Call Report and Profile Modernization

Board Briefing

January 25, 2018
Overview of Call Report Modernization

May 2016 - NCUA Board Meeting, the agency discussed the desire to explore how changes to the NCUA’s data collection practices can enhance off-site monitoring and pre-exam planning as well as reduce the burden on submitting credit unions.

June 2016 - the NCUA published a Request for Information (RFI) notice in the Federal Register and accepted comments for 90 days.

June to September 2016 - Continued outreach with NCUA and state regulator staff.

October 2016 – Teleconferences and meetings with federally insured credit unions and other parties.
In December 2016 – Established a public web page to provide status updates for the Call Report Modernization project under “Open Government” on the NCUA’s web site. This site has summaries of the feedback received during outreach.

What we heard was there is ample opportunity to:
• Reduce the amount and complexity of data collected
• Reorganize the forms
• Improve the instructions
• Functionality is another concern for nearly all commenters and those comments were shared with the Agency’s Enterprise Solution Modernization team
Summary of Actions

• Conducted a comprehensive review of the Call Report and Profile forms
  – Performed a frequency analysis to determine how many credit unions report on each data field
  – Evaluated stakeholder input and recommendations
  – Conducted technical research, such as GAAP relevant to Call Report

• Developed prototypes of a new Call Report and Profile
Reduced the number of data fields on the Call Report by approximately 40 percent. Reductions resulted from (in descending order):

- Simplifying the derivative schedules
- Streamlining lending related data collected (Loan, delinquency, and charge-off schedules, troubled debt restructured loans, and purchase credit impaired loans)
- Reducing information for shares, liabilities, and off-balance sheet items
- A broad mix of other simplifications and reforms

For a complete list of all changes, refer to the “catalog of account code changes” on the NCUA’s website.
Summary of Call Report Changes

• Improved the organization of the Call Report and better aligned reporting of related information. In particular:
  – Investments schedules
    • Updated the types of investments
    • Added information on amortized cost and fair value
  – Loan schedules
    • Aligned loan types across all related schedules
    • Reduced unnecessary variations in reporting of the same or similar loan activity
    • Separated the current 60 – 179 day delinquency category into 60 – 89 and 90 – 179 day delinquency categories
  – Updates based on GAAP
    • CECL (to address early adoption provision)
    • Other miscellaneous GAAP changes
  – Separate Schedule for Risk-based capital*
• Improved instructions

* RBC is included in case the rule is not delayed or repealed.
Summary of Profile Changes

• Updated for contemporary relevance, a variety of areas (elements) for which information is requested for:
  – Payment Systems
  – Information Technology
  – Product and service categories

• Reduced checkbox (attributes) options by about 20 percent
  – A broad mix of other simplifications and reforms

• The hard copy Profile form was modified to match the Credit Union Online system’s Profile tab

• Improved instructions
## Disposition of Call Report and Profile

### Asset Groups

<table>
<thead>
<tr>
<th>Asset Groups</th>
<th>Total Account Codes</th>
<th>Total Fillable Account Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed without CECL (871)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed with CECL (716)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed with CECL Adopted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed with CECL Adopted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$&lt;50 million in assets$^1</td>
<td>1516</td>
<td>782</td>
</tr>
<tr>
<td></td>
<td></td>
<td>802</td>
</tr>
<tr>
<td>$50 - 100 million in assets</td>
<td>1523</td>
<td>789</td>
</tr>
<tr>
<td></td>
<td></td>
<td>809</td>
</tr>
<tr>
<td>$&gt;100 million in assets$^2</td>
<td>1523</td>
<td>871</td>
</tr>
<tr>
<td></td>
<td></td>
<td>891</td>
</tr>
</tbody>
</table>

### Profile: Total Fillable Elements

Credit unions are required to complete the Profile but the sections completed will depend on the programs and services offered by each credit union.$^4$

<table>
<thead>
<tr>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>87</td>
<td>91</td>
</tr>
</tbody>
</table>

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1. RBNW account codes not required for CUs under $50M (5 fillable, 2 calculated).
2. RBC account codes are required for CUs over $100M (79 fillable, 3 calculated).
3. CECL Early Adopters (Net 17 additional fillable, Net 3 additional Calculated).
4. Fillable Profile elements vary, such as the number of board members and other roles, will affect the quantity of contacts required.
Call Report Streamlined by 38 to 48 Percent

<table>
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<tr>
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<th>Total Proposed Account Codes</th>
<th>Total Proposed Fillable Account Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Without CECL</td>
<td>Net Percent Reduction</td>
</tr>
<tr>
<td></td>
<td>CECL Adopted</td>
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<tr>
<td>&lt;$50 million in assets</td>
<td>782</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>802</td>
<td>47%</td>
</tr>
<tr>
<td>$50 - 100 million in assets</td>
<td>789</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>809</td>
<td>47%</td>
</tr>
<tr>
<td>&gt;$100 million in assets</td>
<td>871</td>
<td>43%</td>
</tr>
<tr>
<td></td>
<td>891</td>
<td>41%</td>
</tr>
</tbody>
</table>
Current Call Report Usage

FILLABLE ACCOUNT CODE USAGE
BY ASSET SIZE

Max Fillable Fields
1179

Usage data are from 09/30/2017 Cycle.
Next Steps

• Publish a Request for Information in the Federal Register - 60 day comment period
  – Did we propose to retire important account codes?
  – Should we retire additional account codes?
  – Does the proposed reorganization make sense?
  – Is there additional data the Agency should collect?
  – How much lead time do credit unions and their vendors need to prepare for the changes?
  – Are there any other issues the credit unions want to express about the proposed Call Report and Profile?

• Analyze comments and finalize changes

• Establish implementation date* and conduct Paperwork Reduction Act (PRA) process

• Implement

*Earliest possible implementation for any of the changes is March 2019
The Federal Register Notice will contain a link to these documents on the NCUA’s website:

- Proposed 5300 Call Report Form
- Proposed 5300 Call Report Instructions
- Proposed 4501A Profile Form
- Proposed 4501A Profile Instructions
- Catalog of Account Code Changes
For questions or further information please contact:

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