

**Supporting Statement for the Consolidated Reports of Condition and Income
(Call Report) (FFIEC 031, FFIEC 041, FFIEC 051)
OMB Control No. 1557-0081**

Background

The Office of the Comptroller of the Currency (OCC), in coordination with the Federal Deposit Insurance Corporation (FDIC) and the Board of Governors of the Federal Reserve System (Board) (collectively, the agencies), each of which is submitting a separate request, hereby requests approval pursuant to the Office of Management and Budget's (OMB) Paperwork Reduction Act for a proposal to extend for three years, with revisions, to the Consolidated Reports of Condition and Income (Call Report), Control No. 1557-0081. These reports are currently approved collections of information.

Summary of Actions and Related Revisions

Deposit Insurance Assessments Rule

On February 25, 2021, the FDIC published revisions to the the deposit insurance assessment system applicable to all large and highly complex insured depository institutions (IDIs) (the deposit insurance assessments rule).¹ The amendments remove the double counting of the applicable portion of the current expected credit losses (CECL) transitional amounts that is added to retained earnings for regulatory capital purposes and attributable to the allowance for credit losses on loans and leases held for investment in certain financial measures that are calculated using the sum of Tier 1 capital and reserves, and also from the loss severity measure. These measures are used to determine assessment rates for large and highly complex institutions.

The agencies are proposing a new, temporary Memorandum item 5 to Schedule RC–O and corresponding changes to the FFIEC 031 and FFIEC 041 versions of the Call Report forms and instructions, including examples, in order to quantify the applicable portions of the CECL transitional amounts. The agencies would remove the proposed new Call Report item when all large and highly complex institutions are no longer using a CECL transition.

Brokered Deposits Rule and the Net Stable Funding Ratio Rule

On January 22, 2021, the FDIC published a rule revising its regulations relating to brokered deposits and interest rate restrictions that apply to less than well capitalized IDIs (the brokered deposits rule). On February 11, 2021, the agencies published a rule that implements a stable funding requirement, known as the net stable funding ratio (NSFR), for certain large banking organizations (the NSFR rule). The NSFR rule establishes a quantitative metric, the NSFR, to measure the stability of the funding profile of certain large banking organizations and requires these banking organizations to maintain minimum amounts of stable funding to support their assets, commitments, and derivatives exposures over a one-year time horizon.

¹ 86 FR 11391 (Feb. 25, 2021).

The agencies are proposing revisions to the reporting forms and instructions for the Call Reports related to the exclusion of sweep deposits and certain other deposits from reporting as brokered deposits. Accordingly, the agencies propose adding five data items to Schedule RC–E, Deposit Liabilities, on all three versions of the Call Report (FFIEC 031, FFIEC 041, and FFIEC 051) applicable to all institutions. Specifically, the agencies propose adding:

- Memorandum item 1.h.(1) for fully insured, affiliate sweep deposits to capture sweep deposits that are deposited in accordance with a contract between a customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where the entire amount of the deposit is covered by deposit insurance;
- Memorandum item 1.h.(2) for not fully insured, affiliate sweep deposits to capture sweep deposits that are deposited in accordance with a contract between a customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where less than the entire amount of the deposit is covered by deposit insurance;
- Memorandum item 1.h.(3) for fully insured, non-affiliate sweep deposits to capture sweep deposits that are not deposited in accordance with a contract between a customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where the entire amount of the deposit is covered by deposit insurance;
- Memorandum item 1.h.(4) for not fully insured, non-affiliate sweep deposits to capture sweep deposits that are not deposited in accordance with a contract between a customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where less than the entire amount of the deposit is covered by deposit insurance; and
- Memorandum item 1.i for total sweep deposits that are not brokered deposits

In addition, four data items would be added to Schedule RC–E, Deposit Liabilities, on the FFIEC 031 Call Report only and would be completed quarterly only by institutions with \$100 billion or more in total assets. Specifically, the agencies propose adding:

- Memorandum item 1.h.(1)(a) to capture the portion of fully insured, affiliate sweep deposits reported in Memorandum item 1.h.(1) that are deposited in accordance with a contract between a retail customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where the entire amount of the deposit is covered by deposit insurance;
- Memorandum item 1.h.(3)(a) to capture the portion of fully insured, non-affiliate sweep deposits reported in Memorandum item 1.h.(3) that are deposited by a retail customer or counterparty and not in accordance with a contract between the retail customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution,

or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where the entire amount of the deposit is covered by deposit insurance; and

- Memorandum item 1.h.(4)(a) to capture the portion of not fully insured, non-affiliate sweep deposits reported in Memorandum item 1.h.(4) that are deposited by a retail customer or counterparty and not in accordance with a contract between the retail customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where less than the entire amount of the deposit is covered by deposit insurance.

The agencies are also proposing revisions to the Call Report instructions addressing brokered deposits to add new definitions and align the instructions with the brokered deposits final rule.

A. JUSTIFICATION

1. *Circumstances and Need:*

The OCC requires the information collected on the Call Reports to fulfill its statutory obligation to supervise national banks and Federal savings associations. These institutions are required to file detailed schedules of assets, liabilities, and capital accounts in the form of a condition report and summary statement as well as detailed schedules of operating income and expense, sources and disposition of income, and changes in equity capital.

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 assessments and national banks' and federal savings associations' semiannual assessment fees.

Within the Call Report information collection system as a whole, there are three reporting forms that apply to different categories of banks: (1) all banks that have domestic and foreign offices (FFIEC 031), total assets of \$100 billion or more, or are Category I or II institutions (2) banks with domestic offices only (FFIEC 041), and (3) banks with domestic offices only with total assets of \$5 billion or less (FFIEC 051).

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 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 and prepare their Call Reports.

4. *Efforts to Identify Duplication:*

There is no other series of reporting forms that collect this information from all commercial and savings banks. Although there are other information collections that are similar to certain items on the Call Reports, the information they collect would be of limited value as a replacement for the Call Reports.

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.

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 necessitating collection inconsistent with 5 CFR part 1320:*

Not applicable.

8. *Consultation with Persons Outside the OCC:*

60-Day FRNs

Deposit Insurance Assessments Rule Proposed Revisions

On December 18, 2020, the agencies, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), requested public comment for 60 days on a proposal (the December 2020 notice) to revise the Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 and FFIEC 041) to implement the changes associated with the deposit insurance assessments rule.

The comment period for the December 2020 notice ended on February 16, 2021. The agencies received one comment letter that discussed another potential double-counting in the computation of the leverage ratio. The comment is outside the scope of the proposed changes because it is not specifically applicable to the deposit insurance assessment regulations or the related revision to the Call Report addressed in the December 2020 notice, and the comment could not be addressed through a reporting change. The agencies are proceeding with the proposed revisions to the reporting forms and instructions for the Call Reports. The agencies plan to add examples to the instructions for Schedule RC-O, Memorandum item 5 to improve the clarity of the reporting changes.

Brokered Deposits Rule and the NSFR Rule Revisions

On February 5, 2021, the agencies, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), requested public comment for 60 days on a proposal (the February 2021 notice) to revise the Call Reports (FFIEC 031, FFIEC 041, and FFIEC 051) to implement the changes associated with the brokered deposits and NSFR rules.

The comment period for the February 2021 notice ended on April 6, 2021. The agencies received one comment letter from three trade associations that made several recommendations and requests. The commenters recommended that institutions that report sweep deposits on the Board's Complex Institution Liquidity Monitoring Report (FR 2052a) not be required to provide comparable data on the Call Report. The FR 2052a report is collected on a daily or monthly basis, depending on the size of the reporting organization and is not required to be filed by all depository institutions. In contrast, the proposed Call Report data collection would be required quarterly or semiannually of all depository institutions, regardless of size. Due to these differences, the agencies do not believe that there is material duplication.

The commenters also requested that the proposed Call Report memorandum items receive confidential treatment consistent with the treatment of comparable FR 2052a data items. The FR 2052a data is collected on a frequent basis, includes detailed information on financial exposures and liquidity risks within different business lines, and is used as a supervisory tool to monitor individual organizations. By comparison, the proposed Call Report data items would be reported far less frequently and do not include the same extensive scope as the FR 2052a collection. Therefore, the agencies do not believe public disclosure of the proposed Call Report data items would result in disclosure of proprietary business information which would harm a bank's competitive position

The commenters further requested that the proposed Call Report memorandum items be delayed until the March 2022 report date. The agencies recognize that institutions may need additional time and are proposing to delay the implementation date for the new memorandum

items until the September 30, 2021 reporting date, rather than the originally proposed June 30, 2021 reporting date. FFIEC 051 filers, which report semiannually, will report the new data items for the first time for the December 31, 2021 reporting date.

The commenters also requested that the agencies confirm whether institutions may incorporate the new brokered deposits regime for purposes of reporting beginning with the June 30, 2021 Call Report, even if such institutions are still in the primary purpose exception application process. The agencies will provide clarifications in the Call Report Glossary and Schedule RC-E, Deposit Liabilities in those situations and to institutions that wish to rely on upon a previous staff advisory opinion or interpretation through December 31, 2021. IDIs must report deposits from a third party that is a “deposit broker” while a primary purpose exception is pending as brokered deposits until the FDIC approves such application.

Finally, the commenters requested clarification with respect to the definition of “not fully insured” as it would apply to the proposed Call Report memorandum items. As described in the agencies’ February 2021 notice, the proposal aligns with the final NSFR rule and revised Call Report Glossary definition of “Sweep Deposits.” Under the NSFR and Liquidity Coverage Ratio (LCR) rules, a sweep deposit is considered “fully insured” if the entire amount of the sweep deposit is covered by deposit insurance provided by the FDIC under the Federal Deposit Insurance Act.² A sweep deposit is “not fully insured” if less than the entire balance of the sweep deposit is covered by FDIC insurance.

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: 1,090 national banks and federal savings associations.

Estimated Time per Response: 42.10 burden hours per quarter to file.

Estimated Total Annual Burden: 183,556 burden hours to file.

² 12 U.S.C. 1811. See 12 CFR part 50 (OCC), 12 CFR part 249 (Board) and 12 CFR part 329 (FDIC).

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

183,556 hours @ \$115/hour = \$21,108,940.00.

To estimate wages the OCC reviewed May 2019 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities excluding nondepository credit intermediaries (NAICS 5220A1). To estimate compensation costs associated with the rule, the OCC uses \$115 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (3.1 percent as of Q1 2020 according to the BLS), plus an additional 33.4 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2019 for NAICS 522: credit intermediation and related activities).

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 total estimated burden hours decreased from 186,292 hours to 183,556 hours, a reduction of 2,736 hours. The change in burden hours is due to two factors: a reduction in the number of reporting institutions from 1,111 to 1,090, which resulted in a decrease of 3,521 hours; and the revisions to the Call Report collection from 41.92 hours per quarter to 42.10 hours per quarter, which resulted in an increase of 785 hours. The total estimated cost of the burden hours [increased/decreased] from approximately \$21,459,000 to \$21,109,000.00, a decrease of \$350,000.

16. *Information regarding information collections whose results are planned to be published for statistical use:*

Not applicable.

17. *Exceptions to Expiration Date Display:*

None.

18. *Exceptions to Certification:*

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.