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The Self Evaluation Program



User's Manual

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INTRODUCTION

The Self-Evaluation Program (SEP) is an integral part of an early warning system developed to monitor the financial condition and performance of North Carolina state-chartered commercial and savings banks between on-site examinations. The Office of the Commissioner of Banks uses the Self Evaluation Program as a tool for studying each bank's trends, growth, and performance over time. It also functions as a useful financial analysis tool for bank management.

Each bank may access a monthly package of reports which permits a review of data pertaining to the bank's financial condition and performance. Reports are available to assigned users online via the secure website (<https://www.nccob.org/online/login.aspx>). In addition to reports for each individual bank, a set of aggregate reports is provided for analysis of the North Carolina state-chartered banking industry. The User Account Administrator for your institution has the ability add or remove users for your institution.

Because it becomes part of each bank's examination workpapers, the **Self-Evaluation Program is strictly confidential**. Reference is made to North Carolina General Statute (NCGS) 53C-2-7 and NCGS 54C-60.

If you have questions regarding this program, contact:

Michelle Gresham
Financial Examiner
Office of Commissioner of Banks
4309 Mail Service Center
Raleigh, NC 27699-4309
E-mail: mgresham@nccob.gov

DATA & METHODOLOGY

Data are obtained from Self-Evaluation Input Reports submitted by **all** of the state-chartered banks in North Carolina.

All definitions of data elements in the Self-Evaluation Report are derived from the FFIEC Call Report Instructions. To the extent possible, exact terms and definitions are incorporated. With few exceptions, the Self-Evaluation Program uses methodology and ratio definitions set forth in the FFIEC's Uniform Bank Performance Report (UBPR) User's Guide.

Data are presented in forms of individual bank ratios and values, peer group averages, and percentile rankings.

FILING REQUIREMENT & INSTRUCTIONS

Participation in the Self Evaluation Program is **mandatory for all** North Carolina state-chartered commercial and savings banks. Authority for requiring each bank's participation can be found in NCGS 53C-8-3 and NCGS 54C-57.

Filing & Due Date

Completed month-end reports are **due by the 15th** of the following month and should be entered into the online system.

Instructions

Information requested on line items of the Self Evaluation Program is mapped to the corresponding Call Report line items, beginning on page 5 of this manual.

All dollar amounts should be rounded to the nearest thousand with 000's omitted.

Enclose **only** negative dollar amounts in parentheses. Credit balances are not necessarily negative dollar amounts. Line item headings in the report generally indicate the possibility of negative balances, i.e. gains (losses). Therefore, Allowance for Loan & Lease Losses should be entered as **positive** unless it has a debit balance.

Amendments

Material amendments are defined as those to the balance sheet which constitute at least 1 percent of total assets subject to a \$50,000 minimum, or those to the income statement which comprise at least 1 percent of pretax net income subject to a \$5,000 minimum. Whether or not you choose to incorporate all Call Report amendments, it is important to be consistent from month to month. If you need to have SEP data amended, please send the needed changes to Michelle Gresham.

Questions

All questions regarding the Self Evaluation Program or the Input Report may be directed to Michelle Gresham.

**LINE ITEM INSTRUCTIONS
&
CALL REPORT REFERENCE**

Monthly Self-Evaluation Input Report		
Line Items Mapped to Corresponding Call Report (FFIEC 031, FFIEC 041, FFIEC 051) Items		
BALANCE SHEET		
	SEP	Call Report
1.	Cash and noninterest-bearing balances	Schedule RC 1.a.
2.	Interest-bearing balances	Schedule RC 1.b.
3.a.	Securities HTM (Book Value)	Schedule RC 2.a.
3.b.	Securities AFS (Fair Market Value)	Schedule RC 2.b.
3.c.	Equity securities with readily determinable fair values not held for trading	Schedule RC 2.c.
4.	Fed funds sold and resales	Schedule RC 3.a. <u>plus</u> 3.b.
5.	Total loans & leases	Schedule RC 4.a. <u>plus</u> 4.b.
6.	Allowance for losses (no minus sign)	Schedule RC 4.c.
7.	Trading assets (zero if none)	Schedule RC 5.
8.	Premises & FA (including capital leases)	Schedule RC 6.
9.	Other real estate	Schedule RC 7.
10.	Intangible assets (zero if none)	Schedule RC 10.
11.	All other assets	Schedule RC 8. <u>plus</u> 9. <u>plus</u> 11.
12.	Total assets	Schedule RC 12.
13.a.	Noninterest-bearing deposits	Schedule RC 13.a.(1) <u>plus</u> RC 13.b.(1)
13.b.	Interest-bearing deposits	Schedule RC 13.a.(2) <u>plus</u> RC 13.b.(2)
14.	Fed funds purchased and repos	Schedule RC 14.a. <u>plus</u> 14.b.
15.a.	All short-term interest-bearing liabilities	Schedule RC-M - 5.a. (2) <u>plus</u> 5.b.(2)
15.b.	All long-term interest-bearing liabilities	Schedule RC 16 minus RC-M - 5.a.(2) minus 5.b.(2) <u>plus</u> RC 19
16.	All other liabilities	Schedule RC 15 <u>plus</u> 20.
17.	Preferred stock and related surplus	Schedule RC 23.
18.a.	Equity capital before FASB 115 & 133	Schedule RC 28. <u>minus</u> 26.b. <u>minus</u> 23.
18.b.	Net gains (losses) in AFS sec & cash flow hedges	Schedule RC 26.b.
19.	Total liabilities and equity	Schedule RC 29.

INCOME STATEMENT		
	SEP	Call Report
20.a.	Total tax-exempt interest income	Schedule RI M.3. <u>plus</u> RI M.4.
20.b.	Total taxable interest income	Schedule RI 1.h. <u>minus</u> RI M.3. <u>minus</u> RI M.4.
21.	Total noninterest income	Schedule RI 5.m.
22.	Total interest expense	Schedule RI 2.e.
23.	Total noninterest expense	Schedule RI 7.e.
24.	Provision for loan & lease losses	Schedule RI 4.
25.	Realized gains (losses) on securities	Schedule RI 6.a. <u>plus</u> 6.b.
26.	Unrealized holding gains (losses) on equity securities not held for trading	Schedule RI 8.b.
27.	Applicable income taxes	Schedule RI 9.
28.	Discontinued operations less net income (loss) attributable to noncontrolling (minority) interests	Schedule RI 11. <u>less</u> RI 13.
29.	Net income (loss) Year-to-Date	Schedule RI 14.
OTHER DATA		
	SEP	Call Report (Various Schedules) & Other Sources
30.	All time deposits > 250 & brokered deposits < 250	Schedule RC-E-M.1.c. <u>plus</u> M.2.d
31.a.	Unrealized gains (losses) in HTM Sec	Schedule RC-B Line 8. Column B <u>minus</u> Column A.
31.b.	Unrealized gains (losses) in AFS Sec	Schedule RC-B Line 8. Column D <u>minus</u> Column C.
32.	Past due loans & leases 30-89 days	Schedule RC-N - Column A Line 9
33.	Past due loans & leases 90 days or over	Schedule RC-N - Column B Line 9
34.	Nonaccrual loans & leases	Schedule RC-N - Column C Line 9
35.	Restructured loans & leases	Schedule RC-C-Part 1. Sum of items M.1.a. thru M.1.f., <u>plus</u> Schedule RC-N Column A – Sum of items M.1.a. thru RC-N M.1.f.
36.	Year-to-date net loss (recovery) on loans & leases	Schedule RI-B-Part 1 line 9. (Column A <u>minus</u> Column B)

OTHER DATA (Continued)		
	SEP	Call Report (Various Schedules) & Other Sources
37.	Pledged Securities	Schedule RC-B. line M.1.
38.	Reserve Requirement (FRB or State)	(See Line Item Instructions below)
39.	Other Marketable Assets	(See Line Item Instructions below)
40.	Current portion of Long-term debt (<=1 year)	(See Line Item Instructions below)
41.	Common Stock	Schedule RC 24.
42.	Surplus	Schedule RC 25.
43.	Undivided Profits	Schedule RC 26.a.
44.	Number of Full-Service Branches	Enter number of Full-Service Branches

Supplemental Liquidity Data: Line Item Instructions for Lines 38 through 40

Line 38 **Reserve Requirement:** Report amount shown as "**Reserve Requirement**" plus "**Clearing Balance Requirement**" on the FRB's **FINAL** Report of Required Reserves (Form 2900) for maintenance period covering the month end date. **DO NOT** report Total Balance Required with FRB.

For commercial banks: if the FRB requires no reserves, show 3% of unsecured deposits according to the provisions of the North Carolina Administrative Code, T04: 03C .1401 (b).

Line 39 **Other marketable assets:** In general, these items are reported as loans in the Call Report but

represent liquid assets with short-term maturity or pre-sold assets awaiting settlement in the near term. Exclude funds included in RC 1. through RC 3. and RC-5.

Term federal funds sold: Report the amounts which represent lending of immediately available funds to a financial institution that **mature in more than one business day** and are reported as **loans** to financial institution. **Exclude** funds included in RC-3.

Pre-sold loans awaiting settlement: Include only proceeds from sale of loan packages for which all terms of the contract have been finalized except for delivery. Do not include proceeds representing accrued interest on the loan package.

Other: Report and describe any other liquid assets which are not described above.

Line 40 **Principal portion of long-term debts due within one year**: Show scheduled reduction in principal for the following items on Schedule RC which are due within one year. *Do not include interest payments.*

- **Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) with a remaining maturity less than one year** – Report current principal portion of RC-16.
- **Subordinated notes and debentures** – Report any principal portion of RC-19 due within one year.

COMPONENTS CALCULATIONS

Annualization Factor

Number of **days** in the current calendar year (usually 365) divided by number of days year-to-date a bank has been in operation. Banks which have not been open the entire year-to-report-date will have abnormal ratios when year-to-date averages are used.

Year-to-Date Averages

FASB 115 & 133 adjustments are backed out before averaging month-end balances beginning with last year-end balance as follows:

Total Earning Assets: Sum of interest-bearing balances due from depository institutions, HTM securities at BV, AFS securities at FMV, equity securities with readily determinable fair values not held for trading, federal funds sold and securities purchased under agreements to resell, total loans and leases, and trading assets less nonaccrual loans & leases and net unrealized holding gains (losses) in available-for-sale securities & cash flow hedges.

Total Assets: Total assets less net unrealized holding gains (losses) in available-for-sale securities & cash flow hedges.

Total Interest-bearing Liabilities: Sum of interest-bearing deposits, federal funds purchased and securities sold under agreements to repurchase, all other short-term interest-bearing liabilities, and all other long-term interest-bearing liabilities.

Total Equity Capital: Total equity capital before FASB 115 & 133 adjustments.

Tax Benefit

Available tax-exempt income multiplied by tax benefit multiplier.

Available tax-exempt income is limited to total tax-exempt interest income or pretax taxable net income, whichever is less, where **pretax taxable net income** is net income (loss) plus applicable income taxes less net extraordinary gains (losses) and other adjustments and total tax-exempt interest income. Note that due to limitation of data, loss carrybacks and non-tax-deductible interest expenses are not incorporated in calculation of available tax-exempt income or tax benefit.

Tax benefit multiplier is determined by the tax-equivalent base defined as sum of available tax-exempt income, total taxable interest income, total noninterest income, and realized gains (losses) on sale of securities less sum of total interest expense, total noninterest expense, and provision for loan and lease losses multiplied by the annualization factor.

<u>Tax Benefit Multiplier</u>	<u>Tax-Equivalent Base</u>
0.18	up to \$50M
0.33	\$50M up to \$75M
0.52	over \$75M

RATIO DEFINITIONS & FORMULAS

Eq Cap & ALLL to Total Assets (TA) & ALLL

Total equity capital before FASB 115 and 133 adjustments, net unrealized holding gains (losses)
On AFS securities & cash flow hedges + Allowance for Loan and Lease Losses
Total assets + Allowance for Loan and Lease Losses

App in Sec HTM to Eq Cap & ALLL

Net unrealized holding gains (losses) on held-to-maturity securities
Total equity capital before FASB 115 and 133 adjustments, net unrealized holding gains (losses) on
AFS securities & cash flow hedges + Allowance for Loan and Lease Losses

Troubled Assets to Eq Cap & ALLL

Past due loans and leases 90 days or over and still accruing + Nonaccrual loans and leases
+ Loans and leases restructured + Other real estate
Total equity capital before FASB 115 and 133 adjustments, net unrealized holding gains (losses) on
AFS securities & cash flow hedges + Allowance for Loan and Lease Losses

Net Ln&Ls Loss to Avg Ln&Ls

(Net loss (recovery) on loans and leases) (Annualization factor*)
Year-to-date average of Total Loans and Leases

Delinquency Ratio

Past due loans and leases 30-89 days and still accruing
+ Past due loans and leases 90 days or over and still accruing + Nonaccrual loans and leases
Total Loans and Leases

Noncurrent Ln&Ls to Tot Ln&Ls

Past due loans and leases 90 days or over and still accruing
+ Nonaccrual loans and leases
Total Loans and Leases

ALLL to Tot Ln&Ls

Allowance for Loans and Leases
Total Loans and Leases

Total Ln&Ls to TA

Total Loans and Leases
Total Assets

* Refer to Components Calculations Page

RATIO DEFINITIONS & FORMULAS (Continued)

Core Deposits to TA

Noninterest-bearing and interest-bearing deposits
-All time deposits of \$250,000 and over
-Brokered deposits less than \$250,000
Total Assets

Volatile Liabilities to TA

All time deposits of \$250,000 and over + Brokered deposits less than \$250,000
+ Federal funds purchased and securities sold under agreements to repurchase
+ All other short-term interest-bearing liabilities
Total Assets

Investments to TA

Interest bearing balances due from depository institutions
+ Securities held-to-maturity at BV + Securities available-for-sale at FMV + Equity securities with readily determinable fair values not held for trading
+ Federal funds sold and securities purchased under agreements to resell + Trading assets
Total Assets

Liquidity Ratio

This ratio is net cash, short-term and marketable assets to net deposits and short-term liabilities. It incorporates the following items: (1) pledged securities, (2) reserve requirement plus clearing balance requirements (3) other marketable assets, and (4) current portion of long-term debts.

Cash and noninterest-bearing balances due from depository institutions
+ Interest-bearing balances due from depository institutions
+ HTM Securities at BV + AFS Securities at FMV + Equity securities with readily determinable fair values not held for trading + Federal funds sold and securities purchased under agreements to resell + Trading assets
+ Net unrealized holding gains (losses) in held-to-maturity securities + Other marketable assets
-Pledged securities - Reserve and clearing balance requirements
Noninterest-bearing and interest-bearing deposits
+ Federal funds purchased and securities sold under agreements to repurchase
+ All other short-term interest-bearing liabilities + Current portion of long-term debts
-Pledged securities

RATIO DEFINITIONS & FORMULAS (Continued)

Liquid Assets to Total Assets

$$\begin{aligned} & \text{Cash and noninterest-bearing balances due from depository institutions} \\ & \quad + \text{Interest-bearing balances due from depository institutions} \\ + & \text{AFS Securities at FMV} + \text{Federal funds sold and securities purchased under agreements to resell} \\ & \quad + \text{Trading assets} + \text{Other marketable assets} \\ & \quad \underline{-\text{Pledged securities}} \\ & \text{Total Assets} \end{aligned}$$

Core Liquidity Ratio

This ratio represents illiquid assets to core funding and is calculated entirely from the balance sheet:

$$\begin{aligned} & \text{Total loans and leases} + \text{Premises and fixed assets including capitalized leases} \\ & \quad + \text{Other real estate} + \text{Intangible assets} + \text{All other assets} \\ & \text{Noninterest-bearing and interest-bearing deposits} + \text{All other long-term interest-bearing} \\ & \quad \text{liabilities} + \text{All other liabilities} + \text{Limited-life preferred stock and related surplus} \\ + & \text{Total equity capital before FASB 115 \& 133 adjustments, net unrealized holding gains (losses) on} \\ & \quad \text{AFS securities \& cash flow hedges} \\ & \quad + \text{Allowance for Loans and Lease Losses} \\ & \quad - \text{Time deposits of \$250,000 or more} \\ & \quad - \text{Brokered deposits of less than \$250,000} \end{aligned}$$

Avg Earning Assets to Avg TA

$$\frac{\text{Year-to-date average of total earning assets}^*}{\text{Year-to-date average of total assets}^*}$$

Avg Interest-bearing Liab to Avg TA

$$\frac{\text{Year-to-date average of total interest-bearing liabilities}^*}{\text{Year-to-date average of total assets}^*}$$

Interest-bearing Dep to Tot Dep

$$\frac{\text{Interest-bearing deposits}}{\text{Noninterest-bearing deposits} + \text{Interest-bearing deposits}}$$

Yield on Avg Earning Assets (TE)

$$\begin{aligned} & (\text{Total tax-exempt interest income} + \text{Total taxable interest income} \\ & \quad + \text{Tax benefit}^*)(\text{Annualization factor}^*) \\ & \text{Year-to-date average of total earning assets}^* \end{aligned}$$

Cost of Funds

$$\frac{(\text{Total interest expense})(\text{Annualization factor}^*)}{\text{Year-to-date average of total interest-bearing liabilities}^*}$$

* Refer to Components Calculations Page.

RATIO DEFINITIONS & FORMULAS (Continued)

Net Interest Margin (TE)

Net sum of multiplied by the annualization factor* divided by year-to-date average of total earning assets*.

$$\frac{(\text{Total tax-exempt interest income} + \text{Total taxable interest income} + \text{Tax benefit}^* - \text{Total interest expense}) (\text{Annualization factor}^*)}{\text{Year-to-date average of total earning assets}^*}$$

Net Interest Income (TE) to Avg TA

$$\frac{(\text{Total tax-exempt interest income} + \text{Total taxable interest income} + \text{Tax benefit}^* - \text{Total interest expense}) (\text{Annualization factor}^*)}{\text{Year-to-date average of total assets}^*}$$

Noninterest Income to Avg TA

$$\frac{(\text{Total noninterest income}) (\text{Annualization factor}^*)}{\text{Year-to-date average of total assets}^*}$$

Overhead to Avg TA

$$\frac{(\text{Total noninterest expense}) (\text{Annualization factor}^*)}{\text{Year-to-date average of total assets}^*}$$

Provision Ln&Ls Losses to Avg TA

$$\frac{(\text{Provision for loan and lease losses}) (\text{Annualization factor}^*)}{\text{Year-to-date average of total assets}^*}$$

Pretax Oper Income (TE) to Avg TA

$$\frac{\text{Tax-exempt interest income} + \text{Total taxable interest income} + \text{Tax benefit}^* + \text{Noninterest income} - \text{Total interest expense} - \text{Total noninterest expense} - \text{Provision for loan and lease losses}}{\text{Year-to-date average of total assets}^*}$$

Net Income to Avg TA

$$\frac{\text{Net Income}}{\text{Year-to-date average of total assets}^*}$$

Net Income to Avg Eq Cap

$$\frac{\text{Net Income}}{\text{Year-to-date average equity capital}^*}$$

Efficiency Ratio

This ratio represents overhead to net operating revenue:

$$\frac{\text{Total noninterest expense}}{\text{Total tax-exempt interest income} + \text{Total taxable interest income} + \text{Total noninterest income} - \text{Total interest expense}}$$

* Refer to Components Calculations Page

PEER GROUP ANALYSIS

This report provides banks with their current financial ratios and with comparative information for other participating North Carolina State-chartered banks. Two groupings are provided for comparison: the bank's peer group and all state banks.

Peer groups are designed to provide for meaningful comparisons of a bank's financial data to a pool of banks with similar characteristics. **Year-to-date average total assets** determines to which peer group a bank belongs within a given month, as reflected in the chart below.

Peer Group Year-To-Date Average Total Assets

- 1** Less than or equal to \$100 million.
- 2** Greater than \$100 million but not greater than \$300 million.
- 3** Greater than \$300 million but not greater than \$1 billion.
- 4** Greater than \$1 billion.

Records of banks *in Peer Group 1* which have been in operation for less than 3 full years are excluded from calculation of peer group summary statistics, comprised of means, medians, and standard deviations (standard deviations for all ratios are provided on a summary report only which is explained on page 12.) This exclusion does not pertain to calculation of percentile ranking in which all banks are included. Furthermore, ratios which do not pertain to a given bank receive NA and do not affect calculation of summary statistics or percentile ranking, i.e. ratios measuring appreciation in held-to-maturity securities where a bank has no held-to-maturity securities.

The top right portion of the report is provided to afford users an understanding of the basic characteristics of the bank under study and its relationship to the pool of banks comprising its comparative data. The bank's total assets, total deposits, and total loans are presented in the first column in millions of dollars with 000,000 omitted. The next two columns reflect the bank's percentile rankings, explained below, within its peer group and within *all* participating banks, respectively. The last row of this section reflects number of banks in each of two groupings.

In the body of the report, the first column to the right of the ratio headings is titled "Bank" and reflects your bank's ratios. The peer group's mean, median, and percentile ranking are presented to the right of each respective bank ratio for comparison purposes under the heading "Peer Group" followed by the bank's respective peer group number. The same comparative data set is displayed for all peer groups which is displayed to the far right under the heading All State Banks'.

Percentile ranking is a value's relative standing in a group, stated in percentage form from zero to 100. It is a simple statement of statistical fact, not a measure of adequacy; therefore, it does not imply good or bad on its own. For example, if a bank's ratio has a percentile ranking of 30 within its peer group, then it can be said that 30 percent of banks in that peer group have lower values than this bank, and 70 percent have higher values.

PEER GROUP ANALYSIS (Continued)

The smallest value in a set receives percentile ranking of zero, the largest value in a set receives percentile ranking of 100. All other observations receive percentile rankings which are scaled to be distributed evenly between zero and 100, calculated as follows: first all values in a given category, say total assets, are sorted in ascending order. Then, banks are ranked 1 to the number of banks, in order from smallest to largest. Dividing each rank minus 1 by the number of values (the largest rank) minus 1 yields percentile ranking which is expressed in percent form rounded to the nearest whole number.

The table below shows an example of the calculations for a set of 5 values for total assets:

Total assets sorted in ascending order	Rank	Rank minus 1 divided by number of values minus 1	Percentile Ranking
23,548	1	$(1-1)/(5-1)$	0
28,401	2	$(2-1)/(5-1)$	25
30,078	3	$(3-1)/(5-1)$	50
35,296	4	$(4-1)/(5-1)$	75
99,584	5	$(5-1)/(5-1)$	100

Actual rank of a value in ascending order may be calculated by multiplying its percentile ranking by the number of values minus 1, dividing by 100, and adding 1 to the result.

Mean (i.e. average) is calculated by adding all values for each ratio and dividing the result by number of values.

Median is the middle value in a group arranged in order of size. In case of an even number of observations, sum of the middle 2 values is divided by 2.

Both mean and median point to the center of the distribution in an attempt to typify a set of numbers. In a skewed distribution, however, the mean may not be typical of the observations in the center of the distribution. In such case, knowledge of the median around which the majority of observations tend to congregate is imperative to the understanding of the distribution.

In the above set of values for total assets used in the calculation of percentile rankings, the largest observation is atypical of the rest of values in the set which skews the distribution to the right of the center; consequently, calculated mean at 43,381 does not reflect the typical total assets in this set. Median, however, is immune to extreme observations and always returns the middle value, 30,078.

Therefore, median has the advantage of always being in the center, but mean captures magnitude of all values in a distribution. Together, they convey more about the distribution than either one alone.

TREND ANALYSIS

This report provides you with a view of trends in your bank's financial data over time. For each reporting period, the top portion of the report reflects all the ratios included on your bank's Peer Group Analysis report for that month as well as those of selected prior reporting periods, in descending order from left to right.

For each period, the bottom portion of the report provides selected values from the Monthly Self-Evaluation Report. They are stated in thousands of dollars with 000 omitted and may be used to analyze growth in various balance sheet, income statement, and other data figures. They also enhance analysis of financial ratios by providing details of values relating to a bank's nonperforming assets, liquidity position, and income.

AGGREGATE DATA & RATIOS

These reports present data on condition and performance of the North Carolina state-chartered banking industry as a whole, and by peer groups. At a minimum, monitoring the values and ratios in the last column, titled "All", affords users a clear and factual understanding of developments within the North Carolina state-chartered banking industry. These data are further broken down into peer groups which illustrate differences in trends among various segments of the industry.

Note that data presented in these reports are not summary statistics requiring statistical inference to interpret; they are actual values. And at about 3 weeks old, they represent a most up-to-date source of industry data.

Figures from *all* participants' Monthly Self-Evaluation Reports are first summed within each peer group as well as across all banks. Ratios are then calculated for these created entities. Unlike summary statistics, these calculations include *all* participating banks (recall that records of banks in peer group 1 and in operation for less than 3 years are excluded from calculation of means, medians, and standard deviations). The last row indicates the number of banks in each group.

GROUPING BY AGE

This report provides comparative data primarily for new banks during their first 3 years of operation. These banks are typically excluded from calculation of peer group statistics during their first 3 years of operation as explained on page 9.

Due to the significant volatility in a pool of new banks' indicators, the report uses the aggregate approach as utilized in the "Aggregate Data & Ratios" summary reports explained above. Banks are grouped according to their age in *full* years, i.e. De Novo banks in their first year of operation are included in the first column, age in years of "0" and move to the next column, age in years of "1", in the month which includes their opening day anniversary. Age in years of "3 & over" includes all banks which have been in operation for over 3 full years, considered established. The last column "All" is exactly the same as its corresponding column on the "Aggregate Ratios" summary report.

MEANS, MEDIANS & STANDARD DEVIATIONS

These reports provide a complete set of summary statistics which enable you to compare your ratios to those of alternate peer groups. Means and Medians embody the same values for the peer group ratios reflected on your Peer Group Analysis report, as well as those of other peer groups.

The last row indicates the number of banks in each peer group. The last column titled “All” reflects ratio summary statistics for all the banks included in the peer groups' information. Because banks in peer group 1 and in operation for less than 3 years are not included in the calculation of summary statistics, this column reflects state-wide ratio averages for established banks on each report.

Standard Deviations are provided to enable users to further analyze alikeness of each ratio of a bank to peer groups' respective ratio averages. It shows how far on average the pool of a ratio in a group deviates from the mean of the group's respective ratio. The majority of banks' ratios fall within one standard deviation on either side of the mean.