a sense of dispersion can be obtained. The 50th percentile value is 5.38%, and the 75th percentile is 5.14%. Although the difference is a very narrow band of 24 basis points, it accounts for 29 ranking spaces out of 116 credit unions. To highlight this dispersion, standard deviations for each ratio in the six asset-size groups are shown for 2006 in Attachments 3a and 3b.

In this large asset-size group, over half the dispersion percentages are in the 25% to 75% range; and, the remainder is split equally above and below this range. Another size issue arises: it appears that extreme values are more common in smaller asset-size groups. Nearly 40% of all ratios are above 75% in the smallest asset-size group.

In Attachments 3a through 6b, means and medians are provided. Attachment 7a and 7b give the standard scores for 2006. The mean is the arithmetic average; while the median is the exact middle value. In a normal distribution, these two values are equal. But, if more extreme values exist at either end of the distribution (but not both ends), the mean will be move towards that end of the distribution – skewness. The calculation used is the mean minus the median divided by the median. For the largest asset-size group of credit unions, over 60% of the ratios have differences between means and medians of less than 10% – little skewness. Many of the ratios with high skew values are also ones with high dispersion values. Thus, extreme values causing high standard deviations are likely to be at one end or the other, but not both. Care should be exercised in using ratios that have high dispersion and/or skewness values.

Impacts on Peer Group Selection

Asset size, dispersion, and skewness may combine in certain ratios to paint a diverse picture within a group of credit unions. It may be necessary to examine the data for a selected peer group to determine if outlier ratio values exist and what impacts these may have. Unique situations, events, and noncomparables could cause a credit union to be tossed out of a peer sample before it is finalized for ranking purposes. The intent here is not to weed out high-flying members of the selected peer group. Incidental extreme values likely will not have a strong impact on the standard deviation calculations and the eventual rankings, but practice runs should be made to test the relationships and identify large deviations.

Summary

Actual data are needed to support and test the performance levels for a credit union's strategic financial vision, the SFV, developed in Chapters 1 and 2. Chapter 3 discussed what a superior level of performance means. Several levels of above-average achievement were explained and are reported in Attachments 3a through 6b for the years 2003 through 2006. The databases include four levels of high performance for each ratio: 90th percentile, 75th percentile, the median, and the mean values.

In this study, credit unions are divided into six peer groups based on asset size. Real-life applications would use peer credit unions selected by management. A number of data

comparisons were made based on asset-size groupings, year-to-year analysis, and dispersion relationships. Also, a number of calculation issues were identified.

In Chapter 4, performance rankings are developed that are based on the ratios selected for either the comprehensive or focused analysis from a credit union's SFV.

In Chapter 5, the databases reported are analyzed using statistical methodology to test whether statistical approaches could produce alternative ranking systems more dependent on data interrelationships.

Chapter 4

Ranking Financial Performances to Find High Performers

As stated in Chapter 1, the working definition of high performing is superior success in key financial measurements of a strategic approach within a peer group of credit unions. In Chapter 4, a methodology for assessing performance is presented, with a case example, to arrive at the ultimate goal: determining whether a credit union is financially high performing within its peer group given its strategic goals.

Chapter 4 will:

- Prepare for ranking credit unions by detailing the database, the ranking methods, and the calculation procedures.
- Identify high-performing credit unions across the five strategic approaches and the six asset-size groups for 2006.
- Observe and rank a specific credit union by its performance:
 - First, its rankings are compared with peers within its asset-size group by each strategic approach and over four years.
 - Second, its rankings are compared with a peer group defined by geographic area, asset size, and branching variables by each strategic approach and over four years.
 - The results are summarized, and a decision is made as to whether the case example credit union is a financially high-performing credit union.

The Preparation Task

Concepts, databases, and logic presented earlier applied to the ranking process. The basic tools are:

- A credit union's stated SFV – in this report, selected from the five approaches discussed in Chapter 2.
- The financial ratios grouped into eight performance areas for the comprehensive version (a recommended maximum of 25 ratios) and the focused version (a maximum of eight ratios in this report).
- The selected ratios' standard scores and their weightings.
- The four suggested methods used to rank the selected ratios' standard scores.
- The comparison of rankings for the different methods.

The rankings are discussed and used as inputs for the high performance decision. The final task is to decide whether a credit union's performance is high performing.

Converting the Ratio Values into Rankings

Using the ratio values given in Chapter 3, the work sequence is:

- Prepare the database of values for all ratios used in the analysis and for all credit unions in the peer group. In the research context, the database is the 72 ratios, as defined in Attachment 1.
- Convert the raw ratio values into standard scores or “z” scores. Means and standard deviations are calculated. Use only standard scores, as this creates a level playing field. It is otherwise difficult to compare an ROA rate and an assets per FTE number.
- Select the ratios to be used for either or both of the comprehensive and focused versions.
 - In the comprehensive version, the standard scores of the 25 ratios are weighted by importance to the analysis. The weightings could be based on:
 - The degree of agreement among the strategic planning team.
 - The management team's assessment of the relative importance of a given ratio.
 - Or, an opinion that at this point all included ratios are of equal importance.
 - In the focused version, the standard scores of the eight key ratios are used and ranked. No weighting is done.
- Select the appropriate or preferred ranking method(s). It is not necessary to use all rankings, if a preference exists. Experience will likely tell the user which approach is preferred – based on past results, the rigor desired, or the ease of explaining the results. Four methods used here are explained later. Other methods could be created.
- Compare the rankings from the various methods. A careful review of the standard scores and rankings is important to determine if a few dominant standard scores strongly bias the rankings in some way.
- Finally, apply the definition of the term “high performing.” This again is judgmental, but it should have been clearly defined before the SFV was set and the ratios were selected.

The Spreadsheet Structure

Attachment 8 shows the formats of the basic ratio values and the standard scores, with some columns omitted for simplification. Columns for all 72 ratio values and standard scores make up the database. Attachment 9 shows the four ranking methods with ranking values and rankings for each credit union. These two attachments use the \$1 billion and above asset-size group for 2006. Only the five largest credit unions are shown as examples – Navy Federal (VA), State Employees' (NC), Pentagon (VA), Boeing Employees (WA), and Orange County Teachers (CA). Also shown are the distributions of values for each ratio and standard score, along with means and standard deviations.

Similar spreadsheets exist in the research databases for each of six asset-size groups and each of four years. Special peer-group spreadsheets will be prepared for the case credit union example, as would be done for any specific peer group analysis.

Setting the Stage

The five strategic vision approaches introduced in Chapter 2 were:

- A balanced approach.
- A conservative-leaning approach.
- A growth-oriented approach.
- An earnings-emphasis approach.
- A productivity-focused approach.

In Attachment 2, the expert panel's ratio selections to evaluate each approach are shown. Two versions were created:

- **Comprehensive version** or an across-the-board view including ratios from all performance areas – based on a maximum set of 25 ratios. The attractiveness of the comprehensive version is that it requires an all-risks view of the credit union, while emphasizing a particular strategy. For example, a growth-oriented strategy cannot ignore liquidity and asset quality issues. The 25 ratios, with a requirement that all performance areas be represented, force an all-risks look at the credit union's financial picture.

It is likely that the comprehensive version is the stronger assessment of high performance. Ratio analysis is often a description of contrasts – strengths and weaknesses. A credit union can easily perform well in one or two areas of emphasis, but to sustain that high level while managing the “opposing side” where real risks can exist is the challenge. Setting a limit on the number of ratios selected forces serious consideration of the contribution each gives to the overall analysis. Favorites, traditions, and industry habits should not prevail over relevance.

An interesting observation is the problems the expert panel members had in changing mindsets as they moved from one approach to the next. Previously, none of them had to worry about five different strategic plans. Now, each new strategic approach forced them to restart their thought processes.

- **Focused version** based on a narrowly defined set of eight ratios aimed directly at the specific SFV approach. The focused version allows a credit union evaluator to emphasize the performance area most closely aligned with that credit union's strategic plan. These could easily be the key goals for the SFV. The small set of ratios (eight used in this application) allows specialization.

The narrower version has attractions: simplicity, emphasis on strategy, and, in a sense, a direct view of strategic performance. Perhaps, other ratio reports can ensure that no serious problems exist in other performance areas. A credit union may elect to be a top performer in its strategic approach and adequate in other areas.

At the end of an analysis that includes both versions, comparisons of the two ranking sets could be enlightening.

The Ranking Methods

Any ranking method has advantages and disadvantages. The methods used in this study should meet several basic quality criteria and are now explained and examined.

Criteria for Designing and Selecting Ranking Methods

- **Simplicity.** Using the databases described in Chapter 3 and summarized in Attachments 3 through 6, the rankings should be easy to understand and process; and results should be credible. Some “black box” complexity may be present, but an astute financial manager should be able to operate and explain the model.
- **Common sense.** The informed credit union manager or board member should be able to agree that the ranking methods make sense, in a managerial context. The method should not be strictly a set of mathematical formulas.
- **Freedom from obvious bias.** The entire process has the feel of local control because it depends on a specific SFV and management-selected measures of performance. But, as in business and life, a sense of fairness must exist. It is not helpful to pick ratios that favor a credit union or to pick a ranking system that allows a credit union to appear superior. The ranking system should rate all players fairly.
- **Statistical credibility.** This issue could counter an earlier call for simplicity. It is clear that some statistical work should be applied. Chapter 5 will show that a statistical approach can be used to validate these ranking approaches.
- **Impact of extreme values for certain ratios.** Scores and sums should be carefully reviewed to determine if isolated extremes are disrupting totals and therefore rankings.

Ranking Method # 1: Sum of Standard Scores

Simply, the sum of standard scores method adds the 25 weighted standard scores in the comprehensive version or the 8 scores in the focused version. Since the scores for a given ratio generally range from several standard deviations positive and negative around the mean, the sum for an average credit union would be approximately zero. Strengths offset weaknesses.

The possible downside of this ranking is the impact extreme positive or negative individual ratio scores may have on totals and, thus, rankings. Perhaps a logarithmic scale would further standardize the ratio values, smoothing the impacts of outliers. A number of true outliers have already been deleted as mentioned earlier. What is and is not an outlier is an important but somewhat subjective issue.

Ranking Method # 2: Sum of the Rankings of Individual Ratio Standard Scores

In method #2, the sum of the rankings of individual standard scores is ranked. The individual ratio rankings are summed, and the sum is ranked. The ranking is low to high. Top rank for a given ratio has a score of 1, and a total score of 25 indicates that the best credit union ranked first in all 25 ratios in the comprehensive version. In the comprehensive version, weights are applied to the individual rankings when summed.

This method creates a different problem. The center of the distribution, say between the first and third quartiles (the middle 50 percentiles), is typically rather narrow. Thus, a minor change in a ratio's standard score for a given credit union can cause a major change in its ranking position. Assume a credit union with a 95% earning assets to total assets ratio sells a land parcel held for branch expansion yielding a new percentage of 96%. The ranking changes by nearly 30 places out of 116 credit unions.

Ranking Method # 3: Number of Ratios Above the 50th Percentile

In reality, method #3, the number of ratios above the 50th percentile, is a test of being better than average in the peer group. If above average is high performing, then a high performer has a large proportion of its 25 ratios for the comprehensive version or of its 8 ratios for the focused version ranked above the median.

A key is how demanding are the peers' financial performances. A powerful peer group presents tougher competition than does a random set of peers. Asset-size peer groups seldom contain all high-performing credit unions. But even so, having most of the 25 ratios in the top half of a peer group is still an achievement. In Attachment 10a for 2006, for the five different approaches, the top-ranked credit unions in the comprehensive version had between 18 and 23 of their ratios in the top half. The credit union with 23 in the top half is Pentagon FCU in the productivity approach. In the focused version in Attachment 11, the top credit union in four of the five approaches has all eight ratios in the top half.

Ranking Method # 4: Number of Ratios Equal to or Above the 75th Percentile

Method #4, the number of ratios equal to or above the 75th percentile, is the more rigorous version of ranking method #3. In Attachment 10a, the top credit unions had between 16 and 20 ratios of the 25 selected in the top quartile. Twenty out of 25 in the top quartile is a rather impressive achievement – again Pentagon in the productivity approach. In Attachment 11 for the focused version for 2006, the range is between six and all eight in the top quartile. One minor issue with this method is the frequency of ties. There can be only nine answers – zero to eight. Many will have four, five, or six.

Incidentally, Pentagon's performance in 2006 is impressive with 23 of 25 in the top 50th percentile and 20 of 25 at or above the 75th percentile in the comprehensive version. But, Pentagon had actually slipped a little from 2005 when it was 24 of 25 and 21 of 25, respectively.

Two separate examples illustrate the need for caution in analyzing the rankings regardless of method. State Farm Great Lakes is highly ranked in all four productivity approaches in the comprehensive version rankings. Perhaps, it is very efficient; but, its rankings are influenced by the lack of any salary expense – all personnel are sponsor paid. Incidentally, since State Farm sponsored credit unions are being reorganized and consolidated across the country, their numbers and rankings will likely be very different in 2007. In another case, a credit union ranks first in Sum of Standard Scores method but does not appear in the other three top-10 ranking lists. Two ratios with extremely high values give that credit union a high positive sum, which may be valid but skews its method #1 total score.

As mentioned, these rankings are based on the SFV approaches without the knowledge of any credit union's management. Presumably, one of the approaches may, however, parallel a credit union's actual SFV. But the ratios selected by each credit union's management for the comprehensive and focused versions would almost certainly be different from the expert panel's selections.

Top Rankings by Asset-Size Groups

Attachments 10a through 10d report the 10 highest-ranking credit unions by each of the five strategic approaches for the comprehensive version for 2006, 2005, 2004, and 2003 for the largest

asset-size group. Rankings using the four methods are shown. Attachment 11 reports the 10 highest ranking credit unions by each of the five strategic approaches for the focused version for 2006 for the largest asset-size group. The values for each of the four ranking methods are given.

Attachment 12 reports the 10 highest ranking credit unions by the balanced approach for each of the other five asset-size groups for 2006, again for the comprehensive version, and includes the values for the four ranking methods.

Repeat Performers within Strategic Approaches

Attachments 10 through 12 show that many credit union names appear again and again. These credit unions are top performers multiple times. Several observations can be made:

- The four ranking methods use the same ratio databases within each strategic approach. High performances should allow a credit union to rank high across the four methods – not the same ranks but reasonably close.
- Ratios used by the five strategic approaches do overlap. This can be observed in Attachment 2. Strong numbers in several key ratios that repeat could help a credit union to rank high in several strategic approaches.
- A number of credit unions have developed very strong financial numbers across the board, and even across years, giving those credit unions strong bases within the ratio databases – regardless of the strategic approach.
- As an equalizer, it should be noted that it is easier to be in the top 10 in a group of 116 than it is in a group of 1,607 (the \$10 to \$25 million asset-size group population). Attachments 10a and 12 show that more repeats occur in the large-size groups than in the small-size groups.
- Lastly, while much work has gone into developing credible ranking methodologies, no claim is made that these are the best ways to score and rank financial performance.

Attachments 10 through 12 report the repeated appearances within strategic methods. How many credit unions appear on each of the four ranking lists? Over the four-year study, credit unions in the largest asset-size group that rank in the top 10 for all four ranking methods are shown below. Ties in the third and fourth methods do frequently expand the top-10 pools.

<u>\$1 Billion and Above Group</u>	<u>Credit Unions Ranked in the Top Ten for All Ranking Methods</u>							
	<u>Comprehensive Version</u>				<u>Focused Version</u>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Strategic Approach</u>								
Balanced approach	5	5	4	6	5	3	4	7
Conservative-leaning approach	6	4	5	6	7	4	4	4
Growth-oriented approach	6	7	5	5	7	5	4	4
Earnings-emphasis approach	4	3	2	6	8	5	5	5
Productivity-focused approach	4	4	3	3	7	6	5	5

In 2006 for the comprehensive version's top-10 lists, half repeated on all four rankings. The repeaters are fairly stable over time. More impressive is the fact that in the focused version about two-thirds of the top 10 repeat on all four rankings lists.

Population size strongly influences a credit union's odds of being ranked on top-10 lists for all four methods. The larger the population, the harder it is to repeat as shown here.

<u>Other Sizes Groups: 2006</u> <u>Strategic Approach</u>	<u>Credit Unions Ranked in the Top Ten for All Ranking Methods</u>									
	<u>Comprehensive Version</u>					<u>Focused Version</u>				
	<u>\$300M</u> <u>-\$1B</u>	<u>\$100-</u> <u>\$300M</u>	<u>\$50-</u> <u>\$100M</u>	<u>\$25-</u> <u>\$50M</u>	<u>\$10-</u> <u>\$25M</u>	<u>\$300M</u> <u>-\$1B</u>	<u>\$100-</u> <u>\$300M</u>	<u>\$50-</u> <u>\$100M</u>	<u>\$25-</u> <u>\$50M</u>	<u>\$10-</u> <u>\$25M</u>
Balanced approach	1	2	1	2	0	2	1	0	2	1
Conservative-leaning approach	3	0	4	3	2	3	2	3	1	1
Growth-oriented approach	2	2	2	3	1	1	2	2	2	0
Earnings-emphasis approach	1	1	4	1	1	4	0	1	2	1
Productivity-focused approach	3	1	1	2	0	2	2	2	0	2

Repeat Performers across Strategic Approaches

As mentioned above, the ability of a credit union to perform at a top level across a number of strategic approaches is impressive. From the top-10 lists for 2006, a few credit unions consistently rank near the top. With 5 approaches and 4 ranking methods, 20 rankings exist per year per size group. The following are high performers with 10 or more appearances in either version for 2006.

	<u>Comprehensive Version (20 possible)</u>	<u>Focused Version (20 possible)</u>
Pentagon, VA	17	13
Police & Fire, PA	14	9
Lockheed, CA	13	8
San Diego County, CA	12	7
APCO Employees, AL	11	6
Boeing Employees, WA	11	9
State Farm Great Lakes, IL	11	6
Mountain America, UT	10	10
Redwood, CA	10	6
California, CA	6	10
Ascend, TN	3	10

Pentagon stands out with double-digit appearances in both versions. Also, 11 of the 17 and 6 of the 13 are number one listings. Pentagon appears in the top-10 rankings in all five strategic approaches.

Looking again at the top-10 rankings, a few observations can be made.

- Ranking method #1 has more one-time mentions than do the other three methods. It appears that one or two very strong ratio standard scores can vault a credit union into a top-10 rank once but not within other ranking methods.
- Strong rankings in method # 1 are linked to appearances on the method # 4 lists. Having a few strong performing ratios can get a good 75th percentile showing, particularly within the focused version.
- Every credit union with double-digit top-10 appearances for the comprehensive version had a strong balanced record – 9 are on the balanced approach top-10 list. That same group has multiple appearances on the lists of the other four strategic approaches.

- Of the 116 credit unions over \$1 billion in assets, 75 of them appeared in one of the 20 top-10 listings for 2006. Thus, many had a strength that brought them to the top in a given strategic approach and in at least one ranking method.
- Ranking methods # 3 and # 4 produce more ties and expand the top-10 list for many strategic rankings across all size groups, particularly in the focused version. The lack of a precise ranking could be a concern in using these two ranking methods.

Comparisons across years and size groups can add even more insight.

The Case Example

To show application of the processes, databases, and ranking techniques, a live credit union example is used. The credit union is the Michigan State University Federal Credit Union (MSUFCU).⁵ It is the largest university-based credit union in the country, with \$1.3 billion in assets at yearend 2006. Its membership is university employees, students, alumni, and family members. With 300-plus employees, eight locations, and over 135,000 members, MSUFCU has embedded itself into the local economy and university activities in many ways.

Financially, it has a very high equity-to-total assets percentage (12.2%). It also has a very large portfolio of mortgages and home equity loans (approaching 50% of assets), approximately two-thirds in fixed rates. Growth has been good but not rapid. Loan growth has recently outstripped deposit growth. Figure 6 presents four-year intervals for a number of key financial ratios.

<u>Key Facts and Financial Ratios</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total assets (\$000)	\$1,317,634	\$1,243,018	\$1,167,241	\$1,083,781
FTEs	318	314	282	269
Assets per FTE (\$000)	\$4,137	\$3,965	\$4,147	\$4,029
Total assets to Equity	12.20%	12.00%	11.74%	11.58%
PCA net worth required	5.87	5.50	5.57	5.50
Return on Assets	0.86	1.09	1.15	1.25
Return on Equity	7.08	9.09	9.75	10.83
Net interest margin to Earning assets	3.18	3.21	3.34	3.59
Loans to Deposits	91.33	88.39	85.87	85.50
Borrowings to Total assets	3.73	3.95	4.21	4.53
Delinquent loans to Loans	0.56	0.53	0.48	0.65
Provision to Loans	0.42	0.33	0.48	0.41
Allowance to Loans	0.67	0.65	0.72	0.70
Net charge-offs to Loans	0.34	0.34	0.41	0.39
Growth – Loans	9.35	9.59	8.28	14.71
Growth – Deposits	5.82	6.46	7.81	12.86
Growth – Operating expenses	10.83	8.93	7.47	20.86

Figure 6: MSUFCU: Selected Financial Data

⁵ MSUFCU provided very little direct input for this study regarding its strategic plan or its strategic financial vision. The author is a member of this credit union.

This quick snapshot of MSUFCU leads to assessing its performance within its asset-size peer group and to creating a better defined peer group.

Performance Ranking within MSUFCU's National Asset-Size Group

MSUFCU's ranking results for 2006 appear in Figure 7 within the \$1 billion and above asset-size group, using the four methods across the five SFV approaches. There are 116 credit unions in this size group in 2006. In terms of total asset size, it ranks 76th in 2006, 74th in 2005, and 73rd in both 2004 and 2003. Figure 7 shows the results for both the comprehensive and focused versions.

Comprehensive Version									
116 credit unions	<u>Ranking # 1</u>		<u>Ranking # 2</u>		<u>Ranking # 3</u>		<u>Ranking # 4</u>		Avg
	<u>Sum: Std Scs</u>	<u>Sum of Rankings</u>	<u>No. > Median</u>	<u>No. ≥ Top Quartile</u>					
<u>Strategic Approach</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Rank</u>
Balanced	(2.04)	66	1,317	74	9	94	3	96	82.5
Conservative-Leaning	(2.01)	73	1,278	71	10	81	4	80	76.25
Growth-Oriented	(1.47)	70	1,337	70	11	72	3	92	76.0
Earnings-Emphasis	(0.99)	59	1,257	75	9	100	3	101	83.75
Productivity-Focused	(3.14)	76	1,349	82	9	92	1	108	89.5

Focused Version									
	<u>Sum: Std Scs</u>		<u>Sum of Rankings</u>		<u>No. > Median</u>		<u>No. ≥ Top Quartile</u>		Avg
	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	
<u>Strategic Approach</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Rank</u>
Balanced	(1.55)	70	498	72	4	45	1	74	65.25
Conservative-Leaning	(1.42)	77	514	79	3	71	1	66	73.25
Growth-Oriented	0.83	47	464	51	11	72	3	92	65.5
Earnings-Emphasis	2.52	23	371	22	6	7	3	20	18.0
Productivity-Focused	(0.14)	62	471	59	5	26	0	91	59.5

Figure 7: 2006 Rankings within the \$1 Billion & Above Asset-Size Group for MSUFCU

Within its national asset-size peer group, MSUFCU's comprehensive version rankings are not glamorous – the highest of the 20 rankings in 2006 was a 59th out of 116. No ranking was in the top half of the asset-size peer group. None of the five SFV approaches appear to be a strategy that would label this credit union as high performing. In the focused version, its earnings emphasis gives it top quartile status, and a few other rankings are in the top half. Figure 8 shows similar data for 2003, 2004, and 2005 for the comprehensive version only. The population size decreases as the rankings go further back in history. MSUFCU's ranking numbers are better in the years before 2006, generally appearing in the middle two quartiles.

To be clear and fair, MSUFCU's actual strategic plan is not being used here. The strategic scenarios used within this section are fictional. All five approaches developed earlier are used – without regard to the actual approach used by MSUFCU.

Creating a Relevant Peer Group

A peer group for MSUFCU was created for this study. It is a large credit union – a key peer criteria being size. Geography is another variable. Michigan has a troubled economy affecting

2005 – Population: 107 Credit Unions

<u>Strategic Approach</u>	<u>Ranking # 1</u>		<u>Ranking # 2</u>		<u>Ranking # 3</u>		<u>Ranking # 4</u>		<u>Avg Rank</u>
	<u>Sum: Std Scs</u>		<u>Sum of Rankings</u>		<u>No. > Median</u>		<u>No. ≥ Top Quartile</u>		
	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	
Balanced	(0.88)	55	1,109	45	12	52	3	88	60.0
Conservative-Leaning	0.76	48	1,062	38	12	51	5	64	50.25
Growth-Oriented	(0.81)	53	1,173	49	11	63	3	83	62.0
Earnings-Emphasis	0.95	35	1,045	36	14	30	3	95	49.0
Productivity-Focused	(1.18)	55	1,149	54	11	60	1	99	67.0

2004 – Population: 99 Credit Unions

<u>Strategic Approach</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Avg Rank</u>
Balanced	(0.97)	46	1,052	47	9	79	3	82	63.5
Conservative-Leaning	(0.75)	47	1,033	48	10	64	4	67	56.5
Growth-Oriented	(0.61)	48	1,094	49	10	72	3	75	61.0
Earnings-Emphasis	(0.32)	43	1,026	53	10	71	2	95	65.5
Productivity-Focused	(1.48)	46	1,080	49	8	81	1	90	66.5

2003 – Population: 79 Credit Unions

<u>Strategic Approach</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Avg Rank</u>
Balanced	(1.03)	43	865	36	12	33	5	46	39.5
Conservative-Leaning	(0.05)	45	888	48	13	30	4	50	43.25
Growth-Oriented	0.70	28	843	25	15	15	4	51	29.75
Earnings-Emphasis	0.73	26	814	31	14	15	4	54	31.5
Productivity-Focused	(1.13)	40	879	42	11	39	3	57	44.5

Figure 8: MSUFCU Rankings for Prior Years – Comprehensive Version

economic growth in the state, its governments’ fiscal situations, and funding of the university – MSUFCU’s field of membership base. Of the 116 largest credit unions, only two other \$1 billion plus credit unions are based in Michigan. Expanding the asset-size factor, a total of 72 credit unions based in Michigan has assets above \$100 million. Other possible peer criteria could have been used, such as university-based, single-field memberships, asset sizes between \$750 million and \$1.5 billion, and midwestern.

MSUFCU expanded its branching presence in the past few years, opening four large impressive full-service units in the greater Lansing, Michigan, area. Branches add facilities and personnel costs; thus, size, geography, and branches became the three criteria used. Thirty credit unions had more than five branches and were above \$100 million in assets in Michigan in 2006. A few qualifying credit unions were excluded because of significant mergers or other data issues. The peer group is shown in Attachment 13.

A relevant concern of using MSUFCU as the case example is its relative size, being the second largest in its peer group. Economies of scale do work in its favor in certain technology, product support, and market presence areas. These are not viewed as strong restrictions for the analysis here. Figure 9 presents the rankings for 2006 for both the comprehensive and focused versions.

Comprehensive Version									
30 Credit Unions	Ranking # 1		Ranking # 2		Ranking # 3		Ranking # 4		Avg Rank
	Sum: Std Scs	Sum of Rankings	No. > Median	No. ≥ Top Quartile	Score	Rank	Score	Rank	
Strategic Approach	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Rank
Balanced	2.71	6	283	6	16	5	8	10	6.75
Conservative-Leaning	5.36	8	278	8	16	5	10	4	6.25
Growth-Oriented	4.57	6	266	4	19	3	8	8	5.25
Earnings-Emphasis	(1.21)	14	330	20	11	21	5	18	18.25
Productivity-Focused	5.15	7	262	5	18	5	9	7	6.00

Focused Version									
Strategic Approach	Sum: Std Scs		Sum of Rankings		No. > Median		No. ≥ Top Quartile		Avg Rank
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	
Balanced	0.77	7	93	4	6	1	4	1	3.25
Conservative-Leaning	2.22	8	97	8	6	5	4	4	6.25
Growth-Oriented	0.61	9	91	8	7	2	1	14	8.25
Earnings-Emphasis	0.64	13	116	11	4	15	2	12	12.75
Productivity-Focused	3.73	7	89	5	6	6	5	2	5.00

Figure 9: 2006 Rankings within the Michigan Peer Group for MSUFCU

Performance Ranking within MSUFCU's Peer Group

As can be seen in Figure 9, in 2006 MSUFCU shows a much stronger performance in this narrower peer group – ranking in the top quartile over half the time. Growth and productivity approaches show as the strongest strategies in the comprehensive version, while earnings is the weakest. The balanced approach is clearly the strongest strategy using the Focused version. Generally, the rankings are surprisingly similar when comparing the two versions.

MSUFCU appears to perform somewhat better in the focused version than in the broader comprehensive version. Of the 20 ranked approaches over four years, 12 have stronger rankings within the focused version, six within the comprehensive version, plus two ties. Reasons for this are not clear but it could come from having a clear strategy, stronger performances in key areas, and planned adequate outcomes in other nonstrategic areas. Perhaps, the credit union was focusing on achieving strategic goals rather than worrying about covering all bases well.

The ranking results for the three prior years are similar to the 2006 numbers and even slightly stronger, as seen in Figure 10. Thus, the 2006 rankings slipped in a minor way.

2005 Results – 30 Credit Unions

Comprehensive Version	Ranking # 1		Ranking # 2		Ranking # 3		Ranking # 4		Avg Rank
	Sum: Std Scs	Sum of Rankings	No. > Median	No. ≥ Top Quartile	Score	Rank	Score	Rank	
Strategic Approach	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Rank
Balanced	4.09	6	249	3	16	4	13	1	3.50
Conservative-Leaning	6.45	4	258	2	16	3	11	2	2.75
Growth-Oriented	5.96	5	238	4	18	4	11	4	4.25
Earnings-Emphasis	0.07	14	306	13	12	16	7	8	12.75
Productivity-Focused	6.32	6	237	4	17	5	12	3	4.50

<u>Focused Version</u>	<u>Sum: Std Scs</u>		<u>Sum of Rankings</u>		<u>No. > Median</u>		<u>No. ≥ Top Quartile</u>		<u>Avg</u>
<u>Strategic Approach</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Rank</u>
Balanced	1.59	7	84	3	6	3	5	1	3.50
Conservative-Leaning	2.99	6	81	5	6	6	4	3	5.25
Growth-Oriented	2.07	6	73	5	7	2	4	5	4.50
Earnings-Emphasis	1.17	11	104	6	5	6	2	11	8.50
Productivity-Focused	3.90	6	80	5	6	5	4	6	5.50

2004 Results – 30 Credit Unions

	<u>Ranking # 1</u>		<u>Ranking # 2</u>		<u>Ranking # 3</u>		<u>Ranking # 4</u>		
<u>Comprehensive Version</u>	<u>Sum: Std Scs</u>		<u>Sum of Rankings</u>		<u>No. > Median</u>		<u>No. ≥ Top Quartile</u>		<u>Avg</u>
<u>Strategic Approach</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Rank</u>
Balanced	2.79	7	283	9	16	2	10	4	5.50
Conservative-Leaning	4.90	6	262	4	17	1	11	1	3.00
Growth-Oriented	4.72	5	274	8	18	2	10	4	4.75
Earnings-Emphasis	(0.34)	14	323	17	12	13	6	15	14.75
Productivity-Focused	5.07	6	261	9	18	2	11	3	5.00

<u>Focused Version</u>	<u>Sum: Std Scs</u>		<u>Sum of Rankings</u>		<u>No. > Median</u>		<u>No. ≥ Top Quartile</u>		<u>Avg</u>
<u>Strategic Approach</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Rank</u>
Balanced	1.48	7	95	7	6	2	4	4	5.00
Conservative-Leaning	2.01	9	92	7	6	3	4	3	5.50
Growth-Oriented	1.24	9	91	6	7	1	2	11	6.75
Earnings-Emphasis	0.60	9	112	6	5	4	3	6	6.25
Productivity-Focused	3.33	7	87	7	7	1	5	4	4.75

2003 Results – 30 Credit Unions

	<u>Ranking # 1</u>		<u>Ranking # 2</u>		<u>Ranking # 3</u>		<u>Ranking # 4</u>		
<u>Comprehensive Version</u>	<u>Sum: Std Scs</u>		<u>Sum of Rankings</u>		<u>No. > Median</u>		<u>No. ≥ Top Quartile</u>		<u>Avg</u>
<u>Strategic Approach</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Rank</u>
Balanced	2.10	7	285	6	15	6	9	5	6.00
Conservative-Leaning	2.33	12	272	7	18	1	7	10	7.50
Growth-Oriented	6.07	4	253	4	19	2	10	3	3.25
Earnings-Emphasis	(1.06)	17	320	15	13	9	5	20	15.25
Productivity-Focused	4.21	5	263	6	17	2	10	5	4.50

<u>Focused Version</u>	<u>Sum: Std Scs</u>		<u>Sum of Rankings</u>		<u>No. > Median</u>		<u>No. ≥ Top Quartile</u>		<u>Avg</u>
<u>Strategic Approach</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Score</u>	<u>Rank</u>	<u>Rank</u>
Balanced	2.41	5	92	6	6	1	4	2	3.50
Conservative-Leaning	0.95	11	99	8	6	3	3	7	7.25
Growth-Oriented	3.65	5	77	5	7	4	3	5	4.75
Earnings-Emphasis	0.89	10	112	9	4	11	2	12	10.50
Productivity-Focused	3.41	7	90	7	6	3	3	8	6.25

Figure 10: Rankings within the Michigan Peer Group for MSUFCU

The annual averages for the four ranking methods are shown below.

	<u>Comprehensive Version</u> (30 in peer group)	<u>Focused Version</u> (30 in peer group)
2006	8.50	7.10
2005	5.55	5.45
2004	6.50	5.65
2003	7.30	6.45

Over this time, the earnings emphasis approach has generally been the least attractive strategy for MSUFCU in terms of rankings. The equity ratio has higher than 11%, and it appears that some effort has been made to control equity growth – through asset growth and lower ROA rates. The other four approaches have taken turns coming in first, second, third, and fourth – for both versions.

<u>Version</u>	<u>Top Quartile (1 to 7)</u>	<u>2nd Quartile (8 to 15)</u>	<u>Bottom Half (16 & higher)</u>
Comprehensive	52 (65.0%)	22 (27.5%)	6 (7.5%)
Focused	55 (68.75%)	25 (31.25%)	0 (0.0%)

Overall, two-thirds of the rankings were in the top quartile of MSUFCU's peer group. This is a rather impressive performance, given this credit union's performance within its national peer group.

Is MSUFCU Financially High Performing?

After these analyses, the key question remains: Is MSUFCU a financially high-performing credit union? The answer is subjective and depends on MSUFCU's SFV. Do these rankings indicate performance at a superior level as discussed in Chapter 2? If the decision is based on performance in any of the five strategic approaches within its asset-size group alone, the answer is no. Only a small portion of rankings are in the top half of this generalized peer group. However, the size-defined peer group is likely not the best comparative base for assessing any credit union. Thus, better judgments should be based on more relevant peer definitions.

The Michigan-based peer group shows a dramatically different picture. Using a variety of decision criteria and high-performance definitions, the following conclusions can be made for 2006:

<u>Criteria</u>	<u>Definition</u>	<u>Conclusion</u>	<u>Basis: 4 Ranking Methods</u> <u>5 Strategic Approaches</u>
Criterion 1:	Rankings in the top half for the designated strategic approach	Yes	17 of 20 for all comprehensive version approaches 20 of 20 for all focused version approaches
Criterion 2:	Rankings in the top 10 for the designated strategic approach	Yes	16 of 16 in 4 of 5 comprehensive version approaches
Criterion 3:	Rankings in the top 5 for the designated strategic approach	Unlikely	6 of 20 and 8 of 20 for all approaches of both versions
Criterion 4:	Average of all four rankings in the top third	Yes	8 of 10 for both versions (both earnings approaches failed)
Criterion 5:	Average of all four rankings over the four years of history in the top third	Yes	34 of 40 for both versions for 4 years (only the earnings approach rankings failed)

Criterion 6: Trend of ranking averages becoming stronger or maintaining strength	Probably	In most cases, consistently strong ranks (except for both earnings approaches)
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These criteria are only samples of possible hurdles that could be set for final determination. A designated rule would need to be agreed upon when the strategic approach, ratios, ranking methods, and overall process are set in the planning stage.

The conclusion is that MSUFCU is a financially high-performing credit union within the peer group created for it in this study.

Summary

Finding high-performing credit unions is simple yet data demanding. No extra-sophisticated analyses have been performed. Basic Excel spreadsheet skills, a knowledge of credit union financial statements and relationships, and an ability to bring plans, policies, decision making, and interpretation together as a whole are the major ingredients in this process. The amount of analysis is extensive or limited – largely at the option of the analyst, the CFO, the CEO, and/or board members. Yet, the ability to say “We are a financially high-performing credit union” is rewarding in many ways.

Chapter 5

A Statistical Approach to Determining High Performance

This report is awash in numbers and with spreadsheets of data. The knowledgeable casual observer would expect a major part of this research to be heavily based on statistics. But thus far, the statistics are relatively simple – means, standard deviation, and standard scores. Much of the framework for determining financial high performance is management derived. Yet, more sophisticated statistical analysis may provide even more insights.

Analytical tools are available to analyze large amounts of data, find relationships with strong credibility, and possibly discover “true” relationships among variables. But care must be taken to apply these tools properly and to test the basic assumptions about the integrity and composition of the data. Most of these approaches use some form of correlation and regression analysis that examines the behavior among variables. The basic formulas are then adapted and expanded to serve the statistical needs of a particular project.

Regression Methods

The purpose of regression analysis is to explain the change in a dependent variable caused by changes in independent variables. Multiple regression analysis shows what each independent variable contributes to explaining the change in the dependent variable. The basic tool is ordinary least squares where the sum of the squared deviations from a regression equation is minimized. This gives a best-fitting curve that results in the strongest explanation of changes to a dependent variable.

The problem with regression analysis in this report is that no dependent variable exists. The 72 ratios are combined in various approaches to produce a total that is ranked to reflect the relative performance level of each credit union. Correlations among variables are very important to this study, however. The relative strengths of capital, growth, and earnings, for example, are composed of combinations of sets of variables that best represent those risk areas. The task is to find those variables that best explain, for example, an earnings component across all credit unions in a peer population. But which are important, and which could be set aside? Perhaps, a statistical approach can help:

- Identify relationships among key variables – strong and less strong.
- Discover other performance relationships not seen before.
- Reduce the number of ratios analyzed by eliminating those that are internally highly correlated and repetitive or have little or no impact.
- Test the logic of the high-performance measurement process and the strategic approaches.
- Determine whether the management-created performance areas can be statistically identified.
- Conclude whether some degree of correlation exists between the statistically-derived rankings and the management-created rankings.

A statistical view of these databases takes much of the management subjectivity out of the analysis. This is both good and not so good. It is good in the sense that a strong statistical test adds credibility to the process. Yet sterile mathematics can overlook key managerial issues and produce nonsensical results that offer little for improving management planning and control. The goal is to use statistical methods and rigor to test the more subjective and management-determined relationships already discussed in earlier chapters.

One method stands out as a possible statistical approach to this problem – factor analysis. This rather straightforward regression-type approach will be used here to illustrate the analysis of large databases. Factor analysis is useful for this research since it is basically an exploratory tool. It helps the researcher find hidden or not-so-obvious relationships in large data sets. The statistics can test the management-derived assumptions. The emphasis is more on the exploratory side and less on the strict statistical output side.

Factor Analysis

Factor analysis is used to explore and uncover relationships among independent variables. It can help reduce large numbers of variables to a smaller set of factors that can be used for correlation testing, for identifying variables that are statistically linked, and, in this study, for ranking credit union performance using the major factors identified.

Factor analysis makes many of the same assumptions about input data qualities and variable use as does multiple regression analysis. The tools come from the same statistical family – multiple general linear hypothesis. Factor analysis has been selected to illustrate the possible application of more sophisticated statistical tools to the high-performance issue.

Management judgment is still part of the statistical analysis. The factor analysis tool is not a black box where data are inserted and conclusions are mechanically derived. Along the way, judgments must be made about the correlation among the variables, the levels of correlations within factors, and the factors selected to explain the relationships.

Factor Analysis Steps Used in Assessing High Performance

To arrive at a point where rankings can be performed, the original ratio database must be examined. Then, a series of statistical steps are taken:

- Convert ratio numbers into standard scores again.
- Test the variables to detect high correlations among certain variables. Elimination of highly correlated variables reduces the danger of multicollinearity. From this, certain variables are eliminated from the database because of redundancy and high correlations.
- Decide on population groupings – same as those used previously plus the entire population.
- Run the analysis to rotate axes, producing factors and eigenvalue scores for the whole population and by asset-size groups.
- Run the analysis to produce factor loadings by asset-size groups and in total.
- Determine the positive or negative sign of the factor loadings by asset-size groups and in total.
- Run the analysis to calculate factor scores for individual credit unions by asset-size groups and in total.

- Calculate the weighted factor scores for ranking purposes by asset-size groups and in total.
- Compare the rankings with those calculated in Chapter 4 using the strategic approaches and the expert panel's ratio selections.

This last step is a test of whether the rankings from factor analysis closely resemble the rankings in the management-influenced methods using the five strategic approaches.

The Steps Examined Briefly

Several steps listed above are important because they involve management judgment. Others are also important but are merely computer runs. The basic actions need brief explanations and discussions to link the underlying statistics to the end task – performance ranking.

Standardized Scores

For the same reasons that actual ratio numbers were converted into standard scores for the databases described in Chapter 3, standard scores are created within the statistical software. From this point forward, factor analysis uses the ratio's standardized scores.

Correlation Tests and Variable Eliminations

In Chapter 3, a number of ratios were mentioned as being near duplicates of another. For example, three ratios use operating expenses as the numerator with the denominators of earning assets, total assets, or loans plus deposits. These were included to allow management to select its preferred format for the Comprehensive or Focused Versions. In no case would two or three of these ratios be used in the same strategic approach. In the correlation analysis, these three ratios would be very highly correlated. The correlation of operation expenses to earning assets and to loans plus deposits was 97.3 percent. Correlations over 90 percent are discouraged. After careful consideration, the following variables were deleted for high correlations:

Ratio (variable)

Equity and allowance to Total assets
 PCA net worth actual to Total assets
 Total assets per FTEs
 Total assets per Member
 Operating expenses to Earning assets
 Operating expenses to Total assets
 Net operating expenses to Total assets
 Net operating expenses to Loans & deposits
 Non-interest income to Net interest margin
 Net interest margin to Average total assets
 Yield on Total assets
 Asset growth
 Loans to Deposits – Low to high

Correlated to

Equity to Total assets
 Equity to Total assets
 Total loans & deposits per FTEs
 Total loans & deposits per Member
 Operating expenses to Loans plus deposits
 Operating expenses to Loans plus deposits
 Net operating expenses to Earning assets
 Net operating expenses to Earning assets
 Non-interest income to Operating expenses
 Net interest margin to Average earning assets
 Yield on Earning assets
 Deposit growth
 Loans to Deposits – High to low

In addition, the three branch productivity measures, below, were deleted since the asset-sized peer groupings did not consider branching.

Total assets per Branch
Operating expenses per Branch
FTEs per Branch

Together, 16 ratios were deleted for the factor analysis, leaving 56 ratios as variables.

Population Groupings

This was a relatively easy decision. In lieu of specific peer groups as the high-performance definition requires, this analysis uses the six asset-size groups. A credit union's size code is now added to the database for factor analysis, creating a 57th variable.

As part of the analysis, the entire population which included 4,657 credit unions was considered to be a seventh group. Thus, in reporting the factor analysis results, seven sets of data exist for 2006.

Factor Loadings: Ratios' Loading Values for Each Factor

Now, the story gets interesting. What factors are created? What ratios are included in each factor? In other words, what groups of ratios are created from the mass of variables? Which ratios load onto which factors? And, what are the relative weights of ratios and factors included – their level of importance?

A factor is a group of variables combined by their mutual correlations. Essentially, an independent variable is being created that uses a set of dependent variables to explain as much of that factor's variance as possible. Then, as many factors are created as are needed to explain the model's total variance. The first factor found is the largest contributor to the total explanation, with the remaining factors contributing less and less. A judgmental decision must be made about how many factors should be used in the analysis, using the major contributors and ignoring the lesser contributors to simplify the process.

A factor is a linear combination of variables that maximizes the portion of the total variance explained. All variables are part of each factor's explanatory contribution. All 56 ratios or variables are correlated positively or negatively within each factor. But, only a few variables make significant contributions. These high-contributing variables are considered to be "loaded" on that factor. As an example, for the \$1 billion and above asset-size group, 29 factors are identified. In essence, 29 small regressions were performed. Based on the analysis of the data, 13 factors are selected for further analysis and interpretation. The 13 factors are shown in Attachment 14, along with the variables that load most significantly on each factor. Also, the loading correlation values are given. Custom says that a variable with a loading percentage above +30 percent or below -30 percent can be loaded onto a factor. The loading is done in order of a variable's explanatory power.

It is here that management or the statistical analyst's judgment is applied again. Although the 30 percent rule is typically used, a ratio could be added even if it correlates somewhat below 30 percent or deleted even if it is somewhat above 30 percent. Decisions would depend on the analyst's understanding of the relationship between the ratio and what appears to be the focus of that factor or other factors. One ratio might load more heavily on another factor later in the factor sequence. Or, expressed another way, it might make more sense from an explanatory perspective for that variable to be loaded on another factor.

Factor Analysis: Axis Rotation, Creation of Factors, and Reports of Eigenvalues

The factor analysis simplistically calculates a correlation using X and Y axes. The X axis is then rotated to attempt to improve the explanatory power, i.e., to generate a “best fit” set of values – eigenvalues. Eigenvalues measure the variation in the population explained by each factor. A factor’s eigenvalue can be converted into a percentage of the eigenvalue’s total of all factors identified. In a sense, each added factor reduces the remaining variance to be explained. A plot of factor eigenvalues is asymptotic running from high to low contributing factors.

Pragmatically, regardless of the number of factors identified, only those with eigenvalues greater than 1.0 are typically included. Again, judgment is applied here; more or fewer factors could be selected – particularly after observing the ratio variables attached to each factor. The following factor status exists:

<u>Population</u>	<u>Factors Identified</u>	<u>Factors Included</u>	<u>Variance % Explained by the Factors Included</u>
Whole population	20	11	87.02%
\$1 billion and above	29	13	87.17
\$300 million to \$1 billion	23	12	88.86
\$100 million to \$300 million	22	12	88.34
\$50 million to \$100 million	22	12	88.08
\$25 million to \$50 million	21	12	87.55
\$10 million to \$25 million	20	12	89.01

The percentages explained by each factor begin at about 20 percent for the highest contributor and ends with the last factor adding about 2 percent. In each asset-size group, between 87 and 90 percent of the variance is accounted for by the factors selected.

<u>Factor Analysis Run</u>	<u>Percentage of Variance Explained by Factors Included in Factor Analysis</u>												
	<u>Fac 1</u>	<u>Fac 2</u>	<u>Fac 3</u>	<u>Fac 4</u>	<u>Fac 5</u>	<u>Fac 6</u>	<u>Fac 7</u>	<u>Fac 8</u>	<u>Fac 9</u>	<u>Fac 10</u>	<u>Fac 11</u>	<u>Fac 12</u>	<u>Fac 13</u>
Whole population	18.58%	17.88%	13.04%	7.22%	6.25%	5.53%	4.74%	3.87%	3.77%	3.47%	2.67%		
\$1 billion and above	20.26	13.95	12.04	8.69	6.20	5.03	4.60	3.50	3.12	2.86	2.62	2.23%	2.06%
\$300 mill to \$1 bill	21.04	16.39	11.97	7.28	6.19	5.77	4.32	4.01	3.87	2.94	2.76	2.31	
\$100 mill to \$300 mill	19.88	15.29	12.56	7.87	6.31	5.25	4.53	4.16	4.02	3.29	2.92	2.25	
\$50 mill to \$100 mill	20.95	14.24	12.08	7.39	6.58	4.83	4.63	4.46	3.87	3.71	2.96	2.40	
\$25 mill to \$50 mill	20.25	13.93	12.58	7.32	6.46	5.36	4.80	4.01	3.93	3.51	2.91	2.48	
\$10 mill to \$25 mill	20.16	13.33	11.40	8.32	6.97	6.07	5.04	4.61	4.04	3.61	2.88	2.57	

As can be seen, the first four factors explain over 50 percent of the total variance. The percentage contributions tail off quickly.

Naming Factors

A factor is now practically a new variable, or rather, as identified in Chapter 3, a new performance area. A name has been applied to each factor, as can be seen in Attachment 14. The names are based on (1) what the loaded ratios appear to explain and (2) how they parallel the eight performance areas originally used to group the ratios in Chapter 3. The linkage is mixed – some are very clear; while others are combinations or appear to defy common sense. It is sometimes difficult to see a pattern within the ratios – why certain ones have a negative or positive correlation or why certain combinations of variables are grouped together. At times, spurious

correlations do appear, as the numbers show. Below are the factors and names for the \$1 billion and above asset-size group

Factor #	Factor Name Given	Dominate Ratios	Performance Area(s)
1	Loan Portfolio Quality	Provision, charge-offs, delinquencies	Asset quality
2	Earnings Productivity	Expenses, cost of funds, margin	Earnings, Productivity Non-interest Income & Expense
3	People Efficiency	FTE ratios	Productivity – Resources
4	Earning Returns	ROA, ROE, growth of equity, earnings	Earnings, Growth
5	Asset Utilization	Loan levels, low invest & s-t assets	Earnings, Capital, Liquidity
6	Funding Long-Term	Long-term liabilities, low s-t liabilities	Interest Sensitivity, Liquidity
7	Interest Sensitivity	Long-term assets, risk-based capital	Interest Sensitivity, Capital
8	Member Service	Member ratios	Productivity – Resources
9	Noninterest Income	Noninterest income ratios	Productivity – Noninterest Income & Expense
10	Balance Sheet Growth	Growth in loans, deposits, & total	Growth
11	Member Bus Lending	Member business loans & commitm'nts	Capital Adequacy, Liquidity
12	Capital Adequacy	Ideal capital, equity	Capital Adequacy
13	Potential Cash Need	Short-t liabilities, sources of cash	Liquidity

All eight performance categories are covered by 13 factors – but not in a clear or necessarily complete fashion. Factor analysis runs for each size group produce different results. Many are repeated in all seven factor analyses (six size groups plus the whole group).

Factors	Frequency	Factors	Frequency	Factors	Frequency
Asset Utilization	7	Interest Sensitivity	7	Noninterest Income	3
People Efficiency	7	Funding Long-Term	6	Member Business Lending	1
Earnings Returns	7	Loan Portfolio Quality	6	Potential Cash Need	1
Member Service	7	Earnings Productivity	6	Loan Delinquencies	1
Balance Sheet Growth	7	Costs of Earnings	5	Risk Funding	1
Capital Adequacy	7	Earning Assets	5		

Not all named factors have the exact same set of ratios in each asset-size group, but the majority of ratios are the same across asset-size groups when the same factor name was used.

Selecting the Loading Sign

The correlation analysis groups variables into factors that explain the overall variance for a population of credit unions. An important aspect of the factors is the sign attached to each factor – positive or negative. As noted earlier, each ratio value is ranked in either from high-to-low or low-to-high order. When these ratios are combined into a factor, factor analysis always works high-to-low and uses a negative sign to reflect the inverse order.

For each factor analysis run, signs are attached to each factor. Applying this to summing the factor scores for each credit union for ranking purposes requires each factor to be assigned a positive or negative sign. In Attachment 14, two sets of signs are given. First, an *a priori* sign is shown that would be a logical or common sense direction for a factor. Then, a second sign was determined from the statistics provided from the run and from a careful analysis of correlation loadings and signs for a select number credit unions. Generally, these two agree, but a few (about one per asset-size group) give opposite indications.

Weighting Factor Scores

Using the eigenvalues’ percentages for each factor as weights, the factor score times the weight gives a weighted value for each factor for each credit union.

Summing Factor Scores and Rankings

With the factor scores for each credit union, weightings of each factor, and the direction sign, a total factor score can be summed for each credit union. Ranking the total scores shows how each credit union ranks in its asset-size group from high to low.

Comparing the Rankings from Factor Analysis and the Strategic Approaches

The resulting rankings reflect the financial strength of the ratios loading on specific factors. Standing alone, the rankings give a view of what statistical analysis says about financial high performance. But, how do these rankings compare with those generated from the more management-influenced rankings for the strategic approaches introduced in Chapter 2. To do this, rankings developed in Chapter 4 are used. An average ranking of all four ranking methods across the five strategic approaches was created and compared to the factor analysis ranking as a simple comparison. This calculated average has very little credibility other than it is an average of all rankings done for the comprehensive version. But it does provide a benchmark for comparison to the factor analysis approach.

The analysis for the four largest asset-sized peer groups produced correlation coefficients between the factor analysis rankings and the strategic approach ranking averages as follows:

<u>Asset-Size Group</u>	<u>Correlation Coefficient</u>
\$1 billion and above (n = 116)	77.05%
\$300 million to \$1 billion (n = 369)	77.21%
\$100 million to \$300 million (n = 747)	75.17%
\$50 million to \$100 million (n = 762)	72.89%

These numbers indicate a strong relationship between the two ranking systems.

Attachment 15 presents the top 10, the middle 10, and the bottom 10 rankings for both the factor analysis method and the strategic approach method. This was done only for the largest asset-size group with 116 credit unions. The comparison shows a strong relationship. To get 10 in each version of each set, 16 credits unions are needed in the top group, 19 in the middle group, and only 13 in the bottom group. Considerable overlaps are present.

In the top group, only State Employees’ from North Carolina is an outlier – ranking 5th and 73rd. A logical explanation is that this credit union holds to a 7% equity level as a policy matter, producing a low capital rating in the strategic approaches rankings. All approaches use equity to assets as a comprehensive capital adequacy ratio. Only one other credit union fell outside the top quartile on either side – Lockheed.

In the middle group, only five rankings fall outside the middle two quartiles. There is more disparity in this group, but it has both a high and a low side opportunity for variance. Of the lower ranked credit unions, over two-thirds appear on both lists – seven of 10. Ten of the 14 credit unions on the bottom list have a difference of 10 or fewer positions.

Observations about the Factor Analysis Findings

After reviewing the factor analysis results, several observations can be made.

- A number of basic factor and variable relationships stand out as obvious. A few of these are balance sheet growth, loan portfolio quality, people efficiency, and member service.
- Strong positive and negative signs in the majority of factors can be easily identified.
- Yet a number of factor ratio sets yield mixed indications, with high-to-low and low-to-high ratios and both positive and negative correlation coefficient signs present.
- Across all asset-size groups, many of the same relationships are identified – seven factors are on all groups' factor lists, sometimes in different strength sequences.
- For the highest weighted factors, five or six ratios load, while only two or three load on lower weighted factors. Nearly all excluded factors load only one ratio.
- Certain ratios consistently have high correlation numbers loading on important factors, such as cost of funds, ROA, ROE, noninterest income, operating expenses, and FTE expense ratios. These can be viewed as having important impacts on the rankings.
- The precision here is less important than the exploratory findings. Judgment is still applied by including or excluding a marginal variable in a factor. Also, the number of factors included is decided by a manager. Statisticians can make valuable recommendations on these issues. But better or rather more useful judgments are likely to be made based on a credit union expert's analysis than are those based purely on statistical analysis.
- The good news is that the rankings from factor analysis appear to be strongly correlated with the average rankings from the strategic approaches.

Much more could be said about the factor analysis output, but the results indicate that this methodology offers value and insight. It has also produced a basic structure for further work and more detailed study.

Summary and Conclusions

The basic goal of this report is to present methods to identify financially high-performing credit unions. Factor analysis can be a valuable statistical tool to focus on relationships that traditional ratio analysis could miss or misstate. Also, the relative importance of key variables (ratios) can be highlighted. Factor analysis and other tools or extensions could improve the analyses used in strategic financial planning and review.

A credible statistical approach to analyzing financial data, improving the analytical power of the SFV, setting strategic financial goals, and evaluating performance is introduced. Factor analysis appears to be a valuable exploratory tool and can contribute to better performance assessment.

Chapter 6

Summary and Conclusions

The practical impact of this report will be determined by managers and board members who implement this assessment course of action and move their credit union's financial performances to higher levels. Measuring high performance is merely a tool in strategic planning and operations management. Setting strong financial goals and targets will create a foundation that can motivate and challenge a management team to achieve at a superior level.

The report defines high performance as:

Given a **SFV**, a credit union should perform at a **superior level**, relative to its **peer group of credit unions** in **key financial measurements** across **multiple performance areas**.

Each of the five parameters were developed and applied to the measurement task.

SFV and Five Strategic Approaches

It is the SFV and its five suggested approaches that created a framework for the assessment and the eventual ranking system. These five strategic approaches are intended to represent the diverse strategies available to a credit union.

- 1. A Balanced Approach.** A balanced approach may best describe a stable credit union with an active competitive environment, a healthy membership, and plans for basic continuity of its growth, asset quality, earnings, and capital patterns.
- 2. A Conservative-Leaning Approach.** A conservative approach implies a desire to avoid higher risk levels from any source – particularly in high-risk lending, new untested opportunities, expanded expense spending, and high-yield investments. Greater focus is placed on liquidity, asset quality, and capital; less emphasis is given to growth and earnings.
- 3. A Growth-Oriented Approach.** Growth credit unions recognize market opportunities that could be exercised now to increase market share, to expand membership, and to fulfill broadening product and service demands. Areas like capital, expense control, and even earnings are secondary concerns or are viewed as control factors.
- 4. An Earnings-Emphasis Approach.** An earnings focus examines margins, yields, costs of funds, rates of returns, and expense controls. This approach emphasizes earnings over growth and is often intended to solve an existing or anticipated capital adequacy problem.
- 5. A Productivity-Focused Approach.** In the long term, productivity may be the key to credit union survival and success. Productivity evolves around two issues. First is productivity of

people, facilities, and members. Measures examine what outputs are generated from resources committed. Second is noninterest income and operating expenses. These credit unions have a “lean” mentality, looking at the contribution each operating item makes to financial results.

These sample approaches guide credit union managers in designing their own strategic approach. In an actual scenario, one strategic approach would exist.

Performance Areas

Performance areas outline ratio groupings to assess a particular risk or return type. Within each area, measures can be both positive and negative indicators. Risk assessment and risk coverage are often included in the same list. Various groupings could be used, but these eight were selected for this study.

- Capital adequacy
- Productivity and efficiency, relative to FTEs, facilities, and members
- Productivity and efficiency, relative to noninterest income and expense
- Earnings quality
- Interest rate sensitivity
- Liquidity
- Asset quality
- Growth

Performance areas provide a framework for creating a credit union’s financial plans and for evaluating its results. The 72 ratios used in the study are grouped into these eight performance areas, which could also be described as topics, themes, or risks.

Versions and Rankings Evaluations

Within the report, two major versions of evaluation are suggested. First is the comprehensive version, which forces evaluators to look at all eight performance areas. A given strategic approach may emphasize a particular area, but all performance areas are evaluated. Ratios from each performance area should be included and limited to between 20 and 25 and with each performance area included. Second is the focused version, which emphasizes the main strategic theme. It uses a smaller set of ratios, up to eight, that are aimed at a particular strategic approach or the credit union’s strategic goals.

In this report, four methods were selected to rank financial performance.

- Sum the weighted standard scores for each included ratio and rank the total.
- Rank the individual weighted standard scores for each included ratio, sum the rankings, and rank the total.
- Count the number of individual ratios that are ranked above the median of each ratio in the evaluation, and rank the high-performing ratio totals.

- Count the number of individual ratios that are ranked at or above the 75th percentile of each ratio in the evaluation, and rank the high-performing ratio totals.

The rankings become the prime inputs to the high-performance decision. In Chapter 5, factor analysis is introduced, as a statistical approach to performance assessment. Other ranking systems could be created.

A Review of the Assessment Process

After examining the ranking task, ranking the numbers, and studying the sample case in Chapter 4, it is important to step back and review the process that determines a credit union's financial performance. The danger is that the many ratios, numbers, rankings, and judgments have clouded the actions necessary to make decisions. The process is now highlighted step-by-step, beginning with the strategic planning process itself and the basic definition of high performing that continues through to the final judgment. Management decisions that influence the final "yes" or "no" are made along this analytical path.

- A basic strategic planning process should define **a vision, a mission statement, and a set of strategic goals**.
- It is important that the financial portion of the strategic plan be defined clearly in a **strategic financial vision, the SFV**. This should be in quantitative terms, generally expressed in ratio format. Ideally, these financial goals, targets, or parameters would include a **comprehensive view** of the credit union's overall financial picture and a more **focused look** consistent with the key strategic goals.
- **Key managers and board members** should be involved in the entire process to ensure buy-in, an understanding of the results, and continual monitoring of the SFV plan.
- A key issue is how the financially high-performing results will be used – such as **ongoing goal setting and updating, incentive programs, management appraisals, decision making, and normal financial management planning and control**.
- Early on and consistent with other management needs, a **peer group** of similar credit unions should be created to serve as a benchmark for performance assessment.
- The **annual planning process** should determine the yearly goals and targets for the financial measures selected. Annual operations budgeting and asset/liability management practices should be aligned with the ranking procedures and built into one system.
- **Ranking methods** must be selected at the beginning of the planning stage.
- Creation of necessary **databases** (ratio calculations, statistical manipulations, and analyses of data) should be done on a timely basis and monitored from beginning to end.
- With the year's actual financial results in hand, an analysis should **report on rankings and determine whether the credit union is high performing**.
- During the early part of the following year, these results should be integrated into the **strategic plan update, including an updated SFV**.
- Final **top-management and board approval of the new strategic financial targets, high-performance assessment, and ranking goals** should be obtained. Then, as part of the annual planning sequence, new high-performance measures, goals, and targets should be integrated into the budgeting cycle.

These are normal steps in any strategic planning and normal annual planning and control systems for a typical credit union. The difference here is the importance attached to the high-performance assessment process and its integration into regular planning steps.

Conclusions Regarding High Performance

At the end of this process, it is valuable to look back and make observations about this analytical tool. First, generalizations about the use and usefulness of the process are offered. Then, a set of “must haves” for the process to be effective is listed. Finally, a few negatives are recognized and presented.

Generalizations

Chapters 1 through 5 have presented the concept and the process. In summary, a few statements need to be made:

- The process presented here is a powerful tool to answer the question: Is my credit union a financially high-performing credit union?
- The definition of high performance is unique to each credit union, as it is based on each credit union’s strategic goals.
- The basic intent of this process is to improve planning and management decision making.
- This model emphasizes the use of a credit union’s strategic plan, its SFV, and the strategic planning process itself.
- This is a visionary tool that uses history as a basis for planning. Each credit union is moving forward, as is every other credit union in its peer group and as is the marketplace in which it operates. Setting ranking goals is risky and uncertain.
- Assessing financial high performance uses easily understood methods and approaches.
- Each manager can see the impacts that various ratios have on a credit union’s ranking. This is much more specific than general statements about the desire to be high performing.
- Financial high performance depends directly on management and board inputs into the SFV, the peer group composition, the ratios used in the analysis, and the ranking methods. Finally, the end decision of whether the credit union is high performing rests on the comparison of management’s predetermined ranking criteria to actual results.
- This process can be easily integrated into a credit union’s on-going strategic planning process. It should not be a stand-alone tool.
- No arbitrary set of ratios can or should determine high performance.
- An effective financial ratio set that quantitatively measures the successfulness of the SFV should be selected.
- Ranking methods will emphasize performance levels in a general sense rather than focus on a specific rank.
- This evaluation process could be incorporated into an incentive program for senior management along with other goals from areas such as member service, member growth, and human resources development.

- Ratios can be developed and defined to complement specific needs and nonroutine goals.
- It is likely that adopting a high-performing definition and evaluation process will have an impact on strategic goals and, perhaps, strategic planning itself – adding value to this planning activity.

Critical Success Issues

To make this high-performance measurement system work, key steps should be taken.

- A clear SFV is the first and most important piece of an evaluation framework.
- Careful selection of the ratio measures that will be used for assessment is absolutely necessary. Even a decision as to whether a comprehensive or focused view should be used is fundamental.
- A preset definition of what hurdles must be cleared to be declared high performing is vital.
- Substantial human investment in data collection, ratio preparation, and analysis is essential to the success of the evaluation.
- Pretesting of the strategic approach definition, ratios selected, ranking methodologies, and the ranking analysis is necessary to establish the credibility of the system and of its eventual results.
- Buy-in from key managers and the board in each step of the process is required and is a given.

Negatives

No perfect tool exists, nor can one tool solve all evaluation problems. A few caveats should be mentioned:

- No claim is made that the ranking methods are true and accurate measures of a credit union's financial performance. The true rank is not known to anyone, and accuracy depends on the financial data inputs, proper calculations, and consistently applied logic – none of which is without potential error.
- The process requires a large number of ratios and their calculation. The data are available, but preparations are costly and time consuming.
- The methodology requires arranging a relevant peer group with similar characteristics and hopefully similar strategies. A group may be difficult to define, and it may be hard to obtain peers' cooperation for data exchange if necessary for more extensive comparisons. However, the generally cooperative history of credit unions is a positive and would likely be applicable here.
- Numbers are not magic! Future numbers cannot be anticipated from past numbers. Careful review and analysis beyond simple ranking numbers are absolutely essential to maintaining ongoing strong financial performance. It cannot be assumed that ranking performances will reveal something that normal financial analysis will not do.

Cost and benefits are associated with all analytical methods. Changing the strategic planning process is not costless, but it is more easily done than changing transaction and management control systems. Planning is still part art and part science.

The benefits associated with a clear financial evaluation system cannot be overstated. As stated in Chapter 1, while financial performance is only a part of the overall health of a credit union,

this part must be done with reasonable concurrence with the rest of a credit union's strategic plan and business strategies.

Summary

Throughout this report, a process to define financial high performance has been built and tested. Yes, it can be done, but this is no cookie-cutter task. Each credit union's management must commit itself to defining high performance as presented in Chapters 1 and 2 and should develop and use a system similar to the one explained and discussed in Chapters 3 and 4. The results of a high-performance study can shape a credit union's plans, its management's perspectives, and its actual results. Such a process and the structure of its tools are unique to each credit union.

The definition contains an SFV, a relevant set of peers, financial measurements in ratio format, a grading system using rankings, and management and board commitments to work toward achieving the targeted financial outcomes.

This methodology is, in many cases, a mere shift in priorities and planning steps. Supporting all of this entire system are the same wishes, managerial intentions, and board guidance that a well-managed credit union already has in place. This high-performance assessment course of action can be part of a systemized approach to planning, control, and evaluation. Hopefully, many managers and credit unions will include these procedures in their strategic planning activities.

Attachments Index

		<u>Page</u>
Attachment 1	Ratio Definitions Used in High-Performance Evaluations	65
Attachment 2	Ratios to Assess High Performance: Expert Panel Selections	68
Attachment 3a	2006 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)	70
Attachment 3b	2006 Performance Area Ratio Benchmarks (\$10 Million to \$100 Million in Assets)	72
Attachment 4a	2005 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)	74
Attachment 4b	2005 Performance Area Ratio Benchmarks (\$10 Million to \$100 Million in Assets)	76
Attachment 5a	2004 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)	78
Attachment 5b	2004 Performance Area Ratio Benchmarks (\$10 Million to \$100 Million in Assets)	80
Attachment 6a	2003 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)	82
Attachment 6b	2003 Performance Area Ratio Benchmarks (\$10 Million to \$100 Million in Assets)	84
Attachment 7a	2006 Standard Scores for Performance Area Ratios (\$100 Million and Above in Assets)	86
Attachment 7b	2006 Standard Scores for Performance Area Ratios (\$10 Million to \$100 Million in Assets)	88
Attachment 8	Sample Spreadsheet Used in the High-Performance Ranking Process: 2006 \$1 Billion and Above Asset-Size Group	90
Attachment 9	Sample Spreadsheet for Reporting High-Performance Rankings: 2006 \$1 Billion and Above Asset-Size Ranking Values – Balanced Approach	92
Attachment 10a	2006 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions (\$1 Billion and Above Asset-Size Group)	93
Attachment 10b	2005 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions (\$1 Billion and Above Asset-Size Group)	96
Attachment 10c	2004 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions	99
Attachment 10d	2003 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions (\$1 Billion and Above Asset-Size Group)	102
Attachment 11	2006 High-Performance Rankings – Focused Version: Top 10 Credit Unions (\$1 Billion and Above Asset-Size Group)	105
Attachment 12	2006 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions (\$10 Million to \$1 Billion Asset-Size Groups)	108
Attachment 13	Peer Group for MSUFCU Analysis	111
Attachment 14	Factor Analysis: Names, Variables, and Loading Values and Signs	112
Attachment 15	Comparison of Factor Analysis Rankings and Strategic Approaches Rankings	116

Attachment 1

Ratio Definitions Used in High-Performance Evaluations

(Balance sheet numerators and denominators are yearend values, unless otherwise indicated.)

Capital Adequacy Area (12)

Total equity to Total assets – Total equity divided by total assets.

Total equity and allowance to Total assets – Total equity plus allowance for loan and lease loss divided by total assets.

Deviation from Target capital of 9.5% – Absolute value of total equity minus a target “ideal” equity percentage of 9.5%. Target could be set at any level desired.

PCA net worth actual to Total assets – Actual PCA defined net worth divided by total assets.

PCA net worth required to Total assets – Calculated required PCA defined net worth divided by total assets.

Delinquent loans to Total equity – Delinquent loans (more than two months past due) divided by total equity.

Risk-based PCA net-worth components:

Long-term real estates – Long-term real estates (nonrepriceable for five years) divided by total assets multiplied by the various net worth coverage percentages.

Member business loans – Member business loans divided by total assets multiplied by the various net worth coverage percentages.

Investments – Investment portfolio by maturity divided by total assets multiplied by the various net worth coverage percentages.

Average risk assets – Total assets minus the Long-term real estates, Member business loans, Investments, and low-risk assets portfolios divided by total assets multiplied by the 6% net worth coverage.

Loans sold with recourse – Off-balance sheet loans sold with recourse divided by total assets multiplied by the 6% net worth coverage.

Member business commitments – Off-balance sheet MBL commitments divided by total assets multiplied by the 6% net worth coverage.

Productivity – FTEs, Facilities, & Members Area (15)

FTEs:

Total assets to FTEs (\$) – Total assets divided by number of FTEs.

Loans and deposits to FTEs (\$) – Total loans plus total deposits divided by number of FTEs.

Operating expenses to FTEs (\$) – Total operating expenses (excluding provision) divided by number of FTEs.

Net operating expenses to FTEs (\$) – Total operating expenses (excluding provision) minus non-interest income and other operating income divided by number of FTEs.

Salary expenses to FTEs (\$) – Total salary expense divided by number of FTEs.

Promotion, education, and travel to FTEs (\$) – Total promotion, education, and travel expenses divided by number of FTEs.

Operating expenses without salaries to FTEs (\$) – Total operating expenses (excluding provision) minus total salary expense divided by number of FTEs.

Members per FTE – Total number of members reported divided by number of FTEs.

Facilities:

Total assets per Branch (\$) – Total assets divided by number of branches reported.

Operating expenses per Branch (\$) – Total operating expenses (excluding provision) divided by number of branches reported.

FTEs per Branch – Number of FTEs divided by number of branches reported.

Members:

Total assets per Member – Total assets divided by number of members reported.

Loans and deposits per Member – Total loans plus total deposits divided by number of members reported.

Operating expenses per Member – Total operating expenses (excluding provision) divided by number of members reported.

Net operating expenses per Member – Total operating expenses (excluding provision) minus non-interest income and other operating income divided by number of members reported.

Productivity – Noninterest Income and Expenses Area (10)

Earning assets to Total assets – Total loans plus total investments divided by total assets.

Operating expenses to Earning assets – Total operating expenses (excluding provision) divided by total loans plus total investments.

Operating expenses to Total assets – Total operating expenses (excluding provision) divided by total assets.

Operating expenses to Loans and deposits – Total operating expenses (excluding provision) divided by total loans plus total deposits.

Net operating expenses to Earning assets – Total operating expenses (excluding provision) minus non-interest income plus other operating income divided by total loans plus total investments.

Net operating expenses to Total assets – Total operating expenses (excluding provision) minus non-interest income plus other operating income divided by total assets.

Net operating expenses to Loans and deposits – Total operating expenses (excluding provision) minus non-interest income plus other operating income divided by total loans plus total deposits.

Noninterest income to Operating expenses – Noninterest income plus other operating income divided by total operating expenses (excluding provision).

Noninterest income to Net interest margin – Noninterest income plus other operating income divided by total interest income minus total interest and dividends paid.

Noninterest income to Total assets – Noninterest income plus other operating income divided by total assets.

Earnings Quality Area (11)

Return on Assets – Net income divided by total assets.

Return on Equity – Net income divided by total equity.

Net interest margin to Average earning assets – Total interest income minus total interest and dividends paid divided by total investments plus total loans.

Net interest margin to Average total assets – Total interest income minus total interest and dividends paid divided by average total assets.

Yield on Earning assets – Interest on investments and loans divided by total investments plus total loans.

Yield on total assets – Interest on investments and loans divided by total assets.

Yield on loans – Interest on loans divided by total loans.

Yield on investments – Interest on investments divided by total investments.

Cost of funds – Interest on borrowings plus dividends on deposits divided by total borrowings plus total deposits.

Breakeven yield (Total assets) – Interest on borrowings, dividends on deposits, operating expenses, plus provision for loan loss minus non-interest income plus other operating income divided by total assets.

Loans to Deposits (High to low) – Total loans divided by total deposits, ranked from high percentage or standard deviation to low.

Interest Rate Sensitivity Area (3)

Long-term assets to Total assets – Total investments (maturity greater than three years) plus fixed-rate long-term real estate (maturing or repricing greater than five years) divided by total assets.

Long-term liabilities to Total assets – Total borrowings (maturity greater than three years) plus deposits (maturity greater than three years) divided by total assets.

Long-term liabilities to Long-term assets – Total borrowings (maturity greater than three years) plus deposits (maturity greater than three years) divided by total investments (maturity greater than three years) plus fixed-rate long-term real estate (maturing or repricing greater than five years).

Liquidity Area (7)

Loans to Deposits (Low to high) – Total loans divided by total deposits, ranked from low percentage or standard deviation to high.

Short-term assets to Total assets – Total investments (maturity less than one year) plus cash divided by total assets.

Short-term liabilities to Total assets – Total borrowings (maturity less than one year) plus deposits (maturity less than one year) divided by total assets.

Short-term liabilities to Short-term assets – Total borrowings (maturity less than one year) plus deposits (maturity less than one year) divided by total investments (maturity less than one year) plus cash.

Total borrowings to Total assets – Total borrowings divided by total assets.

Borrowing commitments to Total assets – Total borrowing commitments divided by total assets.

Off-balance sheet commitments to Total assets – Total off-balance sheet commitments reported on the 5300 report divided by total assets.

Asset Quality Area (5)

Delinquent loans to Gross loans – Total delinquent loans (more than two months past due) divided by total loans.

Provision for loan loss to Gross loans – Provision for loan loss divided by total loans.

Allowance for loan loss to Gross loans – Allowance for loan and lease loss divided by total loans.

Net charge-offs to Gross loans – Loan charge-offs minus recoveries divided by total loans

Investments market value to book value – Market value of hold-to-maturity investments plus available-for-sale investments divided by cost basis of hold-to-maturity investments plus available-for-sale investments.

Growth Area (9)

Total asset growth – This period total assets minus prior period total assets divided by prior period total assets.

Loans growth – This period total loans minus prior period total loans divided by prior period total loans.

Deposits growth – This period total deposits minus prior period total deposits divided by prior period total deposits.

Equity growth – This period total equity minus prior period total equity divided by prior period total equity.

Operating expenses growth – This period total operating expenses (excluding provision) minus prior period total operating expenses (excluding provision) divided by prior period total operating expenses (excluding provision).

Net income dollars growth – This period net income minus prior period net income divided by prior period net income.

Net interest margin dollars growth – This period net interest margin dollars minus prior period net interest margin dollars divided by prior period net interest margin dollars.

Balanced growth (loans, deposits, & equity) – Difference between the highest growth rate and the smallest growth rate of total loans, total deposits, and total equity.

Total growth (loans, deposits, & equity) – Sum of the growth rates of total loans, total deposits, and total equity.

Attachment 2

Ratios to Assess High Performance: Expert Panel Selections

	Strategic Financial Vision Approaches				
	Balanced Approach	Conservative Leaning Approach	Growth Oriented Approach	Earnings Emphasis Approach	Productivity Focused Approach
Capital Adequacy Area (12 ratios)					
Total equity to Total assets	3 X	5 X	4 X	5 X	3 X
Total equity and allowance to Total assets					
Deviation from Target capital of 9.5%	4 X	2	3 X	4 X	3 X
PCA net worth actual to Total assets	2	2	3 X	2	1
PCA net worth required to Total assets	1	3 X	2	1	
Delinquent loans to Total equity	1	4 X	1	2	1
Risk-based net-worth components					
Long-term real estates		4 X			
Member business loans		2 X			
Investments		1			
Average risk assets		2	1		
Loans with recourse		1			
Member business commitments		2	1		
Productivity – FTEs, Facilities, & Members Area (15 ratios)					
Total assets to FTEs ¹	5 X	4 X	4 X	2	5 X
Loans and deposits to FTEs ¹	1	1	3 X	1	3 X
Operating expenses to FTEs	2 X	1	1	1	5 X
Net operating expenses to FTEs	1	1	2	2	3 X
Salary expenses to FTEs	2		1	3 X	2
Promotion, education, and travel to FTEs				1	2
Operating expenses w/o salaries to FTEs	1			3 X	3 X
Members per FTE	4 X	2 X	3 X	3 X	4 X
Total assets per Branch	1		3 (X)		1
Operating expenses per Branch	1	1		2	2
FTEs per Branch	1			1	2
Total assets per Member			1	1	2
Loans and deposits per Member	1	2 X	4 X		5 X
Operating expenses per Member	1	1	1	2	5 X
Net operating expenses per Member			1		2
Productivity – Noninterest Income & Expense Area (10 ratios)					
Earning assets to Total assets	2 X		2 X	3 X	3 X
Operating expenses to Earning assets ²	1				
Operating expenses to Total assets ²	5 X	4 X	1	3 X	4 X
Operating expenses to Loans & deposits ²	1		1		
Net operating expenses to Earning assets ³			1		
Net operating expenses to Total assets ³	3 X	2 X		3 X	4 X
Net operating expenses to Loans & deposits ³			1		
Noninterest income to Operating expenses ⁴	1			2	1
Noninterest income to Net interest margin ⁴			1	1	
Noninterest income to Total assets ⁴	1	1	1	3 X	1
Earnings Quality Area (11)					
Return on Assets	5 X	3 X	5 X	5 X	4 X
Return on Equity	3 X	2	1	3 X	2 X
Net interest margin to Earning assets ⁵	1			2	1
Net interest margin to Total assets ⁵	2 X	3 X	2 X	4 X	2
Yield on Earning assets ⁶	3 X	1	1	3 X	1
Yield on Total assets ⁶	1	2 X		2	1
Yield on Loans	2	1		4 X	
Yield on Investments	2			2 X	
Cost of Funds	5 X		2	3 X	2
Breakeven yield (Total assets)		1	1	1	2 X
Loans to Deposits – High to low	2	2	4 X	3 X	3 X

	Balanced Approach	Conservative Leaning Approach	Growth Oriented Approach	Earnings Emphasis Approach	Productivity Focused Approach
Interest Rate Sensitivity Area (3 ratios)					
Long-term assets to Total assets	2	3 X	4 X	2 X	2
Long-term liabilities to Total assets		2			
Long-term liabilities to Long-term assets	2 X	4 X	1	2	3 X
Liquidity Area (7 ratios)					
Loans to Deposits – Low to high	4 X	4 X	2	2	2
Short-term assets to Total assets	1	3 X		1	1
Short-term liabilities to Total assets		1			
Short-term liabilities to Short-term assets	1	1		2	1
Total borrowings to Total assets	3 X	3 X	3 X	2 X	2 X
Borrowing commitments to Total assets		2	1		
Off-balance sheet items to Total assets		2	1		
Asset Quality Area (5 ratios)					
Delinquent loans to Gross loans	3 X	5 X	3 X	2	2 X
Provision for loan loss to Gross loans	1	3 X	1	3 X	1
Allowance for loan loss to Gross loans	3 X	4 X	3 X	3 X	3 X
Net charge offs to Gross loans	5 X	5 X	4 X	5 X	5 X
Investments market value to book value	1	3 X			
Growth Area (9 ratios)					
Total asset growth	4 X	2	5 X	3 X	4 X
Loans growth	3 X	2	5 X	2	2
Deposits growth	3 X	1	5 X	2	2
Equity growth	1	1	3 X	2	
Operating expenses growth	3 X	3 X	3 X	3 X	3 X
Net income growth	3 X	2	5 X	3 X	
Net interest margin dollars growth	1	1	4 X	1	1
Balanced growth (loans, deposits, & equity)	5 X	2 X	4 X	1	1
Total growth (loans, deposits, & equity)	1	1	3 X		3 X
Comprehensive Version					
	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>
Focused Version					
	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>

Notes:

1. No more than 8 focused version ratios and 25 comprehensive version ratios are selected for each SFV approach.
2. A gray covered bold numbers (for example, **5 X**) indicates one of 8 focused version ratios chosen for each SFV approach. Other “X”s indicate ratios selected to evaluate the comprehensive version.
3. The comprehensive version must have a ratio from each performance area.
4. Ratios selection for inclusion in analysis for each SFV approach:

Number chosen by 3, 4, or 5 experts	21	19	24	22	21
Number deleted – branches & overlaps	0	0	-1	0	0
Number of missing areas, ratio added	1	0	1	2	1
Number chosen by 2 experts	10	18	6	19	16
Number chosen by 2 experts added to set	3	6	1	1	3

1, 2, 3, 4, 5, & 6 These are overlapping ratio sets, with same numerators and similar denominators or vice versa. Only one ratio per set would be included in the same strategic approach.

Attachment 3a – 2006 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

2006 Ratios – Actuals Ratio	Lo/Hi Hi/Lo	\$1 Billion and Above					\$300 Million to \$1 Billion					\$100 to \$300 Million				
		1 st Dec	1 st Qu	Median	Mean	St Dev	1 st Dec	1 st Qu	Median	Mean	St Dev	1 st Dec	1 st Qu	Median	Mean	St Dev
Capital Adequacy (12)																
Equity to Total Assets	H-L	13.29%	11.72%	10.30%	10.62%	2.03%	14.56%	12.51%	11.01%	11.51%	3.30%	15.22%	13.12%	11.19%	11.66%	2.97%
Equity & Allowance to T A	H-L	13.60	12.25	10.79	11.05	2.01	15.05	12.91	11.40	11.95	3.36	15.72	13.60	11.72	12.13	2.95
Deviation from 9.5% Equity	L-H	0.17	0.59	1.26	1.66	1.54	0.29	0.74	1.62	2.36	2.80	0.30	0.86	1.85	2.57	2.52
PCA Net Worth Actual	H-L	13.56	11.84	10.43	10.74	2.06	14.71	12.72	11.12	11.62	3.33	15.26	13.15	11.25	11.73	2.88
PCA Net Worth Required	L-H	4.90	5.14	5.38	5.54	0.66	4.81	5.05	5.37	5.59	0.89	4.65	4.98	5.28	5.41	0.75
Delinquent Loans to Equity	L-H	0.85	1.48	3.00	3.64	2.94	0.70	1.54	2.91	4.05	4.28	0.87	1.73	3.36	5.60	20.99
Risk-Based Net Worth Factors:																
Long-Term Real Estates	L-H	0.40%	0.70%	1.19%	1.36%	0.92%	0.37%	0.68%	1.09%	1.32%	0.94%	0.27%	0.61%	1.03%	1.20%	0.90%
Member Business Loans	L-H	0.00	0.01	0.07	0.20	0.31	0.00	0.00	0.05	0.34	1.08	0.00	0.00	0.01	0.18	0.61
Investments	L-H	0.32	0.62	1.07	1.31	0.95	0.33	0.55	0.99	1.26	1.03	0.33	0.57	1.03	1.30	1.04
Average Risk Assets	L-H	1.94	2.42	3.06	3.05	0.91	1.93	2.38	3.13	3.04	0.95	1.95	2.51	3.18	3.15	0.95
Loans w/ Recourse	L-H	0.00	0.00	0.00	0.03	0.15	0.00	0.00	0.00	0.01	0.07	0.00	0.00	0.00	0.01	0.09
Member Bus Commitments	L-H	0.00	0.00	0.00	0.02	0.08	0.00	0.00	0.00	0.03	0.11	0.00	0.00	0.00	0.01	0.04
Productivity – Full-Time Equivalents, Facilities, & Members (15)																
FTEs:																
Total Assets Per FTE (\$000)	H-L	8,094	5,370	4,045	5,101	3,500	5,481	3,908	3,087	3,810	2,961	4,611	3,279	2,577	3,091	1,963
Loans & Deps Per FTE (\$000)	H-L	12,549	8,494	6,471	7,692	4,308	7,945	6,111	4,913	5,775	3,773	6,699	5,019	4,041	4,672	2,643
Operating Exp Per FTE (\$)	L-H	92,648	101,327	115,806	119,053	25,568	82,909	92,600	106,612	112,452	37,524	79,290	89,132	100,071	103,322	21,897
Net Operating Exp Per FTE (\$)	L-H	39,585	52,901	65,354	69,436	25,603	44,039	53,399	65,509	70,704	30,371	43,243	52,677	63,416	68,073	24,428
Salary Expense Per FTE (\$)	L-H	46,572	51,331	58,135	59,177	12,776	42,425	47,849	54,724	57,069	14,669	40,369	44,277	49,891	51,648	10,848
Promo, Ed, T Exp Per FTE (\$)	L-H	3,627	4,546	6,272	6,445	2,652	3,526	4,573	5,984	6,504	3,234	3,172	4,156	5,572	5,958	2,634
Oper Exp w/o Sal Per FTE (\$)	L-H	42,391	50,670	57,692	59,876	15,841	38,124	43,780	51,723	55,383	29,648	36,128	42,369	49,965	51,674	14,070
Members Per FTE (Members)	H-L	554.3	440.5	376.8	405.9	122.0	480.1	404.7	355.6	380.3	262.4	504.1	420.4	355.6	372.5	114.9
Facilities:																
Total Assets Per Branch (\$000)	H-L	213,376	140,868	101,538	129,187	125,699	140,660	84,883	56,951	88,201	120,582	87,142	52,111	36,516	46,983	37,387
Operatg Exp Per Branch (\$000)	L-H	1,535	1,893	2,685	3,059	1,716	1,078	1,416	1,940	2,561	2,890	802	1,011	1,388	1,605	954
FTEs Per Branch (FTEs)	L-H	14.1	17.3	23.1	25.4	12.1	10.5	14.0	18.1	22.0	18.9	8.4	10.9	13.9	15.4	7.8
Members:																
Total Assets Per Member (\$)	H-L	18,791	14,645	10,414	12,473	6,023	14,857	11,626	9,147	10,327	6,124	12,278	9,359	7,357	8,443	4,521
Loans & Deps Per Member (\$)	H-L	28,791	22,411	16,539	19,049	8,218	22,884	17,890	14,406	15,871	8,957	18,519	14,588	11,587	12,937	6,720
Operating Exp Per Member (\$)	L-H	218	257	295	313	99	217	257	304	3245	179	198	237	286	294	85
Net Oper Exp Per Member (\$)	L-H	98	129	167	184	87	113	143	192	201	100	113	143	183	193	78
Productivity – Noninterest Income & Expenses (10)																
Earning Assets to Total Assets	H-L	97.76%	96.63%	95.72%	95.53%	1.7%	97.20%	96.19%	95.12%	94.82%	2.02%	97.09%	95.62%	94.30%	94.06%	2.44%
Operating Expense to E A	L-H	1.71	2.33	2.87	2.94	1.03	2.34	2.93	3.57	3.59	1.04	2.56	3.34	4.14	4.09	1.21
Operating Expense to T A	L-H	1.67	2.26	2.72	2.80	0.96	2.26	2.82	3.39	3.39	0.94	2.43	3.16	3.88	3.83	1.08
Operating Exp to Lns & Deps	L-H	1.08	1.45	1.77	1.79	0.58	1.48	1.86	2.13	2.17	0.58	1.69	2.07	2.47	2.47	0.66
Net Operating Expense to E A	L-H	0.93	1.27	1.62	1.65	0.64	1.39	1.81	2.15	2.15	0.58	1.62	2.12	2.60	2.57	0.71
Net Operating Expense to T A	L-H	0.90	1.20	1.55	1.57	0.60	1.35	1.71	2.03	2.03	0.54	1.51	2.02	2.44	2.41	0.65
Net Oper Exp to Lns & Deps	L-H	0.60	0.75	1.00	1.01	0.37	0.90	1.12	1.31	1.31	0.34	1.03	1.30	1.58	1.56	0.40
Noninter Inc to Operating Exp	H-L	60.83	49.99	41.72	42.37	13.62	55.68	45.09	37.90	38.05	13.52	51.93	42.86	34.20	34.87	13.95
Noninter Inc to Net Int Margin	H-L	72.81	57.80	40.05	44.77	20.58	68.36	52.39	40.46	42.65	20.55	65.60	50.62	38.21	40.33	22.63
Noninterest Income to T A	H-L	1.98	1.55	1.11	1.23	0.63	2.21	1.67	1.33	1.35	0.71	2.37	1.82	1.38	1.42	0.81

Attachment 3a (Continued) – 2006 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

<u>2006 Ratios – Actuals</u> Ratio	<u>Lo/Hi</u> <u>Hi/Lo</u>	<u>\$1 Billion and Above</u>					<u>\$300 Million to \$1 Billion</u>					<u>\$100 to \$300 Million</u>				
		<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>St Dev</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>St Dev</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>St Dev</u>
<u>Earnings Quality (11)</u>																
Return on Assets	H-L	1.32%	1.05%	0.84%	0.83%	0.37%	1.37%	1.09%	0.81%	0.82%	0.52%	1.33%	1.06%	0.75%	0.73%	0.56%
Return on Equity	H-L	12.30	10.36	7.94	7.96	3.75	11.97	9.49	7.40	7.19	4.51	11.81	9.19	6.48	6.29	5.02
Net Interest Margin to Avg E A	H-L	3.61	3.33	2.94	2.94	0.71	4.20	3.75	3.40	3.39	0.68	4.67	4.17	3.76	3.72	0.76
Net Interest Margin to Avg T A	H-L	3.42	3.14	2.81	2.80	0.65	3.93	3.55	3.23	3.21	0.62	4.33	3.90	3.53	3.50	0.69
Yield on Earning Assets	H-L	5.96	5.78	5.44	5.47	0.48	6.32	5.94	5.60	5.65	0.55	6.60	6.20	5.80	5.83	0.63
Yield on Total Assets	H-L	5.66	5.42	5.19	5.22	0.43	5.96	5.64	5.32	5.36	0.50	6.11	5.80	5.45	5.48	0.57
Yield on Loans	H-L	6.60	6.28	5.94	5.97	0.51	7.00	6.50	6.15	6.25	0.81	7.28	6.82	6.43	6.47	0.67
Yield on Investments	H-L	4.80	4.23	4.00	4.05	0.96	4.82	4.38	3.96	4.01	0.88	5.05	4.50	4.04	4.17	1.11
Cost of Funds	L-H	2.31	2.49	2.86	2.86	0.52	1.96	2.23	2.53	2.56	0.49	1.71	1.99	2.32	2.35	0.55
Breakeven Yield	L-H	3.81	4.01	4.38	4.40	0.55	3.82	4.19	4.50	4.56	0.65	3.91	4.33	4.74	4.80	0.92
Loans to Deposits – Hi to Lo	H-L	106.75	96.52	87.09	84.49	19.10	104.05	94.01	85.57	84.28	19.34	99.94	92.86	82.09	80.76	17.17
<u>Interest Rate Sensitivity (3)</u>																
Long-Term Assets to T A	L-H	11.45%	16.71%	26.06%	25.73%	11.24%	11.38%	16.77%	24.94%	25.62%	12.43%	8.35%	14.76%	21.66%	22.41%	11.38%
Long-Term Liabilities to T A	H-L	8.16	5.58	2.98	4.16	4.01	7.32	4.50	2.34	3.22	3.27	6.56	3.98	1.79	2.84	3.50
Long-T Lia to Long-T Assets	H-L	50.23	24.47	12.82	22.05	29.95	34.04	19.61	9.53	17.10	43.04	34.36	18.33	9.18	16.95	34.52
<u>Liquidity (7)</u>																
Loans to Deposits – Lo to Hi	H-L	61.69%	72.09%	87.09%	84.49%	19.10%	62.63%	75.98%	85.57%	84.28%	19.34%	58.81%	70.61%	82.09%	80.76%	17.17%
Short-Term Assets to T A	H-L	24.43	18.54	12.96	14.60	8.08	24.62	17.88	13.21	14.31	7.67	26.13	20.39	14.46	15.66	8.44
Short-Term Liabilities to T A	L-H	66.75	72.19	76.82	75.92	7.62	68.14	72.59	77.78	76.76	6.93	67.99	73.45	77.93	76.92	7.42
Short-T Lia to Short-T Assets	L-H	304.69	399.61	525.73	537.71	191.75	303.29	390.63	520.49	545.12	197.28	282.46	361.88	464.03	502.48	188.18
Borrowings to Total Assets	L-H	0.00	0.00	1.40	3.93	5.36	0.00	0.00	0.10	2.83	4.48	0.00	0.00	0.00	1.80	3.98
Borrowing Commits to T A	H-L	30.99	22.24	9.76	13.19	12.80	27.92	18.66	9.93	12.39	10.84	23.87	14.01	7.15	9.92	9.72
Off-Bal Sheet Commits to T A	L-H	10.14	12.92	19.85	25.11	40.13	6.30	10.13	15.29	16.83	9.32	4.14	7.41	12.59	14.38	10.02
<u>Asset Quality (5)</u>																
Delinquent Loans to Gross Lns	L-H	0.15%	0.24%	0.44%	0.49%	0.30%	0.15%	0.26%	0.45%	0.60%	0.53%	0.16%	0.31%	0.58%	0.78%	1.00%
Provision Expense to Gr Lns	L-H	0.10	0.18	0.36	0.42	0.31	0.05	0.15	0.31	0.40	0.42	0.04	0.15	0.33	0.47	0.65
Allow for Loan Loss to Gr Lns	L-H	0.26	0.37	0.56	0.61	0.32	0.22	0.34	0.53	0.63	0.44	0.24	0.35	0.54	0.68	0.56
Net Charge-Offs to Gross Lns	L-H	0.13	0.21	0.38	0.42	0.28	0.09	0.17	0.32	0.42	0.38	0.08	0.16	0.32	0.45	0.52
Market Value to Book – Invests	H-L	99.73	99.33	98.87	98.78	0.95	99.80	99.43	98.83	98.83	1.30	99.99	99.51	98.94	98.90	1.39
<u>Growth (9)</u>																
Asset Growth (EOP)	H-L	14.55%	9.74%	7.06%	6.81%	5.93%	15.46%	9.21%	5.15%	6.29%	8.50%	12.81%	7.62%	3.59%	4.75%	11.67%
Loans Growth (EOP)	H-L	19.40	14.09	10.19	10.31	7.53	19.79	13.82	8.16	9.04	10.44	18.54	12.01	5.92	7.08	11.93
Deposits Growth (EOP)	H-L	14.19	9.58	6.68	6.36	5.89	15.26	8.96	4.68	5.87	9.03	12.87	7.79	3.15	4.29	11.50
Equity Growth (EOP)	H-L	15.24	12.33	9.47	9.66	4.36	15.22	11.86	8.77	9.96	9.86	15.59	11.44	8.13	9.03	15.24
Operating Expense Growth	L-H	1.71	4.10	9.38	9.11	6.50	1.08	3.97	7.10	8.36	8.82	0.00	3.06	6.96	8.53	12.03
Net Income Growth \$	H-L	50.69	13.50	-2.06	0.88	43.04	53.93	19.32	-1.83	2.48	73.15	63.92	25.19	0.38	0.63	79.15
Net Interest Margin \$ Growth	H-L	11.06	7.45	3.89	2.31	8.07	13.26	6.94	2.16	2.90	11.72	13.63	8.01	2.88	3.52	13.06
Grow – Balanced (Ln, Dep, Eq)	L-H	2.12	3.54	6.71	8.00	5.68	3.25	5.34	8.74	10.20	8.08	3.76	5.97	9.14	11.05	8.82
Grow – Total (Ln, Dep, Eq)	H-L	44.53	35.51	25.44	26.33	14.18	43.27	30.82	20.59	24.88	24.58	41.91	27.55	16.92	20.40	34.87

Attachment 3b – 2006 Performance Area Ratio Benchmarks (\$10 Million to \$100 Million in Assets)

2006 Ratios – Actuals Ratio	Lo/Hi Hi/Lo	\$50 to \$100 Million					\$25 to \$50 Million					\$10 to \$25 Million				
		1 st Dec	1 st Qu	Median	Mean	St Dev	1 st Dec	1 st Qu	Median	Mean	St Dev	1 st Dec	1 st Qu	Median	Mean	St Dev
Capital Adequacy (12)																
Equity to Total Assets	H-L	16.71%	13.97%	11.70%	12.30%	3.48%	18.27%	15.38%	12.56%	13.25%	4.29%	20.77%	16.85%	13.54%	14.48%	5.18%
Equity & Allowance to T A	H-L	17.10	14.28	12.11	12.77	3.45	18.73	15.82	12.98	13.73	4.36	21.35	17.35	14.03	15.01	5.23
Deviation from 9.5% Equity	L-H	0.35	0.94	2.22	3.14	3.08	0.55	1.20	3.06	4.05	3.92	0.69	1.75	3.99	5.23	4.86
PCA Net Worth Actual	H-L	16.75	14.08	11.72	12.38	3.51	18.40	15.51	12.58	13.33	4.29	20.86	16.85	13.55	14.51	5.18
PCA Net Worth Required	L-H	4.51	4.83	5.15	5.29	0.77	4.34	4.71	5.03	5.15	0.75	4.14	4.46	4.83	4.92	0.75
Delinquent Loans to Equity	L-H	0.87	2.01	4.02	5.88	7.79	0.70	1.77	3.76	5.91	9.25	0.51	1.58	3.90	6.36	8.24
Risk-Based Net Worth Factors:																
Long-Term Real Estates	L-H	0.15%	0.43%	0.85%	1.00%	0.83%	0.03%	0.27%	0.73%	0.89%	0.85%	0.00%	0.02%	0.42%	0.63%	0.75%
Member Business Loans	L-H	0.00	0.00	0.00	0.13	0.61	0.00	0.00	0.00	0.12	0.56	0.00	0.00	0.00	0.06	0.42
Investments	L-H	0.35	0.65	1.11	1.38	1.09	0.38	0.72	1.25	1.45	1.07	0.42	0.73	1.24	1.49	1.12
Average Risk Assets	L-H	1.88	2.52	3.20	3.19	0.99	1.77	2.40	3.08	3.11	1.03	1.77	2.44	3.19	3.19	1.09
Loans w/ Recourse	L-H	0.00	0.00	0.00	0.01	0.06	0.00	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.02
Member Bus Commitments	L-H	0.00	0.00	0.00	0.01	0.05	0.00	0.00	0.00	0.01	0.65	0.00	0.00	0.00	0.00	0.04
Productivity – Full-Time Equivalent, Facilities, & Members (15)																
FTEs:																
Total Assets Per FTE (\$000)	H-L	4,588	3,041	2,380	2,811	1,649	4,320	3,137	2,290	2,737	1,512	4,231	3,075	2,265	2,647	1,380
Loans & Deps Per FTE (\$000)	H-L	6,599	4,649	3,646	4,167	2,010	5,967	4,569	3,483	3,973	1,936	5,757	4,318	3,350	3,747	1,701
Operating Expense Per FTE (\$)	L-H	74,128	84,412	97,079	100,261	22,969	72,298	81,423	94,383	97,687	22,727	66,996	76,999	90,084	93,520	24,758
Net Operating Exp Per FTE (\$)	L-H	44,977	52,470	66,018	69,600	23,171	47,890	56,055	69,038	72,500	22,747	47,891	56,683	69,899	73,2802	4,022
Salary Expense Per FTE (\$)	L-H	36,961	41,271	46,739	48,482	10,490	35,132	39,334	44,749	47,146	11,774	33,090	37,668	44,102	45,895	12,738
Promo, Ed, T Exp Per FTE (\$)	L-H	2,555	3,584	4,897	5,452	2,763	1,717	2,764	3,989	4,543	2,639	900	1,692	2,974	3,567	2,742
Oper Exp w/o Sal Per FTE (\$)	L-H	34,755	41,116	49,471	51,779	15,362	33,360	39,646	48,464	50,541	15,324	29,971	36,423	45,201	47,625	16,403
Members Per FTE (Members)	H-L	571.9	454.5	372.4	403.4	155.3	602.2	486.5	399.2	428.4	155.8	714.2	547.3	435.6	480.7	206.6
Facilities:																
Total Assets Per Branch (\$000)	H-L	65,850	42,713	25,949	32,880	20,624	40,521	31,989	20,951	23,263	11,457	21,501	17,404	13,151	13,880	5,122
Operatg Exp Per Branch (\$000)	L-H	560	756	1,035	1,225	690	419	561	764	886	450	265	353	499	544	255
FTEs Per Branch (FTEs)	L-H	5.9	8.0	10.9	12.2	6.3	4.5	6.0	8.0	9.3	4.6	3.0	4.0	5.5	6.0	2.9
Members:																
Total Assets Per Member (\$)	H-L	10,439	8,127	6,383	7,151	3,394	10,255	7,639	5,928	6,638	3,258	8,661	6,823	5,319	5,758	2,456
Loans & Deps Per Member (\$)	H-L	15,837	12,583	9,864	10,744	4,460	14,747	11,423	8,830	9,780	4,626	12,050	9,843	7,750	8,276	3,355
Operating Exp Per Member (\$)	L-H	181	214	259	266	74	162	196	238	246	82	134	165	209	213	67
Net Oper Exp Per Member (\$)	L-H	114	141	172	183	63	112	136	169	182	75	100	126	159	165	58
Productivity – Noninterest Income & Expenses (10)																
Earning Assets to Total Assets	H-L	97.38%	95.93%	94.17%	93.95%	2.81%	98.04%	96.73%	94.99%	94.59%	3.05%	98.70%	97.88%	95.95%	95.38%	3.20%
Operating Expense to E A	L-H	2.62	3.40	4.30	4.35	1.38	2.55	3.36	4.30	4.34	1.44	2.31	3.24	4.18	4.29	1.59
Operating Expense to T A	L-H	2.49	3.22	4.05	4.07	1.23	2.48	3.23	4.05	4.08	1.28	2.25	3.14	3.97	4.06	1.45
Operating Exp to Lns & Deps	L-H	1.74	2.15	2.60	2.67	0.78	1.76	2.18	2.68	2.73	0.81	1.67	2.19	2.71	2.78	0.94
Net Operating Expense to E A	L-H	1.99	2.36	2.88	2.88	0.75	1.97	2.51	3.09	3.10	0.90	1.98	2.59	3.21	3.23	1.00
Net Operating Expense to T A	L-H	1.90	2.24	2.70	2.70	0.68	1.90	2.39	2.91	2.92	0.81	1.93	2.47	3.06	3.06	0.92
Net Oper Exp to Lns & Deps	L-H	1.24	1.49	1.76	1.78	0.43	1.35	1.62	1.94	1.96	0.53	1.37	1.71	2.09	2.11	0.61
Noninter Inc to Operating Exp	H-L	47.39	39.27	30.28	31.12	13.00	42.27	33.79	25.41	26.17	12.65	39.05	29.34	20.46	21.71	13.21
Noninter Inc to Net Int Margin	H-L	64.09	46.86	32.07	36.09	20.86	51.66	37.84	26.20	29.27	19.96	47.12	31.02	19.96	23.36	18.11
Noninterest Income to T A	H-L	2.50	1.79	1.23	1.37	0.87	2.15	1.56	1.04	1.16	0.80	2.02	1.36	0.80	1.00	0.85

Attachment 3b (Continued) – 2006 Performance Area Ratio Benchmarks (\$10 Million to \$100 Million in Assets)

2006 Ratios – Actuals Ratio	Lo/Hi Hi/Lo	\$50 to \$100 Million					\$25 to \$50 Million					\$10 to \$25 Million				
		1 st Dec	1 st Qu	Median	Mean	St Dev	1 st Dec	1 st Qu	Median	Mean	St Dev	1 st Dec	1 st Qu	Median	Mean	St Dev
<u>Earnings Quality (11)</u>																
Return on Assets	H-L	1.27%	1.02%	0.71%	0.67%	0.63%	1.39%	1.05%	0.70%	0.67%	0.72%	1.49%	1.09%	0.68%	0.67%	0.79%
Return on Equity	H-L	10.82	8.27	5.86	5.33	6.37	10.68	8.04	5.37	5.07	6.06	10.68	7.71	4.97	4.67	6.33
Net Interest Margin to Avg E A	H-L	4.99	4.47	3.95	3.96	0.83	5.21	4.65	4.11	4.11	0.89	5.41	4.86	4.24	4.20	1.03
Net Interest Margin to Avg T A	H-L	4.65	4.17	3.71	3.72	0.74	4.88	4.36	3.88	3.88	0.81	5.12	4.59	4.03	4.00	0.95
Yield on Earning Assets	H-L	6.86	6.40	5.90	5.96	0.72	7.02	6.43	5.91	6.00	0.79	7.09	6.51	5.92	6.01	0.89
Yield on Total Assets	H-L	6.38	5.97	5.54	5.59	0.64	6.61	6.06	5.58	5.66	0.70	6.69	6.16	5.63	5.73	0.81
Yield on Loans	H-L	7.70	7.12	6.63	6.71	0.78	8.06	7.35	6.76	6.89	1.04	8.28	7.49	6.84	6.99	1.09
Yield on Investments	H-L	5.04	4.59	4.12	4.17	1.21	5.09	4.56	4.13	4.22	1.38	5.31	4.71	4.27	4.37	1.58
Cost of Funds	L-H	1.50	1.81	2.17	2.20	0.57	1.30	1.68	2.06	2.10	0.65	1.13	1.50	1.95	2.02	0.79
Breakeven Yield	L-H	4.03	4.40	4.91	4.96	0.92	3.99	4.41	4.88	5.01	0.97	4.00	4.42	4.94	5.09	1.26
Loans to Deposits – Hi to Lo	H-L	97.32	89.42	79.60	77.11	17.99	96.41	86.61	75.36	74.55	18.70	96.12	86.96	74.70	72.36	20.32
<u>Interest Rate Sensitivity (3)</u>																
Long-Term Assets to T A	L-H	5.11%	10.68%	17.32%	18.93%	11.47%	2.16%	7.69%	15.68%	16.76%	11.60%	0.00%	2.27%	9.95%	12.07%	11.33%
Long-Term Liabilities to T A	H-L	6.20	2.94	1.10	2.24	3.17	3.86	1.66	0.25	1.35	2.66	2.40	0.44	0.00	0.77	2.19
Long-T Lia to Long-T Assets	H-L	41.83	19.09	6.44	18.26	43.86	28.65	10.04	1.52	12.80	41.52	21.41	4.16	0.00	11.90	48.29
<u>Liquidity (7)</u>																
Loans to Deposits – Lo to Hi	H-L	52.12%	66.69%	79.60%	77.11%	17.99%	49.92%	63.20%	75.36%	74.55%	18.70%	44.70%	58.94%	74.70%	72.36%	10.32%
Short-Term Assets to T A	H-L	30.36	23.00	16.51	18.09	9.75	35.87	27.01	19.40	21.08	11.47	42.09	33.06	23.23	25.14	13.29
Short-Term Liabilities to T A	L-H	67.66	74.51	79.04	77.54	7.90	68.89	75.35	80.08	78.60	7.65	69.12	75.90	80.96	79.20	8.42
Short-T Lia to Short-T Assets	L-H	247.63	321.20	436.06	477.53	203.52	209.05	277.51	375.45	419.44	190.56	178.39	235.76	322.17	371.15	185.93
Borrowings to Total Assets	L-H	0.00	0.00	0.00	0.90	2.95	0.00	0.00	0.00	0.67	2.30	0.00	0.00	0.00	0.40	1.60
Borrowing Commits to T A	H-L	17.53	10.41	5.98	7.87	8.14	15.27	8.96	4.55	6.09	6.59	12.37	7.50	3.50	4.85	5.88
Off-Bal Sheet Commits to T A	L-H	3.12	6.14	10.86	12.86	13.93	1.67	5.05	8.94	11.25	12.67	0.00	1.72	6.19	8.57	9.28
<u>Asset Quality (5)</u>																
Delinquent Loans to Gross Lns	L-H	0.20%	0.42%	0.72%	0.94%	0.92%	0.17%	0.39%	0.80%	1.08%	1.28	0.15%	0.41%	0.94%	1.30%	1.39%
Provision Expense to Gr Lns	L-H	0.02	0.14	0.34	0.50	0.71	0.00	0.10	0.28	0.45	0.70	0.00	0.07	0.30	0.50	0.92
Allow for Loan Loss to Gr Lns	L-H	0.22	0.35	0.57	0.71	0.66	0.23	0.36	0.59	0.76	0.76	0.24	0.40	0.68	0.91	0.93
Net Charge-Offs to Gross Lns	L-H	0.06	0.18	0.33	0.47	0.48	0.05	0.15	0.30	0.46	0.57	0.01	0.13	0.33	0.51	0.72
Market Value to Book – Invests	H-L	100.00	99.54	98.97	98.92	1.66	100.00	99.97	99.05	99.02	1.70	100.00	100.00	99.39	99.06	1.92
<u>Growth (9)</u>																
Asset Growth (EOP)	H-L	11.38%	6.07%	2.16%	3.12%	10.47%	10.36%	4.78%	0.64%	1.70%	8.58%	8.19%	3.16%	-1.18%	-0.48%	8.92%
Loans Growth (EOP)	H-L	16.67	10.04	4.71	5.98	16.49	17.16	10.25	4.02	5.02	11.27	16.35	9.50	3.57	4.36	11.62
Deposits Growth (EOP)	H-L	11.92	6.12	1.76	2.88	10.64	10.81	4.40	-0.32	1.00	9.26	8.48	2.73	-2.12	-1.37	9.95
Equity Growth (EOP)	H-L	13.32	9.76	6.67	7.22	15.15	12.42	9.18	6.09	6.25	8.22	12.56	8.53	5.28	5.65	8.83
Operating Expense Growth	L-H	-1.94	2.11	6.09	7.57	14.43	-3.00	0.89	4.97	6.19	9.81	-3.57	0.29	4.20	5.88	14.51
Net Income \$ Growth	H-L	82.82	28.29	-1.33	4.32	94.71	90.94	35.12	0.06	5.49	101.55	88.45	38.07	1.79	3.64	104.06
Net Interest Margin \$ Growth	H-L	13.54	7.60	2.51	3.15	11.76	14.75	8.48	2.99	3.41	10.80	14.72	8.93	3.47	3.87	17.32
Grow – Balanced (Ln, Dep, Eq)	L-H	3.73	6.38	10.25	11.86	10.56	3.84	6.72	10.91	12.42	8.78	4.74	8.20	12.35	14.02	8.86
Grow – Total (Ln, Dep, Eq)	H-L	33.94	22.77	13.27	16.08	37.94	32.65	20.98	10.31	12.27	22.46	28.30	17.66	7.32	8.64	23.80

Attachment 4a – 2005 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

2005 Ratios – Actuals Ratio	Lo/Hi Hi/Lo	\$1 Billion and Above				\$300 Million to \$1 Billion				\$100 to \$300 Million			
		1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean
Capital Adequacy (12)													
Equity to Total Assets	H-L	12.70%	11.38%	10.09%	10.28%	14.03%	11.97%	10.47%	10.98%	14.59%	12.40%	10.74%	11.24%
Equity & Allowance to T A	H-L	12.85	11.93	10.59	10.75	14.59	12.37	10.92	11.43	15.09	12.84	11.24	11.70
Deviation from 9.5% Equity	L-H	0.21	0.59	1.28	1.51	0.31	0.67	1.42	2.11	0.27	0.75	1.53	2.27
PCA Net Worth Actual	H-L	13.22	11.68	10.26	10.47	14.28	12.13	10.65	11.18	14.74	12.49	10.88	11.39
PCA Net Worth Required	L-H	4.47	4.66	5.00	5.07	4.43	4.76	5.02	5.13	4.31	4.61	4.98	5.04
Delinquent Loans to Equity	L-H	0.84	1.48	2.84	4.04	0.70	1.44	2.94	4.25	0.86	1.83	3.53	5.33
Risk-Based Net Worth Factors:													
Long-Term Real Estates	L-H	0.37%	0.74%	1.11%	1.26%	0.34%	0.58%	1.02%	1.20%	0.19%	0.53%	0.93%	1.06%
Member Business Loans	L-H	0.00	0.00	0.04	0.16	0.00	0.00	0.02	0.27	0.00	0.00	0.00	0.19
Investments	L-H	0.31	0.58	0.86	1.02	0.30	0.55	0.85	1.02	0.29	0.54	0.93	1.07
Average Risk Assets	L-H	1.86	2.43	3.03	3.04	1.81	2.43	3.12	3.04	1.88	2.45	3.16	3.12
Loans w/ Recourse	L-H	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01
Member Bus Commitments	L-H	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.01
Productivity – Full-Time Equivalents, Facilities, & Members (15)													
FTEs:													
Total Assets Per FTE (\$000)	H-L	8,153	5,525	4,021	5,388	5,400	3,956	3,074	3,812	5,079	3,402	2,599	3,341
Loans & Deps Per FTE (\$000)	H-L	12,884	8,507	6,454	7,924	7,783	6,080	4,841	5,708	7,207	5,121	4,031	4,916
Operating Expense Per FTE (\$)	L-H	88,175	97,940	115,670	117,643	81,143	91,016	104,333	108,391	75,321	84,708	95,455	98,716
Net Operating Exp Per FTE (\$)	L-H	41,508	50,337	64,942	69,984	42,714	51,858	64,093	69,095	39,506	50,821	62,299	65,555
Salary Expense Per FTE (\$)	L-H	45,798	49,863	57,173	58,633	40,932	46,513	53,049	54,525	38,104	42,755	47,540	48,994
Promo, Ed, T Exp Per FTE (\$)	L-H	3,611	4,192	5,655	5,956	3,245	4,290	5,612	6,171	2,849	3,858	5,145	5,537
Oper Exp w/o Sal Per FTE (\$)	L-H	41,029	48,025	57,699	59,010	37,396	42,821	50,470	53,866	35,318	41,000	48,038	49,722
Members Per FTE (Members)	H-L	583.7	449.8	376.7	413.5	487.8	417.1	361.4	392.4	523.4	433.7	359.6	390.2
Facilities:													
Total Assets Per Branch (\$000)	H-L	250,035	153,867	101,776	135,224	153,416	86,797	58,533	90,221	102,214	56,310	37,324	50,319
Operatg Exp Per Branch (\$000)	L-H	1,519	1,965	2,623	3,053	1,070	1,380	1,947	2,578	763	993	1,363	1,591
FTEs Per Branch (FTEs)	L-H	14.6	17.7	22.8	26.0	10.7	14.4	18.9	23.0	8.4	10.9	14.2	15.9
Members:													
Total Assets Per Member (\$)	H-L	18,658	14,370	10,492	12,563	14,895	11,432	8,873	10,086	12,757	9,349	7,274	8,593
Loans & Deps Per Member (\$)	H-L	27,946	21,465	16,466	18,903	22,833	17,565	13,987	15,326	18,717	14,355	11,379	12,925
Operating Exp Per Member (\$)	L-H	207	245	283	301	204	249	285	306	184	223	272	276
Net Oper Exp Per Member (\$)	L-H	97	132	165	180	107	141	184	194	103	135	173	183
Productivity – Noninterest Income & Expenses (10)													
Earning Assets to Total Assets	H-L	97.89%	96.76%	95.75%	95.74%	97.26%	96.40%	95.33%	95.03%	97.39%	96.09%	94.62%	94.43%
Operating Expense to E A	L-H	1.64	2.26	2.79	2.85	2.28	2.84	3.50	3.48	2.39	3.15	3.93	3.85
Operating Expense to T A	L-H	1.61	2.17	2.69	2.71	2.20	2.74	3.30	3.30	2.29	2.99	3.68	3.62
Operating Exp to Lns & Deps	L-H	1.11	1.38	1.74	1.75	1.50	1.78	2.11	2.13	1.56	2.00	2.37	2.35
Net Operating Expense to E A	L-H	0.91	1.25	1.65	1.63	1.43	1.79	2.12	2.12	1.50	2.03	2.46	2.44
Net Operating Expense to T A	L-H	0.88	1.18	1.58	1.56	1.39	1.71	2.02	2.01	1.45	1.92	2.32	2.29
Net Oper Exp to Lns & Deps	L-H	0.58	0.76	0.99	1.01	0.93	1.13	1.30	1.31	0.98	1.27	1.52	1.50
Noninter Inc to Operating Exp	H-L	58.42	49.54	41.17	41.45	52.96	45.12	37.08	36.75	52.09	42.03	33.29	33.91
Noninter Inc to Net Int Margin	H-L	67.96	49.90	38.16	40.56	66.00	49.39	36.96	39.26	64.24	48.05	34.55	37.55
Noninterest Income to T A	H-L	1.90	1.48	1.06	1.16	2.21	1.59	1.25	1.28	2.28	1.70	1.24	1.32

Attachment 4a (Continued) – 2005 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

<u>2005 Ratios – Actuals</u> Ratio	<u>Lo/Hi</u> Hi/Lo	<u>\$1 Billion and Above</u>				<u>\$300 Million to \$1 Billion</u>				<u>\$100 to \$300 Million</u>			
		<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>
<u>Earnings Quality (11)</u>													
Return on Assets	H-L	1.33%	1.14%	0.88%	0.90%	1.37%	1.11%	0.87%	0.85%	1.34%	1.04%	0.78%	0.76%
Return on Equity	H-L	13.28	11.26	8.74	8.70	12.67	10.37	7.81	7.42	11.98	9.76	7.08	6.84
Net Interest Margin to Avg E A	H-L	3.67	3.44	3.09	3.05	4.30	3.88	3.48	3.49	4.58	4.17	3.76	3.69
Net Interest Margin to Avg T A	H-L	3.49	3.29	2.96	2.92	4.06	3.68	3.30	3.31	4.32	3.92	3.52	3.48
Yield on Earning Assets	H-L	5.43	5.23	4.82	4.88	5.79	5.42	5.04	5.09	6.11	5.63	5.22	5.24
Yield on Total Assets	H-L	5.20	4.97	4.61	4.67	5.45	5.13	4.79	4.83	5.65	5.30	4.93	4.94
Yield on Loans	H-L	6.11	5.80	5.37	5.48	6.63	6.10	5.71	5.86	6.98	6.48	6.01	6.08
Yield on Investments	H-L	4.19	3.69	3.30	3.36	4.03	3.66	3.28	3.27	4.05	3.65	3.23	3.28
Cost of Funds	L-H	1.62	1.82	2.03	2.10	1.35	1.58	1.83	1.86	1.15	1.40	1.70	1.75
Breakeven Yield	L-H	3.07	3.41	3.73	3.79	3.24	3.60	3.94	4.03	3.31	3.73	4.17	4.21
Loans to Deposits – Hi to Lo	H-L	106.03	94.02	84.41	82.63	102.19	94.01	83.32	81.00	100.49	91.35	79.14	78.62
<u>Interest Rate Sensitivity (3)</u>													
Long-Term Assets to T A	L-H	9.87%	17.80%	23.77%	24.16%	9.31%	15.12%	22.69%	23.99%	6.62%	12.96%	20.01%	21.22%
Long-Term Liabilities to T A	H-L	9.17	6.54	3.92	4.95	8.36	5.12	2.88	3.77	7.53	4.40	2.11	3.24
Long-T Lia to Long-T Assets	H-L	58.15	26.60	18.00	30.32	37.75	24.28	13.32	22.05	44.27	22.03	11.41	22.01
<u>Liquidity (7)</u>													
Loans to Deposits – Lo to Hi	L-H	57.59%	71.86%	84.41%	82.63%	56.54%	70.70%	83.32%	81.00%	53.43%	67.21%	79.14%	78.62%
Short-Term Assets to T A	H-L	24.14	17.88	11.61	13.9%	24.20	17.48	11.79	13.48	27.37	19.88	13.64	15.34
Short-Term Liabilities to T A	L-H	67.07	70.61	75.75	74.7%	66.79	70.59	76.57	75.50	67.06	72.54	77.48	76.52
Short-T Lia to Short-T Assets	L-H	305.72	408.31	507.45	719.8%	297.20	394.35	540.90	565.29	268.72	363.01	487.76	524.82
Borrowings to Total Assets	L-H	0.00	0.00	1.74	4.1%	0.00	0.00	0.01	2.75	0.00	0.00	0.00	2.00
Borrowing Commits to T A	H-L	32.19	20.79	6.30	12.6%	27.57	17.03	7.72	10.95	21.42	13.10	6.20	8.85
Off-Bal Sheet Commits to T A	L-H	10.20	13.74	19.88	22.4%	6.56	10.66	15.65	17.68	3.88	7.43	12.71	14.60
<u>Asset Quality (5)</u>													
Delinquent Loans to Gross Lns	L-H	0.13%	0.27%	0.42%	0.54%	0.13%	0.24%	0.47%	0.61%	0.17%	0.44%	0.83%	0.83%
Provision Expense to Gr Lns	L-H	0.14	0.25	0.40	0.52	0.09	0.21	0.38	0.55	0.07	0.20	0.44	0.55
Allow for Loan Loss to Gr Lns	L-H	0.27	0.44	0.62	0.68	0.24	0.40	0.59	0.67	0.25	0.38	0.59	0.70
Net Charge-Offs to Gross Lns	L-H	0.15	0.26	0.39	0.46	0.12	0.22	0.39	0.50	0.10	0.22	0.41	0.52
Market Value to Book - Invests	H-L	99.44	98.74	98.39	98.56	99.25	98.74	98.27	98.37	99.50	98.93	98.33	98.42
<u>Growth (9)</u>													
Asset Growth (EOP)	H-L	15.85%	12.26%	7.18%	8.84%	14.72%	10.37%	6.29%	7.67%	14.66%	8.02%	3.66%	5.37%
Loans Growth (EOP)	H-L	26.35	18.11	14.44	14.81	23.51	17.62	11.90	13.47	21.53	14.34	8.91	9.77
Deposits Growth (EOP)	H-L	14.65	10.72	5.92	7.68	12.75	8.96	5.00	6.43	13.65	6.94	2.77	4.29
Equity Growth (EOP)	H-L	15.22	12.27	8.47	9.10	15.02	11.18	7.80	8.76	14.00	10.13	7.05	7.20
Operating Expense Growth	L-H	2.82	5.33	8.87	9.57	-0.20	4.00	7.88	8.99	-0.05	3.13	6.85	7.89
Net Income \$ Growth	H-L	32.67	18.31	-3.98	-2.60	57.49	22.17	1.95	4.81	50.40	19.16	-2.37	-3.96
Net Interest Margin \$ Growth	H-L	14.93	8.72	4.34	4.46	13.92	9.68	4.08	2.84	13.77	8.06	3.38	2.46
Grow – Balanced (Ln, Dep, Eq)	L-H	3.30	5.45	9.04	10.38	3.68	5.99	9.37	11.29	3.69	6.12	9.81	11.68
Grow – Total (Ln, Dep, Eq)	H-L	54.19	39.99	28.57	31.59	45.44	35.60	24.86	28.66	44.00	30.16	19.04	21.27

Attachment 4b – 2005 Performance Area Ratio Benchmarks (\$10 Million to \$100 Million in Assets)

2005 Ratios – Actuals Ratio	Lo/Hi Hi/Lo	\$50 to \$100 Million				\$25 to \$50 Million				\$10 to \$25 Million			
		1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean
Capital Adequacy (12)													
Equity to Total Assets	H-L	16.17%	13.49%	11.14%	11.83%	17.30%	14.40%	11.92%	12.55%	19.60%	16.00%	12.79%	13.72%
Equity & Allowance to T A	H-L	16.57	13.90	11.58	12.29	17.78	14.92	12.31	13.04	20.29	16.47	13.24	14.23
Deviation from 9.5% Equity	L-H	0.28	0.83	1.77	2.79	0.47	1.05	2.50	3.50	0.59	1.37	3.29	4.59
PCA Net Worth Actual	H-L	16.40	13.65	11.21	11.95	17.37	14.54	12.00	12.65	19.68	16.04	12.80	13.75
PCA Net Worth Required	L-H	4.53	4.84	5.19	5.33	4.34	4.68	5.07	5.19	4.10	4.44	4.87	4.94
Delinquent Loans to Equity	L-H	1.01	2.34	4.64	6.49	0.79	2.04	4.26	6.20	0.65	1.83	4.12	7.28
Risk-Based Net Worth Factors:													
Long-Term Real Estates	L-H	0.14%	0.41%	0.78%	0.93%	0.03%	0.24%	0.66%	0.79%	0.00%	0.01%	0.36%	0.58%
Member Business Loans	L-H	0.00	0.00	0.00	0.13	0.00	0.00	0.00	0.12	0.00	0.00	0.00	0.05
Investments	L-H	0.35	0.66	1.23	1.50	0.43	0.80	1.43	1.66	0.47	0.82	1.40	1.68
Average Risk Assets	L-H	1.82	2.48	3.18	3.17	1.68	2.30	3.00	3.04	1.67	2.29	3.05	3.08
Loans w/ Recourse	L-H	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Member Bus Commitments	L-H	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00
Productivity – Full-Time Equivalents, Facilities, & Members (15)													
FTEs:													
Total Assets Per FTE (\$000)	H-L	4,541	3,110	2,389	2,821	4,427	3,226	2,323	2,801	4,438	3,149	2,311	2,729
Loans & Deps Per FTE (\$000)	H-L	6,309	4,700	3,713	4,152	6,028	4,597	3,481	4,008	5,863	4,393	3,360	3,797
Operating Expense Per FTE (\$)	L-H	72,552	81,660	94,979	97,130	69,279	78,265	91,042	94,542	65,281	74,329	85,997	89,977
Net Operating Exp Per FTE (\$)	L-H	44,170	53,656	63,639	68,298	46,197	55,085	66,756	70,981	46,757	56,052	67,230	71,373
Salary Expense Per FTE (\$)	L-H	35,962	40,011	44,957	46,865	34,140	37,776	43,459	45,507	31,872	36,380	42,151	44,172
Promo, Ed, T Exp Per FTE (\$)	L-H	2,407	3,325	4,606	5,202	1,687	2,615	3,871	4,415	739	1,544	2,709	3,323
Oper Exp w/o Sal Per FTE (\$)	L-H	33,614	39,580	48,269	50,265	32,095	37,974	46,420	49,036	28,750	35,190	43,418	45,805
Members Per FTE (Members)	H-L	576.1	466.8	375.6	411.2	625.6	497.1	404.1	439.1	724.2	562.6	442.7	488.1
Facilities:													
Total Assets Per Branch (\$000)	H-L	67,907	445,072	26,573	34,307	41,385	32,653	24,333	24,094	21,634	17,697	13,308	14,083
Operatg Exp Per Branch (\$000)	L-H	579	748	1,009	1,234	395	552	778	880	246	343	480	522
FTEs Per Branch (FTEs)	L-H	6.2	8.2	11.0	12.8	4.4	6.0	8.5	9.5	3.0	4.0	5.5	6.0
Members:													
Total Assets Per Member (\$)	H-L	10,296	8,099	6,358	7,062	10,300	7,669	5,865	6,597	8,659	6,862	5,361	5,795
Loans & Deps Per Member (\$)	H-L	15,567	12,243	9,759	10,553	14,273	11,159	8,653	9,593	12,105	9,707	7,723	8,212
Operating Exp Per Member (\$)	L-H	173	205	245	253	153	184	225	233	125	156	195	201
Net Oper Exp Per Member (\$)	L-H	111	136	168	176	106	130	164	174	96	121	152	158
Productivity – Noninterest Income & Expenses (10)													
Earning Assets to Total Assets	H-L	97.35%	96.05%	94.36%	94.19%	98.23%	96.94%	95.20%	94.90%	98.84%	98.08%	96.23%	95.72%
Operating Expense to E A	L-H	2.57	3.35	4.13	4.18	2.38	3.21	4.06	4.13	2.14	3.03	3.97	4.02
Operating Expense to T A	L-H	2.46	3.18	3.87	3.81	2.32	3.07	3.87	3.89	2.08	2.93	3.79	3.82
Operating Exp to Lns & Deps	L-H	1.71	2.13	2.53	2.57	1.67	2.13	2.60	2.63	1.55	2.10	2.61	2.65
Net Operating Expense to E A	L-H	1.91	2.34	2.83	2.81	1.91	2.42	2.98	2.97	1.87	2.48	3.05	3.07
Net Operating Expense to T A	L-H	1.82	2.23	2.68	2.64	1.86	2.32	2.84	2.81	1.82	2.38	2.92	2.92
Net Oper Exp to Lns & Deps	L-H	1.24	1.47	1.75	1.74	1.32	1.61	1.90	1.91	1.34	1.67	2.03	2.03
Noninter Inc to Operating Exp	H-L	46.90	37.62	29.14	30.13	41.38	33.15	24.33	25.31	37.47	28.24	19.74	20.84
Noninter Inc to Net Int Margin	H-L	59.26	43.18	30.10	33.65	49.43	36.04	24.30	27.57	43.21	29.76	18.92	22.07
Noninterest Income to T A	H-L	2.32	1.67	1.13	1.27	2.07	1.43	0.94	1.08	1.87	1.24	0.74	0.90

Attachment 4b (Continued) – 2005 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

<u>2005 Ratios – Actuals</u> Ratio	<u>Lo/Hi</u> <u>Hi/Lo</u>	<u>\$50 to \$100 Million</u>				<u>\$25 to \$50 Million</u>				<u>\$10 to \$25 Million</u>			
		<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>
<u>Earnings Quality (11)</u>													
Return on Assets	H-L	1.33%	0.99%	0.70%	0.70%	1.30%	1.00%	0.68%	0.62%	1.42%	1.00%	0.62%	0.64%
Return on Equity	H-L	11.89	8.77	5.94	5.91	11.15	8.14	5.51	5.51	10.55	7.62	4.82	4.71
Net Interest Margin to Avg E A	H-L	4.95	4.45	3.98	3.98	5.07	4.51	4.01	4.01	5.22	4.59	4.02	4.03
Net Interest Margin to Avg T A	H-L	4.62	4.16	3.75	3.75	4.73	4.26	3.80	3.80	4.94	4.38	3.85	3.85
Yield on Earning Assets	H-L	6.32	5.86	5.41	5.43	6.44	5.87	5.36	5.40	6.54	5.89	5.26	5.41
Yield on Total Assets	H-L	5.88	5.50	5.08	5.11	6.05	5.52	5.05	5.12	6.22	5.58	5.04	5.17
Yield on Loans	H-L	7.31	6.75	6.29	6.36	7.75	7.04	6.43	6.58	8.13	7.31	6.63	6.81
Yield on Investments	H-L	4.14	3.69	3.27	3.32	4.15	3.66	3.28	3.35	4.05	3.61	3.21%	3.28
Cost of Funds	L-H	1.06	1.30	1.60	1.63	0.93	1.21	1.49	1.81	0.82	1.09	1.43	1.50
Breakeven Yield	L-H	3.48	3.88	4.38	4.44	3.47	3.87	4.36	4.52	3.49	3.88	4.40	4.55
Loans to Deposits – Hi to Lo	H-L	98.44	88.97	77.61	75.94	95.31	84.90	72.68	71.51	94.68	83.79	69.43	68.80
<u>Interest Rate Sensitivity (3)</u>													
Long-Term Assets to T A	L-H	5.01%	10.0%	17.6%	18.63%	1.81%	7.24%	15.48%	16.46%	0.00%	1.98%	9.60%	12.03%
Long-Term Liabilities to T A	H-L	6.55	3.5%	1.3%	2.49	4.50	1.88	0.17	1.51	2.58	0.38	0.00	0.75
Long-T Lia to Long-T Assets	H-L	46.40	20.7%	7.4%	21.03	33.32	11.83	1.39	15.78	17.31	1.65	0.00	8.58
<u>Liquidity (7)</u>													
Loans to Deposits – Lo to Hi	L-H	50.30%	64.33%	77.61%	75.94%	45.10%	58.93%	72.68%	71.51%	41.22%	54.46%	69.43%	68.80%
Short-Term Assets to T A	H-L	30.88	22.6%	15.7%	17.6%	37.59	27.85	19.33	21.26	44.95	34.46	23.78	26.17
Short-Term Liabilities to T A	L-H	67.56	73.5%	78.8%	77.4%	69.53	75.54	80.58	79.12	69.99	76.54	81.78	80.14
Short-T Lia to Short-T Assets	L-H	239.30	347.4%	490.3%	643.4%	203.60	273.31	381.27	434.60	173.50	227.78	315.67	365.14
Borrowings to Total Assets	L-H	0.00	0.0%	0.0%	1.2%	0.00	0.00	0.00	0.74	0.00	0.00	0.00	0.46
Borrowing Comm to T A	H-L	16.10	9.6%	5.0%	6.8%	13.64	8.13	3.60	5.43	10.70	6.60	2.65	4.27
Off-Bal Sheet Commits to T A	L-H	3.34	6.6%	11.3%	13.6%	1.51	4.95	9.10	10.93	0.00	1.75	6.26	8.58
<u>Asset Quality (5)</u>													
Delinquent Loans to Gross Lns	L-H	0.22%	0.44%	0.83%	1.03%	0.19%	0.45%	0.86%	1.14%	0.19%	0.47%	1.00%	1.44%
Provision Expense to Gr Lns	L-H	0.05	0.20	0.44	0.57	0.00	0.14	0.36	0.58	0.00	0.11	0.36	0.60
Allow for Loan Loss to Gr Lns	L-H	0.24	0.38	0.59	0.70	0.25	0.37	0.60	0.81	0.24	0.41	0.69	0.91
Net Charge-Offs to Gross Lns	L-H	0.09	0.22	0.41	0.52	0.09	0.19	0.38	0.58	0.00	0.16	0.38	0.58
Market Value to Book - Invests	H-L	100.00	98.93	98.33	98.52	100.00	99.93	98.42	98.66	100.00	100.00	98.79	98.85
<u>Growth (9)</u>													
Asset Growth (EOP)	H-L	11.60%	6.91%	2.06%	3.59%	10.11%	4.87%	0.63%	1.68%	8.75%	3.52%	-0.96%	0.06%
Loans Growth (EOP)	H-L	21.35	13.21	6.69	8.38	19.40	12.42	6.17	7.25	20.15	11.50	5.03	6.10
Deposits Growth (EOP)	H-L	11.46	6.12	1.29	2.61	9.30	4.33	-0.48	0.71	8.24	2.78	-2.29	-1.06
Equity Growth (EOP)	H-L	14.48	9.78	6.01	6.82	12.77	8.99	5.50	5.81	12.30	8.40	5.04	5.43
Operating Expense Growth	L-H	-1.65	2.19	6.08	7.18	-3.16	1.18	4.78	6.27	-4.45	-0.49	4.08	5.24
Net Income \$ Growth	H-L	81.29	29.71	-2.27	-3.27	107.20	38.66	-0.42	5.03	107.73	35.92	-3.37	-6.72
Net Interest Margin \$ Growth	H-L	15.25	8.82	3.24	4.60	15.41	8.72	3.12	3.80	18.14	10.22	3.82	5.38
Grow – Balanced (Ln, Dep, Eq)	L-H	4.03	6.37	10.29	12.61	4.22	7.17	11.37	13.41	5.11	8.38	12.62	14.57
Grow – Total (Ln, Dep, Eq)	H-L	40.13	25.40	14.46	17.80	34.96	22.92	11.72	13.77	33.15	19.37	8.00	10.47

Attachment 5a – 2004 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

2004 Ratios – Actuals Ratio	Lo/Hi Hi/Lo	\$1 Billion and Above				\$300 Million to \$1 Billion				\$100 to \$300 Million			
		1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean
Capital Adequacy (12)													
Equity to Total Assets	H-L	12.34%	11.24%	10.16%	10.21%	13.89%	11.66%	10.29%	10.78%	14.25%	12.11%	10.54%	11.075
Equity & Allowance to T A	H-L	12.55	11.79	10.47	10.66	14.34	12.06	10.75	11.23	14.86	12.48	10.97	11.52
Deviation from 9.5% Equity	L-H	0.30	0.69	1.22	1.42	0.18	0.66	1.23	1.83	0.31	0.69	1.38	2.11
PCA Net Worth Actual	H-L	12.46	11.34	10.21	10.29	14.03	11.73	10.32	10.86	14.22	12.12	10.61	11.12
PCA Net Worth Required	L-H	4.83	5.11	5.43	5.56	4.82	5.11	5.48	5.66	4.77	5.07	5.42	5.58
Delinquent Loans to Equity	L-H	0.87	1.45	2.27	3.56	0.73	1.32	2.75	3.89	0.96	1.95	3.54	4.84
Risk-Based Net Worth Factors:													
Long-Term Real Estates	L-H	0.40%	0.69%	1.00%	1.19%	0.29%	0.50%	0.93%	1.11%	0.14%	0.45%	0.83%	1.01%
Member Business Loans	L-H	0.00	0.00	0.02	0.12	0.00	0.00	0.01	0.23	0.00	0.00	0.00	0.15
Investments	L-H	0.61	0.92	1.61	1.80	0.40	0.81	1.53	1.78	0.41	0.80	1.50	1.81
Average Risk Assets	L-H	1.77	2.28	2.78	2.86	1.72	2.29	2.96	2.94	1.72	2.34	3.09	3.03
Loans w/ Recourse	L-H	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01
Member Bus Commitments	L-H	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.01
Productivity – Full-Time Equivalents, Facilities, & Members (15)													
FTEs:													
Total Assets Per FTE (\$000)	H-L	9,143	5,550	4,147	5,467	5,659	4,087	3,154	3,842	5,112	3,380	2,575	3,306
Loans & Deps Per FTE (\$000)	H-L	12,933	8,150	6,356	7,802	7,821	6,066	4,808	5,668	6,990	5,052	3,953	4,793
Operating Expense Per FTE (\$)	L-H	86,166	94,978	110,239	113,935	77,637	87,403	100,965	105,787	72,841	81,550	93,584	95,515
Net Operating Exp Per FTE (\$)	L-H	40,925	49,827	65,301	69,224	42,717	52,448	65,177	69,598	41,287	51,533	62,493	65,404
Salary Expense Per FTE (\$)	L-H	43,732	48,853	55,039	56,647	39,731	45,054	51,811	53,006	36,985	41,305	46,541	47,487
Promo, Ed, T Exp Per FTE (\$)	L-H	2,964	3,882	4,881	5,386	2,936	4,031	5,311	6,046	2,664	3,609	4,899	5,221
Oper Exp w/o Sal Per FTE (\$)	L-H	37,659	46,455	55,285	57,288	36,171	41,935	48,400	52,781	34,022	39,434	46,832	48,028
Members Per FTE (Members)	H-L	598.7	460.8	390.2	427.8	496.2	424.1	363.6	399.8	528.3	436.4	368.7	392.3
Facilities:													
Total Assets Per Branch (\$000)	H-L	251,500	148,234	103,677	135,929	176,646	95,482	59,934	94,490	102,756	57,460	38,625	51,026
Operatg Exp Per Branch (\$000)	L-H	1,493	2,002	2,686	3,050	1,072	1,349	1,974	2,607	728	991	1,359	1,582
FTEs Per Branch (FTEs)	L-H	14.5	19.0	23.7	26.9	10.7	14.6	19.8	24.0	8.5	10.9	14.6	16.4
Members:													
Total Assets Per Member (\$)	H-L	17,506	13,763	10,731	12,257	14,738	11,221	8,784	9,999	12,519	9,052	7,141	8,404
Loans & Deps Per Member (\$)	H-L	26,261	20,339	16,499	17,978	22,358	16,840	13,436	14,929	18,103	13,726	10,812	12,480
Operating Exp Per Member (\$)	L-H	195	231	269	284	197	235	276	294	173	212	256	263
Net Oper Exp Per Member (\$)	L-H	94	127	157	172	111	139	181	192	104	134	172	179
Productivity – Noninterest Income & Expenses (10)													
Earning Assets to Total Assets	H-L	98.27%	97.17%	96.04%	95.88%	97.55%	96.67%	95.53%	95.29%	97.50%	96.25%	94.84%	94.72%
Operating Expense to E A	L-H	1.59	2.23	2.75	2.78	2.18	2.65	3.35	3.37	2.23	3.01	3.84	3.76
Operating Expense to T A	L-H	1.56	2.17	2.67	2.66	2.12	2.55	3.20	3.19	2.14	2.88	3.64	3.54
Operating Exp to Lns & Deps	L-H	1.06	1.34	1.78	1.75	1.46	1.73	2.10	2.09	1.55	1.97	2.36	2.32
Net Operating Expense to E A	L-H	0.91	1.23	1.64	1.63	1.44	1.76	2.11	2.12	1.59	2.05	2.51	2.46
Net Operating Expense to T A	L-H	0.89	1.18	1.57	1.55	1.38	1.68	2.00	2.02	1.54	1.95	2.38	2.32
Net Oper Exp to Lns & Deps	L-H	0.60	0.80	1.02	1.03	0.94	1.12	1.33	1.33	1.04	1.31	1.56	1.53
Noninter Inc to Operating Exp	H-L	56.74	48.84	39.05	40.06	51.17	43.54	34.16	34.70	48.88	39.48	30.64	31.79
Noninter Inc to Net Int Margin	H-L	58.69	47.31	35.83	37.10	59.27	43.75	32.68	35.29	57.68	43.66	31.50	33.95
Noninterest Income to T A	H-L	1.78	1.40	1.05	1.10	2.04	1.52	1.11	1.18	2.09	1.59	1.15	1.22

Attachment 5a (Continued) – 2004 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

<u>2004 Ratios – Actuals</u> Ratio	<u>Lo/Hi</u> Hi/Lo	<u>\$1 Billion and Above</u>				<u>\$300 Million to \$1 Billion</u>				<u>\$100 to \$300 Million</u>			
		<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>
<u>Earnings Quality (11)</u>													
Return on Assets	H-L	1.46%	1.21%	1.01%	1.02%	1.40%	1.14%	0.92%	0.93%	1.37%	1.08%	0.83%	0.85%
Return on Equity	H-L	13.86	12.00	10.12	10.10	13.32	10.91	8.64	8.82	12.75	10.16	7.75	7.82
Net Interest Margin to Avg E A	H-L	3.80	3.51	3.23	3.14	4.37	3.89	3.52	3.53	4.76	4.30	3.80	3.78
Net Interest Margin to Avg T A	H-L	3.55	3.35	3.07	3.00	4.10	3.67	3.36	3.36	4.46	4.03	3.59	3.58
Yield on Earning Assets	H-L	5.16	4.88	4.58	4.58	5.60	5.15	4.82	4.82	5.92	5.44	5.00	5.01
Yield on Total Assets	H-L	4.89	4.68	4.36	4.39	5.30	4.89	4.58	4.59	5.56	5.11	4.71	4.74
Yield on Loans	H-L	6.46	5.94	5.44	5.55	6.64	6.20	5.74	5.89	7.16	6.58	6.09	6.16
Yield on Investments	H-L	3.40	3.11	2.63	2.61	3.43	3.04	2.62	2.63	3.54	3.03	2.56	2.60
Cost of Funds	L-H	1.21	1.40	1.65	1.69	1.03	1.27	1.51	1.52	0.96	1.14	1.39	1.44
Breakeven Yield	L-H	2.66	3.01	3.39	3.39	2.06	3.24	3.67	3.70	2.99	3.45	3.92	3.93
Loans to Deposits – Hi to Lo	H-L	98.72	89.72	78.02	76.67	99.81	89.57	76.90	76.34	98.16	88.40	75.28	75.08
<u>Interest Rate Sensitivity (3)</u>													
Long-Term Assets to T A	L-H	11.04%	17.52%	23.88%	24.37%	8.80%	14.67%	23.86%	24.62%	7.81%	13.60%	21.61%	22.51%
Long-Term Liabilities to T A	H-L	10.13	5.72	3.32	4.56	7.59	5.13	2.81	3.55	6.83	4.23	2.02	3.05
Long-T Lia to Long-T Assets	H-L	53.19	28.54	14.73	23.92	42.92	24.12	11.28	20.91	41.77	20.74	9.44	19.34
<u>Liquidity (6)</u>													
Loans to Deposits – Lo to Hi	L-H	51.30%	65.76%	78.02%	76.67%	52.95%	64.41%	76.90%	76.34%	49.63%	62.32%	75.28%	75.08%
Short-Term Assets to T A	H-L	23.62	17.17	11.84	14.05	24.87	17.00	12.22	13.56	24.24	18.69	13.19	14.65
Short-Term Liabilities to T A	L-H	66.18	71.24	75.94	75.67	68.31	72.33	77.74	76.89	68.44	73.88	78.97	77.86
Short-T Lia to Short-T Assets	L-H	342.50	452.73	675.67	691.25	310.23	459.87	639.70	810.11	317.95	421.47	580.95	755.61
Borrowings to Total Assets	L-H	0.00	0.00	0.01	3.38	0.00	0.00	0.00	2.12	0.00	0.00	0.00	1.59
Off-Bal Sheet Commits to T A	L-H	9.44	13.14	18.90	20.39	6.87	10.70	16.13	17.81	4.30	7.93	13.13	15.01
<u>Asset Quality (5)</u>													
Delinquent Loans to Gross Lns	L-H	0.15%	0.24%	0.42%	0.52%	0.14%	0.25%	0.45%	0.59%	0.20%	0.37%	0.60%	0.79%
Provision Expense to Gr Lns	L-H	0.13	0.20	0.41	0.49	0.07	0.19	0.41	0.51	0.06	0.21	0.39	0.51
Allow for Loan Loss to Gr Lns	L-H	0.28	0.45	0.66	0.70	0.26	0.41	0.61	0.69	0.27	0.40	0.60	0.71
Net Charge-Offs to Gross Lns	L-H	0.17	0.24	0.39	0.46	0.11	0.23	0.41	0.49	0.12	0.24	0.42	0.52
Market Value to Book - Invests	H-L	100.04	99.84	99.43	99.19	100.00	99.78	99.33	99.07	100.01	99.99	99.55	99.31
<u>Growth (9)</u>													
Asset Growth (EOP)	H-L	15.01%	13.09%	8.00%	8.69%	14.84%	10.23%	6.49%	7.30%	14.74%	9.05%	5.10%	6.83%
Loans Growth (EOP)	H-L	25.18	17.63	11.85	12.78	22.61	17.13	10.15	11.33	23.69	15.85	8.25	10.45
Deposits Growth (EOP)	H-L	14.56	11.65	7.33	7.79	13.66	9.30	5.92	6.59	13.15	7.96	4.47	5.91
Equity Growth (EOP)	H-L	15.29	13.27	9.93	10.39	14.98	11.64	8.69	9.00	16.02	11.25	8.00	9.37
Operating Expense Growth	L-H	2.51	5.55	8.56	9.60	0.35	4.15	7.82	8.90	-0.42	3.16	7.29	8.73
Net Income \$ Growth	H-L	27.72	14.75	-0.62	3.83	47.37	17.84	1.00	6.73	63.20	22.86	0.46	6.53
Net Interest Margin \$ Growth	H-L	18.08	9.98	5.68	5.97	16.72	11.21	6.32	6.70	17.22	11.08	4.72	6.57
Grow – Balanced (Ln, Dep, Eq)	L-H	2.95	5.11	8.29	9.63	2.94	4.99	8.05	9.43	3.29	5.80	9.09	10.93
Grow – Total (Ln, Dep, Eq)	H-L	50.93	38.75	29.93	30.95	45.59	36.18	25.44	26.92	46.79	33.04	21.33	25.74

Attachment 5b – 2004 Performance Area Ratio Benchmarks (\$10 Million to \$100 Million in Assets)

2004 Ratios – Actuals Ratio	Lo/Hi Hi/Lo	\$50 to \$100 Million				\$25 to \$50 Million				\$10 to \$25 Million			
		1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean
Capital Adequacy (12)													
Equity to Total Assets	H-L	15.55%	13.02%	10.68%	11.48%	16.39%	13.70%	11.30%	11.97%	18.62%	15.10%	11.99%	12.95%
Equity & Allowance to T A	H-L	15.91	13.34	11.12	11.91	16.87	14.16	11.77	12.44	19.09	15.55	12.52	13.44
Deviation from 9.5% Equity	L-H	0.24	0.71	1.62	2.51	0.34	0.86	2.07	3.02	0.49	1.22	2.70	3.99
PCA Net Worth Actual	H-L	15.56	13.03	10.68	11.52	16.39	13.82	11.32	12.05	18.65	15.13	11.99	12.97
PCA Net Worth Required	L-H	4.61	4.95	5.30	5.44	4.37	4.75	5.11	5.24	4.12	4.47	4.89	5.01
Delinquent Loans to Equity	L-H	0.97	2.19	4.21	5.60	0.84	2.09	4.10	6.38	0.73	2.01	4.47	8.05
Risk-Based Net Worth Factors:													
Long-Term Real Estates	L-H	0.10%	0.37%	0.74%	0.86%	0.01%	0.20%	0.63%	0.73%	0.00%	0.00%	0.30%	0.5%
Member Business Loans	L-H	0.00	0.00	0.00	0.11	0.00	0.00	0.00	0.08	0.00	0.00	0.00	0.1%
Investments	L-H	0.45	0.84	1.56	1.83	0.53	0.97	1.68	1.91	0.57	1.01	1.63	1.9%
Average Risk Assets	L-H	1.61	2.29	3.07	3.04	1.62	2.17	2.84	2.93	1.52	2.19	2.90	2.9%
Loans w/ Recourse	L-H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Member Bus Commitments	L-H	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.0%
Productivity – Full-Time Equivalent, Facilities, & Members (15)													
FTEs:													
Total Assets Per FTE (\$000)	H-L	4,451	3,157	2,426	2,878	4,569	3,284	2,386	2,870	4,521	3,183	2,312	2,764
Loans & Deps Per FTE (\$000)	H-L	6,234	4,723	3,660	4,157	6,217	4,624	3,523	4,042	5,852	4,394	3,334	3,790
Operating Expense Per FTE (\$)	L-H	69,781	79,615	90,864	94,415	67,709	75,815	88,758	91,922	62,671	72,367	83,518	87,425
Net Operating Exp Per FTE (\$)	L-H	44,551	53,640	64,823	68,576	47,654	55,444	66,765	70,783	46,109	54,725	66,735	69,954
Salary Expense Per FTE (\$)	L-H	34,762	38,805	43,558	45,432	33,337	37,153	42,727	44,381	30,785	35,089	41,066	42,856
Promo, Ed, T Exp Per FTE (\$)	L-H	2,171	3,171	4,424	4,910	1,512	2,452	3,632	4,219	771	1,481	2,617	3,219
Oper Exp w/o Sal Per FTE (\$)	L-H	32,762	38,713	46,484	48,983	31,525	37,204	44,948	47,541	27,878	34,228	42,573	44,569
Members Per FTE (Members)	H-L	586.2	479.3	386.4	421.6	641.4	509.2	413.9	450.5	739.1	567.9	449.0	496.6
Facilities:													
Total Assets Per Branch (\$000)	H-L	69,645	51,734	27,898	36,269	41,554	33,570	25,450	24,890	21,958	17,932	13,556	14,351
Operatg Exp Per Branch (\$000)	L-H	574	761	1,037	1,251	388	543	769	870	237	333	472	514
FTEs Per Branch (FTEs)	L-H	6.5	8.5	11.4	13.4	4.3	6.0	8.7	9.7	3.0	4.0	5.5	6.1
Members:													
Total Assets Per Member (\$)	H-L	10,299	8,037	6,285	6,999	10,275	7,668	5,872	6,587	8,737	6,790	5,306	5,766
Loans & Deps Per Member (\$)	H-L	15,334	11,969	9,646	10,290	14,050	11,133	8,525	9,443	11,961	9,501	7,568	8,058
Operating Exp Per Member (\$)	L-H	165	194	233	240	142	174	213	222	123	150	187	192
Net Oper Exp Per Member (\$)	L-H	111	134	165	173	105	129	160	170	94	117	147	153
Productivity – Noninterest Income & Expenses (10)													
Earning Assets to Total Assets	H-L	97.66%	96.35%	94.58%	94.52%	98.39%	97.06%	95.38%	95.14%	98.95%	98.10%	96.36%	95.95%
Operating Expense to E A	L-H	2.40	3.21	3.96	3.99	2.23	3.05	3.89	3.95	2.04	2.92	3.82	3.87
Operating Expense to T A	L-H	2.32	3.08	3.76	3.76	2.19	2.93	3.71	3.74	2.00	2.84	3.65	3.69
Operating Exp to Lns & Deps	L-H	1.67	2.03	2.47	2.50	1.62	2.05	2.50	2.55	1.51	2.06	2.54	2.58
Net Operating Expense to E A	L-H	1.90	2.33	2.77	2.79	1.86	2.38	2.92	2.93	1.76	2.41	2.97	2.98
Net Operating Expense to T A	L-H	1.79	2.22	2.63	2.62	1.82	2.28	2.77	2.77	1.71	2.32	2.85	2.85
Net Oper Exp to Lns & Deps	L-H	1.26	1.49	1.73	1.75	1.30	1.58	1.89	1.90	1.31	1.65	2.01	2.00
Noninter Inc to Operating Exp	H-L	44.03	34.77	26.97	27.93	37.78	30.61	22.66	23.47	36.40	27.45	19.00	20.00
Noninter Inc to Net Int Margin	H-L	52.56	38.71	27.51	30.36	44.50	32.35	21.70	24.86	42.86	28.62	18.54	21.38
Noninterest Income to T A	H-L	1.99	1.47	1.02	1.13	1.84	1.28	0.83	0.96	1.71	1.16	0.71	0.84

Attachment 5b (Continued) – 2004 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

<u>2004 Ratios – Actuals</u> Ratio	<u>Lo/Hi</u> Hi/Lo	<u>\$50 to \$100 Million</u>				<u>\$25 to \$50 Million</u>				<u>\$10 to \$25 Million</u>			
		<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>
<u>Earnings Quality (11)</u>													
Return on Assets	H-L	1.29%	0.99%	0.70%	0.71%	1.26%	0.95%	0.64%	0.62%	1.29%	0.93%	0.56%	0.56%
Return on Equity	H-L	11.72	9.07	6.33	6.32	11.37	8.32	5.64	5.16	10.64	7.31	4.54	4.35
Net Interest Margin to Avg E A	H-L	4.98	4.42	3.91	3.93	5.09	4.50	3.95	3.97	5.17	4.51	3.89	3.93
Net Interest Margin to Avg T A	H-L	4.65	4.14	3.68	3.71	4.78	4.24	3.73	3.77	4.86	4.28	3.72	3.76
Yield on Earning Assets	H-L	6.10	5.55	5.09	5.12	6.21	5.66	5.08	5.12	6.31	5.59	4.93	5.04
Yield on Total Assets	H-L	5.73	5.23	4.81	4.83	5.84	5.32	4.80	4.86	5.97	5.32	4.71	4.83
Yield on Loans	H-L	7.60	6.93	6.29	6.44	8.03	7.21	6.61	6.77	8.54	7.62	6.93	7.06
Yield on Investments	H-L	3.64	3.07	2.57	2.60	3.48	2.93	2.44	2.55	3.32	2.76	2.21	2.29
Cost of Funds	L-H	0.85	1.08	1.33	1.37	0.80	1.03	1.27	1.32	0.72	0.94	1.22	1.29
Breakeven Yield	L-H	3.14	3.63	4.06	4.14	3.20	3.63	4.13	4.25	3.19	3.61	4.15	4.30
Loans to Deposits – Hi to Lo	H-L	95.12	85.95	73.47	71.71	91.72	81.10	68.26	67.63%	91.21	79.63	65.01	64.64
<u>Interest Rate Sensitivity (3)</u>													
Long-Term Assets to T A	L-H	4.78%	10.43%	18.22%	19.56%	2.01%	7.53%	15.62%	16.83%	0.00%	2.12%	9.71%	12.39%
Long-Term Liabilities to T A	H-L	5.61	3.10	1.02	2.20	4.16	1.69	0.10	1.39	2.33	0.27	0.00	0.70
Long-T Lia to Long-T Assets	H-L	39.24	17.09	6.02	18.08	29.28	10.29	0.65	12.77	21.59	2.69	0.00	11.58
<u>Liquidity (6)</u>													
Loans to Deposits – Lo to Hi	L-H	45.91%	58.73%	73.47%	71.71%	41.40%	54.71%	68.26%	67.63%	38.60%	51.10%	65.01%	64.64%
Short-Term Assets to T A	H-L	29.72	22.45	15.79	17.60	37.82	27.83	19.52	21.53	43.92	34.99	24.73	26.56
Short-Term Liabilities to T A	L-H	68.16	75.41	80.11	78.80	70.67	76.75	82.09	80.47	72.28	78.56	83.35	81.76
Short-T Lia to Short-T Assets	L-H	261.71	340.02	453.97	488.08	208.65	277.96	389.77	429.12	183.08	231.03	320.66	367.10
Borrowings to Total Assets	L-H	0.00	0.00	0.00	0.87	0.00	0.00	0.00	0.46	0.00	0.00	0.00	0.26
Off-Bal Sheet Commits to T A	L-H	3.38	6.58	11.30	12.78	1.64	5.05	9.20	10.93	0.00	1.73	6.08	8.43
<u>Asset Quality (5)</u>													
Delinquent Loans to Gross Lns	L-H	0.22%	0.45%	0.77%	0.94%	0.20%	0.45%	0.87%	1.15%	0.20%	0.51%	1.02%	1.48%
Provision Expense to Gr Lns	L-H	0.03	0.18	0.38	0.49	0.00	0.13	0.37	0.54	0.00	0.09	0.35	0.61
Allow for Loan Loss to Gr Lns	L-H	0.25	0.39	0.59	0.70	0.25	0.39	0.65	0.85	0.26	0.43	0.71	0.94
Net Charge-Offs to Gross Lns	L-H	0.11	0.23	0.39	0.50	0.08	0.20	0.41	0.57	0.04	0.19	0.41	0.63
Market Value to Book - Invests	H-L	100.05	100.00	99.88	99.57	100.00	100.00	100.00	99.75	100.00	100.00	100.00	99.90
<u>Growth (9)</u>													
Asset Growth (EOP)	H-L	12.16%	7.67%	3.71%	4.73%	10.64%	6.31%	2.86%	3.60%	10.46%	5.88%	1.96%	3.23%
Loans Growth (EOP)	H-L	22.95	14.30	6.87	8.59	19.80	11.04	4.62	6.23	18.62	10.02	2.70	4.34
Deposits Growth (EOP)	H-L	11.86	7.20	3.07	4.12	10.58	5.93	2.15	3.04	10.54	5.77	1.45	2.79
Equity Growth (EOP)	H-L	13.49	9.97	6.46	7.01	13.28	9.10	5.90	6.35	12.37	8.01	4.73	5.82
Operating Expense Growth	L-H	-1.58	2.48	6.47	7.63	-2.79	1.00	4.95	6.91	-4.19	-0.06	4.05	5.97
Net Income \$ Growth	H-L	67.11	25.99	-3.65	2.53	72.02	23.99	-3.16	-0.38	34.98	21.49	9.05	-10.31
Net Interest Margin \$ Growth	H-L	17.85	9.74	3.87	5.24	14.91	8.10	2.15	3.70	14.42	7.49	1.23	2.63
Grow – Balanced (Ln, Dep, Eq)	L-H	3.50	5.92	9.22	11.56	3.88	6.16	9.55	12.14	3.95	6.62	10.47	13.11
Grow – Total (Ln, Dep, Eq)	H-L	42.76	29.07	17.17	19.72	38.34	24.28	13.04	15.61	34.98	21.49	9.05	12.94

Attachment 6a – 2003 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

2003 Ratios – Actuals Ratio	Lo/Hi Hi/Lo	\$1 Billion and Above				\$300 Million to \$1 Billion				\$100 to \$300 Million			
		1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean
Capital Adequacy (12)													
Equity to Total Assets	H-L	12.19%	10.79%	9.95%	9.99%	13.71%	11.51%	10.15%	10.63%	14.09%	11.83%	10.21%	10.80%
Equity & Allowance to T A	H-L	12.42	11.32	10.55	10.46	14.26	11.89	10.55	11.09	14.60	12.31	10.72	11.27
Deviation from 9.5% Equity	L-H	0.33	0.66	1.13	1.37	0.23	0.60	1.25	1.76	0.22	0.66	1.36	1.99
PCA Net Worth Actual	H-L	11.98	10.82	9.87	9.98	13.45	11.50	10.12	10.59	14.09	11.79	10.21	10.78
PCA Net Worth Required	L-H	4.79	5.07	5.51	5.60	4.79	5.09	5.51	5.66	4.72	5.02	5.43	5.58
Delinquent Loans to Equity	L-H	0.89	1.52	2.44	3.45	0.77	1.64	2.93	4.02	1.16	2.13	3.89	4.95
Risk-Based Net Worth Factors:													
Long-Term Real Estates	L-H	0.47%	0.65%	1.08%	1.16%	0.29%	0.55%	0.89%	1.08%	0.17%	0.46%	0.81%	0.97%
Member Business Loans	L-H	0.00	0.00	0.01	0.09	0.00	0.00	0.00	0.18	0.00	0.00	0.00	0.12
Investments	L-H	0.63	1.12	1.90	2.10	0.45	1.02	1.74	1.97	0.54	0.99	1.73	1.98
Average Risk Assets	L-H	1.76	2.11	2.62	2.70	1.62	2.19	2.84	2.86	1.70	2.24	2.96	2.94
Loans w/ Recourse	L-H	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01
Member Bus Commitments	L-H	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01
Productivity – Full-Time Equivalents, Facilities, & Members (15)													
FTEs:													
Total Assets Per FTE (\$000)	H-L	8,829	5,681	4,053	5,514	5,555	4,145	2,999	3,757	5,137	3,338	2,528	3,287
Loans & Deps Per FTE (\$000)	H-L	12,743	7,971	6,248	7,702	7,412	6,092	4,664	5,512	6,981	4,886	3,902	4,7030
Operating Expense Per FTE (\$)	L-H	86,636	91,834	111,779	111,528	74,830	84,324	97,848	102,278	69,576	78,365	89,705	92,103
Net Operating Exp Per FTE (\$)	L-H	42,765	50,557	65,764	68,083	41,640	50,010	62,421	67,055	41,425	50,670	62,042	64,214
Salary Expense Per FTE (\$)	L-H	44,829	47,617	53,993	55,677	37,945	43,096	49,225	50,890	35,206	39,352	44,564	45,480
Promo, Ed, T Exp Per FTE (\$)	L-H	2,650	3,355	4,717	4,994	2,867	3,692	5,117	5,704	2,446	3,374	4,553	4,960
Oper Exp w/o Sal Per FTE (\$)	L-H	37,220	44,430	54,723	55,852	34,605	40,447	47,959	51,387	32,666	37,913	45,064	46,623
Members Per FTE (Members)	H-L	610.4	465.3	388.5	431.1	493.1	436.1	371.5	410.5	537.4	443.4	371.0	399.3
Facilities:													
Total Assets Per Branch (\$000)	H-L	257,104	161,638	108,367	174,338	168,906	95,997	59,326	93,702	109,961	59,497	38,874	54,526
Operatg Exp Per Branch (\$000)	L-H	1,461	1,938	2,948	4,115	1,063	1,359	1,961	2,530	704	969	1,354	1,629
FTEs Per Branch (FTEs)	L-H	14.1	18.9	27.8	34.2	10.8	15.0	20.4	24.5	8.5	11.1	15.0	17.5
Members:													
Total Assets Per Member (\$)	H-L	17,366	13,623	10,572	12,315	14,478	10,735	8,492	9,572	12,317	8,905	6,871	8,156
Loans & Deps Per Member (\$)	H-L	26,288	19,540	16,451	17,703	21,126	16,201	13,119	14,119	17,890	13,332	10,472	11,985
Operating Exp Per Member (\$)	L-H	188	216	266	278	184	221	263	274	161	202	245	250
Net Oper Exp Per Member (\$)	L-H	97	117	156	170	103	133	169	179	104	132	164	173
Productivity – Noninterest Income & Expenses (10)													
Earning Assets to Total Assets	H-L	98.30%	97.22%	96.20%	95.94%	97.49%	96.81%	95.56%	95.42%	97.58%	96.48%	95.06%	94.98%
Operating Expense to E A	L-H	1.47	2.19	2.77	2.71	2.06	2.65	3.30	3.29	2.17	2.88	3.72	3.67
Operating Expense to T A	L-H	1.44	2.11	2.65	2.59	1.97	2.54	3.16	3.13	2.11	2.77	3.54	3.47
Operating Exp to Lns & Deps	L-H	0.96	1.42	1.76	1.74	1.44	1.71	2.09	2.07	1.51	1.93	2.33	2.29
Net Operating Expense to E A	L-H	0.85	1.19	1.67	1.61	1.39	1.68	2.07	2.08	1.58	2.04	2.50	2.45
Net Operating Expense to T A	L-H	0.83	1.14	1.59	1.54	1.34	1.61	1.96	1.98	1.52	1.94	2.36	2.32
Net Oper Exp to Lns & Deps	L-H	0.53	0.79	1.04	1.04	0.93	1.09	1.33	1.32	1.09	1.30	1.57	1.55
Noninter Inc to Operating Exp	H-L	55.94	46.99	38.63	39.52	52.65	41.76	33.88	34.71	46.73	39.02	29.93	30.55
Noninter Inc to Net Int Margin	H-L	55.46	43.95	31.85	34.97	56.74	43.01	32.11	34.60	52.55	41.32	29.26	31.63
Noninterest Income to T A	H-L	1.70	1.31	0.98	1.05	1.93	1.53	1.09	1.15	1.99	1.53	1.06	1.15

Attachment 6a (Continued) – 2003 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

<u>2003 Ratios – Actuals</u>	<u>Lo/Hi</u>	<u>\$1 Billion and Above</u>				<u>\$300 Million to \$1 Billion</u>				<u>\$100 to \$300 Million</u>			
		<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>
<u>Earnings Quality (11)</u>													
Return on Assets	H-L	1.56%	1.28%	1.07%	1.10%	1.43%	1.20%	1.01%	0.99%	1.42%	1.13%	0.86%	0.89%
Return on Equity	H-L	15.35	13.28	10.86	11.14	14.48	11.84	9.33	9.57	13.60	11.06	8.24	8.5%
Net Interest Margin to Avg E A	H-L	3.94	3.68	3.34	3.24	4.41	4.00	3.60	3.59	4.85	4.35	3.89	3.9%
Net Interest Margin to Avg T A	H-L	3.76	3.51	3.19	3.10	4.20	3.78	3.44	3.41	4.52	4.09	3.66	3.7%
Yield on Earning Assets	H-L	5.46	5.26	4.87	4.84	5.90	5.46	5.04	5.07	6.23	5.72	5.24	5.3%
Yield on Total Assets	H-L	5.18	5.01	4.66	4.64	5.59	5.17	4.84	4.83	5.83	5.39	4.96	5.0%
Yield on Loans	H-L	7.23	6.47	5.98	6.10	7.35	6.79	6.27	6.43	7.78	7.19	6.63	6.7%
Yield on Investments	H-L	3.54	3.12	2.66	2.69	3.64	3.06	2.61	2.77	3.61	3.12	2.55	2.6%
Cost of Funds	L-H	1.47	1.63	1.88	1.92	1.31	1.53	1.77	1.80	1.20	1.49	1.65	1.7%
Breakeven Yield	L-H	2.82	3.21	3.58	3.59	3.10	3.44	3.87	3.89	3.28	3.68	4.09	4.1%
Loans to Deposits – Hi to Lo	H-L	99.48	85.60	74.06	72.70	97.70	86.49	73.08	73.36	93.75	84.67	72.67	71.85
<u>Interest Rate Sensitivity (3)</u>													
Long-Term Assets to T A	L-H	12.54%	19.21	25.90%	25.66%	9.51%	14.63%	24.33%	25.16%	7.52%	13.91%	21.54%	22.9%
Long-Term Liabilities to T A	H-L	10.45	6.45	3.41	4.75	7.93	5.35	2.85	3.57	6.84	4.12	1.91	2.9%
Long-T Lia to Long-T Assets	H-L	42.83	29.62	15.49	23.49	40.16	24.94	12.22	19.21	39.19	20.57	8.51	17.4%
<u>Liquidity (6)</u>													
Loans to Deposits – Lo to Hi	L-H	50.11%	59.62%	74.06%	72.70%	50.3%	60.9%	73.08%	73.36%	48.10%	58.90%	72.67%	71.85%
Short-Term Assets to T A	H-L	25.84	16.59	12.86	14.6%	26.47	18.81	13.25	14.61	25.89	20.17	14.28	15.86
Short-Term Liabilities to T A	L-H	67.63	72.25	77.33	76.8%	69.75	73.99	78.32	77.91	70.53	75.27	80.12	79.12
Short-T Lia to Short-T Assets	L-H	280.41	406.58	531.74	740.5%	284.99	384.81	506.32	524.12	294.45	371.62	494.12	522.92
Borrowings to Total Assets	L-H	0.00	0.00	0.00	3.3%	0.00	0.00	0.00	1.78	0.00	0.00	0.00	1.11
Off-Bal Sheet Commits to T A	L-H	8.09	12.49	18.53	19.7%	6.53	10.69	15.63	17.13	4.56	8.19	13.12	15.50
<u>Asset Quality (5)</u>													
Delinquent Loans to Gross Lns	L-H	0.18%	0.26%	0.43%	0.51%	0.18%	0.30%	0.51%	0.61%	0.24%	0.39%	0.66%	0.81%
Provision Expense to Gr Lns	L-H	0.10	0.24	0.45	0.54	0.06	0.22	0.42	0.50	0.03	0.18	0.38	0.48
Allow for Loan Loss to Gr Lns	L-H	0.31	0.49	0.71	0.76	0.29	0.46	0.64	0.73	0.29	0.43	0.64	0.77
Net Charge-Offs to Gross Lns	L-H	0.19	0.28	0.43	0.52	0.13	0.27	0.42	0.49	0.12	0.25	0.43	0.53
Market Value to Book - Invests	H-L	101.28	100.68	100.22	100.33	101.49	100.57	100.11	100.32	101.20	100.56	100.10	100.36
<u>Growth (9)</u>													
Asset Growth (EOP)	H-L	19.68%	15.97%	11.53%	13.05%	17.87%	13.67%	9.76%	10.76%	18.79%	12.60%	8.80%	10.53%
Loans Growth (EOP)	H-L	25.75	18.04	12.89	14.66	25.38	17.84	9.18	10.48	24.77	15.65	7.41	9.06
Deposits Growth (EOP)	H-L	19.29	14.50	10.50	12.46	16.92	12.91	9.63	10.16	17.61	12.42	8.40	10.07
Equity Growth (EOP)	H-L	16.96	13.87	11.28	12.43	17.12	12.72	9.10	9.69	16.68	12.17	8.26	9.84
Operating Expense Growth	L-H	3.74	6.19	10.14	13.07	2.56	5.77	9.56	10.82	0.84	4.54	8.41	10.13
Net Income \$ Growth	H-L	27.70	13.61	1.06	2.21	42.51	19.72	-0.17	2.34	52.42	24.30	0.63	12.53
Net Interest Margin \$ Growth	H-L	15.80	9.38	3.83	5.85	15.90	10.05	3.94	4.67	16.17	9.29	3.23	5.50
Grow – Balanced (Ln, Dep, Eq)	L-H	2.62	5.09	8.09	10.44	3.47	5.41	8.12	10.15	3.47	5.90	9.93	12.14
Grow – Total (Ln, Dep, Eq)	H-L	57.61	44.57	34.62	39.55	52.33	39.73	29.08	30.33	53.14	36.44	24.92	28.97

Attachment 6b – 2003 Performance Area Ratio Benchmarks (\$10 Million to \$100 Million in Assets)

2003 Ratios – Actuals Ratio	Lo/Hi Hi/Lo	\$50 to \$100 Million				\$25 to \$50 Million				\$10 to \$25 Million			
		1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean
Capital Adequacy (12)													
Equity to Total Assets	H-L	15.15%	12.55%	10.51%	11.26%	15.93%	13.26%	10.88%	11.60%	18.22%	14.69%	11.71%	12.58%
Equity & Allowance to T A	H-L	15.66	13.03	10.98	11.70	16.45	13.76	11.28	12.09	18.65	15.14	12.24	13.09
Deviation from 9.5% Equity	L-H	0.28	0.71	1.54	2.37	0.31	0.81	1.91	2.88	0.46	1.14	2.50	3.75
PCA Net Worth Actual	H-L	15.14	12.54	10.52	11.24	15.93	13.29	10.85	11.61	18.15	14.70	11.72	12.57
PCA Net Worth Required	L-H	4.57	4.92	5.26	5.45	4.30	4.66	5.05	5.21	4.10	4.41	4.81	4.95
Delinquent Loans to Equity	L-H	1.06	2.38	4.30	5.72	0.93	2.11	4.76	6.92	0.90	2.17	4.85	7.52
Risk-Based Net Worth Factors:													
Long-Term Real Estates	L-H	0.08%	0.36%	0.73	0.84	0.00%	0.15%	0.56%	0.69%	0.00%	0.00%	0.28%	0.49%
Member Business Loans	L-H	0.00	0.00	0.00	0.09	0.00	0.00	0.00	0.06	0.00	0.00	0.00	0.03
Investments	L-H	0.56	0.95	1.64	1.97	0.59	1.06	1.72	2.00	0.65	1.04	1.61	1.94
Average Risk Assets	L-H	1.66	2.28	2.95	2.95	1.60	2.16	2.83	2.89	1.59	2.21	2.91	2.92
Loans w/ Recourse	L-H	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Member Bus Commitments	L-H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Productivity – Full-Time Equivalents, Facilities, & Members (15)													
FTEs:													
Total Assets Per FTE (\$000)	H-L	4,637	3,161	2,371	2,891	4,500	3,258	2,343	2,819	4,511	3,164	2,314	2,729
Loans & Deps Per FTE (\$000)	H-L	6,206	4,572	3,601	4,133	6,062	4,539	3,426	3,951	5,835	4,301	3,274	3,737
Operating Expense Per FTE (\$)	L-H	66,891	76,019	87,602	90,386	64,627	73,401	85,452	88,594	60,646	69,578	81,527	84,296
Net Operating Exp Per FTE (\$)	L-H	45,094	53,163	63,600	67,034	46,250	53,466	65,012	68,931	45,307	53,267	64,794	68,062
Salary Expense Per FTE (\$)	L-H	33,262	37,236	41,875	43,588	31,838	35,271	40,908	42,622	29,885	33,940	39,438	41,154
Promo, Ed, T Exp Per FTE (\$)	L-H	2,034	2,967	4,181	4,601	1,442	2,274	3,436	3,966	777	1,484	2,497	3,076
Oper Exp w/o Sal Per FTE (\$)	L-H	31,566	37,016	44,561	46,798	30,116	35,805	43,258	45,973	27,802	33,002	41,200	43,142
Members Per FTE (Members)	H-L	583.0	480.9	394.7	426.7	644.2	513.9	418.1	453.0	746.6	582.4	457.5	501.5
Facilities:													
Total Assets Per Branch (\$000)	H-L	72,018	54,314	29,440	38,096	42,582	34,516	26,397	25,561	22,074	18,256	13,751	14,583
Operatg Exp Per Branch (\$000)	L-H	563	765	1,064	1,269	378	537	781	882	239	341	466	511
FTEs Per Branch (FTEs)	L-H	6.6	8.9	12.3	14.2	4.5	6.3	9.0	10.2	3.0	4.0	6.0	6.3
Members:													
Total Assets Per Member (\$)	H-L	10,463	7,836	6,108	6,921	10,060	7,476	5,765	6,404	8,536	6,661	5,181	5,623
Loans & Deps Per Member (\$)	H-L	14,701	11,455	9,205	10,060	13,513	10,768	8,311	9,113	11,582	9,248	7,406	7,848
Operating Exp Per Member (\$)	L-H	157	181	218	227	137	166	205	211	115	142	179	183
Net Oper Exp Per Member (\$)	L-H	110	128	158	167	100	125	155	163	90	114	141	147
Productivity – Noninterest Income & Expenses (10)													
Earning Assets to Total Assets	H-L	97.74%	96.42%	94.84%	94.70%	98.42%	97.17%	95.47%	95.23`	99.05%	98.22%	96.51%	96.00%
Operating Expense to E A	L-H	2.34	3.09	3.84	3.85	2.19	2.98	3.80	3.87	1.97	2.84	3.72	3.78
Operating Expense to T A	L-H	2.24	2.97	3.62	3.63	2.16	2.86	3.63	3.66	1.93	2.78	3.55	3.61
Operating Exp to Lns & Deps	L-H	1.66	2.02	2.42	2.44	1.61	2.01	2.45	2.51	1.47	1.99	2.52	2.53
Net Operating Expense to E A	L-H	1.83	2.29	2.75	2.76	1.80	2.32	2.90	2.90	1.71	2.35	2.93	2.94
Net Operating Expense to T A	L-H	1.76	2.20	2.61	2.60	1.78	2.23	2.76	2.75	1.67	2.28	2.81	2.81
Net Oper Exp to Lns & Deps	L-H	1.25	1.47	1.76	1.76	1.29	1.57	1.88	1.90	1.26	1.63	1.98	1.98
Noninter Inc to Operating Exp	H-L	41.12	32.96	25.81	26.31	36.33	29.38	22.35	22.75	34.70	26.76	18.35	19.40
Noninter Inc to Net Int Margin	H-L	46.36	35.81	25.14	27.73	42.03	30.68	20.95	23.65	39.00	27.45	17.46	20.26
Noninterest Income to T A	H-L	1.79	1.35	0.93	1.03	1.74	1.20	0.80	0.91	1.62	1.10	0.66	0.80

Attachment 6b (Continued) – 2003 Performance Area Ratio Benchmarks (\$100 Million and Above in Assets)

<u>2003 Ratios – Actuals</u> Ratio	<u>Lo/Hi</u> Hi/Lo	<u>\$50 to \$100 Million</u>				<u>\$25 to \$50 Million</u>				<u>\$10 to \$25 Million</u>			
		<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>
<u>Earnings Quality (11)</u>													
Return on Assets	H-L	1.29%	1.03%	0.77%	0.74%	1.32%	1.01%	0.69%	0.64%	1.36%	1.01%	0.65%	0.61%
Return on Equity	H-L	12.25	9.79	6.82	6.85	12.24	9.17	6.10	5.57	11.68	8.49	5.44	5.27
Net Interest Margin to Avg E A	H-L	4.99	4.48	3.97	3.98	5.15	4.58	4.03	4.04	5.24	4.63	4.00	4.01
Net Interest Margin to Avg T A	H-L	4.65	4.19	3.76	3.75	4.84	4.31	3.83	3.91	4.98	4.40	3.84	3.84
Yield on Earning Assets	H-L	6.31	5.82	5.31	5.34	6.45	5.89	5.35	5.37	6.58	5.85	5.25	5.33
Yield on Total Assets	H-L	5.89	5.46	5.03	5.05	6.08	5.58	5.10	5.11	6.23	5.58	5.04	5.11
Yield on Loans	H-L	8.22	7.54	6.86	6.98	8.68	7.84	7.21	7.36	9.13	8.29	7.57	7.66
Yield on Investments	H-L	3.81	3.11	2.52	2.61	3.64	3.08	2.46	2.51	3.45	2.85	2.15	2.25
Cost of Funds	L-H	1.09	1.33	1.61	1.65	1.04	1.28	1.54	1.60	0.97	1.22	1.51	1.59
Breakeven Yield	L-H	3.39	3.39	4.29	4.34	3.37	3.84	4.38	4.46	3.33	3.83	4.38	4.52
Loans to Deposits – Hi to Lo	H-L	91.71	81.45	70.17	69.07	88.34	77.87	66.07	65.57	88.08	76.75	64.10	63.35
<u>Interest Rate Sensitivity (3)</u>													
Long-Term Assets to T A	L-H	4.74%	11.00%	18.88%	20.08%	1.62%	7.10%	15.38%	16.61%	0.00%	2.05%	9.04%	12.03%
Long-Term Liabilities to T A	H-L	5.71	2.87	0.90	2.11	4.30	1.60	0.00	1.31	2.08	0.06	0.00	0.64
Long-T Lia to Long-T Assets	H-L	37.15	17.27	5.61	16.82	32.95	10.27	0.03	14.52	20.80	1.11	0.00	10.67
<u>Liquidity (6)</u>													
Loans to Deposits – Lo to Hi	L-H	44.41%	56.86%	70.17%	69.07%	40.79%	53.52%	66.07%	65.57%	38.12%	50.55%	64.10%	63.35%
Short-Term Assets to T A	H-L	32.43	24.36	17.62	19.05	38.52	29.04	20.91	22.93	45.06	35.49	26.72	28.04
Short-Term Liabilities to T A	L-H	71.14	76.18	80.80	79.62	71.32	77.63	82.60	81.02	72.44	78.86	83.41	81.94
Short-T Lia to Short- Assets	L-H	245.04	326.16	424.23	465.01	201.47	271.16	371.77	410.93	176.44	223.75	301.08	345.83
Borrowings to Total Assets	L-H	0.00	0.00	0.00	0.61	0.00	0.00	0.00	0.29	0.00	0.00	0.00	0.14
Off-Bal Sheet Commits to T A	L-H	3.52	6.81	11.19	12.96	1.68	4.91	9.01	10.86	0.00	1.74	6.17	8.34
<u>Asset Quality (5)</u>													
Delinquent Loans to Gross Lns	L-H	0.26%	0.46%	0.81	0.98%	0.23%	0.50%	0.92%	1.27%	0.25%	0.52%	1.13%	1.52
Provision Expense to Gr Lns	L-H	0.02	0.15	0.36	0.46	0.00	0.11	0.36	0.53	0.00	0.07	0.31	0.57
Allow for Loan Loss to Gr Lns	L-H	0.24	0.40	0.62	0.74	0.29	0.43	0.69	0.89	0.29	0.48	0.76	1.00
Net Charge-Offs to Gross Lns	L-H	0.11	0.25	0.42	0.57	0.09	0.22	0.42	0.60	0.04	0.19	0.43	0.68
Market Value to Book - Invests	H-L	101.89	100.59	100.02	100.38	102.09	100.49	100.00	100.29	101.81	100.24	100.00	100.23
<u>Growth (9)</u>													
Asset Growth (EOP)	H-L	17.08%	11.88%	7.70%	9.45%	15.50%	10.93%	6.78%	7.54%	16.28%	10.96%	6.46%	7.50%
Loans Growth (EOP)	H-L	22.26	13.55	6.20	7.66	18.94	10.88	2.79	4.07	19.73	9.19	0.64	2.66
Deposits Growth (EOP)	H-L	17.43	11.65	7.58	9.33	16.44	11.14	6.63	7.55	17.43	11.59	6.54	7.65
Equity Growth (EOP)	H-L	14.85	10.89	7.10	7.90	14.34	10.22	6.41	7.06	13.93	9.54	5.87	7.14
Operating Expense Growth	L-H	0.01	3.62	7.33	10.53	-1.81	2.24	6.44	7.24	-3.18	0.98	5.75	6.98
Net Income \$ Growth	H-L	63.62	24.38	-0.81	6.32	70.75	25.56	-2.06	1.11	80.59	30.20	-4.42	4.71
Net Interest Margin \$ Growth	H-L	16.37	8.88	3.27	5.46	16.32	9.07	2.76	4.07	17.54	9.27	2.35	3.91
Grow – Balanced (Ln, Dep, Eq)	L-H	3.29	5.70	9.84	12.62	3.73	6.59	11.01	13.10	4.54	7.55	12.57	14.88
Grow – Total (Ln, Dep, Eq)	H-L	47.68	33.58	21.01	24.89	43.39	28.62	16.08	18.68	42.89	26.89	13.99	17.45

Attachment 7a – 2006 Standard Scores for Key Performance Area Ratios (\$100 Million and Above in Assets)

Performance Area Ratio	Lo/Hi Hi/Lo	\$1 Billion and Above				\$300 Million to \$1 Billion				\$100 to \$300 Million			
		1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean
Capital Adequacy (12)													
Equity to Total Assets	H-L	1.32	0.54	(0.16)	(0.0)	0.92	0.30	(0.15)	(0.0)	1.20	0.49	(0.16)	0.0
Equity & Allowance to T A	H-L	1.27	0.60	(0.13)	(0.0)	0.92	0.28	(0.17)	(0.0)	1.22	0.50	(0.14)	(0.0)
Deviation from 9.5% Equity	L-H	(0.11)	(0.38)	(0.82)	(1.08)	(0.10)	(0.26)	(0.58)	(0.84)	(0.12)	(0.34)	(0.74)	(1.03)
PCA Net Worth Actual	H-L	1.37	0.54	(0.15)	(0.0)	0.93	0.33	(0.15)	(0.0)	1.22	0.49	(0.17)	(0.0)
PCA Net Worth Required	L-H	0.96	0.61	0.24	0.0	0.88	0.61	0.25	0.0	1.03	0.58	0.17	(0.0)
Delinquent Loans to Equity	L-H	0.95	0.73	0.22	0.0	0.78	0.59	0.27	(0.0)	0.23	0.18	0.11	(0.0)
Risk-Based Net Worth Factors:													
Long-Term Real Estates	L-H	1.04	0.71	0.19	0.0	1.02	0.68	0.25	0.0	1.03	0.66	0.19	(0.0)
Member Business Loans	L-H	0.65	0.63	0.43	0.0	0.32	0.32	0.27	(0.0)	0.30	0.30	0.27	(0.0)
Investments	L-H	1.04	0.72	0.25	0.0	0.90	0.69	0.26	0.0	0.93	0.70	0.26	(0.0)
Average Risk Assets	L-H	1.22	0.69	(0.02)	(0.0)	1.18	0.70	(0.09)	(0.0)	1.26	0.67	(0.03)	0.0
Loans w/ Recourse	L-H	0.22	0.22	0.22	(0.0)	0.14	0.14	0.14	0.0	0.11	0.11	0.11	0.0
Member Bus Commitments	L-H	0.26	0.26	0.25	(0.0)	0.26	0.26	0.26	(0.0)	0.33	0.33	0.33	0.0
Productivity – Full-Time Equivalents, Facilities, & Members (15)													
FTEs:													
Total Assets Per FTE (\$000)	H-L	0.86	0.08	(0.30)	0.0	0.56	0.03	(0.24)	0.0	0.77	0.10	(0.26)	(0.0)
Loans & Deps Per FTE (\$000)	H-L	1.13	0.19	(0.28)	(0.0)	0.58	0.09	(0.23)	0.0	0.77	0.13	(0.24)	0.0
Operating Expense Per FTE (\$)	L-H	1.03	0.69	0.13	(0.0)	0.79	0.53	0.16	0.0	1.10	0.65	0.15	0.0
Net Operating Exp Per FTE (\$)	L-H	1.17	0.65	0.16	0.0	0.88	0.57	0.17	(0.0)	1.02	0.63	0.19	0.0
Salary Expense Per FTE (\$)	L-H	0.99	0.61	0.08	0.0	1.00	0.63	0.16	(0.0)	1.04	0.68	0.16	0.0
Promo, Ed, T Exp Per FTE (\$)	L-H	1.06	0.72	0.07	0.0	0.92	0.60	0.16	(0.0)	1.06	0.68	0.15	(0.0)
Oper Exp w/o Sal Per FTE (\$)	L-H	1.10	0.58	0.14	0.0	0.58	0.39	0.12	(0.0)	1.10	0.66	0.12	0.0
Member Per FTE (Members)	H-L	1.21	0.28	(0.24)	0.0	0.38	0.09	(0.09)	0.0	1.14	0.42	(0.15)	(0.0)
Facilities:													
Total Assets Per Branch (\$000)	H-L	0.67	0.09	(0.22)	(0.0)	0.44	(0.03)	(0.26)	(0.0)	1.07	0.14	(0.28)	(0.0)
Operatg Exp Per Branch (\$000)	L-H	0.89	0.68	0.22	0.0	0.51	0.40	0.21	(0.0)	0.84	0.62	0.23	(0.0)
FTEs Per Branch (FTEs)	L-H	0.94	0.67	0.19	(0.0)	0.61	0.42	0.20	0.0	0.90	0.58	0.20	0.0
Members:													
Total Assets Per Member (\$)	H-L	1.05	0.36	(0.34)	0.0	0.74	0.21	(0.19)	0.0	0.85	0.20	(0.24)	0.0
Loans & Deps Per Member (\$)	H-L	1.19	0.41	(0.31)	0.0	0.78	0.23	(0.16)	0.0	0.83	0.25	(0.20)	0.0
Operating Exp Per Member (\$)	L-H	0.96	0.56	0.18	(0.0)	0.60	0.37	0.11	(0.0)	1.13	0.67	0.09	(0.0)
Net Oper Exp Per Member (\$)	L-H	0.98	0.63	0.19	0.0	0.88	0.58	0.09	(0.0)	1.03	0.64	0.13	0.0
Productivity – Noninterest Income & Expenses (10)													
Earning Assets to Total Assets	H-L	1.35	0.66	0.11	(0.0)	1.18	0.68	0.15	(0.0)	1.25	0.64	0.10	0.0
Operating Expense to E A	L-H	1.19	0.59	0.07	0.0	1.20	0.63	0.02	0.0	1.27	0.62	(0.04)	(0.0)
Operating Expense to T A	L-H	1.18	0.56	0.07	0.0	1.21	0.61	(0.00)	0.0	1.29	0.62	(0.05)	0.0
Operating Exp to Lns & Deps	L-H	1.23	0.59	0.04	(0.0)	1.20	0.55	0.08	0.0	1.19	0.61	0.00	0.0
Net Operating Expense to E A	L-H	1.12	0.59	0.05	0.0	1.31	0.59	(0.01)	0.0	1.34	0.64	(0.04)	0.0
Net Operating Expense to T A	L-H	1.11	0.61	0.03	(0.0)	1.27	0.60	0.01	(0.0)	1.39	0.61	(0.03)	(0.0)
Net Oper Exp to Lns & Deps	L-H	1.10	0.70	0.01	(0.0)	1.22	0.56	0.00	(0.0)	1.33	0.66	(0.04)	(0.0)
Noninter Inc to Operating Exp	H-L	1.36	0.56	(0.05)	0.0	1.30	0.52	(0.01)	(0.0)	1.22	0.57	(0.05)	(0.0)
Noninter Inc to Net Int Margin	H-L	1.36	0.63	(0.23)	0.0	1.25	0.47	(0.11)	0.0	1.12	0.45	(0.09)	0.0
Noninterest Income to T A	H-L	1.21	0.52	(0.18)	0.0	1.21	0.45	(0.04)	0.0	1.18	0.49	(0.05)	0.0

Attachment 7a (Continued) – 2006 Standard Scores for Key Performance Area Ratios (\$100 Million and Above in Assets)

<u>Performance Area</u> Ratio	<u>Lo/Hi</u> Hi/Lo	<u>\$1 Billion and Above</u>				<u>\$300 Million to \$1 Billion</u>				<u>\$100 to \$300 Million</u>			
		<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>	<u>1st Dec</u>	<u>1st Qu</u>	<u>Median</u>	<u>Mean</u>
<u>Earnings Quality (11)</u>													
Return on Assets	H-L	1.31	0.58	0.01	(0.0)	1.04	0.50	(0.03)	(0.0)	0.84	0.47	0.04	0.0
Return on Equity	H-L	1.16	0.64	(0.01)	(0.0)	1.06	0.51	0.05	(0.0)	0.43	0.24	0.05	0.0
Net Interest Margin to Avg E A	H-L	0.96	0.55	0.01	0.0	1.19	0.53	0.02	(0.0)	1.25	0.59	0.05	(0.0)
Net Interest Margin to Avg T A	H-L	0.94	0.52	0.01	(0.0)	1.16	0.53	0.03	0.0	1.20	0.58	0.05	0.0
Yield on Earning Assets	H-L	1.03	0.65	(0.05)	0.0	1.21	0.52	(0.11)	(0.0)	1.21	0.58	(0.05)	(0.0)
Yield on Total Assets	H-L	1.03	0.47	(0.06)	0.0	1.21	0.56	(0.08)	0.0	1.11	0.57	(0.06)	0.0
Yield on Loans	H-L	1.24	0.60	(0.06)	(0.0)	0.93	0.31	(0.13)	(0.0)	1.21	0.52	(0.06)	0.0
Yield on Investments	H-L	0.79	0.20	(0.05)	0.0	0.92	0.42	(0.05)	0.0	0.80	0.30	(0.11)	(0.0)
Cost of Funds	L-H	1.05	0.71	(0.00)	(0.0)	1.22	0.67	0.05	0.0	1.16	0.66	0.06	0.0
Breakeven Yield	L-H	1.07	0.70	0.04	0.0	1.13	0.56	0.08	(0.0)	0.96	0.51	0.07	0.0
Loans to Deposits – Hi to Lo	H-L	1.17	0.63	0.14	(0.0)	1.02	0.50	0.07	(0.0)	1.12	0.70	0.08	(0.0)
<u>Interest Rate Sensitivity (3)</u>													
Long-Term Assets to T A	L-H	1.27	0.80	(0.03)	0.0	1.15	0.71	0.05	(0.0)	1.24	0.67	0.07	(0.0)
Long-Term Liabilities to T A	H-L	1.00	0.35	(0.30)	(0.0)	1.26	0.39	(0.27)	0.0	1.06	0.32	(0.30)	(0.0)
Long-T Lia to Long-T Assets	H-L	0.94	0.08	(0.31)	0.0	0.39	0.06	(0.18)	(0.0)	0.50	0.04	(0.23)	(0.0)
<u>Liquidity (7)</u>													
Loans to Deposits – Lo to Hi	L-H	1.19	0.65	(0.14)	0.0	1.12	0.43	(0.07)	0.0	1.28	0.59	(0.08)	0.0
Short-Term Assets to T A	H-L	1.22	0.49	(0.20)	0.0	1.35	0.47	(0.14)	0.0	1.24	0.56	(0.14)	(0.0)
Short-Term Liabilities to T A	L-H	1.20	0.49	(0.12)	(0.0)	1.24	0.60	(0.15)	(0.0)	1.20	0.47	(0.14)	(0.0)
Short-T Lia to Short-T Assets	L-H	1.22	0.72	0.06	(0.0)	1.23	0.78	0.12	(0.0)	1.17	0.75	0.20	0.0
Borrowings to Total Assets	L-H	0.73	0.73	0.47	(0.0)	0.63	0.63	0.61	0.0	0.45	0.45	0.45	(0.0)
Borrowing Commits to T A	H-L	1.39	0.71	(0.27)	0.0	1.43	0.58	(0.23)	(0.0)	1.43	0.42	(0.28)	(0.0)
Off-Bal Sheet Commits to T A	L-H	0.37	0.30	0.13	(0.0)	1.13	0.72	0.16	(0.0)	1.02	0.69	0.18	0.0
<u>Asset Quality (5)</u>													
Delinquent Loans to Gross Lns	L-H	1.14	0.83	0.19	0.0	0.86	0.66	0.29	(0.0)	0.62	0.47	0.20	0.0
Provision Expense to Gr Lns	L-H	1.02	0.75	0.18	(0.0)	0.84	0.60	0.22	0.0	0.66	0.50	0.22	0.0
Allow for Loan Loss to Gr Lns	L-H	1.12	0.75	0.15	(0.0)	0.92	0.65	0.22	(0.0)	0.78	0.58	0.25	(0.0)
Net Charge-Offs to Gross Lns	L-H	1.02	0.73	0.14	0.0	0.86	0.64	0.25	(0.0)	0.71	0.55	0.26	(0.0)
Market Value to Book - Invests	H-L	1.00	0.58	0.10	0.0	0.74	0.46	(0.00)	(0.0)	0.78	0.44	0.03	0.0
<u>Growth (9)</u>													
Asset Growth (EOP)	H-L	1.31	0.50	0.04	(0.0)	1.08	0.34	(0.14)	0.0	0.69	0.25	(0.10)	0.0
Loans Growth (EOP)	H-L	1.21	0.50	(0.02)	0.0	1.03	0.46	(0.09)	0.0	0.96	0.41	(0.10)	0.0
Deposits Growth (EOP)	H-L	1.33	0.55	0.05	0.0	1.04	0.34	(0.13)	(0.0)	0.75	0.30	(0.10)	(0.0)
Equity Growth (EOP)	H-L	1.28	0.61	(0.04)	0.0	0.53	0.19	(0.12)	(0.0)	0.43	0.16	(0.06)	(0.0)
Operating Expense Growth	L-H	1.14	0.77	(0.04)	0.0	0.83	0.50	0.14	(0.0)	0.71	0.45	0.13	(0.0)
Net Income \$ Growth	H-L	1.16	0.29	(0.07)	(0.0)	0.70	0.23	(0.06)	(0.0)	0.80	0.31	(0.00)	(0.0)
Net Interest Margin \$ Growth	H-L	1.08	0.64	0.20	0.0	0.88	0.34	(0.06)	0.0	0.77	0.34	(0.05)	(0.0)
Grow – Balanced (Ln, Dep, Eq)	L-H	1.04	0.79	0.23	(0.0)	0.86	0.60	0.18	(0.0)	0.83	0.58	0.22	(0.0)
Grow – Total (Ln, Dep, Eq)	H-L	1.28	0.65	(0.06)	(0.0)	0.75	0.24	(0.17)	(0.0)	0.62	0.21	(0.10)	0.0

Attachment 7b – 2006 Standard Scores for Performance Area Ratios (\$10 Million to \$100 Million in Assets)

Performance Area Ratio	Lo/Hi Hi/Lo	\$50 to \$100 Million				\$25 to \$50 Million				\$10 to \$25 Million			
		1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean
Capital Adequacy (12)													
Equity to Total Assets	H-L	1.27	0.48	(0.17)	0.0	1.17	0.49	(0.16)	0.0	1.22	0.46	(0.18)	0.0
Equity & Allowance to T A	H-L	1.25	0.44	(0.19)	(0.0)	1.15	0.48	(0.17)	(0.0)	1.21	0.45	(0.19)	0.0
Deviation from 9.5% Equity	L-H	(0.11)	(0.30)	(0.72)	(1.02)	(0.14)	(0.31)	(0.78)	(1.03)	(0.14)	(0.36)	(0.82)	(1.08)
PCA Net Worth Actual	H-L	1.25	0.48	(0.19)	0.0	1.18	0.51	(0.18)	0.0	1.23	0.45	(0.19)	0.0
PCA Net Worth Required	L-H	1.00	0.59	0.18	0.0	1.07	0.58	0.15	(0.0)	1.03	0.61	0.12	0.0
Delinquent Loans to Equity	L-H	0.64	0.50	0.24	(0.0)	0.56	0.45	0.23	0.0	0.71	0.58	0.30	0.0
Risk-Based Net Worth Factors:													
Long-Term Real Estates	L-H	1.02	0.69	0.19	(0.0)	1.01	0.73	0.18	0.0	0.83	0.80	0.28	0.0
Member Business Loans	L-H	0.22	0.22	0.22	(0.0)	0.21	0.21	0.21	(0.0)	0.14	0.14	0.14	0.0
Investments	L-H	0.95	0.67	0.25	(0.0)	1.00	0.69	0.19	(0.0)	0.95	0.68	0.23	(0.0)
Average Risk Assets	L-H	1.32	0.67	(0.01)	0.0	1.30	0.69	0.02	(0.0)	1.31	0.69	0.00	0.0
Loans w/ Recourse	L-H	0.09	0.09	0.09	(0.0)	0.07	0.07	0.07	(0.0)	0.03	0.03	0.03	0.0
Member Bus Commitments	L-H	0.20	0.20	0.20	0.0	0.14	0.14	0.14	0.0	0.08	0.08	0.08	0.0
Productivity – Full-Time Equivalents, Facilities, & Members (15)													
FTEs:													
Total Assets Per FTE (\$000)	H-L	1.08	0.14	(0.26)	(0.0)	1.05	0.26	(0.30)	0.0	1.15	0.31	(0.28)	0.0
Loans & Deps Per FTE (\$000)	H-L	1.21	0.24	(0.26)	(0.0)	1.03	0.31	(0.25)	(0.0)	1.18	0.34	(0.23)	(0.0)
Operating Expense Per FTE (\$)	L-H	1.14	0.69	0.14	0.0	1.12	0.72	0.15	(0.0)	1.07	0.67	0.14	(0.0)
Net Operating Exp Per FTE (\$)	L-H	1.06	0.74	0.15	0.0	1.08	0.72	0.15	0.0	1.06	0.69	0.14	0.0
Salary Expense Per FTE (\$)	L-H	1.10	0.69	0.17	(0.0)	1.02	0.66	0.20	(0.0)	1.01	0.65	0.14	0.0
Promo, Ed, T Exp Per FTE (\$)	L-H	1.05	0.68	0.20	0.0	1.07	0.67	0.21	0.0	0.97	0.68	0.22	(0.0)
Oper Exp w/o Sal Per FTE (\$)	L-H	1.11	0.69	0.15	0.0	1.12	0.71	0.14	(0.0)	1.08	0.68	0.15	0.0
Member Per FTE (Members)	H-L	1.09	0.33	(0.20)	(0.0)	1.12	0.37	(0.19)	(0.0)	1.13	0.32	(0.22)	0.0
Facilities:													
Total Assets Per Branch (\$000)	H-L	1.60	0.48	(0.34)	0.0	1.51	0.76	(0.20)	0.0	1.49	0.69	(0.14)	0.0
Operatg Exp Per Branch (\$000)	L-H	0.96	0.68	0.27	(0.0)	1.04	0.72	0.27	(0.0)	1.09	0.75	0.18	0.0
FTEs Per Branch (FTEs)	L-H	1.00	0.67	0.21	0.0	1.03	0.70	0.27	0.0	1.01	0.68	0.17	(0.0)
Members:													
Total Assets Per Member (\$)	H-L	0.97	0.29	(0.23)	(0.0)	1.11	0.31	(0.22)	(0.0)	1.18	0.43	(0.18)	0.0
Loans & Deps Per Member (\$)	H-L	1.14	0.41	(0.20)	0.0	1.07	0.36	(0.21)	0.0	1.13	0.47	(0.16)	(0.0)
Operating Exp Per Member (\$)	L-H	1.15	0.70	0.10	(0.0)	1.02	0.61	0.10	0.0	1.17	0.70	0.06	(0.0)
Net Oper Exp Per Member (\$)	L-H	1.08	0.67	0.17	(0.0)	0.94	0.61	0.17	0.0	1.14	0.68	0.12	0.0
Productivity – Noninterest Income & Expenses (10)													
Earning Assets to Total Assets	H-L	1.22	0.70	0.08	(0.0)	1.13	0.70	0.13	0.0	1.04	0.78	0.18	(0.0)
Operating Expense to E A	L-H	1.25	0.68	0.04	0.0	1.25	0.68	0.03	0.0	1.24	0.65	0.06	(0.0)
Operating Expense to T A	L-H	1.28	0.69	0.02	0.0	1.25	0.66	0.02	(0.0)	1.26	0.64	0.06	0.0
Operating Exp to Lns & Deps	L-H	1.19	0.67	0.08	0.0	1.19	0.68	0.06	(0.0)	1.19	0.64	0.08	(0.0)
Net Operating Expense to E A	L-H	1.20	0.70	0.00	0.0	1.25	0.65	0.01	(0.0)	1.24	0.64	0.01	(0.0)
Net Operating Expense to T A	L-H	1.18	0.68	(0.01)	(0.0)	1.25	0.65	0.01	(0.0)	1.24	0.64	0.00	0.0
Net Oper Exp to Lns & Deps	L-H	1.24	0.68	0.03	(0.0)	1.17	0.65	0.05	(0.0)	1.21	0.66	0.04	0.0
Noninter Inc to Operating Exp	H-L	1.25	0.63	(0.06)	(0.0)	1.27	0.60	(0.06)	0.0	1.32	0.58	(0.10)	(0.0)
Noninter Inc to Net Int Margin	H-L	1.34	0.52	(0.19)	0.0	1.12	0.43	(0.15)	(0.0)	1.31	0.42	(0.19)	(0.0)
Noninterest Income to T A	H-L	1.31	0.49	(0.16)	0.0	1.24	0.49	(0.16)	(0.0)	1.20	0.43	(0.23)	0.0

Attachment 7b (Continued) – 2006 Standard Scores for Performance Area Ratios (\$10 Million to \$100 Million in Assets)

Performance Area Ratio	Lo/Hi Hi/Lo	\$50 to \$100 Million				\$25 to \$50 Million				\$10 to \$25 Million			
		1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean	1 st Dec	1 st Qu	Median	Mean
<u>Earnings Quality (11)</u>													
Return on Assets	H-L	0.97	0.56	0.06	(0.0)	1.00	0.53	0.04	0.0	1.04	0.52	0.01	(0.0)
Return on Equity	H-L	0.86	0.46	0.08	0.0	0.93	0.49	0.05	(0.0)	0.95	0.48	0.05	(0.0)
Net Interest Margin to Avg E A	H-L	1.25	0.61	(0.02)	0.0	1.24	0.60	0.00	0.0	1.17	0.63	0.03	(0.0)
Net Interest Margin to Avg T A	H-L	1.25	0.60	(0.02)	(0.0)	1.23	0.59	0.00	0.0	1.18	0.62	0.03	0.0
Yield on Earning Assets	H-L	1.25	0.61	(0.08)	0.0	1.31	0.55	(0.10)	(0.0)	1.21	0.56	(0.11)	0.0
Yield on Total Assets	H-L	1.22	0.60	(0.07)	(0.0)	1.36	0.56	(0.12)	0.0	1.18	0.53	(0.12)	0.0
Yield on Loans	H-L	1.26	0.52	(0.11)	(0.0)	1.13	0.44	(0.13)	(0.0)	1.18	0.46	(0.13)	(0.0)
Yield on Investments	H-L	0.71	0.34	(0.05)	(0.0)	0.63	0.25	(0.06)	(0.0)	0.60	0.22	(0.06)	(0.0)
Cost of Funds	L-H	1.23	0.69	0.04	(0.0)	1.22	0.65	0.05	(0.0)	1.14	0.67	0.09	0.0
Breakeven Yield	L-H	1.01	0.61	0.05	0.0	1.05	0.62	0.14	(0.0)	0.87	0.54	0.12	0.0
Loans to Deposits – Hi to Lo	H-L	1.12	0.68	0.14	0.0	1.17	0.65	0.04	(0.0)	1.17	0.72	0.12	(0.0)
<u>Interest Rate Sensitivity (3)</u>													
Long-Term Assets to T A	L-H	1.20	0.72	0.14	0.0	1.26	0.78	0.09	0.0	1.07	0.87	0.19	(0.0)
Long-Term Liabilities to T A	H-L	1.25	0.22	(0.36)	0.0	0.94	0.12	(0.41)	(0.0)	0.74	(0.15)	(0.35)	(0.0)
Long-T Lia to Long-T Assets	H-L	0.54	0.02	(0.27)	(0.0)	0.38	(0.07)	(0.27)	(0.0)	0.20	(0.16)	(0.25)	(0.0)
<u>Liquidity (7)</u>													
Loans to Deposits – Lo to Hi	L-H	1.39	0.58	(0.14)	(0.0)	1.32	0.61	(0.04)	0.0	1.36	0.66	(0.12)	0.0
Short-Term Assets to T A	H-L	1.26	0.50	(0.16)	(0.0)	1.29	0.52	(0.15)	(0.0)	1.28	0.60	(0.14)	0.0
Short-Term Liabilities to T A	L-H	1.25	0.38	(0.19)	0.0	1.27	0.42	(0.19)	(0.0)	1.20	0.39	(0.21)	0.0
Short-T Lia to Short-T Assets	L-H	1.13	0.77	0.20	0.0	1.10	0.74	0.23	0.0	1.04	0.73	0.26	(0.0)
Borrowings to Total Assets	L-H	0.30	0.30	0.30	0.0	0.29	0.29	0.29	0.0	0.25	0.25	0.25	(0.0)
Borrowing Commits to T A	H-L	1.19	0.31	(0.23)	0.0	1.39	0.44	(0.23)	(0.0)	1.28	0.45	(0.23)	0.0
Off-Bal Sheet Commits to T A	L-H	0.70	0.48	0.14	(0.0)	0.76	0.49	0.18	0.0	0.92	0.74	0.26	(0.0)
<u>Asset Quality (5)</u>													
Delinquent Loans to Gross Lns	L-H	0.81	0.57	0.24	0.0	0.71	0.53	0.22	(0.0)	0.83	0.65	0.26	0.0
Provision Expense to Gr Lns	L-H	0.68	0.51	0.23	(0.0)	0.64	0.51	0.24	0.0	0.54	0.46	0.22	0.0
Allow for Loan Loss to Gr Lns	L-H	0.74	0.54	0.21	(0.0)	0.70	0.52	0.23	(0.0)	0.72	0.54	0.25	0.0
Net Charge-Offs to Gross Lns	L-H	0.85	0.60	0.28	(0.0)	0.70	0.54	0.27	(0.0)	0.70	0.53	0.25	0.0
Market Value to Book - Invests	H-L	0.65	0.37	0.03	0.0	0.58	0.56	0.02	0.0	0.49	0.49	0.17	0.0
<u>Growth (9)</u>													
Asset Growth (EOP)	H-L	0.79	0.28	(0.09)	0.0	1.01	0.36	(0.12)	(0.0)	0.97	0.41	(0.08)	(0.0)
Loans Growth (EOP)	H-L	0.65	0.25	(0.08)	0.0	1.08	0.46	(0.09)	0.0	1.03	0.44	(0.07)	0.0
Deposits Growth (EOP)	H-L	0.85	0.30	(0.11)	0.0	1.06	0.37	(0.14)	(0.0)	0.99	0.41	(0.08)	0.0
Equity Growth (EOP)	H-L	0.40	0.17	(0.04)	0.0	0.75	0.36	(0.02)	0.0	0.78	0.33	(0.04)	0.0
Operating Expense Growth	L-H	0.66	0.38	0.10	0.0	0.94	0.54	0.12	0.0	0.65	0.38	0.12	(0.0)
Net Income \$ Growth	H-L	0.83	0.25	(0.06)	0.0	0.84	0.29	(0.05)	0.0	0.81	0.33	(0.02)	(0.0)
Net Interest Margin \$ Growth	H-L	0.88	0.38	(0.05)	0.0	1.05	0.47	(0.04)	(0.0)	0.63	0.29	(0.02)	(0.0)
Grow – Balanced (Ln, Dep, Eq)	L-H	0.77	0.52	0.15	(0.0)	0.98	0.65	0.17	0.0	1.05	0.66	0.19	(0.0)
Grow – Total (Ln, Dep, Eq)	H-L	0.47	0.18	(0.07)	(0.0)	0.91	0.39	(0.09)	(0.0)	0.83	0.38	(0.06)	0.0

Attachment 8

Sample Spreadsheet Used in the High-Performance Ranking Process: 2006 \$1 Billion and Above Asset-Size Group

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Demographic Data								Capital Adequacy Ratio Data												
CU #	CU Name	St	Total Assets		Members		Branches		Eq	Eq+All	Eq - 9.5%	NW Act	NW Rq'd	Del Ln	Risk-Based NW Required Calculation					
			Charter Type	FTEs	/TA	/TA	/TA	/TA	/TA	/Eqy	RI Est	MBL	Inv	Avg A	L w/R	MBL C				
			H-L	H-L	L-H	L-H	L-H	L-H	L-H	L-H	L-H	L-H	L-H	L-H	L-H	L-H	L-H	L-H	L-H	
5536	Navy	VA	27121892092	1	2823613	5282	115	11.56	12.21	2.06	11.56	5.36	2.99	2.33	0.00	0.72	2.96	0.00	0.00	
66310	State Empls	NC	13957758286	2	1356207	3967	203	7.33	8.07	2.17	7.32	4.59	5.73	0.02	0.13	0.62	4.56	0.00	0.00	
227	Pentagon	VA	9339663044	1	724487	1052	29	9.88	10.11	0.00	9.95	6.38	2.15	2.50	0.01	0.25	3.63	0.22	0.00	
62604	Boeing Empls	WA	7186332399	2	473844	855	40	8.23	8.59	1.27	8.23	5.38	4.03	1.49	0.11	0.65	3.41	0.08	0.01	
24212	Orange Cty Te	CA	6815129855	1	354270	825	24	11.33	11.57	1.83	11.33	5.90	1.60	1.76	0.17	1.61	2.57	0.00	0.03	

Preliminary Statistics:

High / Low	27121892092	2823613	5282	203	17.33	17.77	0.00	17.59	3.99	0.09	0.00	0.00	0.11	0.56	0.00	0.00
Top Decile	3758775830	313117	840	39	13.29	13.60	0.17	13.56	4.90	0.85	0.40	0.00	0.32	1.94	0.00	0.00
Top Quartile	2350615627	207107	518	24	11.72	12.25	0.59	11.84	5.14	1.48	0.70	0.01	0.62	2.42	0.00	0.00
Median	1529811892	144116	389	18	10.30	10.79	1.26	10.43	5.38	3.00	1.19	0.07	1.07	3.06	0.00	0.00
Bottom Quartile	1190978348	113782	290	12	9.26	9.62	2.23	9.36	5.88	4.98	1.90	0.33	1.69	3.60	0.00	0.02
Bottom Decile	1066327128	81966	239	9	8.34	8.86	3.64	8.30	6.42	7.40	2.72	0.52	2.45	4.38	0.01	0.04
Low / High	1001905968	45894	61	3	6.59	7.10	7.83	6.65	7.42	18.15	4.39	2.31	5.76	4.93	1.24	0.85
Means	2342655548	209458	514	22	10.62	11.05	1.66	10.74	5.54	3.64	1.36	0.20	1.31	3.05	0.03	0.02
Number of CUs	116	116	116	116	116	116	116	116	116	116	114	103	116	116	18	67
Standard Deviation	2909768305	291198	601	23	2.03	2.01	1.54	2.06	0.66	2.94	0.92	0.31	0.95	0.91	0.15	0.08

U	V	W	X	..	AJ	AK	AL	..	AT	AU	..	BF	BG	..	BI	BJ	..	BP	BQ	BR	..	BU	BV	..
Productivity: FTE, Facilities, & Mem				Productivity: Noninter				Earnings Data				Int Risk Date		Liquidity Data		Asset Quality Data			Growth Data					
FTE Data				Op Exp				Op Exp				L-T Ass		L-T Lia		Lns		S-T Ass	Del Lns	Prov	Allow	Growth	Growth	
TA	L & D	Op Exp	NetOE	EA/TA	/EA	/TA	..	ROA	ROE	/TA	/TA	/Dep	/TA	/Lns	/Lns	/Lns	..	/Lns	/Lns	/Lns	..	TA	TLns	..
H-L Mil	H-L Mil	L-H	L-H	H-L	L-H	L-H	..	H-L	H-L	L-H	H-L	H-L	H-L	L-H	L-H	L-H	..	L-H	L-H	L-H	..	H-L	H-L	..
5135	7833	135573	57667	94.55	2.79	2.64	..	1.48	12.81	31.79	8.00	99.81	15.18	0.45	0.58	0.85	..	10.05	21.97	..				
3519	5909	73606	44355	95.77	2.18	2.09	..	0.33	4.44	2.41	3.82	83.25	19.49	0.55	0.15	0.98	..	8.06	4.51	..				
8882	16028	101264	54783	98.23	1.16	1.14	..	1.17	11.84	32.40	20.08	104.01	4.32	0.23	0.16	0.26	..	15.43	19.08	..				
8405	14171	184872	95124	97.23	2.26	2.20	..	1.22	14.81	27.00	5.53	94.03	10.91	0.41	0.17	0.44	..	17.08	20.00	..				
8266	12570	134880	75428	95.70	1.71	1.63	..	1.20	10.60	34.77	4.60	83.98	9.46	0.26	0.14	0.35	..	14.33	26.33	..				
5177	8638	125294	78108	93.71	2.58	2.42	..	1.03	9.96	38.62	6.23	88.26	14.26	0.31	0.68	1.09	..	-0.02	4.15	..				

Preliminary Statistics:

24282	27856	33453	24781	98.55	0.18	0.18	..	1.66	20.16	1.96	20.31	27.82	43.28	0.04	-0.01	0.09	..	23.04	33.92	..			
8094	12549	92648	39585	97.76	1.71	1.67	..	1.32	12.30	11.45	8.16	61.69	24.43	0.15	0.10	0.26	..	14.55	19.40	..			
5370	8494	101327	52901	96.63	2.33	2.26	..	1.05	10.36	16.71	5.58	72.09	18.54	0.24	0.18	0.37	..	9.74	14.09	..			
4045	6471	115806	65354	95.72	2.87	2.72	..	0.84	7.94	26.06	2.98	87.09	12.96	0.44	0.36	0.56	..	7.06	10.19	..			
3236	5073	132704	83276	94.38	3.58	3.40	..	0.59	5.59	33.48	1.55	96.52	8.97	0.67	0.58	0.75	..	3.16	5.92	..			
2811	4424	149173	106416	93.19	4.02	3.80	..	0.40	3.82	40.75	0.73	106.75	5.89	0.94	0.79	1.07	..	-0.28	1.75	..			
2005	3475	190570	148392	89.62	6.72	6.32	..	-0.32	-4.34	58.25	0.00	142.64	2.38	1.55	1.82	1.97	..	-13.09	-13.27	..			
5101	7692	119053	69436	95.53	2.94	2.80	..	0.83	7.96	25.73	4.16	84.49	14.60	0.49	0.42	0.61	..	6.81	10.31	..			
116	116	116	116	116	116	116	..	116	116	116	116	116	116	116	116	116	..	115	115	..			
3500	4308	25568	25603	1.66	1.03	0.96	..	0.37	3.75	11.24	4.01	19.10	8.08	0.30	0.31	0.32	..	5.93	7.53	..			

Attachment 8 (continued)

Sample Spreadsheet Used in the High-Performance Ranking Process: 2006 \$1 Billion and Above Asset-Size Group

A	<u>CD</u> <u>CE</u> <u>CF</u> <u>CG</u> <u>CH</u> <u>CI</u> ..						<u>CP</u> <u>CQ</u> <u>CR</u> <u>CS</u> ..						<u>DA</u> <u>DB</u> ..						<u>DE</u> <u>DF</u> <u>DG</u> <u>DH</u> ..					
	Capital Adequacy Standard Scores						Productivity: FTE, Facilities, & Member						Other Productivity Standard Scores											
	Eq	E+All	E-9.5%	NW At	NW Rq	Del Ln	FTE Data				Members		EA	Op Exp	Op Exp	Op Exp	Op Exp	Op Exp						
	<u>TA</u>	<u>TA</u>	<u>TA</u>	<u>TA</u>	<u>TA</u>	<u>EA</u>	<u>TA</u>	<u>L & D</u>	<u>OpExp</u>	<u>NetOE</u>	<u>TA</u>	<u>L & D</u>	<u>TA</u>	<u>EA</u>	<u>TA</u>	<u>EA</u>	<u>TA</u>	<u>L & D</u>						
<u>L-H</u>	<u>H-L</u>	<u>L-H</u>	<u>H-L</u>	<u>H-L</u>	<u>L-H</u>	<u>H-L</u>	<u>H-L</u>	<u>L-H</u>	<u>L-H</u>	<u>H-L</u>	<u>H-L</u>	<u>H-L</u>	<u>L-H</u>	<u>L-H</u>	<u>L-H</u>	<u>L-H</u>	<u>L-H</u>	<u>L-H</u>						
Navy	0.46	0.58	(1.34)	0.40	0.27	0.22	0.01	0.03	(0.65)	0.46	(0.48)	(0.54)	(0.59)	0.14	0.16	0.11	0.11	0.11						
State Employees	(1.62)	(1.48)	(1.41)	(1.66)	1.44	(0.71)	(0.45)	(0.41)	1.78	0.98	(0.36)	(0.22)	0.15	0.73	0.74	0.94	0.94	0.94						
Pentagon	(0.36)	(0.47)	0.00	(0.38)	(1.27)	0.51	1.08	1.94	0.70	0.57	0.07	0.51	1.63	1.72	1.73	2.00	2.00	2.00						
Boeing Employees	(1.18)	(1.23)	(0.83)	(1.22)	0.24	(0.13)	0.94	1.50	(2.57)	(1.00)	0.45	0.79	1.03	0.66	0.62	0.84	0.84	0.84						
Orange Cty Teach	0.35	0.26	(1.19)	0.29	(0.55)	0.69	0.90	1.13	(0.62)	(0.23)	1.12	1.24	0.10	1.20	1.22	1.24	1.24	1.24						
..					
Preliminary Statistics:																								
High / Low	3.31	3.35	(0.00)	3.33	2.34	1.21	5.48	4.68	3.35	1.74	5.38	5.11	1.83	2.68	2.74	2.82	2.82	2.82						
Top Decile	1.32	1.27	(0.11)	1.37	0.96	0.95	0.86	1.13	1.03	1.17	1.05	1.19	1.35	1.19	1.18	1.23	1.23	1.23						
Top Quartile	0.54	0.60	(0.38)	0.54	0.61	0.73	0.08	0.19	0.69	0.65	0.36	0.41	0.66	0.59	0.56	0.59	0.59	0.59						
Median	(0.16)	(0.13)	(0.82)	(0.15)	0.24	0.22	(0.30)	(0.28)	0.13	0.16	(0.34)	(0.31)	0.11	0.07	0.07	0.04	0.04	0.04						
Bottom Quartile	(0.67)	(0.71)	(1.45)	(0.67)	(0.52)	(0.46)	(0.53)	(0.61)	(0.53)	(0.54)	(0.61)	(0.61)	(0.69)	(0.63)	(0.63)	(0.55)	(0.55)	(0.55)						
Bottom Decile	(1.12)	(1.09)	(2.37)	(1.18)	(1.34)	(1.28)	(0.65)	(0.76)	(1.18)	(1.44)	(0.76)	(0.88)	(1.41)	(1.05)	(1.05)	(1.06)	(1.06)	(1.06)						
Low / High	(1.98)	(1.97)	(5.09)	(1.98)	(2.85)	(4.93)	(0.88)	(0.98)	(2.80)	(3.08)	(1.37)	(1.49)	(3.57)	(3.68)	(3.68)	(3.59)	(3.59)	(3.59)						
Means	0.0	0.0	(1.08)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
Number of CUs	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116						
Standard Deviation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0						

A	<u>DO</u> <u>DP</u> <u>DQ</u> <u>DR</u> .. <u>DU</u> <u>DV</u> ..						<u>EB</u> <u>EC</u> .. <u>EE</u> <u>EF</u> ..				<u>EL</u> <u>EM</u> <u>EN</u> ..			<u>EQ</u> <u>ER</u> <u>ES</u> <u>ET</u> ..						
	Earnings Standard Scores						Int Rate Std Scores				Liq'ty Std Sc			Asset Qual'y St'd Scores			Growth Standard Scores			
	ROA	ROE	EA	TA	EA	TA	L-T Ass	L-T Lia	Loans S-T	Ass	Del Lns	Prov	Allow	Growth	Growth	Growth	Growth			
	<u>ROA</u>	<u>ROE</u>	<u>EA</u>	<u>TA</u>	<u>EA</u>	<u>TA</u>	<u>L-T Ass</u>	<u>L-T Lia</u>	<u>Loans S-T</u>	<u>Ass</u>	<u>Del Lns</u>	<u>Prov</u>	<u>Allow</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>			
<u>H-L</u>	<u>H-L</u>	<u>H-L</u>	<u>H-L</u>	<u>H-L</u>	<u>H-L</u>	<u>L-H</u>	<u>H-L</u>	<u>L-H</u>	<u>H-L</u>	<u>L-H</u>	<u>L-H</u>	<u>L-H</u>	<u>H-L</u>	<u>H-L</u>	<u>H-L</u>	<u>H-L</u>				
Navy	1.73	1.29	0.62	0.60	0.87	0.80	(0.54)	0.96	(0.80)	0.07	(0.13)	(0.53)	(0.77)	0.55	1.55	0.50	1.56			
State Employees	(1.36)	(0.94)	(1.54)	(1.57)	(0.72)	(0.72)	2.07	(0.09)	0.06	0.61	(0.19)	0.83	(1.17)	0.21	(0.77)	0.36	(1.15)			
Pentagon	0.90	1.03	(1.17)	(1.11)	(0.11)	0.23	(0.59)	3.97	(1.02)	(1.27)	0.87	0.80	1.12	1.45	1.17	1.62	1.01			
Boeing	1.03	1.82	(0.26)	(0.19)	(0.35)	(0.15)	(0.11)	0.34	(0.50)	(0.46)	0.29	0.78	0.53	1.73	1.29	1.84	1.84			
Orange Cty Teach	0.99	0.70	(0.68)	(0.69)	(0.59)	(0.60)	(0.80)	0.11	0.03	(0.64)	0.77	0.88	0.81	1.27	2.13	1.22	0.51			
..		
Preliminary Statistics:																				
High / Low	2.22	3.25	4.61	4.67	4.47	4.52	2.11	4.03	2.97	3.55	1.52	1.37	1.64	2.74	3.14	2.50	3.31			
Top Decile	1.31	1.16	0.96	0.94	1.03	1.03	1.27	1.00	1.19	1.22	1.14	1.02	1.12	1.31	1.21	1.33	1.28			
Top Quartile	0.58	0.64	0.55	0.52	0.65	0.47	0.80	0.35	0.65	0.49	0.83	0.75	0.75	0.50	0.50	0.55	0.61			
Median	0.01	(0.01)	0.01	0.01	(0.05)	(0.06)	(0.03)	(0.30)	(0.14)	(0.20)	0.19	0.18	0.15	0.04	(0.02)	0.05	(0.04)			
Bottom Quartile	(0.65)	(0.63)	(0.59)	(0.58)	(0.71)	(0.71)	(0.69)	(0.65)	(0.63)	(0.70)	(0.60)	(0.53)	(0.46)	(0.62)	(0.58)	(0.57)	(0.67)			
Bottom Decile	(1.17)	(1.10)	(1.10)	(1.10)	(1.04)	(1.04)	(1.34)	(0.86)	(1.17)	(1.08)	(1.48)	(1.20)	(1.45)	(1.20)	(1.14)	(1.24)	(1.11)			
Low / High	(3.08)	(3.28)	(2.92)	(2.97)	(2.19)	(2.19)	(2.89)	(1.04)	(3.04)	(1.51)	(3.52)	(4.47)	(4.32)	(3.36)	(3.13)	(3.36)	(2.86)			
Means	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Number of CUs	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116			
Standard Deviation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0			

Attachment 9

Sample Spreadsheet for Reporting High-Performance Rankings: 2006 \$1 Billion and Above Asset-Size Ranking Values

Balanced Approach – Comprehensive Version

Spreadsheet Columns HU to IT:

A	...	HU	HV	HW	HX	HY	HZ	IA	IB	IC	ID	IE	IF	IG	IH	II	IJ	IK	IL	IM	IN	IO	IP	IQ	IR	IS	IT				
		Ranking # 1		Ranking # 2							Ranking # 3							Ranking # 4													
		Sum of St Sc		Sum of Rankings of Standard Scores							Number of Ratios > Median							Number of Ratios >= 75th Percentile													
Perf Areas		Sum	Rank	Cap	P: R	P: O	E/I	L/AQ	Grw	Total	Cap	P: R	P: O	E/I	L/AQ	Grw	Total	Cap	P: R	P: O	E/I	L/AQ	Grw	Total	Cap	P: R	P: O	E/I	L/AQ	Grw	Total
Ratios Avail:		72		12	15	10	14	12	9	Score	Rank	12	15	10	14	12	9	Score	Rk	12	15	10	14	12	9	Score	Rk				
Ratios In:		25		2	3	3	6	5	6	25		2	3	3	6	5	6	25		2	3	3	6	5	6	25					
Navy		1.51	34	111	106	118	123	398	255	1,112	33	2	2	2	5	0	4	15	27	0	1	1	5	0	3	10	9				
State Empl		-2.66	73	177	165	82	436	236	302	1,398	92	0	1	3	1	3	4	12	59	0	1	1	1	1	0	4	80				
Pentagon		13.60	2	54	31	11	264	193	157	710	1	0	3	3	3	4	5	18	3	0	3	3	3	3	3	15	1				
Boeing Empl		9.20	6	145	91	59	209	250	82	836	3	0	2	3	3	3	6	17	7	0	2	3	2	0	5	12	3				
Orange Cty T		6.12	10	109	98	57	289	182	261	996	14	2	2	2	3	4	3	16	16	0	1	2	2	2	3	10	9				
..				

Preliminary Statistics:

High/Low	14.96	1	54	5	4	59	24	64	710	1	2	3	3	6	5	6	20	1	2	3	3	6	4	5	15	1	
Top Decile	5.55	13	74	87	45	152	108	178	993	13	2	2	3	5	5	5	17	7	1	2	3	4	3	3	10	9	
Top Quartile	2.09	30	86	106	85	225	181	248	1,105	30	2	2	3	4	4	4	15	27	1	1	1	2	2	2	8	21	
Median	(0.67)	59	108	161	148	281	250	302	1,218	59	1	2	1	3	2	3	13	54	-	1	-	1	1	1	6	49	
Bottom Quart	(3.85)	87	115	188	196	334	317	376	1,368	87	-	1	-	2	1	2	10	86	-	-	-	-	-	1	4	80	
Bottom Decile	(7.32)	105	141	214	227	408	398	429	1,473	105	-	1	-	1	-	1	8	105	-	-	-	-	-	-	2	104	
Low/High	(27.90)	116	191	259	267	532	461	517	1,835	116	-	-	-	-	-	-	4	114	-	-	-	-	-	-	1	112	
Means	-1.08		105.3	152.1	140.4	280.8	250.3	304.2	1,233		1.0	1.5	1.5	3.0	2.5	3.0	12.5		0.5	0.8	0.8	1.5	1.0	1.5	6.0		
No. of CUs	116		116	116	116	116	116	116	116		116	116	116	116	116	116	116		116	116	116	116	116	116	116	116	
Standard Dev	6.3		27.3	50.7	68.7	99.4	103.7	97.9	199		0.7	0.8	1.2	1.6	1.6	1.5	3.5		0.6	0.8	1.0	1.5	1.2	1.3	2.8		

Attachment 10a

2006 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Balanced Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4				
	Rank	Sum of Standard Scores	Credit Union	Value	Sum of Rankings of Standard Scores	Credit Union	Value	Number of Ratios > Median	Value	No. of Ratios >= 75 th Percentile	Credit Union
2	1	APCO EMPLOYEES, AL	14.96	PENTAGON, VA	710.2	POLICE & FIRE, PA	19	PENTAGON, VA	16		
4	2	PENTAGON, VA	13.60	SAN DIEGO COUNTY, CA	827.4	CITIZENS EQUITY FIRST, IL	19	LOCKHEED, CA	12		
1	3	STATE FARM GRT LAK, IL	12.70	BOEING EMPLOYEES, WA	836.2	INDIANA MEMBERS, IN	19	BOEING EMPLOYEES, WA	12		
3	4	MOUNTAIN AMERICA, UT	10.88	POLICE & FIRE, PA	854.4	PENTAGON, VA	19	SAN DIEGO COUNTY, CA	12		
3	5	SAN DIEGO COUNTY CA	10.55	APCO EMPLOYEES, AL	899.4	ENT, CO	17	STAR ONE, CA	11		
4	6	BOEING EMPLOYEES, WA	9.20	MOUNTAIN AMERICA, UT	919.2	LOCKHEED, CA	17	CALIFORNIA, CA	11		
4	7	POLICE & FIRE, PA	8.17	REDWOOD, CA	926.6	REDWOOD, CA	17	MOUNTAIN AMERICA, UT	11		
4	8	LOCKHEED, CA	6.61	LOCKHEED, CA	927.2	TOWER, MD	17	AMERICA FIRST, UT	11		
3	9	REDWOOD, CA	6.54	INDIANA MEMBERS, IN	940.0	REDSTONE, AL	17	POLICE & FIRE, PA	10		
2	10	ORANGE CTY TEACH, CA	6.12	ONPOINT COMM'TY, OR	968.6	BOEING EMPLOYEES, WA	17	ORANGE CTY TEACHS, CA	10		
2		INDIANA MEMBERS, IN				AMERICA FIRST, UT	17	NAVY, VA	10		
2		AMERICA FIRST, UT				EDUCATIONAL EMPL'S, CA	17				
						DIGITAL, MA	17				

Conservative-Leaning Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4				
	Rank	Sum of Standard Scores	Credit Union	Value	Sum of Rankings of Standard Score	Credit Union	Value	Number of Ratios > Median	Value	No. of Ratios >= 75 th Percentile	Credit Union
4	1	STAR ONE, CA	20.28	SANDIA LABORAT'Y, NM	610.2	INDIANA MEMBERS, IN	20	BANK FUND STAFF, DC	15		
4	2	STATE FARM GRT LAK, IL	18.18	STAR ONE, CA	651.8	SANDIA LABORATORY, NM	20	STAR ONE, CA	14		
4	3	SANDIA LABORAT'Y, NM	15.76	BANK FUND STAFF, DC	670.0	STAR ONE, CA	20	STATE FARM GRT LAKES, IL	13		
2	4	APCO EMPLOYEES, AL	14.49	INDIANA MEMBERS, IN	712.8	TOWER, MD	20	KEESLER, MS	13		
4	5	BANK FUND STAFF, DC	13.31	STATE FARM GRT LAK, IL	766.0	BANK FUND STAFF, DC	20	SANDIA LABORATORY, NM	12		
2	6	ALLIANT, IL	12.28	KEESLER, MS	781.4	POLICE & FIRE, PA	19	PENTAGON, VA	11		
4	7	INDIANA MEMBERS, IN	12.03	TOWER, MD	850.0	KEESLER, MS	18	AMERICAN AIRLINES, TX	11		
4	8	KEESLER, MS	10.40	ATLANTA POSTAL, GA	876.2	SCHOOLS FINANCIAL, CA	18	APCO EMPLOYEES, AL	11		
3	9	ATLANTA POSTAL, GA	10.04	ASCEND, TN	888.6	PACIFIC SERVICE, CA	17	LOCKHEED, CA	11		
3	10	ASCEND, TN	9.56	SCHOOLS FINANCIAL, CA	911.0	STATE FARM GRT LAK, IL	17	INDIANA MEMBERS, IN	11		
2		SCHOOLS FINANCIAL, CA				TEACHERS, NY	17	ATLANTA POSTAL, GA	11		
2		TOWER, MD				ASCEND, TN	17	ALLIANT, IL	11		
						AMERICAN AIRLINES, TX	17				
						REDWOOD, CA	17				

Attachment 10a (continued)

2006 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Growth-Oriented Approach: \$1 Billion and Above in Asset-Size Group

<u>Ranking Repeats</u>	<u>Rank</u>	<u>Ranking Method # 1</u>		<u>Ranking Method # 2</u>		<u>Ranking Method # 3</u>		<u>Ranking Method # 4</u>	
		<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>
4	1	PENTAGON, VA	16.26	PENTAGON, VA	674.2	POLICE & FIRE, PA	21	LOCKHEED, CA	15
4	2	BOEING EMPLOYEES, WA	14.29	BOEING EMPLOYEES, WA	766.8	LOCKHEED, CA	20	PENTAGON, VA	15
4	3	SAN DIEGO COUNTY, CA	13.63	SAN DIEGO COUNTY, CA	779.8	REDWOOD, CA	20	CALIFORNIA, CA	14
2	4	MOUNTAIN AMERICA, UT	12.82	LOCKHEED, CA	817.0	CALIFORNIA, CA	20	BOEING EMPLOYEES, WA	13
2	5	APCO EMPLOYEES, AL	12.59	REDWOOD, CA	849.2	PENTAGON, VA	19	SAN DIEGO COUNTY, CA	13
4	6	LOCKHEED, CA	12.27	CALIFORNIA, CA	862.2	BOEING EMPLOYEES, WA	19	STAR ONE, CA	12
1	7	STATE FARM GRT LAK, IL	10.22	ONPOINT COMMUNITY, OR	946.2	SAN DIEGO COUNTY, CA	19	BANK FUND STAFF, DC	12
3	8	REDWOOD, CA	9.28	TECHNOLOGY, CA	949.2	TECHNOLOGY, CA	19	REDWOOD, CA	11
2	9	BANK FUND STAFF, CA	9.26	POLICE & FIRE, PA	950.2	TOWER, MD	18	ATLANTA POSTAL, GA	10
4	10	CALIFORNIA, CA	9.10	AMERICA FIRST, UT	959.6	EASTMAN, TN	18		
2		TECHNOLOGY, CA						Plus 7 other CUs at:	10
2		AMERICA FIRST, UT							

Earnings Emphasis Approach: \$1 Billion and Above Asset-Size Group

<u>Ranking Repeats</u>	<u>Rank</u>	<u>Ranking Method # 1</u>		<u>Ranking Method # 2</u>		<u>Ranking Method # 3</u>		<u>Ranking Method # 4</u>	
		<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>
2	1	ARROWHEAD CENT'L, CA	12.79	KEESLER, MS	847.4	TOWER, MD	18	PENTAGON, VA	14
4	2	MOUNTAIN AMERICA, UT	8.82	PENTAGON, VA	853.6	POLICE & FIRE, PA	17	KEESLER, MS	12
4	3	PENTAGON, VA	8.78	AMERICA FIRST, UT	928.4	CITIZENS EQUITY FIRST, IL	17	GECU, TX	11
4	4	KEESLER, MS	7.47	MOUNTAIN AMERICA, UT	937.8	AMERICA FIRST, UT	17	ARIZONA, AZ	10
4	5	GECU, TX	7.13	GECU, TX	954.2	KESSLER, MS	17	NAVY, VA	10
3	6	WASH'TON ST EMPlys, WA	5.78	DESERT SCHOOLS, AZ	966.8	PENTAGON, VA	17	ARROWHEAD CENT'L, CA	10
3	7	AMERICA FIRST, UT	5.75	POLICE & FIRE, PA	967.2	SAN ANTONIO, TX	17	MOUNTAIN AMERICA, UT	10
2	8	SAN DIEGO COUNTY, CA	5.59	WASH'TON ST EMPS, WA	984.4	INDIANA MEMBERS, IN	17	ASCEND, TN	9
3	9	DESERT SCHOOLS, AZ	5.52	SPACE COAST, FL	999.2	MOUNTAIN AMERICA, UT	17	LOCKHEED, CA	9
2	10	SAN ANTONIO, TX	5.38	SAN DIEGO COUNTY, CA	1001.4	TEACHERS, NY	16	APCO EMPLOYEES, AL	9
2		SPACE COAST, FL				Plus 12 other CUs at:	16	Plus 6 other CUs at:	9
2		POLICE & FIRE, PA							
2		ASCEND, TN							

Attachment 10a (continued)

2006 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Productivity-Focused Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>
4	1	STATE FARM GRT LAK, IL	23.24	PENTAGON, VA	408.8	PENTAGON, VA	23	PENTAGON, VA	20
4	2	PENTAGON, VA	22.39	POLICE & FIRE, PA	713.8	POLICE & FIRE, PA	21	LOCKHEED, CA	14
4	3	APCO EMPLOYEES, AL	21.92	APCO EMPLOYEES, AL	715.6	SUNCOAST SCHOOLS, FL	21	SAN DIEGO COUNTY, CA	14
3	4	SAN DIEGO COUNTY, CA	13.23	STATE FARM GRT LAK, IL	734.8	REDWOOD, CA	20	POLICE & FIRE, PA	13
3	5	SUNCOAST SCHOOLS, FL	11.34	SAN DIEGO COUNTY, CA	764.8	TOWER, MD	19	STATE FARM GR LAKES, IL	12
4	6	POLICE & FIRE, PA	11.16	SUNCOAST SCHOOLS, FL	815.4	ENT, CO	19	BOEING EMPLOYEES, WA	12
3	7	LOCKHEED, CA	10.59	LOCKHEED, CA	842.4	INDIANA MEMBERS, IN	19	ORANGE CTY TEACH, CA	12
3	8	ORANGE CTY TEACH, CA	9.90	REDWOOD, CA	849.4	ONPOINT COMMUNITY, OR	19	ASCEND, TN	11
2	9	STAR ONE, CA	9.78	ORANGE CTY TEACH, CA	852.4	APCO EMPLOYEES, AL	19	BANK FUND STAFF, DC	11
1	10	ALLIANT, IL	8.67	BOEING EMPLOYEES, WA	881.4	CITIZENS EQUITY FIRST, IL	19	STAR ONE, CA	11
						STATE FARM GR LAKES, IL	19	KEESLER, MS	11
2		REDWOOD, CA						APCO EMPLOYEES, AL	11
2		BOEING EMPLOYEES, WA							

Attachment 10b

2005 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Balanced Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
1	1	MERCK EMPLOYEES, NJ	11.67	PENTAGON, VA	655	PENTAGON, VA	21	PENTAGON, VA	17
3	2	APCO EMPLOYEES, AL	11.24	BOEING EMPLOYEES, WA	750	THE GOLDEN 1, CA	21	PORTLAND TEACHERS, OR	12
4	3	PENTAGON, VA	11.17	ORANGE CTY TEACH, CA	796	PORTLAND TEACHERS, OR	19	SAN DIEGO COUNTY, CA	12
4	4	SAN DIEGO COUNTY, CA	8.47	SAN DIEGO COUNTY, CA	798	POLICE & FIRE, PA	19	BOEING EMPLOYEES, WA	11
3	5	ORANGE CTY TEACH, CA	8.01	PORTLAND TEACH, OR	805	BOEING EMPLOYEES, WA	18	LOCKHEED, CA	11
4	6	BOEING EMPLOYEES, WA	7.74	THE GOLDEN 1, CA	818	SAN DIEGO COUNTY, CA	18	ORANGE CTY TEACH, CA	11
4	7	POLICE & FIRE, PA	6.44	POLICE & FIRE, PA	829	EDUCATIONAL EMPLOY, CA	18	STAR ONE, CA	11
4	8	PORTLAND TEACH, OR	6.26	EDUCATIONAL EMPLOY, CA	850	BETHPAGE, NY	18	POLICE & FIRE, PA	10
3	9	EDUCATIONAL EMPL, CA	5.78	SCHOOLS FINANCIAL, CA	857	LOCKHEED, CA	18	APCO EMPLOYEES, AL	10
3	10	THE GOLDEN 1, CA	5.77	APCO EMPLOYEES, AL	862	DIGITAL, MA	18	BANK FUND STAFF, DC	10
2		LOCKHEED, CA							

Conservative Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	MERCK EMPLOYEES, NJ	24.41	STAR ONE, CA	617	TEACHERS, NY	19	STAR ONE, CA	16
4	2	STAR ONE, CA	16.63	MERCK EMPLOYEES, NJ	656	UNITED NATIONS, NY	19	MERCK EMPLOYEES, NJ	15
3	3	APCO EMPLOYEES, AL	15.19	BANK FUND STAFF, DC	718	VISIONS, NY	19	BANK FUND STAFF, DC	14
4	4	BANK FUND STAFF, DC	13.00	TEACHERS, NY	758	STAR ONE, CA	18	APCO EMPLOYEES, AL	13
4	5	ALLIANT, IL	12.53	UNITED NATIONS, NY	796	MERCK EMPLOYEES, NJ	18	ALLIANT, IL	12
1	6	FIRST COMMUNITY, MO	10.05	TOWER, MD	802	SCHOOLS FINANCIAL, CA	18	PENTAGON, VA	11
2	7	ATLANTA POSTAL, GA	9.26	APCO EMPLOYEES, AL	828	POLICE & FIRE, PA	18	PORTLAND TEACHERS, OR	11
3	8	UNITED NATIONS, NY	8.60	SCHOOLS FINANCIAL, CA	833	WINGS FINANCIAL, MN	18	SAN DIEGO COUNTY, CA	11
3	9	TEACHERS, NY	8.40	ALLIANT, IL	837	BANK FUND STAFF, DC	17	ORANGE CTY TEACH, CA	11
1	10	SUNCOAST SCHOOLS, FL	7.44	POLICE & FIRE, PA	849	TOWER, MD	17	KEESLER, MS	10
2		TOWER, MD				ALLIANT, IL	17	ATLANTA POSTAL, GA	10
2		POLICE & FIRE, PA				PENTAGON, VA	17	NORTH ISLAND FIN'L, CA	10
2		SCHOOLS FINANCIAL, CA				RANDOLPH-BROOKS, TX	17		
2		PENTAGON, VA				KEESLER, MS	17		

Attachment 10b (continued)

2005 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Growth-Oriented Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		<u>Sum of Standard Scores</u>	<u>Value</u>	<u>Sum of Rankings of Standard Scores</u>	<u>Value</u>	<u>Number of Ratios > Median</u>	<u>Value</u>	<u>No. of Ratios >= 75th Percentile</u>	<u>Value</u>
		<u>Credit Union</u>		<u>Credit Union</u>		<u>Credit Union</u>		<u>Credit Union</u>	
1	1	CITADEL, PA	17.18	PENTAGON, VA	658	PENTAGON, VA	21	PENTAGON, VA	17
4	2	PENTAGON, VA	12.53	BOEING EMPLOYEES, WA	677	LOCKHEED, CA	21	PORTLAND TEACHERS, OR	15
4	3	BOEING EMPLOYEES, WA	11.60	PORTLAND TEACHERS, OR	718	PORTLAND TEACHERS, OR	20	BOEING EMPLOYEES, WA	14
4	4	SAN DIEGO COUNTY, CA	11.09	LOCKHEED, CA	723	REDWOOD, CA	20	SAN DIEGO COUNTY, CA	14
3	5	BANK FUND STAFF, DC	10.58	SAN DIEGO COUNTY, CA	746	BOEING EMPLOYEES, WA	19	LOCKHEED, CA	13
4	6	LOCKHEED, CA	10.57	REDWOOD, CA	772	SAN DIEGO COUNTY, CA	19	ORANGE CTY TEACH, CA	12
1	7	MERCK EMPLOYEES, NJ	10.07	ORANGE CTY TEACH, CA	784	SUNCOAST SCHOOLS, FL	19	BANK FUND STAFF, DC	12
4	8	PORTLAND TEACHERS, OR	10.02	BANK FUND STAFF, DC	855	PREMIER AMERICA, CA	19	STAR ONE, CA	12
4	9	ORANGE CTY TEACH, CA	8.90	NORTHWEST, VA	870	ORANGE CTY TEACH, CA	18	PREMIER AMERICA, CA	11
4	10	REDWOOD, CA	7.62	SUNCOAST SCHOOLS, FL	890	NORTHWEST, VA	18	NORTHWEST, VA	11
						BETHPAGE, NY	18	REDWOOD, CA	10
3		NORTHWEST, VA				THE GOLDEN 1, CA	18	TECHNOLOGY, CA	10
2		SUNCOAST, FL				TECHNOLOGY, CA	18	DIGITAL, MA	10
2		PREMIER AMERICA, CA				CALIFORNIA, CA	18	SOUTH CAROLINA, SC	10
2		TECHNOLOGY, CA				POLICE & FIRE, PA	18		

Earnings-Emphasis Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		<u>Sum of Standard Scores</u>	<u>Value</u>	<u>Sum of Rankings of Standard Scores</u>	<u>Value</u>	<u>Number of Ratios > Median</u>	<u>Value</u>	<u>No. of Ratios >= 75th Percentile</u>	<u>Value</u>
		<u>Credit Union</u>		<u>Credit Union</u>		<u>Credit Union</u>		<u>Credit Union</u>	
4	1	PENTAGON, VA	8.71	PENTAGON, VA	767	PENTAGON, VA	18	PENTAGON, VA	14
4	2	STATE EMPLOY CU, MD	6.72	STATE EMPLOY CU, MD	801	STATE EMPLOY CU, MD	18	SOUTH CAROLINA, SC	13
2	3	SAN DIEGO COUNTY, CA	5.70	LOCKHEED, CA	827	LOCKHEED, CA	17	LOCKHEED, CA	11
4	4	LOCKHEED, CA	5.70	EDUCATIONAL EMPLOY, CA	835	EDUCATIONAL EMPLOY, CA	17	APCO EMPLOYEES, AL	11
3	5	SOUTH CAROLINA, SC	5.34	SOUTH CAROLINA, SC	897	SPACE COAST, FL	17	STATE EMPLOY CU, MD	10
3	6	ARIZONA, AZ	5.05	DFCU FINANCIAL, MI	899	DFCU FINANCIAL, MI	16	PORTLAND TEACHERS, OR	10
3	7	DFCU FINANCIAL, MI	4.98	SAN DIEGO COUNTY, CA	904	SUNCOAST SCHOOLS, FL	16	SAN DIEGO COUNTY, CA	9
3	8	EDUCATIONAL EMPLOY, CA	4.85	TOWER, MD	911	TEACHERS, NY	16	ARIZONA, AZ	9
3	9	DESERT SCHOOLS, AZ	4.35	ARIZONA, AZ	931	REDWOOD, CA	16	RANDOLPH-BROOKS, TX	9
3	10	TOWER, MD	4.23	DESERT SCHOOLS, AZ	933	PREMIER AMERICA, CA	16	KEESLER, MS	9
								TOWER, MD	9
None								DESERT SCHOOLS, AZ	9
								FOUNDERS, SC	9
								MERCK EMPLOYEES, NJ	9
								ORANGE CTY TEACH, CA	9
								BANK FUND STAFF, DC	9
								STAR ONE, CA	9

Attachment 10b (continued)

2005 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Productivity-Focused Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Sum of Standard Scores	Value	Sum of Rankings of Standard Scores	Value	Number of Ratios > Median	Value	No. of Ratios >= 75th Percentile	Value
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	PENTAGON, VA	19.91	PENTAGON, VA	379	PENTAGON, VA	24	PENTAGON, VA	21
4	2	APCO EMPLOYEES, AL	17.99	POLICE & FIRE, PA	658	POLICE & FIRE, PA	22	SAN DIEGO COUNTY, CA	14
2	3	MERCK EMPLOYEES, NJ	17.22	APCO EMPLOYEES, AL	710	SUNCOAST SCHOOLS, FL	21	POLICE & FIRE, PA	13
3	4	SUNCOAST SCHOOLS, FL	10.89	SUNCOAST SCHOOLS, FL	711	PORTLAND TEACHERS, OR	20	PORTLAND TEACHERS, OR	13
4	5	SAN DIEGO COUNTY, CA	10.47	SAN DIEGO COUNTY, CA	744	TEACHERS, NY	20	APCO EMPLOYEES, AL	13
4	6	POLICE & FIRE, PA	10.27	ORANGE CTY TEACH, CA	754	REDWOOD, CA	20	ORANGE CTY TEACH, CA	13
3	7	ORANGE CTY TEACH, CA	9.51	PORTLAND TEACH, OR	789	TOWER, MD	19	LOCKHEED, CA	12
1	8	KEESLER, MS	9.46	TEACHERS, NY	823	THE GOLDEN 1, CA	19	MERCK EMPLOYEES, NJ	12
1	9	ALLIANT, IL	8.98	REDWOOD, CA	824	APCO EMPLOYEES, AL	18	BANK FUND STAFF, DC	12
1	10	FIRST COMMUNITY, MO	8.46	TOWER, MD	825	SAN DIEGO COUNTY, CA	18	STAR ONE, CA	12
						LOCKHEED, CA	18		
3		PORTLAND TEACHERS, OR				BOEING EMPLOYEES, WA	18		
2		TEACHERS, NY				RANDOLPH-BROOKS, TX	18		
2		REDWOOD, CA				PREMIER AMERICA, CA	18		
2		TOWER, MD							
2		LOCKHEED, CA							

Attachment 10c

2004 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Balanced Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
2	1	MERCK EMPLOYEES, NJ	12.12	PENTAGON, VA	646	PENTAGON, VA	19	PENTAGON, VA	16
4	2	PENTAGON, VA	11.55	SAN DIEGO COUNTY, CA	673	SAN DIEGO COUNTY, CA	18	SAN DIEGO COUNTY, CA	14
4	3	SAN DIEGO COUNTY, CA	10.61	THE GOLDEN 1, CA	742	THE GOLDEN 1, CA	18	PORTLAND TEACH, OR	12
1	4	APCO EMPLOYEES, AL	8.98	UNITED NATIONS, NY	749	UNITED NATIONS, NY	18	ORANGE CTY TEACH, CA	11
4	5	PORTLAND TEACH, OR	7.17	PORTLAND TEACH, OR	793	LOCKHEED, CA	18	MERCK EMPLOYEES, NJ	11
4	6	THE GOLDEN 1, CA	6.32	LOCKHEED, CA	795	TOWER, MD	18	LOCKHEED, CA	10
3	7	SPACE COAST, FL	5.98	HUDSON VALLEY, NY	802	TEACHERS, NY	18	BANK FUND STAFF, DC	10
3	8	UNITED NATIONS, NY	5.96	REDWOOD, CA	808	PORTLAND TEACHERS, OR	17	STAR ONE, CA	10
3	9	HUDSON VALLEY, NY	5.84	SPACE COAST, FL	816	HUDSON VALLEY, NY	17	CONNECTICUT ST EM, CT	10
1	10	LAKE MICHIGAN, MI	5.42	TOWER, MD	821	REDWOOD, CA	17	THE GOLDEN 1, CA	9
						KEESLER, MS	17	UNITED NATIONS, NY	9
3		LOCKHEED, CA						SPACE COAST, FL	9
2		REDWOOD, CA						POLICE & FIRE, PA	9
2		TOWER, MD						BETHPAGE, NY	9
								DELTA EMPLOYEES, GA	9

Conservative Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	STAR ONE, CA	17.66	STAR ONE, CA	538	STAR ONE, CA	19	CONNECTICUT ST EMP, CT	17
4	2	MERCK EMPLOYEES, NJ	17.03	CONNECTICUT ST EMP, CT	574	KEESLER, MS	19	STAR ONE, CA	16
4	3	CONNECTICUT ST EMP, CT	16.31	BANK FUND STAFF, DC	686	HUDSON VALLEY, NY	19	BANK FUND STAFF, DC	14
3	4	ALLIANT, IL	12.65	MERCK EMPLOYEES, NJ	696	CONNECTICUT ST EMP, CT	18	MERCK EMPLOYEES, NJ	14
4	5	BANK FUND STAFF, DC	12.19	SAN DIEGO COUNTY, CA	738	PACIFIC SERVICE, CA	18	DELTA EMPLOYEES, GA	12
3	6	PACIFIC SERVICE, CA	9.12	PACIFIC SERVICE, CA	741	POLICE & FIRE, PA	18	SAN DIEGO COUNTY, CA	12
2	7	APCO EMPLOYEES, AL	8.44	ALLIANT, IL	750	BANK FUND STAFF, DC	17	ALLIANT, IL	12
1	8	PENTAGON, VA	8.17	POLICE & FIRE, PA	751	MERCK EMPLOYEES, NJ	17	ORANGE CTY TEACH, CA	10
2	9	UNITED NATIONS, NY	7.92	TEACHERS, NY	759	TEACHERS, NY	17	POLICE & FIRE, PA	9
4	10	POLICE & FIRE, PA	7.76	TOWER, MD	776	TOWER, MD	17	PORTLAND TEACHERS, OR	9
						UNITED NATIONS, NY	17	TECHNOLOGY, CA	9
2		SAN DIEGO COUNTY, CA				DELTA EMPLOYEES, GA	17	APCO EMPLOYEES, AL	9
2		TEACHERS, NY				WINGS FINANCIAL, MN	17	EASTMAN, TN	9
2		TOWER, MD						NORTH ISLAND FIN'CIAL, CA	9
2		DELTA EMPLOYEES, GA						AMERICAN AIRLINES, TX	9
								THINK, MN	9

Attachment 10c (continued)

2004 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Growth-Oriented Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	SAN DIEGO COUNTY, CA	14.08	SAN DIEGO COUNTY, CA	600	LOCKHEED, CA	21	SAN DIEGO COUNTY, CA	16
4	2	LOCKHEED, CA	13.09	LOCKHEED, CA	630	SAN DIEGO COUNTY, CA	19	PENTAGON, VA	15
2	3	MERCK EMPLOYEES, NJ	12.65	PENTAGON, VA	665	BANK FUND STAFF, DC	19	LOCKHEED, CA	14
4	4	PENTAGON, VA	12.34	BANK FUND STAFF, DC	733	REDWOOD, CA	19	PORTLAND TEACHERS, OR	14
4	5	BANK FUND STAFF, DC	11.85	PORTLAND TEACH, OR	734	THE GOLDEN 1, CA	19	ORANGE CTY TEACH, CA	13
4	6	PORTLAND TEACH, OR	11.09	REDWOOD, CA	747	PENTAGON, VA	18	BETHPAGE, NY	12
1	7	LAKE MICHIGAN, MI	8.05	THE GOLDEN 1, CA	808	PORTLAND TEACHERS, OR	18	BANK FUND STAFF, DC	11
2	8	SPACE COAST, FL	7.24	UNITED NATIONS, NY	819	UNITED NATIONS, NY	18	STAR ONE, CA	11
3	9	REDWOOD, CA	7.10	ORANGE CTY TEACH, CA	827	ORANGE CTY TEACH, CA	17	TECHNOLOGY, CA	10
2	10	STAR ONE, CA	6.76	SPACE COAST, FL	847	POLICE & FIRE, PA	17	MERCK EMPLOYEES, NJ	10
						TEACHERS, NY	17		
2		THE GOLDEN 1, CA				KEESLER, MS	17		
2		UNITED NATIONS, NY							
2		ORANGE CTY TEACHERS							

Earnings-Emphasis Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	PENTAGON, VA	8.62	PENTAGON, VA	715	KEESLER, MS	19	PENTAGON, VA	13
3	2	SAN DIEGO COUNTY, CA	7.75	SAN DIEGO COUNTY, CA	763	LOCKHEED, CA	18	SAN DIEGO COUNTY, CA	11
3	3	LAKE MICHIGAN, MI	7.15	LOCKHEED, CA	763	STATE EMPLYS CU, MD	18	MERCK EMPLOYEES, NJ	11
2	4	TECHNOLOGY, CA	5.71	EDUCATIONAL EMPLOY, CA	774	PENTAGON, VA	17	CONNECTICUT ST EMP, CT	11
2	5	FOUNDERS, SC	5.63	HUDSON VALLEY, NY	812	WRIGHT-PATT, OH	17	LAKE MICHIGAN, MI	10
2	6	HUDSON VALLEY, NY	5.46	KEESLER, MS	819	CITIZENS EQUITY FIRST, IL	16	POLICE & FIRE, PA	10
3	7	POLICE & FIRE, PA	5.45	LAKE MICHIGAN, MI	833	THE GOLDEN 1, CA	16	PORTLAND TEACH, OR	10
2	8	EDUCATIONAL EMPLOY, CA	5.43	POLICE & FIRE, PA	834	SPACE COAST, FL	16	FOUNDERS, SC	10
4	9	LOCKHEED, CA	4.51	CITIZENS EQUITY FIRST, IL	848	REDWOOD, CA	16	TECHNOLOGY, CA	10
1	10	DFCU FINANCIAL, MI	4.33	STATE EMPLYS CU, MD	854	TOWER, MD	16	LOCKHEED, CA	9
						REDSTONE, AL	16	SOUTH CAROLINA, SC	9
2		CITIZENS EQUITY FIRST, IL						BANK FUND STAFF, DC	9
2		STATE EMPLYS CU, MD						STAR ONE, CA	9
2		KESSLER, MS							

Attachment 10c (continued)

2004 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Productivity-Focused Approach: \$1 Billion and Above Asset-Size Group

<u>Ranking Repeats</u>	<u>Rank</u>	<u>Ranking Method # 1</u>		<u>Ranking Method # 2</u>		<u>Ranking Method # 3</u>		<u>Ranking Method # 4</u>	
		<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>
4	1	PENTAGON, VA	20.20	PENTAGON, VA	379	PENTAGON, VA	23	PENTAGON, VA	19
2	2	MERCK EMPLOYEES, NJ	17.66	SAN DIEGO COUNTY, CA	688	POLICE & FIRE, PA	21	PORTLAND TEACH, OR	14
3	3	APCO EMPLOYEES, AL	16.50	APCO EMPLOYEES, AL	693	PORTLAND TEACH, OR	20	SAN DIEGO COUNTY, CA	14
2	4	CONNECTICUT ST EM, CT	10.96	PORTLAND TEACHERS, OR	722	TEACHERS, NY	20	CONNECTICUT ST EMP, CT	13
3	5	SAN DIEGO COUNTY, CA	10.89	POLICE & FIRE, PA	729	KEESLER, MS	20	MERCK EMPLOYEES, NJ	13
4	6	LAKE MICHIGAN, MI	9.60	SUNCOAST SCHOOLS, FL	750	SUNCOAST SCHOOLS, FL	19	ORANGE CTY TEACH, CA	13
2	7	ALLIANT, IL	9.36	LAKE MICHIGAN, MI	755	REDWOOD, CA	19	LOCKHEED, CA	12
2	8	STAR ONE, CA	8.94	LOCKHEED, CA	762	LAKE MICHIGAN, MI	18	BANK FUND STAFF, DC	12
4	9	SUNCOAST SCHOOLS, FL	8.73	THE GOLDEN 1, CA	770	LOCKHEED, CA	18	STAR ONE, CA	12
3	10	ORANGE CTY TEACH, CA	7.00	ORANGE CTY TEACH, CA	773	THE GOLDEN 1, CA	18	SUNCOAST SCHOOLS, FL	11
3		PORTLAND TEACHERS, OR						LAKE MICHIGAN, MI	11
2		POLICE & FIRE, PA						APCO EMPLOYEES, AL	11
3		LOCKHEED, CA						ALLIANT, IL	11
2		THE GOLDEN 1, CA							

Attachment 10d

2003 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Balanced Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
3	1	MERCK EMPLOYEES, NJ	15.11	TEACHERS, NY	542	PENTAGON, VA	20	PENTAGON, VA	14
4	2	TEACHERS, NY	10.22	PENTAGON, VA	573	TEACHERS, NY	18	PORTLAND TEACHERS, OR	13
4	3	POLICE & FIRE, PA	7.79	MERCK EMPLOYEES, NJ	610	THE GOLDEN 1, CA	18	TEACHERS, NY	12
4	4	PENTAGON, VA	7.76	POLICE & FIRE, PA	625	DIGITALMA,	18	MERCK EMPLOYEES, NJ	12
4	5	SAN DIEGO COUNTY, CA	7.53	PORTLAND TEACHERS, OR	626	POLICE & FIRE, PA	17	BANK FUND STAFF, DC	12
1	6	APCO EMPLOYEES, AL	6.60	SAN DIEGO COUNTY, CA	634	PORTLAND TEACH, OR	17	STAR ONE, CA	11
3	7	MACDILL, FL	6.01	TOWER, MD	642	TOWER, MD	17	POLICE & FIRE, PA	10
4	8	ORANGE CTY TEACH, CA	5.80	ORANGE CTY TEACH, CA	643	EDUCATIONAL EMPLOY, CA	17	SAN DIEGO COUNTY, CA	10
4	9	PORTLAND TEACH, OR	4.95	THE GOLDEN 1, CA	653	SAN DIEGO COUNTY, CA	16	ORANGE CTY TEACH, CA	10
1	10	NAVY, VA	4.93	MACDILL, FL	659	ORANGE CTY TEACH, CA	16	CONNECTICUT ST EMP, CT	10
						LOCKHEED, CA	16		
2		TOWER, MD				UNITED NATIONS, NY	16		
2		THE GOLDEN 1, CA				SPACE COAST, FL	16		
						BETHPAGE, NY	16		
						DFCU FINANCIAL, MI	16		

Conservative-Leaning Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	STAR ONE, CA	19.25	STAR ONE, CA	437	STAR ONE, CA	20	STAR ONE, CA	16
3	2	MERCK EMPLOYEES, NJ	18.46	UNITED AIRLINES EMP, IL	555	UNITED AIRLINES EMP, IL	18	CONNECTICUT ST EMP, CT	15
4	3	UNITED AIRLINES EMP, IL	13.85	CONNECTICUT ST EMP, CT	561	PENTAGON, VA	18	UNITED AIRLINES EMP, IL	14
4	4	CONNECTICUT ST EMP, CT	13.23	MERCK EMPLOYEES, NJ	567	TOWER, MD	18	BANK FUND STAFF, DC	14
4	5	BANK FUND STAFF, DC	13.11	BANK FUND STAFF, DC	572	EASTMAN, TN	17	MERCK EMPLOYEES, NJ	13
4	6	PENTAGON, VA	9.42	PENTAGON, VA	621	CONNECTICUT ST EMP, CT	16	ORANGE CTY TEACH, CA	12
1	7	TEACHERS, NY	7.86	TOWER, MD	621	BANK FUND STAFF, DC	16	APCO EMPLOYEES, AL	11
2	8	SPACE COAST, FL	7.64	SAN DIEGO COUNTY, CA	647	SAN DIEGO COUNTY, CA	16	PENTAGON, VA	10
2	9	UNITED NATIONS, NY	7.34	ORANGE CTY TEACH, CA	650	ORANGE CTY TEACH, CA	16	DELTA EMPLOYEES, GA	10
4	10	SAN DIEGO COUNTY, CA	7.10	ADDISON AVENUE, CA	654	SPACE COAST, FL	16	EASTMAN, TN	9
						UNITED NATIONS, NY	16	SAN DIEGO COUNTY, CA	9
3		ORANGE COUNTY TEACHERS, CA				NAVY, VA	16	NAVY, VA	9
2		TOWER, MD				NWA, MN	16	PATELCO, CA	9
2		EASTMAN, TN				PORTLAND TEACH, OR	16	NORTH ISLAND FIN'CIAL, CA	9
2		NAVY, VA				BETHPAGE, NY	16	THINK, MN	9
						DFCU FINANCIAL, MI	16		

Attachment 10d (continued)

2003 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Growth-Oriented Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
1	1	WESTERN, CA	29.77	PORTLAND TEACH, OR	552	PENTAGON, VA	21	PORTLAND TEACHERS, OR	15
3	2	MERCK EMPLOYEES, NJ	18.55	LOCKHEED, CA	553	PORTLAND TEACHERS, OR	20	PENTAGON, VA	13
4	3	BANK FUND STAFF, DC	10.96	PENTAGON, VA	559	LOCKHEED, CA	19	LOCKHEED, CA	13
4	4	LOCKHEED, CA	8.44	NORTHWEST, VA	563	THE GOLDEN 1, CA	18	MERCK EMPLOYEES, NJ	13
4	5	PORTLAND TEACH, OR	7.79	MERCK EMPLOYEES, NJ	614	NORTHWEST, VA	17	NORTHWEST, VA	12
2	6	STAR ONE, CA	7.63	MACDILL, FL	623	TEACHERS, NY	17	BANK FUND STAFF, DC	12
4	7	PENTAGON, VA	7.23	TEACHERS, NY	637	BANK FUND STAFF, DC	17	STAR ONE, CA	12
4	8	NORTHWEST, VA	6.87	SAN DIEGO COUNTY, CA	644	TOWER, MD	17	SAN DIEGO COUNTY, CA	11
3	9	MACDILL, FL	6.31	BANK FUND STAFF, DC	653	BETHPAGE, NY	17	MACDILL, FL	11
3	10	SAN DIEGO COUNTY, CA	6.24	TOWER, MD	655	ORANGE CTY TEACH, CA	17	TEACHERS, NY	10
3		TEACHERS, NY				NAVY, VA	17	TOWER, MD	10
3		TOWER, MD				DIGITAL, MA	17	BETHPAGE, NY	10
2		BETHPAGE, NY						ORANGE CTY TEACH, CA	10
2		ORANGE COUNTY TEACHERS, CA						UNITED AIRLINES EMP, IL	10

Earnings-Emphasis Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	MACDILL, FL	8.26	MACDILL, FL	573	PENTAGON, VA	20	PENTAGON, VA	12
4	2	POLICE & FIRE, PA	7.85	PENTAGON, VA	604	MACDILL, FL	18	MACDILL, FL	12
4	3	PENTAGON, VA	6.99	EDUCATIONAL EMPLOY, CA	604	EDUCATIONAL EMPLOY, CA	18	PORTLAND TEACHERS, OR	11
4	4	EDUCATIONAL EMPLOY, CA	6.96	POLICE & FIRE, PA	646	PORTLAND TEACHERS, OR	17	SECURITY SERVICE, TX	11
4	5	TEACHERS, NY	6.83	TEACHERS, NY	673	LOCKHEED, CA	16	MERCK EMPLOYEES, NJ	11
4	6	NAVY, VA	5.76	LOCKHEED, CA	686	THE GOLDEN 1, CA	16	EDUCATIONAL EMPLOY, CA	10
3	7	SAN DIEGO COUNTY, CA	5.31	NORTHWEST, VA	697	TOWER, MD	16	TEACHERS, NY	10
2	8	TINKER, OK	4.54	PORTLAND TEACHERS, OR	700	POLICE & FIRE, PA	15	APCO EMPLOYEES, AL	10
2	9	DFCU FINANCIAL, MI	3.82	NAVY, VA	706	TEACHERS, NY	15	CONNECTICUT ST EMP, CT	10
1	10	DESERT SCHOOLS, AZ	3.32	SAN DIEGO COUNTY, CA	711	NORTHWEST, VA	15	POLICE & FIRE, PA	9
3		PORTLAND TEACHERS, OR				NAVY, VA	15	NAVY, VA	9
2		LOCKHEED, CA				TINKER, OK	15	SAN DIEGO COUNTY, CA	9
2		NORTHWESTERN, VA				DFCU FINANCIAL, MI	15	BANK FUND STAFF, DC	9
						NWA, MN	15	STAR ONE, CA	9

Attachment 10d (continued)

2003 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Productivity-Focused Approach: \$1 Billion and Above Asset-Size Group

<u>Ranking Repeats</u>	<u>Rank</u>	<u>Ranking Method # 1</u>		<u>Ranking Method # 2</u>		<u>Ranking Method # 3</u>		<u>Ranking Method # 4</u>	
		<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>
3	1	MERCK EMPLOYEES, NJ	19.12	PENTAGON, VA	364	PENTAGON, VA	23	PENTAGON, VA	17
4	2	PENTAGON, VA	14.89	POLICE & FIRE, PA	537	DIGITAL, MA,	21	MERCK EMPLOYEES, NJ	14
3	3	APCO EMPLOYEES, AL	14.02	TEACHERS, NY	562	POLICE & FIRE, PA	19	PORTLAND TEACH, OR	13
2	4	CONNECTICUT ST EMP, CT	11.71	MERCK EMPLOYEES, NJ	581	TEACHERS, NY	18	CONNECTICUT ST EMPL, CT	13
4	5	POLICE & FIRE, PA	11.11	MACDILL, FL	597	TOWER, MD	18	POLICE & FIRE, PA	12
3	6	UNITED AIRLINES EMPL, IL	10.60	APCO EMPLOYEES, AL	612	PORTLAND TEACHERS, OR	18	TEACHERS, NY	12
4	7	TEACHERS, NY	9.59	DIGITAL, MA	629	THE GOLDEN 1, CA	18	APCO EMPLOYEES, AL	12
2	8	STAR ONE, CA	9.57	TOWER, MD	654	MACDILL, FL	17	SAN DIEGO COUNTY, CA	12
1	9	STATE EMPLOYEES', NC	8.11	SAN DIEGO COUNTY, CA	657	ORANGE CTY TEACH, CA	17	BANK FUND STAFF, DC	12
2	10	BANK FUND STAFF, DC	7.90	PORTLAND TEACHERS, OR	662	VISIONS, NY	17	STAR ONE, CA	12
						NWA ,MN	17	UNITED AIRLINES EMPL, IL	12
3		PORTLAND TEACHERS, OR							
2		MACDILL, FL							
2		DIGITAL, MA							
2		TOWER, MD							
2		SAN DIEGO COUNTY, CA							

Attachment 11

2006 High-Performance Rankings – Focused Version: Top 10 Credit Unions

Balanced Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	BOEING EMPLOYEES, WA	4.85	PENTAGON, VA	213	ONPOINT COMMUNITY, OR	8	PENTAGON, VA	6
4	2	PENTAGON, VA	4.84	BOEING EMPLOYEES, WA	247	PENTAGON, VA	7	BOEING EMPLOYEES, WA	5
4	3	SAN DIEGO COUNTY, CA	4.80	ONPOINT COMMUNITY, OR	251	UNITED NATIONS, NY	7	SAN DIEGO COUNTY, CA	5
1	4	APCO EMPLOYEES, AL	4.68	SAN DIEGO COUNTY, CA	258	ENT, CO	7	LOCKHEED, CA	5
2	5	MOUNTAIN AMERICA, UT	3.99	REDWOOD, CA	279	SUNCOAST SCHOOLS, FL	7	ORANGE CTY TEACH, CA	5
2	6	STAR ONE, CA	3.75	UNITED NATIONS, NY	288	INDIANA MEMBERS, IN	7	ONPOINT COMMUNITY, OR	4
4	7	ONPOINT COMMUNITY, OR	3.67	ENT, CO	294	THINK, MN	7	UNITED NATIONS, NY	4
3	8	REDWOOD, CA	3.44	LOCKHEED, CA	308	CITIZENS EQUITY FIRST ,IL	7	POLICE & FIRE, PA	4
1	9	MIDFLORIDA, FL	2.90	SUNCOAST SCHOOLS, FL	313	BOEING EMPLOYEES, WA	6	BANK FUND STAFF, DC	4
4	10	UNITED NATIONS, NY	2.87	POLICE & FIRE, PA	317	SAN DIEGO COUNTY, CA	6	MOUNTAIN AMERICA, UT	4
3		LOCKHEED, CA				LOCKHEED, CA	6	STAR ONE, CA	4
3		POLICE & FIRE, PA				POLICE & FIRE, PA	6	AMERICAN AIRLINES, TX	4
2		SUNCOAST SCHOOLS, FL				REDWOOD, CA	6	PATELCO, CA	4
2		ENT, CO				BETHPAGE, NY	6		
						CALIFORNIA, CA	6		
						Plus 6 other CUs at :	6		

Conservative-Leaning Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	STAR ONE, CA	9.35	SANDIA LABORATORY, NM	106	SANDIA LABORATORY, NM	8	BANK FUND STAFF, DC	7
4	2	SANDIA LABORATORY, NM	9.26	BANK FUND STAFF, DC	135	BANK FUND STAFF, DC	8	SANDIA LABORATORY, NM	6
3	3	STATE FARM GRT LAKES, IL	7.93	STAR ONE, CA	169	STAR ONE, CA	7	STAR ONE, CA	6
4	4	BANK FUND STAFF, DC	7.79	INDIANA MEMBERS, IN	187	INDIANA MEMBERS, IN	7	CREDIT UN CENT FALLS, RI	6
4	5	ASCEND, TN	6.99	FIRST COMMUNITY, MO	236	FIRST COMMUNITY, MO	7	INDIANA MEMBERS, IN	5
4	6	FIRST COMMUNITY, MO	6.88	CREDIT UN CENT FALLS, RI	243	TOWER, MD	7	FIRST COMMUNITY, MO	5
1	7	APCO EMPLOYEES, AL	6.30	TOWER, MD	244	ASCEND, TN	7	KEESLER, MS	4
4	8	INDIANA MEMBERS, IN	6.16	ASCEND, TN	249	VISIONS, NY	7	STATE FARM GRT LAKES, IL	4
3	9	ATLANTA POSTAL, GA	6.15	VISIONS, NY	249	CENTRAL FL'A EDUCAT, FL	7	LOCKHEED, CA	4
4	10	VISIONS, NY	5.61	ATLANTA POSTAL, GA	268	ORANGE CTY TEACHERS, CA	7	PENTAGON, VA	4
3		TOWER, MD				RANDOLPH-BROOKS, TX	7		
2		CENTRAL FLORIDA EDS, FL						Plus 14 other CUs at:	4
2		CREDIT UN CENTRAL FALLS, RI							

Attachment 11 (continued)

2006 High-Performance Rankings – Focused Version: Top 10 Credit Unions

Growth-Oriented Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	MOUNTAIN AMERICA, UT	12.53	MOUNTAIN AMERICA, UT	103	MOUNTAIN AMERICA, UT	8	AMERICA FIRST, UT	7
4	2	AMERICA FIRST, UT	8.80	AMERICA FIRST, UT	129	AMERICA FIRST, UT	8	MOUNTAIN AMERICA, UT	7
4	3	BOEING EMPLOYEES, WA	8.06	BOEING EMPLOYEES, WA	160	BOEING EMPLOYEES, WA	8	BOEING EMPLOYEES, WA	6
2	4	SAN ANTONIO, TX	7.91	CALIFORNIA, CA	184	CALIFORNIA, CA	8	NAVY, VA	6
4	5	CALIFORNIA, CA	7.27	MEMBERS 1 ST , PA	189	PENTAGON, VA	8	MEMBERS 1 ST , PA	6
4	6	PENTAGON, VA	7.22	PENTAGON, VA	195	MEMBERS 1 ST , PA	7	PENTAGON, VA	5
4	7	MEMBERS 1 ST , PA	6.87	REDWOOD, CA	217	REDWOOD, CA	7	LOCKHEED, CA	5
3	8	WESCOM CENTRAL, CA	6.61	BAXTER, IL	217	BAXTER, IL	7	CALIFORNIA, CA	5
4	9	NAVY, VA	6.53	NAVY, VA	223	NAVY, VA	7	BAXTER, IL	5
1	10	SAN DIEGO COUNTY, CA	6.37	WESCOM CENTRAL, CA	231	DIGITAL, MA	7	WESCOM CENTRAL, CA	5
						DESERT SCHOOLS, AZ	7	MIDFLORIDA, FL	5
3		BAXTER, IL				SAN ANTONIO, TX	7		
2		REDWOOD, CA				POLICE & FIRE, PA	7		

Earnings-Emphasis Approach: \$1 Billion and Above Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
2	1	ARROWHEAD CENTRAL, CA	8.82	ARIZONA, AZ	239	SPACE COAST, FL	7	ARIZONA, AZ	6
4	2	ARIZONA, AZ	7.72	SPACE COAST, FL	241	NAVY, VA	7	NAVY, VA	5
4	3	MUNICIPAL, NY	6.63	NAVY, VA	249	CALIFORNIA, CA	7	CALIFORNIA, CA	5
4	4	SPACE COAST, FL	5.65	CALIFORNIA, CA	261	AMERICA FIRST, UT	7	MOUNTAIN AMERICA, UT	5
4	5	MOUNTAIN AMERICA, UT	5.21	MOUNTAIN AMERICA, UT	282	CITIZENS EQUITY FIRST, IL	7	ARROWHEAD CENTRAL, CA	5
3	6	LOCKHEED, CA	5.13	AMERICA FIRST, UT	285	THE GOLDEN 1, CA	7	SPACE COAST, FL	4
4	7	NAVY, VA	5.10	LANGLEY, VA	288	ARIZONA, AZ	6	AMERICA FIRST, UT	4
4	8	CALIFORNIA, CA	5.01	SOUTH CAROLINA, SC	297	MOUNTAIN AMERICA, UT	6	LANGLEY, VA	4
4	9	LANGLEY, VA	4.74	LOCKHEED, CA	319	SOUTH CAROLINA, SC	6	SOUTH CAROLINA, SC	4
3	10	SOUTH CAROLINA, SC	4.66	MUNICIPAL, NY	327	FAIRWINDS, FL	6	MUNICIPAL, NY	4
3		AMERICA FIRST, UT				Plus 15 other CUs at:	6	Plus 9 other CUs at:	4
2		ASCEND, TN							
2		WASHINGTON ST EMPLYS, WA							
2		MEMBERS 1 ST , PA							
2		STATE EMPLOYEES CU, MD							

Attachment 11 (continued)

2006 High-Performance Rankings – Focused Version: Top 10 Credit Unions

Productivity-Focused Approach: \$1 Billion and Above Asset-Size Group

<u>Ranking Repeats</u>	<u>Rank</u>	<u>Ranking Method # 1</u>		<u>Ranking Method # 2</u>		<u>Ranking Method # 3</u>		<u>Ranking Method # 4</u>	
		<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>
4	1	STATE FARM GRT LAK, IL	18.45	PENTAGON, VA	93	PENTAGON, VA	8	PENTAGON, VA	8
4	2	APCO EMPLOYEES, AL	16.83	APCO EMPLOYEES, AL	133	APCO EMPLOYEES, AL	8	ASCEND, TN	6
4	3	PENTAGON, VA	10.91	STATE FARM GRT LAK, IL	163	POLICE & FIRE, PA	8	POLICE & FIRE, PA	6
3	4	ALLIANT, IL	9.20	POLICE & FIRE, PA	184	SUNCOAST SCHOOLS, FL	8	KEESLER, MS	6
4	5	KEESLER, MS	6.94	KEESLER, MS	193	TEACHERS, NY	8	STATE FARM GRT LAKES, IL	6
2	6	STAR ONE, CA	6.68	ASCEND, TN	204	INDIANA MEMBERS, IN	8	TEACHERS, NY	5
2	7	ATLANTA POSTAL, GA	6.41	SUNCOAST SCHOOLS, FL	214	STATE FARM GRT LAKES, IL	7	SAN DIEGO COUNTY, CA	5
4	8	POLICE & FIRE, PA	6.18	TEACHERS, NY	244	KEESLER, MS	7	ORANGE CTY TEACH, CA	5
4	9	ASCEND, TN	5.85	ORANGE CTY TEACH, CA	268	ASCEND, TN	7	BOEING EMPLOYEES, WA	5
4	10	SUNCOAST SCHOOLS, FL	5.05	ALLIANT, IL	275	VISIONS, NY	7	STAR ONE, CA	5
3		TEACHERS, NY				ONPOINT COMMUNITY, OR	7	APCO EMPLOYEES, AL	5
2		ORANGE COUNTY TEACHERS, CA				REDWOOD, CA	7	ATLANTA POSTAL, GA	5
						CITIZENS EQUITY FIRST, IL	7	ALLIANT, IL	5
								SUNCOAST SCHOOLS, FL	5

Attachment 12

2006 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Balanced Approach: \$300 Million to \$1 Billion Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
1	1	LOCAL GOVERNMENT, NC	15.87	SESLOC, CA	2,028	NATIONWIDE, OH	22	SESLOC, CA	15
3	2	CLARK COUNTY, NV	12.44	NATIONWIDE, OH	2,141	SESLOC, CA	21	AUSTIN TELCO, TX	14
1	3	RTN, MA	12.29	AUSTIN TELCO, TX	2,362	CFCU COMMUNITY, NY	19	SAFE 1, CA	14
1	4	CAL STATE 9, CA	12.25	ABBOTT LABS, IL	2,440	KEMBA, OH	19	NATIONWIDE, OH	13
1	5	MERCK EMPLOYEES, NJ	11.57	SAFE 1, CA	2,545	AMERICA'S FIRST, AL	19	ABBOTT LABORATORIES, IL	13
4	6	SESLOC, CA	10.12	TRUMARK FINANCIAL, PA	2,584	IQ, WA	19	CLARK COUNTY, NV	13
2	7	POINT BREEZE, MD	9.85	CLARK COUNTY, NV	2,597	AUSTIN TELCO, TX	18	MELROSE, NY	13
2	8	FIRST FIN'CIAL OF MD, MD	9.73	FIRST FIN'L OF MD, MD	2,600	ABBOTT LABORATORIES, IL	18	PROGRESSIVE, NY	13
1	9	NORTHEAST, NH	9.70	POINT BREEZE, MD	2,623	TRUMARK FINANCIAL, PA	18	UTAH COMMUNITY, UT	12
1	10	CAMPUS USA, FL	9.32	CFCU COMMUNITY, NY	2,626	UTAH COMMUNITY, UT	18	DIRECT, MA	12
3		NATIONWIDE, OH		NORTHROP GRUMMAN, CA	18	UNIVERSITY OF UTAH, UT	12		
3		ABBOTT LABORATORIES, IL		STANFORD, CA	18	COMMUNITY FIRST, WI	12		
3		AUSTIN TELCO, TX		HAWAIIAN TEL, HI	18	CAMPUS USA, FL	12		
2		SAFE 1, CA		FIRST ENTERTAINMENT, CA	18	MONTGOMERY C TEACH, MD	12		
2		TRUMARK FINANCIAL, PA		SHARONVIEW, SC	18	BOULDER DAM, NV	12		
2		CFCU COMMUNITY, NY		VISTA, CA	18	FLORIDA, FL	12		
2		UTAH COMMUNITY, UT		THREE RIVERS, IN	18	CONTRA COSTA, CA	12		

Balanced Approach: \$100 Million to \$300 Million Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
3	1	C-B-W SCHOOLS, PA	15.01	DOWNEY, CA	3,979	OLEAN AREA, NY	20	DOWNEY, CA	17
1	2	AFLAC, GA	14.82	VALERO, TX	4,088	YAKIMA VALLEY CU, WA	20	VALERO, TX	16
1	3	MARTINSVILLE D EMP, VA	13.16	SCHLUMBERGER EMP, TX	4,466	ALPINE, UT	20	SCHLUMBERGER EMP, TX	15
3	4	ST. PAUL CROATIAN, OH	12.87	HAR CO MARYLAND, MD	4,970	CLOVERBELT, WI	20	ST. PAUL CROATIAN, OH	13
3	5	SCHLUMBERGER EMP, TX	12.19	NEW HAMPSHIRE, NH	5,005	DOWNEY, CA	19	DEERE EMPLOYEES, IL	13
2	6	TELCOE, AR	10.96	FEDEX EM CRED ASS, TN	5,061	VALERO, TX	19	STATE EMPLOYEES, FL	13
4	7	VALERO, TX	10.91	ST. PAUL CROATIAN, OH	5,069	G.P.O., NY	19	C-B-W SCHOOLS, PA	13
1	8	OPTION 1, MI	10.71	COMMUNITY, ND	5,079	CESSNA EMPLOYEES, KS	19	TELCOE, AR	13
1	9	SAGELINK, MI	10.70	C-B-W SCHOOLS, PA	5,126	EL PASO AREA TEACH, TX	19	POPA, CA	13
4	10	DOWNEY, CA	10.64	DEERE EMPLOYEES, IL	5,210	KERN, CA	19	HEALTHCARE ASSOC, IL	13
2		DEERE EMPLOYEES, IL							

Attachment 12 (continued)

2006 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Balanced Approach: \$50 Million to \$100 Million Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
1	1	WEST TEXAS, TX	18.43	TARGET CORP, MN	4,500	PINELLAS, FL	21	WESTWORKS, CA	15
2	2	ACADIA, ME	16.69	HEALTH CARE, UT	4,586	EASTERN UTAH COMM'Y, UT	20	MOOG EMPLOYEES, NY	15
1	3	LUFTHANSA EMP, NY	15.09	CASCADE COMM'Y, OR	4,809	PENN STATE, PA	20	CASCADE COMM'Y, OR	14
3	4	TARGET CORP, MN	14.37	PINELLAS, FL	4,865	HEALTH CARE, UT	19	BAY RIDGE, NY	14
3	5	FRANKLIN CTY TEACH, PA	13.04	DENVER FIRE DEPT, CO	5,095	FRANKLIN CTY TEACH, PA	19	PINELLAS, FL	13
1	6	JERSEY TRADES, NJ	12.23	FRANKLIN CTY TEACH, PA	5,162	FAMILIES & SCH TOGETH, CA	19	HEALTH CARE, UT	13
4	7	PINELLAS, FL	12.00	HAWAII COUNTY EMP, HI	5,178	JEFFERSON COUNTY, KY	19	SOUTH METRO, MN	13
2	8	DENVER FIRE DEPT, CO	11.82	WESTWORKS, CA	5,186	ASSOC SCHOOL EMPLOY, OH	19	TARGET CORP, MN	13
1	9	MCBRYDE, HI	11.62	CEDAR FALLS COMM'Y, IA	5,247	CASCADE COMMUNITY, OR	18	ACADIA, ME	13
3	10	WESTWORKS, CA	11.54	LINCOLN COUNTY, MT	5,262	HAWAII COUNTY EMP, HI	18	WASHINGTON GAS L, VA	13
3		HEALTH CARE, UT				CEDAR FALLS COMM'Y, IA	18	DENVER FIRE DEPT, CO	13
3		CASCADE COMMUNITY, OR				SOUTH METRO, MN	18	MISSOURI ELEC COOP E, MO	13
2		HAWAII COUNTY EMPLOYEES, HI				DEPT OF THE INTERIOR, DC	18		
2		CEDAR FALLS COMMUNITY				PARK VIEW, VA	18		
2		SOUTH METRO, MN				Plus 7 other CUs at:	18		

Balanced Approach: \$25 Million to \$50 Million Asset-Size Group

Ranking Repeats	Rank	Ranking Method # 1		Ranking Method # 2		Ranking Method # 3		Ranking Method # 4	
		Credit Union	Value	Credit Union	Value	Credit Union	Value	Credit Union	Value
4	1	SOUTHERN, TX	16.36	AFFINIA, OH	6,134	MERIDEN SCHOOLS, CT	19	AFFINIA, OH	15
3	2	LEWIS CLARK, ID	16.36	SOUTHERN, TX	6,308	COTTONWOOD COMM'Y, ID	19	SOUTHERN, TX	15
3	3	NORTHWEST COMM'Y, IL	12.83	CASCADE CENTRAL, OR	6,545	GRAND JUNCTION, CO	19	CALCASIEU TEACH & E, LA	15
4	4	AFFINIA, OH	12.81	MERIDEN SCHOOLS, CT	6,615	LEWIS CLARK, ID	19	COTTONWOOD COMM'Y, ID	14
1	5	OMAHA PUB P DIST E, NE	12.45	COTTONWOOD CO'TY, ID	6,699	CREIGHTON, NE	19	CROW WING POWER, MN	14
1	6	SPRINGFIELD TEACH, MO	12.17	GRAND JUNCTION, CO	6,751	TWO HARBORS, MN	19	GRAND JUNCTION, CO	13
1	7	SOUTHW'T HERITAGE, TX	10.98	NORTHWEST COMM'Y, IL	6,859	PATHFINDER, PA	19	VISION ONE, CA	13
1	8	NIZARI PROGRESSIVE, TX	10.77	LEWIS CLARK, ID	7,010	N. P. G. EMPLOYEES, NY	19	NORTHWEST COMM' TY, IL	13
1	9	GOLDEN KEY, TX	10.69	RICHLAND, MT	7,057	AFFINIA, OH	18	SPOKANE LAW ENF'T, WA	13
1	10	CALIFORNIA LITHUAN, CA	10.56	BLAIR COUNTY, PA	7,116	SOUTHERN, TX	18	ATLANTIC CITY, WY	13
3		COTTONWOOD COMMUNITY, ID				CASCADE CENTRAL, OR	18	NEWARK BD OF ED EMP, NJ	13
3		GRAND JUNCTION, CO				RICHLAND, MT	18	MOUNTAIN HIGH, UT	13
2		CASCADE CENTRAL, OR				LIFEWAY, TN	18	H M S A EMPLOYEES, HI	13
2		MERIDEN SCHOOLS, CT				BETHLEHEM TEACHERS, PA	18		
2		RICHLAND, MT				PROVIDENCE POSTAL, RI	18		
2		VISION ONE, CA				Plus 22 other CUs at:	18		

Attachment 12 (continued)

2006 High-Performance Rankings – Comprehensive Version: Top 10 Credit Unions

Balanced Approach: \$10 Million to \$25 Million Asset-Size Group

<u>Ranking Repeats</u>	<u>Rank</u>	<u>Ranking Method # 1</u>		<u>Ranking Method # 2</u>		<u>Ranking Method # 3</u>		<u>Ranking Method # 4</u>	
		<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>	<u>Credit Union</u>	<u>Value</u>
1	1	PEOPLES & EMPYS, IN	23.12	NONE SUFFER LACK, MD	8,952	LOUDOUN CREDIT UN, VA	20	ALCON EMPLOYEES, TX	14
3	2	NONE SUFFER LACK, MD	19.82	LETOURNEAU, TX	9,670	CARDINAL, OH	20	NONE SUFFER LACK, MD	14
1	3	GOOD SAMARITAN, SD	16.38	CULVER CITY EMP, CA	10,087	NEBRASKA ST EMPlys, NE	20	WCLA, WA	14
1	4	SAN FRANCISCO LEE, CA	14.07	ALCOA PITTSBURGH, PA	10,138	LETOURNEAU, TX	19	LETOURNEAU, TX	13
1	5	CHICAGOL'D ELEC IND, IL	13.02	ALCON EMPLOYEES, TX	10,170	CULVER CITY EMPlys, CA	19	DIV 819 TRANS EMP, NJ	13
1	6	NEW LONDON SEC'TY, CT	11.18	MED PARK, ND	10,302	MED PARK, ND	19	MOONLIGHT CREDIT UN, PA	13
1	7	COOPERATIVE, NY	11.17	AUGUSTA COUNTY, VA	10,465	AUGUSTA COUNTY, VA	19	FANNIE MAE, DC	13
1	8	UNION FIDELITY, TX	10.65	THE CU AT THE UNIV, IL	10,473	V.A.C.EMPLOYEES, NY	19	CEDARS-SINAI, CA	13
1	9	MIDLAND MUNI EMP, TX	10.53	GREENBELT, MD	10,552	UNION FIDELITY, TX	19	MOUNT SINAI, FL	13
2	10	DIV 819 TRANS EMP, NJ	10.46	FAIRPORT, NY	10,721	BESSEMER SYSTEM, PA	19		
						G.A.P., PA	19	Plus 33 other CUs at:	12
3		LETOURNEAU, TX							
2		CULVER CITY, EMPLOYEES, CA							
2		ALCON EMPLOYEES, TX							
2		MED PARK, ND							
2		AUGUSTA COUNTY, VA							

Attachment 13
Peer Group for MSUFCU Analysis
(Assets Over \$100 Million, Michigan based, with More Than 5 Branches)
As of December 31, 2006

<u>Charter No.</u>	<u>Credit Union Name</u>	<u>Total Assets</u>	<u>Number of Members</u>	<u>Number of Employees</u>	<u>Number of Branches</u>
6570	DFCU Financial	\$1,766,654,566	153,465	349.0	11
23279	Michigan State University	1,317,633,680	134,488	318.5	8
62514	Lake Michigan	1,190,309,889	120,563	307.0	20
60249	NuUnion	785,973,103	87,019	267.5	14
62562	Credit Union One	759,499,801	116,220	327.0	22
62049	Michigan Schools & Government	751,110,779	60,895	150.5	6
6288	United	711,037,519	73,423	265.5	15
68536	USA	573,401,249	63,681	127.0	8
1202	T & C	567,382,736	65,060	162.5	10
1033	Lansing Automakers	460,878,958	53,652	128.5	6
60522	Michigan First	455,127,770	71,124	174.0	6
7275	Community Financial Members	398,493,401	42,720	137.0	7
62465	Huron River Area	362,671,408	38,904	104.5	7
8667	CP	281,181,688	43374	133.5	9
61844	Capital Community	275,437,036	41571	135.5	10
2885	First Community	274,330,362	50152	122.5	9
62141	Team One	254,165,293	32388	108.5	10
61708	Educational Community	234,822,317	36042	93.0	6
63004	Berrien Teachers	207,910,720	24531	79.0	6
62172	Consumers	198,161,003	25752	87.0	10
61759	Michigan Catholic	196,330,019	32070	74.5	6
63805	Christian Financial	195,726,016	31224	91.5	6
60105	Omni Community	192,660,862	35272	79.0	7
21686	Parda	190,202,376	25093	74.5	12
60428	Metro	186,183,109	25676	81.0	10
11979	Northland Area	176,252,446	33132	116.5	13
61908	CASE	166,398,100	28914	83.5	9
61365	Members	162,643,363	46220	107.5	7
8000	Ukrainian Selfreliance Michigan	145,330,417	6885	25.0	6
6675	American 1	145,176,156	39674	113.0	10

Attachment 14

Factor Analysis: Names, Variables, and Loading Values and Signs

\$1 Billion and Above Asset-Size Group

Factor Name:	<u>Factor 1</u> <u>Loan Portfolio Q</u>	<u>Factor 2</u> <u>Earnings Productivity</u>	<u>Factor 3</u> <u>People Efficiency</u>	<u>Factor 4</u> <u>Earnings Returns</u>	<u>Factor 5</u> <u>Asset Utilization</u>	<u>Factor 6</u> <u>Funding Long-Term</u>	<u>Factor 7</u> <u>Interest Sensitivity</u>	<u>Factor 8</u> <u>Member Service</u>	<u>Factor 9</u> <u>Noninter't Income</u>	<u>Factor 10</u> <u>Balance S Growth</u>	<u>Factor 11</u> <u>Member Bus Lend</u>	<u>Factor 12</u> <u>Capital Adequacy</u>	<u>Factor 13</u> <u>Potential Cash Need</u>
Direction of Impact:													
A priori	- 1	- 1	- 1	+ 1	+ 1	+ 1	- 1	- 1	+ 1	+ 1	- 1	+ 1	- 1
Statistical	- 1	- 1	- 1	+ 1	+ 1	+ 1	- 1	- 1	+ 1	+ 1	- 1	+ 1	- 1
Variables:	Prov / Lns	Cost of Fds	OpEx / FTE	ROE	RB Invest	L-T L / TA	RB RI Est	Mem / FTE	Nonl Inc/OE	Grow Lns	RB M Bus	Ideal Eq	S-T L / SA
(Ratios)	Ch Offs / Lns	OpEx / L&D	NonSEx / FTE	ROA	Lns / Dep	L-T L / LA	L-T A / TA	OpEx / Mem	Nonl Inc/TA	Tot Grow	RB M Com	Equ / TA	Off B/S C
	All LL / Lns	L&D / FTE	SalEx / FTE	Grow Equ	RB Avg As	S-T L / TA	RB Rq NW	NOPE/Mem		Grow Dep			
	DelLns / Lns	NtOpEx / EA	NtOpEx / FTE	Grow Nt Inc	S-T A / TA								
	DelLns / Eq	L&D / Mem	PromEx / FTE										
		EA / TA											
		Nt I Inc / EA											
Load Value:	0.9690	-0.9279	1.0283	1.0226	-1.0552	1.0214	1.0281	-0.9927	1.0085	1.0129	0.8854	0.9341	1.0852
(Ratios)	0.9435	0.9112	0.9065	0.9718	0.8407	0.9121	0.9229	0.8299	0.7428	0.7560	0.7368	0.4522	0.3125
	0.7873	-0.8490	0.9051	0.8762	0.5762	-0.7497	0.3386	0.5124		0.4010			
	0.6415	0.8387	0.5925	0.4669	-0.5473								
	0.5293	-0.8095	0.3812										
		-0.6933											
		0.6312											

\$300 Million to \$1 Billion Asset-Size Group

Factor Name	<u>Factor 1</u> <u>Earnings Productivity</u>	<u>Factor 2</u> <u>People Efficiency</u>	<u>Factor 3</u> <u>Earnings Returns</u>	<u>Factor 4</u> <u>Asset Utilization</u>	<u>Factor 5</u> <u>Loan Portfolio Qu</u>	<u>Factor 6</u> <u>Costs Earnings</u>	<u>Factor 7</u> <u>Balance Sh Growth</u>	<u>Factor 8</u> <u>Funding Long-Term</u>	<u>Factor 9</u> <u>Member Service</u>	<u>Factor 10</u> <u>Interest Sensitivity</u>	<u>Factor 11</u> <u>Capital Adequacy</u>	<u>Factor 12</u> <u>Earning Assets</u>
Direction of Impact:												
A priori	+ 1	- 1	+ 1	- 1	- 1	- 1	+ 1	+ 1	- 1	- 1	+ 1	+ 1
Statistical	- 1	- 1	+ 1	- 1	- 1	- 1	+ 1	+ 1	- 1	- 1	+ 1	+ 1
Variables:	NonInt Inc / TA	NonSEx / FTE	ROE	S-T L / SA	All LL / Lns	Cost of Fds	Grow Lns	L-T L / TA	OpEx / Mem	RB RI Est	Equ / TA	Yield Lns
(Ratios)	NonInt Inc / OE	OpEx / FTE	Grow Nt Inc	S-T A / TA	Ch Offs/ Ln	NtOpEx / EA	Tot Grow	L-T L / LANtOpEx/Mem	L-T A / TA	L-T A / TA	Ideal Eq	Yield E Ass
	OpEx / L&D	PromEx / FTE	Grow Equ	Lns / Dep	Prov / Lns	Nt I Inc / EA	Grow Dep	S-T L / TA	L&D / Mem			
	EA / TA	SalEx / FTE	ROA	RB Avg As								
	NtOpEx / FTE	Mem / FTE	BreakE Y	RB Rq NW								
	L&D / FTE		Grow Int Mar									
Load Value:	1.0101	1.0979	1.0543	1.0452	0.8903	-1.0540	0.9558	1.0226	0.8726	1.0063	0.9538	1.0558
(Ratios)	1.0095	0.9664	0.9688	-0.9562	0.7829	0.7594	0.8933	1.0221	0.6105	0.8697	0.8650	0.7350
	0.6888	0.6111	0.9654	0.5843	0.7713	0.6462	0.6199	-0.6117	0.5912			
	-0.6465	0.5979	0.9324	0.5171								
	-0.6297	0.3828	-0.4231	0.4140								
	-0.4852		0.3638									

Attachment 14 (continued)
Factor Analysis: Names, Variables, and Loading Values and Signs

\$100 Million to \$300 Million Asset-Size Group

<u>Factor Name</u>	<u>Factor 1</u> Earnings Productivity	<u>Factor 2</u> Asset Utilization	<u>Factor 3</u> Earnings Returns	<u>Factor 4</u> People Efficiency	<u>Factor 5</u> Costs of Earnings	<u>Factor 6</u> Balance Sh Growth	<u>Factor 7</u> Loan Portfolio Qu	<u>Factor 8</u> Member Service	<u>Factor 9</u> Interest Sensitivity	<u>Factor 10</u> Funding Long-Term	<u>Factor 11</u> Earning Assets	<u>Factor 12</u> Capital Adequacy
Direction of Impact:												
A priori	+ 1	- 1	+ 1	- 1	- 1	+ 1	- 1	- 1	- 1	+ 1	+ 1	+ 1
Statistical	- 1	- 1	+ 1	- 1	- 1	+ 1	- 1	- 1	- 1	+ 1	+ 1	+ 1
Variables:	NonInt Inc / OE (Ratios) NonInt Inc / TA OpEx / L&D NtOpEx / FTE L&D / FTE	S-T A / TA Lns / Dep S-T L / SA RB Avg As RB Invest Borr Com / TA Borr / TA	ROE ROA Grow Equ Grow Nt Inc BreakE Y Bal Grow	NonSEx/ FTE OpEx / FTE PromEx / FTE SalEx / FTE Off BS / TA	Cost of Fds NtOpEx / EA Nt I Inc / EA	Grow Lns Tot Grow Grow Dep Grow OpEx	Prov / Lns ChOffs / Lns All LL / Lns	Mem / FTE OpEx/ Mem NtOpE/Mem L&D / Mem	RB RI Est L-T A / TA	L-T L / LA L-T L / TA S-T L / TA	Yield Lns Yield EA	Equ / TA Ideal Eq
Load Value:	0.9683	-0.9453	1.0417	1.0592	-1.0712	0.9235	0.8289	-0.9730	1.0195	0.9738	1.0923	0.9589
(Ratios)	0.9633	0.9249	0.9591	0.8542	0.7570	0.8999	0.7514	0.9160	0.8969	0.9696	0.8115	0.7776
	0.7007	0.7812	0.9326	0.5935	0.6592	0.7583	0.6144	0.6557		-0.6471		
	-0.6515	0.7431	0.7697	0.3576	0.5148			0.6207				
	-0.5238	-0.6447	-0.4626	0.3492								
		0.4579	0.3779									
		0.3050	0.3532									

\$50 Million to \$100 Million Asset-Size Group

<u>Factor Name</u>	<u>Factor 1</u> Earnings Productivity	<u>Factor 2</u> Asset Utilization	<u>Factor 3</u> Earnings Returns	<u>Factor 4</u> People Efficiency	<u>Factor 5</u> Member Service	<u>Factor 6</u> Costs of Earnings	<u>Factor 7</u> Loan Portfolio Qu	<u>Factor 8</u> Balance Sh Growth	<u>Factor 9</u> Funding Long-Term	<u>Factor 10</u> Interest Sensitivity	<u>Factor 11</u> Earning Assets	<u>Factor 12</u> Capital Adequacy
Direction of Impact:												
A priori	+ 1	+ 1	+ 1	- 1	- 1	+ 1	- 1	+ 1	+ 1	- 1	+ 1	+ 1
Statistical	- 1	+ 1	+ 1	- 1	- 1	+ 1	- 1	+ 1	+ 1	- 1	+ 1	+ 1
Variables:	Nonl Inc / OE (Ratios) Nonl Inc / TA OpEx / L&D NtOpEx / FTE L&D / FTE	Lns / Dep RB Invest RB Avg Asset S-T A / TA S-T L / SA	ROE ROA Grow Equ Grow Nt Inc BreakE Y	NSalE / FTE OpEx / FTE PromEx / FTE Mem / FTE Sal Ex / FTE	OE / Mem NOE / Mem L&D / Mem	Cost of Fds NtOpEx / EA Nt I Inc / EA	Prov / Lns ChOffs / Lns All LL / Lns	Grow Lns Tot Grow Grow Dep	L-T L / TA L-T L / LA S-T L / TA	RB RI Est L-T A / TA	Yield Lns Yield E A	Equ / TA Ideal Equ
Load value:	1.0395	1.0230	1.0337	1.0765	0.9570	1.0833	0.8843	0.9579	0.9578	1.0062	1.0052	0.9531
(Ratios)	0.9778	-0.9416	0.9989	0.8570	0.7914	-0.6568	0.7281	0.8342	0.9509	0.8784	0.7724	0.8666
	0.6780	0.7716	0.9193	0.6780	0.6876	-0.5718	0.4352	0.4733	-0.5710			
	-0.6382	-0.6144	0.5352	0.4378								
	-0.4946	0.4895	-0.4473	0.3101								

Attachment 14 (continued)
Factor Analysis: Names, Variables, and Loading Values and Signs

\$25 Million to \$50 Million Asset-Size Group

<u>Factor Name</u>	<u>Factor 1</u>	<u>Factor 2</u>	<u>Factor 3</u>	<u>Factor 4</u>	<u>Factor 5</u>	<u>Factor 6</u>	<u>Factor 7</u>	<u>Factor 8</u>	<u>Factor 9</u>	<u>Factor 10</u>	<u>Factor 11</u>	<u>Factor 12</u>
	<u>Earnings Returns</u>	<u>Asset Utilization</u>	<u>Earnings Productivity</u>	<u>People Efficiency</u>	<u>Member Service</u>	<u>Costs of Earnings</u>	<u>Earning Assets</u>	<u>Capital Adequacy</u>	<u>Balance Sh Growth</u>	<u>Loan Portfolio Qu</u>	<u>Interest Sensitivity</u>	<u>Funding Long-Term</u>
Direction of Impact:	+ 1	+ 1	+ 1	- 1	- 1	- 1	+ 1	+ 1	+ 1	- 1	- 1	- 1
Variables:	ROE	Lns / Dep	Nonl Inc / OE	NonSEx/ FTE	OpEx / Mem	Cost of Fds	Yield Lns	Equ / TA	Grow Lns	Prov / Lns	RB RI Est	L-T L / LA
(Ratios)	Grow Equ	RB Invest	Nonl Inc / TA	Op Ex / FTE	Mem / FTE	NtOpEx / EA	Yield EA	Ideal Equ	Tot Grow	ChOffs / Lns	L-T A / TA	L-T L / TA
	ROA	RB Avg As	NtOpEx / FTE	PromEx / FTE	NtOpEx/Mem	Nt I Inc / EA		S-T L / TA	Grow Dep	All LL / Lns		
	BreakE Yield	S-T A / TA	OpEx / L&D		L&D / Mem							
	Grow Nt Inc		L&D / FTE									
Load Value:	1.0104	1.0163	1.0561	1.1165	0.9467	1.1166	1.0444	0.9499	0.9580	0.8537	1.0058	0.9660
(Ratios)	0.9678	-1.0089	0.9547	0.7664	-0.8950	-0.6240	0.8319	0.8853	0.8417	0.6795	0.8723	0.9541
	0.9616	0.7585	-0.6056	0.6014	0.8169	-0.5833		-0.5053	0.5231	0.3538		
	-0.4696	-0.4390	0.5571		0.6740							
	0.4278		-0.4025									

\$10 Million to \$25 Million Asset-Size Group

<u>Factor Name</u>	<u>Factor 1</u>	<u>Factor 2</u>	<u>Factor 3</u>	<u>Factor 4</u>	<u>Factor 5</u>	<u>Factor 6</u>	<u>Factor 7</u>	<u>Factor 8</u>	<u>Factor 9</u>	<u>Factor 10</u>	<u>Factor 11</u>	<u>Factor 12</u>
	<u>Asset Utilization</u>	<u>Costs of Earnings</u>	<u>Earnings Returns</u>	<u>People Efficiency</u>	<u>Member Service</u>	<u>Capital Adequacy</u>	<u>Earning Assets</u>	<u>NonInterest Income</u>	<u>Interest Sensitivity</u>	<u>Loan Delinq'ies</u>	<u>Balance Sh Growth</u>	<u>Risk Funding</u>
Direction of Impact:	+ 1	- 1	+ 1	- 1	- 1	+ 1	+ 1	+ 1	- 1	- 1	+ 1	- 1
Variables:	Lns / Dep	Cost of Fds	ROE	NonSEx/ FTE	OpEx / Mem	Equ / TA	Yield Lns	Nonl Inc/OE	RB RI Estat	DelLns/ Lns	Grow Lns	RB Rq NW
(Ratios)	RB Invest	NtOpEx / EA	ROA	OpEx / FTE	NtOpEx/Mem	Ideal Equ	All LL / Lns	Nonl Inc/TA	L-T A / TA	DelLns/ Equ	Tot Grow	S-T A / TA
	RB Avg Assets	OpEx / L&D	Grow Equ	NtOpEx / FTE	Mem / FTE	S-T L / TA					Grow Dep	S-T L / SA
		L&D / FTE	Grow Nt Inc	ProEx / FTE								
		N Int Inc / EA	BreakE Y									
		L&D / Mem	Grow Int Mar									
Load Value:	1.0618	-1.0235	0.9997	1.0866	0.9339	0.9321	1.0007	0.9655	0.9980	1.0130	0.9150	0.9184
(Ratios)	-1.0237	0.7734	0.9469	0.8114	0.8756	0.9024	0.3410	0.8354	0.8670	0.9180	0.8283	-0.6608
	0.8544	0.7024	0.9322	0.6080	-0.8722	-0.7011					0.5518	0.6512
		-0.6441	0.5821	0.5289								
		0.6193	-0.4408									
		-0.6092	0.3541									

Attachment 14 (continued)
Factor Analysis: Names, Variables, and Loading Values and Signs
Whole Population: \$10 Million to Above \$1 Billion Asset-Size Groups

	<u>Factor 1</u>	<u>Factor 2</u>	<u>Factor 3</u>	<u>Factor 4</u>	<u>Factor 5</u>	<u>Factor 6</u>	<u>Factor 7</u>	<u>Factor 8</u>	<u>Factor 9</u>	<u>Factor 10</u>	<u>Factor 11</u>
Factor Name	Earnings Productivity	Earnings Returns	Asset Utilization	People Efficiency	Member Service	NonInterest Income	Loan Portfolio Qu	Capital Adequacy	Balance Sh Growth	Interest Sensitivity	Funding Long-Term
Direction of Impact:	- 1	+ 1	+ 1	- 1	- 1	+ 1	- 1	+ 1	+ 1	- 1	+ 1
Variables:	Cost of Funds	ROE	Lns / Dep	NonSEx/ FTE	OpEx / Mem	Nonl Inc/OE	Prov / Lns	Equ / TA	Grow Lns	RB RI Est	L-T L / LA
(Ratios)	NtOpEx / EA	ROA	RB Invest	OpEx / FTENT	OpEx/Mem	Nonl Inc/TA	ChOffs / Lns	Ideal Equ	Tot Grow	L-T A / TA	L-T L / TA
	OpEx / L&D	Grow Equ	RB Avg As	NtOpEx / FTE			All LL / Lns	S-T L / TA	Grow Dep		
	Nt Int Inc / EA	Grow Nt Inc	S-T A / TA	PromEx / FTE							
	L&D / FTE	BreakE Yld		Mem / FTE							
	L&D / Mem	Grow Int Mar		SalEx / FTE							
Load Value:	-1.0323	0.9821	1.0093	1.0897	0.8991	0.9553	0.8581	0.9452	0.9350	1.0163	0.9674
(Ratios)	0.8232	0.9455	-0.9962	0.8858	0.8430	0.8898	0.6930	0.8522	0.7957	0.8501	0.9217
	0.7608	0.8835	0.8070	0.5789			0.4311	-0.5421	0.4990		
	0.6832	0.5939	-0.4689	0.5384							
	-0.6283	-0.4592		0.4014							
	-0.5879	0.3237		0.3673							

Attachment 15

Comparison of Factor Analysis Rankings and Strategic Approaches Rankings

<u>Credit Union</u>	<u>Factor Analysis Rankings</u>	<u>Strategic Approaches Rankings</u>
Top 10 (on both lists, total 16)		
PENTAGON, VA	1	1
SUNCOAST SCHOOLS, FL	2	18
KEESLER, MS	3	8
STATE FARM GREAT LAKES, IL	4	5
STATE EMPLOYEES', NC	5	73
ASCEND, TN	6	17
TOWER, MD	7	17
INDIANA MEMBERS, IN	8	12
SANDIA LABORATORY, NM	9	11
APCO EMPLOYEES, AL	10	3
POLICE & FIRE, PA	13	2
LOCKHEED, CA	30	4
REDWOOD, CA	12	6
SAN DIEGO COUNTY	19	7
BOEING EMPLOYEES	23	9
ONPOINT COMMUNITY	25	10
Middle 10 (on both sides, total 19)		
ALLIANT, IL	54	51
ADDISON AVENUE, CA	55	62
VYSTAR, FL	56	106
REDSTONE, AL	57	32
NORTHWEST, VA	58	59
SOUTH CAROLINA, SC	59	64
SPACE COAST, FL	60	38
AFFINITY PLUS, MN	61	99
MEMBERS 1 ST , PA	62	28
FOUNDERS, SC	63	68
GECU, TX	40	53
STATE EMPLOYEES CU OF MARYL'D, MD	66	53
MERIWEST, CA	64	55
SCHOOLS FINANCIAL, CA	38	56
TINKER, OK	103	57
SAN ANTONIO, TX	31	58
PACIFIC SERVICE, CA	80	60
COMMUNITY FIRST CU OF FLORIDA, FL	27	61
AMERICAN AIRLINES, TX	71	63
Bottom 10 (on both lists, total 13)		
FIRST TECHNOLOGY, OR	107	109
UNITED NATIONS, NY	108	79
LAKE MICHIGAN, MI	109	110
WESTERN, CA	110	114
CITADEL, PA	111	112
COASTAL, NC	112	104
CREDIT UN OF TEXAS, TX	113	113
EASTERN FINANCIAL FLORIDA, FL	114	116
MUNICIPAL, NY	115	96
MISSION, CA	116	115
COMMUNITY AMERICA, MO	95	107
ALLEGACY, NC	105	108
GTE, FL	88	111