



## 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 the 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 (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051), which are currently approved collections of information. The agencies are requesting comment on a change to the Call Report forms and instructions (FFIEC 031 and FFIEC 041 only) to implement the FDIC's proposed amendments to the deposit insurance assessment system applicable to all large insured depository institutions (IDIs), including highly complex IDIs, to address the temporary deposit insurance assessment effects resulting from certain optional regulatory capital transition provisions relating to the implementation of the current expected credit losses (CECL) methodology. The change to the Call Reports would enable the FDIC to remove the double counting of a specified portion of the CECL transitional amount or the modified CECL transitional amount, as applicable (collectively, the CECL transitional amounts), in certain financial measures that are calculated using the sum of Tier 1 capital and reserves and that are used to determine assessment rates for large and highly complex IDIs.

**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 “Call Report Deposit Insurance Assessment-Related Revisions,” will be shared among the agencies.

OCC: You may submit comments, which should refer to “Call Report Deposit Insurance Assessment-Related Revisions,” by any of the following methods:

- Email: [prainfo@occ.treas.gov](mailto:prainfo@occ.treas.gov).
- Mail: Chief Counsel’s Office, Office of the Comptroller of the Currency, Attention: 1557-0081, 400 7th Street, SW, suite 3E-218, Washington, DC 20219.
- Hand Delivery/Courier: 400 7th Street, SW, suite 3E-218, Washington, DC 20219.

Instructions: You must include “OCC” as the agency name and “1557-0081” in your comment.

In general, the OCC will publish comments on [www.reginfo.gov](http://www.reginfo.gov) without change, including any business or personal information provided, such as name and address information, e-mail addresses, or phone numbers. 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 review comments and other related materials that pertain to this information collection beginning on the date of publication of the second notice for this collection by the following method:

- **Viewing Comments Electronically:** Go to [www.reginfo.gov](http://www.reginfo.gov). Click on the “Information Collection Review” tab. Underneath the “Currently under Review” section heading, from the drop-down menu select “Department of Treasury” and then click “submit.” This information collection can be located by searching by OMB control number “1557-0081.” Upon finding the appropriate information collection, click on the related “ICR Reference Number.” On the

next screen, select “View Supporting Statement and Other Documents” and then click on the link to any comment listed at the bottom of the screen.

- For assistance in navigating *www.reginfo.gov*, please contact the Regulatory Information Service Center at (202) 482-7340.

Board: You may submit comments, which should refer to “Call Report Deposit Insurance Assessment-Related 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](mailto:regs.comments@federalreserve.gov). Include “Call Report Deposit Insurance Assessment-Related Revisions” in the subject line of the message.
- Fax: (202) 395-6974.
- 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 on the Board’s website at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information.

FDIC: You may submit comments, which should refer to “Call Report Deposit Insurance Assessment-Related 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](mailto:comments@FDIC.gov). Include “Call Report Deposit Insurance Assessment-Related Revisions” in the subject line of the message.

- Mail: Manuel E. Cabeza, Counsel, Attn: Comments, Room MB-3128, 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](mailto: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 report forms for the Call Reports can be obtained at the FFIEC's website ([https://www.ffiec.gov/ffiec\\_report\\_forms.htm](https://www.ffiec.gov/ffiec_report_forms.htm)).

*OCC:* Kevin Korzeniewski, Counsel, Chief Counsel's Office, (202) 649-5490.

*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. Report Summary**

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

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

*Form Number:* FFIEC 031 (Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices), FFIEC 041 (Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only), and FFIEC 051 (Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less Than \$5 Billion).

*Frequency of Response:* Quarterly.

*Affected Public:* Business or other for-profit.

*Type of Review:* Revision and extension of currently approved collections.

### **OCC:**

*OMB Control No.:* 1557-0081.

*Estimated Number of Respondents:* 1,111 national banks and federal savings associations.

*Estimated Average Burden per Response:* 41.92 burden hours per quarter to file.

*Estimated Total Annual Burden:* 186,292 burden hours to file.

### **Board:**

*OMB Control No.:* 7100-0036.

*Estimated Number of Respondents:* 739 state member banks.

*Estimated Average Burden per Response:* 45.40 burden hours per quarter to file.

*Estimated Total Annual Burden:* 134,202 burden hours to file.

### **FDIC:**

*OMB Control No.:* 3064-0052.

*Estimated Number of Respondents:* 3,263 insured state nonmember banks and state savings associations.

*Estimated Average Burden per Response:* 39.96 burden hours per quarter to file.

*Estimated Total Annual Burden:* 521,558 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 for each agency. When the estimates are calculated by type of report across the agencies, the estimated average burden hours per quarter are 85.85 (FFIEC 031), 55.20 (FFIEC 041), and 35.27 (FFIEC 051). The change to the FFIEC 031 and FFIEC 041 Call Report forms and instructions proposed in this notice would not have a material impact on the existing burden estimates. This notice does not propose any changes to the 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 institutions under each agency's supervision (e.g., size distribution of institutions, types of activities in which they are engaged, and existence of foreign offices).

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

### **Legal Basis and Need for Collections**

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

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 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 assessments and national banks' and federal savings associations' semiannual assessment fees.

## **II. Current Action**

### **A. Background**

Upon adoption of the CECL methodology, an institution will record a one-time adjustment to its credit loss allowances as of the beginning of its fiscal year of adoption equal to the difference, if any, between the amount of credit loss allowances required under the incurred loss methodology and the amount of credit loss allowances required under CECL. An institution's implementation of CECL will affect its retained earnings, deferred tax assets, credit loss allowances, and, as a result, its regulatory capital ratios.

In recognition of the potential for the implementation of CECL to affect regulatory capital ratios, on February 14, 2019, the agencies issued a final rule that revised certain regulations, including the agencies' regulatory capital regulations (capital rule),<sup>1</sup> to account for the aforementioned changes to credit loss accounting under U.S. generally accepted accounting principles (GAAP), including CECL (2019 CECL rule).<sup>2</sup> The 2019 CECL rule includes a transition provision that allows institutions to phase in over a three-year period the day-one adverse effects of CECL on their regulatory capital ratios.

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<sup>1</sup> 12 CFR part 3 (OCC); 12 CFR part 217 (Board); 12 CFR part 324 (FDIC).

<sup>2</sup> 84 FR 4222 (Feb. 14, 2019).

As part of the efforts to address the disruption of economic activity in the United States caused by the spread of the coronavirus disease 2019 (COVID-19), on March 31, 2020, the agencies adopted a second CECL transition provision through an interim final rule.<sup>3</sup> The agencies subsequently adopted a final rule (2020 CECL rule) on September 30, 2020, that is consistent with the interim final rule, with some clarifications and adjustments related to the calculation of the transition and the eligibility criteria for using the 2020 CECL transition provision.<sup>4</sup> The 2020 CECL rule provides that only institutions that adopt CECL for a fiscal year that begins during the 2020 calendar year, have the option to delay for up to two years an estimate of CECL's effect on regulatory capital, followed by a three-year transition period (i.e., a five-year transition period in total). The 2020 CECL rule does not replace the three-year transition provision in the 2019 CECL rule, which remains available to any institution at the time that it adopts CECL.<sup>5</sup>

Certain financial measures that are used to determine assessment rates for large and highly complex institutions<sup>6</sup> are calculated using both Tier 1 capital and reserves. For institutions that elect either the three-year transition provision contained in the 2019 CECL rule or the five-year transition provision contained in the 2020 CECL rule, the amount of Tier 1 capital reported in Call Report Schedule RC-R, Part I, item 26, includes (due to adjustments to the amount of retained earnings reported on the Call Report balance sheet) the applicable portion of the CECL transitional amount (or the modified CECL transitional amount). For deposit insurance assessment purposes, reserves are calculated using the amount of the allowance for loan and lease losses reported in Call Report Schedule RC, item 4.c. For all institutions that have adopted CECL, Schedule RC, item 4.c, reflects the allowance for credit losses on loans and leases. The issue of double counting arises in certain financial measures used to determine assessment rates for large and highly complex institutions that are calculated using both Tier 1

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<sup>3</sup> 85 FR 17723 (Mar. 31, 2020).

<sup>4</sup> See 85 FR 61577 (Sept. 30, 2020).

<sup>5</sup> See 85 FR 61578 (Sept. 30, 2020).

<sup>6</sup> See 12 CFR 327.8 and 12 CFR 327.16(f).

capital and reserves because the allowance for credit losses on loans and leases is included during the transition period in both reserves and, as a portion of the CECL or modified CECL transitional amount, Tier 1 capital.

For institutions that elect either the three-year transition provision contained in the 2019 CECL rule or the five-year transition provision contained in the 2020 CECL rule, the CECL transitional amounts, as defined in the regulatory capital rules,<sup>7</sup> additionally include the effect on retained earnings, net of tax effect, of establishing allowances for credit losses in accordance with the CECL methodology on held-to-maturity (HTM) debt securities, other financial assets measured at amortized cost, and off-balance sheet credit exposures as of the beginning of the fiscal year of adoption. The applicable portions of the CECL transitional amounts attributable to allowances for credit losses on HTM debt securities, other financial assets measured at amortized cost, and off-balance sheet credit exposures are included in Tier 1 capital only and are not double counted with reserves for deposit insurance assessment purposes.

To address the temporary deposit insurance assessment effects resulting from certain optional regulatory capital transition provisions under the 2019 and 2020 CECL rules, the FDIC proposed amendments to the deposit insurance assessment system applicable to all large and highly complex IDIs on December 7, 2020.<sup>8</sup> Under these proposed amendments to the assessment system, the FDIC would remove the double counting of the applicable portion of the CECL transitional amounts that is added to retained earnings for regulatory capital purposes and is attributable to the allowance for credit losses on loans and leases held for investment in certain financial measures that are calculated using the sum of Tier 1 capital and reserves, and also from the loss severity measure, which are used to determine assessment rates for large and highly complex institutions.

## **B. Proposed New Memorandum Item to Remove Double Counting**

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<sup>7</sup> See 12 CFR 3.301 (OCC); 12 CFR 217.301 (Board); 12 CFR 324.301 (FDIC).

<sup>8</sup> 85 FR 78794 (Dec. 7, 2020).

In calculating certain financial measures used in the scorecards for determining deposit insurance assessment rates for large and highly complex institutions, the FDIC has proposed to remove a portion of the CECL transitional amounts added to retained earnings for regulatory capital purposes under the transitions provided for under the 2019 or 2020 CECL rules. Specifically, in certain measures used in the scorecard approach for determining assessment rates for large and highly complex institutions, the applicable portion of the CECL transitional amount (or modified CECL transitional amount) that is added to retained earnings for regulatory capital purposes and is attributable to the allowance for credit losses on loans and leases held for investment would be removed under the FDIC's proposal. However, large and highly complex institutions that have elected a CECL transition provision do not currently report these specific portions of the CECL transitional amounts in the Call Report. Thus, implementing the FDIC's proposed amendments to the risk-based deposit insurance assessment system applicable to large and highly complex institutions requires a new, temporary memorandum item and corresponding changes to the FFIEC 031 and FFIEC 041 versions of the Call Report forms and instructions.

In this regard, the CECL effective dates assigned by the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-13, Financial Instruments—Credit Losses, Topic 326, Measurement of Credit Losses on Financial Instruments (ASU 2016-13) as most recently amended by ASU No. 2019-10, the optional temporary relief from complying with CECL afforded by the CARES Act, and the transitions under the 2019 CECL rule and 2020 CECL rule provide that, at present, all institutions will have completely reflected in regulatory capital the day-one effects of CECL (plus, if applicable, an estimate of CECL's effect on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, during the first two years of CECL adoption) by December 31, 2026. As a result, the reporting change for large and highly complex institutions would be required only while the temporary relief under the 2019 and 2020 CECL rules is reflected in institutions' Call Reports. The agencies

would remove the proposed new Call Report item when all large and highly complex institutions are no longer using a CECL transition.

Specifically, the agencies propose to add a new Memorandum item 5 to Schedule RC-O, Other Data for Deposit Insurance Assessments, in the FFIEC 031 and the FFIEC 041 Call Reports, only in order to quantify the applicable portions of the CECL transitional amounts added to retained earnings for regulatory capital purposes and attributable to the allowance for credit losses on loans and leases held for investment. The removal of this portion of the CECL transitional amounts is needed because, for large and highly complex institutions that have adopted CECL, the measure of reserves used in the scorecard is limited to the allowance for credit losses on loans and leases.

To adjust the calculations of certain financial measures used to determine deposit insurance assessment rates for large and highly complex institutions, the FDIC would remove the amount reported in the new Schedule RC-O Memorandum item from scorecard measures that are calculated using the sum of Tier 1 capital and reserves and also from the loss severity measure in the scorecards.

### **C. Timing**

Beginning with the June 30, 2021, Call Report, Schedule RC-O, Memorandum item 5, “Applicable portion of the CECL transitional amount or modified CECL transitional amount that has been added to retained earnings for regulatory capital purposes as of the report date and is attributable to loans and leases held for investment,” would be completed only by large and highly complex institutions that have adopted ASU 2016-13 and reported having a CECL transition election in effect as of the quarter-end report date.

The specific wording of the caption for the proposed new Schedule RC-O Memorandum item discussed in this proposal and the numbering of this Memorandum item should be regarded as preliminary.

### **III. Request for Comment**

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

- (a) 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;
- (b) 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;
- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;
- (d) 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
- (e) 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.

**Bao Nguyen,**

*Principal Deputy Chief Counsel,*

*Office of the Comptroller of the Currency.*

Board of Governors of the Federal Reserve System.

**Michele Taylor Fennell,**

*Deputy Associate Secretary of the Board.*

Dated at Washington, DC, on or about December 14, 2020.

FEDERAL DEPOSIT INSURANCE CORPORATION

**James P. Sheesley,**

*Assistant Executive Secretary.*

**Billing Codes**

OCC: 4810-33-P 1/3

Board: 6210-01-P 1/3

FDIC: 6714-01-P 1/3