



National Credit Union Administration – Region X
Regional Office Address

To Officials of ABC Credit Union:

We have completed a review of your credit union as of X/X/XX. We attached our CAMEL Rating and analysis for your action.

What does this risk-focused examination report cover?

Our report covers the examiner’s analysis of major risk areas in your credit union’s operations. It considers your financial condition, the quality of your management, and the risk of loss to member capital and the National Credit Union Share Insurance Fund.

What are your responsibilities?

You are responsible for considering these ratings when correcting any deficiencies and making decisions to protect member assets.

What are the report’s sources and limits?

This report reflects the information we gathered from your records, officers and staff, and other sources we believe reliable. Because we are not attesting to the accuracy of your financial statements, this is not an audit. Also, we focused our review on those risk areas we determined posed the greatest risk to your credit union.

What if you disagree with this report?

If you disagree with this report, you may request a review by writing to the regional director at the letterhead address within 30 days of receiving your final report. If you are dissatisfied with the regional director’s response and your report meets the criteria of Interpretive Ruling and Policy Statement 95-1, you may appeal to NCUA’s Supervisory Review Committee. Your appeal must be filed within 30 days of the regional director’s response (or within 60 days if your request for review receives no response).

Sincerely,

Examiner’s Name

This report is strictly confidential and remains the property of NCUA. You may not disclose its contents in any manner without NCUA’s prior written authorization.

Information on the Risk-Focused Examination Program

The National Credit Union Administration evaluates seven risk factors during examinations. Failure to properly manage these risk factors can reduce your earnings and net worth. Here are the seven risk areas we concentrate on:

- ❖ **Credit Risk** – the risk of non-repayment where your credit union invests or loans funds.
- ❖ **Interest Rate Risk** – the risk that your credit union won't adequately manage changes in market rates to maintain an appropriate net interest margin.
- ❖ **Liquidity Risk** – the risk your credit union won't be able to liquidate assets quickly and with minimal loss in value to meet your obligations.
- ❖ **Transaction Risk** – the risk that fraud or errors will cause a loss to your credit union. This risk is a function of internal controls, information systems, employee integrity, and operating processes.
- ❖ **Compliance Risk** – the risk that failure to comply with laws and regulations, prudent ethical standards, and contractual obligations will harm your credit union.
- ❖ **Strategic Risk** – the risk that poor business decisions or improper implementation of strategic goals will reduce your credit union's earnings and net worth.
- ❖ **Reputation Risk** – the risk that your credit union's public image will be tarnished due to improper actions on the part of officials, management, or staff.

While emphasizing risk, we continue to assign ratings in the traditional CAMEL areas: 1 (highest) to 5 (lowest) for Capital Adequacy, Asset Quality, Management, Earnings, and Asset/Liability Management.

