



Risk-Based Capital Estimator Spreadsheet Tool

In January 2014, NCUA made a risk-based capital (RBC) calculator available to public stakeholders online. This RBC calculator used existing Call Report data to compute the risk-based capital ratio for each credit union under the original proposed rule. Because several proposed risk weight components are not currently available from Call Report data, **NCUA is providing credit unions with an RBC Estimator spreadsheet tool they can download from NCUA's website.** This way, each credit union can privately and independently input its own financial data to determine what its risk-based capital ratio would be under the revised proposed rule.

As background, one of the guiding principles NCUA followed when drafting the original proposed rule was to minimize Call Report changes that could create new reporting burdens for credit unions. The original proposal achieved this objective, and thus NCUA was able to create the original web-based RBC ratio calculator to accompany the original proposed rule.

However, based on commenter feedback and input from a credit union practitioners group, the revised proposal uses more detailed data to assign risk weights. NCUA currently does not collect some of the detailed data needed for calculating the revised proposed risk-based capital ratio. For example, the Call Report does not collect adequate detail on investments. This more detailed data reporting will produce a more accurate risk assessment, and NCUA reasonably believes, based on its estimates using Call Report data currently available, that the revised proposal's lower and more detailed risk weights would have a lower impact and are generally more favorable to the reporting credit union.

A credit union can use this RBC Estimator to run "what if" scenarios to determine how future growth in specific asset areas may affect its risk-based capital ratio. ***Credit union chief financial officers and their staff should refer to the revised RBC proposal's text as they complete applicable data fields, to ensure accuracy.***

The RBC Estimator includes all of the components included in the risk-based capital ratio calculation. A credit union will only input values for those components that are applicable given the products and services it offers. Input a value of \$0 for those components that do not apply.

NCUA will begin making changes to the Call Report system after a final risk-based capital rule is approved by the Board. As usual, care will be given to minimize reporting burdens wherever possible. Similar to how the CU Profile automatically computes a credit union's risk-based net worth ratio based on the inputs, once the final rule has been implemented, the Call Report will calculate a credit union's risk-based capital ratio.

If you have any questions about using the RBC Estimator, please contact NCUA's Office of Examination and Insurance at _email@ncua.gov or 703-518-6360.