

National Credit Union Administration
SUPPORTING STATEMENT

**Revisions to the NCUA Call Report, Form 5300,
and Profile, Form 4501A
OMB No. 3133-0004**

PROPOSED CYCLE DATE: March 31, 2019

REPORT(S) IMPACTED: NCUA Call Report Form, NCUA Profile Form

OMB FORM #: 3133-0004 (Expires 3/31/2020)

CALL REPORT PAGE(S) IMPACTED:

- Statement of Financial Condition – Pages 1 – 4,
- Statement of Income and Expense – Page 5,
- Loans – Page 6,
- Delinquent Loans by Collateral Type – Page 8,
- PCA Net Worth Calculation Worksheet – Page 12,
- Schedule A – Specialized Lending – Pages 15 & 17; and,
- Schedule D – Derivatives Transactions Report – Pages 21-25.

PROFILE PAGE(S) IMPACTED:

- General Information – Page 3
- Information Systems and Technology (IS&T) – Page 4
- Payment System Service Provider Information (PSSP) – Page 5
- Credit Union Programs and Member Services – Page 8
- Credit Union Grant Information – Page 9
- Credit Union Partnership Information – Page 10
- Sites – Page 19

Call Report and Profile Form Changes

The proposed changes to the quarterly 5300 Call Report and 4501A Profile will assist the National Credit Union Administration (NCUA) in offsite monitoring and supervision of credit unions while minimizing the burden on federally insured credit unions. NCUA's data collections are based on emerging and existing risks to the National Credit Union Share Insurance Fund (NCUSIF). The following summarizes the proposed changes.

The majority of the call report additions are due to Financial Accounting Standards Board issuance of Accounting Standards Codification (ASC) Topic 320, Investments - Debt Securities and ASC Topic 321, Investments - Equity Securities, and ASC Topic 326: Financial Instruments

- Credit Losses (CECL). The numerous deletions are for items deemed no longer necessary to maintain proper credit union supervision.

The Profile changes made are for contemporary relevance by adding a few new elements and removing outdated information, mainly in the Programs and Member Services, IT, and Payment System areas.

Description of Call Report Form Changes:

Page 1 – Statement of Financial Condition

- Added a checkbox to indicate early adoption of ASC Topic 326.
- Added investment collection items; Equity Securities, Trading Debt Securities, Available-for-sale Debt Securities, and Held-to-Maturity Debt Securities for ASC Topic 320, Investments - Debt Securities and ASC Topic 321, Investments - Equity Securities, and ASC Topic 326: Financial Instruments - Credit Losses (CECL).
- Removed legacy membership capital and paid in capital at corporate credit unions from nonperpetual and perpetual contributed capital accounts.

Page 2 – Statement of Financial Condition – Added Allowance for Credit Losses on Loans & Leases for ASC Topic 326, Financial Instruments - Credit Losses (CECL).

Page 3 – Statement of Financial Condition – Added Allowance for Credit Losses on Off-Balance Sheet Credit Exposures for ASC Topic 326, Financial Instruments - Credit Losses (CECL).

Page 4 – Statement of Financial Condition – Added “Debt” to Accumulated Unrealized Gains (Losses) on Available for Sale Securities for ASC Topic 320 and reordered the collection lines for better flow.

Page 5 – Statement of Income and Expense – Page 5

- Deleted Trading Profits and Losses for Topic 321, Investments - Equity Securities, and ASC Topic 326: Financial Instruments - Credit Losses (CECL).
- Deleted Gain (Loss) on Investments for Topic 321, Investments – Equity Securities.
- Deleted Temporary Corporate CU Stabilization Fund Assessment – no longer needed.
- Deleted Transfer to Regular Reserves – no longer needed.
- Added Interest income on Securities held in a Trading account for Topic 321, Investments - Equity Securities, and ASC Topic 326: Financial Instruments - Credit Losses (CECL).
- Added collection items for Credit Loss Expense for ASC Topic 326: Financial Instruments - Credit Losses (CECL).
- Added Gain (Loss) on Equity Securities for Topic 321, Investments - Equity Securities.
- Added Gain (Loss) on Other Securities for Topic 321, Investments - Equity Securities.

Page 6 – Loans

- Deleted Government Guaranteed Non-Commercial Loans collection items – to replace with the following better defined collection items.
- Added Small Business Administration Government Guaranteed Non-Commercial Loans.
- Added Other Government Guaranteed Non-Commercial Loans.

Page 8 – Delinquent Loans by Collateral Type

- Added Total Amount of Loans in Non-Accrual Status.

Page 12 – PCA Net Worth Calculation Worksheet

- Added Effective date of adoption of ASC Topic 326 - Financial Instruments - Credit Losses (CECL).
- Added One-time Adjustment to Undivided Earnings for those credit unions that have adopted ASC Topic 326 - Financial Instruments - Credit Losses (CECL).

Page 15 – Schedule A – Specialized Lending – Added Allowance for Credit Losses on all Real Estate Loans for ASC Topic 326 - Financial Instruments - Credit Losses (CECL).

Page 17 – Schedule A – Specialized Lending:

- Reduced Purchased Credit Impaired Loans (PCILs) to two collection items.
- Added Purchased financial assets with credit deterioration (PCD) collection items for ASC Topic 326 - Financial Instruments - Credit Losses (CECL).

Pages 21 – 25 – Schedule D – Derivative Transactions Report – Reduced the derivative collection items to one question with four subparts. Pages 22 – 25 deleted and remaining pages renumbered.

Additionally, text changes were made throughout the form to improve readability of existing collection items and guidance.

Description of the Profile Form Changes:

Page 3 – General Information: Moved the primary settlement agent question to Payment System Service Provider Information (PSSP).

Page 4 – Information Systems and Technology (IS&T):

- Revised the credit union website questions.
- Added credit union wireless networks.
- Moved the data processing conversion question from page 5 – Payment System Service Provider Information (PSSP) – and updated to core data processing conversion.
- Relocated Information Systems and Technology (IS&T) to page 7 of the form and retitled Information Technology (IT).

Page 5 – Payment System Service Provider Information (PSSP):

- Deleted the existing corporate payment systems questions.
- Added primary payment systems service provider questions.
- Added payment services provided by the primary payment systems service provider question.
- Added three questions on plans to change payment service provider within the next 12 months.
- Moved the primary settlement agent question from page 3 – Payment System Service Provider Information (PSSP).
- Moved systems used to process electronic payments question from page 4 – Information Systems and Technology (IS&T).
- Moved ACH transfer types question from page 4 – Information Systems and Technology (IS&T).
- Moved originating depository financial institution from page 4 – Information Systems and Technology (IS&T) and revised three types of ACH transactions.
- Moved wire transfers question from page 4 – Information Systems and Technology (IS&T).
- Moved electronic payments question from page 4 – Information Systems and Technology (IS&T).
- Relocated Payment System Service Provider Information (PSSP) to page 6 of the form.

Page 8 – Credit Union Programs and Member Services:

- Deleted three options under credit union programs.
- Deleted five transactional member services, four depository member services and moved share certificates with low minimum balance requirement to other member services and products.
- Deleted one other member services.
- Deleted in-school branches from financial education and created a three question section for in-school branches.
- Deleted all 18 credit options.

- Renamed financial education to financial literacy education and added two options.
- Added one option to other member services and products.
- Added a two option youth savings accounts/programs section.
- Added a shared service centers/networks question.
- Relocated Credit Union Programs and Member Services to page 10 of the form.

Page 9 – Credit Union Grant Information:

- Added a column for grants received year-to-date
- Relocated Credit Union Grant Information to page 11 of the form.

Page 10 – Credit Union Partnership Information: Deleted page.

Page 19 – Sites:

- Revised to a single page layout which follows the CU Online input format.
- Deleted other from site functions.
- Split site functions into non-public and public (published in the online Credit Union Locator).
- Added backup generator option to non-public site functions.
- Relocated Sites to page 5 on the form.

Additional changes not changing collection item include:

- Relocated Regulatory – page 6 to page 8 on the form.
- Relocated Disaster Recovery – page 7 to page 9 on the form.
- Relocated Merger Partner Registry – page 11 to page 12 on the form.
- Revised the Contacts and Roles – pages 12 – 18 to a single page which follows the CU Online input format and relocated to page 4 on the form.

**National Credit Union Administration
Supporting Statement**

**NCUA Call Report (NCUA Form 5300) and Profile (NCUA Form 4501A)
OMB No. 3133-0004
PART 2**

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary.

Sections 106 and 202 of the Federal Credit Union Act require federally insured credit unions to make financial reports to the NCUA.

Section 741.6 of the NCUA Rules and Regulations requires all federally insured credit unions to submit a Call Report (NCUA Form 5300) quarterly. Section 741.6 also requires insured credit unions to submit a Credit Union Profile (NCUA Form 4501A) and update the Profile within 10 days of election or appointment of senior management or volunteer officials or 30 days of other changes in Profile information. [NCUA's website](#) further directs credit unions to review and certify their Profiles every Call Report cycle.

Financial and statistical information collected through the Call Report and Profile is essential to NCUA supervision of federal credit unions. This information also facilitates NCUA monitoring of other credit unions with share accounts insured by the National Credit Union Share Insurance Fund (NCUSIF).

2. Purpose and use of information.

NCUA uses information collected through Call Reports to supervise federally insured credit unions and safeguard the NCUSIF. The Federal Reserve also uses the information to conduct monetary policy, protect the payments system, and preserve competition among depository institutions. Congress and the state legislatures use the information to formulate policy on credit unions, other depository institutions, and the financial system. Finally, the U.S. Department of Commerce uses the information to produce national income accounting data and statistics.

Changes made to Profile/Call Report forms for March 2019 will help NCUA assess credit-union safety and soundness without increasing the burden on reporting institutions.

NCUA also uses Call Report data to create a Financial Performance Report (FPR) for each reporting credit union, the industry as a whole, and various industry cohorts. These reports are available to the general public and distributed to all federal credit unions, federally insured state-chartered credit unions, and those non-federally insured credit unions required to submit Call Report data by their State Supervisory Authority (SSA). NCUA examiners and SSAs also receive FPRs to assist in examination/supervision. Call

Report changes ensure FPRs provide all recipients with accurate pictures of credit-union risk and profitability – at the individual institution and aggregate levels.

3. Describe any considerations of the use of improved information technology.

Individual credit unions are the sole source of information about their financial condition and operations. Effective January 1, 2014, all federally insured credit unions must use the NCUA web-based data collection system (CU Online) to submit their Call Reports and update their Profiles. NCUA computer systems perform a series of sophisticated edits and calculations to minimize the amount of information required and reduce the burden to reporting credit unions.

Credit Union Profile

NCUA collects information for the Credit Union Profile via a web-based system – CU Online. The Profile captures information about the credit union that changes infrequently. After initial Profile data are entered, a credit union need only update these data to reflect additions, deletions, and other changes. Under NCUA Rules and Regulations §741.6(a)(1), credit unions must update Profile information within ten days of election or appointment of officials or thirty days of any other change. Credit unions can enter Profile data any time through CU Online. Requiring input only when Profile information changes and allowing such changes to be made 24/7/365 through an online interface reduces reporting burden. NCUA also collects quarterly Call Report data through CU Online.

4. Describe efforts to identify duplication.

Aside from Call Report data-gathering cycles, NCUA engages in no other comprehensive collection of credit-union data. NCUA alone collects, processes, and releases Call Report data, so there is no duplication of effort at the federal level. At the state level, NCUA works closely with the National Association of State Credit Union Supervisors (NASCUS, which represents all SSAs) to improve the Call Report as a federal and state tool for collecting material information about credit union condition and practices while minimizing the burden on reporting institutions.

5. Reducing burden on small entities.

All credit unions must submit Call Report and Profile information as prescribed by regulations. NCUA minimizes the burden on small credit unions with CU Online, which performs calculations needed to derive various balance-sheet and income-statement items, generate risk/performance metrics, and compare risk/performance with peer institutions.

6. Describe the consequence to the federal program or policy activities if the collection were conducted less frequently.

Collection items from the 5300 Call Report and 4501A Profile provide critical information for supervision of safety-and-soundness and monitoring of regulatory compliance. In particular, NCUA uses collection items for off-site monitoring, which greatly reduces the burden of on-site examinations. NCUA must react quickly to emerging risks to protect the share accounts of the nation's credit union members (over 112 million people) and the integrity of the NCUSIF – hence the need for quarterly reporting.

The consequences of non-collection are severe. Absent quarterly Call Report submissions and Profile updates, SSAs and NCUA would have to rely on more frequent on-site visits to supervise credit-union risks and monitor regulatory compliance. Moreover, there would be no FPR – thereby depriving federal and state authorities as well as the credit-union industry of a valuable tool for policymaking and financial management.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines of 5 CFR 1320.5(d)(2).

NCUA conducts collection entirely within the guidelines outlined in 5 CFR 1320.5(d)(2).

8. Consultations with persons outside of the Agency.

NCUA has an ongoing commitment to communicate and interact with SSAs, NASCUS, and credit-union trade associations. Typically, NCUA receives comments and suggestions from SSAs and trade associations throughout the year. NCUA considers these comments when revising the Call Report and Profile forms as well as other aspects of data collection.

A 60-day notice was published in the *Federal Register* on September 5, 2018, at 83 FR 45145, soliciting comments from the public. One comment was received from the Bureau of Economic Analysis in support of this collection.

9. Payment of gifts.

NCUA will not provide any payment or gift to respondents.

10. Describe any assurance of confidentiality.

Most Call Report data are public information subject to release under the Freedom of Information Act. NCUA provides this information to the general public on the agency website (www.ncua.gov). Some Call Report and Profile information as well as information obtained through the supervisory process are confidential and, therefore, exempt from release under the Freedom of Information Act.

11. Questions of a sensitive nature.

Data collection fields are critical for adequate off-site monitoring and on-site examination of federally insured credit unions. The Profile asks for critical non-financial data such as contact information for credit union officials and mandatory-role individuals.

A System of Records Notice (SORN) is not required as the information is not stored based on the individual’s name or other personally identifiable information. NCUA stores this information based on the credit union under each Profile.

12. Provide estimates of burden of the collection of information.

NCUA estimates credit unions will, on average, need six hours to complete the forms. To obtain industrywide costs, this average is applied to 5,530 federally insured credit unions, thereby yielding:

Credit Union Staff Time – Six hours per reporting institution per reporting cycle (four cycles per year):

No. Respondents	No. Responses Per Respondent	No. Annual Responses	Hours Per Response	Total Annual Burden Hours
5,530	4	22,120	6	132,720

TOTAL ANNUAL BURDEN HOURS.....132,720

TOTAL ANNUAL RESPONDENTS LABOR COST.....\$4,910,640

The dollar-cost estimate uses an average hourly wage for credit-union staff. This wage – \$37 – is based on Call Report data. The source of information for most Call Report/Profile questions is monthly financial statements and reports prepared by all credit unions in their normal course of business. NCUA provides advance notification of all changes in reporting, thereby allowing credit unions to modify automated and manual record-keeping systems before data collection begins.

13. Capital start-up costs and operations and maintenance costs.

There are no capital start-up, operation, or maintenance costs associated with this information collection.

14. Annualized cost to the Federal government.

Central Office:

Analyst staff - 2 full-time persons.....\$275,000
 Technical data processing support staff\$1,001,880

Regional Offices:

Regional office staff – 320 hours @ \$57/hr.....\$18,240
 Examiner field staff – 36,028 hours @ \$46/hr.....\$1,657,288

TOTAL ANNUAL FEDERAL GOVERNMENT COST:.....\$2,952,108

The estimate of annual costs to the Federal government includes all costs associated with collection, processing, and distribution of information. It is important to note, however, these costs are offset through the NCUA Risk Focused Examination program. Moreover, NCUA monitoring of credit-union financial trends reduces expected losses to the NCUSIF as well as economic costs arising from disruptions of the payments system and local economies when credit unions fail.

15. Explain reasons for changes in burden.

The majority of the call report additions are due to the Financial Accounting Standards Board issuance of accounting standards codifications (ASC):

- Topic 320, Investments – Debt Securities
- Topic 326, Financial Instruments – Credit Losses (CECL).

A number of data elements were removed because they were deemed no longer necessary to maintain proper credit union supervision.

The revision will not alter the estimated burden hours necessary to complete the forms. The amount of data elements removed compared to those being added have negated the difference in burden. This submission reflects adjustment due to the decline in the number of federally insured credit unions due to industry consolidation from mergers and liquidations, which has averaged approximately one percent per quarter. Specifically, the number of federally insured credit unions completing the Call Report and Profile dropped from 5,954 to 5,530 (424).

16. Collections of information planned to be published for statistical use.

The projected Financial and Statistical Report/Call Report collection schedule for 2019 is provided below. The schedule is tentative because NCUA is reviewing procedures for processing Call Report data.

March 31 Collection

April 28	Forms Due
April 29 - May 17	Forms Processed
May 18 - May 31	Reports Prepared
June 1	Data Finalized and Distributed

June 30 Collection

July 28	Forms Due
July 29 - August 16	Forms Processed
August 17 - August 30	Reports Prepared
September 2	Data Finalized and Distributed

September 30 Collection

October 27	Forms Due
October 28 - November 15	Forms Processed
November 16 - November 29	Reports Prepared
December 2	Data Finalized and Distributed

December 31 Collection

January 26, 2020	Forms Due
January 27 - February 14, 2019	Forms Processed
February 15 - February 28, 2019	Reports Prepared
March 2, 2019	Data Finalized and Distributed

17. Display of OMB expiration date.

The display of an expiration date may cause confusion among respondents when providing information by a prescribed date because minor technical changes to an electronic systems would impose additional time and resources if no other information was to change. Non-display of the expiration date of the OMB approval is requested.

18. Exceptions to Certification for Paperwork Reduction Act Submissions.

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.