

**Supporting Statement for  
OMB Control Number 1557-0081  
(MA)-Reports of Condition and Income (Interagency Call Report)**

**A. Justification**

**1. Circumstances that make the collection necessary:**

Reports of Condition and Income (Call Reports) are required under 12 U.S.C. 161. The OCC needs this information to ensure individual bank and banking system safety and soundness.

- Current Action:

In October 2008, the FDIC Board of Directors adopted the Transaction Account Guarantee (TAG) program as one of two components of a Temporary Liquidity Guarantee Program (TLGP).<sup>1</sup> Under the TAG program the FDIC guarantees all funds held at participating insured depository institutions (beyond the maximum deposit insurance limit) in qualifying noninterest-bearing transaction accounts, which include certain interest-bearing NOW accounts. Originally set to expire on December 31, 2009, the TAG program has since been extended, with certain modifications, through December 31, 2010, with the possibility of an additional 12-month extension, through December 31, 2011.<sup>2</sup>

Section 343 of the Dodd-Frank Act amends the FDI Act with respect to the insurance coverage of noninterest-bearing transaction accounts. These amendments take effect December 31, 2010, and require the FDIC to “fully insure the net amount that any depositor at an insured depository institution maintains in a noninterest-bearing transaction account,” thereby in effect replacing the FDIC’s TAG program. Section 343

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<sup>1</sup> To administer the TLGP, the FDIC Board approved an interim rule on October 23, 2008, an amendment to the interim rule on November 4, 2008, and a final rule on November 21, 2008. See 73 FR 64179, October 29, 2008; 73 FR 66160, November 7, 2008; and 73 FR 72244, November 26, 2008, respectively.

<sup>2</sup> See 74 FR 45093, September 1, 2009; 75 FR 20257, April 19, 2010; and 75 FR 36506, June 28, 2010.

includes a definition of “noninterest-bearing transaction account” that differs from the definition of this term in the FDIC’s TAG program regulations.<sup>3</sup> In addition, the unlimited insurance coverage of these accounts applies to all insured depository institutions, not just those institutions that elected to obtain insurance coverage for noninterest-bearing transaction accounts through the FDIC’s TAG program. Under Section 343, the unlimited insurance coverage of noninterest-bearing transaction accounts would be in effect through December 31, 2012.

As a result of this statutory change in deposit insurance coverage for noninterest-bearing transaction accounts, the agencies requested comment on September 3, 2010 on a proposal to add two items to the schedules in the Call Report in which data are collected for deposit insurance assessment purposes (Schedule RC-O) effective December 31, 2010.<sup>4</sup> As of that report date, all insured depository institutions, including those institutions that had not elected to participate in the FDIC’s TAG program, would begin to report the quarter-end amount and number of noninterest-bearing transaction accounts (as defined in the Dodd-Frank Act, not as defined in the FDIC’s TAG program regulations) of more than \$250,000. These data are needed in order for the FDIC to estimate the quarter-end amount of insured deposits for reserve ratio calculation purposes<sup>5</sup> and to determine the appropriate level of the Deposit Insurance Fund’s contingent loss reserve for anticipated failures of insured depository institutions. Unless the unlimited insurance coverage of noninterest-bearing transaction accounts under Section 343 of the Dodd-Frank Act is extended, the two proposed new items would be collected only through the December 31, 2012, report date.

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<sup>3</sup> As defined in Section 343, a “noninterest-bearing transaction account” is an account “(I) with respect to which interest is neither accrued nor paid; (II) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (III) on which the insured depository institution does not reserve the right to require advance notice of an intended withdrawal.” In contrast, under the FDIC’s TAG program, the term “noninterest-bearing transaction account” includes not only those accounts within the scope of Section 343 but also accounts commonly known as Interest on Lawyers Trust Accounts (or functionally equivalent accounts) and negotiable order of withdrawal accounts with interest rates no higher than 0.25 percent for which the institution at which the account is held has committed to maintain the interest rate at or below 0.25 percent.

<sup>4</sup> 75 FR 54227, September 3, 2010.

<sup>5</sup> The Deposit Insurance Fund’s reserve ratio is the fund’s balance divided by estimated insured deposits.

As a result of the unlimited insurance coverage for noninterest-bearing transaction accounts effective December 31, 2010, the agencies also requested comment on September 3, 2010, on a proposed revision of the instructions for reporting estimated uninsured deposits in Call Report Schedule RC-O, Memorandum item 2.<sup>6</sup> These items are required to be completed by institutions with \$1 billion or more in total assets. At present, balances in TAG program qualifying noninterest-bearing transaction accounts of more than \$250,000 are treated as uninsured deposits for purposes of reporting estimated uninsured deposits because the TAG program was instituted as a component of the TLGP, which resulted from a systemic risk determination. Thus, TAG program insurance coverage and assessments are separate from the regular deposit insurance program administered by the FDIC. Under the Dodd-Frank Act, the extension of unlimited insurance coverage to noninterest-bearing transaction accounts at all insured depository institutions falls within the FDIC's regular deposit insurance program. Therefore, in response to this statutory change in insurance coverage, the instructions for reporting estimated uninsured deposits in the Call Report items identified above would be revised to indicate that balances of more than \$250,000 in noninterest-bearing transaction accounts (as defined in the Dodd-Frank Act) should be treated as insured, rather than uninsured, deposits. Unless the unlimited insurance coverage of noninterest-bearing transaction accounts under Section 343 of the Dodd-Frank Act is extended, this instructional revision would be in effect only through the December 31, 2012 report date.

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<sup>6</sup> 75 FR 54227, September 3, 2010.

- Items addressed by commenters:

The agencies received no comments on their proposal to collect the quarter-end amount and number of noninterest-bearing transaction accounts (as defined in the Dodd-Frank Act) of more than \$250,000 and to revise the instructions for reporting estimated uninsured deposits in the Call Report effective December 31, 2010.

- Response to Comments:

Because the agencies received no comments on their proposal to collect the quarter-end amount and number of noninterest-bearing transaction accounts (as defined in the Dodd-Frank Act) of more than \$250,000 and to revise the instructions for reporting estimated uninsured deposits in the Call Report, the agencies will implement these revisions as proposed, subject to OMB approval.

## **2. Use of the information:**

Data from Call Reports are shared among the agencies and placed in each agency's computerized databases for supervisory and industry monitoring purposes. Call Report data also are used by the FDIC in preparing the comprehensive interagency Uniform Bank Performance Reports (UBPRs). UBPRs are produced quarterly for each insured commercial bank.

The banking agencies use the information as an aid to determine the safety and soundness of individual financial institutions and to identify trends in the banking system. The data are input into a data base and analyzed by examiners. The data are used for peer analysis of banks, that is to determine strengths and weaknesses in a particular institution as compared to similar institutions. The data also are used in scheduling bank examinations and in determining areas of focus for the examiners during their on-site visits.

The Call Report is the major source of financial information on individual banks and the industry and assists the OCC in discharging its responsibility to maintain a safe and sound banking system. In addition, Call Reports provide the most current statistical data available for evaluating bank applications for actions such as mergers and the establishment of branches, for numerous economic studies and analyses in regards to banking reports submitted to Congress, and for public data use.

Call Report data also are used by bank management to evaluate their institutions, by bank analysts and investors, and by the public in determining the desirability of investing or making deposits in a particular bank.

### **3. Consideration of the use of improved information technology:**

All banks are required to submit their Call Reports electronically through the banking agencies “Central Data Repository,” using the Internet. Currently, a bank must file its Call Report in one of two ways:

- A bank may use computer software to prepare and edit its report data and then electronically submit the data directly to the CDR (<http://cdr.ffiec.gov/cdr/>)
- A bank may complete its report in paper form and arrange with a software vendor or another party to convert its paper report into the electronic format that can be processed by the CDR. The software vendor or other party then must electronically submit the bank’s Call Report data file to the CDR.

Regardless of the method a bank uses to file its Call Report, the bank remains responsible for the accuracy of its Call Report data. The information collections under this process facilitate more accurate bank Call Report data submission.

Since June 1998, quarterly Call Report submissions have been made available to the public on the Internet. Call Report formats and instructions have also been made available to the banks and others on the Internet.

The banking agencies implemented a new Central Data Repository for the collection and processing of bank Call Reports effective with the September 30, 2005 Call Report period. One of the principle features of the new business model is the use of Extensible Business Reporting Language (XBRL). XBRL is a new XML-based specification that uses accepted financial reporting standards and practices to exchange financial statements across all software and technologies, including the Internet.

**4. Efforts to identify duplication:**

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

**5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:**

Only the minimum information needed to evaluate the condition of a bank, regardless of size, is required.

**6. Consequences to the Federal program if the collection were conducted less frequently:**

Under 12 U.S.C. 161, quarterly reporting is required in some instances. Further, 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' monitoring and could seriously delay regulatory response.

**7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:**

This collection is conducted in accordance with the guidelines in 5 CFR Part 1320.

**8. Efforts to consult with persons outside the agency:**

On September 3, 2010, the OCC, FDIC, FRB, and the OTS published a joint notice soliciting comments for 60 days on proposed revisions to the Call Report (75 FR 54227). The agencies received no comments on the published joint notice. The 30 day notice was published on November 9, 2010.

**9. Payment to respondents:**

None.

**10. Any assurance of confidentiality:**

The data collected from individual banks in the Call Report are publicly available with the exception of certain sensitive information. The agencies currently give confidential treatment to data collected in Schedule RC-T, "Fiduciary and Related Services," on fiduciary and related services income (items 12 through 23) and fiduciary settlements, surcharges, and losses (Memorandum item 4). Confidential treatment is also provided for the amount reported for prepaid deposit insurance assessments on Schedule RC-F, "Other Assets" as well as contact information on bank personnel that is provided in each bank's Call Report submission. All non-confidential Call Report data on individual banks is available on request from the Federal Financial Institutions Examinations Council (FFIEC) and on the FFIEC Internet Web-site.

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**11. Justification for questions of a sensitive nature:**

None.

**12. Burden estimate:**

The OCC estimates that 1,494 national banks will file Call Reports each quarter and that the burden will average 201 burden hours per year. An individual bank's actual burden may be higher or lower, depending on the complexity of the bank's structure and the degree of accounting system automation.

The OCC estimates total burden as follows:

1,494 respondents @ 4 responses = 5,976 annual responses

5,976 responses @ 50.15 hours per response = 299,696 burden hours

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

Clerical:	20% x 299,696 =	59,939.2 @ \$20	= \$ 1,198,784.00
Managerial/technical:	65% x 299,696 =	194,802.4 @ \$40	= \$ 7,792,096.00
Senior mgmt/professional:	14% x 299,696 =	41,957.44 @ \$80	= \$ 3,356,595.20
Legal:	01% x 299,696 =	2,996.96 @ \$100 =	<u>\$ 299,696.00</u>
Total:			\$ 12,647,171.00

**13. Estimate of annualized costs to respondents:**

Not applicable.

**14. Estimate of annualized costs to the government:**

Not applicable.

**15. Changes in burden:**

Former burden: 1,512 respondents @ 4 responses = 6,048 annual responses

6,048 responses @ 49.64 hours per response = 300,223 burden hours

New burden: 1,494 respondents @ 4 responses = 5,976 annual responses

5,976 responses @ 50.15 hours per response = 299,696 burden hours

Change: - 18 respondents; + 0.51 hours per response; - 527 burden hours

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

Not applicable.

**17. Approval to not display OMB expiration date.**

Not applicable.

**18. Exceptions to certification statement.**

None.

**B. Collections of Information Employing Statistical Methods.**

Not applicable.