

**Supporting Statement for the
Consolidated Reports of Condition and Income
(FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036)**

Summary

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (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. 7100-0036). With respect to the Board, these reports are required of state member banks and are filed on a quarterly basis. The revisions to the Call Reports that are the subject of this request have been approved by the FFIEC. The Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) (together with the Board, the agencies) have also submitted similar requests for OMB review to request this information from banks under their supervision.

The Board uses the information collected on the Call Reports to fulfill its statutory obligation to supervise state member banks. State member banks are required to file detailed schedules of assets, liabilities, and capital accounts in the form of a condition report and summary statement as well as detailed schedules of operating income and expense, sources and disposition of income, and changes in equity capital.

The agencies propose revisions to the Call Reports to implement their assets-size threshold interim final rule (IFR).¹ The agencies would adjust the measurement date for certain total asset thresholds that trigger additional reporting requirements in the Call Reports for report dates in 2021 only due to institution asset growth in 2020 related to participation in various coronavirus disease 2019 (COVID-19) related stimulus activities.

The estimated total annual burden for the Call Reports is 134,202 hours, and would remain unchanged with the proposed revisions. The forms and instructions are available on the FFIEC's public website at https://www.ffiec.gov/ffiec_report_forms.htm.

Background and Justification

State banks that are members of the Federal Reserve System are required by section 9(6) of the Federal Reserve Act (12 U.S.C. § 324) to file reports of condition with the Board. The Board, acting in concert with the other federal banking supervisory agencies through the FFIEC since 1979, requires state member banks to submit on the quarterly Call Reports such financial data as are needed by the Federal Reserve System to supervise and regulate banks through monitoring of their financial condition, ensuring the continued safety of the public's monies and the overall soundness of the nation's financial structure, and discharging of the Federal Reserve's monetary policy responsibilities. The data, which generally is made publicly available by the agencies, is used not only by the federal government, but also by state and local governments, the banking industry, securities analysts, and the academic community.

¹ 85 FR 77345 (December 2, 2020).

Description of Information Collection

The Call Reports, which consist of the Reports of Condition and Income, collect basic financial data from commercial banks in the form of a balance sheet, income statement, and supporting schedules. The Report of Condition contains supporting schedules that provide detail on assets, liabilities, and capital accounts. The Report of Income contains supporting schedules that provide detail on income and expenses.

The Call Reports consist of three reporting forms that apply to different categories of state member banks. Currently, banks that have foreign offices or that have total consolidated assets of \$100 billion or more must file the FFIEC 031, banks with domestic offices only and total consolidated assets of less than \$100 billion but more than \$5 billion file the FFIEC 041, and banks with domestic offices only and total assets less than \$5 billion file the FFIEC 051.

The information collected by the Call Reports is not available from other sources. Although there are other reports that collect information similar to certain items on the Call Reports, the information they collect would be of limited value as a replacement for Call Report data. For example, the Board collects various data in connection with its measurement of monetary aggregates, bank credit, and flow of funds.² These reports provide the Board with detailed information relating to balance sheet accounts such as balances due from depository institutions, loans, and deposit liabilities. These collections of information, however, are collected on a weekly basis usually prepared as of dates other than the last business day of each quarter. Moreover, information on bank credit is obtained on a sample basis rather than from all insured banks. Additionally, institutions below a certain size are exempt entirely from some of these reporting requirements.

The Board also collects financial data from bank holding companies on a regular basis. Such data is generally required to be reported for the holding company on a consolidated basis, including its banking and nonbanking subsidiaries, and on a parent-company-only basis. Data collected from bank holding companies on a consolidated basis reflect aggregate amounts for all entities within the organization, including banking and nonbanking subsidiaries, so that the actual dollar amounts applicable to any banking subsidiary would not be determinable from the holding company reporting information. Therefore, reports collected from bank holding companies lack the data necessary to assess the financial condition of individual banks to determine whether there had been any deterioration in their condition.

Banks are required to transmit their Call Report data electronically. Each bank must maintain in its files for three years a signed and attested record of its completed report each quarter.

² Report of Transaction Accounts, Other Deposits, and Vault Cash (FR 2900; OMB No. 7100-0087) and Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks (FR 2644; OMB No. 7100-0075).

Respondent Panel

The respondent panel for the Call Report consists of all state member banks. State member banks that have foreign offices or that have total consolidated assets of \$100 billion or more must file the FFIEC 031, banks with domestic offices only and total consolidated assets of less than \$100 billion but more than \$5 billion file the FFIEC 041, and banks with domestic offices only and total assets less than \$5 billion file the FFIEC 051.

Proposed Revisions

During 2020, relief measures enacted by Congress through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)³ in response to the strains on the U.S. economy and disruptions to the financial markets as a result of COVID-19 have led to unprecedented growth at many institutions, including loans made through the Paycheck Protection Program (PPP). This rapid growth has caused the assets of some institutions to rise above certain asset-based thresholds, and may cause other community institutions to do so in the near future. Much of this growth, especially growth related to PPP lending, is likely to be temporary, and the increase in assets currently held by an institution may not reflect a change in the institution's longer-term risk profile.

The Call Report contains various total asset thresholds that are measured annually as of the June 30 report date and trigger additional reporting requirements once crossed, generally starting with the Call Reports for the first calendar quarter of the next calendar year. These thresholds include the \$100 million, \$300 million, \$1 billion, \$5 billion, and \$10 billion in total asset threshold within the Call Reports. The agencies are particularly focused on these total asset thresholds set at \$10 billion or less, as these thresholds could impact a significant number of smaller community institutions. These institutions may have fewer resources to implement systems changes and incur transition costs to comply with the additional reporting requirements associated with crossing one of those thresholds.

Many community institutions may have unexpectedly crossed these total asset thresholds during 2020 due to participation in CARES Act relief programs or other COVID-19-related stimulus activities, which would otherwise trigger additional reporting obligations starting in calendar year 2021. The agencies expect some of these institutions may fall below the relevant total asset threshold as of June 30, 2021, for example, after forgiveness of PPP loans and redemption of borrowings obtained through the Board's PPP liquidity facility. The agencies do not want to create a short-term increase in burden on these community institutions to comply with the additional reporting for a single year. For community institutions that remain above a total asset threshold as of the June 30, 2021, measurement date, the one-year reporting relief the agencies propose below would assist those institutions in focusing on COVID-19-related stimulus activities in the near term while providing additional time to comply with any additional reporting requirements starting in 2022 rather than 2021.

The agencies are not proposing to permit an alternate measurement date for larger total asset thresholds within the Call Reports, as the additional data items required at higher total

³ Public Law 116-136.

assets thresholds have increased relevance for agency supervisory monitoring. The agencies also are not proposing to permit an alternate measurement date for other asset thresholds tied to specific activities, such as thresholds based on trading assets, mortgage banking activities, or securitization activities, as levels of these activities generally would not be impacted by an institution's participation in various COVID-19-related stimulus activities.

FFIEC 051 Eligibility

The agencies have adopted rules establishing criteria for eligibility to use the FFIEC 051 Call Report.⁴ The current Call Report instructions permit an institution to file the FFIEC 051 version of the Call Report if it meets certain criteria consistent with those rules. One criterion is that an institution must have total consolidated assets of \$5 billion or less in its Call Report as of June 30, 2020, when evaluating eligibility to use the FFIEC 051 for report dates in calendar year 2021. Due to the asset growth considerations discussed above, the agencies have revised their rules on FFIEC 051 eligibility⁵ and are proposing to temporarily revise the instructions for the FFIEC 051 to permit an institution to use the lesser of the total consolidated assets reported in its Call Report as of December 31, 2019, or June 30, 2020, when evaluating eligibility to use the FFIEC 051 for report dates in calendar year 2021. An institution must still meet the other criteria for eligibility for the FFIEC 051 in the Call Report instructions. The banking agencies also reserve the right to require an institution otherwise eligible to use the FFIEC 051 to file the FFIEC 041 instead based on supervisory needs. The agencies are proposing this relief for calendar year 2021 only. An institution would be required to use the total consolidated assets it reports in its Call Report as of June 30, 2021, when determining eligibility to use the FFIEC 051 in calendar year 2022, consistent with the existing instructions for the FFIEC 051.

Community Bank Leverage Ratio Eligibility

The agencies also have adopted rules permitting institutions that meet certain criteria to use the community bank leverage ratio (CBLR) framework to measure their regulatory capital.⁶ The agencies have revised these rules⁷ to allow institutions that temporarily exceed the \$10 billion total asset threshold in those rules to use the CBLR framework from December 31, 2020, to December 31, 2021, provided they meet the other qualifying criteria for this framework. Institutions that elect to use the CBLR framework under this temporary relief would report CBLR information in Call Report Schedule RC-R, Part I, except that item 32 (Total assets) on that schedule should reflect the lesser of the institution's total assets as of December 31, 2019, or as of the quarter-end report date.

Call Report Data Item Thresholds

All three versions of the Call Report also include total asset thresholds for reporting certain additional data items. Reporting of these data items in a given calendar year is determined

⁴ See definition of covered depository institutions.

12 CFR 52.2 (OCC); 12 CFR 208.121 (Board); 12 CFR 304.12 (FDIC).

⁵ <https://www.fdic.gov/news/press-releases/2020/pr20127.html>.

⁶ See 12 CFR 3.12 (OCC); 12 CFR 217.12 (Board); 12 CFR 324.12 (FDIC).

⁷ <https://www.fdic.gov/news/press-releases/2020/pr20127.html>.

based on whether an institution has crossed the total asset threshold based on the total consolidated assets reported as of June 30 of the prior year. For the reasons described above, the agencies propose to permit an institution to use the lesser of the total consolidated assets reported in its Call Report as of December 31, 2019, or June 30, 2020, when determining whether the institution has crossed a total asset threshold to report additional data items in its Call Reports for report dates in calendar year 2021. The agencies are proposing this relief for calendar year 2021 only. An institution would be required to use the total consolidated assets reported in its Call Report as of June 30, 2021, when determining whether it must complete any additional items subject to the total asset threshold in calendar year 2022. As noted above, the regulatory reporting burden relief is limited to community institutions with total asset thresholds up to \$10 billion, as these thresholds are most relevant for community institutions.

The Call Report total asset thresholds that would be impacted by this proposed change in measurement date are:

- For the FFIEC 041 and FFIEC 051 only, the \$100 million threshold to report “Other borrowed money” in Schedule RC-K, item 13.
- For the FFIEC 041 and FFIEC 051 only, the \$300 million threshold⁸ to report additional agricultural lending information in Schedule RI, Memorandum item 6; Schedule RI-B, Part I, Memorandum item 3; Schedule RC-C, Memorandum item 1.f.(5); Schedule RC-K, Memorandum item 1; and Schedule RC-N, Memorandum items 1.f.(5) and 4.
- For the FFIEC 031 and FFIEC 041 only, the \$300 million threshold to report certain information on credit card lines in Schedule RC-L, items 1.b.(1) and (2).
- For the FFIEC 041 only, the \$300 million threshold to report cash and balances due from depository institutions in Schedule RC-A; certain derivatives information in Schedule RI, Memorandum item 10, and Schedule RC-N, Memorandum item 6; and certain additional loan information in Schedule RI-B, Part I, Memorandum items 2.a, 2.c, and 2.d; Schedule RC-C, Part I, items 2.a, 2.b, 2.c, 4.a, 4.b, 9.b.(1), 9.b.(2), 10.a, and 10.b, column A; Schedule RC-C, Part I, Memorandum items 1.e.(1), 1.e.(2), and 5; and Schedule RC-N, Memorandum items 1.e.(1), 1.e.(2), and 3.a through 3.d.
- The \$1 billion threshold to report components of deposit fee income in Schedule RI, Memorandum items 15.a through 15.d; disaggregated credit loss allowance data in Schedule RI-C; components of transaction and nontransaction savings consumer deposit account products in Schedule RC-E, Memorandum items 6.a, 6.b, 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2); and estimated uninsured deposits in Schedule RC-O, Memorandum item 2.
- For the FFIEC 031 and FFIEC 041 only, the \$1 billion threshold to report information on certain income from mutual funds and annuities in Schedule RI, Memorandum item 2; and financial and performance standby letters of credit conveyed to others in Schedule RC-L, items 2.a and 3.a.
- For the FFIEC 031 and FFIEC 041 only, the \$10 billion threshold to report additional information on derivatives in Schedule RI, Memorandum items 9.a and 9.b, and Schedule RC-L, items 16.a and 16.b.(1) through 16.b.(8); holdings of asset-backed securities and structured financial products in Schedule RC-B, Memorandum items 5.a through 5.f and 6.a through 6.g; and securitizations in Schedule RC-S, items 6 and 10, and Memorandum

⁸ These same items also have a 5 percent activity threshold for institutions with less than \$300 million in total consolidated assets. For these items, an institution would measure the 5 percent threshold as of the same date as of which it measures total consolidated assets.

- items 3.a.(1), 3.a.(2), 3.b.(1), and 3.b.(2).
- For the FFIEC 031 only, the \$10 billion threshold to report additional information on deposits in foreign offices in Schedule RC-E, Part II.

Timing

The agencies propose to permit an institution to use the lesser of the total consolidated assets reported in its Call Report as of December 31, 2019, or June 30, 2020, when determining its eligibility to file the FFIEC 051 Call Report and whether the institution has crossed a total asset threshold that requires the reporting of certain additional data items in its Call Reports (FFIEC 031, FFIEC 041, or FFIEC 051, as applicable) for report dates in calendar year 2021. The agencies are proposing this relief for calendar year 2021 only.

In addition, for report dates after the effective date of the agencies' asset thresholds rule through December 31, 2021, institutions that elect to use the CBLR framework would report CBLR information in Call Report Schedule RC-R, Part I, as reflected in the Call Report instruction book, except that item 32 (Total assets) on that schedule should reflect the lesser of the institution's total assets as of December 31, 2019, or as of the current quarter-end report date and other qualifying criteria reported on that schedule based on percentages of total assets should use the total assets as of the current quarter-end report date.

Time Schedule for Information Collection

The Call Reports are collected quarterly as of the end of the last calendar day of March, June, September, and December, although certain information is collected on a semiannual or annual basis, as described in the Call Report instructions. Less frequent collection of Call Reports would reduce the Federal Reserve's ability to identify on a timely basis those banks that are experiencing adverse changes in their condition so that appropriate corrective measures can be implemented to restore their safety and soundness. State member banks generally must submit the Call Reports to the appropriate Federal Reserve Bank within 30 calendar days following the as of date, except that banks with more than one foreign office must submit the call Reports within 35 calendar days following the as of date.

Public Availability of Data

Aggregate data are published in the *Federal Reserve Bulletin* and the *Annual Statistical Digest*. Additionally, data are used in the *Uniform Bank Performance Report (UBPR)* and the *Annual Report of the FFIEC*. Individual respondent data, excluding confidential information, are available to the public from the National Technical Information Service in Springfield, Virginia, upon request approximately twelve weeks after the report date. Data are also available from the FFIEC Central Data Repository Public Data Distribution (CDR PDD) website (<https://cdr.ffiec.gov/public/>). Data for the current quarter are made available, shortly after a bank's submission, beginning the first calendar day after the report date. Updated or revised data may replace data already posted at any time thereafter.

Legal Status

The Board is authorized to collect information on the Call Reports from state member banks pursuant to section 9 of the Federal Reserve Act, which requires state member banks to file reports of condition and of the payment of dividends with the Federal Reserve (12 U.S.C. § 324). The obligation for state member banks to respond is mandatory.

Most of the information provided on the Call Reports is made public. However, the following items are confidential: (1) the FDIC deposit insurance assessment information reported in response to item 2.g on schedule RI-E, (2) the prepaid deposit insurance assessments information reported in response to item 6.f on schedule RC-F, and (3) the information regarding other data for deposit insurance and FICO assessments reported in response to memorandum items 6-9, 14-15, and 18 on schedule RC-O. Board staff have determined that it is possible to reverse engineer an institution's Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity (CAMELS) rating based on the data reported under the FDIC deposit insurance assessment data item and the prepaid deposit insurance assessments data item. If this information were publicly available, it would be possible to determine the state member bank's CAMELS rating. Therefore, this information can be kept confidential under exemption 8 of the Freedom of Information Act (FOIA), which 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" (5 U.S.C. § 552(b)(8)). Board staff have also advised that the release of this information and information regarding other data for deposit insurance and FICO assessments reported in response to memorandum items 6-9, 14-15, and 18 on schedule RC-O would likely cause substantial harm to the competitive position of the institution from whom the information was obtained if it was released. Therefore, this information can be kept confidential also under exemption 4 of FOIA, which exempts "trade secrets and commercial or financial information obtained from a person and privileged or confidential" (5 U.S.C. § 552(b)(4)). Additionally, items on Call Report, Schedule RC-C, Part I, for loans modified under Section 4013, Memorandum item 16.a, "Number of Section 4013 loans outstanding" and Memorandum item 16.b, "Outstanding balance of Section 4013 loans" are considered confidential. The Board is collecting Section 4013 loan information as part of condition reports for the impacted state member banks and the Board considers disclosure of these items at the bank level would not be in the public interest. Such information is permitted to be collected on a confidential basis, consistent with 5 U.S.C. § 552(b)(8). In addition, state member banks may be reluctant to offer modifications under Section 4013 if information on these modifications made by each state member bank 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 Board may disclose Section 4013 loan data on an aggregated basis, consistent with confidentiality or as otherwise required by law.

Consultation Outside the Agency

The Board coordinated and consulted with the FDIC and OCC in developing these revisions.

Public Comments

On November 30, 2020, the agencies, under the auspices of the FFIEC, published an initial notice in the *Federal Register* (85 FR 76658) requesting public comment for 60 days on the extension, with revision, of the Call Reports. The comment period for this notice expired on January 29, 2021. The agencies received comments on these proposed Call Report revisions from one trade association. While the commenter supported the temporary change in measurement date for certain Call Report thresholds, the commenter asked the agencies to raise the eligibility threshold to file the FFIEC 051 from \$5 billion to \$10 billion in total assets.

The agencies have adopted rules establishing criteria for eligibility to use the FFIEC 051 Call Report. The current FFIEC 051 Call Report instructions permit an institution to file the FFIEC 051 Call Report if it meets certain criteria consistent with those rules. One criterion, consistent with Section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, is that an institution must have total consolidated assets of less than \$5 billion in its Call Report as of June 30, 2020, when evaluating eligibility to use the FFIEC 051 Call Report for report dates in calendar year 2021. Due to rapid, short-term growth in assets by some institutions in 2020, which was in part driven by their participation in various coronavirus disease 2019 related relief programs, the agencies issued an IFR to temporarily adjust the total asset measurement dates for FFIEC 051 Call Report eligibility,⁹ and the agencies proposed conforming changes to the Call Report instructions. However, the IFR did not modify the total consolidated assets FFIEC 051 eligibility criteria of less than \$5 billion contained in the rule's definition of covered depository institution. The agencies intend for the Call Report instructions to be consistent with the rule's definition of covered depository institutions.

In addition to the comments received on the proposed Call Report revisions, the agencies received comments on their IFR. In order to implement reporting changes related to the IFR so that they are effective for the March 31, 2021, Call Report, the agencies must publish this notice in advance of concluding their review of comments on the IFR. Therefore, if any potential changes to the IFR would affect the Call Report, the agencies would publish for comment any associated revisions to the Call Report through the standard Paperwork Reduction Act process, as appropriate. After considering the comments, the agencies are proceeding with the changes to the Call Reports as proposed.

The agencies also received a question from a Call Report software provider seeking clarification of the total asset amounts reported and used in calculations related to certain qualifying eligibility criteria for the CBLR. Generally, the Call Report instructions direct an institution to report total assets as reported in Schedule RC, item 12, in Schedule RC-R, Part I, item 32, "Total assets," and use that total asset amount for other calculations in Schedule RC-R, Part I. An institution that is eligible for and elects to use the CBLR framework pursuant to the agencies' IFR would report the lesser of its total assets reported in Schedule RC, item 12, as of December 31, 2019, or as of the current quarter-end report date in Schedule RC-R, Part I, item 32. However, the agencies are clarifying that an institution should continue to use its total assets as reported in Schedule RC, item 12, as of the current quarter-end report date when reporting other qualifying criteria for the CBLR framework, i.e., the sum of trading assets and trading

⁹ An institution must still meet the other criteria for eligibility for the FFIEC 051 in the Call Report instructions.

liabilities as a percentage of total assets in Schedule RC-R, item 33, column B, and total off-balance sheet exposures as a percentage of total assets in Schedule RC-R, Part I, item 34.d, column B.

On February 18, 2021, the agencies, under the auspices of the FFIEC, published a final notice in the *Federal Register* (86 FR 10157) requesting public comment for 30 days on the extension, with revision, of the Call Reports. The comment period for this notice expires on March 22, 2021.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the Call Reports is 134,202 hours, and would remain unchanged with the proposed revisions. The estimated average hours per response for the quarterly filings of the Call Report is a weighted average of the three versions of the Call Report (FFIEC 031, FFIEC 041, and FFIEC 051). Both the weighted average Call Report burden estimate and the three separate versions of the Call Report vary 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). These reporting requirements represent 1.5 percent of the Board's total paperwork burden.

| FFIEC 031, FFIEC 041, and FFIEC 051 | <i>Estimated number of respondents¹⁰</i> | <i>Annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated annual burden hours</i> |
|--|---|-----------------------------|---|--|
| Current | 739 | 4 | 45.40 | 134,202 |

The estimated total annual cost to the public for the Call Reports is \$7,750,166.¹¹

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing the FFIEC 031, FFIEC 041, and FFIEC 051 is \$1,871,500 per year.

¹⁰ Of these respondents, 474 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support-table-size-standards>.

¹¹ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, and 10% Chief Executives at \$93). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2019*, published March 31, 2020, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.