

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 proposed revisions to the Call Reports implement the FDIC's amendments to the deposit insurance assessment system, effective with the June 30, 2021, report date, and the exclusion of sweep deposits and certain other deposits from reporting as brokered deposits, effective with the September 30, 2021, report date.

For FDIC-supervised institutions, the current annual burden for the Call Reports is estimated to be 515,109 hours. The deposit insurance assessment-related change to the FFIEC 031 and FFIEC 041 Call Report forms and instructions would not have a material impact on the existing burden estimates. The deposit-related revisions that are subject to this submission result in an increase in estimated average burden hours per quarter by type of report for FDIC-supervised institutions of 0.68 (FFIEC 031), 0.33 (FFIEC 041) and 0.11 (FFIEC 051) since OMB's most recent approval of Call Report revisions.

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). 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 – On December 18, 2020, the agencies proposed revisions to the Call Reports (FFIEC 031 and FFIEC 041 only) to implement the FDIC’s proposed amendments to the deposit insurance assessment system applicable to all large and highly complex insured depository institutions published on December 7, 2020. The amendments to the rule were subsequently finalized without change on February 16, 2021, and published in the Federal Register on February 25, 2021. The amendments to the assessment system remove the double counting of the applicable portion of the CECL transitional amounts that is added to retained earnings for regulatory capital purposes and attributable to the allowance for credit losses on loans and leases held for investment in certain financial measures that are calculated using the sum of Tier 1 capital and reserves, and also from the loss severity measure. These measures are used to determine assessment rates for large and highly complex institutions. To implement these amendments, the agencies proposed one new, temporary memorandum item and corresponding changes to the FFIEC 031 and FFIEC 041 versions of the Call Report forms and instructions. The agencies would remove the proposed new Call Report item when all large and highly complex institutions are no longer using a CECL transition.

On February 5, 2021, the agencies proposed revisions to the reporting forms and instructions for the Call Reports that would allow (1) evaluation of the funding stability of sweep deposits over time to determine their appropriate treatment under liquidity regulations, and (2) assessment of risk factors associated with sweep deposits that may no longer be reported as brokered deposits. Accordingly, the agencies proposed adding five

data items to Schedule RC–E, Deposit Liabilities, on all three versions of the Call Report (FFIEC 031, FFIEC 041, and FFIEC 051) applicable to all institutions. In addition, four data items would be added to Schedule RC–E, Deposit Liabilities, on the FFIEC 031 Call Report only and would be completed quarterly only by institutions with \$100 billion or more in total assets. The agencies also proposed revising the Call Report instructions addressing brokered deposits to align them with the brokered deposits final rule. The changes to the Call Reports were proposed to take effect as of the June 30, 2021, report date.

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 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 March 31, 2021, the FDIC was the primary federal supervisor of 3,209 insured state nonmember banks and state savings associations. Of this number, around 2,373 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

The comment period for the December 2020 notice on the deposit insurance assessment-related revision ended on February 16, 2021. The agencies received one comment on the December 2020 notice to revise the Call Report to implement the FDIC's proposed amendments to the deposit insurance assessment system. The commenter discussed another potential double-counting in the computation of the leverage ratio. This comment is not specifically applicable to the deposit insurance assessment regulations or the related revision to the Call Report addressed in the December 2020 notice. The calculation of the leverage ratio in the Call Report is aligned with the calculation pursuant to the agencies' regulatory capital rules, which is outside the scope of the proposed changes. To improve the clarity of the reporting changes for deposit insurance assessments, the agencies plan to add examples to the instructions for Schedule RC-O, Memorandum item 5, to show what an institution that has elected the three-year or the five-year 2020 CECL transition provision would report in the new Memorandum item. These examples would be added at the end of the instructions for the Schedule RC-O, Other Data for Deposit Insurance Assessments. After considering the comments on the deposit insurance assessment-related revision, the agencies are proceeding with the changes to the Call Reports as proposed with the added examples to show what an institution would report in the new Memorandum item in Schedule RC-O (FFIEC 031 and FFIEC 041 only).

The comment period for the February 2021 notice on the deposit-related revisions ended on April 6, 2021. The agencies received one comment letter from three trade associations on the February 2021 proposal to revise the Call Report forms and instructions related to sweep deposits. The commenters recommended that institutions that report sweep deposits on the Board's Complex Institution Liquidity Monitoring Report (FR 2052a) should not be required to provide comparable data on the Call Report. Additionally, the commenters requested that the proposed Call Report memorandum items receive confidential treatment consistent with the treatment of comparable data items provided on the FR 2052a. The commenters further requested that the proposed Call Report memorandum items be delayed until the March 2022 report date. The commenters requested that the agencies confirm whether institutions are permitted to incorporate the new brokered deposits regime for purposes of reporting beginning with the June 30, 2021 Call Report, even if such institutions are still in the primary purpose exception application process. Finally, the commenters requested clarification with respect to the definition of "not fully insured" as it would apply to the proposed Call Report memorandum items. The FR 2052a is required to be filed on a consolidated basis by (1) certain top-tier bank holding companies and top-tier covered savings and loan holding companies that in each case have consolidated assets of \$100 billion or more, and (2) certain foreign banking organizations with combined U.S. assets of \$100 billion or more. The largest and most complex FR 2052a filers additionally submit data in respect to a limited number of subsidiaries, including large depository institution subsidiaries, and U.S. branches. The FR 2052a report is collected on a daily or monthly basis, depending on the size of the reporting organization. In contrast, the proposed Call Report data collection would reflect deposit data from all depository institutions regardless of size. The Call Report data also would be collected on a quarterly or semiannual basis. Due to the differences in scope and frequency of the reporting, the agencies do not believe that

there is material duplication between the data requested. Regarding the comment on confidential treatment, the Board notes that the information collected in the FR 2052a is collected as part of the agencies' supervisory framework and is provided confidential treatment for several reasons. The FR 2052a collection is reported on a frequent basis and includes a wide range of financial exposures providing detailed information on the liquidity profile of reporting firms (e.g., financing of securities positions and prime brokerage activities). Additionally, FR 2052a data is used as a supervisory tool to monitor individual organizations' overall liquidity profile, including during periods of stress, and may reflect risks and exposures between a respondent's material legal entities. As a result, public availability of an individual banking organization's detailed and frequent FR 2052a data could result in disclosure of proprietary business information. By comparison, the proposed Call Report data items would be reported on a less frequent basis (quarterly or semiannually) by all individual depository institutions and do not include the same extensive scope of items reported under the FR 2052a collection. The agencies therefore do not believe public disclosure of the proposed Call Report data items would result in disclosure of proprietary business information which would harm a bank's competitive position. For example, because the proposed Call Report data items would be reported on a quarterly or semiannual basis and constitute limited information about a bank's liquidity risk or structural funding, it would not be possible for the public to determine an individual bank's Liquidity Coverage Ratio (LCR) or NSFR at any point within a quarter. Therefore, the agencies are not proposing to adopt confidential treatment for the proposed Call Report memorandum items. With regard to the implementation date of the revisions to the Call Reports, the agencies acknowledge that institutions may need additional time to make system changes to capture the relevant data. Accordingly, in response to comments, the agencies are proposing to delay the implementation date for the new memorandum items in the Call Report forms and instructions until the September 30, 2021, reporting date rather than for June 30, 2021, as originally proposed. As the collection in the FFIEC 051 occurs semiannually, FFIEC 051 filers will report the new data items for the first time for the December 31, 2021, reporting date. This delay should provide institutions with sufficient additional time to put in place systems to begin reporting on the proposed memorandum items. The agencies will provide clarifications in the Call Report Glossary and Schedule RC-E, Deposit Liabilities instructions in response to comments related to reporting deposits as brokered in instances where a primary purpose application is pending or where an institution wishes to rely upon a previous staff advisory opinion or interpretation through December 31, 2021. With respect to pending applications for a primary purpose exception, an IDI that receives deposits from a third party that is a "deposit broker" where an application for a primary purpose exception is pending, would report such deposits as brokered deposits if and until the FDIC approves such application. This is because the deposits being placed by or through a third party that is a deposit broker are brokered deposits unless the third party meets an exception to the definition. In response to the commenters' request, the agencies are clarifying the definition of "not fully insured" as it would apply to the deposit-related Call Report revisions. As described in the agencies' February 2021 notice, the proposal aligns with the final NSFR rule and revised Call Report Glossary definition of "Sweep Deposits." Under the agencies' LCR and NSFR rules, a sweep deposit is considered "fully insured" if the

entire amount of the sweep deposit is covered by deposit insurance provided by the FDIC under the Federal Deposit Insurance Act. A sweep deposit is “not fully insured” if less than the entire balance of the sweep deposit is covered by FDIC insurance.

The brokered deposits final rule included clarifications to the definition of “deposit broker” in Section 29(g) of the Federal Deposit Insurance Act and Section 337.6(a)(5) of the FDIC’s regulations. The meaning of the term “brokered deposit” depends on the meaning of the term “deposit broker.” The term “Brokered Deposits” is defined in the Call Report Glossary, and the term “deposit broker” is also addressed in instructions to Schedule RC-E, Deposit Liabilities. Consistent with the agencies’ proposal to revise the Call Report instructions in the February 2021 notice, the agencies plan to update the Glossary and Schedule RC-E instructions to align with the clarifications to the definition of “deposit broker” in the brokered deposits final rule. After considering the comments, the agencies are clarifying the proposed instructions as described above and proceeding with the clarifications in the Call Report Glossary and Schedule RC-E instructions related to the definition of “deposit broker.”

The agencies are also making several technical corrections to proposed revisions in the February 2021 notice. In that notice, the agencies proposed to revise the Call Report instructions to add the LCR rule’s definition of “retail customer or counterparty,” but inadvertently excluded references to living or testamentary trusts as part of that definition. The agencies will correct the Call Report instructions to include the complete definition of retail customer or counterparty from the agencies’ LCR rule. In the February 2021 notice, the agencies stated that the Call Report instructions would add the LCR rule’s definition of “wholesale customer or counterparty.” Because there are no proposed line items that require the definition of wholesale customer or counterparty, the agencies do not plan to make this change in the Call Report instructions.

As part of the February 2021 notice, the agencies proposed including the following data item that would be collected quarterly on the FFIEC 031 and FFIEC 041 Call Reports and semiannually on the FFIEC 051 Call Report:

- Memorandum item 1.i for total sweep deposits that are not brokered due to a primary purpose exception, which corresponds to the 25 percent test exception above.

As provided in the February 2021 notice, the agencies intend to collect this data to monitor sweep deposits that are not brokered due to the primary purpose exception to determine the supervisory and deposit insurance assessment implications of these deposits, if any. However, the agencies note that certain sweep deposits placed by third parties with IDIs may not be classified as brokered when the third party has an exclusive deposit placement arrangement with only one IDI. For example, a broker dealer that is sweeping excess customer balances to only one IDI will not meet the deposit broker definition and therefore would not need to rely upon a primary purpose exception. Only reflecting exclusions related to the primary purpose exception could significantly limit the agencies’ ability to monitor non-brokered sweep deposits. Therefore, to ensure a more complete collection of sweep deposits that are excluded from being reported as

brokered, the agencies are proposing the following memo item in place of the proposed item above from the February 2021 notice:

- Memorandum item 1.i for total sweep deposits that are not brokered deposits.

Updates to the Glossary and instructions will provide clarifications for determining whether certain third parties that place sweep deposits at IDIs are deposit brokers and the exceptions to the definition of deposit broker.

9. Payment or Gift to Respondents

No payment or gift will be provided to respondents.

10. Confidentiality

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

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

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

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.¹

11. Information of a Sensitive Nature

The Call Report contains no questions of a sensitive nature.

12. Estimate of Annual Burden

It is estimated that, on average, it will take an FDIC-supervised institution approximately 40.13 hours each quarter on an ongoing basis to prepare and file its Call Report as it is proposed to be revised. The estimate of 40.13 hours each quarter, on average, would represent no change from the currently estimated average reporting burden per quarter for this information collection in OMB's inventory of approved information collections.² As a result, the estimated total annual ongoing reporting burden for the 3,209 FDIC-supervised institutions to prepare and file the Call Report after the proposed revisions have taken effect would be 515,509 hours, which would be no change from the current annual estimate for this information collection in OMB's inventory of approved information collections.

The FDIC's estimated average of 40.13 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.

¹ These new Call Report items will be reviewed in connection with the statutorily mandated review of the Call Report.

² 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 \$92.91³ for Call Report preparation and an estimated total ongoing annual reporting burden of 515,109 hours, the total annual cost to all 3,263 FDIC-supervised institutions for this information collection is estimated to be approximately \$47,858,777.

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 total estimated burden hours decreased from 521,558 hours to 515,109 hours, a reduction of 6,449 hours. The change in burden hours is due to two factors: a reduction in the number of reporting institutions from 3,263 to 3,209, which resulted in a decrease of 8,631 hours; and the revisions to the Call Report collection from 39.96 hours per quarter to 40.13 hours per quarter, which resulted in an increase of 2,182 hours. The total estimated cost of the burden hours decreased from approximately \$48,457,954 to \$47,858,777, a decrease of \$599,176.

16. Publication

Not applicable.

17. Display of Expiration Date

³ This estimate is derived from the May 2019 75th 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 $(0.15*134.02 + 0.05*149.66 + 0.30*111.91 + 0.10*66.55 + 0.25*78.46 + 0.15*36.55 = \$92.91)$.

Not applicable.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.