

## PEER TO PEER VIDEO TUTORIAL SCRIPT

### 0.) Introduction

Peer to Peer is Callahan & Associates' in-depth financial analysis and benchmarking tool. Peer is the most powerful financial performance tool on the market today for credit unions and perfect for anyone who needs a complete understanding of credit union finances. Peer to Peer users can see their credit unions' performance in the correct context with Peer's personalized reporting and highly customizable peer group options. With the ability to calculate all standard and custom financial ratios easily, users can now make the best strategic decisions possible by identifying trends and opportunities in quarterly performance. Peer users can also effectively communicate with their Board of Directors, management team, and regulators with professionally designed reports and simple exporting functions.

I will walk you through Peer to Peer, showing you how the program works, how to use the system so that you can get the most out of its functionality, and how you can tailor Peer to Peer to your specific credit union's needs.

### 1.) Primary and Comparison Set

In order to start you on your way toward understanding your credit union's performance in the most accurate context available, the first thing you will have to do when you begin using Peer to Peer is select a primary comparison and a comparison set. Your primary comparison can be either an individual credit union or a peer group. Many Peer users typically set their primary as their individual credit unions. You should choose your primary comparison based on what kind of report you want to create. Think of your primary as what Peer to Peer will highlight throughout the reports that you run. For example, in this case I have chosen Hanscom Credit Union in Massachusetts as my primary credit union. However, I could have just as easily made my primary a peer group if I wanted to focus on credit union industry trends instead.

Your comparison set is whichever credit unions or peer groups which you would like to compare yourself to. Peer to Peer can support up to eight comparison sets. Comparison sets can be credit unions, standard peer groups, or custom peer groups.

### 2.) Multiple Comparisons

Part of Peer to Peer's powerful functionality is its ability to let you select multiple comparison sets. This means that you can select more than one peer group or credit union to benchmark against at one time. For example, say you are Hanscom Credit Union and want to view your key performance trends compared to two different peer groups and another individual credit union. Peer makes this process a breeze and displays the results all on one chart.

To select more than one comparison, select **Change Comparison** from the **Comparisons** drop-down menu. From the window that appears, you can add and remove individual credit unions and peer groups. Simply highlight the comparison you would like to add and click the **Down Arrow**. To remove comparisons, click on them and select the **Up Arrow**.

You can include custom peer groups in your comparison sets. Custom peer groups allow you to be more in-depth with your analysis and really tailor your analysis to your individual credit union's circumstances. Once you are satisfied with your comparison sets, either save the group as your default comparison set or simply select **Go to Analysis** to get started.

It is important to note that you can add all standard peer groups and custom peer groups that you have already created here. If you would like to include custom peer groups that you have not made yet, you must first create the peer group and then return to this screen in order to add it to your comparison set.

### **3.) Custom Peer Groups**

Credit union professionals want to be able to understand their credit union's performance in the best and most accurate context possible. For this reason, going beyond simple asset or geographically-based peer groups is a goal of most Peer to Peer users. In order to accomplish this, Peer lets users create custom peer groups.

While Peer to Peer does come with standard peer groups built-in, you can customize peer groups based on six different factors – financial characteristics, geography, Charter and Fields of Membership types, ranking, service providers, and credit unions you would like to exclude.

For financial characteristics, you can base your selection on any 5300 Call Report field or any combination thereof, as Peer provides access to individual call report fields and common and customized financial ratios. For example, you can set up a peer group based on minimums or maximums in Assets, Loans, Investments, and Members. You can also clear any of these fields and add your own. For example, you can set minimum and maximum parameters to the Capital Ratio or any other 5300 field available.

Geographically, you can specify credit unions to include in your peer group by region, state, or county. For example, you can create a peer group that includes the Northeast region, and the state of Pennsylvania and the northern-most counties in New Jersey. The idea is that you can take what you know about your credit union's circumstances and really hone in on the geographic areas that are most important to you.

Regarding Charter and Fields of Membership, you can choose to include or exclude credit unions based on their Charter or FOM types. For example, if you only want to include state-chartered or privately insured credit unions you can exclude the other charter types. Also, a credit union with a unique field of membership may want to pick and choose among other credit unions nationally that have similar types of members. Simply select or deselect the Field of Membership categories you are interested in.

Next, you can specify the highest or lowest performing credit unions in any 5300 call report field or ratio. Put more simply, this means that you can select credit unions by ranking. For example, you could easily create a peer group of the top 20 credit unions in your state for ROA or core earnings.

You can also select credit unions based on who they use as service providers. For example, you could analyze credit unions that use a certain lending call center, core data processor, or credit card processor. Finally, you can set any peer group to exclude certain credit unions that you do not want to benchmark against. Additionally, you can remove a credit union from your peer group at any time.

Keep in mind, there is no one correct or "right" peer group for any credit union. The goal of these peer group options is to let Peer to Peer users analyze their performance in a variety of contexts or "lenses" so that they can get a complete understanding of their credit union's performance. The more relevant lenses used, the better your understanding will be of your credit union's relative performance. Tailoring peer groups to a credit union's individual circumstances and priorities is a key feature of Peer to Peer.

#### 4.) Select Your Report or Graph

One of the main goals of Peer to Peer is to help its users recognize strategic opportunities based on credit union data. In order to accomplish this, Peer to Peer comes with over 230 built-in displays.

You can access the built-in displays from the Select Your Report or Graph drop-down menu. Peer to Peer organizes these built-in displays into the following categories – Assets, Liabilities, Income Statement, Key Ratios, Regulator Analysis, Economic Trends, Performance Reports, Scoring System, and My Displays.

When you select a category, its displays auto-populate in the left-hand window. You can tell what kind of chart or graph each display is by its icon. Peer lists some displays individually and some appear in subfolders. Double-click on a subfolder to show additional charts and graphs, and click on a display to run your analysis.

You should note that it is always your primary and comparison sets that Peer to Peer analyzes for each display. If you would like to see data or analyses for different credit unions or peer groups, you need to change your primary or your comparisons.

When you run a display, a display window will appear. The first thing you will see is the chart associated with that display. You can also select the raw data behind the display by clicking the Data tab. Some displays also report how your primary comparison ranked among your comparison set. Click on Rank to view this information.

In the Display window, there are also many display options for you to choose from. From here, you can easily save, print, preview, or export your report. You can also customize your display with the Type and Palette drop-down menus and the 3D button. In addition to the built-in displays, Peer to Peer also lets users create their own charts and graphs.

#### 5.) Custom Reports

Recognizing strategic opportunities based on your credit union's data is made even easier with Peer's customized reporting. You can create your own custom displays if Peer to Peer does not include graphs that you would like to use. You can also create a default series of displays that you frequently want to access in one convenient place.

To create custom displays, go to My Displays under Select Your Report or Graph and click on Create New. A pop-up window will appear allowing you to choose the kind of graph that you would like to create. After you select the type of graph or chart, an Account Selection window will appear. From here, you can enter in the formulas you would like to calculate. To enter formulas, type in your formula as "a" + "Account Code." For example, account 958 (# of Used Vehicle Loans) is a958 in Peer to Peer.

You can also use the Formula Wizard to locate account codes by category or key word using the Tree and Search tabs. Tree allows you to search by category, and Search lets you search by keyword. The Formula Wizard contains the most commonly used fields from the 5300 Call Report as well as hundreds of preprogrammed formulas. To add an account code, double-click it. Your selected formula(s) will auto-populate in the bottom box. Click Done when you are finished with your selections.

Enter as many account codes and formulas as you would like. Name your graph, and click Save or Preview.

## 6.) Exporting

Peer to Peer's professionally designed report let you present your work as effectively as possible. This makes preparing for meetings and communicating effectively with your Board of Directors, management team, and regulators easier than ever.

Sharing your analyses is also incredibly simple. Peer comes with built-in exporting functions to Microsoft Excel and PowerPoint. Export your data, charts, and analyses with the click of a button! You can also copy and paste your charts and graphs anywhere you like.

These exporting features make your analysis look as professional as you do. Save time and effort during your next planning session. In the words of Kelley Parks, a Director at Call Federal Credit Union: "I'm a big fan of Callahan as well. I'm not sure what I'd do without Peer to Peer. Sometimes we make some pretty bold statements in management meetings about what we are doing. And then - wow - our own words are spit right back at us on those graphs. I love it. Anytime justification is needed, those graphs never fail us. Sometimes I think you all actually bug our board room. It is one of the best tools we have ever invested in. It's become a staple of our ALCO meetings."

## 7.) Data

The quality of your analysis is directly related to the quality and timeliness of the data set you are benchmarking against. At Callahan & Associates, we scrub any data that was reported incorrectly so that it does not affect your benchmarking, and we include proprietary analytical formulas – like Return of the Member (ROM) and Credit Union Performance Profile (CUPP) scores. This means that you are always using the best and most comprehensive data set available.

Additionally, we provide quarterly data updates and access to FirstLook data. Quarterly updates are available shortly after the NCUA releases its final data. Callahan & Associates' FirstLook Program is typically available about two to three weeks prior to that.

FirstLook provides credit unions with the opportunity to conduct their quarterly data analysis weeks in advance of the NCUA's official release. We compile industry data from participating credit unions and make it accessible in Peer to Peer. FirstLook contains data representing more than 98% of the industry's total assets, making it the most complete and actionable data set available prior to the official release. FirstLook allows credit union managers to preview the broader industry trends to help them make more informed, current decisions.

Callahan & Associates also updates Peer data as errors are found and as credit unions re-file with the NCUA. We strive to make Peer to Peer's data as accurate and comprehensive as possible so that you are always getting the most out of your analysis.

## 8.) Example: How does my 3% auto loan growth compare to credit unions roughly my size in my state?

Now that we've run through Peer to Peer's capabilities, let's see how they all fit together and how we can use them order to answer the question: How does my 3% auto loan growth compare to credit unions roughly my size in my state?

Peer to Peer's functionality can definitely help you answer this question. In fact, by using Peer to Peer, you're well on your way toward understanding your credit union's performance better than ever before.

To start answering this question, the first thing you will need to do is select your credit union as your primary. Click on **Change Primary** in the **Primary** drop-down menu. Select your credit union from the list of credit unions. Then select **Go To Analysis**. For this demonstration, I will be using Hanscom Credit Union as my primary. Please note that Hanscom has about \$770M in assets.

I will then create a custom peer group. Go to **Peer Groups**, scroll to **New** and select **Custom Build**. If you remember, I want to analyze credit unions that are roughly my size and in my state, so first I set the asset minimum and maximums for my custom peer group. You can define your minimum and maximums as closely or as loosely as you would like or however is best for your analysis. I am setting mine from \$500M - \$1B. Then, in the **Geography** tab, I deselect all states and just add back Massachusetts. I could also add the Northeast region, but for now, I will stay with just my state. Next, I name and save my peer group. I save it as a dynamic peer group, so that if the peer groups that qualify for inclusion in my peer group based on my criteria, which in this case is asset size and state, change, my peer group reflects that new information. For example, since we are dealing with asset size, if a credit union grows from \$498M to \$500M in assets, Peer would include it in my peer group after the new quarterly data is updated.

Now that I have created my peer group, I want to run my report. I select **Assets** from the **Select My Report or Graph** drop-down menu and then open the **Loans** subfolder. I then open the **Auto Loans Portfolio**. From there I run the **Total Auto Loan Growth** built-in display. The first thing I see is the chart populating with my primary and my comparison set. At a glance, I can see that my credit union's auto loan growth is doing better than Massachusetts credit unions between \$500M - \$1B in assets.

If I am also interested in how I perform compared to all credit unions \$500M - \$1B and all \$500 - \$1B credit unions in the Northeast, I can also include those peer groups in my comparison set. I go to **Change Comparison** in the **Comparisons** drop-down menu. I have already created the custom peer group of New England credit unions between \$500M - \$1B in assets, so I select it and click the **Down Arrow** to add it to my comparison set. I also add the standard peer group of all credit unions \$500M - \$1B. I then click **Go To Analysis**.

I can immediately see that I am outperforming all \$500M - \$1B credit unions and all \$500M - \$1B credit unions in Massachusetts. However, I am lagging behind New England credit unions between \$500M - \$1B. The reasons why my credit unions is performing the this way requires more analysis, but you can see that I am well on my way toward letting Peer to Peer transform my data into actionable insights.

If you would like more information or have any questions about Peer to Peer, including how it can help you professionally or how it can help your credit union succeed, please contact the Callahan & Associates' Analytics team at (800) 446 – 7453 or email us at [software@creditunions.com](mailto:software@creditunions.com). In the meantime, feel free to take a look at [p2psoftware.com](http://p2psoftware.com) for more information.