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

A. JUSTIFICATION

1. Circumstances and Need

Institutions submit Consolidated Reports of Condition and Income (Call Report) 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 data provide the most current statistical data available for evaluating institutions' corporate applications, identifying areas of focus for on-site and off-site examinations, and monetary and other public policy purposes. The agencies use Call Report 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. Call Report data are also used to calculate institutions' deposit insurance and Financing Corporation assessments and national banks' and federal savings associations' semiannual assessment fees.

The agencies are making changes to various sections of the Call Report to eliminate data items that are no longer relevant or reducing the frequency from quarterly to semiannual or annual.

2. Use of Information Collected

Institutions submit Consolidated Reports of Condition and Income (Call Report) 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 data provide the most current statistical data available for evaluating institutions' corporate applications, identifying areas of focus for on-site and off-site examinations, and monetary and other public policy purposes. The agencies use Call Report 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. Call Report data are also used to calculate institutions' deposit insurance and Financing Corporation assessments and national banks' and federal savings associations' semiannual assessment fees.

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

The agencies attempt to limit the information collected to the minimum information needed to evaluate the condition of an institution, regardless of size. The FFIEC 051 is specifically designed to collect information relevant to the agencies' supervision of small entities, and eliminates many data items that are not relevant to, or less useful in, supervising smaller banks.

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 and to comply with a statutory requirement to obtain four reports of condition per year. 12 U.S.C. § 1817(a)(3). 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

On June 27, 2017, the agencies requested comment on proposed revisions to the Call Report to reduce or remove items and make other changes consistent with revisions to U.S. GAAP. (82 FR 29147).

The agencies received thirteen comments on the proposed revisions. Commenters expressed mixed opinions on the June 2017 notice and the agencies' Call Report burden-reduction initiatives to date. Seven commenters representing banking organizations and bankers' associations supported the effort put forth by the agencies. One bankers' association stated that it "appreciates the time and effort the FFIEC has devoted to identifying opportunities to reduce the burdens associated with the Call Report requirements." The commenter went on to say that the removal or change in reporting frequency of line items or increase to reporting thresholds "serves as needed clean-up of the Call Report." Three banking organizations also "appreciate" the agencies' initiatives focused on reducing the burden associated with the Call Reports. The government entity stated it uses certain data items in the Call Report in preparing national economic reports, and encouraged the agencies to continue collecting those items.

On the other hand, the majority of the comment letters asserted that the proposed revisions to the Call Reports would provide no real savings in effort or cost for smaller institutions and that the overall reduction in burden is of limited value to such institutions. One of the banking organizations and two of the bankers' associations further indicated that reducing reporting frequency would provide only "limited relief." These commenters noted that regardless of whether cumulative data is reported every quarter or every six months, institutions would still need to gather the data on a quarterly basis in order to produce the reported data on a semiannual basis. Two bankers' associations responded that combining data items also would not provide any relief to institutions, because processes are already in place to gather the information separately. One banking organization and one bankers' association stated that the proposed revisions would increase burden due to the system changes that would be necessary to modify the processes currently in place, such as deactivating or reactivating each quarter the reporting of data items that would change from a quarterly to a semiannual or annual reporting frequency.

The agencies recognize that not all institutions would see an immediate and large reduction in burden from the proposed revisions in the June 2017 notice. However, reducing the frequency of collection for certain data items or consolidating existing data items into fewer data items would result in institutions spending less time completing the Call Report since there would be fewer items to review prior to each quarterly submission. Also, an institution would have fewer instructions to review to determine whether it has reportable (nonzero) amounts. To the extent that an institution currently tracks granular data items that are proposed to be consolidated, there may be limited burden relief from consolidating the items. However, institutions that currently track data at an aggregate level and then must allocate that amount to the existing subcategories every quarter would see additional burden relief. Accordingly, these changes represent meaningful Call Report burden relief to institutions that do not engage in complex activities.

Three commenters suggested the agencies adopt a "short-form" Call Report to be filed for at least two quarters of the year. The short-form Call Report recommended by two of these commenters would consist only of an institution's balance sheet, income statement, and statement of changes in equity capital. The institution would file a full Call Report including all supporting schedules in the second and fourth quarters, and the short-form Call Report in the first and third quarters. The third commenter recommended including a limited number of additional schedules in the first and third quarters to report more detailed information on loans and regulatory capital, with additional schedules filed in the second and fourth quarters.

While the agencies understand the commenters' desire for a short-form Call Report, the agencies did not adopt this suggestion for the reasons noted in response to the comment letters received on the August 2016 proposal for a streamlined Call Report for small institutions.[1] Most notably, in addition to the basic financial statements, the most streamlined quarterly report possible must also include data items required by law or regulation, along with quarterly data necessary for adequate supervision by the agencies. Furthermore, the agencies leverage a significant amount of the data reported quarterly in the more detailed general and supplemental Call Report schedules when conducting off-site monitoring and determining the scope and frequency of on-site examinations. Limiting the information collected on these schedules to semiannual could significantly impair the agencies' supervisory planning and review processes and potentially lead to a less efficient use of supervisory resources.

[1] See 82 FR 2444 (January 9, 2017).

One commenter recommended that the FFIEC establish an industry advisory committee to develop advice and guidance on the Call Report and establish a regular forum to address technical questions and new changes to the Call Report. In response, the agencies plan to continue to offer outreach in connection with significant revisions to the Call Report, as they did with the adoption of the revised Schedule RC-R and with the implementation of the FFIEC 051. The agencies also receive and respond to a number of questions from individual institutions each quarter. Issues that could affect multiple institutions are often addressed through the Call Report Supplemental Instructions published quarterly or updates to the Call Report instruction book published as needed. Consistent with the PRA, the agencies also offer an opportunity for members of the banking industry to comment on proposed changes to the Call Report or to make any additional suggestions for improving, streamlining, or clarifying the Call Report.

One commenter recommended that the agencies increase the asset-size threshold for filing the FFIEC 051 Call Report from the current $1 billion to at least $10 billion, indexed for inflation. Raising the threshold to $10 billion or higher at this time could result in a significant loss in data necessary for supervisory or other purposes from institutions with assets above $1 billion. Therefore, while the agencies are not adopting this recommendation at this time, the agencies are continuing to evaluate the appropriate scope and criteria for expanding the number of institutions eligible to file the FFIEC 051.

The agencies received three comment letters from banking organizations that highlighted the burden required for their institutions to prepare Schedule RC-R, Regulatory Capital. Reporting on Schedule RC-R is directly tied to the requirements in the agencies' regulatory capital rules.[2] The agencies recently issued a proposal for modifications to simplify the regulatory capital rules.[3] To the extent changes contained in that proposal are adopted in a final rule, the agencies would incorporate those simplifications into Schedule RC-R.

One commenter stated that Schedule RC-C, Part II, is particularly burdensome to complete and should be eliminated. The agencies previously reduced the frequency of this schedule from quarterly to semiannual for institutions filing the FFIEC 051.[4] However, the agencies cannot eliminate this schedule because the submission of information on small business and small farm loans is specifically required by statute.[5] Appendix A to the agencies' January 2017 Federal Register notice (82 FR 2444) provides information about how the agencies use the data reported in Schedule RC-C, Part II.

The agencies proposed to revise the scope of the FFIEC 031 Call Report to require all institutions with consolidated total assets of $100 billion or more to file this form, regardless of whether an institution has any foreign offices. The agencies proposed this change because institutions with consolidated total assets of $100 billion or more without foreign offices are considered to have a similar degree of complexity in their activities as institutions of this size with foreign offices that currently file the FFIEC 031.

The agencies received two comments opposing the proposed scope revision. One bankers' association stated that the proposal could be viewed as creating three Call Reports

[2] 12 CFR part 3 (OCC); 12 CFR part 217 (Board); 12 CFR part 324 (FDIC).
[3] 82 FR 49984 (October 27, 2017).
[4] See 82 FR 2444 (January 9, 2017).
[5] See section 122 of the Federal Deposit Insurance Corporation Improvement Act of 1991, Public Law 102-242.

for larger banks, which could create a problem if the reports evolve and do not remain aligned in the future. Another bankers' association opposed the agencies' use of a size-based threshold alone (i.e., $100 billion or more in assets) to revise the scope of the FFIEC 031, rather than looking at the business model and risk profile of an institution. The agencies are proceeding with the proposed scope revision of the FFIEC 031 to include all institutions with foreign offices and all institutions with total consolidated assets of $100 billion or more, because the agencies continue to believe these institutions have a similar degree of complexity and should thus have similar reporting requirements.

The agencies also proposed modifications related to the methodology used to report loans as "past due" in the Call Report. The agencies received comments from two bankers' associations and three banking organizations regarding the proposed instructional revision to the definition of "past due." These commenters generally opposed the proposed revision. All commenters cited increased burden related to operational difficulties to implement the change as well as concerns about how this definitional change would flow through to or affect other reporting requirements. Operational challenges cited by commenters include substantial processing system changes; the need to modify contracts with third-party vendors, loan securitization agreements, and other legal agreements; communication issues with loan servicing customers; and coordination issues with third-party vendors to implement the proposed revision. Other related reporting concerns include possible restatements of audited financial statements and filings with the Securities and Exchange Commission; the effect on the calculation of the allowance for loan and lease losses; the impact on the risk weighting associated with delinquent and nonaccrual loans as reported on Schedule RC-R, Regulatory Capital; the use of performing loans as inputs for stress testing and recovery and resolution planning purposes; the impact on liquidity reporting; and the impact on the calculation of surcharge scores assessed to global systemically important banks (G-SIBs). Based on the commenter feedback, the agencies are abandoning this proposal.

9. Payment or Gift to Respondents

No payments or 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: 1,297 national banks and federal savings associations.

Estimated Time per Response: 47.86 burden hours per quarter to file.

Estimated Total Annual Burden: 248,298 burden hours to file.

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

Clerical:	20% x 248,298 =	49,660	@ $20	=	$	993,200
Managerial/technical:	65% x 248,298 =	161,394	@ $40	=	$	6,455,760
Senior mgmt/professional:	14% x 248,298 =	34,762	@ $80	=	$	2,780,960
Legal:	01% x 248,298 =	2,483	@ $100	=	$	248,300
Total:					$	10,478,220

13. Capital, Start-up, and Operating Costs

Not applicable.

14. Estimates of Annualized Cost to the Federal Government

Not applicable.

15. Change in Burden

Former burden: 276,766 burden hours.

New burden: 248,298 burden hours.

Change: - 28,468 burden hours.

There was a net reduction of 28,468 burden hours. The revisions to the collection resulted in a decrease in burden of approximately 11,258 hours. The remaining reduction of 17,210 hours is due to 86 fewer national banks and Federal savings associations filing the Call Report since the prior revision.

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.