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# A User's Guide for the Uniform Bank Performance Report

December 2002

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# Introduction

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The Uniform Bank Performance Report (UBPR) is an analytical tool created for bank supervisory, examination, and bank management purposes. In a concise format, it shows the impact of management decisions and economic conditions on a bank's performance and balance-sheet composition. The performance and composition data contained in the report can be used as an aid in evaluating the adequacy of earnings, liquidity, capital, asset and liability management, and growth management. Bankers and examiners alike can use this report to further their understanding of a bank's financial condition and through such understanding perform their duties more effectively.

**The UBPR is now available online at no charge at [WWW.FFIEC.GOV](http://WWW.FFIEC.GOV). A UBPR for any bank in the country may be viewed online, printed or downloaded. The site includes 5 years of history including all intermediate quarters.**

A UBPR is produced for each commercial bank in the United States that is supervised by the Board of Govern-

ors of the Federal Reserve System, Federal Deposit Insurance Corporation, or the Office of the Comptroller of the Currency. UBPRs are produced for FDIC insured savings banks also. The report is computer-generated from a data base derived from public and nonpublic sources. It contains several years' worth of data, which are updated quarterly. Those data are presented in the form of ratios, percentages, and dollar amounts computed mainly from Reports of Condition and Income submitted by the bank. Each UBPR also contains corresponding average data for the bank's peer group and percentile rankings for most ratios. The UBPR therefore permits evaluation of a bank's current condition, trends in its financial performance, and comparisons with the performance of its peer group.

In addition to the individual bank report, the following is also available:

- A Peer Group report, which presents all peer averages
- A State Average Report, which presents ratio, averages within States
- A Distribution report is also produced using the peer groupings in the state average and peer group average reports. Selected percentile values are displayed for individual ratios to provide additional insight into the range of bank performance that comprises an average.
- UBPR data tapes, which present all types of UBPR data in bulk format on magnetic tape.

This user's guide contains basic guidelines for using the UBPR, including a suggested method of analyzing the report, technical information, and ratio definitions. The UBPR, related statistical reports and the User's Guide are available on line at no charge via FFIEC Website, ([FFIEC.Gov](http://FFIEC.Gov)) Questions relating to details in this guide may be addressed to the Coordinator for Uniform Performance Reports, Federal

Financial Institutions Examination Council, Washington, DC. See the Title Page for the complete address.

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# Summary of Changes to the 2002 UBPR

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This information will serve to alert users to several changes that have occurred to the UBPR since the last distribution of the UBPR Users Guide. Where whole pages have been added the user will be referred to the appropriate section of the guide.

## **Delivery of the Users Guide**

The Users Guide will continue to be made available to all users through the FFIEC website as a series of PDF files. Printed copies of the guide will not be provided.

## **Peer Groups**

Added a new peer group for bankers banks. Peer groups were divided into two main categories: Primary and Supplemental. See section II for details.

## **Page 7**

*Memo: LOANS HELD FOR SALE WRITEDOWN*—Added a new item to page.

## **Page 11a**

*Total Equity Capital Adjusted*—Revised the calculation to include the adjustment for financial subsidiaries.

*Net Tier One*—Revised the calculation to include the adjustment for financial subsidiaries.

*Other Tier Two Capital Components*—Added a new item.

*Tier Three and Financial Subsidiary Adjustment*—Added a new item that combines tier three capital and the adjustment for financial subsidiaries.

*Total Risk Based Capital*—Revised to include the adjustment for financial subsidiaries.

*Market Risk Equivalent Assets and Financial Subsidiary Adjustment*—Added a new item that combines market risk equivalent assets and the adjustment for financial subsidiaries.

*Total Risk Weighted Assets*—Revised to include the adjustment for financial subsidiaries.

## **Pages 13, 13A and 13B Securitization and Asset Sale Activities**

Added three pages to take advantage of new data reported on call schedule RC-S. This information is available for all banks and was first reported on the June 30, 2001 call report. Bank information is presented in dollar and percentage formats. See Section III for details.

## **Trust Pages 1 and 1A**

Added two pages to take advantage of new information on fiduciary activities as reported on call schedule RC-T. Bank information is presented in dollar and percentage format along with comparable peer group data. See Section III for details.

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# Section I: Using the Uniform Bank Performance Report for Financial Analysis

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## Summary

The Uniform Bank Performance Report is designed to be used by bank examiners and bank management evaluating the financial condition of banks. By analyzing the data contained in the UBPR, the user can obtain an overall picture of the bank's financial health and can discover conditions that might require further analysis and investigation. The UBPR is not designed to replace on-site examination or investigations but to supplement present examination procedures. It also functions as a common point of financial analysis between regulator and banker and can be useful as a part of a bank's own internal bank process. The UBPR presents three types of data for use in the financial analysis of a bank: (1) the bank's data, (2) data for a peer group of banks similar in size and economic environment, and (3) percentile rankings. A thorough understanding of those data groups and their interrelationships and limitations is essential in order to use the UBPR effectively. As a general rule, any analysis should compare the bank to its peer group, consider the bank's trends over time, and also be aware of trends and changes in peer group averages. This user's guide does not present detailed in-depth instructions on ratio analysis, nor does it assign particular value to individual ratios or groups of ratios. Rather, it simply summarizes one way of using the UBPR for analysis; other approaches may be equally effective. Its primary purpose is to explain the calculations of individual ratios.

## Availability

All Uniform Bank Performance Reports and related information are distributed online through the FFIEC

website [www.ffiec.gov](http://www.ffiec.gov). First select Uniform Bank Performance Reports (UBPR) under Quick Links on the FFIEC website. That selection will take you to the Reports—Uniform Bank Performance Report section of the website.

## Uniform Bank Performance Reports —

### *Select Search for a Uniform Bank Performance Report*

To identify a bank enter the FDIC certificate number OR enter the name or one or more of the geographic criteria. For example just entering Los Angeles and California will return a list of all banks in Los Angeles, California.

## All Statistical Reports—

### *Select All Statistical Reports*

This section lists all reports available in the online UBPR system. Then choose from the following list of special reports.

*Uniform Bank Performance Report*—See above.

*Bank List Report*—This report provides a list of banks by peer group. The list includes core information such as location, assets and net income and it may be resorted by several criteria. An individual bank's UBPR may be accessed directly from the list by clicking on the certificate number.

*Peer Group Data Report*—This report displays all UBPR ratios averaged by peer group in UBPR format. All peer groups are available.

*Peer Group Distribution Report*—This report provides a distribution or range of values for all ratios that appear in the UBPR by peer group.

This report can provide valuable insight into the population of banks that are used to calculate peer average data that appears in the UBPR. For example the UBPR calculates a trimmed average ROA for the peer group 9 of 1.18%. Peer group nine is made up of 339 banks with net income to average assets (ROA) that ranges from -2.24% at the first percentile to 5.51% at the 99<sup>th</sup> percentile. The report displays ratio distribution data in UBPR page format.

*State Average Report*—Provides summary UBPR ratio data and selected aggregate information averaged by state. A further breakdown of average statistical data is provided by asset size. The information is provided for all states and territories in UBPR format.

*State Distribution Report*—This report provides a distribution or range of values for all ratios that appear in the state average report. As with the peer group distribution report this report can provide valuable insight into the population of banks used to calculate state average data.

## Analytical Considerations

Effective use of the UBPR entails consideration of the level and trend of individual ratios and the interrelationship among related ratios. No single ratio, percentile ranking, or trend is indicative of a bank's condition. Each bank has its own unique operating characteristics that affect both its balance-sheet composition and its income stream. A given bank may be above or below the peer group average for a given ratio, however that information must be considered in combination with other related facts including other UBPR data before its importance can be determined.

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For example, if a bank's net interest income (TE) to average assets (UBPR page 01) is 3.03 percent compared with the peer group average of 3.96 percent, placing it in the 15th percentile, the bank may appear to be having profit-margin difficulties. However, if the bank's temporary investments (UBPR page 10) are 49 percent of average assets compared with the peer-group average of 17 percent and its volatile liabilities are 43 percent of average assets compared with 19 percent for the peer group, it can be concluded that the bank's assets and liability composition is substantially different from that of its peers. Thus, a lower net interest income (TE) to average assets ratio may be normal and proper, as would be a lower overhead expense to average assets ratio. Dependence on large time deposits and federal-funds purchased in short-term investments normally produces narrower profit margins and does not require as large a building, staff, or operating budget as engaging more heavily in retail activities.

However, overhead expenses that are not well below the peer group mean for such a bank could be cause for concern, because of the potential effect on earnings. As the above example demonstrates, differences in assets and liability composition must be taken into consideration in order to properly interpret percentile rankings and ratio variations between the bank and its peer group. By employing percentile rankings and peer-group data as general guides or points of reference, rather than as strict bench marks, and by being aware of the interrelationship between the bank's balance sheet and its income statement, analysis may focus on those areas of a bank's operation that merit concern, thus providing a more complete understanding of the entire bank.

## Method of Review

The introductory page of the UBPR describes the bank's current peer group and the name and address of its holding company, if applicable. The primary financial analysis begins on UBPR page 01 with a review of summary ratios.

The Summary Ratios page (Page 01) presents the bank's average assets and net income in dollars; performance ratios, asset and liability management data, capital ratios, and growth rates. It also shows percentile rankings and peer-group averages. This page provides direction for analysis of the other sections of the report. After the summary ratios section has been analyzed, the bank's earnings section can be evaluated using a "Decision Tree" analysis approach. Note that the UBPR is organized so that ratios on page one are supported by details on subsequent pages. This approach is an attempt to explore how ratios are interrelated and how one ratio can affect other ratios, thus allowing the analyst to trace the source of a particular performance characteristic to its root cause.

For example, the interplay of rates earned on assets or paid on liabilities and the volume or mix of such assets and liabilities is segregated in the decision tree analysis.

Each component of a ratio and of each succeeding ratio can be determined by referring to Section III, where the method of calculating each ratio is explained. Exhibit I-1 charts the systematic process a user might follow in analyzing a bank's net income to average assets ratio.

Rather than trace each earning component separately, the analyst may review the earnings page in sequence to analyze the trend and interrela-

tionships of these components while tracing their causes. Concurrently, the analyst may identify conditions that may be cause for concern and find corroborative evidence of conditions noted during the review of the summary ratios. This method allows for an orderly progression of thought and helps the analyst develop a perception of the bank as a whole.

This method of page-by-page review may be extended to the other sections of the UBPR. After completing the review of the last page of the report, the user should have a relatively comprehensive overview of the bank's financial condition and, possibly, a list of causes for concern that warrant further inquiry.

## Using Peer Group, State Average and Distribution Reports

The UBPR Peer Group Report and State Average Report present ratio averages for peer groups and States, respectively. These reports are used to analyze conditions and trends in these banking industry groups. The group averages do not constitute normative or ideal values, nor does a group's set of averages necessarily constitute the typical financial structure of banks in that group. Each average stands by itself as a typical measure or middle point for that ratio within that group. Similarly, the distribution reports, which show several percentiles values for UBPR ratios are designed to show the range of values that compose a given average. As such, they provide additional support to the argument that the averages represent a middle point and that most banks will fall on either side of that average. See Section II for technical considerations regarding averages.





