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.

- Current Action:

In October 2008, the FDIC Board of Directors adopted the Temporary Liquidity Guarantee Program (TLGP), which is part of an ongoing and coordinated effort by the FDIC, the U.S. Department of the Treasury, and the Board to address unprecedented disruptions in the financial markets and preserve confidence in the American economy. To facilitate the FDIC's administration of the TLGP, the FDIC Board approved an interim rule on October 23, 2008,[1] and a final rule on November 21, 2008.[2] The TLGP comprises two distinct components: the Debt Guarantee Program (DGP), pursuant to which the FDIC guarantees certain senior unsecured debt issued by entities participating in the TLGP, and the Transaction Account Guarantee (TAG) program, pursuant to which the FDIC guarantees all funds held at participating insured depository institutions (beyond the maximum deposit insurance limit) in qualifying noninterest-bearing transaction accounts. The November 2008 final rule included certain qualifying NOW accounts, among other accounts, as a type of noninterest-bearing transaction account guaranteed by the FDIC pursuant to the TAG program.

The TAG program, originally set to expire on December 31, 2009, has been extended through June 30, 2010, with certain modifications to the program.[3]

To provide additional stability for participating insured depository institutions and enhance the likelihood of a continuing and sustainable economic recovery in the financial sector, on April 13, 2010, the FDIC Board adopted an interim rule (with a request for comment) extending the TAG program for six months through December 31, 2010, with the possibility of an additional 12-month extension, through December 31, 2011, without further rulemaking upon a determination by the FDIC Board that continuing economic difficulties warrant such an extension.[4] Although the April 2010 interim rule proposes no increase in fees for continued participation in the TAG program, it modifies the basis upon which a participating institution's assessment is calculated to reflect a change from quarter-end reporting to average daily balance reporting for TAG-related accounts. In addition, in order to align NOW accounts covered by the

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[1] 73 FR 64179, October 29, 2008. The FDIC amended the interim rule effective November 4, 2008. 73 FR 66160, November 7, 2008.
[2] 73 FR 72244, November 26, 2008.
[3] 74 FR 45093, September 1, 2009.
[4] 75 FR 20257, April 19, 2010.

TAG program with current market rates and to ensure that the program is not used inappropriately by institutions to attract interest-rate-sensitive deposits to fund risky activities, the April 2010 interim rule reduces the interest rate on NOW accounts eligible for the FDIC's guarantee from a maximum of 0.50 percent to a maximum of 0.25 percent. Because the April 2010 interim rule modifies the existing regulatory requirements placed on institutions participating in the TAG program, the rule provides an irrevocable, one-time opportunity for currently participating institutions to opt out of the extended TAG program.

At present, institutions participating in the TAG program report the amount and number of qualifying noninterest-bearing transaction accounts of more than $250,000 as of the quarter-end report date in Call Report Schedule RC-O, Memorandum items 4.a and 4.b; TFR Schedule DI, items DI570 and DI575; and FFIEC 002 Schedule O, Memorandum items 4.a and 4.b. By the very nature of these transaction accounts, the account balances are volatile, fluctuating greatly on any given day due to the operational nature of the deposits, such as for payrolls, and withdrawals made by typical business customers. Therefore, in response to the April 2010 interim rule's modification of the basis upon which a participating institution's assessment is calculated from quarter-end reporting to average daily balance reporting for TAG program-related accounts, the agencies are proposing to change the basis for reporting in the items identified above. Accordingly, the agencies are proposing that the total dollar amount of TAG program-qualifying accounts and the total number of such accounts would be reported as an average daily balance rather than as a quarter-end amount beginning with the September 30, 2010, report date for the Call Report, the TFR, and the FFIEC 002. The amounts to be reported as daily averages would be the total dollar amount of the noninterest-bearing transactions accounts, as defined in the April 2010 interim rule, of more than $250,000 for each calendar day during the quarter divided by the number of calendar days in the quarter. For days that an office of the reporting institution is closed (e.g., Saturdays, Sundays, or holidays), the amounts outstanding from the previous business day would be used. The total number of accounts to be reported would be calculated on the same basis. Thus, all insured depository institutions that do not opt out of the extension of the TAG program must establish procedures to gather the necessary daily data beginning July 1, 2010.

- Items addressed by commenters:

The agencies received only one comment to the Federal Register Notice published on May 21, 2010. The commenter expressed concerns about how daily average balances would be calculated under the new requirements of the TAG program as approved in April 2010. It was suggested that additional guidance be provided to clearly explain and illustrate these calculations.

- Response to Comments:

In addressing concerns raised in the comment described above, the FDIC has published additional reporting guidance for those institutions that participate in the TAG program. This additional guidance provides illustrations of the daily average balance calculation for: (1) the accounts included in the daily average calculation, (2) accounts that are not open or are not TAG program qualifying for the entire quarter, (3) accounts with a daily average balance less than $250,000, and (4) incorporating joint accounts or those accounts with a daily average balance greater than $250,000. The FDIC guidance can be found at http://www.fdic.gov/regulations/resources/TLGP/tagp-programReportingGuidance.pdf. Additionally, a draft of Schedule RC-O Memorandum 4.a. and 4.b. and the related reporting instructions can be found on the FFIEC website at http://www.ffiec.gov/PDF/FFIEC_forms/FFIEC031_FFIEC041_201009_f_changes.pdf and http://www.ffiec.gov/PDF/FFIEC_forms/FFIEC031_FFIEC041_201009_i_changes.pdf, respectively.

- Based on a review of comments submitted, the agencies have decided to modify Call Report Schedule RC-O, Memorandum items 4.a. and 4.b., TFR Schedule DI, items DI570 and DI575, and FFIEC 002 Schedule O to collect the dollar amount and total number of TAG program qualifying accounts as daily average balances beginning with the September 30, 2010 reports.

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 May 21, 2010, the OCC, FDIC, FRB, and the OTS published a joint notice soliciting comments for 60 days on proposed revisions to the Call Report (75 FR 28612). The agencies received one comment letter. 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 ____ __, 2010 (75 FR ______).

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.

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11. Justification for questions of a sensitive nature:

None.

12. Burden estimate:

The OCC estimates that 1,512 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:

1,512 respondents @ 4 responses = 6,048 annual responses
6, 048 responses @ 49.64 hours per response = 300,223 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: 1,543 respondents @ 4 responses = 6,172 annual responses
6,172 responses @ 48.90 hours per response = 301,811 burden hours

New burden: 1,512 respondents @ 4 responses = 6,048 annual responses
6,048 responses @ 49.64 hours per response = 300,223 burden hours

Change: - 31respondents; + 0.74 hours per response; - 1,588 burden hours

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

Clerical:	20% x 300,223 =	60,044.60 @ $20	=	$ 1,200,892.00
Managerial/technical:	65% x 300,223=	195,144.95 @ $40	=	$ 7,805,798.00
Senior mgmt/professional:	14% x 300,223 =	42,031.22 @ $80	=	$ 3,362,497.60
Legal:	01% x 300,223=	3,002.23 @ $100	=	$ 300,223.00
Total:				$12,669,410.00

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.