New Call Report for Eligible Small Institutions and Other Call Report Revisions

Federal Deposit Insurance Corporation – Federal Reserve Board – Office of the Comptroller of the Currency – Conference of State Bank Supervisors

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Robert Storch – FDIC
Kyle Thomas – CSBS

March 8, 2017
Topics to be Covered

- Community Bank Call Report Burden-Reduction Initiative
- FFIEC 051 Call Report
  - Background and Eligibility Requirements
  - Overview of the FFIEC 051 Call Report
    - Schedule SU – Supplemental Information
    - Other Impacts
  - FFIEC 051 Instruction Book
- Schedule RC-R – Regulatory Capital
- Revisions to FFIEC 031 and FFIEC 041
- September 2015 Proposed Revisions Effective March 31, 2017
- Future Burden-Reducing Proposals
Community Bank Call Report Burden-Reduction Initiative

- Launched by FFIEC in December 2014

- Actions include
  - Proposed burden-reducing changes and other proposed Call Report revisions published Sept. 2015
    - Finalized in June 2016 ([FIL-44-2016](#))
    - Approved by U.S. Office of Management and Budget (OMB)
    - Effective dates: Sept. 2016 and Mar. 2017
  - Statutorily mandated review of all Call Report data items
    - Call Report data users at FFIEC member entities participated in nine surveys covering groups of Call Report schedules from July 2015 to Feb. 2017
    - Users directed to fully explain their need for each data item they deem essential
    - Survey results being used to identify data items for consideration for removal, less frequent collection, or new or upwardly revised reporting thresholds
Community Bank Call Report Burden-Reduction Initiative

- Community bank outreach to better understand institutions’ Call Report processes that are significant sources of reporting burden, including
  - On-site visits to nine community institutions – Third quarter 2015
  - Feedback provided as part of the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) process
- Evaluate feasibility and merits of creating a less burdensome Call Report for smaller institutions
  - Considered feedback from banker outreach activities and results of interagency reviews of existing Call Report data items
- Periodic Call Report training for bankers via teleconferences and webinars
Community Bank Call Report Burden-Reduction Initiative

- Implement a “Guiding Principles” framework for future Call Report changes:
  - The data items serve a long-term regulatory or public policy purpose by assisting the agencies:
    - In fulfilling their missions of ensuring the safety and soundness of financial institutions and the financial system and the protection of consumer financial rights
    - In agency-specific missions affecting national and state-chartered institutions (e.g., monetary policy, financial stability, and deposit insurance)
  - The data items to be collected maximize practical utility and minimize, to the extent practicable and appropriate, burden on financial institutions
  - Equivalent data items are not readily available through other means
  - Further burden-reducing Call Report changes from ongoing evaluation of user survey results to be included in future proposals with anticipated effective date of March 31, 2018
Proposal for new streamlined FFIEC 051 Call Report for eligible small institutions published Aug. 15, 2016 (FIL-53-2016)

After FFIEC considered comments on and made certain modifications to the proposal, FFIEC 051 finalized Dec. 30, 2016 (FIL-82-2016)

Effective March 31, 2017, subject to OMB approval

Eligibility for FFIEC 051

- Institutions with domestic offices only and total assets of less than $1 billion that are not advanced approaches institutions
- Total assets measured as of June 30 each year to determine an institution’s eligibility to file the FFIEC 051 beginning in March of the following year
An institution eligible to use the FFIEC 051, but unable to do so beginning March 31, 2017, may begin reporting on the FFIEC 051 in a later quarter of 2017
- Institution would then file the FFIEC 051 for remainder of 2017
- Alternatively, institution may wait until March 31, 2018, to begin filing the FFIEC 051 assuming it continues to meet eligibility criteria

Eligible small institutions have the option to file either the FFIEC 051 or the FFIEC 041 Call Report
- Except as noted above, report form filed in March of year (FFIEC 051 or FFIEC 041) expected to be filed for remainder of year

An otherwise eligible small institution may be required to file the FFIEC 041 based on supervisory data needs
How Was The FFIEC 051 Created?

- Starting point was FFIEC 041
- Replaced all or part of six schedules for complex or specialized activities with one (Schedule SU – Supplemental Information)
- Removed other data items based on:
  - Review of responses to first three (of the nine) Call Report user surveys
  - Review of data items infrequently reported by institutions with domestic offices only and less than $1 billion in total assets
- Reduction in reporting frequency for other data items
- Removal of data items with an existing reporting threshold for institutions with $1 billion or more in total assets
Schedule SU – Supplemental Information

- Replaces Schedules RC-D, RC-P, RC-Q, RC-S, and RC-V; derivatives data items in Schedule RC-L; assets covered by FDIC loss-sharing in Schedules RC-M and RC-N; and certain credit card lending specialized items
- Contains 9 “yes/no” indicator questions, each with one or more indicator items

### Derivatives

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### FFIEC 051 Call Report: Schedule SU

#### Schedule SU – Supplemental Information

**1–4 Family Residential Mortgage Banking Activities**

2. For the two calendar quarters preceding the current calendar quarter, did the institution meet one or both of the following mortgage banking activity thresholds: (1) Sales of 1–4 family residential mortgage loans during the calendar quarter exceeded $10 million, or (2) 1–4 family residential mortgage loans held for sale or trading as of calendar quarter-end exceeded $10 million?

   - **RCON** | **Yes** | **No**
   - **FT03** |       |     2.
   - **FT04** |       |     2.a.
   - **FT05** |       |     2.b.

   - **Amount**
   - **FT06**

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

3. Does the institution use the fair value option to measure any of its assets or liabilities?

   - **RCON** | **Yes** | **No**
   - **HK18** |       |     3.
   - **HK19** |       |     3.a.
   - **RIAD** |       |     3.b.
   - **F551** |       |     3.c.
   - **F553** |       |     3.d.

   - **Amount**
   - **FT06**

   - **a.** Aggregate amount of fair value option assets
   - **b.** Aggregate amount of fair value option liabilities
   - **c.** Year-to-date net gains (losses) recognized in earnings on fair value option assets
   - **d.** Year-to-date net gains (losses) recognized in earnings on fair value option liabilities
## Servicing, Securitization and Asset Sale Activities

4. Does the institution have any assets it has sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements? 
   a. Total outstanding principal balance of assets sold and securitized by the reporting institution with servicing retained or with recourse or other seller-provided credit enhancement.

5. Does the institution have any assets it has sold with recourse or other seller-provided credit enhancements but has not securitized? 
   a. Total outstanding principal balance of assets sold by the reporting institution with recourse or other seller-provided credit enhancements, but not securitized by the reporting institution.

6. Does the institution service any closed-end 1–4 family residential mortgage loans for others or does it service more than $10 million of other financial assets for others? 
   a. Total outstanding principal balance of closed-end 1–4 family residential mortgage loans serviced for others plus the total outstanding principal balance of other financial assets serviced for others if more than $10 million.

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FFIEC 051 Call Report: Schedule SU

- Schedule SU – Supplemental Information

### Variable Interest Entities

7. Does the institution have any consolidated variable interest entities?

- a. Total assets of consolidated variable interest entities
- b. Total liabilities of consolidated variable interest entities

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### Credit Card Lending Specialized Items

8. Does the institution, together with affiliated institutions, have outstanding credit card receivables that exceed $500 million as of the report date or is the institution a credit card specialty bank as defined for Uniform Bank Performance Report purposes?

- a. Outstanding credit card fees and finance charges included in credit cards to individuals for household, family, and other personal expenditures (retail credit cards)
- b. Separate valuation allowance for uncollectible retail credit card fees and finance charges
- c. Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges
- d. Uncollectible retail credit card fees and finance charges reversed against year-to-date income
- e. Outstanding credit card fees and finance charges included in retail credit card receivables sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements

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FDIC Loss-Sharing Agreements

9. Does the institution have assets covered by FDIC loss-sharing agreements?

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- a. Loans and leases covered by FDIC loss-sharing agreements
- b. Past due and nonaccrual loans and leases covered by FDIC loss-sharing agreements:
  - (1) Past due 30 through 89 days and still accruing
  - (2) Past due 90 days and still accruing
  - (3) Nonaccrual
- c. Portion of past due and nonaccrual covered loans and leases that is protected by FDIC loss-sharing agreements:
  - (1) Past due 30 through 89 days and still accruing
  - (2) Past due 90 days and still accruing
  - (3) Nonaccrual
- d. Other real estate owned covered by FDIC loss-sharing agreements
- e. Portion of covered other real estate owned that is protected by FDIC loss-sharing agreements

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Examples of Removals of Other Data Items

- Schedule RI – Certain categories of interest income, interest expense, and noninterest income
- Schedules RC-C, Part I; RI-B, Part I; and RC-N – Certain detailed loan categories, particularly for institutions with assets of $300 million or more
- Schedule RC-C, Part I – Breakdown by loan category of data on loans acquired in business combinations during the year

Examples of Reductions in Reporting Frequency

- Based on comments received on the August 2016 proposal and from other outreach feedback, the frequency of reporting on Schedule RC-C, Part II, Loans to Small Businesses and Small Farms, has been changed from a quarterly collection to semiannual (June and December)
FFIEC 051 Call Report: Other Impacts

- Other semiannual reporting (June and December)
  - Schedule RC-A, Cash and Balances Due From Depository Institutions (completed only by institutions with assets of $300 million or more)
  - Structured financial products by underlying collateral or reference asset in Schedule RC-B, Securities
  - Itemizing and describing components of all other assets (Schedule RC-F), all other liabilities (Schedule RC-G), and all other off-balance sheet assets and liabilities (Schedule RC-L) that exceed reporting threshold

- Annual reporting in December
  - Certain data on residential mortgages with negative amortization in Schedule RC-C, Part I
  - Several items in Schedule RC-M, Memoranda
Separate, shorter instruction book for FFIEC 051

- Removed instructions from FFIEC 031/041 instruction book not applicable to or not normally relevant to eligible small institutions
- Added instructions for new Schedule SU
- Added hyperlinks to external documents referenced in instructions

Draft instructions available on FFIEC’s website at https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_20170109_i_draft.pdf
Comment letters on FFIEC 051 proposal highlighted burden associated with preparing Schedule RC-R

- Agencies received similar comments during their Call Report banker outreach efforts as well as in comment letters submitted under agencies’ EGRPRA review of agency regulations.

Institutions must calculate capital ratios quarterly pursuant to prompt corrective action provisions of statute and agency regulations.

- Schedule RC-R includes the data items necessary to calculate regulatory capital ratios under the capital rules revised in 2013.

FFIEC is monitoring agencies’ response to concerns about the revised capital rules raised during EGRPRA comment process and the associated Call Report burden arising from the implementation of the capital rules.
The agencies’ Aug. 15, 2016, proposal included burden-reducing revisions to the two existing Call Reports that also were finalized Dec. 30, 2016

- Resulted from review of the first three Call Report user surveys
- Revisions take effect Mar. 31, 2017, subject to OMB approval
- Data items removed or subject to new or higher reporting thresholds
Examples of revisions

- Removal of certain categories of loans covered by loss-sharing agreements from Schedules RC-M and RC-N
- New reporting threshold for gains (losses) on credit derivatives and higher threshold for detail on trading revenue by type of exposure in Schedule RI
- Removal of certain detail on charge-offs and recoveries on loans to depository institutions from Schedule RI-B, Part I
- On FFIEC 041, reduced detail on loans to depository institutions in Schedule RC-C, Part I
- On FFIEC 041, removal of information on loans to foreign governments and official institutions from Schedules RI-B, Part I; RC-C, Part I; and RC-N
- On FFIEC 031, new reporting threshold for detail on foreign office deposits by type of depositor in Schedule RC-E, Part II
Certain burden-reducing changes and other revisions proposed in Sept. 2015 and finalized in June 2016 take effect Mar. 31, 2017 (FIL-44-2016)

Revisions applicable to all three Call Reports include

- Removal of certain data items on other-than-temporary impairment from Schedule RI
- Increase in deposit size threshold from $100,000 to $250,000 for reporting certain deposit data in Schedule RC-E, time deposit interest expense in Schedule RI, and time deposit quarterly averages in Schedule RC-K
- Instructional clarification for reporting net gains (losses) and other-than-temporary impairments on equity securities that do not have readily determinable fair values in Schedule RI
- Updated statements describing certain levels of external auditing work performed during the preceding year in Schedule RC

On FFIEC 031 and FFIEC 041 for institutions with total assets of $100 billion or more, revised data on the impact on trading revenue of credit and debit valuation adjustments
Future Burden-Reducing Proposals

- Agencies plan to propose further burden-reducing Call Report changes in two future notices
  - Proposed revisions will be based on review of responses to six remaining Call Report user surveys not completed when Aug. 2016 proposal was issued and further consideration of responses to first three user surveys
  - Both notices expected to be issued in 2017 with March 31, 2018, anticipated to be the proposed effective date for the revisions
- FFIEC and agencies plan to review additional data to determine whether to propose any changes to the initial eligibility threshold of $1 billion in total assets for the FFIEC 051
Questions & Answers
Call Report Webinar

- Resources for FFIEC 051
  - Prototype FFIEC 051 Report Form
    [https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_20161230_draft.pdf](https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_20161230_draft.pdf)
  - Draft FFIEC 051 Instructions
    [https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_20170109_draft.pdf](https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_20170109_draft.pdf)
  - Redlined FFIEC 041 Report Form Showing Changes Made to Create FFIEC 051 Report Form
    [https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_20161230_draft_redlined.pdf](https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_20161230_draft_redlined.pdf)
  - List Detailing Changes Made to FFIEC 041 Schedules and Data Items to Create the FFIEC 051 Report Form
    [https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_20161230_DataElementsImpact.pdf](https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_20161230_DataElementsImpact.pdf)
Resources for FFIEC 041

- Redlined draft FFIEC 041 report form reflecting revisions scheduled to take effect March 31, 2017
  https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC041_20161230_f_draft.pdf

- List Detailing Changes to FFIEC 041 data items from Aug. 2016 proposal that take effect March 31, 2017

- Draft Instructions for the Call Report revisions from Sept. 2015 proposal that take effect March 31, 2017
  https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_20160906_i_draft.pdf
Resources for FFIEC 031

- Redlined draft FFIEC 031 report form reflecting revisions scheduled to take effect March 31, 2017
  https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_20161230_draft.pdf

- List Detailing Changes to FFIEC 031 data items from Aug. 2016 proposal that take effect March 31, 2017

- Draft Instructions for the Call Report revisions from Sept. 2015 proposal that take effect March 31, 2017
  https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_20160906_i_draft.pdf