

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

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting approval from the Office of Management and Budget's (OMB) to extend for three years, with revision, 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 and are filed on a quarterly basis. The Federal Reserve Board (FRB or Board) and the Office of the Comptroller of the Currency (OCC) are submitting these same Call Report changes to OMB for the institutions under their supervision.

The agencies proposed revisions to the Call Reports related to interim final rules and a final rule issued in response to disruptions related to the coronavirus disease 2019 (COVID-19) that revise the agencies' capital rule, the Board's regulations on reserve requirements and insider loans, and the FDIC's deposit insurance assessment regulations. The proposed revisions also resulted from certain sections of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).<sup>1</sup> The agencies received emergency approvals from OMB to implement these revisions as of the March 31, June 30, or September 30, 2020, report dates.

In addition, the agencies proposed changes to the Call Reports related to U.S. generally accepted accounting principles (GAAP), to reflect the expiration of the temporary exception for estimated disclosures on international remittance transfers and certain amendments to the Remittance Rule (12 CFR 1005.30 *et seq.*) recently finalized by the Consumer Financial Protection Bureau (Bureau),<sup>2</sup> which is a member of the FFIEC, and to implement the agencies' proposed total loss absorbing capacity (TLAC) investments rule for advanced approaches banking organizations.

For FDIC-supervised institutions, the current annual burden for the Call Reports is estimated to be 537,053 hours and the proposed revisions are estimated to reduce the annual burden by 15,473 hours to 521,580 hours.

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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).

<sup>2</sup> 85 FR 34870 (June 5, 2020).

## **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; 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 Proposal**

#### *Changes to Implement the Revised Definition of Eligible Retained Income*

Under the capital rule, a banking organization must maintain a minimum amount of regulatory capital. In addition, a banking organization must maintain a buffer of regulatory capital above its minimum capital requirements to avoid restrictions on capital

distributions and discretionary bonus payments. The agencies intend for the buffer requirements to limit the ability of banking organizations to distribute capital in the form of dividends and discretionary bonus payments and therefore strengthen the ability of banking organizations to continue lending and conducting other financial intermediation activities during stress periods. The agencies are concerned, however, that the existing calculation method could lead to sudden and severe distribution limits if such banking organizations were to experience even a modest reduction in their capital ratios.

Therefore, the agencies adopted an interim final rule<sup>3</sup> on March 20, 2020, that revises the definition of eligible retained income (ERI). By modifying the definition of ERI and thereby allowing banking organizations to more freely use their capital buffers, this interim final rule should help to promote lending activity and other financial intermediation activities by banking organizations and avoid compounding disruptions due to COVID-19.

The instructions for Schedule RC-R, Part I, item 53, “Eligible retained income,” have been revised to incorporate the revisions reflected in the ERI interim final rule. Beginning with the March 31, 2020, report date, institutions that are required to report amounts in item 53 should report the greater of (1) an institution’s net income for the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income, and (2) the average of an institution’s net income over the four preceding calendar quarters.

#### *Changes to Implement the Money Market Mutual Fund Liquidity Facility*

To enhance the liquidity and functioning of money markets, the Federal Reserve Bank of Boston (FRBB) launched the Money Market Mutual Fund Liquidity Facility, or MMLF, on March 18, 2020.<sup>4</sup> On March 23, 2020, the agencies published an interim final rule, which permits banking organizations to exclude from regulatory capital requirements exposures related to the MMLF (MMLF interim final rule).<sup>5</sup>

The MMLF interim final rule modifies the agencies’ capital rule to allow banking organizations to neutralize the effects of purchasing assets from money market mutual funds under the MMLF on their risk-based and leverage capital ratios. This treatment extends to the community bank leverage ratio. 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 acquired from an eligible money market mutual fund pursuant to a non-recourse loan under the MMLF and pledged to the FRBB. The MMLF interim final rule applies only to activities under the MMLF.

Consistent with U.S. GAAP, the agencies expect banking organizations to report assets purchased from money market mutual funds under the MMLF on their balance sheets.

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<sup>3</sup> 85 FR 15909 (March 20, 2020).

<sup>4</sup> See <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200318a.htm>.

<sup>5</sup> 85 FR 16232.

To be eligible collateral for pledging to the FRBB, assets must be purchased from an eligible money market mutual fund at either the seller's amortized cost or fair value. Thereafter, banking organizations subsequently measure the assets at amortized cost or fair value depending on the asset category in which the assets are reported on their balance sheets. The non-recourse nature of the transaction through the MMLF impacts the valuation of the liability to the FRBB. After reflecting any appropriate discounts on the assets purchased and the associated liabilities, organizations are not expected to report any material net gains or losses (if any) at the time of purchase. Any discounts generally are accreted over time into income and expense.

On May 12, 2020, the FDIC approved a proposed rule modifying its deposit insurance assessment rules to mitigate the effects of participation in the MMLF on insured depository institutions (IDIs).<sup>6</sup> The proposed changes remove the effect of participation in the MMLF program on certain adjustments to an IDI's assessment rate, provide an offset to an IDI's assessment for the increase to its assessment base attributable to participation in the MMLF, and remove the effect of participation in the MMLF program when classifying IDIs as small, large, or highly complex for assessment purposes. On June 26, 2020, the FDIC published a final rule that mitigates the deposit insurance assessment effects of participating in the MMLF program on IDIs as proposed.<sup>7</sup>

Starting with the March 31, 2020, report date, banking organizations that file Call Reports include their holdings of assets purchased from money market mutual funds under the MMLF in the appropriate asset category on Schedule RC, Balance Sheet, and Schedule RC-R, Regulatory Capital. On Schedule RC, banking organizations report negotiable certificates of deposit not held for trading in item 1.b, held-to-maturity securities in item 2.a, available-for-sale (AFS) securities in item 2.b, and negotiable certificates of deposit and securities held for trading in item 5, as appropriate.<sup>8</sup> For regulatory capital reporting purposes, the balance sheet amounts of assets purchased through the MMLF are reported in both Column A (Totals From Schedule RC) and Column C (0% risk-weight category) of the corresponding balance sheet asset categories of Schedule RC-R, Part II (i.e., in items 1, 2.a, 2.b, and 7, respectively).<sup>9</sup>

If a consolidated broker-dealer subsidiary of an institution that files Call Reports has purchased assets from money market mutual funds under the MMLF that the institution reports as "Other assets" on its consolidated balance sheet for financial reporting

<sup>6</sup> 85 FR 30649 (May 20, 2020). As discussed later in this Section 1, the FDIC's proposed rule also would modify its deposit insurance assessment rules to mitigate the effects of participation in the Paycheck Protection Program and the Paycheck Protection Program Liquidity Facility on IDIs.

<sup>7</sup> 85 FR 38282 (June 26, 2020).

<sup>8</sup> In addition, held-to-maturity and available-for-sale securities would be reported by securities category in Schedule RC-B, Securities, and as pledged securities in Memorandum item 1 of this schedule on all three versions of the Call Report. Negotiable certificates of deposit and securities held for trading would be reported by asset category in Schedule RC-D, Trading Assets and Liabilities, by institutions required to complete this schedule on the FFIEC 031 and the FFIEC 041. Securities held for trading also would be reported as pledged securities in Schedule RC-D, Memorandum item 4.a, on the FFIEC 031.

<sup>9</sup> Reporting in Schedule RC-R, Part II, applies only to institutions that do not have a community bank leverage ratio framework election in effect as of the quarter-end report date, as reported in Schedule RC-R, Part I, item 31.a.

purposes, the institution should also report these assets in Schedule RC, Balance Sheet, item 11, “Other assets.” Further, for risk-based capital reporting purposes, if applicable, the parent institution of the broker-dealer should report these assets in Column A (Totals From Schedule RC) and Column C (0% risk-weight category) of Schedule RC-R, Part II, item 8, “All other assets.”

The quarterly average of an institution’s holdings of assets purchased from money market mutual funds under the MMLF, including those purchased by a consolidated broker-dealer subsidiary of the institution, are included 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.”

Borrowings from the FRBB are included in Schedule RC, item 16, “Other borrowed money,” and included in Schedule RC-M, items 5.b.(1)(a), Other borrowings with a remaining maturity or next repricing date of “One year or less,” 5.b.(2), “Other borrowings with a remaining maturity of one year or less,” and 10.b, “Amount of ‘Other borrowings’ that are secured.”

Starting with the June 30, 2020, report date, banking organizations that file Call Reports report the outstanding balance of assets purchased under the MMLF program in new item 18.a on Schedule RC-M and the quarterly average amount outstanding of assets purchased under the MMLF that were excluded from Schedule RC-R, Part I, item 30, “Total assets for the leverage ratio,” in new item 18.b on Schedule RC-M. The amounts reported in these items include assets purchased by a consolidated broker-dealer subsidiary. These new items enable the agencies to monitor the impact of the MMLF interim final rule on a banking organization’s leverage ratio and, if applicable, its risk-weighted assets. In addition, the FDIC uses these new items to implement the modifications to its deposit insurance assessment rules to mitigate the effects of participation in the MMLF on IDIs.

The collection of the two new Schedule RC-M data items related to the MMLF program is expected to be time-limited. The agencies plan to propose to discontinue the collection of each item once the aggregate industry activity has diminished to a point where individual institution information is of limited practical utility and is no longer needed for deposit insurance assessment purposes, where applicable.<sup>10</sup>

Institutions subject to the supplementary leverage ratio requirement report their adjusted “Total leverage exposure” and “Supplementary leverage ratio” in Schedule RC-R, Part I, items 55.a and 55.b, respectively. These institutions adjust their existing calculations of “Total leverage exposure” by excluding assets purchased from money market funds under the MMLF. The instructions for item 55.a were revised to state that institutions

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<sup>10</sup> These new items will be reviewed in connection with the statutorily mandated review of the Call Report that the agencies must complete by year-end 2022. Per Section 604 of the Financial Services Regulatory Relief Act of 2006, the agencies must conduct a review of the information and schedules collected on the Call Report every five years with the purpose of reducing or eliminating requirements that are no longer necessary or appropriate.

should measure their total leverage exposure in accordance with section 10(c)(4) of the regulatory capital rules and section 302 of these rules for exposures related to the MMLF.

*Changes to Implement the Regulatory Capital Rule: Revised Transition for the Current Expected Credit Losses Methodology for Allowances*

The instructions for certain items in Call Report Schedule RC-R, Parts I and II, have been revised effective as of the March 31, 2020, report date to incorporate revisions reflected in the interim final rule, Regulatory Capital Rule: Revised Transition for the Current Expected Credit Losses Methodology for Allowances, published in the Federal Register on March 27, 2020 (CECL interim final rule).<sup>11</sup> This interim final rule provides institutions that were required to adopt the current expected credit losses methodology (CECL) for accounting purposes during the 2020 calendar year with the option to delay for two years the estimated impact of CECL on regulatory capital, followed by a three-year transition period to phase out the aggregate amount of the capital benefit provided during the initial two-year delay (i.e., a five-year transition, in total). The CECL interim final rule does not replace the current CECL transition option in the agencies' capital rule, which was adopted in 2019 and allows banking organizations to phase in over a three-year period the day-one effects on regulatory capital that may result from the adoption of CECL (2019 CECL rule).<sup>12</sup> This transition option remains available to institutions that adopt CECL. Thus, institutions required to adopt CECL in 2020, including those that began reporting in accordance with CECL in their first quarter 2020 regulatory reports, have the option to elect the three-year transition option contained in the 2019 CECL rule or the five-year CECL transition option contained in the CECL interim final rule, beginning with the Call Report for the March 31, 2020, report date or such later report date in 2020 as of which institutions first report in accordance with CECL.

The agencies have revised the Call Report Schedule RC-R instructions for the following items in Part I of the schedule to enable institutions that elect the five-year CECL transition option to report their regulatory capital data in accordance with the CECL interim final rule:

- Item 2, “Retained earnings,”
- Item 15 on the FFIEC 041 and FFIEC 051 and items 15.a and 15.b on the FFIEC 031, for certain deferred tax assets arising from temporary differences that exceed an institution’s applicable common equity tier 1 capital deduction threshold,
- Item 27, “Average total consolidated assets,”
- Item 42 on the FFIEC 041 and FFIEC 051 and item 42.a on the FFIEC 031, for the amount of adjusted allowances for credit losses includable in tier 2 capital,
- Item 42.b on the FFIEC 31, “Eligible credit reserves includable in tier 2 capital,” and

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<sup>11</sup> 85 FR 17723. The agencies published a correcting amendment in the Federal Register on May 19, 2020 (85 FR 29839).

<sup>12</sup> 84 FR 4222 (February 14, 2019).

- Item 55.a on the FFIEC 031 and FFIEC 041, “Total leverage exposure.”

The instructions for Schedule RC-R, Part II, item 8, “All other assets,” also have been revised to account for the five-year CECL transition option.

In addition, beginning with the June 30, 2020, Call Report, Schedule RC-R, Part I, item 2.a, “Does your institution have a CECL transition election in effect as of the quarter-end report date? (enter “1” for Yes; enter “0” for No.),” was revised to allow institutions that have adopted CECL to choose from among three entries rather than the current two entries. An institution that has adopted CECL chooses from the following CECL transition election entries: “0” for adopted CECL with no transition election; “1” for a 3-year CECL transition election; and “2” for a 5-year 2020 CECL transition election. An institution that has not adopted CECL continues to leave item 2.a blank.

There were limited revisions to the *Regulatory Capital Rule: Revised Transition for the Current Expected Credit Losses Methodology for Allowances*, published in the Federal Register on March 27, 2020 (CECL interim final rule).<sup>13</sup> In the agencies’ final rule on this subject, published in the Federal Register on September 30, 2020,<sup>14</sup> banking organizations that “early adopted” the current expected credit losses (CECL) methodology during 2020 were permitted to also use the 5-year 2020 CECL transition. Therefore, to be consistent with the final rule, the agencies clarified the instructions to address these banking organizations’ eligibility for the 5-year 2020 CECL transition and are proceeding with the other CECL-related regulatory capital reporting revisions as proposed.

#### *Changes to Implement the CARES Act Requirements for the Community Bank Leverage Ratio*

Section 4012 of the CARES Act required the agencies to reduce the community bank leverage ratio (CBLR) requirement to 8 percent and provide a qualifying community banking organization whose leverage ratio falls below this community bank leverage ratio requirement a reasonable grace period to satisfy this requirement. Section 4012 also required that these CBLR changes be effective for a temporary period ending on the earlier of the termination date of the national emergency concerning the COVID-19 outbreak declared by the President on March 13, 2020, under the National Emergencies Act (National Emergency) or December 31, 2020. The agencies implemented the requirements of Section 4012 through an interim final rule.<sup>15</sup> To provide further clarity around the possible end date of the statutory relief, the agencies also issued an interim final rule extending relief for the 8 percent leverage ratio for the remainder of 2020, providing relief through an 8.5 percent leverage ratio in 2021, and resuming the previous 9 percent leverage ratio in 2022.<sup>16</sup> Neither interim final rule changed the methodology

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<sup>13</sup> 85 FR 17723 (March 31, 2020).

<sup>14</sup> 85 FR 61577 (September 30, 2020).

<sup>15</sup> 85 FR 22924 (April 23, 2020).

<sup>16</sup> 85 FR 22930 (April 23, 2020).

for calculating the CBLR, merely the qualifying ratio for an institution to report as a CBLR bank.

There are no substantive Call Report revisions associated with the revised CBLR ratio. However, it is possible that some additional institutions that are now eligible CBLR banks under the lower ratio may choose to use the less burdensome regulatory capital reporting for CBLR banks on Schedule RC-R.

### *Changes to Implement Paycheck Protection Program (PPP) Loans and Liquidity Facility (PPPLF)*

Section 1102 of the CARES Act allows banking organizations to make loans under the PPP of the U.S. Small Business Administration (SBA) in connection with COVID-19 disruptions to small businesses. Although the PPP loans are funded by lenders, the loans receive a guarantee from the SBA. The statute specified that these PPP loans should receive a zero percent risk weight for regulatory capital purposes. The Board subsequently established a liquidity facility, the PPPLF, to extend non-recourse loans to eligible financial institutions to fund PPP loans pledged to the PPPLF and thereby provide additional liquidity to these institutions.<sup>17</sup>

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>18</sup> This interim final rule modifies the agencies' capital rule to allow banking organizations to neutralize the effects on their risk-based capital and leverage ratios of making PPP loans that are pledged under the Board's liquidity facility. 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 Board's liquidity facility. The interim final rule also codified the statutory zero percent risk weight for PPP loans.

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 and the PPPLF on IDIs.<sup>19</sup> The proposed changes remove the effect of participation in the PPP and PPPLF on various risk measures used to calculate an IDI's assessment rate, remove the effect of participation in the PPPLF program on certain adjustments to an IDI's assessment rate, provide an offset to an IDI's assessment for the increase to its assessment base attributable to participation in the PPPLF, and remove the effect of participation in the PPPLF program when classifying IDIs as small, large, or highly complex for assessment purposes. On June 26, 2020, the FDIC published a final rule modifying its deposit insurance assessments rule to mitigate the effects of participation in the PPP and the

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<sup>17</sup> See <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200318a.htm> and <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200416a.htm>.

<sup>18</sup> 80 FR 20387 (April 13, 2020).

<sup>19</sup> 85 FR 30649 (May 20, 2020). As discussed above in this Section 1, the FDIC's proposed rule also would modify its deposit insurance assessment rules to mitigate the effects of participation in the MMLF on IDIs.



PPPLF on IDIs.<sup>20</sup> After the FDIC considered the comments on the proposed rule, the final rule provides an offset to an IDI's assessment amount for the increase to its assessment base attributable to participation in the PPP rather than to participation in the PPPLF as had been proposed.

Starting with the June 30, 2020, report date, institutions report the outstanding balances of their PPP loans held for investment or held for sale in the appropriate loan category in Schedule RC-C, Part I, and, as applicable, in other Call Report schedules in which loan data are reported. The outstanding balance of such PPP loans pledged to the Board's liquidity facility is included in Schedule RC-C, Part I, Memorandum item 14, "Pledged loans and leases." Any PPP loans held for trading are reported by all institutions on the Call Report balance sheet in Schedule RC, item 5, with the fair value and amortized cost of such loans reported by loan category in Schedule RC-D, Trading Assets and Liabilities, by institutions required to complete this schedule on the FFIEC 031 and the FFIEC 041. The outstanding balance of PPP loans held for trading that are pledged to the Board's liquidity facility is included in Schedule RC-D, Memorandum item 4.b, "Pledged loans," on the FFIEC 031.

For regulatory capital reporting purposes, the balance sheet amounts of PPP loans should be reported in both Column A (Totals From Schedule RC) and Column C (0% risk-weight category) of the corresponding balance sheet asset categories of Schedule RC-R, Part II, (i.e., in items 4, 5, and 7, as appropriate).<sup>21</sup> The quarterly average amount of PPP loans pledged to the Board's liquidity facility are included 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."

Borrowings from Federal Reserve Banks under the PPPLF are included in Schedule RC, item 16, "Other borrowed money;" the appropriate subitems of Schedule RC-M, item 5.b, "Other borrowings," based on their remaining maturity; and Schedule RC-M, item 10.b, "Amount of 'Other borrowings' that are secured."

In addition, to implement the modifications to its deposit insurance assessment rules, the FDIC removed the quarter-end balance sheet amount of PPP loans from an IDI's total assets and average total consolidated assets in certain risk measures and adjustments used to calculate the IDI's assessment rate. Furthermore, the FDIC removed PPP loans from an IDI's loan portfolio in measures used to calculate its assessment rate. Since PPP loans, regardless of whether they are pledged to the liquidity facility, receive a zero percent risk weight, the reporting treatment described above for PPP loans effectively means that these loans are not included in the standardized total risk-weighted assets reported in Schedule RC-R. Similarly, advanced approaches banking

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<sup>20</sup> 85 FR 38282 (June 26, 2020).

<sup>21</sup> Reporting in Schedule RC-R, Part II, applies only to institutions that do not have a community bank leverage ratio framework election in effect as of the quarter-end report date, as reported in Schedule RC-R, Part I, item 31.a.

organizations do not reflect PPP loans in “total risk-weighted assets” reported in Schedule RC-R, Part I, item 48.b.

Institutions subject to the supplementary leverage ratio requirement report their adjusted “Total leverage exposure” and “Supplementary leverage ratio” in Schedule RC-R, Part I, items 55.a and 55.b, respectively. These institutions adjust their existing calculations of “Total leverage exposure” by excluding PPP loans pledged to the Board’s liquidity facility. The instructions for item 55.a were revised to state that institutions should measure their total leverage exposure in accordance with section 10(c)(4) of the regulatory capital rules and section 305 of these rules for exposures related to the Board’s liquidity facility.

In addition, in connection with their missions to supervise institutions, the agencies need to understand the number and total balance of PPP loans, as well as the amount and quarterly average of PPP loans pledged under the Board’s liquidity facility. Therefore, the agencies requested and received emergency approvals from OMB to add four new data items to the Call Report to collect this information.

Accordingly, starting with the June 30, 2020, report date, institutions report the total number of PPP loans outstanding; the total outstanding balance of PPP loans; the total 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 in Schedule RC-R, Part I. These items have been added to Schedule RC-M as items 17.a, 17.b, 17.c, and 17.e.

In addition, in connection with the FDIC’s final rule to mitigate the deposit insurance assessment effects of participation in the PPP and the PPPLF on IDIs, the FDIC needs to collect information on outstanding borrowings under the PPPLF. Starting with the June 30, 2020, reporting period, 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 the Federal Reserve Banks under the PPPLF with a remaining maturity of more than one year was reported in new items 17.d.(1) and 17.d.(2) of Schedule RC-M, respectively.

The collection of the six data items related to PPP loans and the PPPLF is expected to be time-limited. The agencies plan to propose to discontinue the collection of each item once the aggregate industry activity has diminished to a point where individual institution information is of limited practical utility and is no longer needed for assessment purposes, where applicable.<sup>22</sup>

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<sup>22</sup> These new items will be reviewed in connection with the statutorily mandated review of the Call Report. See footnote 10.

### *Changes to Implement Board Regulation D Amendments*

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>23</sup> The interim final rule amends the "savings deposit" definition in Regulation D by deleting the six-transfer-limit provisions in this definition that require 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 permits, but does not require, depository institutions to immediately suspend enforcement of the six-transfer limit and allow their customers to make an unlimited number of convenient transfers and withdrawals from their savings deposits. The interim final rule also does not require any changes to the deposit reporting practices of depository institutions.

To implement the interim final rule, the agencies temporarily revised the instructions to the Call Reports via emergency approvals from OMB to reflect the revised definition of "savings deposits" in Regulation D, beginning with reports for the June 30, 2020, report date. Specifically, the agencies published supplemental instructions to the Call Reports,<sup>24</sup> which include temporary revisions to the General Instructions for Call Report Schedule RC-E, as well as the Glossary entries for "Deposits" in the Call Report instructions, to remove references to the six-transfer limit. In addition, the supplemental instructions temporarily revised the General Instructions for Call Report Schedule RC-E to state that 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" or may instead choose to report that account as a "transaction account" based on an assessment of certain characteristics of the account.

The agencies are revising the instructions to the Call Reports to reflect the revised definition of "savings deposits" in accordance with the amendments to Regulation D in the interim final rule, starting with the June 30, 2020, report date. Specifically, the agencies are revising the General Instructions for Call Report Schedule RC-E, as well as the Glossary entries for "Deposits" in the Call Report instructions, to remove references to the six-transfer limit from descriptions of "savings deposits."

In the interim final rule, the Board amended the "savings deposit" definition in Regulation D to allow customers to be able to access savings deposits more easily. However, the agencies recognize that the corresponding temporary revisions to the instructions for the Call Reports created a reporting option that could result in the collection of ambiguous data by allowing a depository institution to report a savings deposit as either a "savings deposit" or a "transaction account" if the institution suspends

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<sup>23</sup> 85 FR 23445.

<sup>24</sup> 2Q2020 COVID-19 Related Supplemental Instructions (Call Report), <https://www.fdic.gov/news/financial-institution-letters/2020/fil20069b.pdf>.

enforcement of the six-transfer limit. To resolve this potential issue, the agencies propose to remove the reporting option and require instead that a depository institution report each account as a “savings deposit” or a “transaction account” based on the institution’s assessment of account characteristics. Specifically, the agencies propose to revise the General Instructions for Call Report Schedule RC-E, effective for reporting beginning in the first quarter of 2021, to state that where the reporting institution has suspended the enforcement of the six-transfer limit rule on an account that otherwise meets the definition of a savings deposit, the institution must report such deposits as a “savings deposit” (and as a “nontransaction account”) or a “transaction account” based on an assessment of the following characteristics:

- (i) If the reporting institution does not retain the reservation of right to require at least seven days’ written notice before an intended withdrawal, the account must be reported as a demand deposit (and as a “transaction account”).
- (ii) If the reporting institution retains the reservation of right to require at least seven days’ written notice before an intended withdrawal and the depositor is eligible to hold a NOW account, the account must be reported as an ATS account, NOW account, or a telephone and preauthorized transfer account (and as a “transaction account”).
- (iii) If the reporting institution retains the reservation of right to require at least seven days’ written notice before an intended withdrawal and the depositor is ineligible to hold a NOW account, the account must be reported as a savings deposit (and as a “nontransaction account”).

The agencies anticipate that there will be no measurable increase in burden associated with these proposed revisions. The agencies may consider further modifying the treatment of “savings deposits” and “transaction accounts” in the instructions for the Call Report and the FFIEC 002 after a review of the reported data. Any such changes would be proposed by the agencies through a separate Federal Register notice pursuant to the PRA.

#### *Changes to Implement Loans to Executive Officers, Directors, and Principal Shareholders*

Under section 22(h) of the Federal Reserve Act and the Board’s Regulation O (12 CFR 215), extensions of credit to insiders<sup>25</sup> are subject to quantitative limits, prior approval requirements by an institution’s board, and qualitative requirements concerning loan terms.<sup>26</sup> On April 22, 2020, the Board issued an interim final rule that excepts certain loans that are guaranteed under the SBA’s PPP from the requirements of section 22(h) of the Federal Reserve Act and the corresponding provisions of the Board’s Regulation O.<sup>27</sup> 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

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<sup>25</sup> “Insider means an executive officer, director, or principal shareholder, and includes any related interest of such a person.” 12 CFR 215.2(h).

<sup>26</sup> 12 CFR 215.4.

<sup>27</sup> 85 FR 22345 (April 22, 2020).

that PPP loans have fixed terms prescribed by the SBA. Accordingly, the interim final rule states that PPP loans will not be subject to section 22(h) or the corresponding provisions of Regulation O provided they are not prohibited by SBA lending restrictions.

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 Call Report Schedule RC-M, items 1.a and 1.b. The Call Report instructions refer to Regulation O for guidance in reporting extensions of credit to insiders in these items. In response to the changes to Regulation O, the agencies have revised the Call Report instructions effective as of the June 30, 2020, report date to note the PPP loan exception that has been added to Regulation O and clarify that PPP loans should not be reported in items 1.a and 1.b of Schedule RC-M. PPP loans did not exist in the first quarter of 2020, so the current reporting on Call Report Schedule RC-M does not include these loans. Therefore, the agencies do not believe that revising the instructions for this exception would change burden, as institutions would not need to revise the existing amounts reported in Schedule RC-M, items 1.a and 1.b, in response to this change to Regulation O.

#### *Changes to Implement Temporary Exclusions From the Supplementary Leverage Ratio*

On April 14, 2020, the Board published in the Federal Register an interim final rule to temporarily exclude U.S. Treasury Securities (Treasuries) and deposits in their accounts at Federal Reserve Banks (deposits at Federal Reserve Banks) from total leverage exposure for bank holding companies, savings and loan holding companies, and intermediate holding companies subject to the supplementary leverage ratio through March 31, 2021.<sup>28</sup>

On June 1, 2020, the agencies published in the Federal Register an interim final rule (Depository Institution SLR IFR) 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.<sup>29</sup> 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.

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.”

Starting as of the June 30, 2020, report date, advanced approaches and Category III depository institutions that elect to opt into these temporary exclusions exclude

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<sup>28</sup> 85 FR 20578.

<sup>29</sup> 85 FR 32980 (June 1, 2020).

Treasuries and deposits at Federal Reserve Banks reported in the items identified above from Schedule RC-R, Part I, item 55.a, “Total leverage exposure.” Custodial banking organizations will also be able to deduct from total leverage exposure deposits with qualifying foreign central banks reported as 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>30</sup> in addition to the deductions under this interim final rule. For purposes of reporting the supplementary leverage ratio as of June 30, 2020, electing 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 instructions for item 55.a were revised to state that institutions should measure their total leverage exposure in accordance with section 10(c)(4) of the regulatory capital rules and, for electing advanced approaches and Category III depository institutions, the applicable section of these rules for Treasuries and deposits at Federal Reserve Banks (section 303 for institutions supervised by the Board; section 304 for institutions supervised by the OCC or the FDIC). The temporary exclusions from total leverage exposure are available through the March 31, 2021, report date.

#### *Changes to Implement Revisions Related to Section 4013 of the CARES Act*

As provided for under the CARES Act, a financial institution may account for an eligible loan modification either under Section 4013 or in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors. If a loan modification is not eligible under Section 4013, or if the institution elects not to account for the loan modification under Section 4013, the financial institution should evaluate whether the modified loan is a troubled debt restructuring (TDR) under ASC Subtopic 310-40.

To be an eligible loan under Section 4013 (Section 4013 loan), a loan modification 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 or (B) December 31, 2020.

Financial institutions accounting for eligible loans under Section 4013 are not required to apply ASC Subtopic 310-40 to the Section 4013 loans for the term of the loan modification. Financial institutions do not have to report Section 4013 loans as TDRs in regulatory reports.

Consistent with Section 4013, the agencies requested and received emergency approvals from OMB to add two new data items for Section 4013 loans to the Call Report, which have been collected quarterly beginning with the June 30, 2020, report date, with the

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<sup>30</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 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 (Section 402 rule). 85 FR 4569 (January 27, 2020).

collection of these items expected to be time-limited. These new items, Memorandum item 17.a, “Number of Section 4013 loans outstanding,” and Memorandum item 17.b, “Outstanding balance of Section 4013 loans,” were added to Call Report Schedule RC-C, Part I, Loans and Leases. These items enable the agencies to monitor individual institutions’ and the industry’s use of the temporary relief provided by Section 4013 as well as the volume of loans modified in accordance with Section 4013. The agencies plan to propose to discontinue the collection of these specific items once the aggregate industry activity has diminished to a point where individual institution information is of limited practical utility.<sup>31</sup>

*Estimated amount of expected recoveries of amounts previously written off under ASC Topic 326*

For institutions that have adopted Accounting Standards Codification (ASC) Topic 326, Financial Instruments—Credit Losses, the agencies proposed in the July 2020 notice to add new Memorandum item 8 to Schedule RI-B, Part II, Changes in Allowances for Credit Losses, to all three versions of the Call Report. This Memorandum item captures the “Estimated amount of expected recoveries of amounts previously written off included within the allowance for credit losses on loans and leases held for investment (included in item 7, column A, ‘Balance end of current period,’ above).” In proposing this reporting change, the agencies noted that, under ASC Topic 326, institutions could, in some circumstances, reduce the amount of the allowance for credit losses that would otherwise be calculated for a pool of assets with similar risk characteristics that includes charged-off assets by the estimated amount of expected recoveries of amounts written off on these assets. Upon further consideration, the agencies have decided to limit the collection of this proposed Memorandum item to the FFIEC 031 and FFIEC 041, and not to add this Memorandum item to the streamlined FFIEC 051, which has reduced reporting requirements in relation to the other two versions of the Call Report.

*Uncollectible Accrued Interest Receivable under ASC Topic 326*

In April 2019, the Financial Accounting Standards Board (FASB) issued ASU No. 2019-04, “Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments,” which amended ASC Topic 326 to allow an institution to make certain accounting policy elections for accrued interest receivable balances, including a separate policy election, at the class of financing receivable or major security-type level, to charge off any uncollectible accrued interest receivable by reversing interest income, recognizing credit loss expense (i.e., provision expense), or a combination of both. The Glossary entry for “Accrued Interest Receivable” in the Call Report instructions currently references the following accounting policy elections in ASU 2019-04:

- Institutions may elect to separately present accrued interest receivable from the associated financial asset, and the accrued interest receivable is presented net of an allowance for credit losses (ACL), if any; and

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<sup>31</sup> These new Call Report items will be reviewed in connection with the statutorily mandated review of the Call Report.

- Institutions that charge off uncollectible accrued interest receivable in a timely manner, i.e., in accordance with the Glossary entry for “Nonaccrual Status,” may elect, at the class of financing receivable or the major security-type level, not to measure an ACL for accrued interest receivable.

Although this Glossary entry does not currently provide for the ASU’s separate accounting policy election for the charge-off of uncollectible accrued interest receivable at the class of financing receivable or major security-type level, this election is specifically addressed in the Interagency Policy Statement on Allowances for Credit Losses issued in May 2020.<sup>32</sup> Accordingly, in the Call Report Supplemental Instructions issued by the FFIEC for the September 30, 2020, report date,<sup>33</sup> the FFIEC advised that, for Call Report purposes, an institution that has adopted ASC Topic 326 may make the charge-off election for accrued interest receivable balances in ASU 2019-04 separately from the other elections for these balances in the ASU. The FFIEC also stated that an institution may charge off uncollectible accrued interest receivable against an ACL for Call Report purposes.

The agencies plan to update the Call Report Glossary entry for “Accrued Interest Receivable” to align the instructions in this entry with the elections permitted under U.S. GAAP for institutions that have adopted ASC 326, which also would achieve consistency with the discussion of accrued interest receivable in the Interagency Policy Statement on Allowances for Credit Losses.

#### *Shared Fees and Commissions from Securities-Related and Insurance Activities*

Institutions report income from certain securities-related and insurance activities in Call Report Schedule RI, Income Statement, items 5.d.(1) through (5) on the FFIEC 031 and the FFIEC 041; items 5.d.(1) and (2) on the FFIEC 051. When an institution partners with, or otherwise joins with, a third party to conduct these securities-related or insurance activities, and any fees and commissions generated by these activities are shared with the third party, the Schedule RI instructions do not currently address the reporting treatment for these sharing arrangements. Consequently, institutions may report the gross fees and commissions from these activities in the appropriate subitem of Schedule RI, item 5, “Other noninterest income,” and the third party’s share of the fees and commissions separately as expenses in Schedule RI, item 7.d, “Other noninterest expense.” Alternatively, institutions may report only their net share of the fees or commissions in the appropriate subitem of Schedule RI, item 5.

The agencies believe that reporting shared fees and commissions on a net basis is preferable to gross reporting and is analogous to how income from certain other income-generating activities is reported in the Call Report income statement, including securitization income and servicing fee income, which are currently reported net of specified expenses and costs.

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<sup>32</sup> 85 FR 32991 (June 1, 2020).

<sup>33</sup> [https://www.ffiec.gov/pdf/FFIEC\\_forms/FFIEC031\\_FFIEC041\\_FFIEC051\\_supplinst\\_202009.pdf](https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_FFIEC051_supplinst_202009.pdf).



This net approach better represents an institution's income from a securities-related or insurance activity engaged in jointly with a third party than when the third party's share of the fees and commissions is separately reported as a noninterest expense in another income statement data item. As a result, the agencies plan to clarify the existing Schedule RI instructions to ensure consistent reporting on a net basis of fees and commissions from securities-related and insurance activities that are shared with third parties. Furthermore, to avoid including repetitive language in the instructions for the multiple noninterest income items for income from securities-related and insurance activities in Schedule RI, a new non-reportable item 5.d captioned "Income from securities-related and insurance activities" would be added before the existing 5.d subitems on the Call Report forms and in the FFIEC 031-FFIEC 041 and FFIEC 051 instruction books. The reporting treatment for arrangements involving the sharing of fees and commissions with third parties arising from an institution's securities brokerage, investment banking, investment advisory, securities underwriting, insurance and annuity sales, insurance underwriting, or any other securities-related and insurance activities would be explained once in the new item 5.d instructions.

### *Pledged Equity Securities*

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities." As one of its main provisions, the ASU requires investments in equity securities, except those accounted for under the equity method and those that result in consolidation, to be measured at fair value with changes in fair value recognized in net income. Thus, the ASU eliminates the existing concept of available-for-sale (AFS) equity securities, which are measured at fair value with changes in fair value generally recognized in other comprehensive income. As of December 31, 2020, all institutions will have been required to adopt ASU 2016-01 and, as a consequence, must report equity securities with readily determinable fair values not held for trading in Schedule RC, Balance Sheet, item 2.c, "Equity securities with readily determinable fair values not held for trading," instead of Schedule RC-B, Securities, item 7, "Investments in mutual funds and other equity securities with readily determinable fair values." Accordingly, Schedule RC-B, item 7, is scheduled to be removed effective December 31, 2020.

Institutions have long reported the amount of held-to-maturity and AFS securities reported in Schedule RC-B, items 1 through 7, that are pledged to secure deposits and for other purposes in Schedule RC-B, Memorandum item 1, "Pledged securities." Considering that all institutions that previously reported their AFS equity securities in Schedule RC-B, item 7, now report these securities in Schedule RC, item 2.c, the agencies are updating the instructions for Schedule RC-B, Memorandum item 1, and Schedule RC, item 2.c, to indicate that institutions should include in Memorandum item 1 the fair value of pledged equity securities with readily determinable fair values not held for trading that are now reported in Schedule RC, item 2.c. The wording of existing footnote 1 to Memorandum item 1 of Schedule RC-B on the Call Report forms will be similarly updated. These instructional clarifications would ensure that pledged equity securities formerly reportable as AFS equity securities would continue to be reported in

Memorandum item 1 notwithstanding the change in accounting for equity securities under U.S. GAAP. Information on pledged securities is an important element of the agencies' analysis of an institution's liquidity risk.

### *Changes to Implement the TLAC Investments Rule*

On April 8, 2019, the agencies published an NPR that would address an advanced approaches banking organization's regulatory capital treatment of an investment in unsecured debt instruments issued by foreign or U.S. global systemically important banks (GSIBs) for the purposes of meeting minimum total loss absorbing capacity (TLAC) and, where applicable, long-term debt (LTD) requirements, or liabilities issued by GSIBs that are pari passu or subordinated to such debt instruments (TLAC investments rule).<sup>34</sup> Under the TLAC investments rule, investments by an advanced approaches banking organization in certain unsecured debt instruments generally would be subject to deduction from the advanced approaches banking organization's regulatory capital if such investments exceed certain thresholds. The Board also proposed to require that banking organizations subject to minimum TLAC and LTD requirements under Board regulations publicly disclose their TLAC and LTD issuances in a manner described in the TLAC investments rule. On October 20, 2020, the TLAC investments rule was finalized.

The agencies proposed changes to Call Report Schedule RC-R, Part I, Regulatory Capital Components and Ratios, to implement the changes proposed to the agencies' capital rule.

Under the TLAC investments rule, advanced approaches banking organizations would report the total amount of deductions related to investments in own common equity tier 1 (CET1), additional tier 1, and tier 2 capital instruments; investments in own covered debt instruments, if applicable; reciprocal cross holdings; non-significant investments in the capital and covered debt instruments of unconsolidated financial institutions that exceed certain thresholds; certain investments in excluded covered debt instruments, as applicable; and significant investments in the capital and covered debt instruments of unconsolidated financial institutions. Any deductions related to covered debt instruments and excluded covered debt instruments (together, TLAC debt holdings) would be applied at the level of tier 2 capital under the agencies' existing regulatory capital rule. Any required deduction would be made using the "corresponding deduction approach," by which an advanced approaches banking organization would deduct TLAC debt holdings first from tier 2 capital and, if it had insufficient tier 2 capital to make the full requisite deduction, deduct the remaining amount from additional tier 1 capital and then, if necessary, from CET1 capital.

In order to implement these proposed changes, the agencies propose to make a number of revisions to the instructions for Schedule RC-R, Part I, that would be applicable to advanced approaches banking organizations and would be included in the FFIEC 031-FFIEC 041 instruction book. Specifically, the agencies propose to revise the instructions for items 11, 17, 24, and 33 (renumbered as item 45 effective March 31, 2020) to effectuate the deductions from regulatory capital for advanced approaches banking

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<sup>34</sup> 84 FR 13814 (April 8, 2019).

organizations related to investments in covered debt instruments and excluded covered debt instruments. These changes would generally align with the Board's proposed amendments to FR Y-9C, Schedule HC-R, Part I, issued in conjunction with the TLAC investments rule.<sup>35</sup>

The agencies also are proposing to revise the instructions for Schedule RC-R, Part II, that would be applicable to advanced approaches banking organizations and would be included in the FFIEC 031-FFIEC 041 instruction book. Specifically, the agencies propose to revise the instructions for items 2.a, 2.b, 7, and 8 to incorporate investments in covered debt instruments and excluded debt instruments, as applicable, by advanced approaches banking organizations in their calculation of risk-weighted assets. These changes would generally align with the Board's proposed amendments to FR Y-9C, Schedule HC-R, Part II, issued in conjunction with the TLAC investments rule.

## 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).

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

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<sup>35</sup> See 84 FR 13823–13824 (April 8, 2019).

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 3,263 FDIC-supervised banks and savings associations, approximately 15 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 June 30, 2020, the FDIC was the primary federal supervisor of 3,263 insured state nonmember banks and state savings associations. Of this number, around 2,500 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, for example, 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. Exemptions from reporting certain Call Report data within the FFIEC 051 report form also apply to institutions with less than \$100 million and \$1 billion 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 \$100 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

On July 22, 2020, the agencies, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), requested public comment for 60 days on a proposal to revise and extend the Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051).

On October 4, 2019, the agencies, under the auspices of the FFIEC, requested public comment for 60 days on proposed Call Report revisions to implement the agencies' proposed TLAC investments rule for advanced approaches banking organizations.

The comment period for the July 2020 notice ended on September 21, 2020. The agencies received comments on the proposed reporting changes covered in this notice from two entities: a banking trade association and a U.S. government agency. The comment period for the October 2019 notice ended on December 3, 2019, and the agencies subsequently adopted a TLAC investments final rule. The agencies received comment letters from two banking trade associations in response to the proposed reporting changes in the October 2019 notice that would implement the rule changes in the TLAC investments proposed rule.<sup>36</sup> After considering the comments received on the two notices, which are discussed below, the agencies are proceeding with the proposed revisions to the reporting forms and instructions for the Call Reports with certain modifications.

Board Regulation D Amendments – The agencies received one comment letter from a banking trade association that raised concerns with the proposed Call Report changes related to the Board's interim final rule amending Regulation D (Reserve Requirements of Depository Institutions, 12 CFR part 204) that deletes the numeric limits on transfers and withdrawals that may be made each month from the definition of "savings deposits."

The commenter suggested aligning the changes to the Call Report with the Board's proposed changes to the FR 2900, Report of Transaction Accounts, Other Deposits and Vault Cash. The commenter noted that the proposed changes to the FR 2900 would consolidate the reporting of ATS accounts, NOW accounts/share drafts, and telephone and preauthorized transfer accounts together with total savings deposits (including

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<sup>36</sup> 84 FR 13814 (April 8, 2019).

MMDAs) in a new data item, "Other liquid deposits." In addition, for data items collected annually on the FR 2900 for the June 30 report date, the report has been streamlined to collect only the data items needed for the reserve requirement exemption amount and low reserve tranche that combines demand deposits, NOW accounts, ATS accounts, telephone and preauthorized transfer accounts together with savings deposits in a new data item, "New Transaction Accounts." In contrast, the Call Report will continue to require institutions to report transaction and nontransaction accounts separately in Schedule RC-E.

The agencies note that the FR 2900 and Call Report serve two separate purposes. The primary purpose of the FR 2900 report is to collect data for the construction of the monetary aggregates. Although the Call Report can aid in the construction of the monetary aggregates by utilizing deposit data collected on a quarterly basis, its primary purpose is to serve as the principal source of financial of data used for the supervision and regulation of individual banks and savings associations and for monitoring the condition and performance of the banking industry. As such, the Call Report requires data to be reported on a more granular level than the FR 2900 report requires. Furthermore, section 7(a)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(5)) requires time and savings deposits to be reported separately from demand deposits in Call Reports. Therefore, the agencies believe that even though Call Report Schedule RC E will maintain the requirement to report transaction and nontransaction accounts separately along with the demand deposit component of total transaction accounts and the components of total nontransaction accounts, institutions are familiar with the existing structure of Schedule RC-E and have systems and procedures in place for completing the schedule. Accordingly, the agencies do not anticipate that there would be a change in Call Report burden resulting from the retention of these deposit items in Schedule RC-E. Secondly, the commenter recommended that a depositor's eligibility to hold a NOW account should not be included in the criteria assessment to determine the reporting treatment for savings deposits for which the numeric limits on transfers and withdrawals have been removed. The commenter noted that "if a firm does not offer NOW accounts, they would be required to report savings deposits as NOW accounts, ATS accounts, or telephone and preauthorized transfer accounts (and as transaction accounts) based on a depositor's eligibility to hold such account" and "for firms that do not offer NOW accounts, the data necessary to determine a depositor's eligibility for NOW accounts would not be readily available." In addition, the commenter also noted that this reporting treatment would be inconsistent with the Regulation D definition of savings deposits, as NOW account eligibility is not a component of the definition. The commenter believes gathering the data necessary to distinguish these depositors from other savings account holders solely for regulatory reporting purposes would create business and systems challenges. The agencies agree with the commenter that the depositor's eligibility to hold a NOW account should not be included in the assessment criteria for classification as a "savings deposit" as such reporting would not be consistent with the Regulation D definition of savings deposits. Therefore, the agencies will remove the depositor's eligibility to hold a NOW account from the assessment criteria.

Thirdly, the commenter requested clarification on how institutions should report the components of retail sweep arrangements in the Call Report. Specifically, the commenter asked whether institutions should continue to report the nontransaction components of, or savings deposits in, retail sweep arrangements as nontransaction accounts. If not, the commenter asked whether institutions should strictly follow the proposed assessment criteria for the treatment of accounts where the transfer limit has been removed. The agencies have modified the description of retail sweep arrangements to remove references to transaction and nontransaction components. Further, institutions should not follow the proposed assessment criteria for the treatment of accounts for which the transfer limit has been removed. Instead, institutions that offer valid retail sweep programs should report each component of the retail sweep arrangement based on the customer account agreement established by the depository institution. Two key criteria must be met for a valid retail sweep program. These criteria are: (1) a depository institution must establish by agreement with its customer two distinct, legally separate accounts; and (2) the swept funds must actually be moved between the customer's accounts on the depository institution's official books and records as of the close of business on the day(s) on which the depository institution intends to report the funds as being in separate accounts.

Lastly, the commenter requested that the Board confirm that savings deposits or accounts described in 12 CFR 204.2(d)(2) would not be subject to Regulation CC (Availability of Funds and Collection of Checks, 12 CFR part 229) as a result of the recent amendments to Regulation D. Because Regulation CC continues to exclude accounts described in 12 CFR 204.2(d)(2) from the Regulation CC "account" definition, the recent amendments to Regulation D did not result in savings deposits or accounts described in 12 CFR 204.2(d)(2) now being covered by Regulation CC.

Provisions for Credit Losses on Off-Balance-Sheet Credit Exposures – The banking trade association requested that the agencies permit institutions that have not adopted Accounting Standards Update No. 2016-13, Topic 326, Financial Instruments – Credit Losses (ASU 2016-13), to report their provisions for credit losses on off-balance sheet credit exposures as part of their provision expense in Schedule RI, item 4, rather than as part of other noninterest expense in Schedule RI, item 7.d. The agencies proposed to require the reporting of provisions for credit losses on off-balance sheet credit exposures in Schedule RI, item 4, only for institutions that have adopted ASU 2016-13.

The agencies do not want to create diversity in reporting by allowing some institutions that have not adopted ASU 2016-13 to choose to report their provisions for credit losses on off-balance sheet credit exposures as part of their provision expense in Schedule RI, item 4, while other institutions continue to report their provisions related to off-balance sheet credit exposures in Schedule RI, item 7.d. Therefore, the agencies are not adopting the commenter's suggestion. The agencies plan to consider whether to require the reporting of provisions for credit losses on off-balance sheet credit exposures by all institutions that have not adopted ASU 2016-13 as part of provisions for credit losses in Schedule RI, item 4. If the agencies decide to propose this revision to the Call Report in the future, they would do so through the standard PRA notice and comment process.

The agencies are proceeding with the proposed revision to require institutions that have adopted ASU 2016-13 to include provisions for credit losses on off-balance sheet credit exposures in Schedule RI, item 4, and to separately report these provisions in Schedule RI-B, Part II, Memorandum item 7.

Other Comments Received – The agencies also received comments on the Call Report that were not specifically related to any of the proposed changes.

The U.S. government agency requested that the agencies expand the level of detail on interest and fee income collected in the Call Report on Schedule RI to align with each loan category reported on Schedule RC-C, Part I, Loans and Leases. The agencies are declining to make any changes to the level of detail on loan income at this time. The agencies believe the current level of detail strikes the appropriate balance between the information necessary for monitoring the condition and performance of individual institutions and the industry, as a whole, with the effort required by those organizations to separately collect and report interest and fee income information by loan category. The banking trade association supported the agencies' actions during the COVID-19-related disruptions to permit institutions to electronically sign Call Reports and encouraged the agencies to permanently adopt an electronic signature option for Call Report filings. The agencies initially permitted electronic signatures on Call Reports as an accommodation to provide institutions flexibility during the COVID-19 disruptions. The agencies are exploring options for the possible adoption of standard protocols for permitting the use of electronic signatures on Call Reports on a permanent basis.

Total Loss Absorbing Capacity Investments Rule – The agencies received comment letters from two banking trade associations in response to the proposed changes to the Call Reports in the October 2019 notice that would implement the rule changes proposed in the TLAC investments notice of proposed rulemaking (NPR).

Commenters requested that any changes to regulatory reporting related to the TLAC investments NPR – including changes to the Call Reports – be implemented after the effective date of the final rule. The agencies concur, and are not implementing associated changes to regulatory reports until the June 30, 2021, report date. The TLAC investments final rule's effective date is April 1, 2021.

Commenters further requested that the agencies delay implementation of the proposed changes to the Call Reports until 18 months after the TLAC investments final rule becomes effective to provide more time to modify reporting systems and identify exposures to “covered debt instruments.” In addition, commenters requested that the agencies not require application of the final rule's deduction treatment to an exposure to a global systemically important banking organization until the reporting banking organization has the information necessary to determine whether such exposure qualifies as a “covered debt instrument.”

As discussed in the preamble of the TLAC investments final rule, the agencies maintain the supervisory expectation that large and internationally active banking organizations

should be deeply knowledgeable of the securities exposures reported on their own balance sheets, if only for the purposes of prudent risk management. The final rule will become effective on April 1, 2021, and associated changes to the Call Reports would be implemented as of the June 30, 2021, report date. The agencies believe the effective date for the reporting changes provides sufficient time for advanced approaches banking organizations to evaluate investments in covered debt instruments and apply the final rule's deduction treatment. Further, the agencies believe that the effective date for the reporting changes provides sufficient time for these banking organizations to change reporting systems and accurately identify exposures to covered debt instruments for purposes of regulatory reporting.

**Additional Comments:**

On November 23, 2020, the agencies published a notice in the Federal Register (85 FR 74784) advising the public that the agencies were submitting for approval by OMB, the revision and extension of the Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051) and requesting public comment for an additional 30 days. One additional comment letter was received from a trade association.

The commenter pointed out the existence of certain differences in the definition for "deposits" between Regulation D and the Call Report (e.g., primary obligations, which are not reported as deposits on the Call Reports) that are known and understood by reporting institutions. However, prior to the Regulation D interim final rule (IFR), both Regulation D and the Call Report treated "savings deposits" as "nontransaction accounts." As a result of these revisions to Regulation D and the Call Report instructions, the commenter stated that "savings deposits" are now classified explicitly as nontransaction accounts on the Call Report, while Regulation D would consider such "savings deposits" as transaction accounts. The commenter requested confirmation that there is a divergence in the instructions to the Call Report from the Regulation D definition of "transaction account" and, if there is such a divergence in definitions, the commenter recommended that the final instructions to the Call Reports be updated to reflect the same.

The agencies confirm that the noted divergence in the definition of "deposits" for Call Report purposes is intentional, as the Call Report instructions must incorporate definitions from both Regulation D and the Federal Deposit Insurance Act. The agencies have noted the commenter's concerns and will consider clarifications to the instructions for the Call Reports in the future.

The commenter also recommended that the agencies further clarify the option to report savings deposits as NOW accounts, by noting in the assessment criteria that this option is only applicable to institutions that offer NOW accounts and the account offered subsequent to the suspension of the enforcement of the six-transfer limit is equivalent to the reporting institution's NOW account offering and is held by eligible depositors as authorized by federal law. The agencies have noted the commenter's recommendation, and will consider this clarification to the instructions for the Call Reports in the future.

Further, the commenter noted that the revisions to the Call Reports related to the Regulation D IFR are effective for reporting beginning in the first quarter of 2021 while the Board's corresponding proposed revisions to the Consolidated Financial Statements for Holding Companies (FR Y-9C) and the Consolidated Report of Condition and Income for Edge and Agreement Corporations (FR 2886b)<sup>37</sup> have a proposed effective date of December 31, 2020.<sup>38</sup> Additionally, the commenter noted that relevant revisions proposed to the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) and the Report of Foreign (Non-U.S.) Currency Deposits (FR 2915)<sup>39</sup> would take effect as of the April 12, 2021, and June 21, 2021, report dates, respectively.<sup>40</sup> The commenter recommended that the proposed revisions to the Call Reports, FR Y-9C, and FR 2886b resulting from the Regulation D IFR be delayed until the second quarter of 2021. The Call Reports, the FR Y-9C, and the FR 2886b all have a quarterly reporting frequency. In finalizing the proposed revisions to the FR Y-9C and FR 2886b related to the Regulation D IFR, the Board has aligned the effective date of these revisions to the FR Y-9C and FR 2886b with the effective date for these revisions to the Call Reports. Thus, the revisions related to the Regulation D IFR would take effect for all three quarterly reports beginning in the first quarter of 2021. The FR 2900 and the FR 2915 have a different reporting frequency than the three quarterly reports, with the revisions related to the Regulation D IFR taking effect for the reporting dates of April 12, 2021, and June 21, 2021, respectively, which would provide additional time to respondents to incorporate the current and future proposed changes to the Call Reports. The agencies note that the FR 2900 and the FR 2915 are reports with weekly reporting frequencies, while the Call Report has a quarterly reporting frequency. Therefore, the proposed effective date for the Call Report of the corresponding revisions cannot be aligned exactly with the effective dates of the FR 2900 or the FR 2915. The agencies believe banking organizations will be able to implement the revisions to the quarterly reports by the March 31, 2021, report date. Implementing the revisions at this time would also allow for consistent reporting for all quarters in calendar year 2021, which improves data comparability.

#### 9. Payment or Gift to Respondents

No payment or gift will be provided to respondents.

#### 10. Confidentiality

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<sup>37</sup> FR Y-9C, Consolidated Financial Statements for Holding Companies, OMB Control No. 7100-0128; FR 2886b, Consolidated Report of Condition and Income for Edge and Agreement Corporations, OMB Control No. 7100-0086.

<sup>38</sup> See 85 FR 63553 (October 8, 2020).

<sup>39</sup> FR 2900, Report of Transaction Accounts, Other Deposits, and Vault Cash; and FR 2915, Report of Foreign (Non-U.S.) Currency Deposits; OMB Control No. 7100-0087.

<sup>40</sup> See 85 FR 83555 (December 22, 2020)

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 Section 4013 of the CARES Act, the agencies requested and received emergency approvals from OMB to add two new data items for Section 4013 loans to the Call Report, which have been collected quarterly beginning with the June 30, 2020, report date, with the collection of these items expected to be time-limited. These new items, Memorandum item 17.a, “Number of Section 4013 loans outstanding,” and Memorandum item 17.b, “Outstanding balance of Section 4013 loans,” have been added to Call Report Schedule RC-C, Part I, Loans and Leases. These items enable the agencies to monitor individual institutions’ and the industry’s use of the temporary relief provided by Section 4013 as well as the volume of loans modified in accordance with Section 4013. The agencies plan to propose to discontinue the collection of these specific items once the aggregate industry activity has diminished to a point where individual institution information is of limited practical utility.<sup>41</sup>

The agencies are collecting institution-level Section 4013 loan information in the Call Report 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 items at the institution level would not be in the public interest.<sup>42</sup> Such

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<sup>41</sup> These new Call Report items will be reviewed in connection with the statutorily mandated review of the Call Report.

<sup>42</sup> 12 U.S.C. 1464(v)(2).

information is permitted to be collected on a confidential basis, consistent with 5 U.S.C. 552(b)(8).<sup>43</sup>

The public disclosure of supervisory information on Section 4013 loans could have a detrimental impact on financial institutions offering modifications under this provision to borrowers that need relief due to COVID-19. Financial 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 financial institutions to work with their borrowers during the National Emergency related to COVID-19, including use of the relief under Section 4013.<sup>44</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.

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<sup>43</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>44</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.occ.gov/news-issuances/news-releases/2020/nr-ia-2020-50a.pdf>.



## 12. Estimate of Annual Burden

It is estimated that, on average, it will take an FDIC-supervised institution approximately 39.96 hours each quarter on an ongoing basis to prepare and file its Call Report as it is proposed to be revised. The estimate of 39.96 hours each quarter, on average, would represent a decrease from the currently estimated average reporting burden of 40.26 hours per quarter for this information collection in OMB's inventory of approved information collections.<sup>45</sup> As a result, the estimated total annual ongoing reporting burden for the 3,263 FDIC-supervised institutions to prepare and file the Call Report after the proposed revisions have taken effect would be 521,580 hours, which would be a decrease from the current annual estimate of 537,053 hours for this information collection in OMB's inventory of approved information collections.

The FDIC's estimated average of 39.96 burden hours per quarter reflects the estimates for the FFIEC 031, the FFIEC 041, and the FFIEC 051 reports for the number of FDIC-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.

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<sup>45</sup> The estimated average reporting burden as of the FDIC's last OMB submission was 40.26 hours per quarter based on the data filed by FDIC-supervised institutions as of December 31, 2019. The estimated average reporting burden in this current submission is 39.96 hours per quarter based on data filed by FDIC-supervised institutions as of June 30, 2020.

Based on a total hourly wage rate of \$92.91<sup>46</sup> for Call Report preparation and an estimated total ongoing annual reporting burden of 521,580 hours, the total annual cost to all 3,263 FDIC-supervised institutions for this information collection is estimated to be \$48.5 million.

13. Estimate of Start-up Costs to Respondents

None.

14. Estimate of Total Annual Cost to the Federal Government

None.

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 3,263 FDIC-supervised institutions, which is 72 less than previously reported (3,335 previously versus 3,263 now), which results in 288 fewer responses per year for this quarterly report.<sup>47</sup> An analysis of the change in the overall estimated annual burden for the 3,263 FDIC-supervised institutions currently subject to the Call Report information collection as it is proposed to be revised is as follows:

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<sup>46</sup> This estimate is derived from the May 2019 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 (\$73.48); Bookkeeping, Accounting, and Auditing Clerks (\$24.00); Loan Officers (\$43.70); Financial Analysts (\$51.52); Executives (\$88.00); and Lawyers (\$98.27) 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 2019 and June 2020 (0.67 percent) and grossed up by 51 percent to account for non-monetary compensation as reported by the June 2020 Employer Costs for Employee Compensation Data. Assuming that 15 percent of the work would require the skills of an Executive at an hourly cost of \$134.02, 5 percent would require a Lawyer at an hourly cost of \$149.66, 30 percent would require a Financial Manager at an hourly cost of \$111.91, 10 percent would require a Loan Officer at an hourly cost of \$66.55, 25 percent would require a Financial Analyst at an hourly cost of \$78.46, and 15 percent would require a Bookkeeping, Accounting, and Auditing Clerk at an hourly cost of \$36.55, the hourly wage estimate for this information collection is  $(0.15*134.02 + 0.05*149.66 + 0.30*111.91 + 0.10*66.55 + 0.25*78.46 + 0.15*36.55 = \$92.91)$ .

<sup>47</sup> The FDIC's last OMB submission was based on data filed by 3,335 FDIC-supervised institutions as of December 31, 2019. The current submission is based on data filed by 3,263 FDIC-supervised institutions as of June 30, 2020.

<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>				
FFIEC 031	24	4	66.08	6,344
FFIEC 041	661	4	49.66	131,301
FFIEC 051	<u>2,650</u>	4	<u>37.68</u>	<u>399,408 0</u>
<i>Total</i>	3,335	4	40.26	537,0530
<b>Proposed Burden</b>				
FFIEC 031	22	4	68.03	5,987
FFIEC 041	779	4	53.77	167,548
FFIEC 051	<u>2,462</u>	4	<u>35.34</u>	<u>348,045</u>
<i>Total</i>	3,263	4	39.96	521,580
<i>Change</i>	(72)			(15,473)

The estimated burden hours for the currently approved reports, which are based on data as of December 31, 2019, reflect the effects of the Call Report revisions related to COVID-19 included in the agencies' emergency clearance requests that were approved by OMB in the second quarter of 2020 and subsequently included in the agencies' July 2020 notice. Thus, the effects of the other revisions that are the subject of this submission related to U.S. GAAP, international remittance transfers, and TLAC investments, together with the use of June 30, 2020, data for estimating burden, results in an increase (decrease) in estimated average burden hours per quarter by type of report for FDIC-supervised institutions of (2.34) (FFIEC 051), 4.11 (FFIEC 041), and 1.95 (FFIEC 031) since OMB's most recent approval of Call Report revisions.

The changes in estimated burden primarily are due to three factors. First, the burden estimates in this notice incorporate a decrease of 72 in the number of FDIC-supervised institutions that file Call Reports used in the FDIC's last estimate that was submitted to OMB. Second, the agencies reduced their prior estimates of the number of institutions that were expected to file the FFIEC 051 Call Report after expanding the eligibility for this version of the Call Report to institutions with between \$1 billion and \$5 billion in total assets. The agencies originally expected about four fifths of newly eligible institutions to choose to file the FFIEC 051, while the actual adoption rate as of June 30, 2020, for FDIC-supervised institutions was significantly lower at less than two fifths of

newly eligible institutions. Newly eligible institutions that chose not to file the streamlined FFIEC 051 continued to file the more detailed FFIEC 041, so the lower than expected percentage of new FFIEC 051 filers resulted in an increase in estimated burden for the FFIEC 041 and a decrease in estimated burden for the FFIEC 051. Third, the agencies reduced the estimated number of qualifying institutions that were expected to opt into the community bank leverage ratio (CBLR) framework for reporting regulatory capital in the Call Reports. The agencies previously expected up to three fifths of institutions with total assets of less than \$10 billion would opt into this simplified capital framework, while only about two fifths of FDIC-supervised institutions of this size actually reported under the CBLR framework as of June 30, 2020. The lower than expected percentage of FDIC-supervised institutions opting into the CBLR framework, and the larger than expected percentage continuing to report under the agencies' risk-based capital framework, contributed to an increase in estimated burden for the FFIEC 031 and FFIEC 041 versions of the Call Report.

16. Publication

Not applicable.

17. Display of Expiration Date

Not applicable.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.