



Submitted via email: CallReportMod@ncua.gov

March 29, 2018

Ms. Mary Thor
National Credit Union Administration
Office of Examination and Insurance
1775 Duke Street
Arlington, VA 22314

Re: Request for Information, Call Report/Profile Content Modernization

Dear Ms. Thor:

The Wisconsin Credit Union League, representing Wisconsin's credit unions® and their 3 million plus members, welcomes the opportunity to answer the NCUA's Request for Information. We appreciate the efforts of the NCUA and its Call Report Modernization Working Group to review and update the 5300 Call Report and Form 4501A Profile. Modernizing them will reduce credit unions' reporting burdens and give regulators better tools for on-site examinations and off-site monitoring.

To provide meaningful input, we sought the help of Wisconsin credit union professionals who regularly complete Call Reports. We asked a variety of federally-insured, state chartered credit unions to consider the questions posed in the RFI. This letter compiles and summarizes their replies and The League's observations.

Layout & legibility concerns

Many credit unions focused on the legibility and layout of the prototype Call Report. Most credit unions' data processing systems cannot automatically export all of the Call Report data or generate completed reports. Instead, in most credit unions, staff prepare the call report by 1) printing the call report form; 2) generating needed data from the credit union's core system where possible; 3) manually compiling information and computing figures where necessary; 3) preparing a draft report by hand; and finally 4) inputting information to the call report form only after they are satisfied that their hand-written draft is correct. As a result, they were critical of the prototype Call Report's format, calling it cramped, small, difficult to read, and challenging to complete by hand.

The president of a \$16 million Wisconsin credit union told us, "All in all the form is much better, but it still needs tweaks." She took the time to download the NCUA's prototype Call Report and adjust its formatting. She prepared the six-page example that is attached to this letter as Exhibit A to show how she feels the report could better be laid out. She also compiled this formatting "wish list":

- Consistent row heights – at least consistent for each page. (The attached example includes taller rows than are shown on many pages of the prototype Call Report).
- Consistent column width for actual data entry columns.
- Plenty of space / visual breaks between sections – it just makes it easier to read.

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Member Credit Union National Association

- Larger font size on headers of each section/table (all to make it easier visually to separate out).
- These requests will require more pages, but I don't care if there are 50 pages if the pages are visually easier to navigate and easier to fill in manually. I print a blank copy of the call report and then fill in each field manually. I then use that manual copy to enter it on-line. It allows me to ensure I have completed everything I need to, and if warnings or errors, I have a reference point.
- I like that all pages are laid out landscape.
- I don't like that there is no consistency to row heights or column widths.
- Don't try to cram so much on one page. It is just more difficult to navigate it.
- I very much like the different colored rows. Again, it helps you keep on track visually.
- If some rows need to be taller to accommodate text explanations, then make all rows in that table the same height. Example page IE-2, rows 14 & 15 are taller than all of the others. Instead make all rows the same as 14 & 15.
- Use the full page width on each page. Example: on page FC-A, the columns for data entry could be made wider. There is plenty of width on the page, and yet it is not being utilized when in fact those fields/columns are not really wide enough. Also on that same page – why are rows 6-7-8 so narrow? They should match the row height of fields above.
- Form FC-F: Thank you for getting rid of the second table asking for number of delinquent loans of each type. This new form is much better.
- Make sure that the form is actually created using standard letter / legal paper size. Sometimes it seems as though the pages were laid out on larger size and then when you physically print it squishes it down to fit on letter and thus makes it harder to enter info into each field/box.
- Why on earth would they have the text bumping up against a bold line on this header? It's hard to read. White space is our friend.

SCHEDULE FC-I

LOANS - 1-4 FAMILY RESIDENTIAL PROPERTY, SUPPLEMENTAL INFORMATION AS OF: _____

~~1-4 FAMILY RESIDENTIAL PROPERTY AND ALL OTHER CONSUMER REAL ESTATE LOANS AND LINES OF CREDIT (NON-COMMERCIAL)~~

Responses to RFI questions

The remainder of this letter will summarize replies from Wisconsin credit unions to the eight questions in the NCUA's RFI.

1. Are there account codes that are proposed to be retired that are still pertinent? If so, please provide the account code(s) and the reason for maintaining it.

- We did like the exclusion of loan and savings rates, the number of real estate loans disbursed in different categories, and condensing the delinquency reporting all into one section was nice.
 - I think back to recent failures or hits to the NCUSIF (past and on the horizon), and some of the bigger reasons (fraud, concentration risks in certain loans, like taxi medallion loans), still wouldn't be captured in this new call report. These loans would be under the catch-all "all other loans", and no examiner reviewing a call report would necessarily see a trend when it's reported in there. However, I ultimately think that this is a step in the right direction in cutting down on some of the fields.
2. Are there additional account codes that should be retired or consolidated? If so, please provide the account code(s) and the reason for retiring it.
 - We received no replies to this question from our credit unions.
 3. Are relocated account codes grouped logically? If not, please propose a location you feel is more logically suited.
 - Overall we did like the new streamlined format. It seemed to group areas together so you aren't going back and forth with the same information.
 4. Should any of the schedules be expanded to assist in analysis based on new rules or accounting changes? If so, please provide details of data the NCUA should also collect.
 - The investment section was a little confusing. On FC-1 we weren't sure where to put All Other Investments. On the current form we include Life Insurance Investment and Federal Home Loan Bank Stock as All Other. In section FC-A, we aren't sure where we will get the information to fill in the amortized and fair market value for the investments.
 5. Are the instructions adequate in both content and design? If not, please cite specific sections that require improvement or correction.
 - In different areas we need to report participation loans. Neither in the current instructions or the new instructions does it address the premiums. We have been told to include the amortized premium in some spots but not others. Also, the uncommitted portion of some participation loans is reported in some sections but not others. This is also not clearly documented in the instructions. If both of these could be addressed to make it more clear that would be great. The areas affected by this are: FC-2, FC-E, FC-1, FC-J, FC-K AND FC-L.
 - Section FC-T seems cumbersome. Some of the instructions for the investments are not there (lines 22 through 46). Also, breaking out the different loans by security and also by delinquency will take longer.
 6. How much lead time do credit unions need to work with vendors to make changes to their systems to support such changes to the Call Report?
 - Wisconsin credit unions who shared replies to this question indicated that they would need 9 to 12 months of lead time to implement the proposed Call Report changes.

7. Are there any other operational issues the NCUA should be aware of prior to implementing the proposed changes?

- It is operationally disruptive to have major changes to the Call Report. The commercial vs business loan changes were just implemented which required multiple changes in reporting and tracking. Now to do another major change like the modernization is inefficient for credit unions. I believe the changes are necessary but it would be more efficient for credit unions if they could be grouped/streamlined to be less intrusive as well as issued at the same time.

8. From your perspective, do you think this is a reduction in your reporting burden? Please explain.

- No, I do not think this will be a reduction in our reporting burden. There are multiple new fields for the Risk Based Capital Ratio Calculation and as far as I can tell they aren't address in the "Catalog of Account Code Changes." Also, the instructions for these new account codes aren't descriptive. Instead, they reference the statute with the definition which is going to increase time for research and ensuring proper information is reported. I do believe that the Call Report does need to be modernized.
- The delinquent loan section is simplified, investments are more complex, charge offs are condensed, commercial area requires some added information, and risk based capital section adds a lot more information gathering. I do not see a reduce burden of reporting at all.
- I feel the new proposal is simply a shifting of much of the requested data and not complete relief from the overall call report. Not to look at it simply by length, but the proposed call report ends up being a few pages longer than the original one, and while the inclusion of the RBC ratio calculations plays into this, the bulk of the call report has remained intact from the current call report. I would be interested to know if NCUA plans on building a dynamic call report when they roll this out, meaning that schedules will only be shown to the filer if they are applicable (so for example, a very simple credit union with no investments, MBLs, etc. only sees a call report of 10 pages while Navy Federal or any of the larger players will see the full call report). In particular:
 - While we do have the capability of building an export feature in our core to build the call report, these tweaks in the call report are the reason we decided not to build, as the time and resources needed to change the mapping of each field would negate the time saved during the building of the call report.
 - Perhaps for the "less-complex" credit unions, NCUA could consider going to a semi-annual call report requirement for anyone under \$100 million (current cutoff for RBC)? If the call report is truly being used to consider risks to the NCUSIF, there is no reason that a \$20 million credit union should be required to report as often as a \$5 billion credit union.
 - I would think there's a better way to capture data for non-CECL and CECL adopters rather than having two sections for applicable sections if it's even needed at all. Not sure why early adoption of CECL impacts the examiner's review of the credit union? Perhaps this is a better question for the profile if they really need to know.

- Also, on Schedule IE, I think it's overkill to break out CECL expenses by category instead of asking for the lump sum. Some areas could see net gains (showing income) while others show net losses; could be misleading.
- Having to fill out many of the fields for RBC can become cumbersome. Is there a way to tie in the required fields of the main call report while also capturing this data for calculating RBC?

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Guttormsson", with a long horizontal flourish extending to the right.

Paul Guttormsson
Vice President – Legal & Compliance
The Wisconsin Credit Union League

Exhibit A: Example of improved Call Report formatting, prepared by the president of a \$16 million Wisconsin state-chartered credit union

ASSETS

CASH AND DEPOSITS: If your credit union reports an amount in Account code AS0007 below, complete Schedule FC-C, Investments - Maturity Distribution.

		Amount	Account
1. Cash on Hand (Coin and Currency)			730A
2. Cash on Deposit (Amounts Deposited in Financial Institutions)	a.	Cash on Deposit in Corporate Credit Unions	730B1
	b.	Cash on Deposit in the Federal Reserve Bank	AS0003
	c.	Cash on Deposit in Other Financial Institutions	730B2
	d.	Total Cash on Deposit (Amounts Deposited in Financial Institutions)	730B
3. Cash Equivalents (Investments with Original Maturities of Three Months or Less)			730C
4. Time deposits in commercial banks, S&Ls, savings banks, natural person credit unions, or corporate credit unions			AS0007
5. All other deposits			AS0008
6. TOTAL CASH, CASH EQUIVALENTS, AND OTHER DEPOSITS (Sum 730A, 730B, 730C, AS0007, and AS0008)			AS0009

INVESTMENT SECURITIES: If your credit union reports amounts below, complete Schedules FC-A, FC-B, FC-C and FC-D, as applicable.

		Amount	Account
7. Trading Securities			965
8. Available for Sale Securities - Skip to Line 10 if you have early adopted ASC Topic 326: Financial Instruments - Credit Losses (CECL)			797E
9. Held-to-Maturity Securities - Skip to Line 10 if you have early adopted ASC Topic 326: Financial Instruments - Credit Losses (CECL)			796E

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Complete these rows if you have early adopted ASC Topic 326: Financial Instruments - Credit Losses (CECL)			
10. Check this box if you have early adopted ASC Topic 326: Financial Instruments - Credit Losses (CECL).			AS0010
11. Available for Sale Debt Securities	a.	Fair Value of Available for Sale (AFS) Debt Securities	AS0011
		Amount	Account
	b.	Allowance for Credit Losses on AFS Debt Securities	AS0037
	c.	AFS Debt Securities - Amortized Cost	AS0012
12. Fair Value of Other Available for Sale Securities			AS0038
13. Held-to-Maturity Debt Securities	a.	Amortized Cost Basis of Held-to-Maturity Debt Securities	AS0039
	b.	Allowance for Credit Losses on Held-to-Maturity Debt Securities	AS0041
14. Amortized Cost of Other Held-to-Maturity Securities			AS0042
15. TOTAL INVESTMENT SECURITIES (Sum of Accounts 965, 797E, 796E, AS0011, AS0038, AS0039 less AS0041, and AS0042)			AS0013

OTHER INVESTMENTS: If your credit union reports amounts below, complete Schedule FC-C.

			Amount	Account
16. Restricted Investments	a.	Nonperpetual Capital Account		769A
	b.	Perpetual Contributed Capital		769B
	c.	All other restricted investments		AS0016
17. TOTAL OTHER INVESTMENTS (Sum of Accounts 769A, 769B, and AS0016)				AS0017

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LOANS HELD FOR SALE:

	Amount	Account
18. Loans Held for Sale		003

LOANS:

	Number of Loans	Account	Amount	Account
19. TOTAL LOANS & LEASES - Skip to Line 21 if you have early adopted ASC Topic 326: Financial Instruments - Credit Losses (CECL). Complete FC-E.		025A		025B
20. Less: Allowance for Loan & Lease Losses - Skip to Line 21 if you have early adopted ASC Topic 326: Financial Instruments - Credit Losses (CECL).				719
Complete these rows if you have early adopted ASC Topic 326: Financial Instruments - Credit Losses (CECL)				
LOANS & LEASES AT AMORTIZED COST	Number of Loans	Account	Amount	Account
21. Total Loans & Leases at amortized cost - Complete FC-E.		AS0043		AS0044
22. Less: Allowance for Credit Losses				AS0048

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OTHER ASSETS:

			Amount	Account
23. Foreclosed and Repossessed Assets	a.	a. Commercial		AS0022
	b.	Consumer Real Estate		AS0023
	c.	Consumer Vehicle		AS0024
	d.	Consumer Other		AS0025
	e.	Total Foreclosed and Repossessed Assets		798A
24. Land and Building				007
25. Other Fixed Assets				008
26. NCUA Share Insurance Capitalization Deposit				794
27. Other Assets	a.	Goodwill		009D2
	b.	Mortgage servicing assets		779
	c.	Other Intangible Assets		AS0032
	d.	Accrued Interest on Loans & Leases		009A
	e.	Accrued Interest on Investments		009B
	f.	All Other Assets		009C
	g.	Total Other Assets		AS0036
28. TOTAL ASSETS (Sum of Accounts AS0009, AS0013, AS0017, 003, 025B less 719, AS0044 less AS0048, 798A, 007, 008, 794 and AS0036)				010

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LIABILITIES:

							Total Amount	Account
1. Accounts Payable and Other Liabilities								825
2. Accrued Dividends & Interest Payable on Shares & Deposits								820A
Enter an amount in Account LI0003 if you have early adopted ASC Topic 326: Financial Instruments - Credit Losses (CECL), as applicable.								
3. Estimate of Credit Losses on Off-Balance Sheet Credit Exposures								LI0003
	A. < 1 Year	Account	B1. 1 - 3 Years	Account	B2. > 3 Years	Account	C. Total Amount	Account
4. Draws Against Lines of Credit		883A		883B1		883B2		883C
5. Other Notes, Promissory Notes and Interest Payable		011A		011B1		011B2		011C
6. Borrowing Repurchase Transactions		058A		058B1		058B2		058C
7. Subordinated Debt		867A		867B1		867B2		867C
8. Subordinated Debt included in Net Worth				925A1		925A2		925A
9. TOTALS (sum each column)		860A		860B1		860B2		860C

SHARES/DEPOSITS:

	Number of Accounts	Account	A. < 1 Year	Account	B1. 1 - 3 Years	Account	B2. > 3 Years	Account	C. Total Amount	Account
10. Share Drafts		452		902A						902
11. Regular Shares		454		657A						657
12. Money Market Shares		458		911A						911
13. Share Certificates		451		908A		908B1		908B2		908C
14. IRA/KEOGH Accounts		453		906A		906B1		906B2		906C
15. All Other Shares		455		630A		630B1		630B2		630
16. TOTAL SHARES		966		013A		013B1		013B2		013
17. Nonmember Deposits		457		880A		880B1		880B2		880
18. TOTAL SHARES and DEPOSITS		460		018A		018B1		018B2		018
19. TOTAL LIABILITIES (Sum of Account 825, 820A, LI0003, 860C, and 018.)										LI0069

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	Number	Account
Number of current members:		
20. Number of current members (not number of accounts)		083
Additional Shares/ Deposits (Included in the Shares/Deposits Listed Above):		
21. Non-U.S. dollar denominated deposits		636
22. Dollar Amount of Share Certificates = or > \$100,000 (Excluding IRA share certificates and brokered share certificates participated out by the broker in shares of less than \$100,000)		638
23. Dollar Amount of IRA/Keogh share and IRA/Keogh share certificate accounts = or > \$100,000		639
24. Dollar Amount of Share Drafts Swept to Regular Shares or Money Market Accts as part of Sweep Program		641
25. Dollar Amount of Commercial Deposit Accounts		643
26. Dollar Amount of Share Accounts with negative balances		644

NCUA INSURED SAVINGS COMPUTATION

Insured shares and deposits, as described in Part 745 of the NCUA Rules and Regulations, are authorized by state law and issued to members (or nonmembers in the case of low-income designated credit unions), other credit unions, or government depositors. Report uninsured shares in this section. Do not include notes payable or other forms of borrowings. Eligible accounts are generally insured up to \$250,000 each.

	Uninsured Amount	Account
A. UNINSURED MEMBER SHARES AND DEPOSITS		065A4
B. UNINSURED NONMEMBER SHARES AND DEPOSITS		067A2
C. TOTAL UNINSURED SHARES AND DEPOSITS (Sum Accounts 065A4 and 067A2)		068A
D. TOTAL INSURED SHARES AND DEPOSITS (Account 018 plus Account 644 less Account 068A)		069A