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 agencies, under the auspices of the FFIEC, propose to (1) eliminate and consolidate items on the Call Reports resulting from the statutorily mandated full review of the Call Reports as required under Section 604 of the Financial Services Regulatory Relief Act of 2006, (2) make Call Report process changes, (3) clarify the instructions for the reporting of certain items on Schedule RC-T, Fiduciary and Related Services, and (4) seek comment on a previously made clarification related to the reporting of certain Federal Home Loan Mortgage Corporation and similar securitizations on the Call Reports, with changes effective for the September 30, 2023, report date.

The current estimated total annual burden for the Call Reports is 127,554 hours, and would decrease to 123,387 hours. The proposed revisions would result in a decrease of 4,167 hours. The forms and instructions are available on the FFIEC's public website at https://www.ffiec.gov/ffiec_report_forms.htm.

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 the respondents, 200 are considered small entities as defined by the Small Business

Administration (i.e., entities with less than $850 million in total assets), 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.

On February 21, 2023, the agencies, under the auspices of the FFIEC, published an initial notice in the *Federal Register* (88 FR 10644) requesting public comment for 60 days on the extension, with revision, of the Call Reports. The comment period for this notice expired on April 24, 2023. The agencies received three comments that were generally supportive of the changes related to the statutorily mandated review and one comment that did not address the changes related to the statutorily mandated review.

Statutorily Mandated Review

As a result of the statutorily mandated review required by Section 604 of the of the Financial Services Regulatory Relief Act of 2006, the agencies identified multiple items for removal or consolidation. These items related to FDIC loss-sharing agreements, negative amortization loans, reverse mortgages, and the MMLF.

One commenter generally supported the removal of items no longer necessary in connection with the statutorily mandated review. This commenter also requested removal of Schedule RC-C, Memorandum items 17.a and 17.b, which collect information regarding the number and amount of loans modified pursuant to Section 4013 of the CARES Act.[1] The commenter noted that similar items previously were removed from bank holding company reports. These items relate to loan modifications or restructurings, which the agencies are planning to address in a more comprehensive proposal. Therefore, the agencies will retain these items for now but will consider the commenter's input when developing that proposal, which will follow the standard notice and comment process pursuant to the Paperwork Reduction Act (PRA).

After further deliberation and recent loss-share transactions established by the FDIC, the agencies decided to retain and redesignate certain items related to FDIC loss-sharing agreements that had been proposed for removal. These items are necessary solely for FDIC deposit insurance assessment purposes. On the FFIEC 031 and FFIEC 041 Call Report forms, the retained items are:

- Schedule RC-M, item 13.b.(7), "Portion of covered other real estate owned included in items 13.b.(1) through (6) above that is protected by FDIC loss-sharing agreements." This item would be redesignated as item 13 and reflect the total of other real estate owned that is protected by FDIC loss-sharing arrangements. The agencies still would discontinue all other subitems of item 13, including subitems 13.b.(1) through 13.b.(6), 13.c and 13.d, as this information is not necessary for deposit insurance assessment or other purposes.
- Schedule RC-N, item 12.f, "Portion of covered loans and leases included in items 12.a through 12.e above that is protected by FDIC loss-sharing agreements" (Columns A, B, and C). This item would be redesignated as item 12 and reflect the total of loans and leases protected by FDIC loss-sharing arrangements. The agencies still would discontinue subitems 12.a through 12.e, as this information is not necessary for deposit insurance assessment or other purposes.

On the FFIEC 051, the agencies will also retain the following subitems of Schedule SU, item 9.c, "Portion of past due and nonaccrual covered loans and leases that is protected by FDIC loss-sharing agreements:"

- Schedule SU, item 9.c.(2), "Past due 90 days or more and still accruing."
- Schedule SU, item 9.c.(3), "Nonaccrual."

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[1] Public Law 116–136, 4013 (2020).

These items would be moved to Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, and redesignated as item 12, "Portion of loans and leases covered by FDIC loss-sharing agreements," with reporting in column B, "Past due 90 days or more and still accruing" and column C, "Nonaccrual," which would be consistent with the FFIEC 031 and FFIEC 041 forms. The agencies still would discontinue the other subitems under Schedule SU, item 9, FDIC Loss-Sharing Agreements, as this information is not necessary for deposit insurance assessment or other purposes.

The agencies are proceeding with the removal or consolidation of the other items described in the February notice. While the agencies had proposed removing these items as of June 30, 2023, due to the time needed to update systems for the Call Reports, the agencies instead propose to remove or consolidate the items related to negative amortization loans, reverse mortgages, MMLF and FDIC loss-sharing agreements, as described above, effective as of the September 30, 2023, report date.

Furthermore, to maintain consistency of reporting between the Call Report and the FFIEC 002, the Board proposed in the February notice to remove from Schedule O, Other Data for Deposit Insurance Assessments, Memorandum item 7, "Quarterly average amount of holdings of assets purchased from money market funds under the Money Market Mutual Fund Liquidity Facility" and intend to remove this item, also effective for the September 30, 2023, report date.

Call Report Process Changes

In the February notice, the agencies had proposed changes to improve efficiency and usability of the Call Report. Specifically, the agencies proposed providing the Call Report instructions and the instructional updates using the PDF instead of the binder format and would discontinue preparing the optional tax worksheet. No comments were received on these process changes, and the agencies will discontinue the optional tax worksheet starting with the June 30, 2023, report date. The agencies are continuing to review alternatives to providing the Call Report instructions and the instructional updates in a format other than the existing binder format.

Clarification of Reporting Certain Securitizations

In the February notice, the agencies had proposed a change to clarify reporting of certain Federal Home Loan Mortgage Corporation and similar securitization structures that have government guarantees in the Call Report. The agencies had proposed clarifying that these securitizations should be reported in Schedule RC-B, Securities, item 5.b., "Structured financial products."

Two comments were received on this clarification. One comment opposed reporting of 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 of securities 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 proportion of securities with government guarantees. The commenter requested that a subcategory be added to item 5.b to report the amount that was guaranteed by the U.S. government or an agency. The agencies are continuing to review the original clarification and the new item proposed by the commenter.

Other Comments Received

The agencies also received requests from three commenters on the Call Report that were not specifically related to any of the proposed changes.

One commenter requested the agencies to provide clarification on how long an institution would continue to report a loan subsequent to its modification that met the criteria in Accounting Standards Update 2022-02, "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures'' (ASU 2022-02) in the Call Report. The agencies plan to propose revisions to the Call Report in response to ASU 2022-02 and will consider these comments at that time. This proposal would follow the standard notice and comment process pursuant to the PRA.

The second commenter requested that the agencies expand the level of detail on interest and fee income collected in the Call Report on Schedule RI, Income Statement, to align with each loan category reported on Schedule RC-C, Part I, Loans and Leases. The agencies are declining to make any changes to the level of detail on loan income at this time. The current level of detail strikes the appropriate balance between the information necessary for monitoring the condition and performance of individual institutions and the industry with the effort required by those organizations to separately collect and report interest and fee income information by loan category.

The third commenter offered suggestions in order to address what the commenter believes to be inconsistencies between the forms and their accompanying instructions. At this time, the agencies are not taking any action on this suggestion. However, the agencies will continue to consider them in the future.

Proposed Instructional Clarifications to Schedule RC-T

In response to questions received on the reporting of managed and non-managed assets and number of managed and non-managed accounts on Schedule RC-T, Fiduciary and Related Services, and to promote consistent reporting across all institutions, the agencies are proposing to clarify the instructions for these items as of the September 30, 2023, report date. Specifically:

- *Reporting of life insurance trusts*. The agencies have observed inconsistent reporting of life insurance trusts and are clarifying that life insurance trusts, other than term life insurance policies that have nominal value, should be reported in Schedule RC-T, item 4, "Personal trust and agency accounts." Relatedly, the agencies are proposing to clarify in the "Fiduciary and Related Assets" section of the Schedule RC-T instructions that the cash surrender value of a life insurance policy generally may be used when calculating the value of the account.
- *Classification of investment advisory employee benefit accounts*. The agencies have observed inconsistent reporting of employee benefit accounts for which the institution

provides investment services or investment advice for a fee and whether those accounts are classified as managed or non-managed in item 5, “Employee benefit and retirement-related trust and agency accounts.” The agencies are proposing to clarify in Schedule RC-T, items 5.a through 5.c, that accounts for which the institution serves as either trustee or agent and provides investment management services, or provides investment advice for a fee, should be reported in one of the subcategories of item 5. The agencies are further proposing to clarify that accounts for which the institution serves as a directed trustee or provides investment advice for a fee should be reported under non-managed accounts. In addition, the agencies are proposing to clarify that employee benefit accounts for which the institution provides investment management or investment advisory services should not be reported in Schedule RC-T, item 7, “Investment management and investment advisory agency accounts.”

- *Primary relationship test*. The agencies have observed inconsistent reporting of trust accounts for which the institution has both a fiduciary and custodial relationship. The current instructions for Schedule RC-T, item 11, “Custody and safekeeping accounts” indicate that the institution should report the account under the primary relationship. The agencies are proposing to clarify in the instructions for this item that when an institution has both a fiduciary and custodial relationship, the fiduciary relationship is the primary relationship. In this case, the account should be reported as a fiduciary account in Schedule RC-T, items 4 through 9, and it should not be reported as a custodial account in item 11.
- *Back-office services*. The agencies have received questions about whether accounts for which the institution provides back-office or operational services for a third party, but does not hold the account, should be reported along with custody and safekeeping accounts. The agencies are proposing to revise the “Fiduciary and Related Assets” section of the Schedule RC-T instructions to clarify that accounts for which the institution only provides back-office or operational services and the accounts or assets are not held by the institution should not be reported in Schedule RC-T.

The agencies are proposing to incorporate these clarifications starting with the September 30, 2023, report date. The agencies would expect institutions that are not currently reporting consistent with these clarifications to incorporate the clarifications on a best-efforts basis over the four subsequent quarterly reports.

Timing

The revisions to the Call Report resulting from the statutorily mandated full review related to certain loss-sharing agreements with the FDIC, negative amortization loans, reverse mortgages, and MMLF items, and the proposed clarifications to the instructions for Schedule RC-T, will be effective as of the September 30, 2023, report date, subject to OMB approval. The agencies plan to discontinue the optional tax worksheet as part of the implementation of the Call Report process changes starting with the June 30, 2023, report date.

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 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 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, be 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 127,554 hours, and would decrease to 123,387 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.

FFIEC 031, FFIEC 041, and FFIEC 051	*Estimated number of respondents*	*Estimated annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current	699	4	45.62	127,554
Proposed	699	4	44.13	123,387
Change				(4,167)

The estimated total annual cost to the public for the Call Reports is $8,450,453, and would decrease to $8,174,389 with the proposed revisions.

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 $22, 45% Financial Managers at $80, 15% Lawyers at $79, and 10% Chief Executives at $118). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2022*, published April 25, 2023, 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.

Statutorily Mandated Review of the Call Reports

Section 604 of the Financial Services Regulatory Relief Act of 2006 requires the agencies to perform within one year of enactment and every five years thereafter, the review of information collected in the Call Reports (statutorily mandated review) to "reduce or eliminate any requirement to file information or schedules under paragraph (3) (other than information or schedules that are otherwise required by law)" if the agencies determine that "the continued collection of such information or schedules is no longer necessary or appropriate."[2] The agencies conducted the 2022 statutorily mandated review between June 2021 and March 2022.[3] Over this period, staff at the FFIEC member entities who are users of Call Report data, representing a wide variety of functional areas, participated in a series of three surveys and conducted an analysis of recent reporting by Call Report respondents. As an integral part of these surveys, users were asked to explain the need for the continued collection of each Call Report data item, how the data item is used, the frequency with which it is needed, and the threshold for the population of institutions by asset size from which it is required. Based on these survey results, the agencies are proposed certain revisions to the Call Reports.

FDIC Loss-sharing Agreements Items

FDIC loss-sharing agreements indemnified institutions for certain losses incurred on specified assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by such agreements with the FDIC. Under a loss-sharing agreement, the FDIC agreed to absorb a portion of the losses on a specified pool of a failed insured depository institution's assets to maximize asset recoveries and minimize the FDIC's losses. The number of institutions reporting on the related items has decreased as loans, other real estate, and other assets covered by loss-sharing agreements with the FDIC have largely been paid-off or sold. Additionally, all loss-sharing agreements have expired or have been terminated. Therefore, the agencies no longer consider the current level of detail on these agreements to be appropriate and proposed to eliminate the following associated items:

- For all versions of the Call Reports, Schedule RC-F, Other Assets, item 6.d, "FDIC loss-sharing indemnification assets," which represent the carrying amount of the right to receive payments from the FDIC for losses incurred under loss-sharing agreements.
- For FFIEC 031 and FFIEC 041, Schedule RC-M, Memoranda, item 13, "Assets covered by loss-agreements with the FDIC," including each subitem 13.a.(1)(a)(1) through 13.d. These items include, for each appropriate class of asset, the balance sheet carrying amount of all assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements.
- For the FFIEC 031, Schedule RC-M, item 13.b.(6), "In foreign offices." This item is not reported in the FFIEC 041.
- For FFIEC 031 and FFIEC 041, Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, item 12, "Loans and leases reported in items 1 through 8 above that are covered by loss-sharing agreements with the FDIC," including each subitem 12.a.(1)(a) through 12.f. Items 12.a.(1)(a) through 12.e include the amount of all loans and leases covered by FDIC loss-sharing agreements that are past due 30 days or more or are in nonaccrual status as of the report date. Item 12.f includes the associated maximum

[2] 12 U.S.C. § 1817(a)(11).

[3] The 2017 statutorily mandated review was accelerated as part of the 2014 FFIEC initiative to identify potential opportunities to reduce burden associated with the Call Report requirements for community banks. The initiative resulted in the creation of a new streamlined FFIEC 051 Call Report for eligible small institutions that took effect as of the March 31, 2017, report date. It also resulted in significant reductions to the number of data items reported, changes in the frequency of items collected, and increases in reporting thresholds for certain data items on the FFIEC 031 and FFIEC 041 Call Reports. In addition, the agencies issued a final rule in June 2019 implementing Section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, expanding the eligibility for institutions to complete the FFIEC 051 Call Report. See 84 FR 29039 (June 21, 2019).

amount recoverable from the FDIC, beyond the amount reflected in the loss-sharing indemnification assets.

- For the FFIEC 051, Schedule SU, Supplemental Information, item 9 "Does the institution have assets covered by FDIC loss-sharing agreements?" including items 9.a through 9.e, which collect, as appropriate, the amount of loans, leases and other real estate owned that are covered by FDIC loss-sharing agreements, and details of amounts that are past due 30 days or more or are in nonaccrual status, and the maximum amount recoverable from the FDIC.

Noncash Income from Negative Amortization Loans

Negative amortization loans contractually permit a borrower to make minimum periodic payments that are less than the full amount of interest owed to the lender, with the unpaid interest added to the loan's principal balance. Based on the results of the 2022 statutorily mandated full review, the agencies proposed to remove one item related to negative amortization loans. The agencies proposed this removal based on the decline in volume of institutions reporting of noncash income on negative amortization loans secured by 1-4 family residential properties to a level no longer deemed necessary to collect. The agencies would be able to continue monitoring the level of activity on negative amortization loans by reviewing the data reported on Schedule RC-C, Memorandum items 8.a through 8.c. Therefore, for all versions of the Call Reports, the agencies proposed to remove Schedule RI, Income Statement, Memorandum item 12, "Noncash income from negative amortization on closed end loans secured by 1-4 family residential properties."

Reverse Mortgages Items

A reverse mortgage is an arrangement in which a homeowner borrows against the equity in a principal residence and receives cash either in a lump sum or through periodic payments and no payment is required from the borrower until the home is no longer used as the borrower's principal residence. Based on the results of the 2022 statutorily mandated full review, the agencies no longer need the current level of detail on this activity and proposed, for all versions of the Call Reports, to consolidate the subitems reported in Schedule RC-C, Loans and Lease Financing Receivables, Part I, Loans and Leases, Memorandum item 15, "Reverse mortgages,"[4] which is completed annually in the December report only.

Specifically, the proposal would consolidate Memorandum item 15.a.(1) and Memorandum item 15.a.(2) into Memorandum item 15.a, "Reverse mortgages outstanding that are held for investment (included in Schedule RC-C, item 1.c, above)." Similarly, Memorandum item 15.b.(1) and Memorandum item 15.b.(2) would be consolidated into Memorandum item 15.b, "Estimated number of reverse mortgage loan referrals to other lenders during the year from whom compensation has been received for services performed in connection with the origination of the reverse mortgages." Finally, Memorandum item 15.c.(1) and Memorandum item 15.c.(2) would be consolidated into Memorandum item 15.c, "Principal amount of reverse mortgage originations that have been sold during the year."

[4] For FFIEC 031 only, "Reverse mortgages in domestic offices."

Paycheck Protection Program and Federal Reserve Facilities Items

To enhance the functioning of money markets in response to the outbreak of the coronavirus disease 2019 and to bolster the effectiveness of the Small Business Administration's Paycheck Protection Program (PPP),[5] the Board, with the approval of the Secretary of the Treasury, established in 2020 the Money Market Mutual Fund Liquidity Facility (MMLF) and Paycheck Protection Program Liquidity Facility (PPPLF).[6] Under the MMLF, the Federal Reserve Bank of Boston extended loans to eligible borrowers to purchase assets from money market mutual funds, which were posted as collateral to the facility. Under the PPPLF, Federal Reserve Banks extended loans to eligible borrowers that were secured by covered loans originated under the PPP. In March 2020 and April 2020, the agencies published interim final rules (subsequently finalized in October 2020), which permit banking organizations to exclude from regulatory capital requirements exposures related to the MMLF and PPPLF.[7] On June 26, 2020, the FDIC adopted a final rule modifying the deposit insurance assessment regulations to mitigate the assessment effects of participation in the MMLF, PPP, and PPPLF, as reported on the Call Reports.[8] Starting with the June 30, 2020, report date, banking organizations report amounts related to the MMLF, PPP, and PPPLF on Schedule RC-M, Memoranda. When adding these items, the agencies noted that these items were expected to be time-limited and would be reviewed in connection with the 2022 statutorily mandated review of the Call Reports.[9]

The MMLF ceased extending credit on March 31, 2021, and as of April 30, 2021, the outstanding amount of loans under the facility was zero dollars.[10] The agencies therefore proposed remove Schedule RC-M, Memoranda, item 18.a, "Outstanding balance of assets purchased under the MMLF" and 18.b, "Quarterly average amount of assets purchased under the MMLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30" on all versions of the Call Reports.

The PPP ended on May 31, 2021,[11] and the PPPLF ceased offering credit on July 30, 2021. However, during the 2022 statutorily mandated full review, the number and outstanding balance of PPP loans, along with the related outstanding balance pledged to the PPPLF, as reported by institutions on Schedule RC-M, items 17.a, 17.b and 17.c, were identified as continuing to be critical in the review of asset quality and other components of the Uniform Financial Institutions Rating System used by the agencies during safety and soundness examinations. In addition, item 17.b, "Outstanding balance of PPP loans," along with items 17.d.(1) and 17.d.(2) that collect information on the remaining maturity of the outstanding balances of borrowings from the Federal Reserve Banks under the PPPLF were deemed required for FDIC deposit insurance assessment purposes. Finally, item 17.e, "Quarterly average amount

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[5] See https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program.

[6] These facilities were established pursuant to section 13(3) of the FRA (12 U.S.C. § 343(3)). See https://www.federalreserve.gov/monetarypolicy/mmlf.htm and https://www.federalreserve.gov/monetarypolicy/ppplf.htm. The PPPLF was previously known as the Paycheck Protection Program Lending Facility.

[7] 85 FR 16232 (March 23, 2020), 85 FR 20387 (April 13, 2020) and 85 FR 68243 (October 28, 2020).

[8] 85 FR 38282 (June 26, 2020).

[9] 85 FR 44366 (July 22, 2020).

[10] See https://www.federalreserve.gov/monetarypolicy/mmlf.htm.

[11] See https://www.federalreserve.gov/newsevents/pressreleases/monetary20210308a.htm.

of PPP loans pledged to the PPPLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30" continues to be needed for regulatory capital purposes. The agencies will continue to monitor the PPP-related data items and plan to propose to discontinue the collection of these items once the aggregate industry activity has diminished to a point where individual institution information is of limited practical utility and is no longer needed for the purposes described above.

Call Report Process Changes

In addition to the proposed revisions to the Call Reports, the agencies propose two process improvements to streamline preparation of the Call Reports.

Format of Call Report Instructions

Each quarter, the FFIEC and FDIC make available on their websites the Instructions for the Preparation of the Call Report, together with detailed updates to the Call Report instructions implemented for that quarter-end report date.[12] The instructions and updates are formatted in a double-sided, printable format, including fixed page numbering and pages intentionally left blank, to facilitate the use of a hard copy stored in a binder (binder format). The agencies make the instructions available online in a Portable Document Format (PDF) format, and many institutions access and use the instructions in that format. However, continuing to maintain the instructions in a binder format increases the number of blank space and blank pages in the PDF files, which makes the document longer by increasing the number of pages in the document and could make using the instructions less efficient for users accessing the instructions electronically. Therefore, the agenciessought comment on the benefits and burdens, if any, of maintaining the PDF format of the instructions and updates only instead of continuing to support the binder format.

Optional Tax Worksheet

Each quarter the FFIEC and FDIC make available on their websites the optional tax worksheet, which is designed to assist certain institutions in the calculation of applicable income taxes for the year-to-date reporting period on the FFIEC 041 and FFIEC 051 Call Reports. Institutions are not required to use the optional tax worksheet and may use any reasonable approach for reporting applicable income taxes in their Call Report in accordance with Accounting Standards Codification (ASC) Topic 740, Income Taxes. The optional worksheet provides a simplified approach for calculating year-to-date applicable income taxes under ASC Topic 740. It should not be used by institutions that prepare quarterly financial statements in accordance with U.S. generally accepted accounting principles (GAAP) or where it will likely result in significantly lower applicable income taxes than as calculated under U.S. GAAP. In addition, the worksheet should not be used by institutions that are, for federal income tax purposes, either "S corporations" or "qualified subchapter S subsidiaries" as of June 30, 2022, and that are generally not subject to federal corporate income taxes. The agencies have determined that a limited number of institutions are accessing the optional tax worksheet on the

[12] There is a combined set of instructions for the FFIEC 031 and FFIEC 041 and a separate set of instructions for the FFIEC 051.

applicable websites. Therefore, the agenciessought comment on the continued usefulness of the optional tax worksheet to Call Report filers or other stakeholders and any concerns if the agencies discontinue its publication.

Clarification of Federal Home Loan Mortgage Corporation and Other Securitization Structures

The Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) may acquire and securitize guaranteed bonds that are issued by third party trusts and backed by multifamily loans through a variety of structures, such as "K-Deals" and "Q-Deals".[13] The June 2022 Call Report instruction book update and Supplemental Instructions included a technical clarification, indicating that structured financial products that are guaranteed by U.S. government-sponsored enterprises, such as K-Deals and Q-Deals issued by Freddie Mac, are to be reported in Schedule RC-B, Securities, item 5.b, "Structured financial products." The agencies made this technical clarification to promote consistent reporting treatment after receiving several inquiries on where to report these products. The agencies viewed item 5.b as the most appropriate location to report these products consistent with the pre-existing instructions. However, the agencies subsequently received additional inquiries about reporting Freddie Mac K-Deals and Q-Deals and other structured products in Schedule RC-B, including whether to report the related certificates in Schedule RC-B, item 4, "Mortgage-backed securities (MBS)." Therefore, the agenciessought comment on the reporting of these types of structured financial products including those issued or guaranteed by U.S. government or government-sponsored enterprises.

Timing

The proposed revisions to the Call Reports would first take effect as of the June 30, 2023, report date. The agencies invited 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.

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.

[13] See https://mf.freddiemac.com/investors/k-deals and https://mf.freddiemac.com/investors/q-deals.

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.