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

## A. JUSTIFICATION

### 1. Circumstances and Need

On November 21, 2011, the Federal banking agencies (agencies), under the auspices of the Federal Financial Institutions Examination Council (FFIEC), requested public comment for 60 days on a proposal to extend, with revision, the Consolidated Reports of Condition and Income (Call Report), which are currently approved collections of information.[1] After considering the comments received on the proposal, the FFIEC and the agencies will proceed with the reporting changes and instructional revisions that had been proposed to take effect March 31, 2012. The FFIEC and the agencies also will implement the two less detailed Call Report revisions that had been proposed for implementation as of June 30, 2012. As for the two new schedules that also had been proposed to be added to the Call Report beginning June 30, 2012, the FFIEC and the agencies are continuing to evaluate these new schedules in light of the comments received on these aspects of their proposal. The decisions of the FFIEC and the agencies regarding these two new schedules will be the subject of a separate Federal Register notice and any resulting new reporting requirements will not take effect before the September 30, 2012 report date.

### 2. Use of Information Collected

Institutions submit Call Report and TFR data to the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report and TFR data provide the most current statistical data available for evaluating institutions' corporate applications, identifying areas of focus for both on-site and off-site examinations, and monetary and other public policy purposes. The agencies use the data in evaluating interstate merger and acquisition applications to determine, as required by law, whether the resulting institution would control more than ten percent of the total amount of deposits of insured depository institutions in the United States. The data is also used to calculate all institutions' deposit insurance and Financing Corporation assessments, and assessment fees.

### 3. Use of Technology to Reduce Burden

All banks and savings associations are subject to an electronic filing requirement for Call Reports and TFRs. Institutions may use information technology to the extent feasible to maintain required records.

### 4. Efforts to Identify Duplication

[1] 76 FR 72035(November 21, 2011).

The information to be collected to calculate the assessment bases for all insured depository institutions and the assessment rates for large and highly complex institutions is not duplicated elsewhere.

5. Minimizing the Burden on Small Entities

The information to be collected is the minimum necessary for the FDIC to administer the Federal Deposit Insurance System for insured depository institutions. In general, the large institution assessment system applies to institutions with $10 billion or more in total assets and therefore will not affect small institutions.

With respect to the information collected to calculate the assessment bases for all insured depository institutions, institutions with less than $1 billion in assets (other than newly insured institutions) may use a weekly averaging method for calculating average consolidated total assets unless they opt to report daily averages on a permanent basis. Banks with less than $1 billion in assets generally will be able to carry the average total assets figure reported in the quarterly averages schedule of the Call Report over to the deposit insurance assessment schedule. Under the FDIC's final rule, tangible equity capital is defined as Tier 1 capital, which institutions already measure for regulatory capital purposes, and average tangible equity will be calculated using a monthly averaging method, but institutions with less than $1 billion in assets (other than newly insured institutions) may report on an end-of-quarter basis unless they opt to report monthly averages on a permanent basis. In general, banks with less than $1 billion in assets will be able to carry the quarter-end Tier 1 capital figure reported in the regulatory capital schedule of the Call Report over to the deposit insurance assessment schedule.

6. Consequences of Less Frequent Collection

The collection of the deposit insurance assessment data less frequently than on a quarterly basis would reduce the FDIC's ability to timely calculate and collect the quarterly assessments for insured deposits.

7. Special Circumstances

There are no special circumstances.

8. Consultation with Persons Outside the OCC

The agencies collectively received comments on their November 2011 Federal Register notice from eight entities: four banking organizations, two bankers' associations, a commercial lending software company, and a news organization. One bankers' association offered the general statement that its "members expressed no concerns with many of the agencies' proposed revisions." None of the commenters specifically addressed the reporting changes proposed for implementation as of March 31, 2012. All eight of the commenters addressed one or both of the two new schedules proposed to be added to the Call Report as of June 30, 2012: Schedule RI-C, Disaggregated Data on the Allowance for Loan and Lease Losses, and Schedule RC-U, Loan

Origination Activity (in Domestic Offices). One bankers' association expressed support for the proposed new items for past due and nonaccrual purchased credit-impaired loans, which were also proposed to be added to the Call Report as of June 30, 2012, and recommended "that the agencies adopt these proposed revisions without change." The news organization supported the proposed collection of data on representation and warranty reserves for 1-4 family residential mortgage loans beginning June 30, 2012. The agencies concur with this commenter's suggestion that the instructions for the new items for these reserves clarify that representations and warranties made to mortgage insurers of loans sold fall within the scope of these items.

In addition, the news organization recommended that the agencies consider significantly revising the information they collect on mortgage banking activities in Schedule RC-P by adding further detail in certain areas and deleting certain existing items. These recommendations go well beyond the agencies' current proposal to add new items for representation and warranty reserves to Schedule RC-P. The FFIEC and the agencies will consider the news organization's ideas in conjunction with their evaluation of other possible Call Report revisions that would be included in a future proposal.

After considering the comments the agencies received, the FFIEC and the agencies are proceeding with the revisions proposed for implementation as of the March 31, 2012, report date as well as the proposed new items for past due and nonaccrual purchased credit-impaired loans and representation and warranty reserves for 1-4 family residential mortgages effective as of the June 30, 2012 report date.[2] As for the new schedules for disaggregated ALLL data and selected loan origination data proposed for implementation as of June 30, 2012, the FFIEC and the agencies are continuing to evaluate these two proposed schedules in light of the comments received. When the FFIEC and the agencies have decided whether and how to proceed with these proposed new schedules, a separate Federal Register notice will be published and, if applicable, submissions by the agencies will be made to OMB. Because of the additional time necessary for the FFIEC and the agencies to determine the outcome of proposed new Call Report Schedules RI-C and RC-U and to allow sufficient lead time for affected institutions to prepare for any resulting new reporting requirements, the collection of disaggregated ALLL data and selected loan origination data would not take effect before the September 30, 2012 report date.

Consistent with longstanding practice, for the March 31, 2012, and June 30, 2012 report dates, as applicable, institutions 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.

9. Payment or Gift to Respondents

[2] In December 2011, the agencies separately requested approval from OMB to add six new items of limited scope and applicability to Call Report Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, that also would take effect June 30, 2012. These six new Call Report Schedule RC-O items are: (a) For large and highly complex institutions, Memorandum item 16, "Portion of loans restructured in troubled debt restructurings that are in compliance with their modified terms and are guaranteed or insured by the U.S. government (including the FDIC)"; (b) For large and highly complex institutions that own another insured depository institution, Memorandum items 17.a through 17.d for the fully consolidated amounts of total deposit liabilities before exclusions, total allowable exclusions, unsecured other borrowings with a remaining maturity of one year or less, and estimated amount of uninsured deposits; and (c) For all institutions that own another insured depository institution, Memorandum item 9.a for the fully consolidated amount of reciprocal brokered deposits. See 76 FR 77315, December 12, 2011.

No gifts will be given to respondents.

10. Confidentiality

Information collected in Call Reports and TFRs pertaining to the redefined assessment base are publicly available. Information gathered through examination processes at these institutions is treated as confidential examination information. Because the agencies would continue to regard these new data items as examination-related information, the information from large and highly complex institutions on criticized and classified items, nontraditional mortgage loans, subprime consumer loans, leveraged loans, top 20 counterparty exposures, and largest counterparty exposure would be accorded confidential treatment when collected via the Call Report and TFR. The other new data items to be collected from large and highly complex institutions would be publicly available.

11. Information of a Sensitive Nature

No information of a sensitive nature is requested.

12. Estimate of Annual Burden

*Estimated Number of Respondents:* 2,035 (1,399 national banks and 636 federal savings associations).

*Estimated Time per Response:* National banks: 53.49 burden hours per quarter to file.
Federal savings associations: 53.90 burden hours per quarter to file and 188 burden hours for the first year to convert systems and conduct training.

*Estimated Total Annual Burden:* National banks: 299,350 burden hours to file.
Federal savings associations: 137,120 burden hours to file plus 119,568 burden hours for the first year to convert systems and conduct training.
Total: 556,038 burden hours.

The estimated time per response for the quarterly filings of the Call Report is an average that varies by agency because of differences in the composition of the institutions under each agency's supervision (e.g., size distribution of institutions, types of activities in which they are engaged, and existence of foreign offices).

As approved by OMB, savings associations will convert from filing the Thrift Financial Report (TFR) (formerly OMB Number: 1550-0023) to filing the Call Report effective as of the March 31, 2012, report date (unless an institution elects to begin filing the Call Report before that report date).[3] Thus, savings associations will incur an initial burden of converting systems and training staff to prepare and file the Call Report in place of the TFR. Accordingly, the burden estimates above in this notice for savings associations also include the time to convert to filing the Call Report, including implementing the necessary systems changes and training staff on Call Report preparation and filing, which is estimated to average 188 hours per savings association.

In general, larger savings associations and those with more complex operations would likely expend a greater number of hours, on average, than smaller savings associations and those with less complex operations. A savings association's use of service providers for the information and accounting support of key functions, such as credit processing, transaction processing, deposit and customer information, general ledger, and reporting should result in lower burden hours for converting to the Call Report. Savings associations with staff having experience in preparing and filing the Call Report should incur lower initial burden hours for converting to the Call Report from the TFR. For further information about the estimated initial burden hours for savings associations' conversion to the Call Report from the TFR, see 76 FR 39986, July 7, 2011.

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

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| Clerical: | 20% x 556,038 = | 111,207.60 @ $20 = | $ 2,224,152.00 |
| Managerial/technical: | 65% x 556,038 = | 361,424.70 @ $40 = | $ 14,456,988.00 |
| Senior mgmt/professional: | 14% x 556,038 = | 77,845.32 @ $80 = | $ 6,227,625.60 |
| Legal: | 01% x 556,038 = | 5,560.38 @ $100 = | $ 556,038.00 |
| Total: | | | $ 23,464,803.60 |

13. Capital, Start-up, and Operating Costs

The initial burden arising from implementing recordkeeping and systems changes to enable insured depository institutions to report the applicable assessment-related data items that have been added to these regulatory reports will vary significantly. For the vast majority of the insured depository institutions, including the smallest institutions, this initial burden will be nominal because only three of the new data items will be relevant to them and the amounts to be reported can be carried over from amounts reported elsewhere in the report.

Many of the new data items are applicable only to approximately 110 large and highly complex institutions (as defined in the FDIC's assessment regulations). To achieve consistency, the instructions for these new data items, which are drawn directly from definitions contained in the FDIC's assessment regulations (as amended in February 2011), are prescriptive. Transition guidance has been provided for the two categories of higher-risk assets (subprime and leveraged loans) for which large and highly complex institutions have indicated that their data systems do

[3] See 76 FR 39981, July 7, 2011, at http://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_20110707_ffr.pdf and the Office of Thrift Supervision's CEO Letter #391 dated July 7, 2011, at http://www.ots.treas.gov/_files/25391.pdf.

not currently enable them to identify individual assets meeting the FDIC's definitions that will be used for assessment purposes only.  Time is provided for large and highly complex institutions to revise their data systems to support the identification and reporting of assets in these two categories on a going-forward basis.  The guidance also permits these institutions to use existing internal methodologies developed for supervisory purposes to identify existing assets (and, in general, assets acquired during the transition period, which currently extends until April 1, 2012) that would be reportable in these higher-risk asset categories on an ongoing basis.

The initial burden associated with implementing the recordkeeping and systems changes necessary to identify assets reportable in these two higher-risk asset categories is significant for the approximately 110 large and highly complex institutions, but the agencies are currently unable to estimate the amount of this initial burden.  Large and highly complex institutions have additional initial burden in connection with implementing systems changes to support their ability to report the other new assessment-related items applicable to such institutions.

14.  Estimates of Annualized Cost to the Federal Government

The cost to the agencies of the reporting changes that are the subject of this request includes the cost of:

- Developing reporting requirements, instructions, and data validation edits;
- Computer processing (including developing, maintaining, and modifying software programs) associated with the agencies' systems for collecting and validating Call Reports and TFRs, and the FDIC's systems for calculating and collecting assessments; and
- The agencies' personnel involved in the preceding tasks and in the review and validation of reported and calculated data.

15. Change in Burden

Former burden: 560,181 burden hours

New burden: 556,038 burden hours

Change: - 4,143 burden hours

16. Publication

Except for the new data items for criticized and classified items, nontraditional mortgage loans, subprime consumer loans, leveraged loans, top 20 counterparty exposures, and largest counterparty exposure that will be collected from large or highly complex institutions and will be accorded confidential treatment, the agencies will make the data collected in the other new assessment-related data items publicly available as part of the data collected in the Call Report and TFR report that are currently made available to the public.

17. Exceptions to Expiration Date Display

None.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.