

SUPPORTING STATEMENT  
CONSOLIDATED REPORTS OF CONDITION AND INCOME  
FFIEC 031, 041, and 051  
OMB No. 3064-0052

INTRODUCTION

Pursuant to the Office of Management and Budget’s (OMB) Paperwork Reduction Act emergency processing procedures (5 CFR § 1320.13), the Federal Deposit Insurance Corporation (FDIC), in coordination with the Board of Governors of the Federal Reserve System (Board) and the Office of the Comptroller of the Currency (OCC), (collectively, the “agencies”), each of which is submitting a separate request for emergency PRA clearance, hereby requests immediate approval of revisions to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 3064-0052). These reports are required of the insured state nonmember banks and insured state savings associations supervised by the FDIC and are filed on a quarterly basis. The Board and the OCC are submitting these same Call Report changes to OMB for the institutions under their supervision.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)<sup>1</sup> became law. Various provisions of the CARES Act led to the agencies issuing implementing regulations, several of which have impacts on reporting in the Call Reports. In addition, the agencies have issued other interim final rules and a notice of proposed rulemaking to assist institutions with managing market disruptions related to the coronavirus disease 2019 (COVID-19) while continuing to provide access to funds and lending to consumers and businesses.

In summary, in connection with certain CARES Act provisions, the agencies’ interim final rules, and an FDIC proposed rule, the agencies are requesting the addition of 10 new data items to the Call Reports and associated instructional revisions beginning as of the June 30, 2020, report date. The agencies estimate these revisions would, on average, increase quarterly reporting burden by approximately 0.92 hours per institution:

- CARES Act Section 1102 (Paycheck Protection Program (PPP)) and related rulemakings – 6 new data items on the number and outstanding balance of PPP loans, the outstanding balance of PPP loans pledged to the Board’s liquidity facility, the amount of borrowings under the liquidity facility maturing in one year or less and more than one year, and the average balance of PPP loans excluded from total assets for an institution’s leverage ratio. Instructional revisions for reporting average total assets and total leverage exposure used to calculate the leverage ratio and supplementary leverage ratio, respectively, and standardized and advanced approaches risk-weighted assets.

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<sup>1</sup> Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281 (March. 27, 2020).

- Money Market Liquidity Facility and related rulemakings – 2 new data items on the outstanding amount of assets purchased under this facility and the average amount of such assets excluded from total assets for an institution’s leverage ratio.<sup>2</sup> Instructional revisions for reporting average total assets and total leverage exposure used to calculate the leverage ratio and supplementary leverage ratio, respectively, and standardized and advanced approaches risk-weighted assets.
- CARES Act Section 4013 (Temporary Relief from Troubled Debt Restructurings) – 2 new data items on the number and outstanding balance of loans modified under this provision.<sup>3</sup>

In addition, the following interim final rules issued by the agencies or the Board alone affect only the instructions for regulatory reporting for all institutions for the June 30, 2020, Call Report. The agencies believe these instructional changes would not create a material change in burden.

- Community Bank Leverage Ratio – Revisions to the qualifying ratio in 2020 and 2021.
- Federal Reserve Regulation D – Revisions to the classification of deposit liabilities.
- Federal Reserve Regulation O – Revision to the exclusions from the definition of extensions of credit to loans to directors, executive officers, principal shareholders, and their related interests.
- Supplementary Leverage Ratio - Revisions to the total leverage exposure used to calculate the supplementary leverage ratio.

For FDIC-supervised institutions, the current annual burden for the Call Reports is estimated to be 534,097 hours and the proposed revisions are estimated to increase the annual burden by 2,944 hours to 537,041 hours.

## **JUSTIFICATION**

### **1. Circumstances and Need**

Section 7 of the Federal Deposit Insurance Act requires all insured depository institutions to submit four “reports of condition” each year to their primary federal bank supervisory authority, i.e., the FDIC, the OCC, or the Board, as appropriate. FDIC-supervised institutions, i.e., insured state nonmember banks and insured state savings associations, submit these reports to the FDIC. The FDIC uses the quarterly Call Reports to monitor the condition, performance, and risk profile of individual institutions and the industry as a whole. In addition, Call Reports provide the FDIC with the most current statistical data available for evaluating depository institution corporate applications such as mergers;

<sup>2</sup> OMB previously approved the addition of these two items in the agencies’ prior request for emergency clearance submitted on April 1, 2020. The agencies had requested the reporting of these two items on a voluntary basis, but are revising the request to be a required collection in the Call Report.

<sup>3</sup> OMB previously approved the addition of one of these items, the outstanding balance of Section 4013 loans, in the agencies’ prior requests for emergency clearance submitted on April 1, 2020.

identifying areas of heightened focus and reduced emphasis for both on-site and off-site examinations; calculating all insured institutions' deposit insurance assessments; and other public purposes.

At present within the Call Report information collection system as a whole, separate report forms apply to (1) institutions that have domestic and foreign offices and institutions with domestic offices only and consolidated total assets of \$100 billion or more (FFIEC 031), (2) institutions with domestic offices only and consolidated total assets less than \$100 billion, except those institutions that file the FFIEC 051 (FFIEC 041), and (3) institutions with domestic offices only and total assets less than \$5 billion not otherwise required to file the FFIEC 041 (FFIEC 051). Under the current proposal, all institutions that are advanced approaches institutions for regulatory capital purposes, regardless of size, would file the FFIEC 031 Call Report.

The amount of data required to be reported varies between the three versions of the report forms, with the FFIEC 031 report form, which, in general, is filed by the largest institutions (i.e., institutions with domestic and foreign offices and institutions with domestic offices only and consolidated total assets of \$100 billion or more) having more data items than the FFIEC 041 and FFIEC 051 report forms that, in general, are filed by smaller institutions, i.e., institutions with domestic offices only and consolidated total assets less than \$100 billion. Furthermore, within the FFIEC 041 report form, the amount of data required to be reported varies, primarily based on the size of an institution, but also in some cases based on activity levels. The FFIEC 051 report form is a significantly streamlined version of the FFIEC 041 that includes numerous data items that are collected less frequently than quarterly, but the amount of data required in the FFIEC 051 also varies depending on the size of an institution and activity levels.

#### Proposed Revisions That are the Subject of This Request for Emergency PRA Clearance

##### *Community Bank Leverage Ratio – Two Interim Final Rules [RIN 3064-AF45 and 3064-AF47]*

Summary – Section 4012 of the CARES Act required the appropriate Federal banking agencies to reduce the community bank leverage ratio (CBLR) to 8 percent for a temporary period ending on the earlier of the termination date of the national emergency concerning the coronavirus disease COVID-19 outbreak declared by the President on March 13, 2020, under the National Emergencies Act<sup>4</sup> (National Emergency) or December 31, 2020, which the agencies did through an interim final rule.<sup>5</sup> To provide further clarity around the possible end date of the statutory relief and provide a qualifying community banking organization that is planning to elect to use the community bank leverage ratio framework sufficient time to meet the leverage ratio requirement, the agencies also issued an interim final rule extending relief for the 8 percent community bank leverage ratio through 2020, providing relief through an 8.5 percent community bank leverage ratio in 2021, and resuming the existing 9 percent community bank

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<sup>4</sup> 50 U.S.C. 1601 et seq.

<sup>5</sup> See 85 FR 22924 (April 23, 2020).

leverage ratio in 2022.<sup>6</sup> Neither interim final rule changed the methodology for calculating the CBLR, merely the qualifying ratio for an institution to report as a CBLR institution.

Reporting Revisions – There are no substantive reporting revisions associated with the revised CBLR framework. However, it is possible that some additional institutions that are now eligible CBLR banks under the lower qualifying ratio may choose to use the less burdensome reporting for regulatory capital in Schedule RC-R. Since the CBLR framework only came into effect for purposes of reporting for the first quarter of 2020, the agencies currently do not have an accurate estimate of the number of banking organizations that elected to use the CBLR reporting for the first quarter of 2020. Similarly, the agencies cannot reliably estimate the number of banking organizations that might use the CBLR reporting in the second quarter of 2020 under the reduced ratio at this time. The agencies plan to revise the burden estimates after more data is available on banking organizations’ election to use the CBLR framework.

*Regulatory Capital: Paycheck Protection Program Liquidity Facility (PPPLF) and Paycheck Protection Program (PPP) Loans – Interim Final Rule [RIN 3064-AF49] and CARES Act Section 1102*

Summary – Section 1102 of the CARES Act allows for banking organizations to make loans under a program of the U.S. Small Business Administration (SBA) in connection with COVID-19 disruptions to small businesses (referred to as PPP loans or PPP covered loans). While the loans are funded by the banking organizations, they receive a guarantee from the SBA. The statute specified that these loans should receive a zero percent risk weight for regulatory capital purposes. The Board subsequently established a liquidity facility to permit banking organizations to obtain non-recourse loans, for which PPP loans are pledged to the facility, to provide additional liquidity.

On April 13, 2020, the agencies published an interim final rule with an immediate effective date, which permits banking organizations to exclude from regulatory capital requirements PPP loans pledged to the PPPLF.<sup>7</sup> The interim final rule modifies the agencies’ capital rule to allow banking organizations to neutralize the effects on their risk-based and leverage capital ratios of making PPP loans that are pledged to the PPPLF. Specifically, a banking organization may exclude from its total leverage exposure, average total consolidated assets, standardized total risk-weighted assets, and advanced approaches total risk-weighted assets, as applicable, any exposure from a PPP loan pledged to the PPPLF. The interim final rule also codified the statutory zero percent risk weight for PPP loans; however, the PPP loans already received a zero percent risk weight under the agencies’ existing capital rules as an exposure directly and unconditionally guaranteed by an agency of the U.S. government.

The agencies would need to collect information on the number and outstanding balance of PPP loans, as well as the amount of PPP loans pledged to the liquidity facility, for their

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<sup>6</sup> See 85 FR 22930 (April 23, 2020).

<sup>7</sup> See 85 FR 20387 (April 13, 2020).

use in supervising banking organizations. Therefore, the agencies are proposing to add four new data items to collect this information, with the collection of these items expected to be time-limited. The agencies would expect to propose to discontinue the collection of a specific data item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility.

Reporting Revisions – Starting with the June 30, 2020, reporting period, a banking organization would report the total number of PPP loans outstanding, the outstanding balance of PPP loans, the outstanding balance of PPP loans pledged to the Board’s liquidity facility, and the quarterly average amount of PPP loans pledged to the Board’s liquidity facility and excluded from average total assets in the calculation of the leverage ratio. These data items would tentatively be added to Schedule RC-M, as items 17.a, 17.b, 17.c, and 17.e.

Also starting with the June 30, 2020, reporting period, the quarterly average amount of PPP loans pledged to the liquidity facility and reported in 17.e would be reported as a deduction in Schedule RC-R, part I, item 29, “LESS: Other deductions from (additions to) assets for leverage ratio purposes,” and thus excluded from Schedule RC-R, Part I, item 30, “Total assets for the leverage ratio.”

Since PPP loans, regardless of whether they are pledged to the liquidity facility, receive a zero percent risk weight, they are effectively not included in the standardized total risk-weighted assets. Similarly, advanced approaches banking organizations would not reflect PPP loans in “Total risk-weighted assets” reported on Schedule RC-R, Part I, item 48.b.

Banking organizations subject to the supplementary leverage ratio requirement would report their adjusted “Total leverage exposure” and “Supplementary leverage ratio” in Schedule RC-R, Part I, items 55.a and 55.b, respectively. These organizations would adjust their existing calculations of “Total leverage exposure” by excluding PPP loans pledged to the Federal Reserve’s liquidity facility. The instructions for item 55.a would be revised to state that institutions should measure their total leverage exposure in accordance with section 10(c)(4) of the regulatory capital rules and the applicable section of these rules for exposures related to the Paycheck Protection Program Liquidity Facility (section 305 for institutions supervised by the OCC and the Board; section 304 for institutions supervised by the FDIC).

*Temporary Exclusion of U.S. Treasury Securities and Deposits at Federal Reserve Banks from the Supplementary Leverage Ratio – Interim Final Rule [RIN 3064-AF44]*

Summary – On May 15, 2020, the agencies issued an interim final rule<sup>8</sup> to provide depository institutions subject to the supplementary leverage ratio the ability to temporarily exclude Treasuries and deposits at Federal Reserve Banks from total leverage exposure. An electing depository institution must notify its primary Federal banking regulator of its election within 30 days after the interim final rule is effective. The interim final rule will terminate after March 31, 2021.

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<sup>8</sup> <https://www.fdic.gov/news/news/press/2020/pr20060.html>.

Reporting Revisions – Depository institutions subject to the supplementary leverage ratio report Treasuries not held for trading in Schedule RC-B, item 1, “U.S. Treasury securities,” and those held for trading in Schedule RC, item 5, “Trading assets” (and, if applicable, in Schedule RC-D, item 1, “U.S. Treasury securities”). Such depository institutions report deposits at Federal Reserve Banks in Schedule RC-A, item 4, “Balances due from Federal Reserve Banks.”

Advanced approaches and Category III electing depository institutions would exclude Treasuries and deposits at Federal Reserve Banks reported in the data items identified above from Schedule RC-R, Part I, item 55.a, “Total leverage exposure.” Custodial banking organizations will also be able to exclude from total leverage exposure deposits with qualifying foreign central banks reported as a part of Schedule RC-A, item 3, “Balances due from banks in foreign countries and foreign central banks,” subject to the limits in the Section 402 rule,<sup>9</sup> in addition to the deductions under this interim final rule. For purposes of reporting the supplementary leverage ratio as of June 30, 2020, depository institutions may reflect the exclusion of Treasuries and deposits at Federal Reserve Banks from total leverage exposure as if this interim final rule had been in effect for the entire second quarter of 2020. The temporary exclusions from total leverage exposure are available through the March 31, 2021, report date.

*Regulation D Amendments – Interim Final Rule [RIN 7100-AF89]*

Summary – The Board published in the Federal Register on April 28, 2020, an interim final rule that amends the Board’s Regulation D (Reserve Requirements of Depository Institutions).<sup>10</sup> The interim final rule amends the six per month transfer limit in the “savings deposit” definition in Regulation D. This interim final rule deleted a provision in the “savings deposit” definition that required depository institutions either to prevent transfers and withdrawals in excess of the limit or to monitor savings deposits ex post for violations of the limit. The interim final rule also makes conforming changes to other definitions in Regulation D that refer to “savings deposit,” as necessary.

The interim final rule allows depository institutions to immediately suspend enforcement of the six transfer limit and to allow their customers to make an unlimited number of convenient transfers and withdrawals from their savings deposits. The interim final rule permits, but does not require, depository institutions to suspend enforcement of the six transfer limit. The interim final rule also does not require any changes to the deposit reporting practices of depository institutions.

Reporting Revisions – The agencies are revising the instructions to the Call Report to reflect the revised definition of “savings deposits” in accordance with the amendments to Regulation D in the interim final rule. Specifically, the agencies are revising the General

<sup>9</sup> The agencies recently issued a final rule, effective April 1, 2020, which implements section 402 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) by amending the capital rule to allow a banking organization that qualifies as a custodial banking organization to exclude from total leverage exposure deposits at qualifying central banks, subject to limits (402 rule). 85 FR 4569 (January 27, 2020). OMB approved the reporting changes associated with the Section 402 rule in March 2020.

<sup>10</sup> See 85 FR 23445 (April 28, 2020).

Instructions for Schedule RC-E, Deposit Liabilities, and the Glossary entry for “Deposits” in the Call Report instructions to remove references to the six transfer limit. As a result of the amendments to Regulation D, if a depository institution chooses to suspend enforcement of the six transfer limit on a “savings deposit,” the depository institution may continue to report that account as a “savings deposit” (and as a “nontransaction account”) or may instead choose to report that account as a “transaction account.”

In addition, certain data items on Schedule RC-E differentiate between transaction accounts and nontransaction accounts, in part based on the definitions in Regulation D (including the previous six transfer limit distinction). Specifically, the revised definition would apply to the classification of deposits in Schedule RC-E, items 1 through 7; and Memorandum items 2, 6, and 7 (including subcomponent items). Nevertheless, the agencies anticipate there will be no material change in burden resulting from these revisions to the reporting of deposit accounts.

*Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks – Interim Final Rule [RIN 7100-AF88]*

Summary – Under section 22(h) of the Federal Reserve Act and Regulation O, extensions of credit to insiders are subject to quantitative limits, prior approval requirements by an institution’s board, and qualitative requirements concerning loan terms. On April 22, 2020, the Board issued an interim final rule<sup>11</sup> that excepts certain loans that are guaranteed under the Small Business Administration’s Paycheck Protection Program (PPP) from the requirements of section 22(h) of the Federal Reserve Act and the corresponding provisions of the Board’s Regulation O. The interim final rule states that the Board has determined that PPP loans pose minimal risk because the SBA guarantees PPP loans at 100 percent of principal and interest and that PPP loans have fixed terms prescribed by the SBA. Accordingly, the IFR states that PPP loans will not be subject to section 22(h) or the corresponding provisions of Regulation O provided that they are not prohibited by the SBA lending restrictions.

Reporting Revisions – The agencies currently collect data on the number and outstanding balance of all “extensions of credit” to the reporting institution’s executive officers, directors, principal shareholders, and their related interests that meet the definition of this term in Regulation O. This information is collected in Schedule RC-M, items 1.a and 1.b. Call Report instructions refer to Regulation O for guidance in reporting extensions of credit to insiders in these data items. Accordingly, the agencies are proposing to revise Call Report instructions to clarify that PPP loans as described above should *not* be reported in these data items. The agencies do not believe that revising the instructions for this exception would change burden because the PPP loans did not exist in prior quarters and thus banking organizations would not need to revise the existing amounts subject to reporting in these data items in response to this change.

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<sup>11</sup> See 85 FR 22345 (April 22, 2020).

*CARES Act Section 4013 - Temporary Relief from Troubled Debt Restructurings (TDR) Data Items (Revision to Previously Approved Revision)*

Summary – The CARES Act defines an eligible loan under Section 4013 (Section 4013 loan), as a loan modification that must be (1) related to COVID-19; (2) executed on a loan that was not more than 30 days past due as of December 31, 2019; and (3) executed between March 1, 2020, and the earlier of (A) 60 days after the date of termination of the National Emergency concerning the COVID-19 outbreak or (B) December 31, 2020. Section 4013 suspends the requirements under United States generally accepted accounting principles for eligible loan modifications related to the COVID-19 pandemic that would otherwise be categorized as troubled debt restructurings (TDRs). As provided for under Section 4013 of the CARES Act, financial institutions should maintain records of the volume of Section 4013 loans and the appropriate Federal banking agencies may collect data about such loans for supervisory purposes.

Consistent with the CARES Act, the agencies seek to collect information about the volume of loans modified under Section 4013. If approved, institutions will be instructed to report the total number of loans outstanding that have been modified under Section 4013 and the outstanding balance of these loans beginning as of the June 30, 2020, report date, with the collection of these data items expected to be time-limited. The agencies would expect to propose to discontinue the collection of a specific data item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility. See Item 10 below for a discussion of the agencies' collection of institution-level Section 4013 loan information on a confidential basis.

Reporting Revisions – The agencies are proposing to add two new data items to the Call Report, which would be collected quarterly beginning with the June 30, 2020, report date. These new items, Memorandum item 17.a, “Number of Section 4013 loans outstanding,” and Memorandum item 17.b, “Outstanding balance of Section 4013 loans” (for which emergency clearance was previously requested and received), would be added to Schedule RC-C, Part I, Loans and Leases.

*Assessments: Paycheck Protection Program (PPP), PPP Liquidity Facility (PPPLF), and Money Market Liquidity Facility (MMLF) – Notice of Proposed Rulemaking [RIN 3064-AF53]*

Summary – On May 12, 2020, the FDIC approved a proposed rule modifying its deposit insurance assessment rules to mitigate the effects of participation in the PPP, PPPLF, and MMLF on insured depository institutions.<sup>12</sup>

To effect these modifications, the FDIC would need information on the outstanding balance of PPP loans, the amount of PPP loans pledged to the liquidity facility, the quarterly average amount of PPP loans pledged to the liquidity facility, short- and long-term borrowings from the Federal Reserve Banks under the PPPLF, the outstanding balance of assets purchased under the MMLF program, and the quarterly average amount

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<sup>12</sup> See 85 FR 30649 (May 20, 2020).



of assets purchased under the MMLF. Five of these data items – the outstanding balance of PPP loans, the amount and average balance of PPP loans pledged to the PPPLF, and the amount and average balance of assets purchased under the MMLF – are proposed as new Call Report data items arising from Regulatory Capital IFRs related to the PPPLF and MMLF, described elsewhere in this memo. Therefore, in addition to these five data items, the agencies are proposing two additional new data items to collect this information for assessment purposes, with the collection of these data items expected to be time-limited. The agencies would expect to propose to discontinue the collection of a specific data item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility.

Reporting Revisions – Starting as of the June 30, 2020, report date, the outstanding balance of borrowings from Federal Reserve Banks under the PPPLF with a remaining maturity of one year or less and the outstanding balance of borrowings from Federal Reserve Banks under the PPPLF with a remaining maturity of more than one year would be reported in new items 17.d.(1), and 17.d.(2) of Schedule RC-M, respectively.

*Money Market Mutual Fund Liquidity Facility (MMLF) – Interim Final Rule [RIN 3064-AF41] (Revision to Previously Approved Revision)*

Reporting Revisions – In the emergency clearance request submitted on April 1, the agencies encouraged banking organizations to separately disclose in a “Narrative Statement Concerning the Amounts Reported in the Reports of Condition and Income,” the amount of assets purchased under the MMLF included in Schedule RC-R, Part II, item 2.a or item 2.b. New Schedule RC-M, item 18.a, discussed above, would collect the same information in a standardized format, and therefore the agencies would discontinue collecting the previously approved information in the Narrative Statement starting with the June 30, 2020, report date. The collection of this new data item is expected to be time-limited. The agencies would expect to propose to discontinue the collection of a specific data item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility.

In addition, the agencies encouraged banking organizations in that emergency clearance request to separately disclose, in a similar narrative, the average amount of assets purchased under the MMLF that were excluded from Schedule RC-R, Part I, item 30, “Total assets for the leverage ratio.” As discussed above, the agencies now are proposing to add this data item to Schedule RC-M as item 18.b to collect this average amount in a standardized format. The agencies would discontinue the previously approved encouraged reporting of similar information in the Narrative Statement starting with the June 30, 2020, report date. The collection of this new data item is expected to be time-limited.

## 2. Use of Information Collected

The information collected in the Call Reports is used by the FDIC and the other federal banking agencies both on an individual institution basis and in aggregate form for supervisory, surveillance, regulatory, research, statistical, insurance assessment, and informational purposes. Call Report data for all institutions, not just the institutions under an individual banking agency's primary supervision, are available to each of the three banking agencies in order for each agency to have access to information for the insured depository institution system as a whole.

The FDIC uses the data collected in the Call Reports extensively for supervisory and surveillance purposes in an effort to detect at an early date those institutions that are experiencing deterioration or some other significant change in their condition, performance, or risk profile. The underlying basis for this activity at the FDIC, as well as at the OCC and the Board, is the goal of maintaining a safe and sound banking system and reducing the possibility of the failure of individual institutions and the concomitant exposure of the Deposit Insurance Fund administered by the FDIC. The FDIC has two major surveillance programs (EWS and UBPR) for its use in performing off-site evaluation of the condition of banks and savings associations. In addition, various quarterly management and supervisory reports used for off-site monitoring capabilities are available in web-based systems like ViSION (Virtual Supervisory Information on the Net) and distributed systems like ARIS (Automated Regional Information System).

The FDIC's uses of the data to be collected in the new Call Report data items that are the subject of this request for emergency PRA clearance are described in Item 1 above.

Early Warning Systems (EWS) – The EWS is the FDIC's umbrella of off-site surveillance models that are used to monitor the condition of insured institutions between regular on-site examinations. Data collected from each institution's Call Report are subjected to a screening process in the EWS known as SCOR (Statistical CAMELS Off-site Rating). SCOR is an off-site model for insured institutions that compares an institution's financial condition against examination ratings for comparable financial institutions. SCOR derives a rating for each component of the Uniform Financial Institutions Rating System (UFIRS). The composite and component ratings are then compared to those given at the last examination and a downgrade probability is derived for each institution. Those institutions whose downgrade probability exceeds a specified level are subject to supervisory follow-up procedures including the prompt scheduling of examinations or visitations. The FDIC also has developed two off-site rating tools called GMS (Growth Monitoring System) and REST (Real Estate Stress Test) in order to effectively and efficiently monitor risk at individual insured depository institutions. GMS identifies institutions that may pose greater risks due to rapid growth and/or funding issues. GMS places institutions into percentile rankings based on GMS scores. Those with the highest GMS scores are subject to formal off-site review requirements similar to SCOR. REST identifies institutions with high concentrations of commercial real estate and other exposures similar to the exposure characteristics of problem

institutions and institutions that failed during the New England crisis of the late 1980s and early 1990s.

Another part of the EWS includes the Uniform Bank Performance System (UBPS). The UBPS is an on-line support subsystem that calculates for each institution approximately 300 financial ratios and accompanying peer group and ranking data and presents this information in a manner consistent with the Uniform Bank Performance Report, which is discussed below. The UBPS covers the most recent and preceding 15 quarters.

Uniform Bank Performance Report (UBPR) – This report is prepared quarterly for each insured institution from Call Report data and presents information for five periods on an institution’s performance and financial statement composition in the form of ratios, percentages, and dollar amounts. Each UBPR also includes corresponding average data for the institution’s peer group and percentile rankings for most ratios. In 2017, data visualization features (e.g., graphs and charts) were added to the UBPR to assist users in gaining further value from UBPR ratio data.

The comparative and trend data contained in the UBPR complement the EWS data and are utilized by FDIC supervisory staff for further off-premises review of individual institutions, particularly at the field office level. Based on an analysis of the information in the UBPR, an examiner can set the priorities for the examination of an individual institution. An institution’s condition, performance, and risk profile can then be evaluated during the examination in light of its recent trends and the examiner’s findings can be communicated to the institution’s management. Management can verify this trend data for itself in the institution’s own UBPRs. UBPRs are available on-line on the Internet for access by institutions, regulators, and the public.

ViSION and ARIS – ViSION is a secure web-enabled system that was developed as a comprehensive and easy-to-use reporting source for the FDIC’s supervisory and financial data. The system provides FDIC users with multiple reports that display information for a specific institution or set of institutions. ViSION provides users the ability to retrieve various supervisory and off-site reports. These various management reports are used to assist in off-site monitoring efforts and are reviewed at the regional or field office level on a regular basis. ARIS is a localized database and reporting system that includes many levels of drill-down management and supervisory reporting.

Through the use of monitoring and surveillance systems that rely on Call Report information, the FDIC is able to more effectively and efficiently allocate resources to those institutions experiencing difficulties or exhibiting heightened risk profiles. Also, FDIC policy requires examiners to use information from Call Reports as well as data available from monitoring and surveillance systems to assist in their examination planning activities. Through examination planning, examiners can determine the areas of an institution’s operations and activities on which to focus heightened attention or place reduced emphasis during their time on-site at the institution. Moreover, effective examination planning can help to limit the amount of time examiners need to spend on-site during an examination. These efforts would not be feasible if Call Report data, with

their emphasis on the collection of information for supervisory and surveillance purposes, were not available on a quarterly or, for certain data, a semiannual or annual, basis.

Call Reports also provide the most current statistical data available for evaluating statutory factors relating to the FDIC's consideration of institutions' applications for deposit insurance and for consent to merge, establish a branch, relocate an office, and retire capital. The amount of each individual institution's deposit insurance assessment is calculated directly by the FDIC from the data reported in the institution's Call Report. In addition, under the FDIC's risk-related insurance assessment system, Call Report data are used to help determine the risk assignment for each insured institution. The FDIC's Division of Insurance and Research uses data collected in the Call Reports to prepare quarterly reports on the condition and performance of the banking system, with separate reports also prepared for community institutions, and for numerous economic studies and analyses of trends in banking that are incorporated into reports submitted to Congress and made available to the public.

### 3. Use of Technology to Reduce Burden

All banks and savings associations are subject to an electronic filing requirement for the Call Report. In this regard, the agencies have created a secure shared database for collecting, managing, validating, and distributing Call Report data. This database system, the Central Data Repository (CDR), was implemented in 2005 and is the only method available to banks and savings associations for submitting their Call Report data. Under the CDR system, institutions file their Call Report data via the Internet using software that contains the FFIEC's edits for validating Call Report data before submission.

### 4. Efforts to Identify Duplication

There is no other report or series of reports that collects from all insured banks and savings associations the regulatory capital and other information gathered through the Consolidated Reports of Condition and Income taken as a whole. There are other information collection systems which tend to duplicate certain parts of the Call Report; however, the information they provide would be of limited value as a replacement for the Call Report.

For example, the Board collects various reports in connection with its measurement of monetary aggregates, bank credit, and the flow of funds. Reporting institutions supply the Board with detailed information relating to such balance sheet accounts as balances due from depository institutions, loans, and deposit liabilities. The Board also collects financial data from bank holding companies on a regular basis. Such data are presented for the holding company on a parent-company-only basis and, if certain conditions are met, on a consolidated basis, including the holding company's banking and nonbanking subsidiaries.

However, Board reports from insured institutions are frequently obtained on a sample basis rather than from all insured institutions. Moreover, these reports are often prepared as of dates other than the last business day of each quarter, which would seriously limit their comparability to the Call Report. Institutions below a certain size are exempt entirely from some Board reporting requirements. Board data collected from bank holding companies on a consolidated basis reflect an aggregate amount for all subsidiaries within the organization, both banking and nonbanking, so that the actual dollar amounts applicable to any depository institution subsidiary are not determinable from the holding company reports. Hence, Board reports could not be a viable replacement for even a significant portion of the Call Reports since the FDIC, in its role as supervisor of insured state nonmember banks and state savings associations, would be lacking the data necessary to assess the financial condition of individual institutions to determine whether there had been any deterioration in their condition. This is also the case for the FDIC in its role as the deposit insurer of all insured depository institutions because Board reports would not provide the data required as inputs to the FDIC's deposit insurance assessment systems.

As another example, insured institutions with either 500 or more, or 2,000 or more, shareholders (depending on charter type) or with a class of equity securities listed on a securities exchange are required by the Securities Exchange Act of 1934, as amended, to register their stock with their primary federal banking agency. Following the effective date of the stock registration, quarterly and annual reports, which contain financial statements, must be filed with the appropriate banking agency. Of the 3,386 FDIC-supervised banks and savings associations, approximately 16 have stock that is registered with the FDIC pursuant to the Securities Exchange Act. For this nominal number of registered institutions, quarterly and annual reports generally need not be filed until as many as 45 days and 90 days after the report date, respectively, while Call Reports generally must be received no later than 30 days after the report date. Moreover, the Call Reports have a fixed format to permit industry data aggregation by computer and automated monitoring of each individual institution's performance and condition. The financial statement format for registered institutions is generally comparable to that of the Call Report, but each institution has the flexibility to expand or contract the level of detail on individual data items as circumstances warrant. Such free-form reporting would make it extremely difficult for the FDIC to substitute the small number of registered institutions' quarterly and annual reports for Call Reports.

Finally, some of the information contained in the Call Report is also developed by FDIC examiners during regular safety and soundness examinations of insured institutions. In addition, examiners check the Consolidated Reports of Condition and Income that an institution has submitted to the FDIC between examinations to ensure that the required data have been properly reported. However, using the examination process to develop quarterly Call Report data would be unworkable since one of the principal purposes of the supervisory and surveillance emphasis on the use of these data is for off-site monitoring of the condition and performance of individual institutions between examinations. Furthermore, examinations are conducted as of various dates throughout the year and at differing time intervals for different institutions. Thus, the examination

process could not supply the banking agencies with financial data on a timely basis for all insured institutions as of fixed dates each year.

##### 5. Minimizing the Burden on Small Institutions

Pursuant to regulations issued by the Small Business Administration (13 CFR 121.201), a “small entity” includes depository institutions with total assets of \$600 million or less. As of September 30, 2019, the FDIC was the primary federal supervisor of 3,386 insured state nonmember banks and state savings associations. Of this number, around 2,700 have total assets of \$600 million or less. Data collected in the Call Report information collection as a whole is tiered to the size and activity levels of reporting institutions.

The Call Report requires the least amount of data from small institutions with domestic offices only and less than \$5 billion in total assets that file the streamlined FFIEC 051 report form. Within the FFIEC 051, certain institutions with less than \$300 million in total assets have fewer data items applicable to them than do institutions with \$300 million or more in total assets. In addition, the supplemental information schedule in the FFIEC 051, which replaced five entire schedules and parts of certain other schedules that had been in the FFIEC 041, includes nine indicator questions with “yes”/“no” responses that ask about an institution’s involvement in certain complex or specialized activities. Only if the response to a particular indicator question is a “yes” is an institution required to complete, on average, three indicator items that provide data on the extent of the institution’s involvement in that activity.

The next least amount of data is collected from other institutions with domestic offices only that file the FFIEC 041 report form (even if they are eligible to file the FFIEC 051) and have less than \$300 million in total assets. Exemptions from reporting certain Call Report data within the FFIEC 041 report form also apply to institutions with less than \$500 million, \$1 billion, and \$10 billion in total assets. In both the FFIEC 051 and the FFIEC 041, other exemptions are based on activity levels rather than total assets and these activity-based thresholds tend to benefit small institutions. In addition, for small institutions with domestic offices only and less than \$5 billion in total assets that file the FFIEC 051, a significant number of data items in the FFIEC 051 report are collected semiannually or annually rather than quarterly as they had been when these institutions filed the FFIEC 041 report.

##### 6. Consequences of Less Frequent Collection

Collecting Call Report data less frequently than quarterly would reduce the FDIC’s ability to identify on a timely basis those institutions experiencing adverse changes in their condition or risk profile. Timely identification enables the FDIC to work with the managements of such institutions to initiate appropriate corrective measures at an early stage to restore the institutions’ safety and soundness. Timely identification cannot be accomplished through periodic on-site examinations alone. To allocate its examination

resources in the most efficient manner, off-site analysis of Call Report data to single out institutions in need of accelerated on-site follow-up must be performed (see Item 2 above). Submission of Call Reports less frequently than quarterly would permit deteriorating conditions at institutions to fester considerably longer before they would be detected through the FDIC's monitoring systems, through the fortunate scheduling of examinations, or by other means. Such institutions would therefore run a greater risk of failure because of delays in effecting corrective action, either on institution management's own initiative or at the behest of the FDIC. Nevertheless, certain Call Report data items are collected less frequently than quarterly from some or all institutions, particularly in the streamlined FFIEC 051 Call Report for eligible small institutions.

In addition to supporting the identification of higher-risk situations and enabling timely corrective action for such cases, the quarterly reporting of Call Report data also aids in the identification of low-risk areas prior to on-site examinations, allowing the agencies to improve the allocation of their supervisory resources and increase the efficiency of supervisory assessments, which reduces the scope of examinations in these areas, thereby reducing regulatory burden.

Furthermore, certain Call Report data items are required quarterly due to various statutes or regulations. Leverage ratios based on average quarterly assets (reported on Schedule RC-K) and, for institutions that do not have a community bank leverage ratio framework election in effect as of a quarter-end report date, risk-based capital ratios (reported on Schedule RC-R) are necessary under the prompt corrective action framework established under 12 U.S.C. 1831o. Data on off-balance sheet assets and liabilities (reported on Schedule RC-L) are required every quarter for which an institution submits a balance sheet to the agencies pursuant to 12 U.S.C. 1831n. Granular data on deposit liabilities and data affecting risk assessments for deposit insurance (reported on Schedules RC-E and RC-O) are required four times per year under 12 U.S.C. 1817.

## 7. Special Circumstances

There are no special circumstances.

## 8. Consultation with Persons Outside the FDIC

Because this is a request for emergency PRA clearance, there has been no consultation with persons outside the FDIC regarding the Call Report revisions that are the subject of this submission. However, these revisions were developed in coordination with the staffs of the Board and the OCC.

The agencies plan to request comment on the Call Report revisions after the emergency clearance through the standard PRA process, including both 60-day and 30-day notices with requests for comment. In addition, the interim final rules and proposed rulemaking

summarized in this Supporting Statement have themselves been issued for comment for varying time period.

#### 9. Payment or Gift to Respondents

No payment or gift will be provided to respondents.

#### 10. Confidentiality

At present, all data items collected from individual institutions in the Call Report are publicly available with limited exceptions. In this regard, for all institutions, the amount, if any, reported in Schedule RI-E, item 2.g, "FDIC deposit insurance assessments," is treated as confidential on an individual institution basis. In addition, on the FFIEC 031 and FFIEC 041 versions of the Call Report, the following data are treated as confidential on an individual institution basis:

- (1) Amounts reported in Schedule RC-P, items 7.a and 7.b, for representation and warranty reserves for 1-4 family residential mortgages sold to specified parties;
- (2) Information that large and highly complex institutions report on criticized and classified items, nontraditional 1-4 family residential mortgage loans, higher-risk consumer loans, higher risk commercial and industrial loans and securities, top 20 counterparty exposures, and largest counterparty exposure for assessment purposes in Schedule RC-O, Memorandum items 6 through 9, 14, and 15, which are used as inputs to scorecard measures in the FDIC's deposit insurance assessment system for these institutions; and
- (3) The table of consumer loans by loan type and probability of default band reported for deposit insurance assessment purposes by large and highly complex institutions in Schedule RC-O, Memorandum item 18.

Furthermore, contact information for depository institution personnel that is provided in institutions' Call Report submissions is not available to the public.

As discussed in Item 1 above, consistent with the CARES Act, the agencies seek to collect information about the volume of loans modified under Section 4013. If approved, institutions would report the total number of loans outstanding that have been modified under Section 4013 and the outstanding balance of these loans in Call Report Schedule RC-C, Part I, Memorandum items 17.a and 17.b, respectively, beginning as of the June 30, 2020, report date. The agencies would collect institution-level information these Section 4013 loans on a confidential basis. While the agencies generally make institution-level Call Report data publicly available, the agencies are collecting Section 4013 loan information as part of condition reports for the impacted entities and the agencies believe disclosure of these data items at the institution level would not be in the



public interest.<sup>13</sup> Such information is permitted to be collected on a confidential basis, consistent with 5 U.S.C. § 552(b)(8).<sup>14</sup>

The public disclosure of supervisory information on Section 4013 loans could have a detrimental impact on institutions offering modifications under this provision to borrowers that need relief due to COVID-19. Institutions may be reluctant to offer modifications under Section 4013 if information on these modifications made by each institution is publicly available, as analysts, investors, and other users of public Call Report information may penalize an institution for using the relief provided by the CARES Act. The agencies have encouraged institutions to work with their borrowers during the National Emergency related to COVID-19, including use of the relief under Section 4013.<sup>15</sup>

The agencies may disclose Section 4013 loan data on an aggregated basis, consistent with confidentiality.

#### 11. Information of a Sensitive Nature

The Call Report contains no questions of a sensitive nature.

#### 12. Estimate of Annual Burden

It is estimated that, on average, it will take an FDIC-supervised institution approximately 40.26 hours each quarter on an ongoing basis to prepare and file its Call Report as it is proposed to be revised. The estimate of 40.26 hours each quarter, on average, would represent an increase from the currently estimated average reporting burden of 39.34 hours per quarter.<sup>16</sup> As a result, the estimated total annual ongoing reporting burden for the 3,335 FDIC-supervised institutions to prepare and file the Call Report after the proposed revisions have taken effect would be 537,041 hours, which would be an increase from the current annual estimate of 534,097 hours.

The FDIC's estimated average of 40.26 burden hours per quarter reflects the estimates for the FFIEC 031, the FFIEC 041, and the FFIEC 051 reports for the number of FDIC-

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<sup>13</sup> See 12 U.S.C. 1464(v)(2).

<sup>14</sup> Exemption 8 of the Freedom of Information Act (FOIA), specifically exempts from disclosure information "contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions".

<sup>15</sup> See "Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised)" (April 7, 2020), available at <https://www.fdic.gov/news/news/press/2020/pr20049a.pdf>.

<sup>16</sup> The estimated average reporting burden as of the FDIC's last OMB submission was 39.43 hours per quarter based on the data filed by FDIC-supervised institutions as of September 30, 2019. This number has been adjusted to 39.34 hours per quarter based on the data filed by FDIC-supervised institutions as of December 31, 2019. Thus, the change in burden of 0.92 hours per quarter will be added to 39.34 hours per quarter resulting in 40.26 hours per quarter.

supervised institutions that currently file each report. The estimated burden per response for the quarterly filings of the Call Report is an average that varies by agency because of differences in the composition of the institutions under each agency's supervision (e.g., size distribution of institutions, types of activities in which they are engaged, and existence of foreign offices).

The agencies' burden estimate includes the estimated time for gathering and maintaining data in the required form and completing those Call Report data items for which an institution has a reportable (nonzero) amount as well as time for reviewing instructions for all data items, even if the institution determines it does not have a reportable amount, and time for verifying the accuracy of amounts reported in the Call Report. The agencies' estimates of the average times to complete each Call Report data item factor in the varying levels of automation versus manual interventions that exist across institutions for every data item.

Based on a total hourly wage rate of \$84.88<sup>17</sup> for Call Report preparation and an estimated total ongoing annual reporting burden of 537,041 hours, the total annual cost to all 3,335 FDIC-supervised institutions for this information collection is estimated to be \$45.6 million.

### 13. Estimate of Start-up Costs to Respondents

None.

### 14. Estimate of Total Annual Cost to the Federal Government

None.

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<sup>17</sup> This estimate is derived from the May 2018 75<sup>th</sup> percentile hourly wage rate reported by the Bureau of Labor Statistics, National Industry-Specific Occupational Employment, and Wage Estimates for Financial Managers (\$71.49), Bookkeeping, Accounting, and Auditing Clerks (\$23.31), and Financial Specialists (\$46.29), and the mean hourly wage for Chief Executives (\$102.30) and Lawyers (\$86.14) in the Depository Credit Intermediation sector. The wage rates have been adjusted for changes in the Consumer Price Index for all Urban Consumers between May 2018 and September 2019 (2.28 percent) and grossed up by 51 percent to account for non-monetary compensation as reported by the September 2019 Employer Costs for Employee Compensation Data. Assuming that 15 percent of the work would require the skills of a chief executive at an hourly cost of \$158.05, 5 percent would require a Lawyer at an hourly cost of \$133.09, 25 percent would require a Financial Manager at an hourly cost of \$110.45, 35 percent would require a Bookkeeping, Accounting, and Auditing Clerk at an hourly cost of \$36.01, and 20 percent would require a Financial Specialist at an hourly cost of \$71.52, the hourly wage estimate for this information collection is  $(0.15*158.05 + 0.05*133.09 + 0.25*110.45 + 0.35*36.01 + 0.2*71.52 = \$84.88)$ .

15. Reason for Change in Burden

The change in burden associated with this submission is caused by two factors: (a) a net decrease in the number of reporting institutions supervised by the FDIC, and (b) the proposed changes to the Call Report information collection that are the subject of this submission.

At present, there are 3,335 FDIC-supervised institutions, which is 51 less than previously reported (3,386 previously versus 3,335 now), which results in 204 fewer responses per year for this quarterly report.<sup>18</sup> An analysis of the change in the overall estimated annual burden for the 3,335 FDIC-supervised institutions currently subject to the Call Report information collection as it is proposed to be revised is as follows:

<b>FFIEC 031, FFIEC 041, and FFIEC 051</b>	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Currently Approved Burden</b>	3,386	4	39.43	534,097
<b>Proposed Burden</b>				
FFIEC 031	24	4	66.08	6,344
FFIEC 041	661	4	49.66	131,345
FFIEC 051	<u>2,650</u>	4	37.68	<u>399,352 0</u>
<i>Total</i>	3,335	4	40.26	537,0410
<i>Change</i>	(51)			2,944

16. Publication

Not applicable.

17. Display of Expiration Date

<sup>18</sup> The FDIC's last OMB submission was based on data filed by 3,386 FDIC-supervised institutions as of September 30, 2019. The current submission is based on data filed by 3,335 FDIC-supervised institutions as of December 31, 2019. In addition, the estimated time per response (before taking into consideration the reporting change in burden of 0.92 hours per quarter) has been adjusted from 39.43 hours per quarter based on data filed by FDIC-supervised institutions as of September 30, 2019 to the current estimate of 39.34, which is based on data filed by FDIC-supervised institutions as of December 31, 2019.

Not applicable.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.