

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

This ICR is being filed in connection with a final rule issued by the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies). The agencies have reviewed the final rule and determined that it would result in changes to the reporting requirements associated with the FFIEC 051 Call Report, which have been previously cleared by OMB. The OCC made a submission to the OMB at the proposed rule stage. OMB instructed the OCC to resubmit the notice at the final rule stage addressing any comments received and analyzing the expected burden reduction associated with the final rule. The final rule expands the eligibility to file the FFIEC 051 Call Report to certain institutions with \$1 billion or more, but less than \$5 billion, in total assets that meet other eligibility criteria. In addition to the expanded eligibility to file this report, the agencies also are making other revisions to the FFIEC 051 Call Report, as discussed under Current Actions below. With the OMB approval, these revisions to the FFIEC 051 Call Report are proposed to take effect as of the September 30, 2019, report date. The agencies are proposing to extend for three years, with revision, the reporting requirements associated with the Call Report.

Current Actions

The agencies are revising the criteria for determining whether an institution is eligible to file the FFIEC 051 Call Report to match the criteria in the final rule. While the final rule provides for reduced reporting on reports filed for the first and third calendar quarters, the agencies are revising the eligibility criteria to extend to all eligible institutions with less than \$5 billion in total assets that meet other criteria in the final rule the option to file the FFIEC 051 Call Report for all four calendar quarters. Therefore, if an institution is eligible to file the FFIEC 051 Call Report for the first and third calendar quarters pursuant to the rule, the institution also could file the FFIEC 051 Call Report for the second and fourth calendar quarters provided the institution continues to meet the non-asset-size criteria. The revisions to the eligibility criteria for filing the FFIEC 051 Call Report would be made in the General Instructions section of the Call Report instructions and would include the increase in the asset-size threshold to less than \$5 billion in total assets as well as the addition to the existing non-asset-size criteria of a criterion to exclude institutions that are treated as large or highly complex institutions for deposit insurance assessment purposes or that engage in certain international activities. The Call Report instructions currently provide that, beginning with the first quarterly report date following the effective date of a business combination, a transaction between entities under common control, or a branch acquisition that is not a business combination involving an institution and one or more other depository institutions, the resulting institution, regardless of its size prior to the transaction, must file the FFIEC 041 Call Report if its consolidated total assets after the consummation of the transaction are \$1 billion or more. The agencies are removing this provision from the instructions, but the resulting institution may be required to file the FFIEC 041 Call Report consistent with the reservation of authority in the rule. Based on Call Report

data as of June 30, 2018, there were 547 institutions with \$1 billion or more, but less than \$5 billion in total assets that likely would meet the definition of “covered depository institution” in the final rule.

The agencies are revising the reporting frequency and applicability of certain data items in the FFIEC 051 Call Report. Specifically, the agencies are reducing the reporting frequency of certain existing data items in the FFIEC 051 Call Report from quarterly to semiannual reporting. The agencies are reducing reporting in the first and third calendar quarters by 502 data items¹ or a reduction of approximately 37 percent of the data items included in the June 30, 2018, FFIEC 051 Call Report.

For covered depository institutions with total assets of \$1 billion or more, but less than \$5 billion, the agencies are adding to the FFIEC 051 Call Report certain data items that these institutions currently report on the FFIEC 041 Call Report, but generally with reduced reporting frequency. The agencies are adding these items to meet the agencies’ data needs and assist the agencies in fulfilling their missions of ensuring the safety and soundness of depository institutions and the financial system, as well as the protection of consumer financial rights and administering federal deposit insurance.

The agencies are reducing the frequency of the following items on the FFIEC 051 Call Report from quarterly to semiannual (*i.e.*, these items would be reported in the June 30 and December 31 Call Reports only):

- Schedule RI, Income Statement, Memorandum item 14.
- Schedule RC-C, Part I, Loans and Leases, Memorandum items 1.a through 1.f, and Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, Memorandum items 1.a through 1.f.
- Schedule RC-E, Deposit Liabilities, Memorandum items 1.a and 5.
- Schedule RC-M, Memoranda, items 8.a through 8.c.
- Schedule RC-R, Part II, Regulatory Capital Risk-Weighted Assets, items 1 through 25, columns A through U, as applicable, and Memorandum items 1 through 3, including all subitems and columns.
- Schedule RC-T, Fiduciary and Related Services, items 4 through 13, columns A through D; items 14 through 22; and Memorandum items 3.a through 3.h, for institutions with total fiduciary assets greater than \$250 million but less than or equal to \$1 billion, and gross fiduciary and related services income less than or equal to 10 percent of total revenue.²

The agencies are adding certain data items to the FFIEC 051 Call Report that would apply only to covered depository institutions with total assets of \$1 billion or more. These items are currently reported by institutions with total assets of \$1 billion or more that file the FFIEC 031 or FFIEC 041 Call Report, but they are not required to be completed by institutions with less

¹ This number includes 69 data items collected on Schedule RC-T, Fiduciary and Related Services, that are only reported by certain institutions with fiduciary powers that have fiduciary activity to report.

² Total fiduciary assets are measured as of the preceding December 31. Gross fiduciary and related services income is measured as a percentage of revenue (net interest income plus noninterest income) for the preceding calendar year.

than \$1 billion in total assets that file the FFIEC 031, FFIEC 041, or FFIEC 051 Call Reports. Therefore, the additional data items would not represent new data items for covered depository institutions with total assets of \$1 billion or more, but rather are items carried over from the FFIEC 041 version of the Call Report, generally using the same definitions and calculations. Furthermore, all but one of these items would be reported less frequently in the FFIEC 051 Call Report than they are currently reported in the FFIEC 041 Call Report.

- Schedule RI, Memorandum items 15.a. through 15.d. These items currently are required quarterly in the FFIEC 041 Call Report and only would be required annually as of December 31 in the FFIEC 051 Call Report from institutions with \$1 billion or more, but less than \$5 billion in total assets.
- Schedule RI-C, Disaggregated Data on the Allowance for Loan and Lease Losses (ALLL). The agencies are adding a condensed version of the existing FFIEC 041 Schedule RI-C, Part I, to the FFIEC 051 Call Report as Schedule RI-C and reducing the reporting frequency of this condensed schedule from quarterly to semiannual (*i.e.*, reported in the June 30 and December 31 Call Reports only) for institutions with \$1 billion or more, but less than \$5 billion, in total assets. Consistent with the agencies' proposed and final revisions to the FFIEC 041 Call Report related to implementation of the current expected credit losses (CECL) methodology³, institutions in this size range that have adopted CECL would also report disaggregated data on the allowance for credit losses on held-to-maturity securities on Schedule RI-C on a semiannual basis.
- Schedule RC-E, Memorandum items 6 and 7, including all subitems. These items currently are required quarterly in the FFIEC 041 Call Report and only will be required annually as of December 31 in the FFIEC 051 Call Report from institutions with \$1 billion or more, but less than \$5 billion in total assets.
- Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, Memorandum item 2. This item is required quarterly in the FFIEC 041 Call Report, and will continue to be required quarterly in the FFIEC 051 Call Report from institutions with \$1 billion or more, but less than \$5 billion in total assets.

Subject to OMB approval, the revisions to the FFIEC 051 Call Report described above would take effect as of the September 30, 2019, report date. The less than \$5 billion asset-size test for determining eligibility to file the FFIEC 051 Call Report in 2019 would be based on the total assets reported on an institution's Call Report as of June 30, 2018. An institution eligible to file the FFIEC 051 Call Report also has the option to file the FFIEC 041 Call Report. For an institution with less than \$5 billion in total assets that qualifies to use the FFIEC 051 Call Report for the first time as a result of the agencies' increase in the asset-size reporting threshold for the FFIEC 051 Call Report from less than \$1 billion to less than \$5 billion, and that desires to use that report form but is unable to do so for the September 30, 2019, Call Report date, the institution may begin reporting on the FFIEC 051 Call Report as of the December 31, 2019, report date. Beginning in 2020, an institution should file whichever version of the Call Report for which it is both eligible and chooses to file in the first quarter of that year, for the remainder of that year if it meets the asset-size threshold for eligibility as of June 30, 2019, and continues to meet the non-asset-size criteria.

³ See 83 FR 49160 (September 28, 2018) and 84 FR 4131 (February 14, 2019).

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 and Financing Corporation 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), (2) banks with domestic offices only (FFIEC 041), and (3) banks with domestic offices only under a specified asset size (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 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 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:*

The OCC, along with the FDIC and Board, issued a proposed rule requesting comment on the changes, 83 FR 58432 (November 19, 2019). The OCC submitted the information collection to OMB in connection with the proposed rule. OMB instructed the OCC to resubmit the collection at the final rule stage addressing any comments received and analyzing the expected burden reduction associated with the final rule. These matters are discussed below.

The agencies received a number of comments on the proposed reductions in frequency. One commenter objected to the proposal, stating that the changes increase the burden associated with making systems changes and increase the risk of errors if data is only reconciled and reported semiannually instead of quarterly. Several commenters stated that the frequency reductions on Schedule RC-T would not provide a burden reduction for them, because many of the data items already are not reported by many small banks. Two commenters stated that the frequency reductions on Schedule RC-R are meaningless, either because institutions must still calculate total risk weighted assets on Schedule RC-R, Part II, or that the agencies' proposed rulemaking on a simplified leverage ratio for community banks (CBLR proposal)⁴ would make the existing Schedule RC-R irrelevant for most institutions.

⁴ 84 FR 3062 (February 8, 2019).

The agencies are implementing the frequency reductions as proposed. The agencies note that the proposal is only reducing the minimum frequency for items reported in the FFIEC 051 Call Report. Covered depository institutions may still elect to submit data on a quarterly basis; the Central Data Repository, which the agencies use to receive and store data on the Call Reports, will still accept quarterly data submissions for items even if those items are only required semiannually. Therefore, an institution that wishes to continue submitting these items to the agencies on a quarterly basis may do so.

Regarding Schedule RC-R, currently, institutions must continue to calculate and report total risk-weighted assets. However, there is some burden reduction associated with eliminating the reporting of the data item components to calculate total risk-weighted assets (inputs) in the first and third quarters. In calculating total risk-weighted assets in the first and third quarters, institutions may be able to use more efficient methods to collect the inputs rather than using the template provided by the agencies, and would not need to validate each input reported on Schedule RC-R, Part II, which would save the institutions review time in preparing that schedule. In addition, as another commenter noted, the agencies' CBLR proposal would make Schedule RC-R, Part II, irrelevant for qualifying community banking organizations. The agencies note that if the CBLR proposal is implemented as proposed, institutions that qualify would experience additional burden reduction in the Call Report compared to preparing the existing reporting on Schedule RC-R. The estimated average burden hours for the FFIEC 051 Call Report is currently 39.77,⁵ which would decrease to 33.65 under the CBLR proposal. Therefore, the CBLR proposal would represent a reduction in estimated average burden hours per quarter of 6.12 (or 15.39 percent) for the FFIEC 051 Call Report for institutions.⁶ The agencies have opted to pursue burden relief now and have proposed to provide additional relief in the future on this schedule.

The agencies also received one comment suggesting that they propose revisions to the FFIEC 031 and FFIEC 041 versions of the Call Report for institutions with total assets of less than \$5 billion that either are not eligible for the reduced reporting or choose not to use reduced reporting in the FFIEC 051 Call Report. While the agencies may consider proposing burden-reducing revisions to the FFIEC 031 or 041 versions of the Call Report in the future, the agencies are not prepared to propose any specific revisions to these versions of the Call Report at this time. If an institution does not meet the criteria to use the FFIEC 051 Call Report, then reporting on the existing FFIEC 031 or FFIEC 041 Call Report is appropriate.

The agencies received two comments specifically about the burden calculation. One commenter stated that the reductions in frequency would save his institution approximately 2 hours per quarter. The commenter's estimate is consistent with the agencies' estimate of a savings of 1.03 hours per quarter. A second commenter stated that preparing the Call Report requires approximately 120 hours per quarter at his institution. For an institution that relies primarily on manual processes to complete the Call Report, the agencies' supervisory experiences indicate that 60-80 hours may be more typical. The agencies recognize that institutions may use unique approaches for preparing the Call Report that rely on varying degrees

⁵ 84 FR 4131 (February 14, 2019).

⁶ 84 FR 16560 (April 19, 2019).

of manual and automated processes that are tailored to their individual circumstances, and the burden estimate reflects averages that take into consideration such a wide range of practices. However, increased use of automated systems generally results in greater efficiencies and lower manual intervention for institutions. The agencies note that their estimate of approximately 40 hours per quarter is consistent with an average across all institutions, including institutions that use automated systems and those that do not. While in some cases the set-up and operating costs of integrating general ledger and core systems with Call Report software as a means to substantially automate the Call Report preparation process may be significantly lower than the recurring cost of employees using manual or less automated processes, the agencies recognize institutions' prerogatives to make their own business decisions regarding the use of automation for the Call Report process.

The agencies received five comments on the items proposed to be added to the FFIEC 051 Call Report. Four comments objected to adding the data items on Schedules RI and RC-E. These data items relate to consumer deposit accounts and deposit account fees, and the commenters stated that this information should not be collected in the Call Report. One comment requested that the agencies retain the items to be added to the FFIEC 051 Call Report on the same schedules and in the same locations in the FFIEC 051 Call Report as they are reported in the FFIEC 041 Call Report, to minimize the burden of making systems changes to implement the revisions.

These data items, including the items on Schedules RI and RC-E, are necessary for the agencies to supervise and monitor consumer deposit account activity at institutions with total assets of \$1 billion or more, but less than \$5 billion that file the FFIEC 051 Call Report. The agencies also note that the items on Schedules RI and RC-E would be collected annually instead of quarterly, which would provide a reduction in burden for these institutions in the other three quarters. Regarding the comment on the location of these items, the agencies agree with the commenter's recommendation and will retain the items that were proposed to be moved from Schedules RI, RI-C, and RC-E on their existing schedules rather than including them in Schedule SU, Supplemental Information.

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: 1,178 national banks and federal savings

associations.

Estimated Time per Response: 44.45 burden hours per quarter to file.

Estimated Total Annual Burden: 209,448 burden hours to file.

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

214,290 hours @ \$114/hour = \$23,877,072.

To estimate wages we reviewed May 2018 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, we use \$114 per hour, which is based on the average of the 90th percentile for nine occupations adjusted for inflation (2.8 percent as of Q1 2019 according to the BLS), plus an additional 33.2 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2018 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:

Former burden: 220,929 burden hours.

New burden: 209,448 burden hours.

Change: - 11,481 burden hours.

When the estimates are calculated across the agencies considering all expected filers of the FFIEC 051 Call Report, the estimated average burden hours per calendar quarter for this report are 40.27 hours. The burden hours for filers of the currently approved FFIEC 051 Call Report are 39.77 hours (using September 30, 2018, data). The increase in the overall average for the FFIEC 051 reflects that newly eligible institutions (with total assets between \$1 billion and less than \$5 billion) generally have amounts to report in more items on that report than current filers (with total assets of less than \$1 billion). For the current FFIEC 051 Call Report filers, the revisions to the FFIEC 051 Call Report would decrease average burden hours per quarter from approximately 40.11 hours to 39.08 hours, a reduction of 1.03 hours per quarter (using December 31, 2018, data). For newly eligible filers, the average burden hours would decrease from approximately 63.69 hours to 50.96 hours, a reduction of 12.73 hours per quarter. The estimated

burden per response for the quarterly filings of the Call Report is an average that varies by agency because of differences in the composition of the institutions under each agency's supervision (e.g., size distribution of institutions, types of activities in which they are engaged, and existence of foreign offices). In addition, the estimates of the average burden per response for FFIEC 051 Call Report filers are averages across the Call Reports for these filers for all four quarters of the year. As a consequence, the estimated average burden blends the effects of reduced reporting in the first and third quarters with the reporting that occurs in all four quarters. Estimates of the average burden hours solely for completing the FFIEC 051 Call Report in the first or the third quarter would be less than the overall average per response.

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.