

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

A. JUSTIFICATION

1. Circumstances and Need

On February 21, 2013, the agencies requested public comment for 60 days on a proposal to extend, with revision, the Call Report.<sup>1</sup> After considering the comments received on the proposal, the FFIEC and the agencies will proceed with (1) a proposed scope revision to an item in the equity capital reconciliation and (2) with the reporting changes proposed for large and highly complex institutions for deposit insurance assessment purposes. These changes will be effective June 30, 2013.

Large and highly complex institutions with foreign offices will be permitted to delay the reporting of foreign office data in certain existing items in the deposit insurance assessments schedule that currently capture only domestic office data until the September 30, 2013, report date. As for the other data items that had been proposed to be added to the Call Report effective June 30, 2013 (and one new item proposed to be collected annually beginning December 31, 2013), the FFIEC and the agencies are continuing to evaluate these proposed new Call Report items in light of the comments received. The FFIEC's and the agencies' decisions regarding these additional proposed data items will be the subject of a separate *Federal Register* notice.

2. Use of Information Collected

The proposed changes include:

- A question that would be added to Schedule RC-E, Deposit Liabilities, asking whether the reporting institution offers separate deposit products (other than time deposits) to consumers compared to businesses, and
  - For those institutions with \$1 billion or more in total assets that offer separate products, new data items on the quarter-end amount of certain types of consumer transaction accounts and nontransaction savings deposit accounts that would be reported in Schedule RC-E, and
  - For all institutions that offer separate products, a new breakdown on the year-to-date amounts of certain types of service charges on consumer deposit accounts reported as noninterest income in Schedule RI, Income Statement;
- A request for information on international remittance transfers in Schedule RC-M, Memoranda, including:

---

<sup>1</sup> 78 FR 12141.

- o Questions about types of international remittance transfers offered, the settlement systems used to process the transfers, and whether the number of remittance transfers provided exceeds or is expected to exceed the Bureau’s safe harbor threshold (more than 100 transfers); and
- o New data items to be reported by institutions not qualifying for the safe harbor on the number and dollar amount of international remittance transfers;
- New data items in Schedule RC-M for reporting all trade names that differ from an institution’s legal title that the institution uses to identify physical branches and public-facing Internet Web sites;
- Additional data to be reported in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, by large institutions and highly complex institutions (generally, institutions with \$10 billion or more in total assets) to support the FDIC’s large bank pricing method for insurance assessments, including a new table of consumer loans by loan type and probability of default band, new data items providing information on loans secured by real estate at institutions with foreign offices, revisions of existing data items on real estate loan commitments and U.S. government-guaranteed real estate loans to include those in foreign offices, and other revisions to the information collected on assets guaranteed by the U.S. government;
- A new data item in Schedule RC-M applicable only to institutions whose parent depository institution holding company is not a bank or savings and loan holding company in which the institution would report the total consolidated liabilities of its parent depository institution holding company annually as of December 31 to support the Board’s administration of the financial sector concentration limit established by the Dodd-Frank Act; and
- A revision of the scope of the existing item in Schedule RI-A, Changes in Bank Equity Capital, for “Other transactions with parent holding company” to include such transactions with all stockholders.

In addition, the agencies invited comments on their plans to continue the collection of two existing items on the amount and number of noninterest-bearing transaction accounts of more than \$250,000 in Schedule RC-O in the March 2013 and future Call Reports, subject to further review and reconsideration of the collection of these data. These accounts were covered by temporary unlimited deposit insurance through December 31, 2012.

### 3. Use of Technology to Reduce Burden

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

#### 4. Efforts to Identify Duplication

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

#### 5. Minimizing the Burden on Small Entities

Only the minimum information needed to evaluate the condition of an institution, regardless of size, is required.

#### 6. Consequences of Less Frequent Collection

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 delay regulatory response.

#### 7. Special Circumstances

There are no special circumstances.

#### 8. Consultation with Persons Outside the OCC

The agencies collectively received comments on their February 2013 *Federal Register* notice from 29 entities: 20 banking organizations, seven bankers' associations, one life insurers' association, and one government agency. Commenters each addressed one or more of the proposed reporting changes, with nearly three quarters of commenters providing feedback on the proposed breakdown on the amounts of certain types of service charges on consumer deposit accounts and almost one third offering comments on the proposed reporting of the amounts of certain types of consumer deposit accounts. Lesser percentages of commenters addressed the other proposals in the agencies' February 2013 *Federal Register* notice, except that none of the commenters specifically addressed the proposed scope revision of an existing item in the equity capital reconciliation schedule.

After considering the comments the agencies received, the FFIEC and the agencies are proceeding at this time only with (1) the proposed scope revision mentioned above and (2) the reporting changes proposed for large and highly complex institutions for deposit insurance assessment purposes to which certain modifications have been made in response to comments received. These reporting changes will take effect June 30, 2013, as had been proposed. However, large and highly complex institutions with foreign offices will be permitted to delay the reporting of foreign office data in certain existing items in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, that currently capture only domestic office data until the September 30, 2013, report date. The agencies also will continue collecting the existing Schedule RC-O items on the amount and number of noninterest-bearing transaction accounts of more than \$250,000 from all institutions through December 31, 2013, after which these items will be eliminated.

Regarding the other data items that had been proposed to be added to the Call Report effective June 30, 2013 (and one new item proposed to be collected annually beginning December 31, 2013), the FFIEC and the agencies are continuing to evaluate these proposed new Call Report items in light of the comments received. When the FFIEC and the agencies have decided whether and how to proceed with these other proposed new data items, 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 these additional proposed Call Report revisions and to allow sufficient lead time for affected institutions to prepare for any resulting new reporting requirements, implementation of the additional revisions will not take effect before the December 31, 2013, report date.

Proposed Reporting Changes for Large and Highly Complex Institutions – The agencies’ February 2013 *Federal Register* notice explained that the FDIC Board of Directors had approved a final rule in October 2012 that amended certain aspects of the methodology set forth in the FDIC’s assessment regulations (12 CFR Part 327) for determining the deposit insurance assessment rates for large and highly complex institutions.<sup>2</sup> This “large bank pricing rule,” originally adopted by the FDIC Board in February 2011,<sup>3</sup> uses a scorecard method to determine a large or highly complex institution’s assessment rate. One of the financial ratios used in the scorecard is the ratio of higher-risk assets to Tier 1 capital and reserves. The FDIC’s October 2012 assessments final rule, which took effect April 1, 2013, (1) revises the definitions of certain higher-risk assets in the February 2011 assessments rule, specifically leveraged loans, which are renamed “higher-risk commercial and industrial (C&I) loans and securities,” and subprime consumer loans, which are renamed “higher-risk consumer loans”; (2) clarifies when an asset must be classified as higher risk; (3) clarifies the way securitizations are identified as higher risk; and (4) further defines terms that are used in the large bank pricing rule.

The agencies’ February 2013 *Federal Register* notice also explained that, in response to large and highly complex institutions’ concerns about their ability to identify loans meeting the subprime and leveraged loan definitions in the FDIC’s February 2011 assessments rule, the agencies provided transition guidance for reporting subprime consumer and leveraged loans and securities that took effect with the initial reporting of these data in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, as of June 30, 2011. The transition period for identifying and reporting subprime and leveraged loans has been extended over time to April 1, 2013. Because the FDIC’s October 2012 assessments final rule amended the definitions of subprime and leveraged loans and securities and renamed these higher-risk asset categories, the agencies stated in their February 2013 *Federal Register* notice that they would make corresponding changes to Memorandum items 8 and 9 of Schedule RC-O, recaptioning these items to read “‘Higher-risk consumer loans’ as defined for assessment purposes only in FDIC regulations” and “‘Higher-risk commercial and industrial loans and securities’ as defined for assessment purposes only in FDIC regulations,” respectively. The agencies also stated that the instructions for these two Schedule RC-O Memorandum items would be revised to incorporate the revised definitions of these higher-risk asset categories in the FDIC’s October 2012

---

<sup>2</sup> See 77 FR 66000, October 31, 2012.

<sup>3</sup> See 76 FR 10672, February 25, 2011.

assessments final rule, including the clarified definitions of higher-risk securitizations.<sup>4</sup> The effective date for these revisions was scheduled for June 30, 2013, the first report date after the April 1, 2013, effective date of the FDIC's October 2012 assessments final rule.<sup>5</sup>

In addition, as previously mentioned, the FFIEC and the agencies proposed in their February 2013 *Federal Register* notice to implement several revisions to the data to be reported in Schedule RC-O by large institutions and highly complex institutions to support the FDIC's large bank pricing method for insurance assessments. These revisions, which were proposed to take effect June 30, 2013, included a new table of consumer loans by loan type and probability of default band, new data items providing information on loans secured by real estate in foreign offices, revisions of certain existing data items on real estate loan commitments and U.S. government-guaranteed real estate loans to include those in foreign offices, and revisions to the information collected on government-guaranteed assets to include the portion of non-agency residential mortgage-backed securities and loans covered under FDIC loss-sharing agreements.

In a joint letter, three bankers' associations<sup>6</sup> commented on several aspects of the Schedule RC-O reporting changes applicable to large and highly complex institutions. First, these associations recommended that the definition of "Higher-risk commercial and industrial loans and securities" in the draft of the revised Call Report instructions for Schedule RC-O, Memorandum item 9, be clarified to exclude loans to individuals for commercial, industrial, and professional purposes. Adding this exclusion to the draft revised Memorandum item 9 instructions would be consistent with the existing instructions for reporting leveraged loans and securities in Memorandum item 9. The agencies agree with the associations' recommendation and will clarify the draft revised Memorandum item 9 instructions to exclude loans to individuals for commercial, industrial, and professional purposes from the reporting of "higher-risk C&I loans and securities."

Second, the three bankers' associations jointly recommended that the proposed two-year probability of default table in Schedule RC-O, Memorandum item 19, combine Memorandum items 19.d and 19.e for revolving, open-end loans secured by first and junior liens, respectively, on 1-4 family residential properties and extended under lines of credit into a single item, rather than requiring large and highly complex institutions to report these categories of loans separately. The associations stated that because Schedule RC-C, part I, Loans and Leases, does not currently require institutions to separately report first and junior lien revolving credits, institutions' reporting systems are not currently designed to separately identify these credits. As a consequence, the associations questioned the merits of imposing such a systems change on institutions given the cost and burden that would be involved. The agencies agrees with the associations' recommendation and will combine the proposed Memorandum items 19.d and 19.e

---

<sup>4</sup> The FDIC's October 2012 assessments final rule defines "higher-risk consumer loans," "higher-risk commercial and industrial loans," and "higher-risk securitizations" in Sections I.A.3, I.A.2, and I.A.5, respectively, of Appendix C to Subpart A to Part 327 of the FDIC's regulations.

<sup>5</sup> As stated in the agencies' final Paperwork Reduction Act *Federal Register* notice pertaining to the introduction of the Schedule RC-O reporting requirements for large and highly complex institutions (76 FR 77321, December 12, 2011), when "the definitions of these high-risk asset categories . . . are revised through FDIC rulemaking, the definitions of these asset categories in the agencies' regulatory reporting instructions will be revised in the same manner to maintain conformity with the assessment regulations."

<sup>6</sup> The American Bankers Association, the Financial Services Roundtable, and the Consumer Bankers Association.

of Schedule RC-O so that large and highly complex institutions will report the two-year probability of default for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit without regard to their lien position.<sup>7</sup>

Third, the three associations' comment letter stated that, based on the provisions of the FDIC's October 2012 assessments final rule, large and highly complex institutions expected that Schedule RC-O would be revised to require them to report higher-risk securitizations separately from nontraditional 1-4 family residential mortgage loans, higher-risk consumer loans, and higher-risk C&I loans. The associations indicated that large and highly complex institutions would prefer to report these higher-risk securitizations in a Schedule RC-O item that would be separate from the items for the three higher-risk loan categories. The associations further believe that the separate reporting of higher-risk securitizations separately would allow the FDIC and the other banking agencies to examine the validity of the associations' previous argument that the structure of a securitization should be considered when determining whether a securitization is truly higher-risk. The agencies have decided revise the proposed reporting of higher-risk assets in Schedule RC-O in the manner recommended by the associations and will add a new Memorandum item to the schedule in which large and highly complex institutions would report the total amount of securitizations of nontraditional 1-4 family residential mortgage loans, higher-risk consumer loans, and higher-risk C&I loans separately from the three categories of higher-risk loans themselves. Separate reporting of higher-risk securitizations would allow the FDIC to better track and analyze the composition of a bank's higher-risk assets.

Next, the three associations recommended that large and highly complex institutions with foreign offices report the proposed breakdown of their "loans secured by real estate" for the consolidated institution (i.e., for both domestic and foreign offices) in Schedule RC-C, Part I, rather than in new Memorandum items in Schedule RC-O as had been proposed. All institutions with foreign offices file the FFIEC 031 version of the Call Report and they currently report a nine-category breakdown of their loans secured by real estate loans in domestic offices, but at present they report only the total amount of loans secured by real estate for the consolidated institution. The associations asserted that requiring only those institutions with foreign offices that are large or highly complex institutions to include the real estate breakdown in Schedule RC-C, Part I, could be dealt with instructionally and would not cause confusion since special instructions are already in place to explain which subsets of institutions are required to report certain types of loan data in Schedule RC-C, Part I. The agencies agree with the associations' recommendation. Accordingly, Schedule RC-C, Part I, on the FFIEC 031 version of the Call Report will be revised to include the nine-category breakdown of loans secured by real estate for the consolidated institution. The Call Report instructions and the FFIEC 031 Call Report form will state that this breakdown is to be provided only by large and highly complex institutions.

Finally, Schedule RC-O, Memorandum items 10.a and 10.b, provide certain data on unfunded commitments for construction, land development, and other land loans secured by real estate (construction loans) while Memorandum items 13.a through 13.d collect data on the U.S. government-guaranteed or -insured portion of four categories of funded loans secured by real

---

<sup>7</sup> The combined items will be designated Memorandum item 19.d. As a result of this change, Memorandum items 19.f through 19.k of Schedule RC-O will be renumbered as Memorandum items 19.e through 19.j.

estate. The agencies proposed to revise these Schedule RC-O Memorandum items on the FFIEC 031 version of the Call Report by expanding their scope to include commitments and loans in both foreign and domestic offices rather than only domestic offices. The three bankers' associations agreed that this proposed change would enable large and highly complex institutions with foreign offices to "report more accurately the balances need for Large Bank Pricing," but their letter stated that these institutions would not have sufficient time to be prepared to report as of June 30, 2013, their commitments to fund construction loans in foreign offices, the portion of such unfunded commitments that are guaranteed or insured by the U.S. government, and the portion of the four categories of funded real estate loans in foreign offices that are guaranteed or insured by the U.S. government. The agencies acknowledge that large and highly complex institutions with foreign offices may need additional time to comply with the expanded scope of Memorandum items 10.a, 10.b, and 13.a through 13.d of Schedule RC-O. Accordingly, the agencies will allow such institutions until September 30, 2013, to begin reporting the foreign office data in these Memorandum items. Once a large or highly complex institution has the systems in place to gather the necessary foreign office data, the institution would have the option to amend the amounts reported in these Schedule RC-O Memorandum items in its Call Report for June 30, 2013, but it would not be required to do so.

Noninterest-bearing Transaction Accounts of More than \$250,000 – In their February 2013 *Federal Register* notice, the agencies stated that they would continue to collect Memorandum items 5.a and 5.b of Schedule RC-O on the amount and number of noninterest-bearing transaction accounts of more than \$250,000 for which temporary unlimited deposit insurance coverage ended on December 31, 2012. By continuing to collect these items, the agencies would be able to monitor the behavior of these deposit accounts following the change in insurance coverage. The agencies stated that they would review the reported information and reconsider its collection when the number of accounts and amount of deposits stabilizes.

In their joint comment letter, the three bankers' associations encouraged the agencies to discontinue collecting Memorandum items 5.a and 5.b because the need to monitor the volume of deposits covered by the temporary unlimited deposit insurance is no longer relevant. The associations also noted the reporting burden associated with these Memorandum items and stated that the agencies can analyze other deposit data collected in the Call Report to monitor significant deposit runoff. The agencies recognize that there is ongoing burden associated with the continued collection of data on the amount and number of noninterest-bearing transaction accounts of more than \$250,000. However, the agencies believe that the Call Report is the best method to obtain this information to assist in tracking these deposits. The agencies' burden estimates for the Call Report, which are disclosed earlier in this notice, continue to include the estimated burden of these two Schedule RC-O Memorandum items. Nevertheless, to address the comments, the agencies have agreed to terminate the collection of Memorandum items 5.a and 5.b after the December 31, 2013, report date.

## 9. Payment or Gift to Respondents

No gifts will be given to respondents.

10. Confidentiality

Except for selected data items, the Call Report is not given confidential treatment.

11. Information of a Sensitive Nature

No information of a sensitive nature is requested.

12. Estimate of Annual Burden

Estimated Number of Respondents: 1,741 national banks and federal savings associations.

Estimated Time per Response: 54.92 burden hours per quarter to file.

Estimated Total Annual Burden: 382,462 burden hours to file.

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

Clerical:	20% x 382,462 =	76,492.40 @ \$20 =	\$ 1,529,848.00
Managerial/technical:	65% x 382,462 =	248,600.30 @ \$40 =	\$ 9,944,012.00
Senior mgmt/professional:	14% x 382,462 =	53,544.68 @ \$80 =	\$ 4,283,574.44
Legal:	01% x 382,462 =	3824.62 @ \$100 =	<u>\$ 382,462.00</u>
Total:			\$ 16,139,896.44

13. Capital, Start-up, and Operating Costs

Not applicable.

14. Estimates of Annualized Cost to the Federal Government

Not applicable.

15. Change in Burden

The 60-day *Federal Register* notice contained an estimated number of respondents of 1,902, which included national trust banks (NTBs). These banks have been excluded from the new estimate (1,741) because while they file call reports, they do not pay into the FDIC insurance fund. The reporting changes affect large and highly complex institutions for deposit assessment purposes. In addition, a more up to date overall institution count is now available.

Former burden: 410,511 burden hours

New burden: 382,462 burden hours

Change: - 28,049 burden hours



16. Publication

Not applicable.

17. Exceptions to Expiration Date Display

None.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.