

**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 revisions related to (1) the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2022 02, "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" (ASU 2022 02), (2) reporting of internet website addresses of depository institution trade names, and (3) electronic signatures, with changes effective for the June 30, 2024, report date.

The agencies, under the auspices of the FFIEC, propose revisions related to (1) loans to nondepository financial institutions (NDFIs) and other loans and (2) guaranteed structured financial products, with changes effective for the December 31, 2024, report date.

**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 these respondents, 460 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://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.**

## Timing

The following proposed changes would be effective with the June 30, 2024, report date: (1) the revisions and technical edits to the Call Report related to ASU 2022-02, (2) the clarification and revisions to the Call Report forms and instructions for the depository institution trade names and deposit accepting URL items on Schedule RC-M, and (3) the adoption of the electronic signatures framework.

The following proposed changes would be effective with the December 31, 2024, report date: (1) the revisions to the Call Report forms and instructions related to loans to NDFIs and other loans and (2) the revisions to the Call Report forms and instructions related to guaranteed structured financial products on Schedule RC-B.

On May 22, 2024, the agencies, under the auspices of the FFIEC, published a final notice in the *Federal Register* (89 FR 45046) requesting public comment for 30 days on the extension, with revision, of the Call Reports. The comment period for this notice expires on June 21, 2024.

**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. However, the following items are confidential: any amount reported on Schedule RI-E, item 2.g, “FDIC deposit insurance assessments,” for report dates beginning June 30, 2009; Schedule RC-O, Memorandum items 6 through 9, 14, and 15, for certain assessment-related data for report dates beginning June 30, 2011; Schedule RC-O, Memorandum item 18, for two-year probability of default data for 1-4 family residential mortgage loans and consumer loans and leases for report dates beginning June 30, 2013; Schedule RC-P, items 7.a and 7.b, for representation and warranty reserves for 1-4 family residential mortgages sold made to specified parties for report dates beginning June 30, 2012; and Schedule RC-C, Part I, Memorandum items 17.a and 17.b, for eligible loan modifications under Section 4013 of the 2020 Coronavirus Aid, Relief, and Economic Security Act for report dates beginning June 30, 2020. Board staff has 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) (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.”

Additionally, to the extent any information contained in the call report is confidential commercial or financial information, which is both customarily and actually treated as private by the respondent, the respondent may request confidential treatment pursuant to exemption 4 of the FOIA (5 U.S.C. § 552(b)(4)).

**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 124,800 hours, and would increase to 127,910 hours with the proposed revisions. The estimated average hours per response for the quarterly filings of the Call Reports is a weighted average of the three versions of the Call Reports (FFIEC 031, FFIEC 041, and FFIEC 051). Both the weighted average Call Report burden estimate and the three separate versions of the Call Reports 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 1.8 percent of the Board’s total paperwork burden.

<b>FFIEC 031, FFIEC 041, and FFIEC 051</b>	<i>Estimated number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current	707	4	44.13	124,800
Proposed	707	4	45.23	<u>127,910</u>
<i>Change</i>				3,110

The estimated total annual cost to the public for the Call Reports is \$8,717,280, and would increase to \$8,934,514 with the proposed revisions.

Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group’s hourly rate and then summed (30% Office & Administrative Support at \$23, 45% Financial Managers at \$84, 15% Lawyers at \$85, and 10% Chief Executives at \$124). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2023*, published April 3, 2024, <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 \$2,163,300 per year.

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

*September 2023 notice*

**ASU 2022-02, “Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures”**

On March 31, 2022, the FASB issued ASU 2022-02 which eliminates the troubled debt restructuring (TDR) recognition and measurement guidance for entities that have adopted ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (ASU 2016-13). Instead of identifying and accounting for TDRs separately from other loan modifications, all loans modified from the beginning of the fiscal year in which the new standard is adopted by an institution would be accounted for in accordance with ASC Section 310-20-35, Receivables - Nonrefundable Fees and Other Costs - Subsequent Measurement, as amended by ASU 2022-02. In addition, the new standard enhances financial statement disclosure requirements for certain loan modifications to borrowers experiencing financial difficulty. These disclosures include quantitative information about the modifications and their performance and qualitative information regarding how initial modifications and subsequent performance of such modifications impact the allowance for credit losses.

Upon adoption of ASU 2022-02, an institution would have the option to use a modified retrospective transition method to account for those TDRs that existed as of the last day of the fiscal year preceding the fiscal year in which the standard was implemented. For these TDRs, an institution would recognize a cumulative-effect adjustment to the beginning balance of retained earnings as of the first day of the fiscal year resulting from the adoption of ASU 2022-02. Institutions that opt to apply ASU 2022-02 prospectively would continue applying the TDR guidance to the existing TDR loans for allowance for credit losses purposes until the loans are paid in full or otherwise settled, sold, charged-off, or subsequently modified.

Regardless of the transition method applied to existing TDRs, institutions would apply ASU 2022-02 to all modifications made from the beginning of the fiscal year of adoption and in subsequent reporting periods. Institutions would only include loans that were modified to

borrowers experiencing financial difficulty from the beginning of the fiscal year of adoption and in subsequent periods in their disclosures for financial statement purposes. TDRs or modifications made prior to the beginning of the fiscal year of adoption would not be included in these enhanced disclosures in the period of adoption or in any subsequent periods.

Additionally, per ASU 2022-02, an institution would not be required to use a discounted cash flow (DCF) approach to measure the allowance for credit loss on the modified loans. However, if an institution chooses to use a DCF approach, it would be required to use the post-modification effective interest rate to discount expected cash flows. Modified loans for which repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty would still be considered to be collateral dependent. For regulatory reporting purposes, the allowance for credit losses for a collateral dependent loan would continue to be measured using the fair value of collateral (less cost to sell, when appropriate), regardless of whether foreclosure is probable.

ASU 2022-02 is effective for all institutions that have adopted ASU 2016-13 for fiscal years beginning after December 15, 2022, including interim reporting periods within those fiscal years. For all other institutions, the effective date for ASU 2022-02 would be the same as the effective date for ASU 2016-13.

In response to ASU 2022-02, the agencies are proposing revisions to the Call Report forms and instructions. In general, these revisions would align the data collected in the Call Report forms and instructions with the definition of loan modifications to borrowers experiencing financial difficulty that is used in U.S. generally accepted accounting principles (GAAP). The banking agencies are proposing to replace, as appropriate, references to “troubled debt restructurings” with “modifications to borrowers experiencing financial difficulty” in the Call Report forms and instructions, and to update the Glossary to reflect the change in accounting for modifications to borrowers experiencing financial difficulty.

These changes are intended to provide data needed to monitor banks’ safety and soundness and for FDIC deposit insurance assessment purposes. The proposed revisions would assist the agencies in gaining a better understanding of banks’ credit exposures. Specifically, the loan modifications to borrowers experiencing financial difficulty reported in Call Report Schedule RC-C, Part I, Loans and Leases, Memorandum item 1, and Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, Memorandum item 1 would enable the agencies to better understand the level of loan modification activity at institutions and the categories of loans involved in this activity. The agencies would benefit from continued reliable data outside of on-site examinations to assess modification activity, particularly given current increased risks related to commercial real estate loans and commercial and industrial loans. In addition, the proposed changes are needed to calculate deposit insurance assessments for large or highly complex institutions as defined in FDIC regulations.<sup>1</sup>

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<sup>1</sup> On October 18, 2022, the FDIC Board adopted a final rule to incorporate ASU 2022-02, available at <https://www.fdic.gov/news/board-matters/2022/2022-10-18-notice-sum-b-fr.pdf>, in the risk-based deposit insurance assessment system applicable to all large and highly complex insured depository institutions as defined in the FDIC’s assessment regulations. See 12 CFR 327.8(f), (g) and 12 CFR 327.16(b).

Institutions that have fiscal years beginning in the fourth quarter of 2023, and choose not to early adopt the standard, will not apply the standard in the Call Report until the December 31, 2023, report date. The proposed revisions to specific data items resulting from the elimination of the TDR recognition and measurement guidance would be reflected in the forms as of the March 31, 2024, report date, as outlined in the following descriptions of the proposed changes to the affected Call Report schedules.

Through December 31, 2023, the quarterly Supplemental Instructions for the Call Report will include guidance for institutions that have adopted ASU 2022-02 on reporting the data items related to loan modifications to borrowers experiencing financial difficulty.

Upon adoption of ASU 2022-02, institutions would continue to report detail on loan modifications to borrowers experiencing financial difficulty in Call Report Schedule RC–C, Part I, Loans and Leases, Memorandum item 1, and Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, Memorandum item 1. However, the modifications reported in these Memoranda items would need to meet the definition of “loan modifications to borrowers experiencing financial difficulty” as described in ASU 2022-02, rather than the GAAP definition related to “troubled debt restructurings.” Loan modifications to borrowers experiencing financial difficulty include financing receivables that had been modified in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, or a term extension (or a combination thereof). The Call Report forms and instructions would be updated to include in the item descriptions and instructions references to “loan modifications to borrowers experiencing financial difficulty” and remove references to the TDR framework.

The Call Report provides the agencies with data to be used in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. This data serves a regulatory or public policy purpose by assisting the agencies in fulfilling their shared missions of ensuring the safety and soundness of supervised financial institutions and the stability of the financial system utilizing statistical data for identifying areas of focus for both on-site and off-site supervision. The information needed for these purposes at times may differ from information required by GAAP as accounting standards are not specifically tailored to the needs of the financial institution regulators.

ASU 2022-02 requires financial statement disclosures on loan modifications to borrowers experiencing financial difficulty made “within the previous 12 months preceding the payment default when the debtor was experiencing financial difficulty at the time of the modification.”<sup>2</sup> However, as evidenced by the modifications made during the COVID-19 pandemic in 2020, 2021, and 2022, it may take longer than 12 months following the modification to assess whether loans are performing in accordance with their modified terms and if the borrower is no longer experiencing financial difficulty. Reporting modifications on the Call Report for a period greater than 12 months would increase the reporting period beyond that required by the financial statement disclosure requirements in ASU 2022-02. However, the ability to monitor modifications made by institutions to borrowers experiencing financial difficulty provides useful supervisory information on the borrower’s continued performance or lack thereof on the modified loan. Due to these factors, the agencies are proposing to require reporting of these

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<sup>2</sup> See ASC 310-10-50-44.



modifications for a minimum period of 12 months and until an institution performs a current, well documented credit evaluation to support that the borrower is no longer experiencing financial difficulty, unless the loan is paid off, charged-off, sold, or otherwise settled. Performing a current, well documented credit evaluation to support that the borrower is no longer experiencing financial difficulty is consistent with the Interagency Guidelines Establishing Standards for Safety and Soundness issued by the Board, FDIC, and OCC,<sup>3</sup> which articulate safety and soundness standards for supervised financial institutions to establish and maintain prudent credit underwriting practices and maintain systems to identify distressed assets and manage deterioration in those assets.

The agencies invite comment on this proposal and are particularly interested in understanding any operational challenges and the nature of any loan systems changes necessary to accommodate the Call Report collection of data on loan modifications to borrowers experiencing financial difficulty for a minimum period of 12 months and until an institution performs a current, well documented credit evaluation to support that the borrower is no longer experiencing financial difficulty, unless the loan is paid off, charged-off, sold, or otherwise settled.

Question 1: What additional factors, if any, should the agencies consider when determining the length of time that a loan modification to a borrower experiencing financial difficulty must be reported in Schedule RC-C and RC-N memoranda items?

Question 2: What are the advantages or disadvantages of reporting loan modifications for a period longer than 12 months as required for financial statement disclosures for applicable institutions under ASU 2022-02?

Upon adoption of ASU 2022-02, institutions would continue to report detail on other real estate owned in Schedule RC-M, Memoranda, item 3. However, instructional references to ASC Subtopic 310-40, Receivables-Troubled Debt Restructurings by Creditors (ASC Subtopic 310-40) would be updated to ASC Subtopic 310-20, Receivables-Nonrefundable Fees and Other Costs (ASC Subtopic 310-20). The Call Report instructions would be updated to include the updated codification references.

Upon adoption of ASU 2022-02, institutions that meet the FDIC's definition of large institutions or highly complex institutions for deposit insurance assessment purposes would continue to report loans that have been modified to borrowers experiencing financial difficulty in Call Report Schedule RC-O, Other Data for Deposit Insurance Assessments, renamed Memorandum item 16, "Portion of loan modifications to borrowers experiencing financial difficulty that are in compliance with their modified terms and are guaranteed or insured by the U.S. government (including the FDIC) (included in Schedule RC-C, Part I, Memorandum item 1)." However, the modifications reported in this Memorandum item would be those that are guaranteed or insured by the U.S. government (including the FDIC) and meet the definition of "loan modifications to borrowers experiencing financial difficulty," rather than the definition related to "loans restructured in troubled debt restructurings." Both the FFIEC 031 and

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<sup>3</sup> 12 CFR Part 30, Appendix A (OCC); 12 CFR Part 208 Appendix D-1 (Board); and 12 CFR Part 364 Appendix A (FDIC).

FFIEC 041 Call Report forms and instructions would be updated to include in the item descriptions and instructions references to “loan modification to borrowers experiencing financial difficulty” as described in ASU 2022-02 and remove references to the TDR framework.

Effective March 31, 2024, to address the elimination of the TDR recognition and measurement guidance in ASU 2022-02, the agencies propose to revise or eliminate, as appropriate, the following Glossary entries to provide additional information for those institutions that have adopted ASU 2022-02 and to remove redundant entries: (1) Allowance for Credit Losses, (2) Foreclosed Assets, (3) Loan Fees, (4) Nonaccrual Status, (5) Renegotiated Troubled Debt, (6) Troubled Debt Restructurings, (7) Loan Impairment, and (8) Purchased Credit-Impaired Loans and Debt Securities. Additionally, a new entry for Loan Modifications to Borrowers Experiencing Financial Difficulty would be included in the Glossary.

### **Past Due Definition**

The definition used to report loans as “past due” is provided in the General Instructions to Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets. The agencies have become aware of questions regarding the classification of loans as past due, particularly when a past-due loan is in the process of being extended or refinanced.<sup>4</sup> To address these questions and improve the consistency of past due reporting across institutions, the agencies are proposing three changes to the Schedule RC-N general instructions that define “past due”. First, the proposed revisions clarify that reporting institutions must report as past due any loans that the reporting institution is in the process of restructuring if the restructuring process has not concluded (i.e., the restructuring has not been executed or become effective). Second, the proposed revisions would clarify that a loan or other asset should be reported as past due when either an interest payment or principal payment is due and unpaid for 30 days or longer. Third, the proposed revisions would restructure the definition to clarify the general rules for reporting past due loans, the exceptions to those general rules, and nonexclusive examples of reporting past due loans or other assets consistent with those instructions.

Question 3: What, if any, other clarifications to the definition of “past due” should the agencies consider that would improve usability by institutions and comparability across the institutions?

Question 4: While the agencies do not intend that these proposed changes would materially alter the way institutions currently assess and report past due loans, do institutions view any burden associated with implementing these proposed changes?

### **Depository Institution Trade Names and Deposit Accepting URLs**

Schedule RC-M, Memoranda, items 8.a. through 8.c. request information on institutions’ websites and trade names, particularly those used to solicit deposits. The agencies added these items to enable the FDIC to effectively serve as an information resource for depositors and the public seeking to identify the insured status of a physical branch office or internet website that uses a trade name rather than the legal name of the insured institution. However, the FDIC has

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<sup>4</sup> See, e.g., *United States v. Harra*, 985 F.3d 196 (3d Cir. 2021).

observed some institutions reporting internet websites or trade names of non-bank entities, including third parties that accept or solicit deposits from the public on behalf of the FDIC-insured depository institution. As a result, the FDIC cannot effectively use this information to assist bank customers and the public in determining the insured status of an institution which is using a website or trade name to solicit deposits.

In order to improve the effectiveness and usability of reporting these items, the agencies are proposing to clarify the instructions for items 8.a through 8.c. For item 8.a, “Uniform Resource Locator (URL) of the reporting institution’s primary internet website (home page), if any” the agencies would clarify that institutions would not report URLs of affiliates that are not insured depository institutions. For item 8.b, “URLs of all other public-facing internet websites that the reporting institution uses to accept or solicit deposits from the public, if any” the agencies would revise the instructions to clarify that an FDIC-insured depository institution would only reports URLs of public-facing internet websites operated by the reporting FDIC-insured depository institution. The agencies would also clarify the instructions to indicate that an FDIC-insured depository institution would not report internet websites of any non-bank entity, including any third parties that accept or solicit deposits from the public on behalf of the reporting FDIC-insured depository institution. These third parties, which would not be reported in this item, would include any person or entity other than the insured institution that is acting as fiduciary in the placement of deposit funds into an FDIC-insured depository institution as described under 12 CFR 330.5 and 330.7 that is commonly referred to as “pass-through” deposit insurance coverage. For item 8.c, “Trade names other than the reporting institution’s legal title used to identify one or more of the institution’s physical offices at which deposits are accepted or solicited from the public, if any” the agencies would clarify the instructions to exclude reporting of any non-bank affiliates or subsidiaries regardless of whether these entities solicit deposits.

In addition, the agencies are proposing to increase the frequency of reporting of these items on the FFIEC 051 from semi-annually to quarterly. Currently, items 8.a through 8.c are completed on a quarterly basis by institutions filing the FFIEC 031 and FFIEC 041 Call Report form and semiannually by those institutions filing the FFIEC 051 Call Report form. Quarterly reporting by the FFIEC 051 filers would provide more current information to assist the FDIC with identifying the insured status of institutions using the websites or trade names to solicit deposits.

Question 5: The current instructions for item 8 request information regarding websites “operated by” an FDIC-insured depository institution. Does the phrase “operated by” capture the appropriate population of URLs used by FDIC-insured depository institutions or would an alternate phrase such as “owned by” be more appropriate?

Question 6: Would these proposed instruction revisions clearly distinguish reporting deposit accepting activities of the institution under its own websites and trade names while excluding URLs used by third parties that facilitate pass-through insurance?

Question 7: What additional burden, if any, would result from FFIEC 051 filers reporting items 8.a through 8.c on a quarterly basis?

## **Timing**

The proposed revisions to the Call Reports would take effect beginning with the March 31, 2024, report date. The agencies invite comment on any difficulties that institutions would expect to encounter in implementing the systems changes necessary to accommodate the proposed revisions to the Call Reports consistent with this effective date.

### *December 2023 notice*

## **Loans to Nondepository Financial Institutions**

Loans to NDFIs have increasingly played an essential role in the financial system. NDFIs include a wide range of counterparties including insurance companies, mortgage companies, private equity funds, hedge funds, broker-dealers, real estate investment trusts (REITs), marketplace lenders, special purpose entities, and other financial vehicles. Currently, data on loans to NDFIs is collected on Schedule RC-C, Part I, Loans and Leases, item 9.a. “Loans to nondepository financial institutions.”

Since this item was added in 2010, institutions have increased direct lending exposure to NDFIs. In March 2010, loans to NDFIs reported in this item totaled approximately \$56 billion and represented only 0.8 percent of gross loans reported by respondents. However, in June 2023, the reported amount of loans to NDFIs increased significantly to almost \$786 billion and represented 6.4 percent of respondents’ total loan exposure. Notwithstanding this increase in NDFI credit risk, current Call Report forms and instructions do not provide granularity on specific NDFI exposure, such as direct and off-balance sheet exposure, data on NDFI exposure in non-domestic offices, or NDFI loan performance data (e.g., nonaccrual and past due status). Further, the agencies have observed inconsistency in NDFI exposure reporting among industry filers.

The agencies are proposing to update the Call Report forms and instructions to increase the granularity in reporting exposure to NDFIs and to improve reporting consistency. These proposed revisions would enhance the understanding of NDFI exposure, risks, and performance trends. The revisions would group together loan exposures that exhibit similar underlying risk characteristics while addressing the diversity in practice on the reporting of these loans that exists today. In addition, the proposed granular reporting would allow for more accurate analysis of bank financial statements for applicable institutions and performance metrics. These revisions and clarifications are proposed to be effective as of the June 30, 2024, report date.

The specific proposed revisions and clarifications impacting the three report forms are as follows:

### **Schedule RC-C, Part I, Loans and Leases**

For all three Call Reports, to ensure consistent reporting on loans to NDFIs, the instructions for item 9.a, “Loans to nondepository financial institutions” would be updated to include additional detail on the types of loans that should be reported in this line item. In

addition, the instructions would be revised to include in the amounts reported in this item all loans to brokers and dealers in securities and loans to investment firms and mutual funds. These loans were previously included in item 9.b (FFIEC 051) or in item 9.b.(1) (FFIEC 031 and FFIEC 041), as noted below.

On the FFIEC 051, item 9.b, “Other loans,” and on the FFIEC 031 and FFIEC 041, item 9.b.(1), “Loans for purchasing or carrying securities (secured and unsecured),” the instructions would be revised to exclude from the amounts reported in this item all loans to brokers and dealers in securities and loans to investment firms and mutual funds. These loans would be reported under the new NDFI definition in item 9.a, “Loans to nondepository financial institutions.”

On the FFIEC 051, item 9.b, “Other loans,” and on the FFIEC 031 and FFIEC 041 reports, item 9.b.(1), “Loans for purchasing or carrying securities (secured and unsecured),” the instructions would also be revised to include in the amounts reported in this item all margin loans, including securities-based loans and non-purpose margin loans. In addition, this item description on the FFIEC 031 and FFIEC 041 report forms would be revised to “Loans for purchasing or carrying securities, including margin loans.”

For the FFIEC 031 and FFIEC 041, Memorandum item 10 (currently “not applicable”) would be renamed “Loans to nondepository financial institutions” and would include the following subitems, as defined in the instructions for Schedule RC-C, Part I, item 9.a, to capture direct lending exposures to NDFIs: 10.a, “Loans to mortgage credit intermediaries;” 10.b, “Loans to business credit intermediaries;” 10.c, “Loans to private equity funds;” 10.d, “Loans to consumer credit intermediaries;” and 10.e, “Other loans to nondepository financial institutions.” The sum of subitems 10.a through 10.e would equal Schedule RC-C, Part I, item 9.a. These items would only be collected from institutions with \$10 billion or more in total assets.

For the FFIEC 031 only, item 9, “Loans to nondepository financial institutions and other loans,” additional subitems 9.a, 9.b.1, and 9.b.2 (Column A) would be added to collect data at the consolidated bank level that would be in addition to the exposure currently captured for those items in domestic offices only (Column B). In addition, item 9, “Loans to nondepository financial institutions and other loans,” column A, would no longer be reported as an aggregate amount.

### **Schedule RC-L, Derivatives and Off-Balance Sheet Items**

For all three report forms, the subitems for item 1.e, “Other unused commitments” would be revised to include the collection of data on both depository financial institutions and NDFIs. Specifically, subitem 1.e.(2), “Loans to financial institutions” would be changed to “Loans to depository financial institutions.” Subitem 1.e.(3), would be renamed “Loans to nondepository financial institutions” and would collect data on unused commitments for loans to nondepository financial institutions. The existing subitem 1.e.(3), “All other unused commitments,” would be renumbered to item 1.e.(4).

For the FFIEC 031 and FFIEC 041, item 1.e.(3), “Loans to nondepository financial

institutions,” would include five subitems with the same five categories as the new subitems listed for Schedule RC-C, Part I, Memorandum item 10 above. The sum of these subitems 1.e.(3)(a) through 1.e.(3)(e) would equal the amount reported in Schedule RC-L, item 1.e.(3). These items would only be collected from institutions with \$10 billion or more in total assets.

### **Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets**

For the FFIEC 041 and the FFIEC 051, Memorandum item 9 would be renamed, “Loans to nondepository financial institutions included in Schedule RC-N, item 7” and would capture past due and nonaccrual information for NDFIs in columns A through C.

For the FFIEC 031 only, Memorandum item 9, would also be renamed, “Loans to nondepository financial institutions included in Schedule RC-N, item 7” to capture past due and nonaccrual information for NDFIs. However, institutions would report amounts in Memorandum item 9.a, “To U.S. nondepository financial institutions” and Memorandum item 9.b, “To foreign nondepository institutions” in columns A through C.

Question 1: Is the granularity of the proposed subcategories appropriate or are there additional or fewer subcategories that should be considered?

### **Reporting on Guaranteed Structured Financial Products**

In February 2023, a proposal for revisions to the Call Reports<sup>5</sup> included a question on the reporting of certain Federal Home Loan Mortgage Corporation and similar securitization structures that have government guarantees on Schedule RC-B, Securities. The agencies sought comment on the reporting of these types of structured financial products including those issued or guaranteed by U.S. government or government sponsored agencies.

The agencies received two comments on this topic. One comment opposed reporting these securities in Schedule RC-B, Securities, item 5.b, noting that this item includes a broad range of structured financial products, and there would be a lack of clarity on the amount reported in this item that is guaranteed by a government or agency. The other comment supported reporting these securities in item 5.b. However, the commenter also noted the lack of transparency in this item regarding the composition of reported structured financial products. The commenter stated it would be appropriate for an additional breakdown to be added to item 5.b to report the amount that is guaranteed by the U.S. government or an agency. In the final 30-day notice published in June 2023,<sup>6</sup> the agencies indicated they would continue reviewing the original clarification and the new item proposed by the commenter.

After further review of the comment to collect data on the amounts reported in item 5.b that are guaranteed by U.S. government agencies or sponsored agencies, the agencies are proposing to add a new Memorandum item 7, “Guaranteed by U.S. Government agencies or sponsored agencies included in Schedule RC-B, item 5.b”, columns A through D, on Schedule RC-B. The proposed amounts in the new Memorandum item would collect the total amortized

<sup>5</sup> 85 FR 10644 (February 21, 2023).

<sup>6</sup> 88 FR 38592 (June 13, 2023).

cost and total fair value for held-to-maturity securities and available-for-sale securities.

### **Long-Term Debt**

On August 29, 2023, the federal bank regulatory agencies requested comment on a proposal that would require large banks with total assets of \$100 billion or more to maintain a layer of long-term debt, which would improve financial stability by increasing the resolvability and resiliency of such institutions. This notice of proposed rulemaking (NPR) was published in the *Federal Register* on September 19, 2023.<sup>7</sup> This NPR would affect insured depository institutions (IDIs) that are not consolidated subsidiaries of U.S. global systemically important banks (G-SIBs) and that (1) have at least \$100 billion in consolidated assets or (2) are affiliated with IDIs that have \$100 billion in consolidated assets (covered IDIs) that are required to have outstanding a minimum amount of eligible long-term debt (LTD). Generally, under the proposal, covered IDIs that are consolidated subsidiaries of covered bank holding companies and savings and loan holding companies would be required to issue the LTD.

The agencies are proposing to revise Schedule RC-R, Part I, Regulatory Capital Components and Ratios, for all three Call Reports by adding the following new line items under the heading “Long-Term Debt (LTD).” These new line items would be applicable only to IDIs subject to the long-term debt requirement in the NPR:

- 56.a, “Effective date of LTD requirement,”
- 56.b, “Outstanding eligible LTD,”
- 56.c, “Outstanding eligible LTD with a remaining maturity greater than or equal to one year and less than two years,”
- 56.d, “LTD total risk-weighted assets ratio,” and
- 56.e, “LTD leverage ratio.”

Additionally, on the FFIEC 031 and FFIEC 041 forms only, the agencies will add a sixth item, 56.f, “LTD supplementary leverage ratio.”

The agencies are proposing to add these new items to monitor compliance by covered IDIs with the applicable proposed LTD requirements. These items would be consistent with similar items reported by holding companies on the Board’s Consolidated Financial Statements for Holding Companies (FR Y-9C), Schedule HC-R, Part I, Regulatory Capital Components and Ratios. For example, item 56.b, “Outstanding eligible LTD,” on the Call Report would capture the same long-term debt information as item 54, “Outstanding eligible long-term debt,” on the FR Y-9C, except it would apply to covered IDIs instead of holding companies. The proposed instructions for items 56.a through 56.f would correspond with the relevant items on the FR Y-9C as proposed in the NPR that was published on September 19, 2023. Similar to the FR Y-9C, the proposed effective date for the Call Report revisions would align with the effective date of any final rule on LTD requirements, and the reporting changes would take effect for the first report date on or after that effective date.

### **Electronic Signatures**

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<sup>7</sup> 88 FR 64524 (September 19, 2023).

Federal law requires that certain personnel and directors attest to the accuracy of the data submitted in the bank's Call Report by signature.<sup>8</sup> In addition to being required by statute, review of the Call Report in connection with signing the attestation supports internal control over the bank's reporting. The Call Report instructions permit a bank to satisfy the signature requirement by obtaining physical signatures from the relevant parties attached to a copy of the associated Call Report that is retained in the bank's files.

The onset of the COVID-19 pandemic in March 2020 and resulting bank office closures presented challenges to complying with the physical signature requirement. The agencies responded by permitting reasonable alternative signature methods, including electronic signatures, to be used for the duration of the pandemic.<sup>9</sup>

The federal COVID-19 public health emergency declaration ended on May 11, 2023. However, both the agencies and banks have benefitted from the alternative to the use of physical signatures on each Call Report submission. For the agencies, electronic documentation can provide a stronger audit trail than a paper copy that can be misplaced or altered. For banks, electronic signatures can reduce recordkeeping burden associated with preparing for, collecting, and retaining signatures. Therefore, the agencies are proposing to adopt ongoing standards for electronic signatures to comply with the Call Report signature and attestation requirement. Until the agencies finalize these proposed standards, banks may continue following the alternate standards provided in the quarterly Call Report Supplemental Instructions. The agencies also will continue to permit physical signatures for banks that choose not to use the electronic signature alternative.

## **Proposed Framework**

A valid electronic signature generally must meet the following requirements: (1) the signer must use an acceptable electronic form of signature, (2) the electronic form of signature must be executed or adopted by a person with the intent to sign the electronic record, (3) the electronic form of signature must be attached to<sup>10</sup> or part of the electronic record being signed, (4) there must be a means to identify, verify, and authenticate a particular person as the signer, and (5) there must be a means to preserve the integrity of the signed record.<sup>11</sup> The agencies are proposing the electronic signature alternative for the Call Report signature purposes consistent with these requirements and Federal law on electronic signatures.<sup>12</sup>

### **1. Form of Signature**

The agencies are proposing to allow the following forms of signature: an image of the

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<sup>8</sup> 12 U.S.C. §§ 161(a) (national banks) and 1817(a)(3) (all insured depository institutions).

<sup>9</sup> Call Report Supplemental Instructions for March 2020, available at [https://www.ffiec.gov/pdf/FFIEC\\_forms/FFIEC031\\_FFIEC041\\_FFIEC051\\_suppinst\\_202003.pdf](https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_FFIEC051_suppinst_202003.pdf).

<sup>10</sup> In this context, "attached to" means "logically associated with."

<sup>11</sup> See "Use of Electronic Signatures in Federal Organization Transactions," available at [https://assets.cio.gov/assets/files/resources/Use\\_of\\_ESignatures\\_in\\_Federal\\_Agency\\_Transactions\\_v1-0\\_20130125.pdf](https://assets.cio.gov/assets/files/resources/Use_of_ESignatures_in_Federal_Agency_Transactions_v1-0_20130125.pdf).

<sup>12</sup> See, e.g., Electronic Records and Signatures in Global and National Commerce Act, Pub. L. 106-229; Government Paperwork Elimination Act of 1998, Pub. L. 105-277.



signer's physical signature; or application of an electronic signature, such as by clicking a box or entering a personal identification number (PIN). These forms of signature are widely available in current software products, are used by many banks that permit electronic signatures on loans or other agreements with customers and have been used by banks under the alternatives permitted for the Call Report since March 2020. While other forms of signature exist, such as biometric identification (e.g., voiceprint, fingerprint, retinal scan), these would not be suitable for the Call Report given cost, complexity, and associated privacy issues involved in recording and maintaining signatures in these forms.

## **2. Intent to Sign**

In order to be a valid electronic signature, the signature of the appropriate bank officer or director must be applied by the officer or director with the intent to sign and in the appropriate capacity. For the Call Report, this means the appropriate bank officer (typically the chief financial officer) or director intends to sign the Call Report as the attestation that it is prepared in accordance with the instructions and is true and correct, as stated on the signature page of the Call Report. The bank officer's or director's intent and capacity must be included as part of the electronic signature process by using an electronic version of the relevant attestation text on the Call Report signature page.

## **3. Association of Signature**

A valid electronic signature must be made part of the record of the document being signed, to confirm that the signature applies to and is linked to the entire record. For Call Report purposes, this means the signature must be associated with a complete version of the bank's Call Report, including all applicable schedules, as the signer is attesting to the correctness of the information in those schedules. This association can be made by using a process that appends the signature data to the record signed, or which establishes a database-type link between the signature data and the record signed. An electronic signature made on a cover page or the Call Report signature page, without the Call Report schedules incorporated or attached, would not satisfy this requirement.

To validate that the bank obtained the signatures prior to filing the Call Report, the date of each electronic signature would need to be included as part of the signature and attestation process and similarly made part of the record. This could be accomplished in different ways, for example, by the signer manually entering the date when signing, which could be verified by system transaction logs, or by software embedding the date as part of the form of signature or elsewhere within the record.

## **4. Identification and Authentication of the Signer**

A valid signature requires proving an association between the signature and the person signing. For Call Report purposes, the agencies would accept any reliable information technology system identification and authentication method or process that associates access to and execution of the electronic signature transaction with the identity of the signer with a level of assurance sufficient to protect against repudiation or adverse impact to the bank that would result

from a successful challenge to the execution of the electronic signature. For example, requiring the bank officer or director to log into the bank's network using unique multifactor credentials in order to electronically sign the Call Report could identify and authenticate the signer with sufficient assurance to protect against such risks. Credentials used to access the signature transaction must be sufficient for the protection of a bank's non-public or otherwise proprietary information.

## 5. Integrity of Signed Record

The usability of a signed electronic record requires maintaining the integrity of the electronic signature and associated record. A bank would need to have sufficient data security and data integrity practices to ensure that the Call Report with electronic signature is safely stored, readily retrievable, and cannot be lost or altered.<sup>13</sup> As with paper-based signatures, electronic signatures would not be submitted to the Central Data Repository along with the Call Report data, but the electronically signed Call Report would need to be available to agency examiners upon request.

A Call Report with an electronic signature would be subject to the same record retention period as a paper version of the Call Report, as specified in the Call Report instructions, and may be deleted after the relevant timeframe. Generally, this period is three years after the report date, unless state law or a dispute with the FDIC requires a longer retention period. A bank that uses electronic signatures for its Call Reports would not be required to print or maintain a paper version of the submitted Call Report, as the relevant electronic versions of the Call Report and signatures would be stored in electronic form.

Question 2: Are the proposed requirements for Call Report electronic signatures appropriate? What additional options should the agencies consider allowing or disallowing?

Question 3: Does the proposed effective date provide sufficient time for banks seeking to use electronic signatures to implement the proposed standards?

Question 4: Should the agencies consider expanding the use of electronic signatures to other FFIEC reports? If so, would the proposed requirements for Call Report electronic signatures be appropriate for those reports as well?

### Timing

The proposed revisions to the Call Report forms and instructions, and adoption of ongoing standards for electronic signatures to comply with the Call Report signature and attestation requirement are proposed to become effective with the June 30, 2024, report date, except for those related to the proposed long-term debt requirements which would take effect for the first report date at or following the effective date of any final rule. The agencies invite comment on any difficulties that institutions would expect to encounter in implementing the systems changes necessary to accommodate the proposed revisions to the Call Reports consistent

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<sup>13</sup> These practices generally already exist within banks' current information technology infrastructure for other bank records and customer information.

with this effective 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, 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.