

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

1. Explain the circumstances that make the collection of information necessary.

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, under the auspices of the FFIEC, propose to revise the Call Report effective for the December 31, 2021, report date to implement a new item related to the final rule on the standardized approach for counterparty credit risk (SA-CCR).

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current 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. 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.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Banks are required to transmit their Call Report data electronically. The agencies have created the Central Data Repository (CDR) as 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. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

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 Call Reports as a whole. There are other information collection systems that tend to duplicate certain parts of the Call Report, but the information they provide would be of limited value as a replacement for the Call Report.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

Of respondents to the Call Reports, 466 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), www.sba.gov/document/support-table-size-standards. Data collected in the Call Report information collection 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. Certain institutions with less than \$300 million in total assets have fewer items applicable to them than do institutions with \$300 million to \$1 billion in 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 an average of three indicator items that provide data on the extent of the institution’s involvement in that activity.

Exemptions from reporting certain Call Report data within the FFIEC 041 report form also apply to institutions with less than \$500 million, \$1 billion, and \$10 billion in total assets. In both the FFIEC 051 and the FFIEC 041, other exemptions are based on activity levels rather than total assets and these activity-based thresholds tend to benefit small institutions. In addition, for small institutions with domestic offices only and less than \$1 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. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The agencies must have condition and income data at least quarterly to properly monitor individual bank and industry trends and to comply with a statutory requirement to obtain four reports of condition per year. Less frequent collection of this information would impair the agencies' ability to monitor financial institutions and could delay regulatory response.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2).

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Describe comments in response to the *Federal Register* notice and efforts to consult outside the agency.

On July 22, 2021, the agencies, under the auspices of the FFIEC, published an initial notice in the Federal Register (86 FR 38810) requesting public comment for 60 days on the extension, with revision, of the Call Reports. The comment period for this notice expired on September 20, 2021. The agencies received one comment that was generally supportive of the proposed new Call Report line item related to the SA-CCR final rule. The agencies did not receive any other comments on the proposed change and intend to add the new item for SA-CCR as proposed. On November 4, 2021, the agencies, under the auspices of the FFIEC, published a final notice in the Federal Register (86 FR 60965) requesting public comment for 30 days on the

extension, with revision, of the Call Reports. The comment period for this notice expires on December 6, 2021.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There are no payments or gifts provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. If the collection requires a systems of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.

Most of the information provided on the Call Reports is made public, although some items are confidential. Confidential items include the FDIC deposit insurance assessment information reported in response to item 2.g on schedule RI-E and 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 items. If this information were publicly available, it would be possible to determine a state member bank's CAMELS rating. Therefore, this information may be kept confidential under exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(8)), 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." This information is also likely to constitute nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent. Therefore, this information can also be kept confidential 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, the information reported regarding Section 4013 loans outstanding in response to Memorandum items 17.a and 17.b of Schedule RC-C, Part 1 and the information reported regarding representation and warranty reserves for 1-4 family residential mortgage loans sold in response to items 7.a and 7.b of Schedule RC-P is likely to constitute nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent and is, therefore, kept confidential under exemption 4 of FOIA.

11. Provide additional justification for any questions of a sensitive nature.

There are no questions of a sensitive nature.

12. Provide estimates of the annual hourly burden of the collection of information.

As shown in the table below, the estimated total annual burden for the Call Reports is 132,845 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). The agencies estimate that the recordkeeping burden is usual and customary, and would not incur any burden. These reporting requirements represent 1.7 percent of the Board’s total paperwork burden.

FFIEC 031, FFIEC 041, and FFIEC 051	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current	728	4	45.62	132,845

The estimated total annual cost to the public for the Call Reports is \$7,857,782.

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 \$73, 15% Lawyers at \$72, and 10% Chief Executives at \$95). 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 2020*, published March 31, 2021, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information.

There are no annualized costs to the respondents.

14. Provide estimates of annualized costs to the Federal government.

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.

15. Explain the reasons for any program changes or adjustments reported on the burden worksheet.

The agencies propose to add a new item to the Call Report forms related to early or voluntary adoption of the standardized approach for counterparty credit risk methodology in the

agencies' capital rules.¹

On January 24, 2020, the agencies issued a final rule² (SA-CCR final rule) that amended the regulatory capital rule to implement a new approach for calculating the exposure amount for derivative contracts for purposes of calculating the total risk-weighted assets (RWA), which is called SA-CCR. The final rule also incorporates SA-CCR into the determination of the exposure amount of derivatives for total leverage exposure under the supplementary leverage ratio, and the cleared transaction framework under the capital rule.

Banking institutions that are not advanced approaches institutions³ may elect to use SA-CCR to calculate standardized total RWA by notifying their appropriate federal supervisor.⁴ Advanced approaches institutions are required to use SA-CCR to calculate standardized total RWA starting on January 1, 2022. Advanced approaches institutions may adopt SA-CCR prior to January 1, 2022, but must notify their appropriate federal supervisor of early adoption.⁵

The agencies propose to revise Schedule RC-R, Part I, Regulatory Capital Components and Ratios, on all versions of the Call Report by adding a new line item 31.b, "Standardized Approach for Counterparty Credit Risk opt-in election." The agencies propose to add this new item to identify which institutions have chosen to early adopt or voluntarily elect SA-CCR. This information would allow for enhanced comparability of the reported derivative data and for better supervision of the implementation of the framework at these institutions. Due to the inherent complexity of adopting SA-CCR, identification of non-advanced approaches institutions that choose to voluntarily adopt SA-CCR is particularly important for their supervision.

A non-advanced approaches institution that adopts SA-CCR would enter "1" for "Yes" in line item 31.b. All other non-advanced approaches institutions would leave this item blank. If a non-advanced approaches institution has elected to use SA-CCR, the institution may change its election only with prior approval of its appropriate federal regulator.⁶ An advanced approaches institution that elects to early adopt SA-CCR prior to the January 1, 2022, mandatory compliance date would enter "1" for "Yes" in line item 31.b. After January 1, 2022, an advanced approaches institution would leave this item blank. This proposed reporting change would take effect starting with the December 31, 2021, Call Report. This item would no longer be applicable to advanced approaches institutions starting with the March 31, 2022, report date.

16. Provide information regarding plans for publication 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,

¹ 12 CFR Part 3 (OCC); 12 CFR Part 217 (Board); 12 CFR Part 324 (FDIC).

² 85 FR 4362 (January 24, 2020).

³ See 12 CFR 217.2 (definition of Advanced approaches Board-regulated institution).

⁴ 12 CFR 3.34(a)(1)(ii) (OCC); 12 CFR 217.34(a)(1)(ii) (Board); 12 CFR 324.34(a)(1)(ii) (FDIC).

⁵ 12 CFR 3.300(g) (OCC); 12 CFR 217.300(h) (Board); 12 CFR 324.300(g) (FDIC).

⁶ 12 CFR 3.34(a)(1)(ii) (OCC); 12 CFR 217.34(a)(1)(ii) (Board); 12 CFR 324.34(a)(1)(ii) (FDIC).

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.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

No such approval is sought.

18. Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions."

There are no exceptions.