



## Risk-Based Capital Estimator Spreadsheet Tool

On October 15, 2015, the NCUA Board approved the final rule on risk-based capital (RBC). The rule applies to federally insured credit unions with \$100 million or more in assets.

A covered credit union's compliance with the final rule depends on its calculated RBC ratio. The denominator of this ratio is calculated by applying prescribed risk weights to both on- and off-balance sheet exposures based on underlying risk. This amount is then compared to the aggregate balance of certain capital-related accounts that form the numerator. The resulting RBC ratio provides a measure of a credit union's capital levels relative to the risk posed by its on- and off-balance sheet exposures.

Because several on- and off-balance sheet components identified in the final rule are not isolated on the Call Report, ***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 its RBC ratio.

One of the guiding principles NCUA initially followed when drafting the original proposed rule was to minimize Call Report changes that could create new reporting burdens for credit unions. However, based on stakeholders' feedback and input from a credit union practitioners' group, the final rule uses more detailed data to assign risk weights. For example, the Call Report does not collect enough detail on investments for risk-based capital purposes. More detailed data reporting will produce a more accurate risk assessment.

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 RBC ratio. ***To ensure accuracy, credit union chief financial officers and related staff should refer to the final RBC rule text when filling in applicable data fields within the RBC Estimator.***

The RBC Estimator includes all of the components included in the RBC 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.

Because the RBC rule is now final, NCUA will begin making changes to the Call Report to accommodate the collection of more granular data ahead of the January 1, 2019, effective date of the final rule. 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, the revised Call Report will automatically calculate a credit union's RBC ratio.

If you have any questions about using the RBC Estimator, please contact NCUA's Office of Examination and Insurance at [email@ncua.gov](mailto:email@ncua.gov) or 703-518-6360.