Supporting Statement for
Consolidated Reports of Condition and Income (Interagency Call Report)
OMB Control No. 1557-0081

A. <u>Justification</u>

1. <u>Circumstances that make the collection necessary:</u>

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:

The agencies are proposing to implement a number of changes to the Call Report requirements, effective March 31, 2011. The changes are intended to provide data needed for safety and soundness reasons or for other public purposes. This data would assist the agencies in gaining a better understanding of banks' credit and liquidity risk exposures, principally through enhanced data on lending and securitization activities and sources of deposits. In addition, the agencies are proposing to change the instructions to the Call Report as follows:

- A breakdown by loan category of the existing Memorandum items for "Other loans and leases" that are troubled debt restructurings and are 30 days or more past due or in nonaccrual status (in Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets) or are in compliance with their modified terms (in Schedule RC-C, part I, Loans and Leases) as well as the elimination of the exclusion from reporting restructured troubled consumer loans in these Memorandum items;
- A breakdown of "Other consumer loans" into automobile loans and all other consumer loans in the Call Report schedules in the following schedules in which loan data are reported: Schedule RC-C, part I, Loans and Leases; Schedule RC-N, Past Due and Nonaccrual Loans,

Leases, and Other Assets; and Schedule RI-B, part I, Charge-offs and Recoveries on Loans and Leases;

- A breakdown of the existing items for commercial mortgage-backed securities between those issued or guaranteed by U.S. Government agencies and sponsored-agencies and those that are not in Schedule RC-B, Securities, and Schedule RC-D, Trading Assets and Liabilities;
- A new Memorandum item for the estimated amount of nonbrokered deposits obtained through the use of deposit listing service companies in Schedule RC-E, Deposit Liabilities;
- A new Schedule RC-V, Variable Interest Entities, for reporting the categories of assets of consolidated variable interest entities (VIEs) that can be used only to settle the VIEs' obligations, the categories of liabilities of consolidated VIEs without recourse to the bank's general credit, and the total assets and total liabilities of other consolidated VIEs included in the bank's total assets and total liabilities, with these data reported separately for securitization trusts, asset-backed commercial paper conduits, and other VIEs;
- Breakdowns of the existing items for loans and other real estate owned (OREO) covered by FDIC loss-sharing agreements by loan and OREO category in Schedule RC-M, Memoranda, along with a breakdown of the existing items in Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets for reporting past due and nonaccrual U.S. Government-guaranteed loans to segregate those covered by FDIC loss-sharing agreements (which would be reported by loan category) from other guaranteed loans;
- A breakdown of the existing item for "Life insurance assets" in Schedule RC-F, Other Assets, into items for general account, separate account, and hybrid account life insurance assets;

- New items for the total assets of captive insurance and reinsurance subsidiaries in Schedule RC-M, Memoranda;
- New Memorandum items in Schedule RI, Income Statement, for credit valuation adjustments and debit valuation adjustments included in trading revenues for banks with total assets of $100 billion or more;
- A change in reporting frequency from annual to quarterly for the data reported in Schedule RC-T, Fiduciary and Related Services, on collective investment funds and common trust funds for those banks that currently report fiduciary assets and income quarterly, i.e., banks with fiduciary assets greater than $250 million or gross fiduciary income greater than 10 percent of bank revenue;
- A further breakdown of memoranda items on Schedule RC-E, Deposit Liabilities to facilitate the collection of brokered and time deposits with a remaining maturity of one year or less into those deposits between $100,000 to $250,000 and deposits of $250,000 or more; and
- Instructional revisions addressing the reporting of construction loans following the completion of construction in Schedule RC-C, part I, Loans and Leases, and other schedules that collect loan data, and incorporating residential mortgages held for trading within the scope of Schedule RC-P, 1-4 Family Residential Mortgage Banking Activities.

For the March 31, 2011, report date, banks may provide reasonable estimates for any new or revised Call Report item initially required to be reported as of that date for which the requested information is not readily available. The specific wording of the captions for the new or revised Call Report data items discussed in this proposal and the numbering of these data items should be regarded as preliminary.

- Items addressed by commenters:

The agencies received 23 comments on the proposed changes for the March 31, 2011 Call Report: thirteen banks, three bankers' associations, two law firms, two insurance consultants, an insurance company, a deposit listing service, and an individual. Respondents tended to comment on one or more specific aspects of the proposal rather than addressing each individual proposed Call Report revision. One bankers' association observed that it supports the objective of the agencies' proposal, but it also provided comments on several of the proposed Call Report revisions. Another bankers' association stated reported that its "members have expressed no concerns with many of the agencies' proposed revisions," but it suggested that the agencies make several changes to the revisions. Only three commenters expressed an overall view on the proposal. One banker stated that "I generally support the Agencies proposal," but added that a few items deserve further consideration. The individual who commented stated that "[i]n form and virtually all substance I agree with the requests for data and changes for the definitions." In contrast, another banker expressed "deep concern over the proposed changes," adding that "this is not the time to place additional burdens on community banks."

- Response to Comments:

<u>Troubled Debt Restructurings:</u>

The agencies received comments from three bankers' associations on the proposed additional detail on loans that have undergone troubled debt

restructurings. Two of the commenters recommended that the agencies defer the proposed troubled debt restructuring revisions, including the new breakdowns by loan category, until the Financial Accounting Standards Board (FASB) finalizes proposed clarifications to the accounting for troubled debt restructurings by creditors.[1] In addition, two of the bankers' associations recommended retaining the term "restructured" in the caption titles instead of changing to the term "troubled debt restructurings," stating that changing this term would result in the collection of only a subset of total restructurings and would misrepresent banks' efforts to work with their customers.

Banks currently report loans and leases restructured and in compliance with their modified terms with separate disclosure of (a) loans secured by 1-4 family residential properties and (b) other loans and all leases. This same breakout is currently collected for past due and nonaccrual restructured loans. Although the captions for these line items do not use the term "troubled debt restructurings," the line item instructions generally characterize loans reported in these items as troubled debt restructurings and direct the reader to refer to the Glossary entry for "troubled debt restructurings" for further information. Furthermore, the Glossary entry states that "all loans that have undergone troubled debt restructurings and that are in compliance with their modified terms must be reported as restructured loans in Schedule RC-C, part I, Memorandum item

[1] FASB Proposed Accounting Standards Update: Receivables (Topic 310), Clarifications to Accounting for Troubled Debt Restructurings by Creditors.

1." Therefore, the agencies' longstanding intent has been to collect information on troubled debt restructurings in these line items, and these items were not designed to include loan modifications and restructurings that do not constitute troubled debt restructurings (e.g., where a bank grants a concession to a borrower who is not experiencing financial difficulties).

The accounting standards for troubled debt restructurings are set forth in ASC Subtopic 310-40, Receivables – Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended by FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan"). This is the accounting basis for the current reporting of restructured troubled loans in existing Schedule RC-C, part I, Memorandum items 1.a and 1.b, and Schedule RC-N, Memorandum items 1.a and 1.b. The proposed breakdown of the total amount of restructured "other loans" in existing Memorandum item 1.b in both schedules would result in additional detail on loans that are already within the scope of ASC Subtopic 310-40. To the extent that the clarifications emanating from the FASB proposed accounting standards update may result in banks having to report certain loans as troubled debt restructurings that had not previously been identified as such, this accounting outcome will arise irrespective of the proposed breakdown of the "other loans" category in Schedule RC-C, part I, Memorandum item 1, and Schedule RC-N, Memorandum item 1. Therefore, the agencies will

implement the new breakdown for the reporting of troubled debt restructurings as proposed.

However, in order to simplify and clarify the reporting of loan categories within “All other loans” that exceed 10 percent of the amount of “All other loans” restructured in troubled debt restructurings, as described above, the agencies will include preprinted captions for the various possible loan categories to facilitate banks’ efforts to itemize and describe these categories. Specifically, Schedule RC-C, Memorandum item 1.f, and Schedule RC-N, Memorandum item 1.f, will have preprinted captions for the following loan categories: (1) Loans secured by farmland (in domestic offices), (2) Loans to depository institutions and acceptances of other banks, (3) Loans to finance agricultural production and other loans to farmers, (4) Credit cards, (5) Automobile loans, (6) Other consumer loans, (7) Loans to foreign governments and official institutions, (8) Obligations (other than securities and leases) of states and political subdivisions in the U.S., (9) Loans to nondepository financial institutions and other loans, and on the FFIEC 031, (10) Loans secured by real estate in foreign offices.

Automobile Loans:

The agencies received three comments from banks and one comment from a bankers’ association on the proposal to separately collect information on automobile loans in Call Report schedules containing loan category data. The three banks requested an exemption from the proposed reporting

requirements for smaller banks, with one of the banks seeking the exemption only for reporting auto loan interest income and quarterly averages. The bankers' association stated that this revision should not create a significant burden for future loans because core data processors generally have the ability to break out loan types, but it also asked for clarification on the reporting for situations in which auto loans are extended for multiple purposes. In addition, the bankers' association also observed that some community banks do not have data readily available on the types or purposes of existing consumer loans, which would prevent them determining the purpose of loans collateralized by autos, i.e., for the purchase of the auto or for some other purpose, without searching paper loan files.

After considering these comments, the agencies continue to believe that the reporting of information on auto loans from all banks is necessary for the agencies to carry out their supervisory and regulatory responsibilities and to meet other public policy purposes. However, the agencies agree that the reporting of interest income and quarterly averages for auto loans may be particularly burdensome for banks to report. Therefore, the agencies will not implement the proposed collection of auto loan data on Schedule RI, Income Statement, or Schedule RC-K, Quarterly Averages, in 2011. Instead, the agencies will evaluate the auto loan data that will begin to be collected in the other Call Report schedules in March 2011 and reconsider whether to collect data on interest income and quarterly averages for auto loans. A

decision to propose to collect auto loan income and quarterly averages would be subject to notice and comment.

Regarding the request for clarification of the reporting treatment for auto loans extended for multiple purposes and existing consumer loans with autos as collateral, the agencies have concluded that, to reduce burden, all consumer loans originated or purchased prior to April 1, 2011, that are collateralized by automobiles, regardless of the purpose of the loan, are to be classified as auto loans and included in the new Call Report items for auto loans. For consumer loans originated or purchased on or after April 1, 2011, banks should exclude from auto loans any personal cash loans secured by automobiles already paid for and consumer loans where some of the proceeds are used to purchase an auto and the remainder of the proceeds are used for other purposes.

Nonbrokered Deposits Obtained Through the Use of Deposit Listing Service Companies:

The agencies received 15 comments (nine banks, three bankers' associations, two law firms, and one deposit listing service) that addressed the proposed collection of the estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits. Only the two law firms supported the proposed addition of the proposed Memorandum item to the Call Report. The other 13 commenters expressed varying degrees of opposition to the proposal.

The deposit listing service recommended that the agencies withdraw this proposal because not all listing services serve the same types of customers, not all listing service deposits can be easily tracked and controlled, not all listing services represent a source of high-yield deposits, and the collection of the proposed Memorandum item may dissuade bank examiners from appropriately evaluating the volatility and rate sensitivity of deposits reported in the item. Seven of the banks opposing this proposed Memorandum item raised these same four arguments. The other two banks and two of the bankers' associations that objected to the proposed item cited the difficulty in identifying and tracking deposits obtained from listing services. The other bankers' association expressed concern that the addition of a new Call Report item on deposits obtained from listing services, which are currently included in core deposits, "will be a first step to exclude these funds from being considered core deposits."[2]

In contrast, the two law firms supporting this proposed Call Report revision characterized it as "a step in the right direction," "long overdue," and "a necessary and vital step toward developing a rational policy concerning access to the national deposit funding markets by banks." One law firm commented that "[s]ince the FDIC issued a Final Rule in 2009 to revise insurance assessments on brokered deposits (12 CFR 327), . . . numerous IDIs have turned away from accepting brokered deposits in favor of unregulated and opaque deposits from deposit listing services as an

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[2] See Section II.H. below for information on a change in the definition of core deposits unrelated to the proposed Memorandum item for nonbrokered deposits obtained through the use of deposit listing services.

alternative (and less scrutinized) source for their non-core out-of-area funding." The other law firm made a similar observation, adding that the proposed Memorandum item "will provide important information to regulators about each banks' deposit funding sources."

Although commenters, including the deposit listing service, expressed concern about the ability to identify deposits obtained through the use of listing services, the deposit listing service described itself "[a]s a closed, member-only listing service" and stated that it "has always provided banks with tracking utilities and reports that will allow for the analysis of deposits being generated" through the use of the listing service, thereby easing "administrative burdens for our financial institution subscribers." The listing service also noted that this "is not the case with most or all other listing services." In addition, the deposit listing service stated that:

> Further complicating matters is the fact that some public, open listing services, national publications and rate-advertising Websites will post a bank's rate without the bank's authorization. These sources routinely pick up the bank's rates from its own Website, without the institution's knowledge. Because the bank did not initiate the advertisements (and may not even be aware that they exist), the bank will not be able to quantify deposits coming from these other sources for the purpose of the call report.

One bank made a similar observation about rate-advertising Web sites, stating that "[w]e do not pay to have our rates listed on such sites since we concentrate on relationships with local customers but it is possible that some of our customers opened their accounts with us based on those listings." The bank recommended that, if the proposed Memorandum item is added to the Call Report, "the instructions should exempt deposits

acquired based on deposit listing services when the bank did not take any action to have its rates listed by the service."

The agencies acknowledge that, unless a deposit listing service offers deposit tracking to its bank customers, the precise amount of deposits obtained through the use of listing services is not readily determinable. It was for this reason that the agencies specifically proposed that banks report the estimated amount of listing service deposits. Furthermore, although some comment letters suggested that the agencies' proposed new Memorandum item was designed to capture all deposits obtained via the Internet, that is not the intended scope of the proposed item.

In their comments, the deposit listing service and several banks expressed concern that the addition of the proposed Memorandum item to the Call Report will "encourage examiners to simply apply a blanket assumption of volatility and rate sensitivity to all deposits" reported in the new item. One bankers' association questioned what would be served if the agencies were to collect this information. The estimated amount of deposits obtained through deposit listing services, and how the estimate changes over time, will serve as additional data points for examiners as they begin their comprehensive fact-specific evaluations of the stability of banks' deposit bases. The collection of the proposed item is not intended to eliminate examiners' assessments of depositors' characteristics, which of necessity entails a thorough analysis of the risk factors associated with a bank's depositors and how bank management identifies, measures,

manages, and controls these risks. Information on the level and trend of deposits obtained through the use of listing services also will assist examiners in planning how they will evaluate liquidity and funds management during examinations. From a surveillance perspective, significant changes in a bank's use of listing service deposits may trigger supervisory follow-up prior to the next planned examination.

After considering the comments on its proposal, the agencies have decided to proceed with the proposed new Memorandum item for the estimated amount of deposits obtained through the use of deposit listing services. As mentioned above, the new item is not intended to capture all deposits obtained through the Internet, such as deposits that a bank receives because a person or entity has seen the rates the bank has posted on its own Web site or on a rate-advertising Web site that has picked up and posted the bank's rates on its site without the bank's authorization. Accordingly, the final instructions will state that the objective of the Memorandum item is collect the estimated amount of deposits obtained as a result of action taken by the bank to have its deposit rates listed by a listing service and the listing service is compensated for this listing either by the bank whose rates are being listed or by the persons or entities who view the listed rates. However, the final instructions for the Memorandum item will also indicate that the actual amount on nonbrokered listing service deposits, rather than an estimate, should be reported for those deposits acquired through the use of a service that offers deposit tracking. A bank should

establish a reasonable and supportable estimation process for identifying listing service deposits that meet these reporting parameters and apply this process consistently over time.

Deposits of Individuals, Partnerships, and Corporations:

The agencies received three comments from banks and two comments from bankers' associations on the proposal for separate reporting of deposits of individuals versus deposits of partnerships and corporations. Two of the bank commenters requested that smaller banks be exempted from this proposed reporting requirement. The third bank and the two bankers' associations stated that the proposal would require significant system programming changes and the bank also questioned the meaningfulness of the separate information. These commenters indicated that if the new deposit breakdown were adopted, it should be deferred until either December 31, 2011, or March 31, 2012, to allow time for banks to make the necessary systems changes. The bankers' associations also recommended that all certified and official checks be reported together in one of the two depositor categories, with one of the associations expressing a preference for reporting all of these checks as deposits of partnerships and corporations. Finally, one bankers' association recommended that all brokered deposits and all uninvested trust funds be reported as deposits of partnerships and corporations, and that all mortgage escrows be reported as deposits of individuals.

The agencies have reconsidered their proposal for banks to report deposits of individuals separately from deposits of partnerships and corporations in Schedule RC-E and acknowledge that it would necessitate extensive programming changes. As a result of this reevaluation, the agencies have decided not to implement this proposed Call Report revision.

Variable Interest Entities:

The agencies received one comment, from a bankers' association, that addressed proposed Schedule RC-V. The bankers' association recommended delaying the March 2011 effective date of this new schedule until a later quarter because the collection of the data to be reported in the schedule, given the proposed level of granularity, would be mostly a manual process involving spreadsheets until systems modifications could be made.

Because the Call Report balance sheet is completed on a consolidated basis, the VIE amounts that banks would report in new Schedule RC-V are amounts that, through the consolidation process, must be reported in the appropriate balance sheet asset and liability categories. These balance sheet categories, by and large, have been carried over into Schedule RC-V. Schedule RC-V distinguishes between assets of consolidated VIEs that can be used only to settle obligations of the consolidated VIEs and assets not meeting this condition as well as liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank and liabilities not meeting this condition. This distinction is based on

existing disclosure requirements applicable to financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP), to which the banks likely to have material amounts of consolidated VIE assets and liabilities to report have been subject for one year. Thus, these banks should have a process in place, even if manual, for segregating VIE assets and liabilities based on this distinction.

The agencies recognize that the proposed separate reporting of consolidated VIE assets and liabilities by the type of VIE activity, i.e., securitization vehicles, ABCP conduits, and other VIEs, goes beyond the disclosure requirements in U.S. GAAP. Otherwise, the proposed data requirements for Schedule RC-V have been based purposely on the GAAP framework. Thus, the agencies have concluded that it would be appropriate to proceed with the introduction of new Schedule RC-V in March 2011 as proposed.

Life Insurance Assets:

The two insurance consultants and an insurance company supported the agencies' proposal to add a breakdown of life insurance assets by type of policy to the Call Report. However, all three of these commenters noted that the evolution of life insurance products in recent years has led to a third type of policy becoming more prevalent in the banking industry: hybrid accounts. Such accounts combine features of both general and separate account products by providing the additional asset protection

offered by separate accounts while also providing a guaranteed minimum interest-crediting rate, which is common to general accounts. They recommended that the agencies revise their proposal from a two-way to a three-way breakdown of life insurance assets or, although not the preferable approach, advise banks with hybrid account life insurance assets to report them together with general account life insurance assets because they have more general account characteristics. Because of the agencies' interest in being better able to understand the risk characteristics of banks' holdings of life insurance assets, the agencies have decided to implement the three-way breakdown of these assets consistent with the commenters' recommendation.

Call Report Revisions – Reporting of 1-4 Family Residential Mortgages Held for Trading in Schedule RC-P:

The agencies received one comment from a bankers' association on the proposed guidance on the reporting of 1-4 family residential mortgages held for trading in Schedule RC-P. The commenter supported the proposed clarification and requested further clarification on the reporting of repurchases and indemnifications in this schedule. The commenter suggested separate reporting of loan repurchases from indemnifications for all subitems of Schedule RC-P, item 6, "Repurchases and indemnifications of 1-4 family residential mortgage loans during the quarter."

In September 2010, the agencies clarified the Call Report instructions for Schedule RC-P, item 6, to explain which repurchases of 1-4 family residential mortgage loans are reportable in this item. Specifically, instructional guidance was provided stating that banks should exclude 1-4 family residential mortgage loans that have been repurchased solely at the discretion of the bank from item 6. The agencies do not believe that that there is a supervisory need to separate the reporting of loan repurchases from indemnifications in Schedule RC-P, item 6, but welcome comments regarding any further clarifications to these reporting instructions.

Call Report Revisions – Maturity and Repricing Data for Assets and Liabilities at Contractual Ceilings and Floors:

The agencies received comments from two bankers' associations on this proposed instructional change. One bankers' association recommended that the agencies adopt their proposed approach only for floating rate loans reported in Schedule RC-C, part I. The bankers' association opposed extending the same proposed approach to the other three Call Report schedules in which repricing data are reported for certain other floating rate instruments because its "members believe that not enough research has been completed" to understand the effect of the proposed instructional change on how these other instruments would be reported. The other bankers' association recommended against proceeding with proposed instructional change because of the implementation burden on the multiple

systems that would need to be revised. This association also observed that the revised information for floating rate instruments at contractual ceilings and floors would be commingled with the maturity and repricing information for all of the other instruments in the same asset or liability category.

After considering the comments received, the agencies have decided not to change the instructions for reporting repricing information for floating rate instruments at contractual ceilings and floors in Schedules RC-B; RC-C; part I, RC-E; and RC-M. Such floating rate instruments should continue to be reported in these schedules in accordance with the longstanding requirement that the instruments be treated as "fixed rate" rather than "floating rate" until their rate is again free to float.

Definitions of Core Deposits and Non-Core Funding:

Two bankers' associations submitted comments addressing the definition of core deposits, which was not part of the agencies' proposed Call Report revisions for March 2011. The associations noted that the definition of this term, which is used in the calculation of ratios published by the agencies in the Uniform Bank Performance Report (UBPR), currently incorporates a $100,000 threshold for time deposits. This amount was the standard maximum deposit insurance amount prior to the enactment of the Dodd-Frank Act, which permanently increased the standard maximum amount to $250,000 on July 21, 2010. Consequently, one bankers' association urged the agencies to adjust the core deposit threshold to

$250,000 for consistency with the deposit insurance limit. Similarly, the second bankers' association stated that this change in the standard maximum deposit insurance amount eliminated the need to continue to base the identification of core deposits on the $100,000 threshold. This association recommended that references in the Call Report to $100,000 be revised and updated.

The banking agencies publish the UBPR quarterly to facilitate peer comparisons of bank performance by bankers, examiners, and bank analysts. UBPR data are calculated primarily from data reported in the Call Report. The UBPR includes a liquidity page that contains calculated values for a variety of predefined ratios, including several ratios measuring core and non-core funding dependency. The agencies' staffs use these ratios for offsite surveillance purposes to identify institutions with potentially heightened risk characteristics, while examiners may use these ratios in their reports, as appropriate, for benchmarking purposes in their liquidity analyses.

At present, the UBPR defines core deposits as the sum of demand deposits, negotiable order of withdrawal (NOW) accounts, automatic transfer service (ATS) accounts, money market deposit accounts (MMDA), other savings deposits, and time deposits of less than $100,000. All time deposits with balances of $100,000 or more, including those with balances between $100,000 and $250,000, are not included in core deposits for UBPR purposes.

The UBPR also defines an associated concept, non-core liabilities, as total time deposits of $100,000 or more, other borrowed money, foreign office deposits, securities sold under agreements to repurchase, federal funds purchased, and brokered deposits of less than $100,000. Thus, for example, all fully insured time deposits in amounts greater than $100,000 are currently deemed to be non-core liabilities. Finally, the UBPR further refines the concept of non-core liabilities by separately defining short-term non-core liabilities as those non-core liabilities with maturities of one year or less.

For purposes of liquidity evaluations conducted during safety-and-soundness examinations, examiners are expected to consider a variety of factors in assessing the stability of a bank's deposit base. Given that such an assessment is complex and fact specific, a bank's core deposit and non-core funding ratios calculated by the UBPR are best viewed as a starting point for further liquidity analysis. Furthermore, a strong case can be made that the current UBPR definitions of core deposits and non-core funds are not the appropriate starting point for analysis given the permanent change in the standard maximum deposit insurance amount to $250,000. Non-brokered time deposits of $100,000 or more with fully insured balances are automatically being deemed non-core funds in the current UBPR. While examiners can, and are expected to, look through ratios to assess the underlying stability of deposits, it seems inappropriate to automatically penalize all such deposits with a non-core funding designation in the UBPR.

Accordingly, after considering the comments from the two bankers' associations, the agencies have concluded that non-brokered time deposits with balances between $100,000 and $250,000 should be considered core deposits rather than non-core liabilities. The agencies

further believe that, for consistency, this increased deposit threshold should be incorporated at the same time into the UBPR definitions of non-core liabilities and short-term non-core liabilities. Although the definitional changes for core deposits and non-core liabilities can be implemented using information currently collected in the Call Report, each of two existing Call Report items would need to be revised to support an updated definition of short-term non-core liabilities that reflects the increased standard maximum insurance amount of $250,000. Therefore, effective with the Call Report for March 31, 2011, the agencies propose to split two items in Schedule RC-E, Deposit Liabilities, as follows:

(1) Memorandum item 1.d.(2), “Brokered deposits of $100,000 or more with a remaining maturity of one year or less,” would be split into Memorandum item 1.d.(2)(a), “Brokered deposits of $100,000 through $250,000 with a remaining maturity of one year or less,” and Memorandum item 1.d.(2)(b), “Brokered deposits of more than $250,000 with a remaining maturity of one year or less,” and

(2) Memorandum item 4.b, “Time deposits of $100,000 or more with a remaining maturity of one year or less,” would be split into Memorandum item 4.b.(1), “Time deposits of $100,000 through $250,000 with a remaining maturity of one year or less,” and Memorandum item 4.b.(2), “Time deposits of more than $250,000 with a remaining maturity of one year or less.”

For UBPR calculation purposes beginning with Call Report data reported as of March 31, 2011, core deposits will be defined as the sum of demand deposits, NOW accounts, ATS accounts, MMDAs, other savings deposits, and total time deposits of $250,000 or less, minus brokered deposits of $250,000 or less. Non-core liabilities will be defined as the sum

of as total time deposits of more than $250,000, brokered deposits of $250,000 or less, other borrowed money, foreign office deposits, securities sold under agreements to repurchase, and federal funds purchased. Short-term non-core liabilities will be defined as the sum of time deposits of more than $250,000 with a remaining maturity of one year or less, brokered deposits of $250,000 or less with a remaining maturity of one year or less, other borrowed money with a remaining maturity of one year or less, foreign office deposits with a remaining maturity of one year or less, securities sold under agreements to repurchase, and federal funds purchased.

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 to conduct peer analysis, the assessment of strengths and weaknesses in a particular institution as compared to similar institutions. The data also are used to schedule bank examinations and to determine 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 generating data for economic studies and analyses in 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' ability to monitor financial institutions 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 September 30, 2010, the OCC, FDIC, and FRB published a joint notice soliciting comments for 60 days on proposed revisions to the Call Report (75 FR 60497). The agencies collectively received 23 comments on the published joint notice. A detailed summary of the comments is included in the 30 day notice was published on January 28, 2011.

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 1,491 national banks will file Call Reports each quarter and that the burden will average 215 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:

1,491 respondents @ 4 responses = 5,964 annual responses

5,964 responses @ 53.25 hours per response = 317,583 burden hours

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

Clerical:	20% x 317,583 = 63,516.6 @ $20 =	$ 1,270,332.00
Managerial/technical:	65% x 317,583 = 206,428.95 @ $40 =	$ 8,257,158.00
Senior mgmt/professional:	14% x 317,583 = 44,461.62 @ $80 =	$ 3,556,929.60
Legal:	01% x 317,583 = 3,175.83 @ $100 =	$ 317,583.00
Total:		$ 13,402,002.00

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: 1,494 respondents @ 4 responses = 5,976 annual responses

5,976 responses @ 50.15 hours per response = 299,696 burden hours

New burden: 1,491 respondents @ 4 responses = 5,964 annual responses

5,964 responses @ 53.25 hours per response = 317,583 burden hours

Change: - 3 respondents; + 3.1 hours per response; + 17,887 burden hours

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.