# Supporting Statement for the 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)

# **Summary**

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, with revision, the 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). The FR 2644 is a balance sheet report that is collected as of each Wednesday from an authorized stratified sample of 875 domestically chartered commercial banks and U.S. branches and agencies of foreign banks.

The FR 2644 is the only source of high-frequency data used in the analysis of current banking developments. The FR 2644 collects sample data that are used to estimate universe levels for the entire commercial banking sector in conjunction with data from the quarterly commercial bank Consolidated Reports of Condition and Income (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036) and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100-0032) (Call Reports). Data from the FR 2644 and the Call Reports are utilized in construction of weekly estimates of U.S. bank credit, balance sheet data for the U.S. commercial banking sector, and sources and uses of banks' funds, and to analyze current banking developments, including the monitoring of broad credit and funding conditions. The Board publishes the data in aggregate form in the weekly H.8 statistical release, *Assets and Liabilities of Commercial Banks in the United States*, which is followed closely by other government agencies, the banking industry, financial press, and other users. The H.8 release provides a balance sheet for the commercial banking industry as a whole as well as disaggregated data for three bank groups: large domestically chartered banks, small domestically chartered banks, and U.S. branches and agencies of foreign banks.

The Board made four revisions that would simplify and reduce the overall reporting requirements associated with the FR 2644 collection:

- 1) Eliminated the data items on net unrealized gains (losses) on available-for-sale securities (Memoranda items 1 and 1.a),
- 2) Revised the reporting instructions for foreign-related institutions pertaining to consumer loans and the allowance for loan and lease losses to bring them in line with these institutions' Call Report,
- 3) Changed the reporting instructions for small domestically chartered commercial banks for loans to, and acceptances of, commercial banks in the U.S. (item 4.b), and
- 4) Reduced the authorized sample of domestically chartered commercial banks and U.S. agencies and branches of foreign banks from the current 875 respondents to 850.

<sup>&</sup>lt;sup>1</sup> The H.8 release is available on the Board's website, <a href="http://www.federalreserve.gov/releases/h8/current/default.htm">http://www.federalreserve.gov/releases/h8/current/default.htm</a>.

The FR 2644 revisions would be implemented as of April 6, 2022.

The current estimated total annual burden for the FR 2644 is 106,925 hours, and would decrease to 96,798 hours. The revisions would result in a decrease of 10,127 hours. The draft form and instructions are available on the Board's public website at <a href="https://www.federalreserve.gov/apps/reportforms/review.aspx">https://www.federalreserve.gov/apps/reportforms/review.aspx</a>.

# **Background and Justification**

The FR 2644 reporting form began in 1946, initially collecting data from all small member banks. The FR 2644 reporting frequency has evolved over time: Initially a monthly (last Wednesday) reporting basis was used; in 1959, a semi-monthly basis (mid and last Wednesday) was adopted; and in 1969, a weekly basis (as of Wednesday) was implemented.

In 1979, a two-tier system of reporting the FR 2644 was adopted. A stratified sample of 400 member banks reported nine data items (including loans, securities, total assets, and large time deposits) on the FR 2644s. All other small member banks reported three data items (securities, loans, and total assets) on the FR 2644. Each Reserve Bank compiled an aggregate balance sheet for banks within their district, drawing on data from the FR 2644s and FR 2644 as well as from other surveys (including the quarterly Call Reports). The Board used the district data to compile and publish a national total.

The general framework for the FR 2644 was revised in 1984. At that time, the Board decided to use a sample approach to estimate bank credit for the universe of all small banks. A stratified sample of 1,100 banks, including nonmember banks for the first time, was selected.

As of July 1, 2009, the Board combined the three weekly bank balance sheet reports, (1) Weekly Report of Assets and Liabilities for Large Banks (FR 2416; OMB No. 7100-0075), (2) Weekly Report of Assets and Liabilities for Large U.S. Branches and Agencies of Foreign Banks (FR 2069; OMB No. 7100-0030), and (3) Weekly Report of Selected Assets (FR 2644; OMB No. 7100-0075), into a single reporting form—the current Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks—collected from an authorized stratified sample of 875 domestically chartered commercial banks and U.S. branches and agencies of foreign banks.<sup>2</sup>

Over the years, the respondent panel and data items collected on the previous three, and the current single, reporting forms have been occasionally modified.

Data from the FR 2644 are used in conjunction with the Call Reports to construct universe estimates of bank credit, sources and uses of bank funds, and a balance sheet for the entire commercial banking sector. In addition to Federal Reserve staff and other government agencies, these statistics are relied on by a wide range of public users to analyze, among other things, current banking conditions, lending in the commercial and residential mortgage markets,

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<sup>&</sup>lt;sup>2</sup> The FR 2416 (Weekly Report of Assets and Lia bilities for Large Banks) began in December 1917 with an authorized panel size of 600 reporters and the FR 2069 (Weekly Report of Assets and Lia bilities for Large U.S. Branches and Agencies of Foreign Banks) began in July 1981 with an authorized panel size of 50 respondents.

consumer borrowing, and banks' investment strategy. Lastly, the data are used in constructing the commercial bank component of the Federal Reserve's G.19 release, *Consumer Credit*. Currently, there are no other data available that supply the weekly data obtained on the FR 2644.

# **Description of Information Collection**

The FR 2644 currently collects 29 balance-sheet items and 2 memoranda items as of each Wednesday from an authorized maximum stratified sample of 875 domestically chartered commercial banks and U.S. branches and agencies of foreign banks.

#### Revisions to the FR 2644

The Board made four revisions to simplify and reduce the overall reporting burden associated with the FR 2644 report. The revised FR 2644 reporting form would consist of 29 balance-sheet items and no memoranda items, an overall reduction of two data items, and be collected from fewer respondents.

#### Elimination of two data items

Data item M.1, Net unrealized gains (losses) on available-for-sale securities, has been included on the FR 2644 reporting form since July 1, 2009, when this report was first used to collect data for all bank groups (large, small, and foreign-related). Before that, this item appeared on the FR 2416 reporting form (Weekly Report of Assets and Liabilities for Large Banks) beginning October 2, 1996. Data item M.1 was added to the FR 2416 form, and included in the subsequent single FR 2644 form, to better understand how changing interest rates and market valuations affect the fair value of banks' available-for-sale securities.

Data item M.1.a, Net unrealized gains (losses) on available-for-sale securities, U.S. Treasury and U.S. government agency obligations, mortgage-backed securities, was added to the FR 2644 as of January 7, 2015. Since M.1.a was the largest component of M.1, its addition enabled staff to split the residual (M.1 less M.1.a) into estimates of the effects on the fair value of the remaining two categories of securities included on the FR 2644 reporting form.

The recommendation to discontinue the collection of these two data items is based on the following two factors:

- 1) There is insufficient additional information available from the weekly data relative to the corresponding Call Report data. The reporting instructions for these items state that banks that do not revalue daily or weekly should report the most recent value available. In reviewing the weekly data, the Board's experience has been that many banks, including some large banks, revalue only quarterly, when filing Call Reports. For these banks, the weekly data add no more value than the corresponding Call Report data.
- 2) Banks that do not report item M.1 on the Call Report are being asked to report the item weekly on the FR 2644. Beginning March 31, 2015, only banks that use the accumulated other comprehensive income (AOCI) opt-out election on Call Report Schedule RC-R, Regulatory Capital Components and Ratios, report net unrealized gains (losses) on the Call Reports. (Banks that do not report these values on the Call Reports, which includes

all advanced approaches institutions, include net unrealized gains (losses) in the AOCI component.) In addition, item M.1.a, net unrealized gains (losses) related to mortgage-backed securities, was never included on the Call Reports. The Board generally seeks to collect data items on the FR 2644 that are comparable, if not identical, to items appearing on the Call Reports. This standard simplifies reporting for weekly respondents, allows the Board to perform interseries edits of the FR 2644 data with corresponding Call Report data, and enables estimation, based on Call Report data, of the universe of banks. Currently, data items M.1 and M.1.a do not meet this standard.

# Definitional changes for FFIEC 002 filers

Currently, all respondents on the FR 2644 panel are instructed to include loans to individuals in one of the three consumer loan categories on the reporting form. However, for FFIEC 002 filers (U.S. agencies and branches of foreign banks), this instruction does not match the reporting of these data on their Call Report. U.S. branches and agencies of foreign banks are instructed to combine any consumer loans they might hold with other, non-segregated loans on the FFIEC 002,<sup>3</sup> unlike their domestically chartered counterparts who have comparable consumer loan items on their Call Reports. Thus, these FFIEC 002 reporters have been asked to report weekly data on the FR 2644 that are not required on their quarterly Call Reports. For respondents to the FR 2644 that file the FFIEC 002, the Board revised the instructions for the FR 2644 to match those of the FFIEC 002—to instruct FFIEC 002 filers to include consumer loans in all other loans and leases on the FR 2644.

Likewise, all respondents to the FR 2644 panel report loans and leases gross of any allowances for loan and lease losses, with a separate entry for these allowances. However, the FFIEC 002 instructs U.S. agencies and branches of foreign banks to net loans and leases of any specific reserves. The Board amended the FR 2644 instructions for these reporters to match those for the FFIEC 002. Thus, U.S. agencies and branches of foreign banks would net any specific reserves from the loan items and leave the allowance for loan and lease losses (item 4.g) blank.

The reasons for these changes are the same as those listed in bullet item 2 above: simplification of reporting, performance of interseries edits, and ability to create universe estimates. Both changes in reporting instruction will only affect a handful of U.S. branches and agencies of foreign banks, as most of these institutions do not issue consumer loans or establish accounts for loan and lease losses.

# Definitional change for small domestically chartered commercial banks

The FR 2644 reporting form captures loans to, and acceptances of, commercial banks in the U.S. (item 4.b) to isolate interbank lending which is not considered a true measure of bank credit and their willingness to lend. However, the smallest respondents (those FFIEC 041 filers with less than \$300 million in assets and all FFIEC 051 filers) only report loans to depository institutions and acceptances of other banks on their respective Call Reports and therefore, their data for this item frequently fails comparisons to Call Report data (interseries edits). Therefore,

<sup>&</sup>lt;sup>3</sup> Prior to July 2009, foreign-related institutions filed the FR 2069 report, which was tailored to that bank group and did not include consumer loan items; on that report, consumer loans were included in "all other loans."

the Board revised the reporting instructions for these two bank groups—FFIEC 041 filers with less than \$300 million in assets and FFIEC 051 filers would report loans to depository institutions—to minimize reporting discrepancies and to align reporting with the Call Reports.

Reduce the authorized sample

This revision is discussed below in the Respondent Panel section.

# **Respondent Panel**

The FR 2644 panel has an authorized maximum respondent panel size of 875 domestically chartered commercial banks and U.S. branches and agencies of foreign banks. Currently, the panel consists of 792 total reporters—727 domestically chartered banks and 65 foreign-related institutions<sup>4</sup>—covering all 12 Federal Reserve Districts. The panel accounts for about 89 percent of the total assets of U.S. commercial banks, as well as a high level of coverage for most reported items.<sup>5</sup> While the number of panel respondents tends to run below the authorized size due to mergers among reporters and loss of respondents due to the voluntary nature of the collection, the current number of respondents is unusually low relative to the authorized size because the recruitment of new respondents was temporarily paused with the onset of the COVID-19 pandemic in 2020.

Quarterly Call Reports are used to benchmark the universe estimates of small domestically chartered banks<sup>6</sup> and foreign-related institutions. Average revisions to the estimates of small banks over the last 16 benchmarks—from March 2017 to December 2020—were somewhat larger than those over the previous renewal cycle, while those for the foreign-related institutions shrank considerably. While the average revisions are not overly large, they are still significant. Even so, the Board reduced the authorized panel size from 875 to 850 in light of the continuing consolidation in the commercial bank universe as well as the ongoing difficulty in attracting and maintaining respondents due to the voluntary nature of this collection.

### **Frequency**

The FR 2644 report continues to be submitted weekly, as of the close of business each Wednesday. Weekly data are needed for accurate and timely construction of universe estimates used in the analysis of current banking developments. The balance sheet series are calculated and published weekly. The various data series are routinely monitored by staff and regularly included in materials prepared for the Board of Governors, the Federal Open Market Committee, and in public reports (including, for example, the semiannual Monetary Policy Report to Congress). Monitoring of these weekly data has also proven important during periods of rapid change in banking conditions or of volatility in financial markets. If these data were available on a less timely basis, staff's ability to monitor banking conditions, particularly during periods of rapid change or volatility, would be hindered.

<sup>&</sup>lt;sup>4</sup> As of March 31, 2021. Two branches in the Second District file combined reports on the FR 2644.

<sup>&</sup>lt;sup>5</sup> For more detail on data item coverage, see Attachment 1.

<sup>&</sup>lt;sup>6</sup> Small domestic banks are those not in the top 25 in asset size as of each quarterly Call Report.

#### **Time Schedule for Information Collection**

Respondents file the FR 2644 weekly, within a week of the as of Wednesday report date.

# **Public Availability of Data**

Aggregate data are constructed at the Board by Thursday and the H.8 Statistical Release, Assets and Liabilities of Commercial Banks in the United States, is published on Friday afternoon with an as of date of two Wednesdays prior. The H.8 Statistical Release provides an estimated balance sheet for the commercial banking industry as a whole as well as for several bank groups (large domestically chartered banks, small domestically chartered banks, and foreign-related institutions), and it is followed by other government agencies, the banking industry, the financial press, and other users.

# **Legal Status**

The FR 2644 is authorized by section 2A of the Federal Reserve Act (FRA), which states that the Board "shall maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates" (12 U.S.C. § 225a.) and by section 11(a)(2) of the FRA, which authorizes the Board to require a depository institution to provide "reports of its liabilities and as sets as the Board may determine to be necessary or desirable to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates" (12 U.S.C. § 248(a)(2)). Section 7(c)(2) of the International Banking Act of 1978 makes U.S. branches and agencies of foreign banks subject to the reporting requirements of section 11(a)(2) of the FRA (12 U.S.C. § 3105(c)(2)). The FR 2644 is voluntary, although the Board would have the authority to require depository institutions to file these reports.

Although the Board releases aggregate data derived from the FR 2644 in the weekly H.8 Statistical Release, individual bank information provided by each respondent is treated as confidential because that information constitutes nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent, and thus may be kept confidential by the Board pursuant to exemption 4 of the Freedom of Information Act (5 U.S.C. § 552(b)(4)).

# **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

#### **Public Comments**

On October 5, 2021, the Board published an initial notice in the *Federal Register* (86 FR 54975) requesting public comment for 60 days on the extension, with revision, of the FR 2644. The comment period for this notice expired on December 6, 2021. The Board did not receive any comments. The Board adopted the extension, with revision, of the FR 2644 as originally

proposed. On January 27, 2022, the Board published a final notice in the *Federal Register* (87 FR 4238).

# **Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the FR 2644 is 106,925 hours, and would decrease to 96,798 hours with the revisions. The Board reduced the authorized panel size for the FR 2644 from 875 to 850 respondents. The estimated average hours per response for the FR 2644 would decrease from 2.35 hours to 2.19 hours. These reporting requirements represent approximately 1.3 percent of the Board's total paperwork burden.

| FR 2644  |        | Estimated<br>number of<br>respondents <sup>7</sup> | Annual<br>frequency | Estimated<br>average hours<br>per response | Estimated<br>annual burden<br>hours |
|----------|--------|--|---------------------|--|-------------------------------------|
| Current  |        | 875  | 52                  | 2.35                                       | 106,925                             |
| Proposed |        | 850  | 52                  | 2.19                                       | <u>96,798</u>                       |
|          | Change |  |                     |  | (10,127)                            |

The estimated total annual cost to the public for the FR 2644 is \$6,324,614, and would decrease to \$5,725,602 with the revisions.8

# **Sensitive Questions**

These collections of information contain 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 FR 2644 is \$2,725,500.

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<sup>&</sup>lt;sup>7</sup> Of the actual respondents, 230 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <a href="https://www.sba.gov/document/support--table-size-standards">https://www.sba.gov/document/support--table-size-standards</a>. There are no special accommodations given automatically to mitigate the burden on small institutions.

<sup>&</sup>lt;sup>8</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by a nnual 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, <a href="https://www.bls.gov/news.release/ocwage.t01.htm">https://www.bls.gov/news.release/ocwage.t01.htm</a>. Occupations are defined using the BLS Standard Occupational Classification System, <a href="https://www.bls.gov/soc/">https://www.bls.gov/soc/</a>.

# Attachment 1 Coverage of Universe Data by the FR 2644 Sample (Shown as percentage; based on December 31, 2020, Call Reports)

|  | Bank Group   |          |          |  |
|--|--------------|----------|----------|--|
| FR 2644 Reporting Form Item                          | Domestically | Small    | Foreign- |  |
|  | Chartered    | Domestic | Related  |  |
| 1. Cash  | 91           | 70       | 86       |  |
| 2. Securities:                                       |              |          |          |  |
| a. U.S. Treasury securities and U.S. government      |              |          |          |  |
| agency obligations:                                  |              |          |          |  |
| (1) Mortgage-backed securities                       | 94           | 79       | 95       |  |
| (2) Other U.S. government and U.S. agency            | 95           | 65       | 96       |  |
| obligations  | 93           | 03       | 90       |  |
| b. Other securities                                  |              |          |          |  |
| (1) Mortgage-backed securities                       | 91           | 68       | 99       |  |
| (2) All other securities                             | 82           | 56       | 89       |  |
| 3. Federal funds sold and securities purchased under | 96           | 71       | 89       |  |
| agreements to resell                                 | 90           | / 1      | 09       |  |
| 4. Loans and leases:                                 |              |          |          |  |
| a. Loans secured by real estate:                     |              |          |          |  |
| (1) Construction, land development, and other land   | 75           | 62       | 62       |  |
| loans  | 7.5          | 02       | 02       |  |
| (2) Secured by farmland                              | 35           | 30       | 97       |  |
| (3) Secured by 1-4 family residential properties:    |              |          |          |  |
| (a) Revolving, open-end loans secured by 1-4         |              |          |          |  |
| family residential properties and extended           | 90           | 74       | n.a.     |  |
| under lines of credit                                |              |          |          |  |
| (b) Closed-end loans secured by 1-4 family           | 88           | 67       | 55       |  |
| residential properties                               | 00           | 07       |          |  |
| (4) Secured by multifamily (5 or more) residential   | 80           | 65       | 81       |  |
| properties   |              |          |          |  |
| (5) Secured by nonfarm nonresidential properties     | 74           | 63       | 75       |  |
| b. Loans to, and acceptances of, commercial banks in | 96           | 51       | 49       |  |
| the U.S.   |              |          |          |  |
| c. Commercial and industrial loans                   | 88           | 70       | 88       |  |
| d. Loans to individuals for household, family, and   |              |          |          |  |
| other personal expenditures:                         |              |          |          |  |
| (1) Credit cards and other revolving credit plans    | 99           | 96       | n.a.     |  |
| (2) Auto loans                                       | 96           | 79       | n.a.     |  |
| (3) Other consumer loans                             | 91           | 83       | n.a.     |  |
| e. Loans to nondepository financial institutions     | 97           | 84       | 91       |  |
| f. All other loans and leases                        | 91           | 74       | 96       |  |
| g. Allowance for loan and lease losses               | 91           | 74       | n.a.     |  |
| 5. Other assets:                                     |              |          |          |  |

| a. Net due from related foreign offices                  | 100 | 93 | 97 |
|--|-----|----|----|
| b. All other assets (including trading assets)           | 92  | 71 | 98 |
| 6. Total assets  | 89  | 69 | 90 |
| 7. Total deposits:                                       |     |    |    |
| a. Time deposits of \$100,000 or more                    | 73  | 57 | 94 |
| b. All other deposits                                    | 90  | 70 | 92 |
| 8. Borrowings  | 88  | 67 | 91 |
| 9. Other liabilities:                                    |     |    |    |
| a. Net due to related foreign offices                    | 99  | 99 | 81 |
| b. All other liabilities (including trading liabilities) | 96  | 78 | 98 |
| 10. Total liabilities                                    | 89  | 69 | 90 |