At a glance

The SEC finalized new rules to update and expand the statistical disclosures bank and savings and loan institutions provide to investors. The new requirements are responsive to the extensive changes that have occurred in the sector over the past 30 years since the rules were last updated.

What happened?

On September 11, the SEC issued final rules that rescind Industry Guide 3 and codify updated and expanded disclosure requirements under Regulation S-K. New Regulation S-K Item 1400 updates and streamlines the statistical disclosure requirements for bank holding companies, banks, savings and loan holding companies, and savings and loan associations (together, “bank and savings and loan registrants”). The changes eliminate certain disclosure requirements that are duplicative of other SEC rules, US GAAP, or IFRS, and add certain credit ratio disclosures. The new rules apply to both domestic and foreign registrants, with certain exemptions for issuers applying IFRS.

The final rules instruct the registrant to use the same disclosure categories as those used under US GAAP or IFRS, as applicable, for disclosures related to investments in debt securities, loans, and the allowance for loan losses. The changes also eliminate certain disclosures, including, for example, those related to short-term borrowings, cross border outstandings, return on equity, and return on assets.

The SEC did not specify a location where the required statistical disclosures should be made within the filing. The following summarizes some of the key requirements:

• **General instructions**
  - The reporting period requirements align with the annual periods presented in the financial statements
  - The requirement was retained to update for any additional interim period after the most recent fiscal year end if a material change in the information or trend has occurred

• **Distribution of assets, liabilities, and stockholders’ equity; interest rates; and interest differential**
  - Present average balance sheets, including all major categories of interest earning assets and liabilities, to the extent material
  - Include analyses relating to net interest earnings and rates and volume variances
  - Segregate disclosures by foreign and domestic activities if the registrant is required to separately disclose its foreign activities in its consolidated financial statements

• **Investments in debt securities**
  - Disclose the weighted average yield of debt securities not carried at fair value through earnings by each category of debt security and by maturity bucket (one year or less, one to five years, five to ten years, and after ten years)
  - Describe how the weighted average yield is calculated

• **Loan portfolio**
  - Disclose the amount of loans by loan category and by maturity bucket (one year or less, one to five years, five to 15 years, or after 15 years) based on contractual terms. However, non-contractual rollovers or extensions, if considered when measuring the allowance for credit losses, should be considered in...
determining the maturity classification, accompanied by a brief discussion of the rollover/extension methodology.

- **Allowance for credit losses**
  - Disclose four required credit ratios by major loan category: (1) allowance for credit losses to total loans; (2) nonaccrual loans to total loans; (3) allowance for credit losses to nonaccrual loans; and (4) net charge-offs to average loans. Ratios (2) and (3) are not required for IFRS registrants.
  - Discuss material changes in the credit ratios or the related components for each reported period
  - Disclose a breakdown of the allowance for credit losses by loan category in the prescribed format provided by the rule (does not apply to IFRS registrants)

- **Deposits**
  - Provide information about bank deposits, including separate presentation of the average amount, and the average rate paid on deposit categories as defined by the rule
  - Disclose the amount of uninsured deposits using the same methodologies and assumptions used for the relevant regulatory reporting requirements, to the extent applicable. An estimate of the uninsured deposits and associated methodologies for deriving the estimate should be disclosed if it is not reasonably practicable to provide a precise measure of uninsured deposits.

### Why is this important?
Registrants should understand the new rules and plan to make the appropriate updates to their filings ahead of the mandatory compliance date and consider early adoption to take advantage of the updates. The new rules are intended to reduce compliance costs and streamline disclosure requirements by removing redundancies.

### What’s next?
The rules will be effective 30 days after publication in the Federal Register and will apply to fiscal years ending on or after December 15, 2021. However, voluntary compliance with the new rules will be permitted in advance of the mandatory compliance date.

---

**To have a deeper discussion, contact:**

**Felix Perez**  
*Partner*  
Email: felix.perez@pwc.com

**Jonathan Odom**  
*Partner*  
Email: jonathan.d.odom@pwc.com

**Alexandra Wilson Bernstein**  
*Director*  
Email: alexandra.e.wilson@pwc.com

*For more PwC accounting and reporting content, visit us at pwc.com/cfodirect. On the go? Take our podcast series with you at pwc.com/cfodirect/podcasts.*

© 2020 PwC. All rights reserved. PwC refers to the US member firm or one of its subsidiaries or affiliates, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.