



Billing Codes

OCC: 4810-33-P 1/3

Board: 6210-01-P 1/3

FDIC: 6714-01-P 1/3

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Joint notice and request for comment.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA), the OCC, the Board, and the FDIC (the agencies) may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The Federal Financial Institutions Examination Council (FFIEC), of which the agencies are members, has approved the agencies' publication for public comment of a proposal to revise and extend the Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031), the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041), and the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less Than \$1 Billion (FFIEC 051), which are currently approved

collections of information. The Consolidated Reports of Condition and Income are commonly referred to as Call Reports. The FFIEC has also approved the Board's publication for public comment, on behalf of the agencies, of a proposal to revise and extend the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002) and the Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S) as well as the agencies' publication for public comment of proposals to revise and extend the Foreign Branch Report of Condition (FFIEC 030), the Abbreviated Foreign Branch Report of Condition (FFIEC 030S), and the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101), all of which are currently approved collections of information.

The proposed revisions generally address the revised accounting for credit losses under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13). This proposal also includes reporting changes for regulatory capital related to implementing the agencies' recent notice of proposed rulemaking on the implementation and capital transition for the current expected credit losses methodology (CECL).

In addition, this notice includes other revisions to the Call Reports and the FFIEC 101 resulting from two sections of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), effective upon enactment on May 24, 2018, that affect the information reported in these reports and for which the agencies submitted emergency review requests to OMB that OMB has approved.

The proposed revisions related to ASU 2016-13 would begin to take effect March 31, 2019, for reports with quarterly report dates and December 31, 2019, for reports with an annual report date, with later effective dates for certain respondents. At the end of the comment period for this notice, the comments received will be reviewed to determine whether the FFIEC and the agencies should modify the proposed revisions to one or more of the previously identified reports. As required by the PRA, the agencies will then publish a second Federal Register notice for a 30-day comment period and submit the final Call Reports, FFIEC 002, FFIEC 002S, FFIEC 030, FFIEC 030S, and FFIEC 101 to OMB for review and approval.

DATES: Comments must be submitted on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the “CECL and EGRRCPA Reporting Revisions,” will be shared among the agencies.

OCC: You may submit comments, which should refer to “CECL and EGRRCPA Reporting Revisions,” by any of the following methods:

- Email: prainfo@occ.treas.gov.
- Mail: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street, SW., suite 3E-218, Washington, DC 20219.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may personally inspect and photocopy comments at the OCC, 400 7th Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an

appointment to inspect comments. You may do so by calling (202) 649-6700 or, for persons who are deaf or hearing impaired, TTY, (202) 649-5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect and photocopy comments.

Board: You may submit comments, which should refer to “CECL and EGRRCPA Reporting Revisions,” by any of the following methods:

- Agency website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at: <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Email: regs.comments@federalreserve.gov. Include “CECL Reporting Revisions” in the subject line of the message.
- Fax: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board’s website at www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room 3515, 1801 K Street, NW. (between 18th and 19th Streets, NW.), Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays.

FDIC: You may submit comments, which should refer to “CECL and EGRRCPA Reporting Revisions,” by any of the following methods:

- Agency website: <https://www.fdic.gov/regulations/laws/federal/>. Follow the instructions for submitting comments on the FDIC’s website.

- Federal eRulemaking Portal: <https://www.regulations.gov>. Follow the instructions for submitting comments.
- Email: comments@FDIC.gov. Include “CECL Reporting Revisions” in the subject line of the message.
- Mail: Manuel E. Cabeza, Counsel, Attn: Comments, Room MB-3007, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- Hand Delivery: Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

Public Inspection: All comments received will be posted without change to <https://www.fdic.gov/regulations/laws/federal/> including any personal information provided. Paper copies of public comments may be requested from the FDIC Public Information Center by telephone at (877) 275-3342 or (703) 562-2200.

Additionally, commenters may send a copy of their comments to the OMB desk officer for the agencies by mail to the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, DC 20503; by fax to (202) 395-6974; or by email to oir_submission@omb.eop.gov.

FOR FURTHER INFORMATION CONTACT: For further information about the proposed revisions to the information collections discussed in this notice, please contact any of the agency staff whose names appear below. In addition, copies of the reporting forms for the reports within the scope of this notice can be obtained at the FFIEC’s website (https://www.ffiec.gov/ffiec_report_forms.htm).

OCC: Kevin Korzeniewski, Counsel, (202) 649-5490, or for persons who are hearing impaired, TTY, (202) 649-5597, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street, SW., Washington, DC 20219.

Board: Nuha Elmaghrabi, Federal Reserve Board Clearance Officer, (202) 452-3884, Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call (202) 263-4869.

FDIC: Manuel E. Cabeza, Counsel, (202) 898-3767, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION:

I. Background

A. ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”

In June 2016, the FASB issued ASU 2016-13, which introduced CECL for estimating allowances for credit losses and added Topic 326, Credit Losses, to the Accounting Standards Codification (ASC). The new credit losses standard changes several aspects of existing U.S. generally accepted accounting principles (U.S. GAAP) as follows:

- *Introduction of a new credit loss methodology.*

The new accounting standard developed by the FASB has been designed to replace the existing incurred loss methodology in U.S. GAAP. Under CECL, the allowance for credit losses is an estimate of the expected credit losses on financial assets measured at amortized cost, which is measured using relevant information about past events, including historical credit loss experience on financial assets with similar risk

characteristics, current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the financial assets. In concept, an allowance will be created upon the origination or acquisition of a financial asset measured at amortized cost. At subsequent reporting dates, the allowance will be reassessed for a level that is appropriate as determined in accordance with CECL. The allowance for credit losses under CECL is a valuation account, measured as the difference between the financial assets' amortized cost basis and the amount expected to be collected on the financial assets, i.e., lifetime expected credit losses.

- *Reduction in the number of credit impairment models.*

Impairment measurement under existing U.S. GAAP has often been considered complex because it encompasses five credit impairment models for different financial assets.¹ In contrast, CECL introduces a single measurement objective to be applied to all financial assets measured at amortized cost, including loans held-for-investment (HFI) and held-to-maturity (HTM) debt securities. CECL does not, however, specify a single method for measuring expected credit losses; rather, it allows any reasonable approach, as long as the estimate of expected credit losses achieves the objective of the FASB's new accounting standard. Under the existing incurred loss methodology, institutions use various methods, including historical loss rate methods, roll-rate methods, and discounted cash flow methods, to estimate credit losses. CECL allows the continued use of these

¹ Current U.S. GAAP includes five different credit impairment models for instruments within the scope of CECL: ASC Subtopic 310-10, Receivables-Overall; ASC Subtopic 450-20, Contingencies-Loss Contingencies; ASC Subtopic 310-30, Receivables-Loans and Debt Securities Acquired with Deteriorated Credit Quality; ASC Subtopic 320-10, Investments-Debt and Equity Securities - Overall; and ASC Subtopic 325-40, Investments-Other-Beneficial Interests in Securitized Financial Assets.

methods; however, certain changes to these methods will need to be made in order to estimate lifetime expected credit losses.

- *Purchased credit-deteriorated (PCD) financial assets.*

CECL introduces the concept of PCD financial assets, which replaces purchased credit-impaired (PCI) assets under existing U.S. GAAP. The differences in the PCD criteria compared to the existing PCI criteria will result in more purchased loans HFI, HTM debt securities, and available-for-sale (AFS) debt securities being accounted for as PCD financial assets. In contrast to the existing accounting for PCI assets, the new standard requires the estimate of expected credit losses embedded in the purchase price of PCD assets to be estimated and separately recognized as an allowance as of the date of acquisition. This is accomplished by grossing up the purchase price by the amount of expected credit losses at acquisition, rather than being reported as a credit loss expense. As a result, as of the acquisition date, the amortized cost basis of a PCD financial asset is equal to the principal balance of the asset less the non-credit discount, rather than equal to the purchase price as is currently recorded for PCI loans.

- *AFS debt securities.*

The new accounting standard also modifies the existing accounting practices for impairment on AFS debt securities. Under this new standard, institutions will recognize a credit loss on an AFS debt security through an allowance for credit losses, rather than a direct write-down as is required by current U.S. GAAP. The recognized credit loss is limited to the amount by which the amortized cost of the security exceeds fair value. A write-down of an AFS debt security's amortized cost basis to fair value, with any incremental impairment reported in earnings, would be required only if the fair value of

an AFS debt security is less than its amortized cost basis and either (1) the institution intends to sell the debt security, or (2) it is more likely than not that the institution will be required to sell the security before recovery of its amortized cost basis.

Although the measurement of credit loss allowances is changing under CECL, the FASB's new accounting standard does not address when a financial asset should be placed in nonaccrual status. Therefore, institutions should continue to apply the agencies' nonaccrual policies that are currently in place. In addition, the FASB retained the existing write-off guidance in U.S. GAAP, which requires an institution to write off a financial asset in the period the asset is deemed uncollectible.

Institutions² must apply ASU 2016-13 in their Call Report, FFIEC 002,³ FFIEC 002S, FFIEC 030, FFIEC 030S, and FFIEC 101 submissions in accordance with the effective dates set forth in the ASU, if an institution is required to file such form. For institutions that are public business entities (PBE) and also are Securities and Exchange Commission (SEC) filers, as both terms are defined in U.S. GAAP, the new credit losses standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Thus, for an SEC filer that has a calendar year fiscal year, the standard is effective January 1, 2020, and the institution must first apply the new credit losses standard in its Call Report, FFIEC 002,⁴ FFIEC 002S, FFIEC 030, and FFIEC 101 for the quarter ended March 31, 2020 (and in its FFIEC 030S for December 31, 2020), if the institution is required to file these forms.

² Institutions include banks, savings associations, holding companies, U.S. branches and agencies of foreign banks, and foreign branches of U.S. banks and U.S. savings associations.

³ As stated in the instructions for the FFIEC 002, U.S. branches and agencies of foreign banks may choose to, but are not required to, maintain credit loss allowances on an office level.

⁴ See footnote 3.

For a PBE that is not an SEC filer, the credit losses standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Thus, for a PBE that is not an SEC filer and has a calendar year fiscal year, the standard is effective January 1, 2021, and the institution must first apply the new credit losses standard in its Call Report, FFIEC 002,⁵ FFIEC 002S, FFIEC 030, and FFIEC 101 for the quarter ended March 31, 2021 (and in its FFIEC 030S for December 31, 2021), if the institution is required to file these forms.

For an institution that is not a PBE, the credit losses standard is effective for fiscal years beginning after December 15, 2020, and for interim period financial statements for fiscal years beginning after December 15, 2021.⁶ Thus, an institution with a calendar year fiscal year that is not a PBE must first apply the new credit losses standard in its Call Report, FFIEC 002,⁷ FFIEC 002S, FFIEC 030, FFIEC 030S, and FFIEC 101 for December 31, 2021, if the institution is required to file these forms.⁸ However, such an institution would include the ASU 2016-13 credit loss provisions for the entire year ended December 31, 2021, in the income statement in its Call Report for year-end 2021. The institution would also recognize in its year-end 2021 Call Report a cumulative-effect adjustment to the beginning balance of retained earnings as of January 1, 2021, resulting from the adoption of the new standard as of the beginning of the 2021 fiscal year.

⁵ See footnote 3.

⁶ On August 20, 2018, the FASB issued a proposed ASU that would amend the transition and effective date provisions in ASU 2016-13 for entities that are not PBEs (non-PBEs) so that the credit losses standard would be effective for non-PBEs for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.

⁷ See footnote 3.

⁸ If the FASB issues a final Accounting Standards Update amending the transition and effective date provisions in ASU 2016-13 as described in footnote 6, a non-PBE with a calendar year fiscal year would first apply the new credit losses standard in its reports for March 31, 2022, if an institution is required to file these report forms.

For regulatory reporting purposes, early application of the new credit losses standard will be permitted for all institutions for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.

The following table provides a summary of the effective dates for ASU 2016-13.

Effective Dates for ASU 2016-13		
	U.S. GAAP Effective Date	Regulatory Report Effective Date*
PBEs That Are SEC Filers	Fiscal years beginning after 12/15/2019, including interim periods within those fiscal years	3/31/2020
Other PBEs (Non-SEC Filers)	Fiscal years beginning after 12/15/2020, including interim periods within those fiscal years	3/31/2021
Non-PBEs	Fiscal years beginning after 12/15/2020, and interim periods for fiscal years beginning after 12/15/2021 ⁹	12/31/2021 ¹⁰
Early Application	Early application permitted for fiscal years beginning after 12/15/2018, including interim periods within those fiscal years	First calendar quarter-end after effective date of early application of

⁹ See footnote 6.

¹⁰ See footnote 8.

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**For institutions with calendar fiscal year-ends and reports with quarterly report dates.*

For additional information on key elements of the new accounting standard and initial supervisory views with respect to measurement methods, use of vendors, portfolio segmentation, data needs, qualitative adjustments, and allowance processes, refer to the agencies’ Joint Statement on the New Accounting Standard on Financial Instruments – Credit Losses issued on June 17, 2016, and Frequently Asked Questions on the New Accounting Standard on Financial Instruments – Credit Losses (CECL FAQs), which were last updated on September 6, 2017.¹¹

B. EGRRCPA

On May 24, 2018, EGRRCPA amended various statutes administered by the agencies and affected regulations issued by the agencies.¹² Two of the amendments made by EGRRCPA, as described below, took effect on the day of EGRRCPA’s enactment and impact institutions’ regulatory reports. In response to emergency review requests, the agencies received approval from OMB to revise the reporting of information in the Call Reports on certain high volatility commercial real estate (HVCRE) exposures and reciprocal deposits and in the FFIEC 101 report on certain HVCRE exposures for the June 30, 2018, report date. As a result of OMB’s emergency approval of revisions to the information collections affected by the above statutory changes, the expiration date of these collections has been revised to February 28, 2019. The agencies are now undertaking the regular PRA process for revising and extending these information collections for three years as described in this notice.

¹¹ The CECL FAQs and a related link to the joint statement can be found on the following agency websites: Board: <https://www.federalreserve.gov/supervisionreg/srletters/sr1708a1.pdf>; FDIC: <https://www.fdic.gov/news/news/financial/2017/fil17041a.pdf>; OCC: <https://www.occ.gov/topics/bank-operations/accounting/cecl/cecl-faqs.html>.

¹² Pub. L. No. 115-174, 132 Stat. 1296 (2018).

- *HVCRE Exposures*

Section 214 of EGRRCPA adds a new Section 51 to the Federal Deposit Insurance Act (FDI Act) governing the risk-based capital requirements for certain acquisition, development, or construction (ADC) loans. EGRRCPA provides that, effective upon enactment, the agencies may only require a depository institution to assign a heightened risk weight to an HVCRE exposure if such exposure is an “HVCRE ADC Loan,” as defined in Section 214 of EGRRCPA. Accordingly, a depository institution is permitted to use the definition of HVCRE ADC Loan in place of the existing definition of HVCRE loan when reporting HVCRE exposures held for sale, held for investment, and held for trading on Schedule RC-R, Regulatory Capital, Part II, Risk-Weighted Assets, in the Call Reports, as well as on Schedule B and Schedule G in the FFIEC 101 for institutions required to file that form.

- *Reciprocal Deposits*

Section 29 of the FDI Act (12 U.S.C. 1831f), as amended by Section 202 of EGRRCPA, exempts a capped amount of reciprocal deposits from treatment as brokered deposits for qualifying institutions, effective upon enactment. The current Call Report instructions, consistent with the law prior to the enactment of EGRRCPA, treat all reciprocal deposits as brokered deposits. When reporting in the Call Report, institutions should apply the newly defined terms and other provisions of Section 202 to determine whether they and their reciprocal deposits are eligible for the statutory exclusion and report as brokered deposits in Schedule RC-E, and reciprocal brokered deposits in Schedule RC-O, only those reciprocal deposits that are considered brokered deposits under the new law.

II. Affected Reports and Specific Revisions

A. Call Reports

The agencies propose to extend for three years, with revision, the FFIEC 031, FFIEC 041, and FFIEC 051 Call Reports.

Report Title: Consolidated Reports of Condition and Income (Call Report).

Form Numbers: FFIEC 031 (for banks and savings associations with domestic and foreign offices), FFIEC 041 (for banks and savings associations with domestic offices only),¹³ and FFIEC 051 (for banks and savings associations with domestic offices only and total assets less than \$1 billion).

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

OCC

OMB Control No.: 1557-0081.

Estimated Number of Respondents: 1,252 national banks and federal savings associations.

Estimated Average Burden per Response: 45.98 burden hours per quarter to file.

Estimated Total Annual Burden: 230,268 burden hours to file.

Board

OMB Control No.: 7100-0036.

Estimated Number of Respondents: 808 state member banks.

Estimated Average Burden per Response: 49.87 burden hours per quarter to file.

Estimated Total Annual Burden: 161,180 burden hours to file.

¹³ Banks and savings associations with domestic offices only and total consolidated assets of \$100 billion or more file the FFIEC 031 report rather than the FFIEC 041 report.

FDIC

OMB Control No.: 3064-0052.

Estimated Number of Respondents: 3,596 insured state nonmember banks and state savings associations.

Estimated Average Burden per Response: 43.85 burden hours per quarter to file.

Estimated Total Annual Burden: 630,738 burden hours to file.

The estimated average burden hours collectively reflect the estimates for the FFIEC 031, the FFIEC 041, and the FFIEC 051 reports. When the estimates are calculated by type of report across the agencies, the estimated average burden hours per quarter are 121.74 (FFIEC 031), 55.57 (FFIEC 041), and 38.59 (FFIEC 051). The estimated burden per response for the quarterly filings of the Call Report is an average that varies by agency because of differences in the composition of the banks and savings associations under each agency's supervision (*e.g.*, size distribution of such institutions, types of activities in which they are engaged, and existence of foreign offices).

Type of Review: Extension and revision of currently approved collections.

General Description of Reports

The Call Report information collections are mandatory: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 (for state member banks), 12 U.S.C. 1817 (for insured state nonmember commercial and savings banks), and 12 U.S.C. 1464 (for federal and state savings associations). At present, except for selected data items and text, these information collections are not given confidential treatment.

Abstract

Banks and savings associations submit Call Report data to the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report data serve a regulatory or public policy purpose by assisting the agencies in fulfilling their shared missions of ensuring the safety and soundness of financial institutions and the financial system and protecting consumer financial rights, as well as agency-specific missions affecting national and state-chartered institutions, such as conducting monetary policy, ensuring financial stability, and administering federal deposit insurance. Call Reports are the source of the most current statistical data available for identifying areas of focus for on-site and off-site examinations. Among other purposes, the agencies use Call Report data in evaluating institutions' corporate applications, including, in particular, interstate merger and acquisition applications for which the agencies are required by law to determine whether the resulting institution would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States. Call Report data also are used to calculate institutions' deposit insurance and Financing Corporation assessments and national banks' and federal savings associations' semiannual assessment fees.

B. FFIEC 002 and 002S

The Board proposes to extend for three years, with revision, on behalf of the agencies the FFIEC 002 and FFIEC 002S reports.

Report Titles: Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks;
Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S.
Branch or Agency of a Foreign (Non-U.S.) Bank

Form Numbers: FFIEC 002; FFIEC 002S

OMB control number: 7100-0032

Frequency of Response: Quarterly

Affected Public: Business or other for-profit

Respondents: All state-chartered or federally-licensed U.S. branches and agencies of foreign banking organizations, and all non-U.S. branches managed or controlled by a U.S. branch or agency of a foreign banking organization

Estimated Number of Respondents: FFIEC 002 – 209; FFIEC 002S – 38

Estimated Average Burden per Response: FFIEC 002 – 23.87 hours; FFIEC 002S – 6.0 hours

Estimated Total Annual Burden: FFIEC 002 – 19,955 hours; FFIEC 002S – 912 hours

Type of Review: Extension and revision of currently approved collections.

General Description of Reports

These information collections are mandatory (12 U.S.C. 3105(c)(2), 1817(a)(1) and (3), and 3102(b)). Except for select sensitive items, the FFIEC 002 is not given confidential treatment; the FFIEC 002S is given confidential treatment (5 U.S.C. 552(b)(4) and (8)).

Abstract

On a quarterly basis, all U.S. branches and agencies of foreign banks are required to file the FFIEC 002, which is a detailed report of condition with a variety of supporting schedules. This information is used to fulfill the supervisory and regulatory requirements of the International Banking Act of 1978. The data are also used to augment the bank credit, loan, and deposit information needed for monetary policy and other public policy purposes. The FFIEC 002S is a supplement to the FFIEC 002 that collects information on assets and liabilities of any non-U.S. branch that is managed or controlled by a U.S. branch or agency of the foreign bank. A non-U.S. branch is managed or controlled by a U.S. branch or agency if a majority of the responsibility for business decisions, including but not limited to decisions with regard to

lending or asset management or funding or liability management, or the responsibility for recordkeeping with respect to assets or liabilities for that foreign branch, resides at the U.S. branch or agency. A separate FFIEC 002S must be completed for each managed or controlled non-U.S. branch. The FFIEC 002S must be filed quarterly along with the U.S. branch or agency's FFIEC 002. The data from both reports are used for (1) monitoring deposit and credit transactions of U.S. residents; (2) monitoring the impact of policy changes; (3) analyzing structural issues concerning foreign bank activity in U.S. markets; (4) understanding flows of banking funds and indebtedness of developing countries in connection with data collected by the International Monetary Fund and the Bank for International Settlements that are used in economic analysis; and (5) assisting in the supervision of U.S. offices of foreign banks. The Federal Reserve System collects and processes these reports on behalf of all three agencies.

C. FFIEC 030 and 030S

The agencies propose to extend for three years, with revision, the FFIEC 030 and FFIEC 030S reports.

Report Title: Foreign Branch Report of Condition

Form Numbers: FFIEC 030 and FFIEC 030S

Frequency of Response: Annually, and quarterly for significant branches

Affected Public: Business or other for profit

OCC:

OMB Number: 1557-0099

Estimated Number of Respondents: 199 annual branch respondents (FFIEC 030); 57 quarterly branch respondents (FFIEC 030); 30 annual branch respondents (FFIEC 030S)

Estimated Average Time per Response: 3.4 burden hours (FFIEC 030); 0.5 burden hours (FFIEC 030S)

Estimated Total Annual Burden: 1,467 burden hours

Board:

OMB Number: 7100-0071

Estimated Number of Respondents: 14 annual branch respondents (FFIEC 030); 24 quarterly branch respondents (FFIEC 030); 11 annual branch respondents (FFIEC 030S)

Estimated Average Time per Response: 3.4 burden hours (FFIEC 030); 0.5 burden hours (FFIEC 030S)

Estimated Total Annual Burden: 380 burden hours

FDIC:

OMB Number: 3064-0011

Estimated Number of Respondents: 8 annual branch respondents (FFIEC 030); 1 quarterly branch respondent (FFIEC 030); 8 annual branch respondents (FFIEC 030S)

Estimated Average Time per Response: 3.4 burden hours (FFIEC 030); 0.5 burden hours (FFIEC 030S)

Estimated Total Annual Burden: 45 burden hours

Type of Review: Extension and revision of currently approved collections.

General Description of Reports

This information collection is mandatory: 12 U.S.C. 602 (Board); 12 U.S.C. 161 and 602 (OCC); and 12 U.S.C. 1828 (FDIC). This information collection is given confidential treatment under 5 U.S.C. 552(b)(4) and (8).

Abstract

The FFIEC 030 collects asset and liability information for foreign branches of insured U.S. banks and insured U.S. savings associations (U.S. depository institutions) and is required for regulatory and supervisory purposes. The information is used to analyze the foreign operations of U.S. institutions. All foreign branches of U.S. institutions regardless of charter type file this report as provided in the instructions to the FFIEC 030 and FFIEC 030S.

A U.S. depository institution generally must file a separate report for each foreign branch, but in some cases may consolidate filing for multiple foreign branches in the same country, as described below. A branch with either total assets of at least \$2 billion or commitments to purchase foreign currencies and U.S. dollar exchange of at least \$5 billion as of the end of a calendar quarter is considered a “significant branch” and an FFIEC 030 report is required to be filed quarterly. A U.S. depository institution with a foreign branch having total assets in excess of \$250 million that does not meet either of the criteria to file quarterly must file the entire FFIEC 030 report for this foreign branch on an annual basis as of December 31.

A U.S. depository institution with a foreign branch having total assets of \$50 million, but less than or equal to \$250 million that does not meet the criteria to file the FFIEC 030 report must file the FFIEC 030S report for this foreign branch on an annual basis as of December 31. A U.S. depository institution with a foreign branch having total assets of less than \$50 million is exempt from filing the FFIEC 030 and 030S reports.

D. FFIEC 101

The agencies propose to extend for three years, with revision, the FFIEC 101 report.

Report Title: Risk-Based Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework.

Form Number: FFIEC 101.

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

OCC:

OMB Control No.: 1557-0239.

Estimated Number of Respondents: 20 national banks and federal savings associations.

Estimated Time per Response: 674 burden hours per quarter to file.

Estimated Total Annual Burden: 53,920 burden hours to file.

Board:

OMB Control No.: 7100-0319.

Estimated Number of Respondents: 6 state member banks; 16 bank holding companies and savings and loan holding companies; and 6 intermediate holding companies.

Estimated Time per Response: 674 burden hours per quarter for state member banks to file, 677 burden hours per quarter for bank holding companies and savings and loan holding companies to file; and 3 burden hours per quarter for intermediate holding companies to file.

Estimated Total Annual Burden: 16,176 burden hours for state member banks to file; 43,328 burden hours for bank holding companies and savings and loan holding companies to file; and 72 burden hours for intermediate holding companies to file.

FDIC:

OMB Control No.: 3064-0159.

Estimated Number of Respondents: 2 insured state nonmember banks and state savings associations.

Estimated Time per Response: 674 burden hours per quarter to file.

Estimated Total Annual Burden: 5,392 burden hours to file.

Type of Review: Extension and revision of currently approved collections.

General Description of Reports

Each advanced approaches institution¹⁴ is required to report quarterly regulatory capital data on the FFIEC 101. The FFIEC 101 information collection is mandatory for advanced approaches institutions: 12 U.S.C. 161 (national banks), 12 U.S.C. 324 (state member banks), 12 U.S.C. 1844(c) (bank holding companies), 12 U.S.C. 1467a(b) (savings and loan holding companies), 12 U.S.C. 1817 (insured state nonmember commercial and savings banks), 12 U.S.C. 1464 (savings associations), and 12 U.S.C. 1844(c), 3106, and 3108 (intermediate holding companies). Certain data items in this information collection are given confidential treatment under 5 U.S.C. 552(b)(4) and (8).

Abstract

The agencies use data reported in the FFIEC 101 to assess and monitor the levels and components of each reporting entity's capital requirements and the adequacy of the entity's capital under the Advanced Capital Adequacy Framework;¹⁵ to evaluate the impact of the Advanced Capital Adequacy Framework on individual reporting entities and on an industry-wide basis and its competitive implications; and to supplement on-site examination processes. The reporting schedules also assist advanced approaches institutions in understanding expectations relating to the system development necessary for implementation and validation of the Advanced

¹⁴ See 12 CFR 3.100(b) (OCC); 12 CFR 217.100(b) (Board); 12 CFR 324.100(b) (FDIC).

¹⁵ 12 CFR Part 3, Subpart E (OCC); 12 CFR Part 217, Subpart E (Board); 12 CFR Part 324, Subpart E (FDIC).

Capital Adequacy Framework. Submitted data that are released publicly will also provide other interested parties with information about advanced approaches institutions' regulatory capital.

Current Actions

I. Introduction

In response to the new credit losses standard, key elements of which were outlined above in Section A of "Supplementary Information, I. Background," the agencies reviewed the existing FFIEC reports to determine which reports may be affected by ASU 2016-13. As a result, revisions are proposed to the following FFIEC reports: (1) Call Reports (FFIEC 031, FFIEC 041, and FFIEC 051), (2) FFIEC 002 and FFIEC 002S, (3) FFIEC 030 and FFIEC 030S, and (4) the FFIEC 101.

The agencies also reviewed the existing FFIEC reports to determine which reports may be affected by EGRRCPA. As a result, additional revisions are proposed for the Call Reports (FFIEC 031, FFIEC 041, and FFIEC 051) and the FFIEC 101.

A detailed description of the proposed revisions resulting from both ASU 2016-13 and EGRRCPA follows.

II. Call Report Revisions

A. General Discussion of Proposed Call Report Revisions

1. ASU 2016-13 Proposed Call Report Revisions

In response to the changes in accounting for credit losses under ASU 2016-13, the agencies are proposing revisions to the manner in which data on credit losses is reported in the Call Report. These changes are necessary to align the information reported in the Call Report with the new accounting standard as it relates to the credit losses for loans and leases, including

off-balance sheet credit exposures.¹⁶ The revisions also address the broader scope of financial assets for which an allowance for credit losses must be established and maintained, and the elimination of the existing model for PCI assets, as described in more detail later in this section.

In developing these proposed Call Report revisions, the agencies followed the guiding principles for evaluating potential additions and deletions of Call Report data items and other revisions to the Call Report. In general, data items collected in the Call Report must meet three guiding principles: (1) The data items serve a long-term regulatory or public policy purpose by assisting the FFIEC member entities in fulfilling their shared missions of ensuring the safety and soundness of financial institutions and the financial system and the protection of consumer financial rights, as well as agency-specific missions affecting national and state-chartered institutions; (2) the data items to be collected maximize practical utility and minimize, to the extent practicable and appropriate, burden on financial institutions; and (3) equivalent data items are not readily available through other means. The agencies also applied these principles in developing the proposed revisions to the other FFIEC reports within the scope of this notice. In following these principles, the agencies sought to limit the number of data items being added to the Call Report and the other reports within the scope of this notice to address the changes in accounting for credit losses. The majority of the proposed changes address the broader scope of assets subject to an allowance for credit losses assessment under ASU 2016-13. Throughout the Call Report, the agencies generally propose to request credit loss information on loans and leases, HTM debt securities, and AFS debt securities given the materiality of these asset types to institutions' overall balance sheets as well as the potential materiality of the allowances for credit losses on these assets.

¹⁶ See 12 USC 1831n(a).

The existing Call Report schedules impacted by ASU 2016-13 and included in the development of this proposal are:

- Schedule RI – Income Statement
- Schedule RI-B – Charge-offs and Recoveries on Loans and Leases and Changes in Allowance for Loan and Lease Losses
- Schedule RI-C – Disaggregated Data on the Allowance for Loan and Lease Losses [FFIEC 031 and FFIEC 041 only]
- Schedule RI-D – Income from Foreign Offices [FFIEC 031 only]
- Schedule RI-E – Explanations
- Schedule RC – Balance Sheet
- Schedule RC-B – Securities
- Schedule RC-C – Loans and Lease Financing Receivables
- Schedule RC-F – Other Assets
- Schedule RC-G – Other Liabilities
- Schedule RC-H – Selected Balance Sheet Items for Domestic Offices [FFIEC 031 only]
- Schedule RC-K – Quarterly Averages
- Schedule RC-N – Past Due and Nonaccrual Loans, Leases, and Other Assets
- Schedule RC-R – Regulatory Capital
- Schedule RC-V – Variable Interest Entities [FFIEC 031 and FFIEC 041 only]
- Schedule SU – Supplemental Information [FFIEC 051 only]

As noted previously, ASU 2016-13 broadens the scope of financial assets for which allowances for credit losses must be estimated. CECL is applicable to all financial instruments measured at amortized cost (including loans held for investment and HTM debt securities, as

well as trade and reinsurance receivables and receivables that relate to repurchase agreements and securities lending agreements), net investments in leases, and off-balance-sheet credit exposures not accounted for as insurance, including loan commitments, standby letters of credit, and financial guarantees. In addition, under ASU 2016-13, institutions will record credit losses on AFS debt securities through an allowance for credit losses rather than as a write-down through earnings for other-than-temporary impairment (OTTI). The broader scope of financial assets for which allowances must be estimated under ASU 2016-13 results in the proposed reporting of additional allowances, and related charge-off and recovery data, in the Call Report and proposed changes to the terminology used to describe allowances for credit losses within the Call Report. To address the broader scope of assets that will have allowances under ASU 2016-13, the agencies propose to change the allowance nomenclature to consistently use “allowance for credit losses” followed by the specific asset type as relevant, e.g., “allowance for credit losses on loans and leases” and “allowance for credit losses on HTM debt securities.”

By broadening the scope of financial assets for which the need for allowances for credit losses must be assessed to include HTM and AFS debt securities, the new standard eliminates the existing OTTI model for such securities. Subsequent to an institution’s adoption of ASU 2016-13, the concept of OTTI will no longer be relevant and information on OTTI will no longer be captured in the Call Report.

The new standard also eliminates the separate impairment model for PCI loans and debt securities. Under CECL, credit losses on PCD financial assets measured at amortized cost are subject to the same credit loss measurement standard as all other financial assets measured at amortized cost. Subsequent to an institution’s adoption of ASU 2016-13, information on PCI loans will no longer be captured in the Call Report.

While the standard generally does not change the scope of off-balance sheet credit exposures subject to an allowance for credit loss assessment, the standard does change the period over which an institution should estimate expected credit losses. For off-balance-sheet credit exposures, an institution will estimate expected credit losses over the contractual period in which it is exposed to credit risk via a present contractual obligation to extend credit. For the period of exposure, the estimate of expected credit losses should consider both the likelihood that funding will occur and the amount expected to be funded over the estimated remaining life of the commitment or other off-balance-sheet exposure. In contrast to existing practices, the FASB decided that no credit losses should be recognized on off-balance-sheet credit exposures that are unconditionally cancellable by the issuer. The exclusion of unconditionally cancellable off-balance sheet exposures from the allowance for credit losses assessment requires clarification in the Call Report instructions.

The agencies also note that, because of the different effective dates for ASU 2016-13 for PBEs that are SEC filers, other PBEs (non-SEC filers), and all other entities, as well as the option for early adoption and the varying fiscal years across the population of institutions that file Call Reports, the period over which institutions may be implementing this ASU ranges from the first quarter of 2019 through the fourth quarter of 2022. December 31, 2022, will be the first quarter-end Call Report date as of which all institutions would be required to prepare their Call Reports in accordance with ASU 2016-13.¹⁷ As a result, the agencies are proposing revisions to the reporting of information on credit losses in response to the ASU that would be introduced in

¹⁷ If the FASB issues a final Accounting Standards Update amending the transition and effective date provisions in ASU 2016-13 as described in footnote 6, December 31, 2022, would continue to be the first quarter-end Call Report date as of which all institutions would be required to prepare their Call Reports in accordance with ASU 2016-13.

the Call Report effective March 31, 2019, but would not be fully phased in until the Call Report for December 31, 2022.¹⁸

As of the new accounting standard's effective date for an individual institution, the institution will apply the standard based on the characteristics of financial assets as follows:

- **Financial assets measured at amortized cost** (that are not PCD assets) and net investments in leases: A cumulative-effect adjustment for the changes in the allowances for credit losses on these assets will be recognized in retained earnings, net of applicable taxes, as of the beginning of the fiscal year in which the new standard is adopted. The cumulative-effect adjustment to retained earnings should be reported in Call Report Schedule RI-A, item 2, "Cumulative effect of changes in accounting principles and corrections of material accounting errors," and explained in Schedule RI-E, item 4.a, for which a preprinted caption, "Adoption of Current Expected Credit Losses Methodology – ASC Topic 326," will be provided in the text field for this item.
- **Purchased credit-deteriorated financial assets:** Financial assets classified as PCI assets prior to the effective date of the new standard will be classified as PCD assets as of the effective date. For all financial assets designated as PCD assets as of the effective date, an institution will be required to gross up the balance sheet amount of the financial asset by the amount of its allowance for expected credit losses as of the effective date, resulting in an adjustment to the amortized cost basis of the asset to reflect the addition of the allowance for credit losses as of that date. For loans held for investment and held-to-maturity debt securities, this allowance gross-up as of the effective date of ASU 2016-13

¹⁸ See CECL FAQs, question 36, for examples of how and when institutions with non-calendar fiscal years must incorporate the new credit losses standard into their regulatory reports.

should be reported in the appropriate columns of Schedule RI-B, Part II, item 6, “Adjustments,” and should be included in the amount reported in Schedule RI-E, item 6.b, for which a preprinted caption, “Effect of adoption of current expected credit losses methodology on allowances for credit losses on loans and leases held for investment and held-to-maturity debt securities,” will be provided in the text field for this item. Subsequent changes in the allowances for credit losses on PCD financial assets will be recognized by charges or credits to earnings through provisions for credit losses. The institution will accrete the noncredit discount or premium to interest income based on the effective interest rate on the PCD financial assets determined after the gross-up for the CECL allowance as of the effective date, except for PCD financial assets in nonaccrual status.

- **AFS and HTM debt securities:** A debt security on which OTTI had been recognized prior to the effective date of the new standard will transition to the new guidance prospectively (i.e., with no change in the amortized cost basis of the security). The effective interest rate on such a debt security before the adoption date will be retained and locked in. Amounts previously recognized in accumulated other comprehensive income related to cash flow improvements will continue to be accreted to interest income over the remaining life of the debt security on a level-yield basis. Recoveries of amounts previously written off relating to improvements in cash flows after the date of adoption will be recognized in income in the period received.

2. EGRRCPA Proposed Call Report Revisions

This proposal addresses the changes to the reporting of reciprocal deposits and HVCRE exposures in the Call Report resulting from EGRRCPA. The guiding principles, noted above, were applied in determining these proposed changes to the Call Report.

The existing Call Report schedules impacted by EGRRCPA and for which revisions are included in this proposal are:

- Schedule RC-E – Deposit Liabilities
- Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments
- Schedule RC-R – Regulatory Capital: Part II. Risk-Weighted Assets

B. Detail of Specific Proposed Call Report Revisions

The proposed Call Report revisions are consistent across the FFIEC 031, FFIEC 041, and FFIEC 051 reporting forms to the extent that the same schedule and data items within these schedules currently exist within each reporting form. Throughout this detailed discussion of specific proposed Call Report revisions, for each schedule discussed, the agencies have included the affected form numbers next to the schedule name. Unless otherwise stated, all changes relating to a particular schedule apply to all forms listed.

1. ASU 2016-13 Proposed Call Report Revisions

Due to the staggered effective dates, ASU 2016-13 will not be implemented by all institutions until December 2022. It is expected that the majority of institutions will implement the standard in the first or fourth quarter of 2021. As such, the proposed revisions to schedule titles or specific data item captions resulting from the change in nomenclature upon the adoption of CECL generally would not be reflected in the reporting forms until March 31, 2021, as

outlined in the following schedule-by-schedule descriptions of the proposed changes to the affected Call Report schedules. Effective for the March 31, 2021, report date, unless otherwise indicated, the schedule titles or specific data item captions referencing the “provision for loan and lease losses” and the “allowance for loan and lease losses” would be changed to the “provision for credit losses” and the “allowance for credit losses on loans and leases,” respectively.

From March 31, 2019, through December 31, 2020, the reporting form and instructions for each schedule title or data item impacted by the change in nomenclature would include guidance stating how institutions that have adopted ASU 2016-13 would report the data items related to the “provision for credit losses” and “allowance for credit losses,” as applicable. For the transition period from March 31, 2021, through December 31, 2022, the reporting form and instructions for each impacted schedule title or data item would be updated to include guidance stating how institutions that have not adopted ASU 2016-13 would report the “provision for loan and lease losses” or the “allowance for loan and lease losses,” as applicable.

Schedule RI (FFIEC 031, FFIEC 041, and FFIEC 051)

To address the broader scope of financial assets for which provisions will be calculated under ASU 2016-13, the agencies propose to revise Schedule RI, item 4, from “Provision for loan and lease losses” to “Provisions for credit losses on financial assets,” effective March 31, 2021. To address the elimination of the concept of OTTI by ASU 2016-13, effective December 31, 2022, the agencies propose to remove Schedule RI, Memorandum item 14, “Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings.” Under the new standard, institutions will recognize credit losses on HTM and AFS debt securities through an allowance for credit losses, and the agencies

propose to collect information on the allowance for credit losses on these two categories of debt securities in Schedule RI-B as described below. From March 31, 2019, through September 30, 2022, the reporting form and instructions for Memorandum item 14 will include guidance stating that Memorandum item 14 is to be completed only by institutions that have not adopted ASU 2016-13.

Schedule RI-B (FFIEC 031, FFIEC 041, and FFIEC 051)

To address the broader scope of financial assets for which allowances will be calculated under ASU 2016-13 and for which charge-offs and recoveries will be applicable, the agencies propose to change the title of Schedule RI-B effective March 31, 2019, from “Charge-offs and Recoveries on Loans and Leases and Changes in Allowance for Loan and Lease Losses” to “Charge-offs and Recoveries on Loans and Leases and Changes in Allowances for Credit Losses.”

In addition, for the FFIEC 031 and FFIEC 041 only, effective March 31, 2021, to address the change in allowance nomenclature arising from the broader scope of allowances under ASU 2016-13, the agencies propose to revise Schedule RI-B, Part I, Memorandum item 4, from “Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses)” to “Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for credit losses on loans and leases).”

To further address the broader scope of financial assets for which allowances will be calculated under ASU 2016-13, the agencies propose to revise Schedule RI-B, Part II, to also include changes in the allowances for credit losses on HTM and AFS debt securities. Effective March 31, 2019, the agencies propose to change the title of Schedule RI-B, Part II, from

“Changes in Allowance for Loan and Lease Losses” to “Changes in Allowances for Credit Losses.”

In addition, effective March 31, 2019, Schedule RI-B, Part II, would be expanded from one column to a table with three columns titled:

- Column A: Loans and leases held for investment
- Column B: Held-to-maturity debt securities
- Column C: Available-for-sale debt securities

From March 31, 2019, through September 30, 2022, the reporting form and instructions for Schedule RI-B, Part II, would include guidance stating that Columns B and C are to be completed only by institutions that have adopted ASU 2016-13.

In addition, effective March 31, 2019, Schedule RI-B, Part II, item 4, will be revised from “Less: Write-downs arising from transfers of loans to a held-for-sale account” to “Less: Write-downs arising from transfers of financial assets” to capture changes in allowances from transfers of loans from held-to-investment to held-for-sale and from transfers of securities between categories, e.g., from the AFS to the HTM category. Further, effective March 31, 2019, Schedule RI-B, Part II, item 5, will be revised from “Provision for loan and lease losses” to “Provisions for credit losses” to capture the broader scope of financial assets included in the schedule.

Effective March 31, 2019, or the first quarter in which an institution reports its adoption of ASU 2016-13, whichever is later, Schedule RI-B, Part II, item 6, “Adjustments,” would be used to capture the initial impact of applying ASU 2016-13 as of the effective date in the period of adoption, including the initial allowance gross-up for PCD assets as of the effective date. Item 6 also would be used to report the allowance gross-up upon the acquisition of PCD assets

on or after the effective date. These adjustments would be explained in items for which preprinted captions would be provided in place of the existing text fields in Schedule RI-E, items 6.a and 6.b, respectively, as proposed below.

In the memorandum section of Schedule RI-B, Part II, on the FFIEC 031 and the FFIEC 041, to address the change in allowance nomenclature arising from the broader scope of allowances under ASU 2016-13, the agencies propose to revise the caption for Memorandum item 3, effective March 31, 2021, from “Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges” to “Amount of allowance for credit losses on loans and leases attributable to retail credit card fees and finance charges.” Also in the memorandum section of Schedule RI-B, Part II, on the FFIEC 031 and the FFIEC 041, effective December 31, 2022, the agencies propose to remove existing Memorandum item 4, “Amount of allowance for post-acquisition credit losses on purchased credit impaired loans accounted for in accordance with FASB ASC 310-30,” as ASU 2016-13 eliminates the concept of PCI loans and the separate credit impairment model for such loans. From March 31, 2019, through September 30, 2022, the reporting form and instructions for Schedule RI-B, Part II, Memorandum item 4, would specify that this item should be completed only by institutions that have not yet adopted ASU 2016-13.

Given that the scope of ASU 2016-13 is broader than the three financial asset types proposed to be included in the table in Schedule RI-B, Part II, effective March 31, 2019, the agencies propose to also add new Memorandum item 5, “Provisions for credit losses on other financial assets measured at amortized cost,” and Memorandum item 6, “Allowance for credit losses on other financial assets measured at amortized cost,” to Schedule RI-B, Part II, at the same time. For purposes of Memorandum items 5 and 6, other financial assets would include all

financial assets measured at amortized cost other than loans and leases held for investment and held-to-maturity debt securities. From March 31, 2019, through September 30, 2022, the reporting form and instructions for Schedule RI-B, Part II, would include guidance stating that Memorandum items 5 and 6 are to be completed only by institutions that have adopted ASU 2016-13.

Schedule RI-C (FFIEC 031 and FFIEC 041)

Schedule RI-C currently requests allowance information for specified categories of loans held for investment that is disaggregated on the basis of three separate credit impairment models, and the amounts of the related recorded investment, from institutions with \$1 billion or more in total assets. ASU 2016-13 eliminates these separate credit impairment models and replaces them with CECL for all financial assets measured at amortized cost. As a result of this change, effective March 31, 2021, the agencies propose to change the title of Schedule RI-C from “Disaggregated Data on the Allowance for Loan and Lease Losses” to “Disaggregated Data on Allowances for Credit Losses.”

To capture disaggregated data on allowances for credit losses from institutions that have adopted ASU 2016-13, the agencies propose to create Schedule RI-C, Part II, “Disaggregated Data on Allowances for Credit Losses,” effective March 31, 2019. The existing table in Schedule RI-C, which includes items 1 through 6 and columns A through F, would be renamed “Part I. Disaggregated Data on the Allowance for Loan and Lease Losses.” From March 31, 2019, through September 30, 2022, the reporting form and instructions for Schedule RI-C, Part I, would include guidance stating that only those institutions that have not adopted ASU 2016-13 should complete Schedule RI-C, Part I.

The proposed Part II of this schedule would contain the same six loan portfolio categories and the unallocated category for which data are currently collected in existing Schedule RI-C along with the following portfolio categories for which allowance information would begin to be reported for HTM debt securities:

1. Securities issued by states and political subdivisions in the U.S.
2. Mortgage-backed securities (MBS) (including CMOs, REMICs, and stripped MBS)
 - a. Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored agencies
 - b. Other mortgage-backed securities
3. Asset-backed securities and structured financial products
4. Other debt securities
5. Total

For each category of loans in Part II of Schedule RI-C, institutions would report the amortized cost and the related allowance balance in Columns A and B, respectively. The amortized cost amounts to be reported would exclude any accrued interest receivable that is reported in “Other assets” on the balance sheet. For each category of HTM debt securities in Part II of Schedule RI-C, institutions would report only the related allowance balance. The amortized cost and allowance information on loans and the allowance information on HTM debt securities would be reported quarterly only by institutions with \$1 billion or more in total assets, as is currently done with existing Part I of Schedule RI-C.

The agencies will use the securities-related information gathered in proposed Part II of the schedule to monitor the allowance levels and changes in these levels for the categories of HTM debt securities specified above, which would serve as a starting point for assessing the

appropriateness of these levels. Further, with the proposed removal of the Call Report item for OTTI losses recognized in earnings (Schedule RI, Memorandum item 14), proposed Schedule RI-C, Part II, will become another source of information regarding credit losses on HTM debt securities, in addition to data proposed to be reported in Schedule RI-B, Part II. From March 31, 2019, through September 30, 2022, the reporting form and instructions for Schedule RI-C, Part II, would include guidance stating that only those institutions with \$1 billion or more in total assets that have adopted ASU 2016-13 should complete Schedule RI-C, Part II.

In addition, effective December 31, 2022, the agencies propose to remove the existing Schedule RI-C, Part I. Schedule RI-C, Part II, would then be the only table remaining within this schedule and the “Part II” designation would be removed.

Schedule RI-D (FFIEC 031)

To address the broader scope of financial assets for which provisions will be calculated under ASU 2016-13, effective March 31, 2021, the agencies propose to revise Schedule RI-D, item 3, from “Provision for loan and lease losses in foreign offices” to “Provisions for credit losses in foreign offices.”

Schedule RI-E (FFIEC 031, FFIEC 041, and FFIEC 051)

Institutions use item 4 of Schedule RI-E to itemize and describe amounts included in Schedule RI-A, item 2, “Cumulative effect of changes in accounting principles and corrections of material accounting errors.” Effective March 31, 2019, the agencies propose to replace the existing text field for Schedule RI-E, item 4.a, with a preprinted caption that would be titled “Adoption of Current Expected Credit Losses Methodology – ASC Topic 326.” Institutions will use this item to report the cumulative-effect adjustment (net of applicable income taxes) recognized in retained earnings for the changes in the allowances for credit losses on financial

assets and off-balance sheet credit exposures as of the beginning of the fiscal year in which the institution adopts ASU 2016-13. Providing a preprinted caption for this data item, rather than allowing each institution to enter its own description for this cumulative-effect adjustment in the text field for item 4.a, will enhance the agencies' ability to compare the impact of the adoption of ASU 2016-13 across institutions. From March 31, 2019, through December 31, 2022, the reporting form and instructions for Schedule RI-E, item 4.a, would specify that this item is to be completed only in the quarter-end Call Reports for the remainder of the calendar year in which an institution adopts ASU 2016-13. The agencies anticipate that the preprinted caption for Schedule RI-E, item 4.a, would be removed after all institutions have adopted ASU 2016-13.

For Schedule RI-E, item 6, to address the broader scope of financial assets for which allowances will be maintained under ASU 2016-13, effective March 31, 2019, the agencies propose to revise this item from "Adjustments to allowance for loan and lease losses" to "Adjustments to allowances for credit losses." In addition, effective March 31, 2019, the agencies propose to replace the existing text field for Schedule RI-E, item 6.a, with a preprinted caption that would be titled "Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13." Also, effective March 31, 2019, the agencies propose to replace the existing text field for Schedule RI-E, item 6.b, with a preprinted caption that would be titled "Effect of adoption of current expected credit losses methodology on allowances for credit losses on loans and leases held for investment and held-to-maturity debt securities." Item 6.b would be used to capture the change in the amount of allowances from initially applying ASU 2016-13 to these two categories of assets as of the effective date of the accounting standard in the period of adoption, including the initial allowance gross-up for any PCD assets held as of the effective date. From March 31,

2019, through September 30, 2022, the reporting form and instructions for Schedule RI-E, items 6.a and 6.b, would specify that these items are to be completed only by institutions that have adopted ASU 2016-13. The instructions for item 6.b would further state that this item is to be completed only in the quarter-end Call Reports for the remainder of the calendar year in which an institution adopts ASU 2016-13. The agencies anticipate that the preprinted caption for Schedule RI-E, item 6.b, would be removed after all institutions have adopted ASU 2016-13.

Schedule RC (FFIEC 031, FFIEC 041, and FFIEC 051)

To address the broader scope of financial assets for which allowances will be estimated under ASU 2016-13, the agencies propose revisions to the reporting form and instructions to specify which asset categories should be reported net of an allowance for credit losses on the Call Report balance sheet and which asset categories should be reported gross of such an allowance. The agencies determined that the only financial asset category for which separate (i.e., gross) reporting of the amortized cost¹⁹ and the allowance is needed on Schedule RC continues to be item 4.b, “Loans and leases held for investment,” because of the large size and overall importance of this asset category and its related allowances in comparison to the total assets reported on the balance sheet by most institutions. For other financial assets within the scope of CECL, the agencies propose that institutions report these assets at amortized cost²⁰ net of the related allowance for credit losses on Schedule RC.

Effective March 31, 2021, the agencies propose to revise Schedule RC, item 2.a, from “Held-to-maturity securities” to “Held-to-maturity securities, net of allowance for credit losses.” From March 31, 2019, through December 31, 2020, the agencies propose to add a footnote to

¹⁹ Amortized cost amounts to be reported by asset category would exclude any accrued interest receivable on assets in that category that is reported in “Other assets” on the Call Report balance sheet.

²⁰ See footnote 19.

Schedule RC, item 2.a, specifying that institutions should “report this amount net of any applicable allowance for credit losses.” Additionally, for Schedule RC, item 3.b, “Securities purchased under agreements to resell,” and Schedule RC, item 11, “Other assets,” effective March 31, 2019, the agencies propose to add a footnote to these items specifying that institutions should “report this amount net of any applicable allowance for credit losses.” From March 31, 2019, through September 30, 2022, the reporting form and instructions for Schedule RC, items 2.a, 3.b, and 11, would specify that reporting such items net of any related allowances for credit losses is applicable only to those institutions that have adopted ASU 2016-13. Given that AFS debt securities are reported on Schedule RC at fair value, the agencies are not proposing any changes to Schedule RC, item 2.b, “Available-for-sale securities,” and instead propose reporting allowances for credit losses on AFS debt securities only in Schedule RI-B, Part II.

In addition, to address the change in allowance nomenclature under ASU 2016-13, the agencies propose to revise Schedule RC, item 4.c, from “LESS: Allowance for loan and lease losses” to “LESS: Allowance for credit losses on loans and leases” effective March 31, 2021.

Schedule RC-B (FFIEC 031, FFIEC 041, and FFIEC 051)

Effective March 31, 2019, the agencies propose to revise the instructions to Schedule RC-B to clarify that for institutions that have adopted ASU 2016-13, allowances for credit losses should not be deducted from the amortized cost amounts reported in columns A and C of this schedule.²¹ In other words, institutions should continue reporting the amortized cost of HTM and AFS debt securities in these two columns of Schedule RC-B gross of their related allowances for credit losses.

²¹ Amortized cost amounts to be reported by securities category in Schedule RC-B would exclude any accrued interest receivable on the securities in that category that is reported in “Other assets” on the Call Report balance sheet.

Schedule RC-C (FFIEC 031, FFIEC 041, and FFIEC 051)

Effective March 31, 2021, to address the change in allowance nomenclature, the agencies propose to revise the reporting form and instructions for Schedule RC-C by replacing references to the allowance for loan and lease losses in statements indicating that the allowance should not be deducted from the loans and leases reported in this schedule with references to the allowance for credit losses. Thus, loans and leases will continue to be reported gross of any related allowances or allocated transfer risk reserve in Schedule RC-C, Part I.

In addition, to address the elimination of PCI assets by ASU 2016-13, the agencies propose to remove Schedule RC-C, Part I, Memorandum items 7.a and 7.b, in which institutions report the outstanding balance and balance sheet amount, respectively, of PCI loans held for investment effective December 31, 2022. The agencies determined that these items were not needed after the transition to PCD loans under ASU 2016-13 because the ASU eliminates the separate credit impairment model for PCI loans and applies CECL to all loans held for investment measured at amortized cost. From March 31, 2019, through September 30, 2022, the reporting form and instructions for Schedule RC-C, Part I, Memorandum items 7.a and 7.b, would specify that these items should be completed only by institutions that have not yet adopted ASU 2016-13.

Additionally, since ASU 2016-13 supersedes ASC 310-30, the agencies propose to revise Schedule RC-C, Part I, Memorandum item 12, “Loans (not subject to the requirements of FASB ASC 310-30 (former AICPA Statement of Position 03-3)) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year,” effective December 31, 2022. As revised, the loans held for investment to be reported in

Memorandum item 12 would be those not considered purchased credit deteriorated per ASC 326. From March 31, 2019, through September 30, 2022, the agencies propose to revise the reporting form and instructions for Schedule RC-C, Part I, by adding a statement explaining that, subsequent to adoption of ASU 2016-13, an institution should report only loans held for investment not considered purchased credit deteriorated per ASC 326 in Schedule RC-C, Part I, Memorandum item 12.

Schedule RC-F (FFIEC 031, FFIEC 041, and FFIEC 051)

To address the broader scope of financial assets for which allowances will be applicable under ASU 2016-13, the agencies propose to specify that assets within the scope of the ASU that are included in Schedule RC-F should be reported net of any applicable allowances for credit losses. Effective March 31, 2019, the agencies propose to revise the reporting form and the instructions for Schedule RC-F by adding a statement explaining that, subsequent to adoption of ASU 2016-13, an institution should report asset amounts in Schedule RC-F net of any applicable allowances for credit losses.

In addition, effective March 31, 2019, the agencies propose to add a footnote to item 1, “Accrued interest receivable,” on the reporting form and a statement to the instructions for item 1 that specify that institutions should exclude from this item any accrued interest receivable that is reported elsewhere on the balance sheet as part of the related financial asset’s amortized cost.

Schedule RC-G (FFIEC 031, FFIEC 041, and FFIEC 051)

To address ASU 2016-13’s exclusion of off-balance sheet credit exposures that are unconditionally cancellable from the scope of off-balance sheet credit exposures for which allowances for credit losses should be measured, the agencies propose to revise the reporting form and instructions for Schedule RC-G, item 3, “Allowance for credit losses on

off-balance-sheet credit exposures,” effective March 31, 2019. As revised, the reporting form and instructions would state that institutions that have adopted ASU 2016-13 should report in item 3 the allowance for credit losses on those off-balance-sheet credit exposures that are not unconditionally cancellable.

Schedule RC-H (FFIEC 031)

Effective March 31, 2019, the agencies propose to revise the instructions to Schedule RC-H to clarify that institutions that have adopted ASU 2016-13 should report Schedule RC-H, item 3, “Securities purchased under agreements to resell,” at amortized cost net of any related allowance for credit losses, which would be consistent with the proposed reporting of this asset category in Schedule RC – Balance Sheet. Also effective March 31, 2019, the agencies propose to revise the instructions to items 10 through 17 of Schedule RC-H to clarify that, for institutions that have adopted ASU 2016-13, allowances for credit losses should not be deducted from the amortized cost amounts reported for HTM debt securities in column A.²² This proposed reporting treatment for HTM debt securities is consistent with proposed reporting of the cost amounts of such securities in Schedule RC-B, column A.

Schedule RC-K (FFIEC 031, FFIEC 041, FFIEC 051)

Effective March 31, 2019, the agencies propose to revise the instructions to Schedule RC-K to clarify that, for institutions that have adopted ASU 2016-13, allowances for credit losses should not be deducted from the related amortized cost amounts when calculating the quarterly averages for all debt securities.

²² Amortized cost amounts to be reported by securities category in Schedule RC-H would exclude any accrued interest receivable on the securities in that category that is reported in “Other assets” on the Call Report balance sheet.

Schedule RC-N (FFIEC 031, FFIEC 041, and FFIEC 051)

To address the elimination of PCI assets by ASU 2016-13, the agencies propose to remove Schedule RC-N, Memorandum items 9.a and 9.b, in which institutions report the outstanding balance and balance sheet amount, respectively, of past due and nonaccrual PCI loans effective December 31, 2022. The agencies determined that these items were not needed for PCD loans under ASU 2016-13 given that the ASU eliminates the separate credit impairment model for PCI loans and applies CECL to PCD loans and all other loans held for investment measured at amortized cost. From March 31, 2019, through September 30, 2022, the reporting form and the instructions for Schedule RC-N, Memorandum items 9.a and 9.b, would specify that these items should be completed only by institutions that have not yet adopted ASU 2016-13.

Schedule RC-R (FFIEC 031, FFIEC 041, and FFIEC 051)

In connection with the agencies' recently issued proposed rule on the implementation of CECL and the related transition for regulatory capital (CECL NPR),²³ the agencies are proposing a number of revisions to Schedule RC-R to incorporate new terminology and the proposed optional regulatory capital transition. The proposed reporting changes to Schedule RC-R are tied to the revisions proposed in the CECL NPR. To the extent the agencies revise proposed elements of the CECL NPR when issuing a final rule, the agencies would make any necessary corresponding adjustments to the proposed Schedule RC-R reporting revisions discussed in this notice and describe these adjustments in their required second Federal Register notice for this proposal to revise the Call Report and other FFIEC reports prior to submitting the revised reports for OMB review. Unless otherwise indicated, the proposed revisions to Schedule RC-R

²³ 83 FR 22312 (May 14, 2018)

discussed below would take effect March 31, 2019 (or the first quarter-end report date thereafter following the effective date on any final rule) and would apply to those institutions that have adopted CECL.

The CECL NPR would introduce a newly defined regulatory capital term, allowance for credit losses (ACL), which would replace the term ALLL, as defined under the existing capital rules, for institutions that have adopted CECL. The CECL NPR also proposes that credit loss allowances for PCD assets held by these institutions would be netted when determining the carrying value, as defined in the CECL NPR, and, therefore, only the resulting net amount would be subject to risk-weighting. In addition, under the CECL NPR, the agencies are proposing to provide each institution the option to phase in over the three-year period beginning with the institution's CECL effective date the day-one regulatory capital effects that may result from the adoption of ASU 2016-13.²⁴

Allowances for Credit Losses Definition and Treatment of Purchased Credit Deteriorated Assets

In general, under the CECL NPR, institutions that have adopted CECL would report ACL amounts in Schedule RC-R items instead of ALLL amounts that are currently reported. Effective December 31, 2022, the agencies are proposing to remove references to ALLL and replace them with references to ACL on the reporting form for Schedule RC-R. From March 31, 2019, through September 30, 2022, the agencies are proposing to revise the instructions to Schedule RC-R to direct institutions that have adopted CECL to use ACL amounts instead of ALLL amounts in calculating regulatory capital. The instructional revisions would affect

²⁴ A non-PBE with a calendar year fiscal year that does not early adopt CECL would first report under CECL as of December 31, 2021, even though the non-PBE's CECL effective date is January 1, 2021. Thus, under the CECL NPR, such a non-PBE would use the phase-in percentage applicable to the first year of the three-year transition period only for the December 31, 2021, report date (i.e., one quarter), not the four quarters that begin with the first report under CECL. The non-PBE may use the applicable phase-in percentages for all four quarters of the second and third years after the CECL effective date (i.e., 2022 and 2023). The same principle would apply to the optional phase-in by a non-PBE with a non-calendar fiscal year.

Schedule RC-R, Part I. Regulatory Capital Components and Ratios, item 30 (FFIEC 051) and item 30.a (FFIEC 031 and 041), “Allowance for loan and lease losses includable in tier 2 capital”; and Schedule RC-R, Part II. Risk-Weighted Assets, item 6, “LESS: Allowance for loan and lease losses”; item 26, “Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold”; item 28, Risk-weighted assets before deductions for excess allowance for loan and lease losses and allocated transfer risk reserve”; and item 29, “LESS: Excess allowance for loan and lease losses”.

In addition, under the CECL NPR, assets and off-balance sheet credit exposures for which any related credit loss allowances are eligible for inclusion in regulatory capital would be calculated and reported in Schedule RC-R, Part II. Risk-Weighted Assets, on a gross basis. Therefore, the agencies are proposing to revise the instructions for Schedule RC-R, Part II, Risk-Weighted Assets, item 2.a, “Held-to-maturity securities”; item 3.b, “Securities purchased under agreements to resell”; item 5.a, “Residential mortgage exposures” held for investment; item 5.b, “High volatility commercial real estate exposures” held for investment; item 5.c, Held-for-investment “Exposures past due 90 days or more or on nonaccrual”; item 5.d, “All other exposures” held for investment; item 8, “All other assets,” and item 9.a, “On-balance sheet securitization exposures: Held-to-maturity securities”; to explain that institutions that have adopted CECL should report and risk weight their loans and leases held for investment, HTM securities, and other financial assets measured at amortized cost gross of their credit loss allowances, but net of any associated allowances on PCD assets.²⁵

In addition, effective March 31, 2019, the agencies propose to add a new Memorandum item 4 to Schedule RC-R, Part II, that would collect data by asset category on the “Amount of

²⁵ Amortized cost amounts to be reported by asset category in Schedule RC-R, Part II, would exclude any accrued interest receivable on assets in that category that is reported in “Other assets” on the Call Report balance sheet.

allowances for credit losses on purchased credit-deteriorated assets.” The amount of such allowances for credit losses would be reported separately for “Loans and leases held for investment” in Memorandum item 4.a, “Held-to-maturity debt securities” in Memorandum item 4.b, and, “Other financial assets measured at amortized cost” in Memorandum item 4.c. The instructions for Schedule RC-R, Part II, Memorandum item 4, would specify that these items should be completed only by institutions that have adopted ASU 2016-13.

The agencies also would include footnotes for the affected Schedule RC-R items on the reporting forms to highlight the revised treatment of those items for institutions that have adopted CECL.

CECL Transition Provision

Under the CECL NPR, an institution that experiences a reduction in retained earnings as of the effective date of CECL for the institution as a result of the institution’s adoption of CECL may elect to phase in the regulatory capital impact of adopting CECL (electing institution). As described in the CECL NPR, an electing institution would indicate in its Call Report whether it has elected to use the CECL transition provision beginning in the quarter that it first reports its credit loss allowances as measured under CECL. To identify which institutions are electing institutions, the agencies are proposing to revise Schedule RC-R, Part I. Regulatory Capital Components and Ratios, by adding a new item 2.a in which an institution that has adopted CECL would report whether it has or does not have a CECL transition election in effect as of the quarter-end report date. Each institution would complete item 2.a beginning in the Call Report for its first reporting period under CECL and in each subsequent Call Report thereafter until item 2.a is removed from the report. Until an institution has adopted CECL, it would leave item 2.a blank. Effective March 31, 2025, the agencies propose to remove item 2.a from

Schedule RC-R, Part I, because the optional three-year phase-in period will have ended for all electing institutions by the end of the prior calendar year. If an individual electing institution's three-year phase-in period ends before item 2.a is removed (e.g., its phase-in period ends December 31, 2022), the institution would change its response to item 2.a and report that it does not have a CECL transition election in effect as of the quarter-end report date.

During the CECL transition period, an electing institution would need to make adjustments to its retained earnings, temporary difference deferred tax assets (DTAs), ACL, and average total consolidated assets for regulatory capital purposes. An advanced approaches electing institution also would need to make an adjustment to its total leverage exposure. These adjustments are described in detail in the CECL NPR.

The agencies are proposing to revise the instructions to Schedule RC-R, Part I. Regulatory Capital Components and Ratios, item 2, "Retained earnings"; items 30 (FFIEC 051) and 30.a (FFIEC 031 and 041), "Allowance for loan and lease losses includable in tier 2 capital"; item 36, "Average total consolidated assets"; and item 45.a (FFIEC 031 and 041), "Total leverage exposure"; and Schedule RC-R, Part II. Risk-Weighted Assets, item 8, "All other assets," consistent with the adjustments to these items for the applicable transitional amounts as described in the CECL NPR for the reporting by electing institutions of the adjusted amounts. The agencies also propose to include footnotes on the reporting forms to highlight the changes to these items for electing institutions.

Schedule RC-V (FFIEC 031 and FFIEC 041)

The agencies propose to clarify in the instructions effective March 31, 2019, that all assets of consolidated variable interest entities should be reported net of applicable allowances for credit losses by institutions that have adopted ASU 2016-13. Net reporting on

Schedule RC-V by such institutions is consistent with the proposed changes to Schedules RC and RC-F. Similarly, effective March 31, 2019, the reporting form for Schedule RC-V will also specify that institutions that have adopted ASU 2016-13 should report assets net of applicable allowances.

Schedule SU (FFIEC 051)

To address the change in allowance nomenclature arising from the broader scope of allowances under ASU 2016-13, the agencies propose to revise Schedule SU, item 8.c, effective March 31, 2021, from “Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges” to “Amount of allowance for credit losses on loans and leases attributable to retail credit card fees and finance charges.”

2. EGRRCPA Proposed Call Report Revisions

As mentioned above in Section B of “Supplementary Information, I. Background,” Sections 202 and 214 of EGRRCPA on reciprocal deposits and HVCRE ADC loans, respectively, were effective upon enactment on May 24, 2018, and affect the reporting of information in the Call Reports effective beginning with the June 30, 2018, report date. To assist institutions in preparing their Call Reports for that report date, the Call Report Supplemental Instructions for June 2018 included information regarding the reporting of HVCRE exposures and reciprocal deposits.

In amending Section 29 of the FDI Act to except a capped amount of reciprocal deposits from treatment as brokered deposits for qualifying institutions, Section 202 defines “reciprocal deposits” to mean “deposits received by an agent institution through a deposit placement network with the same maturity (if any) and in the same aggregate amount as covered deposits placed by the agent institution in other network member banks.” The terms “agent institution,”

“deposit placement network,” “covered deposit,” and “network member bank,” all of which are used in the definition of “reciprocal deposit,” also are defined in Section 202.

In particular, an “agent institution” is an FDIC-insured depository institution that meets at least one of the following criteria:

- The institution is well-capitalized and has a composite condition of “outstanding” or “good” when most recently examined under section 10(d) of the FDI Act (12 U.S.C. 1820(d));
- The institution has obtained a waiver from the FDIC to accept, renew, or roll over brokered deposits pursuant to section 29(c) of the FDI Act (12 U.S.C. 1831f(c)); or
- The institution does not receive reciprocal deposits in an amount that is greater than a “special cap” (discussed below).

Under the “general cap” set forth in Section 202, an agent institution may classify reciprocal deposits up to the lesser of the following amounts as non-brokered reciprocal deposits:

- \$5 billion, or
- An amount equal to 20 percent of the agent institution’s total liabilities.

Any amount of reciprocal deposits in excess of the “general cap” would be treated as, and should be reported in the Call Report as, brokered deposits.

A “special cap” applies if an agent institution is either not “well-rated” or not well capitalized. In this situation, the institution may classify reciprocal deposits as non-brokered in an amount up to the lesser of the “general cap” or the average amount of reciprocal deposits held by the agent institution on the last day of each of the four calendar quarters preceding the calendar quarter in which the agent institution was found to not have a composite condition of “outstanding” or “good” or was determined to be not well capitalized.

Section 51 of the FDI Act, as added by Section 214 of EGRRCPA, governs the risk-based capital requirements for HVCRE ADC Loans and defines this term. Under Section 214, the assignment of a heightened risk weight to HVCRE exposures may be required only if the exposure meets the statutory definition of an HVCRE ADC Loan.

The revisions discussed in this section have already been submitted to OMB under the emergency review process, and OMB has approved these changes. However, the agencies are requesting comment on whether there should be any further changes for these items or revisions to the items or instructions developed by the agencies.

Schedule RC-E (FFIEC 031, FFIEC 041, and FFIEC 051)

To address the change in the treatment of certain reciprocal deposits under Section 202 of EGRRCPA in the Call Report, the agencies, through the issuance of Call Report Supplemental Instructions for June 2018, explained how institutions could report certain data on brokered deposits in accordance with EGRRCPA or based on the reporting instructions in effect prior to passage of EGRRCPA. The agencies explained that institutions that chose to report based on the new law should include in Memorandum items 1.b through 1.d only those reciprocal deposits that are still considered brokered deposits under Section 202. The agencies plan to reissue these Supplemental Instructions for September 2018. Revised instructions for Memorandum item 1.b will be incorporated into the Call Report instruction books at a future date.

In addition, the agencies plan to add a new Memorandum item 1.g to Schedule RC-E in which institutions would report their “Total reciprocal deposits” (as of the report date) in accordance with the definition of this term in Section 202, starting with the September 30, 2018, Call Report. The new Memorandum item 1.g of Schedule RC-E would be used in determining an institution’s “special cap” if the institution were found to not have a composite condition of

“outstanding” or “good” or was determined not to be well capitalized. The measurement of an institution’s “special cap” would be the average of reciprocal deposits held on the last day of each of the four calendar quarters preceding the calendar quarter in which the institution was found to not have a composite condition of “outstanding” or “good” or was determined not to be well capitalized.

From a supervisory perspective, a funding concentration could arise if a significant amount of an institution’s deposits comes from reciprocal deposits obtained through a single deposit placement network, regardless of whether the reciprocal deposits are treated as brokered under Section 202. Examiners review funding concentrations on an institution-by-institution basis. The Memorandum item for “Total reciprocal deposits” would enable the agencies to identify significant changes in the reported amounts of such deposits at institutions for appropriate supervisory follow-up.

Schedule RC-O (FFIEC 031, FFIEC 041, and FFIEC 051)

To address the change in the treatment of certain reciprocal deposits under Section 202 of EGRRCPA, the agencies, through the Supplemental Instructions for June 2018, explained that institutions that chose to report based on the new law should include in items 9, “Reciprocal brokered deposits,” and 9.a, “Fully consolidated reciprocal brokered deposits,” only those reciprocal deposits that are still considered brokered deposits after application of Section 202 of the new law. The agencies plan to reissue these Supplemental Instructions for September 2018. Revised instructions for items 9 and 9.a will be incorporated into the Call Report instruction books at a future date.

Schedule RC-R (FFIEC 031, FFIEC 041, and FFIEC 051)

To address the EGRRCPA change that applies to the reporting of HVCRE exposures for risk-based capital purposes, the agencies revised the instructions to Schedule RC-R, Part II, through the Call Report Supplemental Instructions for June 2018. The revised instructions explain that, pending further action by the agencies, when reporting HVCRE exposures in Schedule RC-R, Part II, institutions may use available information to reasonably estimate and report only “HVCRE ADC Loans” held for sale, held for investment, and held for trading in Schedule RC-R, Part II, items 4.b, 5.b and 7, respectively. The portion of any “HVCRE ADC Loan” that is secured by collateral or has a guarantee that qualifies for a risk weight lower than 150 percent may continue to be assigned a lower risk weight when completing Schedule RC-R, Part II. Pending further agency action, institutions may refine their estimates of “HVCRE ADC Loans” in good faith as they obtain additional information, but they will not be required to amend Call Reports previously filed for report dates on or after June 30, 2018, as these estimates are adjusted. Alternatively, institutions may continue to report and risk weight HVCRE exposures in a manner consistent with the current Call Report instructions for Schedule RC-R, Part II, until the agencies take further action. The agencies will incorporate the instructions for these items, currently in the Supplemental Instructions for June 2018, into the Call Report instruction books at a future date.

III. FFIEC 002/002S Revisions

FFIEC 002 Schedule M — Due from/Due to Related Institutions in the U.S. and in Foreign Countries

At present, a reporting U.S. branch or agency of a foreign bank is not required to, but may choose to, establish a general allowance for loan losses, which it would report in its FFIEC

002 report in Schedule M, Part IV, item 1, “Amount of allowance for loan losses, if any, carried on the books of the reporting branch or agency including its IBF.” In addition, any general allowance for loan losses is reported in Schedule M, Part I, item 2(a), column B, as part of the “Gross due to” the “Head office of parent bank,” as well as in either Schedule RAL, item 2(a), “Net due from related depository institutions,” or item 5(a), Net due to related depository institutions,” as applicable. The institution would report the total amount of the allowance carried on the books of the reporting institution, even if part of that allowance is applicable to other branches.

To address the change in allowance nomenclature arising from the broader scope of allowances under ASU 2016-13, the agencies propose to revise Schedule M, Part IV, item 1, from “Amount of allowance for loan losses” to “Allowance for credit losses on loans and leases,” effective March 31, 2021. For the period from March 31, 2019, through December 31, 2020, the reporting form and instructions for this data item would include guidance stating that institutions that have adopted ASU 2016-13 would report the “allowance for credit losses on loans and leases,” as applicable. For the transition period from March 31, 2021, through December 31, 2022, the reporting form and instructions for this data item would be updated to include guidance stating that institutions that have not adopted ASU 2016-13 would report the amount of the “allowance for loan losses,” as applicable. In addition, for these same time periods, the agencies propose to revise the instructions for Schedule M, Part I, item 2(a), column B, as well as Schedule RAL, items 2(a) and 5(a), to incorporate language clarifying that institutions should include any allowance for loan losses or any allowances for credit losses in these items, as applicable. If an institution chooses to establish them, the allowances for credit losses reportable in item 2(a) or 5(a), as applicable, could apply to loans, leases, other financial

assets measured at amortized cost, and off-balance sheet credit exposures (but not available-for-sale securities, which are reported at fair value on Schedule RAL).

Finally, effective March 31, 2019, the agencies propose to add a statement to the instructions for Schedule RAL, item 1(h), “Other assets (including other claims on nonrelated parties,” that specifies that institutions that have adopted ASU 2016-13 should exclude from this item any accrued interest receivable that is reported elsewhere on the balance sheet as part of the related financial asset’s amortized cost.

FFIEC 002S

The General Instructions for the FFIEC 002S state that due from/due to relationships with related institutions (both depository and nondepository) are to be reported on a gross basis and that such relationships include all claims between the foreign branch and any related institutions (whether depository or nondepository) arising in connection with any accounting or regulatory allocations entered on the books of the reporting foreign branch that ultimately affect unremitted profits. As an example of such allocations, the General Instructions cite the “allowance for possible loan losses.” In addition, the instructions for item 2(c), “Loans,” states that loans (and leases) should be reported before deduction of any allowance for loan losses. To address the change in allowance nomenclature arising from the broader scope of allowances under ASU 2016-13, the agencies propose to revise the FFIEC 002S General Instructions and item 2(c) instructions to change the “allowance for loan losses” terminology to “allowances for credit losses” and “allowances for credit losses on loans and leases,” respectively, effective March 31, 2021. Allowances for credit losses could apply to loans, leases, other financial assets measured at amortized cost, and off-balance sheet credit exposures (but not available-for-sale securities). For the period from March 31, 2019, through December 31, 2020, the General Instructions for

reporting due from/due to relationships would include guidance stating that institutions that have adopted ASU 2016-13 should interpret the “allowance for loan losses” as “allowances for credit losses,” as applicable. For the transition period from March 31, 2021, through December 31, 2022, these General Instructions would include guidance stating that institutions that have not adopted ASU 2016-13 should interpret “allowances for credit losses” as the “allowance for loan losses,” as applicable. Comparable changes would be made to the instructions for item 2(c) for these periods.

V. FFIEC 030/030S Revisions

FFIEC 030 Assets

All asset categories on the FFIEC 030 report are reported gross of any related allowances. Allowances for credit losses, including loan and lease losses, are reported in line item 16, “Gross due to head office, U.S. branches, and other foreign branches of this bank.” Currently, however, the instructions for line item 8, “Gross due from head office, U.S. branches, and other foreign branches of this bank,” also state that institutions should report any allowance for loan and lease losses and other valuation allowances in this line item. Effective March 31, 2019, the agencies propose to remove this language from the line item 8 instructions since the allowance for loan and lease losses and other valuation allowances are reported in line item 16. Additionally, the agencies propose to add a statement to the instructions for balance sheet item 10, “Other assets,” that specifies that institutions that have adopted ASU 2016-13 should exclude from this item any accrued interest receivable that is reported elsewhere on the balance sheet as part of the related financial asset’s amortized cost.

FFIEC 030 Liabilities

The gross due to amounts reported in Liabilities item 16, “Gross due to head office, U.S. branches, and other foreign branches of this bank,” include any allowance for loan and lease losses on the books of the reporting branch. To address the change in allowance nomenclature arising from the broader scope of allowances under ASU 2016-13, effective March 31, 2019, the agencies propose to revise the reporting instructions for Liabilities item 16, to change “any allowance for loan and lease losses” to “any allowances for credit losses.” From March 31, 2019, through September 30, 2022, the instructions for item 16 would specify that institutions that have not adopted ASU 2016-13 should continue to include the allowance for loan and lease losses in this item.

FFIEC 030S Financial Data

Branches that file the FFIEC 030S report their “Gross due to related institutions” in item 3. The instructions for item 3 state that this item corresponds to FFIEC 030 Liabilities items 16 and 17.²⁶ Thus, the effect of the proposed revisions to the instructions for FFIEC 030 Liabilities item 16, described above, will carry over to FFIEC 030S item 3.

VI. FFIEC 101 Revisions

The proposed changes in the CECL NPR would revise the capital rules applicable to an advanced approaches institution²⁷ that has completed the parallel run process²⁸ by aligning the definition of eligible credit reserves (ECR) with the definition of ACL. In addition, as described

²⁶ Liabilities item 17 is used to report a branch’s “Gross due to consolidated subsidiaries of this bank.”

²⁷ An institution is an advanced approaches institution if it has consolidated assets of at least \$250 billion or if it has consolidated on-balance sheet foreign exposures of at least \$10 billion, or if it is a subsidiary of a depository institution, bank holding company, savings and loan holding company, or intermediate holding company that is an advanced approaches institution. An institution that elects to use the advanced approaches to calculate its total risk-weighted assets also is an advanced approaches institution. See 12 CFR 3.100 (OCC); 12 CFR 217.100 (Board); 12 CFR 324.100 (FDIC).

²⁸ An advanced approaches institution is considered to have completed the parallel run process once it has completed the advanced approaches qualification process and received notification from its primary federal regulator pursuant to section 121(d) of subpart E of the capital rules. See 12 CFR 3.121(d) (OCC); 12 CFR 217.121(d) (Board); 12 CFR 324.121(d) (FDIC).

in the CECL NPR, an advanced approaches institution may elect to phase in the impact of CECL by adjusting ECR, which could affect the reporting of certain items in the FFIEC 101.

To reflect the proposed changes in the CECL NPR and in the optional CECL transition provision, the agencies are proposing to revise the instructions to FFIEC 101, Schedule A – Advanced Approaches Regulatory Capital, item 50, “Eligible credit reserves includable in tier 2 capital”; item 76, “Total allowance for loan and lease losses (ALLL) under the standardized approach”; and item 77, “Amount of ALLL includable in tier 2 capital under the standardized approach,” effective March 31, 2019, for advanced approaches institutions that have adopted CECL. The proposed revisions to these instructions would incorporate the new definitions in the CECL NPR, as well as the mechanics of the CECL transition provision for electing advanced approaches institutions that have adopted CECL. The agencies also would include footnotes on the forms to highlight these items for these advanced approaches institutions.

In addition, the definition of HVCRE ADC Loan in Section 214 of EGRRCPA that applies to the reporting of such exposures held for sale, held for investment, and held for trading in Schedule RC-R, Part II, of the Call Report also impacts the reporting of information in the FFIEC 101 on HVCRE exposures in Schedule B, item 5, and Schedule G – High Volatility Commercial Real Estate.²⁹ The agencies have received OMB approval to revise the instructions to these schedules to allow institutions to report commercial real estate exposures that meet the statutory definition of “HVCRE ADC Loan” in Section 214 of this new law. Therefore, to address the EGRRCPA change that applies to the reporting of HVCRE exposures in the FFIEC 101, the agencies revised the instructions for the FFIEC 101 to allow an advanced approaches

²⁹ To assist advanced approaches institutions in preparing their FFIEC 101 reports for the June 30, 2018, report date, the FFIEC sent a letter to these institutions providing instructions regarding the reporting of HVCRE exposures in the FFIEC 101 as of that date. Guidance from this letter will be incorporated into the FFIEC 101 Instructions at a future date.

institution to estimate and report HVCRE exposures on Schedules B and G of the FFIEC 101 using the definition under Section 214 of the new law. Pending further agency action, institutions may refine their estimates in good faith as they obtain additional information, but they will not be required to amend FFIEC 101 reports previously filed for report dates on or after June 30, 2018, as these estimates are adjusted. Alternatively, institutions may report HVCRE exposures in a manner consistent with the current definition contained in the agencies' regulatory capital rules until the agencies take further action.

VII. Request for Comment

Public comment is requested on all aspects of this joint notice. Comment is specifically invited on:

- (a) In Call Report Schedule RI, Income Statement, whether institutions should continue reporting the provision for credit losses on off-balance sheet credit exposures in item 7.d, "Other noninterest expense," or whether institutions should report this expense as part of proposed item 4, "Provisions for credit losses on financial assets";
- (b) In Call Report Schedule RI-C, Part II, Disaggregated Data on Allowances for Credit Losses, whether the agencies should retain item 5 for reporting unallocated allowances for loans and leases, as proposed, or whether ASU 2016-13 is viewed as eliminating the potential for unallocated allowances considering the accounting standard requires allowances to be estimated at a pool level when similar risk characteristics exist and at an individual asset level when similar risk characteristics do not exist;
- (c) For proposed Schedule RI-C, Part II, whether the general categories of debt securities for which data are proposed to be collected are at the appropriate level of granularity or whether alternative categories should be used and, if so, what these categories should be;

- (d) Also for proposed Schedule RI-C, Part II, whether the proposed annual reporting frequency for the disaggregation of data on the allowances for credit losses on HTM debt securities and AFS debt securities is appropriate or whether more frequent reporting of these data would be more appropriate and, if so, what the reporting frequency should be;
- (e) Whether, after an institution adopts ASU 2016-13, all accrued interest receivable currently reported in “Other assets” should be reported as part of the balance sheet amount of the related financial asset, consistent with the definition of amortized cost in the ASU;
- (f) Whether the agencies should consider according confidential treatment to Schedule RC-O, items 9 and 9.a, on reciprocal brokered deposits, and Schedule RC-E, Memorandum items 1.b through 1.d, on brokered deposits, because amounts an institution reports in these items in relation to the amount reported in proposed Schedule RC-E, Memorandum item 1.g, “Total reciprocal deposits,” and changes in these reported amounts over time, may enable users of Call Report data to make inferences about the institution’s composite rating under the Uniform Financial Institutions Rating System, which is confidential supervisory information;
- (g) Whether the proposed revisions to the collections of information that are the subject of this notice are necessary for the proper performance of the agencies’ functions, including whether the information has practical utility;
- (h) The accuracy of the agencies’ estimates of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used;
- (i) Ways to enhance the quality, utility, and clarity of the information to be collected;

(j) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

(k) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Comments submitted in response to this joint notice will be shared among the agencies.

All comments will become a matter of public record.

Dated: September 20, 2018.

Theodore J. Dowd,

Deputy Chief Counsel,

Office of the Comptroller of the Currency.

Board of Governors of the Federal Reserve System, September 21, 2018.

Ann Misback,

Secretary of the Board.

Dated at Washington, D.C., on September 20, 2018.

Federal Deposit Insurance Corporation.

Valerie Best,

Assistant Executive Secretary

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