

National Credit Union Administration
SUPPORTING STATEMENT

NCUA Call Report (NCUA Form 5300)
OMB No. 3133-0004

**SUMMARY OF PROPOSED CHANGES TO NCUA
CALL REPORT DATA COLLECTION**

PROPOSED CYCLE DATE: March 31, 2022

REPORT(S) IMPACTED: NCUA Call Report Form

OMB FORM #: 3133-0004 (Expires November 30, 2022)

CALL REPORT PAGE(S) IMPACTED:

All pages of the Call Report are impacted by these changes.

SUPPORTING ATTACHMENTS: March 2022 Mapping to Sep 2021, Sep 2021 Mapping to March 2022, Account Catalog

Call Report Changes

The changes to the quarterly 5300 Call Report 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).

Some of the changes were determined to be non-substantive, technical changes and were made in prior quarters. The following summarizes the proposed changes.

Description of Call Report Form Changes:

The March 2022 Call Report reorganizes schedules to increase efficiencies. There are 603 new Call Report account codes and 659 account codes were retired from the 2021 Call Report. A significant portion of the Call Report new accounts relate to changes to the NCUA's regulations part 702 implementing Risk Based Capital. Additional data collection fields were added to align the Loan, Delinquency, and Charge Off schedules, and provide additional Investment details. Other additions and deletions relate to items deemed necessary or no longer necessary to maintain proper credit union supervision. Due to the number of changes mapping documents are attached for ease of review. Additionally, the table below describes the movement of major components of the Call Report.

Mapping Key	Schedule	September 2021	March 2022
A	Investment Maturity Distribution	Moved from page 1	Located on page 15
B	Borrowing Maturity Distribution	Moved from page 3	Located on page 18
C	Share Maturity Distribution	Moved from page 3	Located on page 19
D	Additional Share Information	Moved from page 3	Located on page 19
E	Equity	Moved from page 4	Located on page 3
F	NCUA Insured Savings Computation	Moved from page 4	Located on page 19
G	Statement of Income and Expense Lines 1 through 11	Moved from page 5	Located on page 4
H	Additional Share Insurance and Miscellaneous Information	Moved from page 7	Located on page 19
I	Number of employees, New Branches, Grants, and International Remittances	Moved from page 7	Located on page 20
K	Delinquency	Moved from page 8	Located on page 7
L	Loan Loss Information	Moved from page 10	Located on page 8
M	Unfunded Commitments	Moved from page 11	Located on page 17
N	Borrowing Arrangements	Moved from page 11	Located on page 18
O	Prompt Corrective Action	Moved from page 12	Located on page 22
P	Loans Purchased & Sold and Participation Loans	Moved from page 15	Located on page 10
Q	Commercial Loans	Moved from page 16	Located on page 12
R	Purchased Credit Impaired Loans and Purchased Financial Assets with Credit Deterioration	Moved from page 17	Located on page 9
S	Investments	Moved from page 18	Located on pages 13 and 14
T	Miscellaneous Investment Information	Moved from page 19	Located on page 16
U	Money Services Businesses	Moved from page 22	Located on page 20

Information on the disposition of specific account codes can be obtained in the attached Account Catalog.

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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 regulations requires all federally insured credit unions to submit a Call Report (NCUA Form 5300) quarterly. Financial and statistical information collected through the Call Report 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 collected.

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 Call Report forms for March 2022 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, 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 individual institution and aggregate levels.

- 3. 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 were required to use the NCUA web-based data collection system (CUOnline) 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.
- 4. Duplication of information.**
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. Efforts to reduce burden on small entities.**
All credit unions must submit Call Report information as prescribed by regulations. NCUA minimizes the burden on small credit unions with CUOnline, 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. Consequences of not conducting the collection.**
Collection items from the 5300 Call Report provide critical information for supervision of safety-and-soundness and monitoring of regulatory compliance. 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 128 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, SSAs and NCUA would have to rely on more frequent on-site visits to supervise credit-union risks and monitor regulatory compliance. The NCUA's examination tool, MERIT, relies on data collected in the Call Report. 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. Inconsistencies 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. Efforts to consult with persons outside of the Agency.**
A 60-day notice for this information collection was published in the Federal Register on September 27, 2021, at 86 FR 53351, soliciting comments from the public. The NCUA received six comment letters in response to the 60-day notice. One commenter indicated that reporting interest income by Call Report loan categories would not be feasible. This commenter recommended maintaining the current practice of reporting the most common

interest rate by Call Report loan categories. The NCUA has changed the Call Report form to accommodate this request.

One commenter expressed concerns about the \$50,000 reporting threshold for member business loans or commercial loans to a single member. The NCUA collects this information to evaluate credit union compliance with the statutory limit (section 1790d(c)(1)(A) of the Federal Credit Union Act) on the aggregate amount of a federally insured credit union's net member business loan balances. The statutory limit has not changed and the NCUA will continue to collect this information.

One commenter wanted a change in the Call Report instructions related to reporting the first draw in a calendar year on revolving credit lines as a new loan. The NCUA is revising the instructions to address this request.

One commenter addressed the addition of the Risk-Based Capital Calculation and Off-Balance Sheet Exposures schedules. These schedules apply to credit unions with more than \$500 million in total assets and are necessary to assist credit unions with the Risk-Based Capital ratio calculation. The NCUA acknowledges this represents an increase in burden for those credit unions with more than \$500 million in total assets but believes this increase is offset by reductions in burden in other areas of the Call Report.

One commenter was concerned with the NCUA's approach to informing the public of impending Call Report changes. The NCUA followed the procedures required of all federal agencies by the Paperwork Reduction Act (PRA) of 1995. The PRA requires federal agencies to seek public comment on proposed collections of information by placing a notice in the *Federal Register*. Two notices are required, a 60-day notice and a 30-day notice. The NCUA is appropriately following the PRA and OMB's prescribed processes, including providing required artifacts.

This commenter also suggested that the NCUA extend the comment period. The public may also comment on the proposed changes during the 30-day comment period which will begin once the 30-day notice is published in the *Federal Register*. Most of the changes to the Call Report have been posted to the NCUA's website since 2018 providing time for credit unions to review the materials and determine the impact on their internal reporting mechanisms. The NCUA typically posts Call Report changes 30 days prior to the beginning of the Call Report cycle, providing approximately 60 days to modify credit union reporting systems before the Call Report cycle ends. The proposed March 2022 Call Report and related information has been published on the NCUA's website since November 24, 2021, allowing credit unions an unprecedented 125 days before the March 2022 Call Report cycle begins and 155 days before its filing due date.

Five commenters requested additional time to prepare for the Call Report changes. Suggestions ranged from an extension to the Call Report due date for March 2022 to an implementation delay of up to one year. The NCUA understands the concerns credit unions have about meeting the reporting due date considering the number of changes made to the March 2022 Call Report. The NCUA will conduct an Industry webinar to

assist credit unions with the March 2022 Call Report. Credit unions may ask for assistance using the NCUA's cuonline@ncua.gov mailbox. Additionally, Call Report suggestions are always welcome and may be sent to CallReportMod@ncua.gov.

9. Payment of gifts to respondents.

The NCUA will not provide any payment or gift to respondents.

10. Assurance of confidentiality.

There is no assurance of confidentiality other than that provided by law. Most Call Report data are public information subject to release under the Freedom of Information Act. The NCUA provides this information to the general public on the agency website (www.ncua.gov). Some Call Report 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. 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.

12. Burden of the collection of information.

NCUA estimates credit unions will, on average, need four hours to complete the Call Report, via CUOnline. To obtain industrywide costs, this average is applied to 5,097 federally insured credit unions, thereby yielding:

Credit Union Staff Time – Four 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
5,097	4	20,388	4	81,552

TOTAL ANNUAL BURDEN HOURS.....81,552

TOTAL ANNUAL RESPONDENTS LABOR COST.....\$3,017,424

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 recordkeeping 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.

Staff

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
<u>Examiner field staff – 36,028 hours @ \$46/hr.</u>	<u>\$1,657,288</u>

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 March 2022 Call Report reorganizes schedules to increase efficiencies. There are 603 new Call Report account codes and 659 account codes were retired from the 2021 Call Report. A significant portion of the Call Report new accounts relate to changes to the NCUA's regulations part 702 implementing Risk Based Capital. Additional data collection fields were added to align the Loan, Delinquency, and Charge Off schedules, and provide additional Investment details. Other additions and deletions relate to items deemed necessary or no longer necessary to maintain proper credit union supervision. The revisions do not alter the hours necessary to complete the forms.

This submission also 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 less than one percent per quarter. Specifically, the number of federally insured credit unions completing the Call Report dropped from 5,275 at June 30, 2020 to 5,097 at September 30, 2021 (178).

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

The projected Financial and Statistical Report/Call Report collection schedule for 2022 is provided below.

March 31 Collection

April 30	Forms Due
May 1 - May 17	Forms Processed
May 18 - May 31	Reports Prepared
June 1	Data Finalized and Distributed

June 30 Collection

July 30	Forms Due
July 31 - August 17	Forms Processed
August 18 - August 31	Reports Prepared
September 1	Data Finalized and Distributed

September 30 Collection

October 30	Forms Due
October 31 - November 17	Forms Processed
November 18 - November 30	Reports Prepared
December 1	Data Finalized and Distributed

December 31 Collection

January 30, 2023	Forms Due
January 31 - February 17, 2023	Forms Processed
February 18 - February 28, 2023	Reports Prepared
March 1, 2023	Data Finalized and Distributed

17. Request of non-display of the expiration date of the OMB control number.

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 system 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.