

**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 November 8, 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 51908).

The agencies received five comments on the proposed revisions. Commenters expressed mixed opinions on the November 2017 notice and the agencies' Call Report burden-reduction initiatives to date. Two commenters supported the effort put forth by the agencies. One commenter "strongly support[s] the FFIEC's ongoing work to reform the Call Report, an ongoing project that is yielding important value for supervision as well as for successful bank management." The other commenter "commends" the agencies' initiative and encourages continued efforts to ease the burden on small community banks. On the other hand, one commenter asserted that the proposed revisions to the Call Reports would not have any impact on the banking organization's reporting.

The agencies recognize that not all institutions would see an immediate and large reduction in burden from the proposed revisions in the November 2017 notice. However, consolidating existing data items into fewer data items and adding or increasing reporting thresholds would generally 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 for internal reporting purposes that are proposed to be consolidated in the Call Report, there may be limited burden relief from consolidating the items. However, institutions that currently track data at an aggregate level for internal reporting purposes and then must allocate that amount to the existing subcategories in the Call Report every quarter would see additional burden relief. Accordingly, the agencies believe the changes proposed in the November 2017 notice offer meaningful Call Report burden relief to many institutions.

One commenter offered a number of recommendations to improve the revision and preparation of the Call Report. Regarding the revision process, the commenter recommended that the agencies conduct an internal user survey covering every item in the Call Report at least once every two years, conduct a review for potentially obsolete items at least annually, and continue to improve the clarity and usability of Call Report instructions. The agencies currently conduct the user survey as the foundation for a review of all Call Report data items they are required to conduct every five years. The full survey is an involved process requiring significant agency resources from all lines of business. For the statutorily mandated review of the Call Report completed in 2017, the full survey spanned a 19-month period. Accordingly, the agencies must balance the use of their resources for this effort compared with other efforts to improve supervision and reduce burden for institutions.

With respect to the clarity and usability of the Call Report instructions, the agencies agree with the commenter that making the instructions clearer and providing examples of how to calculate amounts that may be more complex to report contribute to burden relief. The agencies welcome suggestions from bankers, industry associations, and others for specific improvements to and clarifications of the existing instructions, including where examples would be helpful. Input from these stakeholders and from agency examination staff has led to instructional improvements in the past and the agencies will continue to address specific suggestions for instructional improvements. The commenter also cited the benefits of hyperlinks to the rule or guidance on which particular instructions are based. The agencies have added hyperlinks to certain cited documents in the two sets of Call Report instructions. Going forward, the agencies will endeavor to use clearer language and expect to continue inserting hyperlinks when issuing new or updated Call Report instructions.

The commenter also recommended that the agencies only propose revisions to the Call Report once a year, make those changes effective starting in the quarter ending March 31, and finalize those changes by the prior September 30 to allow banks sufficient lead time to implement the revisions. Prior to the recent revisions to streamline the Call Report, the agencies typically followed a schedule of making revisions only once per year, with the changes generally becoming effective for the March 31 report. The agencies plan to return to an annual schedule for future revisions that would be effective starting with the March 31 report, unless the revisions must be implemented at a different time due to changes in statute, regulation, or accounting standards.

The same commenter recommended that the FFIEC establish an industry advisory committee to develop advice and guidance on the Call Report, establish a regular process to

address technical questions and changes to the Call Report, and provide training related to preparing the Call Report. 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, Regulatory Capital, and the implementation of the FFIEC 051. The agencies also receive and respond to a number of reporting 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 books 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 instructions to the Call Report.

The commenter also recommended that the agencies align the proposed revisions to the Call Report with revisions to the Board's FR Y-9C report for holding companies and conduct a holistic review of other regulatory reports under the agencies' authority that rely on data collected in the Call Report. The commenter stated that having differences in reporting between the Call Report and FR Y-9C can create burden for reporting firms. The agencies agree that aligning proposed revisions to the Call Report with proposed revisions to comparable data items collected in the FR Y-9C report would reduce burden for reporting holding companies. The Board has approved burden-reducing revisions to the FR Y-9C that align with corresponding burden-reducing revisions that were effective with the March 31, 2017, Call Report. These FR Y-9C revisions will become effective as of the March 31, 2018, reporting date. The Board also has proposed revisions to the FR Y-9C that align with the corresponding revisions to the Call Report that the banking agencies proposed in June 2017. These revisions are proposed to become effective as of the March 31, 2018, and June 30, 2018, reporting dates for both the FR Y-9C and Call Report. Further, the Board will take this comment into consideration when it develops additional proposed revisions to the FR Y-9C report consistent with other comparable revisions proposed for the Call Report. In addition to the FR Y-9C, the agencies will consider reviewing how data from the Call Report are used in other agency reports to identify possible efficiencies as part of a holistic review.

Furthermore, the agencies will consider reviewing existing instructions to other regulatory reports to identify opportunities to enhance uniformity in reporting guidance. In this regard, the agencies have already proposed revisions to the FFIEC 002 report that would align with corresponding revisions that have been implemented or proposed for the Call Report. Similarly, in the proposed new FFIEC 016 report that would replace the separate, but identical, agency stress test reports, the agencies have proposed revisions to certain data items in this new report that align with corresponding Call Report revisions that have been implemented or proposed.

The commenter further 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 of data necessary for supervisory or other purposes from institutions with assets of \$1 billion or more. Therefore, the agencies are not adopting this recommendation at this time, but will continue to evaluate the appropriate scope and criteria for expanding the number of institutions eligible to file the FFIEC 051.

One commenter requested the agencies eliminate certain deposit items in Schedule RC E by combining items for deposits with balances less than \$100,000 and those with balances of \$100,000 through \$250,000 into a single item. Separate reporting of time deposits with balances less than \$100,000 in Schedule RC-E, including certain Memorandum items to adjust that amount, is tied to the Board's measurement of the money supply. If the Board were to decide to revise the definition of the money supply so that the \$100,000 items in Schedule RC-E are no longer necessary for the calculation, then the agencies would reevaluate whether to consolidate those items on the Call Report.

One commenter recommended that the agencies add a new loan item to Schedule RC-C, Part I, to enable institutions to report non-speculative 1-4 family residential construction loans to consumers separately from other 1-4 family residential construction loans. The commenter made this recommendation because the loan mix index used in the FDIC's deposit insurance assessment rate determination for small institutions treats all construction and development loans in the same manner. According to the commenter, consumer 1-4 family residential construction loans have lower charge-off rates than other types of construction and development loans, which penalizes institutions that hold significant amounts of such consumer construction loans in terms of their assessment rates. However, the addition to Schedule RC-C, Part I, of the recommended new construction loan category would not alter the assessment rate determination. Absent the segregation by the FDIC of consumer 1-4 family residential construction loans from other construction loans in the loan mix index in the FDIC's deposit insurance assessments regulations (12 CFR part 327), the agencies do not plan to add a new category for reporting such loans in Schedule RC-C, Part I.

#### 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: 1,269 national banks and federal savings associations.

Estimated Time per Response: 45.83 burden hours per quarter to file.

Estimated Total Annual Burden: 232,633 burden hours to file.

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

Clerical:	20% x 232,633 =	46,527	@ \$20 =	\$	930,540
Managerial/technical:	65% x 232,633 =	151,211	@ \$40 =	\$	6,048,440
Senior mgmt/professional:	14% x 232,633 =	32,569	@ \$80 =	\$	2,605,520
Legal:	01% x 232,633 =	2,326	@ \$100 =	\$	<u>232,600</u>
Total:				\$	9,817,100

13. Capital, Start-up, and Operating Costs

Not applicable.

14. Estimates of Annualized Cost to the Federal Government

Not applicable.

15. Change in Burden

<u>Former burden:</u>	248,298 burden hours.
<u>New burden:</u>	232,633 burden hours.
<u>Change:</u>	- 15,665 burden hours.

There was a net reduction of 15,665 burden hours. The revisions to the collection resulted in a decrease in burden of approximately 10,532 hours. The remaining reduction of 5,133 hours is due to 28 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.