

**Supporting Statement for
OMB Control Number 1557-0081
(MA)-Reports of Condition and Income (Interagency Call Report)**

A. Justification

1. Circumstances that make the collection necessary:

Reports of Condition and Income (Call Reports) are required under 12 U.S.C. 161. The OCC needs this information to ensure individual bank and banking system safety and soundness.

This submission covers the revisions to the Call Report to be implemented during 2010.

- Items not addressed by comments on the 60-day *Federal Register* Notice¹ to be adopted as proposed:
 - New Memorandum items in Schedule RI, Income Statement, identifying total other-than-temporary impairment losses on debt securities, the portion of the total recognized in other comprehensive income, and the net losses recognized in earnings, consistent with the presentation requirements of a recently modified accounting standard;
 - A change in the reporting frequency for the number of certain deposit accounts from annually to quarterly, which is reported in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments; and
 - The elimination of the item for internal allocations of income and expense from Schedule RI-D, Income from Foreign Offices, which is completed only by certain banks on the FFIEC 031 report form.

- Items addressed by commenters:
 - Clarification of the instructions for reporting unused commitments;
 - Breakdowns of the existing items for unused credit card lines and other unused commitments, with the former breakdown required only for certain institutions, and a related breakdown of the existing item for other loans;
 - New items pertaining to reverse mortgages that would be collected annually beginning December 31, 2010;
 - A breakdown of the existing item for time deposits of \$100,000 or more (in domestic offices);
 - Revisions of existing items for brokered deposits;
 - New items for the interest expense and quarterly averages for fully insured brokered time deposits and other brokered time deposits; and
 - A change in the reporting frequency for small business and small farm lending data from annually to quarterly.

¹ 74 FR 41973 (August 19, 2009).

- Response to Comments:

- Clarification of the Instructions for Reporting Unused Commitments:

The agencies proposed to revise the instructions for Schedule RC-L, item 1, “Unused commitments,” to state that commitments to issue a commitment at some point in the future are those where the bank has extended terms and the borrower has accepted the offered terms, even though the related loan agreement has not yet been signed.

Commenters recommended that: (1) the instructions should be limited to terms extended and accepted in writing to allow the banks to develop a reliable tracking system; (2) the commitment be in writing; and (3) that banks should only report when the commitment has an expiration date of more than 90 days. The agencies generally agree that the instructions for reporting commitments to issue a commitment should cover situations where the terms extended and accepted are in writing. Where the extension and acceptance of the terms are not in writing but are legally binding on both the bank and the borrower under applicable law, they should be reported. When the terms of a commitment to issue a commitment have been extended and accepted in writing or, if not in writing, are legally binding, it is a sound banking practice and a sound internal control for the bank entering into such commitments to maintain an appropriate tracking system for the commitments whether or not there is a related regulatory reporting requirement.

The agencies will revise the proposed instructional clarification pertaining to the reporting of commitments to issue a commitment in Schedule RC-L, item 1 to state that commitments to issue a commitment at some point in the future are those where the bank has extended terms, the borrower has accepted the offered terms, and the terms extended and accepted are in writing or, if not in writing, are legally binding on the bank and the borrower, even though the related loan agreement has not yet been signed.

- Additional Categories of Unused Commitments and Loans:

The agencies proposed to split Schedule RC-L, item 1.e, into three categories:

- Unused commitments to fund commercial and industrial loans,
 - Unused commitments to fund loans to financial institutions, and
 - All other unused commitments.

One commenter indicated that the revisions relating to additional categories of unused commitments were acceptable. Another supported the proposed reporting of unused commitments and loans to nondepository financial institutions, agreeing that this information would be useful to the agencies in their monitoring of lending activity. They stated that the instructions for categorizing loans in Schedule RC-C “are complex, require considerable effort, and introduce the potential for inconsistency across reporting institutions,” asking the agencies to consider simplifying the loan categorization requirements by consolidating reporting categories,

if possible, creating a decision tree matrix with prioritization for competing criteria, and recommending the use of more objective criteria.

The agencies periodically review the reporting categories used in Schedule RC-C and have limited the amount of detail required from smaller banks, but they have recently concluded that additional loan categories are needed to better monitor the credit risk profiles of individual institutions and the industry as a whole, to assess credit availability, and to conduct the agencies' other activities. When assigning loans to the loan categories in Schedule RC-C, the schedule already assigns priority to loans that are secured by real estate, regardless of borrower loan purpose. Loans that do not meet the definition of the term "loan secured by real estate" are then categorized by borrower or purpose. The remaining loan categories are sufficiently distinct from each other. The instructions for Schedule RC-C provide detailed descriptions of the types of loans and borrowers that fall within the scope of each loan category. The agencies are prepared to respond to inquiries from banks regarding the appropriate categorization of individual loans in Schedule RC-C.

o Reverse Mortgage Data:

The agencies proposed that new items be added to the Call Report to collect reverse mortgage data on an annual basis beginning on December 31, 2010. Collecting this information will provide necessary information for policy development and the management of risk exposures posed by institutions' involvement with reverse mortgages:

- A new Memorandum item would be added to Schedule RC-C, part I, Loans and Leases, for "Reverse mortgages outstanding that are held for investment," where banks would separately report the amount of HECM reverse mortgages and the amount of proprietary reverse mortgages that are held for investment and included in Schedule RC-C, part I, item 1.c, Loans "Secured by 1-4 family residential properties."
- New items would be added to Schedule RC-L, Derivatives and Off-Balance Sheet Items, to collect information on the amounts of "Unused commitments for HECM reverse mortgages outstanding that are held for investment" and "Unused commitments for proprietary reverse mortgages outstanding that are held for investment."
- Many banks that originate reverse mortgages routinely sell their funded mortgages in the secondary market. These loans do remain on the originating banks' balance sheets for long periods of time and, therefore, the proposed items for reverse mortgages outstanding that are held for investment will not capture the extent of banks' reverse mortgage activity when it involves the origination and sale of these loans. The agencies proposed to add Memorandum items to Schedule RC-C, part I, in which banks would report the principal amount of reverse mortgages originated for sale that have been sold during the year. HECM and proprietary reverse mortgages sold would be reported separately.

The comment received on this proposed change revealed that there are generally no concerns with these new reporting requirements, except for the items relating to the reporting of

the estimated number of fee-paid referrals. The agencies were asked to reconsider this reporting requirement because it may require banks to report information that is inconsistent with the legal requirements of the Real Estate Settlement Procedures Act (RESPA). The agencies have reviewed the proposed reporting of data on reverse mortgage referrals and acknowledge that the description of this proposed reporting requirement could be viewed in such a manner. Under RESPA, a mortgage lender may pay fees or compensation to another party, such as a bank that has referred a customer to the mortgage lender, only for services actually performed by that party. To clarify, the agencies are revising their proposed annual data items for the reporting of the estimated number of fee-paid referrals during the year. As revised, banks would annually report the estimated number of reverse mortgage loan referrals to other lenders during the year from whom they have received any compensation for services performed in connection with the origination of the reverse mortgages. The revised referral data items would be implemented beginning December 31, 2010. The other proposed reverse mortgage data items would be implemented as proposed beginning on that same date.

o Time Deposits of \$100,000 or More:

The agencies proposed to replace Schedule RC-E, Memorandum item 2.c, “Total time deposits of \$100,000 or more,” with a revised Memorandum item 2.c, “Total time deposits of \$100,000 through \$250,000,” and a new Memorandum item 2.d, “Total time deposits of more than \$250,000.” Existing Memorandum item 2.c.(1), “Individual Retirement Accounts (IRAs) and Keogh Plan accounts included in Memorandum item 2.c would be renumbered and recaptioned as Memorandum item 2.e, “Individual Retirement Accounts (IRAs) and Keogh Plan accounts of \$100,000 or more included in Memorandum items 2.c and 2.d above,” but the scope would not change.

One commenter recommended that the proposed three-way breakout of time deposits be replaced with references to the deposit insurance limit in effect at the time of the report, without specified dollar amounts, to remove an impediment to a bank using the larger (but fully insured) deposits as a funding source. The commenter also stated that the proposed collection of data on time deposits between \$100,000 and \$250,000 indicates a greater volatility in deposits in this size range and reinforces a perception that a bank should not rely on such deposits, which represent “stable and comparatively inexpensive funding.”

Although time deposits of \$100,000 through \$250,000 currently fall within the limit of deposit insurance per depositor (for deposits maintained in the same right and capacity), the recent increase in deposit insurance coverage is temporary. Thus, the extent to which a bank’s funding has been derived from time deposits between \$100,000 and \$250,000 and the bank’s ability to retain or replace time deposits that will no longer be fully insured after the expiration date of the temporary increase in the SMDIA are key safety and soundness concerns because there is no assurance that the temporary increase will be made permanent. Replacing the existing two-way breakout of time deposits between those of less than \$100,000 and those of \$100,000 or more with a two-way breakout based on the \$250,000 temporarily increased insurance limit would not enable the agencies to identify the amount of time deposits in the \$100,000 to \$250,000 range that are susceptible to the loss of deposit insurance coverage when

the temporary increase is scheduled to expire. Therefore, the agencies will implement the change to the reporting of time deposits of \$100,000 or more in Schedule RC-E as proposed.

- o Revisions of Brokered Deposit Items:

In response to the temporary increase in the SMDIA, the agencies proposed to revise the reporting of fully insured brokered deposits in Schedule RC-E. Given the linkage between the deposit insurance limits and the Memorandum items on fully insured brokered deposits in Schedule RC-E, the scope of these items needs to be changed whenever deposit insurance limits change. To ensure that the scope of these Memorandum items changes automatically as a function of the deposit insurance limit in effect on the report date, Memorandum item 1.c, “Fully insured brokered deposits,” would include a footnote stating that the specific dollar amounts used as the basis for reporting fully insured brokered deposits in Memorandum items 1.c.(1) and 1.c.(2) reflect the deposit insurance limits in effect on the report date. The instructions for Memorandum item 1.c would be similarly clarified.

Consistent with the reporting of time deposits in other items of Schedule RC-E, brokered deposits would be reported based on their current balances rather than the denominations in which they were issued.

The proposed revisions to Schedule RC-E, Memorandum items 1.c.(1) and 1.c.(2), that relate to the temporary increase in the SMDIA would remain in effect during this increase, after which the dollar amounts used as the basis for reporting fully insured brokered deposits in these items would revert to the amounts in effect prior to the temporary increase.

One commenter expressed concern about the ability of institutions to report at the level of detail required by the proposed revised items for fully insured brokered deposits. The commenter cited language contained in the existing instructions for Schedule RC-E, Memorandum item 1.c, which states that “under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers [of brokered deposits] and their account ownership capacity to the bank issuing the deposits.” As a consequence, the existing instructions include a rebuttable presumption that, if such information on purchasers and their account ownership capacity is not readily available to the issuing bank, “retail brokered deposits” and certain brokered transaction accounts or money market deposit accounts are fully insured brokered deposits and should be reported as brokered deposits of less than \$100,000.

The agencies are not aware of instances where this rebuttable presumption has impeded banks’ ability to report their fully insured brokered deposits based on the \$100,000 insurance limit. This rebuttable presumption would be retained along with the instructions stating that brokered deposits covered by this presumption should be reported as brokered deposits of less than \$100,000. These instructions will continue to facilitate banks’ ability to report their fully insured brokered deposits based on the temporary increase in the insurance limit of \$250,000 in Memorandum items 1.c.(1) and (2) of Schedule RC-E as they have been proposed to be revised.

One commenter recommended that fully insured brokered deposits be reported solely based on the deposit insurance limit in effect on the report date rather than by distinguishing between those fully insured brokered deposits of less than \$100,000 and those of \$100,000 through \$250,000. The agencies believe it is appropriate to distinguish between fully insured brokered deposits in these two size ranges as had been proposed.

One commenter accepted the proposed reporting of brokered deposits based on their balances rather than on the denominations in which they were issued.

Based on a review of comments submitted, the agencies have decided to proceed with the revisions as proposed.

- o Interest Expense on and Quarterly Averages for Brokered Deposits:

To enhance the agencies' ability to evaluate funding costs and the impact of brokered time deposits on these costs, the agencies proposed to add two Memorandum items to both Schedule RC-K, Quarterly Averages, and Schedule RI, Income Statement. Banks would report the interest expense and quarterly averages for "fully insured brokered time deposits" and "other brokered time deposits." The definition of "fully insured brokered time deposits" would be based on the definitions of "fully insured brokered deposits" and "time deposits" in Schedule RC-E, Deposit Liabilities. "Other brokered time deposits" would consist of all brokered time deposits that are not "fully insured brokered deposits."

The agencies received three comments on the proposed reporting of the interest expense and quarterly averages for brokered time deposits with only one stating that the proposal would be acceptable. One commenter questioned how the reporting of additional detail on interest expense would make a bank "a safer institution." Another commenter expressed concern about the ability of banks to distinguish between fully insured and other brokered time deposits in order to track interest expense and quarterly averages, because deposit brokers are not required to provide information routinely on the purchasers of brokered deposits and their account ownership capacity to the issuing bank. The third commenter observed that information on the cost of brokered time deposits, which would be derived from the interest expense and quarterly average, "means little unless you know both the term of the CD [certificate of deposit] and the origination date." The commenter expressed concern that if the agencies monitor the cost of brokered time deposits alone, this would "encourage banks to shorten terms on brokered CDs to lower their rates," thereby increasing both liquidity risk and interest rate risk. The comment of the bank suggested that bank examinations may be the best way to monitor the risks of brokered time deposits.

The final commenter stated that it did not believe the proposed reporting of interest expense and quarterly averages for brokered time deposits would "provide meaningful data to the Agencies unless additional changes are made to the Call Report." The commenter noted that the Call Report "does not require reporting of deposits obtained in the national deposit market" other than brokered deposits and identified "deposits obtained via the internet or through deposit 'listing services'" as two examples of "alternative means for banks to access the national deposit market without using a deposit broker." As a result, "data on the interest expenses related to

brokered time deposits will be misleading if additional factors are not taken into account.” The commenter recommended that the agencies “reconsider the information that they require concerning the national deposit market and the cost of deposit funding to banks.”

The agencies believe that meaningful information about the cost of brokered time deposits will assist the agencies in carrying out their supervisory and regulatory responsibilities. Rather than focusing solely on brokered time deposits, the agencies agree that it would be beneficial to reevaluate their information needs with respect to deposit funding, including the various sources of such funding and their related costs, particularly in relation to the national deposit market. The agencies will not implement the proposed collection of data on the interest expense and quarterly averages for fully insured brokered time deposits and other brokered time deposits in 2010. The agencies will reconsider how best to meet their need for relevant data on deposit funding and related costs and they will then develop a new set of proposed Call Report revisions that would be issued for public comment in accordance with the requirements of the Paperwork Reduction Act of 1995 and would be implemented no earlier than in 2011.

o Change in Reporting Frequency for Loans to Small Businesses and Small Farms:

Section 122 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) requires the banking agencies to collect from insured institutions annually the information the agencies “may need to assess the availability of credit to small businesses and small farms.” To implement these requirements, the banking agencies added Schedule RC-C, Part II – Loans to Small Businesses and Small Farms to the Call Report effective June 30, 1993. This schedule requests information on the number and amount currently outstanding of “loans to small businesses” and “loans to small farms,” as defined in the Call Report instructions, which all banks must report annually as of June 30.

Treasury Secretary Geithner announced on March 16, 2009 that banks need to go the extra mile in keeping credit lines in place on reasonable terms for viable businesses and asked the banking agencies to require quarterly, as opposed to annual, reporting of small business loans to allow for careful monitoring of the degree that credit is flowing to entrepreneurs and small business owners.

In response to Secretary Geithner’s request and to improve the agencies’ own ability to assess the availability of credit to small businesses and small farms, the agencies proposed to change the frequency with which banks must submit Call Report Schedule RC-C, Part II, from annually to quarterly beginning March 31, 2010. The agencies did not propose to make any revisions to the information that banks are required to report on this schedule.

Four commenters objected to the proposed change in the frequency of reporting small business and small farm loan data in the Call Report. One cited the amount of time it takes to generate numbers for the June Call Report, and suggested the numbers have no use. The commenter questioned how the reporting of these data, even on an annual basis, makes banks safer. A second commenter stated that the change in reporting frequency will be quite burdensome at some banks because their data processors do not readily report the information. One recommended a more streamlined data request in order to limit the burden on small banks.

One stated that the agencies have failed to demonstrate that this additional reporting burden would provide any useful information, asserting that because banks gather the small business and small farm data solely to report it to the agencies and do not use the information for any other purpose, the proposed change in reporting frequency would only increase burden. The commenter observed that the small business and small farm loan schedule in the Call Report collects information only on the size of the loan rather than on the size of the business. One commenter expressed concern with the burden related to the proposed change in reporting frequency. To better balance the provision of more frequent information and reporting burden, it recommended that banks with \$1 billion or more in total assets report semiannually and banks with less than \$1 billion in total assets continue to report annually.

The agencies note that Call Report small business and small farm lending data are an invaluable resource for understanding credit conditions facing small businesses. Quarterly rather than annual collection of these data would improve the agencies' and federal policymakers' ability to monitor credit conditions facing small businesses and small farms and would significantly contribute to their development of policies intended to address any problems that arise in credit markets. In recent months, the Department of the Treasury, the Small Business Administration, and the Department of Agriculture have identified a particular need for these data as they have worked to develop policies to ensure that more small businesses and small farms have access to credit. In addition, the Federal Reserve Board (the Board) would find more frequent collection of these data very valuable for monetary policymaking purposes.

One commenter suggested that the burden associated with quarterly reporting of small business and small farm loans could be minimized by exempting banks with less than \$1 billion in total assets from this reporting requirement. However, given the key role played by small banks in lending to small businesses and small farms, the agencies concluded that such an exemption would significantly reduce the value of the data to policymakers.

The fact that small business and small farm lending data are currently collected only once per year is especially problematic when stabilization policies are being contemplated or implemented. First, determining whether or not stabilization policies are needed requires an accurate diagnosis of the current situation in the financial system. An accurate diagnosis depends crucially on the availability of timely data. Second, successful stabilization policies need to be accurately targeted. Again, timely data is required to identify which parts of the financial system are in need of stabilization. While these needs are particularly acute during periods of economic contraction, the same need for timely and targeted information to inform policy making exists throughout the credit cycle.

The bank-level Call Report data provide information that cannot be obtained from other indicators of small business credit conditions. The agencies' other indicators of small business credit conditions do not provide the same level of detail that is available from bank Call Reports, and, therefore, cannot be used to answer many questions that naturally arise during the policy development process. Monetary policymaking also would benefit from more timely information on small business credit conditions and flows, particularly in adjusting the federal funds rates over time and in assessing the prospects for real activity and inflation in coming quarters. Credit

conditions have an important bearing on the evolution of those prospects over time, and so the Board pays close attention to data from Call Reports and other sources.

The credit conditions facing small businesses and small farms differ substantially from those facing large businesses, so it necessary to collect indicators that are specific to these borrowers. Large businesses may access credit from a number of different channels, including the corporate bond market and the commercial paper market. In contrast, small businesses and small farms rely almost exclusively on credit provided through the bank lending channel. The dependence of small businesses and small farms on bank lending – particularly from smaller banks – magnifies the importance of Call Report data, which provide the most comprehensive data on bank lending, and emphasizes the importance of collecting quarterly data from banks of all sizes.

Therefore, although the agencies have considered the comments received and they recognize that changing the reporting frequency of the existing small business and small farm loan reporting requirement from annually to quarterly will increase reporting burden for all institutions, the FFIEC and the agencies have decided to proceed with the proposed change from annual to quarterly reporting for Call Report Schedule RC-C, part II, effective March 31, 2010.

- o Assets Covered by FDIC Loss-Sharing Agreements:

One commenter requested that the agencies revise the Call Report to address loss-sharing agreements with the FDIC even though this had not been originally proposed by the agencies. The organization noted that there is currently no guidance on how a bank that acquires a failed bank should report any loss-sharing agreement in the Call Report. It also argued that the Call Report does not provide users with a “readily accessible summary of the bank’s net exposures on assets that are subject to loss-share agreements. The organization observed that “[t]his will become an increasingly important long-term and more common reporting issue as additional failed banks are acquired from the FDIC under a loss-share agreement.”

Under loss sharing agreements, the FDIC agrees to absorb a portion of the loss on a specified pool of a failed institution’s assets in order to maximize asset recoveries and minimize the FDIC’s losses. Over the past year, the FDIC has entered into loss-sharing agreements with acquiring institutions in connection with approximately 80 acquisitions of failed banks and thrifts. Some acquiring institutions have been involved in multiple failed institution acquisitions. The continued use of loss-sharing agreements is expected in connection with the resolution of failures of insured institutions by the FDIC. Assets covered by loss-sharing agreements include, but are not limited to, loans, other real estate, and debt securities.

The Call Report does not include a “readily accessible summary” of assets that reporting banks have acquired from failed institutions that are covered by FDIC loss-sharing agreements. Any covered loans and leases that are past due 30 days or more or are in nonaccrual status are reportable in items 10 and 10.a of Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, as loans and leases that are wholly or partially guaranteed by the U.S. Government. However, these items would also include loans and leases guaranteed by other U.S. Government agencies (such as the Small Business Administration and the Federal

Housing Administration) that are past due 30 days or more or are in nonaccrual status and they would exclude loans and leases covered by FDIC loss-sharing agreements that do not meet these past due or nonaccrual reporting conditions as of the report date. Thus, the amount of covered loans and leases is not readily identifiable from the Call Report and the amount of other covered assets cannot be determined at all from the Call Report.

The agencies agree that the reporting of summary data on covered assets would be beneficial to Call Report users and to the banks holding covered assets. The agencies will add such a summary to Call Report Schedule M, Memoranda, effective March 31, 2010, in which banks that have entered into loss-sharing agreements with the FDIC would report separately the carrying amounts of (1) loans and leases, (2) other real estate owned, (3) debt securities, and (4) other assets covered by such agreements. The agencies will also consider whether the collection of additional information concerning covered assets would be warranted and, if so, the agencies will incorporate that into a formal proposal that will be published with a request for comment in accordance with the requirements of the Paperwork Reduction Act of 1995.

Effect of New Accounting Standards on Schedule RC-S, Servicing, Securitization, and Asset Sale Activities

Financial Accounting Standards Board (FASB) Statements of Financial Accounting Standards Nos. 166 and 167 revise the existing standards governing the accounting for financial asset transfers and the consolidation of variable interest entities to eliminate the concept of a “qualifying special-purpose entity,” change the requirements for derecognizing financial assets, and change how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The standards are expected to cause a substantial volume of assets in bank-sponsored entities associated with securitization and structured finance activities to be brought onto bank balance sheets.

The agencies currently collect data on banks’ securitization and structured finance activities in Schedule RC-S, Servicing, Securitization, and Asset Sale Activities. They will continue to collect Schedule RC-S after the effective date of Statements Nos. 166 and 167 and banks should continue to complete this schedule in accordance with its existing instructions, taking into account the changes in accounting brought about by these two FASB statements. Items 1 through 8 of Schedule RC-S involve the reporting of information for securitizations that the reporting bank has accounted for as sales. After the effective date of Statements Nos. 166 and 167, a bank should report information in items 1 through 8 only for those securitizations for which the transferred assets qualify for sale accounting or are otherwise not carried as assets on the bank’s consolidated balance sheet. If a securitization transaction that qualified for sale accounting prior to the effective date of Statements Nos. 166 and 167 must be brought back onto the reporting bank’s consolidated balance sheet upon adoption of these statements, the bank would no longer report information about the securitization in items 1 through 8 of Schedule RC-S.

Items 11 and 12 of Schedule RC-S are applicable to assets that the reporting bank has sold with recourse or other seller-provided credit enhancements, but has not securitized. In Memorandum item 1 of Schedule RC-S, a bank reports certain transfers of small business

obligations with recourse that qualify for sale accounting. The scope of these items will continue to be limited to such sold financial assets after the effective date of Statements Nos. 166 and 167. In Memorandum item 2 of Schedule RC-S, a bank currently reports the outstanding principal balance of loans and other financial assets that it services for others when the servicing has been purchased or when the assets have been originated or purchased and subsequently sold with servicing retained. After the effective date of Statements Nos. 166 and 167, a bank should report retained servicing for those assets or portions of assets reported as sold as well as purchased servicing in Memorandum item 2. Memorandum item 3 of Schedule RC-S collects data on asset-backed commercial paper conduits regardless of whether the reporting bank must consolidate the conduit in accordance with FASB Interpretation No. 46(R). This will continue to be the case after the effective date of Statement No. 167, which amended this FASB interpretation.

The agencies plan to evaluate the disclosure requirements in Statements Nos. 166 and 167 and the disclosure practices that develop in response to these requirements. This evaluation will assist the agencies in determining the need for revisions to Schedule RC-S that will improve their ability to assess the nature and scope of banks' involvement with securitization and structured finance activities, including those accounted for as sales and those accounted for as secured borrowings. Such revisions, which would not be implemented before March 2011, would be incorporated into a formal proposal that the agencies would publish with a request for comment in accordance with the requirements of the Paperwork Reduction Act of 1995.

One commenter addressed the reporting of information associated with securitization and structured finance activities, recommending that information be required in Schedule RC-S for assets that must be consolidated under Statements Nos. 166 and 167 that are held as securities by third parties as well as any applicable loan loss allowances and related deferred tax assets. The agencies will consider these recommendations as they evaluate their data needs with respect to on-balance sheet securitizations and structured finance transactions.

2. Use of the information:

Data from Call Reports are shared among the agencies and placed in each agency's computerized databases for supervisory and industry monitoring purposes. Call Report data also are used by the FDIC in preparing the comprehensive interagency Uniform Bank Performance Reports (UBPRs). UBPRs are produced quarterly for each insured commercial bank.

The banking agencies use the information as an aid to determine the safety and soundness of individual financial institutions and to identify trends in the banking system. The data are input into a data base and analyzed by examiners. The data are used for peer analysis of banks, that is to determine strengths and weaknesses in a particular institution as compared to similar institutions. The data also are used in scheduling bank examinations and in determining areas of focus for the examiners during their on-site visits.

The Call Report is the major source of financial information on individual banks and the industry and assists the OCC in discharging its responsibility to maintain a safe and sound banking system. In addition, Call Reports provide the most current statistical data available for

evaluating bank applications for actions such as mergers and the establishment of branches, for numerous economic studies and analyses in regards to banking reports submitted to Congress, and for public data use.

Call Report data also are used by bank management to evaluate their institutions, by bank analysts and investors, and by the public in determining the desirability of investing or making deposits in a particular bank.

3. Consideration of the use of improved information technology:

All banks are required to submit their Call Reports electronically through the banking agencies “Central Data Repository,” using the Internet. Currently, a bank must file its Call Report in one of two ways:

- A bank may use computer software to prepare and edit its report data and then electronically submit the data directly to the CDR (<http://cdr.ffiec.gov/cdr/>)
- A bank may complete its report in paper form and arrange with a software vendor or another party to convert its paper report into the electronic format that can be processed by the CDR. The software vendor or other party then must electronically submit the bank’s Call Report data file to the CDR.

Regardless of the method a bank uses to file its Call Report, the bank remains responsible for the accuracy of its Call Report data. The information collections under this process facilitate more accurate bank Call Report data submission.

Since June 1998, quarterly Call Report submissions have been made available to the public on the Internet. Call Report formats and instructions have also been made available to the banks and others on the Internet.

The banking agencies implemented a new Central Data Repository for the collection and processing of bank Call Reports effective with the September 30, 2005 Call Report period. One of the principle features of the new business model is the use of Extensible Business Reporting Language (XBRL). XBRL is a new XML-based specification that uses accepted financial reporting standards and practices to exchange financial statements across all software and technologies, including the Internet.

4. Efforts to identify duplication:

This information is unique because no other report or a series of reports provides all the Call Report data from all the national banks in a consistent and timely manner.

5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:

Only the minimum information needed to evaluate the condition of a bank, regardless of size, is required.

6. Consequences to the Federal program if the collection were conducted less frequently:

Under 12 U.S.C. 161, quarterly reporting is required in some instances. Further, the Federal financial regulatory agencies must have condition and income data at least quarterly to properly monitor individual bank and industry trends. Less frequent collection of this information would impair the agencies' monitoring and could seriously delay regulatory response.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

This collection is conducted in accordance with the guidelines in 5 CFR Part 1320.

8. Efforts to consult with persons outside the agency:

On August 19, 2009, the OCC, FDIC, FRB, and the OTS published a joint notice soliciting comments for 60 days on proposed revisions to the Call Report (74 FR 41973). The agencies received seven comment letters. A summary of the comments and the OCC's response is included in Item #1 above and in greater detail in the second notice published on December 23, 2009 (74 FR 68314).

9. Payment to respondents:

None.

10. Any assurance of confidentiality:

The data collected from individual banks in the Call Report are publicly available with the exception of certain sensitive information. The agencies currently give confidential treatment to data collected in Schedule RC-T, "Fiduciary and Related Services," on fiduciary and related services income (items 12 through 23) and fiduciary settlements, surcharges, and losses (Memorandum item 4). Confidential treatment is also provided for the amount reported for prepaid deposit insurance assessments on Schedule RC-F, "Other Assets" as well as contact

information on bank personnel that is provided in each bank's Call Report submission. All non-confidential Call Report data on individual banks is available on request from the Federal Financial Institutions Examinations Council (FFIEC) and on the FFIEC Internet Web-site.

The data collected from individual banks in the Call Report are publicly available with the exception of certain sensitive information. The agencies currently give confidential treatment to data collected in Schedule RC-T, "Fiduciary and Related Services," on fiduciary and related services income (items 12 through 23) and fiduciary settlements, surcharges, and losses (Memorandum item 4). Contact information on bank personnel that is provided in each bank's Call Report submission is also provided confidential treatment. All non-confidential Call Report data on individual banks is available on request from the Federal Financial Institutions Examinations Council (FFIEC) and on the FFIEC Internet Web-site.

11. Justification for questions of a sensitive nature:

None.

12. Burden estimate:

The OCC estimates that 1,543 national banks will file Call Reports each quarter and that the burden will average 196 burden hours per year. An individual bank's actual burden may be higher or lower, depending on the complexity of the bank's structure and the degree of accounting system automation.

The OCC estimates total burden as follows:

1,543 respondents @ 4 responses = 6,172 annual responses
6,172 responses @ 48.90 hours per response = 301,811 burden hours

13. Estimate of annualized costs to respondents:

Not applicable.

14. Estimate of annualized costs to the government:

Not applicable.

15. Changes in burden:

Former burden: 1,620 respondents @ 4 responses = 6,480 annual responses
6,480 responses @ 46.83 hours per response = 303,454 burden hours

New burden: 1,543 respondents @ 4 responses = 6,172 annual responses
6,172 responses @ 48.90 hours per response = 301,811 burden hours

Change: + 2.07 hours per response; - 1,643 burden hours

The OCC estimates the cost of the hour burden to respondents as follows:

Clerical:	20% x 301,811 =	60,362.20 @ \$20 =	\$ 1,207,244.00
Managerial/technical:	65% x 301,811=	196,177.15 @ \$40 =	\$ 7,847,086.00
Senior mgmt/professional:	14% x 301,811 =	42,253.54 @ \$80 =	\$ 3,380,283.20
Legal:	01% x 301,811=	3,018.11 @ \$100 =	\$ <u>301,811.00</u>
Total:			\$12,736,424.00

16. Information regarding collections whose results are planned to be published for statistical use:

Not applicable.

17. Approval to not display OMB expiration date.

Not applicable.

18. Exceptions to certification statement.

None.

B. Collections of Information Employing Statistical Methods.

Not applicable.