SUPPORTING STATEMENT
Federal Deposit Insurance Corporation
Consolidated Reports of Condition and Income (Call Report)
FFIEC 031 and 041 (OMB No. 3064-0052)

INTRODUCTION

The FDIC is submitting for Office of Management and Budget (OMB) review changes to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Report) filed quarterly by FDIC-supervised banks and savings associations. The Federal Reserve Board (FRB) and the Office of the Comptroller of the Currency (OCC) are also submitting these changes for OMB review for the banks and savings associations under their supervision.

The revisions to the Call Report that are the subject of this request have been approved by the FFIEC. They arise from a final rule approved by the FDIC Board of Directors on February 7, 2011, which implemented Section 331(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) and revised the assessment system for large insured depository institutions. Section 331(b) required the FDIC to amend its regulations to redefine the assessment base used for calculating deposit insurance assessments as average consolidated total assets minus average tangible equity. The revised large institution assessment system is used to determine the initial base assessment rate that is applied to a large institution's assessment base as redefined.

Except as noted below, the assessment-related reporting revisions to the Call Report that are the subject of this request were approved by OMB on June 17, 2011, in response to emergency clearance requests from the FDIC, the FRB, the OCC, and the former Office of Thrift Supervision (OTS) and took effect as of the June 30, 2011, report date. OMB's emergency approval of these reporting revisions extends only through the December 31, 2011, report date. Because the assessment-related reporting revisions to the Call Report need to remain in effect beyond this limited emergency approval period, the agencies, under the auspices of the FFIEC, began normal Paperwork Reduction Act (PRA) clearance procedures anew with the publication of a second initial PRA Federal Register notice on July 27, 2011. This second initial notice requested public comment on the assessment-related reporting revisions to the Call Report (and also to the Thrift Financial Report (TFR) – the collection of which will be discontinued after the reports for December 31, 2011, are filed – and the FFIEC 002/002S reports) that had taken effect June 30, 2011, under OMB's emergency approval. The reporting revisions covered by OMB's emergency approval included transition guidance for the reporting of subprime and leveraged loans and other modifications made in response to the comments received on the assessment-related reporting requirements the agencies originally proposed in their first initial PRA Federal Register notice on March 16, 2011.

After considering the comments received on the second initial PRA Federal Register notice concerning the assessment-related reporting revisions implemented on an emergency clearance basis as of June 30, 2011, the agencies are proposing to add six new assessment-related items of limited scope and applicability effective June 30, 2012, and to make certain instructional clarifications. For quarter-end dates after the effective date of the FDIC's assessments final rule but prior to the effective date of the additional new Call Report items (i.e., June 30, 2011, through March 31, 2012), the limited number of institutions to which any of these six new items would apply may choose to, but would not be required to, provide the information to the FDIC on a voluntary basis. For an institution that chooses to submit this prior period information, the FDIC will adjust the institution's assessments for the affected periods as applicable.

Furthermore, after considering the comments received on the second initial PRA Federal Register notice, the transition guidance for the reporting of subprime and leveraged loans by large and highly complex institutions that the agencies adopted in connection with their June 2011 emergency clearance request to OMB has been extended from October 1, 2011, to April 1, 2012. The FDIC also decided to review the subprime and leveraged loan definitions in its February 2011 final rule on assessments to determine whether changes to these definitions could alleviate concerns expressed by bankers without sacrificing accuracy in risk differentiation for deposit insurance pricing purposes. The instructions for reporting subprime and leveraged loans for assessment purposes in the agencies' regulatory reports will be conformed to any revised definitions of these terms in the FDIC's assessment regulations that may result from the FDIC's review process, including any necessary rulemaking. Any such revised definitions and related instructional revisions would result in either no change in or a reduction in both the initial and ongoing reporting burden for large and highly complex institutions compared to the reporting burden associated with the existing definitions and instructions approved under OMB's emergency clearance procedures.

A. JUSTIFICATION

1. Circumstances and Need

Section 7 of the Federal Deposit Insurance Act requires all insured depository institutions to submit four "reports of condition" each year to their primary federal bank supervisory authority, i.e., either the FDIC, the OCC, or the FRB, as appropriate. Insured state-chartered banks and savings associations submit these reports to the FDIC. The FDIC uses the quarterly Call Reports to monitor the condition and performance of individual institutions and the industry as a whole. In addition, Call Reports provide the FDIC with the most current statistical data available for evaluating depository institution corporate applications such as mergers; identifying areas of focus for both on-site and off-site examinations; calculating all institutions' deposit insurance, Financing Corporation, and (if applicable) Transaction Account Guarantee Program assessments; and other public purposes.

Within the Call Report information collection system, separate sets of forms apply to institutions that have domestic and foreign offices (FFIEC 031) and to institutions with domestic offices only (FFIEC 041).

The amount of data required to be reported varies between the two versions of the report forms, with the report forms for institutions with domestic and foreign offices (FFIEC 031) having more data items than the report forms for institutions with domestic offices only (FFIEC 041). Furthermore, the amount of data required to be reported varies within the FFIEC 041 report form, primarily based on the size of the institution, but also in some cases based on activity levels. In general, the FFIEC 041 report form requires the least amount of data from institutions with less than $100 million in total assets.

The following paragraphs explain the reasons for the revisions to the Call Report that are the subject of this submission. Further information is contained in the agencies' first initial, second initial, and final PRA Federal Register notices, which are attached.

Section 331(b) of the Dodd-Frank Act, which was signed into law on July 21, 2010, required the FDIC to amend its regulations to redefine the assessment base used for calculating deposit insurance assessments as average consolidated total assets minus average tangible equity. Under prior law, the assessment base has been defined as domestic deposits minus certain allowable exclusions, such as pass-through reserve balances. In general, the intent of Congress in changing the assessment base was to shift a greater percentage of overall total assessments away from community banks and toward the largest institutions, which rely less on domestic deposits for their funding than do smaller institutions.

In May 2010, prior to the enactment of the Dodd-Frank Act, the FDIC published a Notice of Proposed Rulemaking (NPR) to revise the assessment system applicable to large insured depository institutions.[1] The proposed amendments to the FDIC's assessment regulations were designed to better differentiate the risk profiles of large institutions by taking a more forward-looking view of risk and better take into account the losses that the FDIC will incur if an institution fails. The comment period for the May 2010 NPR ended July 2, 2010, and most commenters requested that the FDIC delay the implementation of the rulemaking until the effects of the pending Dodd-Frank legislation were known.

On November 9, 2010, the FDIC Board approved the publication of two NPRs, one that proposed to redefine the assessment base as prescribed by the Dodd-Frank Act[2] and another that proposed revisions to the large institution assessment system while also factoring in the proposed redefinition of the assessment base as well as comments received on the May 2010 NPR.[3] After revising the proposals where appropriate in response to the comments received on the two November 2010 NPRs, the FDIC Board adopted a final rule on February 7, 2011, amending the FDIC's regulations to redefine the assessment base used for calculating deposit insurance assessments for all 7,500 insured depository institutions and revise the assessment system for approximately 110 large institutions.[4] The final rule took effect for the quarter beginning April 1, 2011, and the application of the final rule was reflected for the first time in the invoices for deposit insurance assessments due September 30, 2011, using data reported in the Call Reports, TFRs, and FFIEC 002/002S reports for June 30, 2011.

On March 16, 2011, the FDIC, the FRB, the OCC, and the OTS jointly published the attached initial PRA Federal Register notice in which they requested comment on proposed revisions to

[1] See 75 FR 23516, May 3, 2010.
[2] See 75 FR 72582, November 24, 2010.
[3] See 75 FR 72612, November 24, 2010.
[4] See 76 FR 10672, February 25, 2011.

these regulatory reports that would provide the data needed by the FDIC to implement the provisions of the February 2011 final rule beginning with the June 30, 2011, report date.[5] The new data items proposed in this initial PRA notice were linked to specific requirements in the FDIC's amended assessment regulations. The draft instructions for these proposed new items incorporated the definitions in and other provisions of these regulations. Accordingly, the FDIC did not anticipate receiving material comments on the reporting changes proposed in the March 2011 initial PRA notice because the FDIC's February 2011 final rule on assessments had taken into account the comments received on the two November 2010 NPRs as well as the earlier May 2010 NPR. Thus, the agencies expected to follow normal clearance procedures and publish a final PRA Federal Register notice for the proposed reporting changes and submit these changes to OMB for review soon after the May 16, 2011, close of the comment period for the initial PRA notice.

The agencies collectively received comments from 19 respondents on their initial PRA notice on the proposed assessment-related reporting changes published on March 16, 2011. Of these 19 respondents, 17 addressed the new data items for subprime and leveraged loans that are inputs to the revised assessment system for large institutions.[6] More specifically, these commenters stated that institutions generally do not maintain data on these loans in the manner in which these two loan categories are defined for assessment purposes in the FDIC's final rule or do not have the ability to capture the prescribed data to enable them to identify these loans in time to file their regulatory reports for the June 30, 2011, report date. These data availability concerns, particularly as they relate to institutions' existing loan portfolios, had not been raised as an issue during the rulemaking process for the revised large institution assessment system, which included the publication of two NPRs in 2010.[7]

This unanticipated outcome at the end of the public comment process for the agencies' March 2011 initial PRA notice required the FDIC to consider possible reporting approaches that would address institutions' concerns about their ability to identify loans meeting the subprime and leveraged loan definitions in the FDIC's assessments final rule while also meeting the objectives of the revised large institution assessment system. Accordingly, in recognition of these concerns, the agencies decided to provide transition guidance for reporting subprime consumer and leveraged loans originated or purchased prior to October 1, 2011, and securities where the underlying loans were originated predominantly prior to October 1, 2011. However, as a consequence of the unexpected need to develop and reach agreement on a workable

[5] See 76 FR 14460, March 16, 2011.

[6] In contrast, only four respondents commented on other aspects of the overall reporting proposal.

[7] In response to the November 2010 NPR on the revised large institution assessment system, the FDIC received a number of comments recommending changes to the definitions of subprime and leveraged loans, which the FDIC addressed in its February 2011 final rule amending its assessment regulations. For example, several commenters on the November 2010 NPR indicated that regular (quarterly) updating of data to evaluate loans for subprime or leveraged status would be burdensome and costly and, for certain types of retail loans, would not be possible because existing loan agreements do not require borrowers to routinely provide updated financial information. In response to these comments, the FDIC's February 2011 final rule stated that large institutions should evaluate loans for subprime or leveraged status upon origination, refinance, or renewal. However, no comments were received on the November 2010 NPR indicating that large institutions would not be able to identify and report subprime or leveraged loans in accordance with the definitions proposed for assessment purposes in their Call Reports and TFRs beginning as of June 30, 2011. These data availability concerns were first expressed in comments on the March 2011 initial PRA notice.

transition approach for loans that are to be reported as subprime or leveraged for assessment purposes,[8] the agencies concluded that they should follow emergency rather than normal PRA clearance procedures to request approval from OMB for the assessment-related reporting changes to the Call Report, the TFR, and the FFIEC 002/002S reports. In reaching this conclusion, the agencies determined that the use of normal clearance procedures for the assessment-related reporting changes to the Call Report, the TFR, and the FFIEC 002/002S reports was reasonably likely to prevent or disrupt the initial collection of these new assessment data as of the June 30, 2011, report date as called for under the FDIC's final rule. Absent OMB approval to implement these reporting changes as of June 30, 2011, community institutions would have experienced a delay in the shifting of a portion of the overall deposit insurance assessment burden away from them, which was the intent of Section 331(b) of the Dodd-Frank Act. Thus, the use of emergency clearance procedures was intended to provide certainty to institutions on a timely basis concerning the second quarter 2011 assessment-related reporting requirements to which they would be subject.

On June 17, 2011, OMB approved the agencies' emergency clearance requests to implement the assessment-related reporting revisions to the Call Report, the TFR, and the FFIEC 002/002S reports effective as of the June 30, 2011, report date. OMB's emergency approval extends only through the December 31, 2011, report date. However, the assessment-related reporting revisions need to remain in effect beyond the limited approval period associated with OMB's emergency clearance because the assessment data items collected via these regulatory reports are necessary to support the FDIC's ongoing quarterly calculation of deposit insurance assessments in accordance with the FDIC's February 2011 final rule on assessments. Accordingly, the agencies, under the auspices of the FFIEC, began normal PRA clearance procedures anew with the publication of a second initial PRA Federal Register notice on July 27, 2011.[9] This second initial notice requested public comment on the assessment-related reporting revisions to the Call Report, the TFR, and the FFIEC 002/002S reports that had taken effect June 30, 2011, under OMB's emergency approval, including the transition guidance and the other modifications the agencies had made in response to the comments received on the revisions first proposed in March 2011.

2. Use of Information Collected

The deposit insurance assessment-related reporting changes that are the subject of this request will provide the information the FDIC needs to calculate (1) the assessment bases for all insured depository institutions as redefined in accordance with Section 331(b) of the Dodd-Frank Act and the FDIC's final rule, and (2) the assessment rates for "large institutions" and "highly complex institutions" using a scorecard set forth in the final rule that combines CAMELS ratings[10] and certain forward-looking financial measures to assess the risk such institutions pose to the Deposit Insurance Fund administered by the FDIC.

[8] The FDIC presented this transition approach to large institutions during a conference call on June 7, 2011, that all large institutions had been invited to attend. Several institutions offered favorable comments about the transition approach during this call.
[9] See 76 FR 44987, July 27, 2011.
[10] An institution's composite rating under the Uniform Financial Institutions Rating System is often referred to as a CAMELS rating. See 62 FR 752, January 6, 1997.

More generally, the information collected in Call Reports is used by the FDIC and the other federal bank regulatory agencies both on an individual institution basis and in aggregate form for supervisory, surveillance, regulatory, research, statistical, insurance assessment, and informational purposes. Call Report data for all banks and savings associations, not just the institutions under its primary supervision, are available to each of the three banking agencies in order for each agency to have access to information for the banking system as a whole.

For further information on the FDIC's uses of the information collected in Call Reports, please refer to the FDIC's Supporting Statement for the Call Report information collection submitted on January 28, 2011.

3. Use of Technology to Reduce Burden

All institutions are subject to an electronic filing requirement for Call Reports. In this regard, the agencies have created a secure shared database for collecting, managing, validating and distributing Call Report data. This database system, the Central Data Repository (CDR), was implemented for the third quarter 2005 Call Report filing period and is the only method now available for institutions to submit their Call Reports. Under the CDR system, institutions file their Call Report data via the Internet using software that contains the FFIEC's edits for validating Call Report data before submission. In addition, institutions may use information technology to the extent feasible to maintain required records.

4. Efforts to Identify Duplication

There is no other report or series of reports that collects from all institutions the information gathered through the Consolidated Reports of Condition and Income taken as a whole. There are other information collection systems which tend to duplicate certain parts of the Call Reports; however, the information they provide would be of limited value as a replacement for the Call Report. With respect to the Call Report revisions that are the subject of this request, the information to be collected to calculate the assessment bases for all insured depository institutions and the assessment rates for large and highly complex institutions supports the FDIC's administration of the federal deposit insurance system and is not duplicated elsewhere.

For further information on the FDIC's efforts to identify duplication in relation to the information collected in Call Reports, please refer to the FDIC's Supporting Statement for the Call Report information collection submitted on January 28, 2011.

5. Minimizing the Burden on Small Entities

Pursuant to regulations issued by the Small Business Administration (13 CFR 121.201), a "small entity" includes a depository institution with assets of $175 million or less. There are approximately 4,700 FDIC-supervised banks that file Call Reports (with an additional 60 FDIC-supervised savings associations scheduled to file Call Reports beginning as of the March 31, 2012, report date as previously approved by OMB). Of this number, about 2,600 banks (and about 50 savings associations) have total assets of $175 million or less. As stated in Item 1 of this Supporting Statement, the Call Report requires the least amount of data from institutions with less than $100 million in total assets. The next least amount of data is collected from institutions with $100 million to $300 million in total assets.

The assessment-related information that is the subject of this request is the minimum necessary for the FDIC to administer the federal deposit insurance system for insured depository institutions. In general, the large institution assessment system applies to institutions with $10 billion or more in total assets and therefore will not affect small institutions.

With respect to the information that is collected to calculate the assessment bases for all insured depository institutions, institutions with less than $1 billion in assets (other than newly insured institutions) may use a weekly averaging method for calculating average consolidated total assets unless they opt to report daily averages on a permanent basis. In general, banks with less than $1 billion in assets are able to carry the average total assets figure reported in the quarterly averages schedule of the Call Report over to the deposit insurance assessment schedule. Under the FDIC's final rule, tangible equity capital is defined as Tier 1 capital, which institutions already measure for regulatory capital purposes, and average tangible equity is calculated using a monthly averaging method, but institutions with less than $1 billion in assets (other than newly insured institutions) may report on an end-of-quarter basis unless they opt to report monthly averages on a permanent basis. In general, banks with less than $1 billion in assets are able to carry the quarter-end Tier 1 capital figure reported in the regulatory capital schedule of the Call Report over to the deposit insurance assessment schedule.

6. Consequences of Less Frequent Collection

Collection of the deposit insurance assessment data that are the subject of this request less frequently than quarterly would reduce the FDIC's ability to timely calculate and collect the quarterly assessments for insured deposits.

More broadly, less frequent collection of Call Reports would reduce the FDIC's ability to identify on a timely basis those institutions that are experiencing adverse changes in their condition so that appropriate corrective measures can be implemented to restore their safety and soundness. Such identification cannot be accomplished through periodic on-site examinations alone. To allocate its examination resources in the most efficient manner, off-site analysis of Call Report data to single out institutions in need of on-site follow-up must be performed (see Item 2 of the FDIC's Supporting Statement for the Call Report information collection submitted on January 28, 2011). Submission of the Consolidated Reports of Condition and Income less frequently than quarterly would permit deteriorating conditions at institutions to fester considerably longer before they would be detected through the FDIC's computer-based monitoring systems, through the fortunate scheduling of an examination, or by other means. Such institutions would therefore run a greater risk of failure because of delays in effecting corrective action, either on the institution management's own initiative or at the behest of the FDIC.

7. Special Circumstances

There are no special circumstances.

8. Consultation with Persons Outside the FDIC

As mentioned in Item 1 above, the agencies published an initial PRA notice on March 16, 2011, in which they requested comment on proposed revisions to their regulatory reports: the Call Report, the TFR, and the FFIEC 002/002S reports. The agencies proposed to implement certain changes to these reports as of June 30, 2011, to provide data needed by the FDIC to implement amendments to its assessment regulations (12 CFR Part 327) that were adopted by the FDIC Board of Directors in a final rule on February 7, 2011.

The FDIC's proposed redefinition of the assessment base to implement Section 331(b) of the Dodd-Frank Act was included in an NPR approved for publication by the FDIC Board on November 9, 2010, the comment period for which ended on January 3, 2011. The FDIC initially proposed to revise the assessment system applicable to large insured depository institutions in an NPR with a 60-day comment period that was approved for publication by the FDIC Board on April 13, 2010. On November 9, 2010, the FDIC Board approved the publication of a second NPR seeking comment through January 3, 2011, on proposed revisions to the assessment system for large insured depository institutions that took into account the redefined assessment base prescribed by the Dodd-Frank Act as well as comments received on the earlier NPR.

The agencies collectively received comments from 19 respondents on their initial PRA notice on the proposed assessment-related reporting requirements published on March 16, 2011. Comments were received from fourteen depository institutions, four bankers' organizations, and one government agency. Three of the bankers' organizations commented on certain aspects of the proposed reporting requirements associated with the redefined assessment base, with one of these organizations welcoming the proposed reporting changes and deeming them "reasonable and practical." Seventeen of the 19 respondents (all of the depository institutions and three of the bankers' organizations) addressed the reporting requirements proposed for large institutions, with specific concerns raised by all 17 about the definitions of subprime consumer loans and leveraged loans in the FDIC's final rule, which were carried directly into the draft reporting instructions for these two proposed data items, and large institutions' ability to report the amount of subprime consumer loans and leveraged loans in accordance with the final rule's definitions, particularly beginning as of the June 30, 2011, report date.

These data availability concerns, particularly as they related to large institutions' existing loan portfolios, had not been raised as an issue during the rulemaking process for the revised large institution assessment system, which included the publication of two NPRs in 2010. This unanticipated outcome at the end of the public comment process for the agencies' March 16, 2011, initial PRA notice required the FDIC to consider possible reporting approaches that would address institutions' concerns about their ability to identify loans meeting the subprime and leveraged loan definitions in the FDIC's assessments final rule while also meeting the objectives of the revised large institution assessment system. However, the consequence of the unexpected need to develop and reach agreement on a workable transition approach for identifying loans that are to be reported as subprime or leveraged for assessment purposes[11] led the agencies to request emergency clearance from OMB on June 16, 2011. The agencies made this emergency clearance

[11] See footnote 8.

request because they determined that the use of normal clearance procedures for the assessment-related reporting changes to the Call Report, the TFR, and the FFIEC 002/002S reports was reasonably likely to prevent or disrupt the initial collection of these new assessment data as of the June 30, 2011, report date as called for under the FDIC's final rule.

On June 17, 2011, OMB approved the agencies' emergency clearance requests to implement the assessment-related reporting revisions to the Call Report, the TFR, and the FFIEC 002/002S reports effective as of the June 30, 2011, report date. This emergency approval extends only through the December 31, 2011, report date. Because the assessment-related reporting revisions need to remain in effect beyond this limited emergency approval period, the agencies, under the auspices of the FFIEC, began normal PRA clearance procedures anew with the publication of a second initial PRA Federal Register notice on July 27, 2011. This second initial notice requested public comment on the assessment-related reporting revisions to the Call Report, the TFR, and the FFIEC 002/002S reports that had taken effect June 30, 2011, under OMB's emergency approval, including the transition guidance and the other modifications the agencies had made in response to the comments received on the revisions first proposed in March 2011.

For a detailed discussion of the comments received on the reporting revisions associated with the redefined deposit insurance assessment base proposed in the agencies' March 2011 first initial PRA notice, the agencies' evaluation of these comments, and the modifications that the agencies made to the March 2011 reporting proposal in response to these comments, see Section III ("Redefined Assessment Base") of the attached second initial PRA notice for the assessment-related reporting changes. For a detailed discussion of the comments received on the reporting revisions associated with the revised large institutions assessment system proposed in the agencies' March 2011 first initial PRA notice, the agencies' evaluation of these comments, and the modifications that the agencies made to the March 2011 reporting proposal in response to these comments, see Section IV ("Risk-Based Assessment System for Large Insured Depository Institutions") of the attached second initial PRA notice for the assessment-related reporting changes.

The agencies collectively received comments from eight respondents on their July 27, 2011, second initial PRA notice on the assessment-related reporting revisions to the Call Report, the TFR, and the FFIEC 002/002S reports that had taken effect June 30, 2011, under OMB's emergency approval. Comments were received from four depository institutions, all of which are "large institutions" for deposit insurance assessment purposes, and four bankers' organizations, three of which submitted a joint comment letter. The jointly commenting bankers' organizations stated they "collectively represent all of the banks that are affected or may be affected by" the revised assessment system for "large institutions" and "highly complex institutions" in the FDIC's February 2011 final rule on assessments. Six of the eight respondents on the second initial PRA notice focused their comments on the definitions of subprime consumer and leveraged loans in the FDIC's assessments final rule, which (subject to the previously mentioned transition guidance for reporting such assets) are the basis for the regulatory reporting instructions for reporting the amounts of these two categories of higher-risk assets for assessment purposes in the Call Report and (through the December 31, 2011, report date) the TFR. In addition, as noted in the public comment file for the second initial PRA notice, representatives of the four commenting bankers' organizations and certain large and highly complex institutions met twice with FDIC staff prior to the close of the comment period for the notice to explain their concerns about the definitions of, and the availability of the information necessary to report, subprime and leveraged loans by such institutions.

Comments received on the second initial PRA notice also addressed the definition of nontraditional 1-4 family residential mortgage loans, the reporting of counterparty exposures by highly complex institutions, the frequency of loan loss provision and deferred tax calculations for reporting average tangible equity, the treatment of prepaid deposit insurance assessments in the measurement of average total assets for assessment base purposes, and the reporting of certain troubled debt restructurings that are guaranteed or insured by the U.S. Government. In addition, during the initial reporting of the revised assessment-related data items as of June 30, 2011, questions arose about which data items in the Call Reports' deposit insurance assessments schedule should be reported on a fully consolidated basis or an unconsolidated single FDIC certificate number basis by institutions that own another insured institution as a subsidiary[12] because of the way in which these data are used in the FDIC's risk-based deposit insurance system.

See Sections II.A through II.G of the attached final PRA Federal Register notice for a detailed discussion of the comments received on the agencies' July 2011 second initial PRA Federal Register notice, the agencies' evaluation of these comments, and the modifications that the agencies are making in response to these comments to the assessment-related reporting revisions that had taken effect June 30, 2011, under OMB's emergency approval.

9. Payment or Gift to Respondents

No gifts will be given to respondents.

10. Confidentiality

Information collected in the Call Report (as well as the TFR and the FFIEC 002/002S reports) pertaining to the redefined assessment base is publicly available. With respect to the information collected for use as inputs to scorecard measures in the revised large institution assessment system, information that large and highly complex institutions report on criticized and classified items, nontraditional mortgage loans, subprime consumer loans, leveraged loans, top 20 counterparty exposures, and largest counterparty exposure for assessment purposes in accordance with the definitions in the FDIC's final rule (subject to the previously mentioned transition guidance for reporting subprime consumer and leveraged loans) are accorded confidential treatment on an individual institution basis. The other assessment-related data items collected from large and highly complex institutions are publicly available.

Outside the deposit insurance assessments schedule, all data items collected from individual institutions in the Call Report are publicly available with the exception of any amounts reported in Schedule RI-E, item 2.g, "FDIC deposit insurance assessments," and in Schedule RC-F, item 6.f, "Prepaid deposit insurance assessments."

[12] There are currently only 13 FDIC-insured institutions that own another insured institution as a subsidiary.

In addition, contact information for depository institution personnel that is provided in institutions' Call Report submissions is not available to the public.

11. Information of a Sensitive Nature

No information of a sensitive nature is requested.

12. Estimate of Annual Burden

It is estimated that, on average, it will take an FDIC-supervised institution approximately 40.47 hours each quarter to prepare and file its Call Report on an ongoing basis. This estimate reflects the ongoing reporting burden after an institution completes any necessary recordkeeping and systems changes to enable it to generate the data required to be reported in the deposit insurance assessments schedule as it was revised effective June 30, 2011, and as it is proposed to be revised effective June 30, 2012, to include six additional assessment-related items of limited scope and applicability.[13] For quarter-end report dates after the effective date of the FDIC's assessments final rule but prior to the effective date of the six additional items (i.e., June 30, 2011, through March 31, 2012), the limited number of institutions to which any of these new items would apply may choose to, but would not be required to, provide the information to the FDIC on a voluntary basis. For an institution that chooses to submit this prior period information, the FDIC will adjust the institution's assessments for the affected periods as applicable. Because these six additional items will be completed by a minimal number of FDIC-supervised institutions in relation to the total population of FDIC-supervised institutions, the incremental additional burden of these items (including any data provided voluntarily for these items for the June 30, 2011, through March 31, 2012, quarter-end dates) does not alter the estimated average number of burden hours per quarter for the Call Report.

There are currently 4,747 FDIC-supervised institutions (4,687 FDIC-supervised banks that currently file Call Reports and 60 FDIC-supervised savings associations that will begin to file Call Reports as of March 31, 2012, as previously approved by OMB). The estimated annual ongoing reporting burden for these FDIC-supervised banks and savings associations to prepare and file the Call Report is 758,732 hours and 9,713 hours, respectively (exclusive of the initial conversion burden for FDIC-supervised savings associations discussed below). The annual ongoing reporting burden has been estimated by considering the varying numbers of Call Report data items potentially reportable by institutions of different sizes and with foreign offices and the extent to which such institutions will actually have amounts to report in these data items as a result of the activities and transactions in which they are engaged. Then, based on the agency staff's understanding of institutions' recordkeeping and reporting systems and their customary and usual business practices, professional judgment has been applied to arrive at a burden

[13] These six new Call Report Schedule RC-O items are: (a) For large and highly complex institutions, Memorandum item 16, "Portion of loans restructured in troubled debt restructurings that are in compliance with their modified terms and are guaranteed or insured by the U.S. government (including the FDIC)"; (b) For large and highly complex institutions that own another insured depository institution, Memorandum items 17.a through 17.d for the fully consolidated amounts of total deposit liabilities before exclusions, total allowable exclusions, unsecured other borrowings with a remaining maturity of one year or less, and estimated amount of uninsured deposits; and (c) For all institutions that own another insured depository institution, Memorandum item 9.a for the fully consolidated amount of reciprocal brokered deposits.

estimate for the Call Report. The average ongoing reporting burden to prepare and file the Call Report is estimated to range from 17 to 715 hours per quarter, depending on an individual institution's circumstances.

In addition to the burden associated with preparing and filing the Call Report, FDIC-supervised savings associations will incur an initial burden of converting systems and training staff to prepare and file the Call Report in place of the TFR beginning as of the March 31, 2012, report date. As a general statement, larger savings associations and those with more complex operations would expend a greater number of hours than smaller savings associations and those with less complex operations. A savings association's use of service providers for the information and accounting support of key functions, such as credit processing, transaction processing, deposit and customer information, general ledger, and reporting should result in lower burden hours for converting to the Call Report. Savings associations with staff having experience in preparing and filing the Call Report should incur lower initial burden hours for converting to the Call Report from the TFR. Based on the findings of a telephone survey conducted by the former OTS of certain former savings associations that had recently converted from reporting on the TFR to reporting on the Call Report because of a change in charter, the time to convert to filing the Call Report during the first year, including necessary systems changes and training staff on Call Report preparation and filing, is estimated to average 188 hours.[14] Thus, the estimated burden for the first year for the 60 FDIC-supervised savings associations to convert systems and conduct training is 11,280 hours.

For all 4,747 FDIC-supervised institutions following the conversion of savings associations from the TFR to the Call Report, the estimated total annual burden of the Call Report information collection, including the first year burden arising from the conversion and the effect of the assessment-related reporting revisions that are the subject of this request, is 779,725 hours.

For FDIC-insured commercial banks, Call Report data as of September 30, 2011, indicate that salaries and employee benefits per full-time equivalent employee currently average about $40.50 per hour. Thus, the annual recurring salary and employee benefit cost to FDIC-supervised banks for the Call Report burden hours shown above is estimated to be $30.7 million. This cost is based on the application of the $40.50 average hourly rate to the estimated total ongoing annual reporting burden of 758,732 hours.

For FDIC-insured savings institutions, Call Report and TFR data as of September 30, 2011, indicate that salaries and employee benefits per full-time equivalent employee currently average about $38.00 per hour. Thus, for the Call Report burden hours shown above, the annual salary and employee benefit cost to the 60 FDIC-supervised savings associations is estimated to be $0.8 million. This cost is based on the application of the $38.00 average hourly rate to the estimated total annual reporting burden of 20,993 hours for these savings associations, including the first year burden arising from the conversion to the Call Report.

[14] For further information on the OTS's telephone survey that was used to estimate the first year burden of converting from the TFR to the Call Report, please refer to Section II.A, "Discussion of Comments," under "Current Actions" in the agencies' final PRA Federal Register notice for the TFR-to-Call Report conversion, which was published on July 7, 2011 (76 FR 39981).

For all 4,747 FDIC-supervised institutions following the conversion of savings associations from the TFR to the Call Report, the annual salary and benefit cost of the Call Report information collection, including the first year burden for savings associations arising from the conversion and the effect of the assessment-related reporting revisions that are the subject of this request, is estimated to be $31.5 million.

13. Estimate of Total Annual Cost Burden

The estimate of annual burden cited above in Section 12 is primarily the estimated ongoing burden for the quarterly filing of the Call Report, but also includes the estimated initial first year burden for FDIC-supervised savings associations to convert systems and conduct training to enable them to begin filing the Call Report in place of the TFR. However, with respect to the assessment-related revisions to the Call Report that are the subject of this request, the amount of initial burden arising from implementing recordkeeping and systems changes to enable institutions to report the applicable assessment-related data items will vary significantly. For the vast majority of the approximately 4,700 FDIC-supervised banks and savings associations, including the smallest institutions, this initial burden is considered nominal because only three of the new assessment-related data items that were added to the Call Report in June 2011 (following OMB's approval of the agencies' emergency clearance requests) are relevant to them and the amounts to be reported can be carried over from amounts reported elsewhere in the Call Report.

At the other end of the spectrum, many of the assessment-related data items added to the Call Report in 2011 are to be reported solely by the 22 FDIC-supervised banks that would be large or highly complex institutions, as defined in the FDIC's revised assessment regulations. To achieve consistency in reporting across this group of institutions, the instructions for the new data items applicable only to these institutions, which are drawn directly from definitions contained in the FDIC's assessment regulations, as amended in February 2011, are prescriptive. Transition guidance has been provided for the two categories of higher-risk assets (subprime and leveraged loans) for which large and highly complex institutions have indicated that their data systems do not currently enable them to identify individual assets meeting the FDIC's definitions that will be used for assessment purposes only. The transition guidance applies until April 1, 2012, and provides time for large and highly complex institutions to revise their data systems to support the identification and reporting of assets in these two categories on a going-forward basis. The transition guidance also permits these institutions to use existing internal methodologies developed for supervisory purposes to identify assets acquired during the transition period that would be reportable in these higher-risk asset categories on an ongoing basis.

Comments submitted in response to the agencies' March 2011 first initial PRA notice that addressed the initial burden that large and highly complex institutions would incur to identify assets meeting the definitions of subprime and leveraged loans in the FDIC's assessment regulations were written in the context of applying these definitions to all existing loans. The transition guidance created for these loans is intended to mitigate the initial data capture and systems burden that institutions would otherwise incur. Thus, the initial burden associated with implementing the recordkeeping and systems changes necessary to identify assets reportable in these two higher-risk asset categories will be significant for the large and highly complex institutions supervised by the FDIC, but the agencies are currently unable to estimate the amount of this initial burden. Large and highly complex institutions will also experience additional initial burden in connection with implementing systems changes to support their ability to report the other new assessment-related items applicable to such institutions. However, given their focus on subprime and leveraged loans, respondents to the agencies' initial PRA notice offered limited comments about the burden of the other new items for large and highly complex institutions.

In addition, as previously mentioned, the FDIC has decided to review the subprime and leveraged loan definitions in its February 2011 final rule on assessments to determine whether changes to these definitions could alleviate concerns expressed by bankers without sacrificing accuracy in risk differentiation for deposit insurance pricing purposes. The instructions for reporting subprime and leveraged loans and securities for assessment purposes in the agencies' regulatory reports will be conformed to any revised definitions of these terms in the FDIC's assessment regulations that may result from the FDIC's review process, including any necessary rulemaking. Any such revised definitions and related instructional revisions would result in either no change in or a reduction in both the initial and ongoing reporting burden for large and highly complex institutions compared to the reporting burden associated with the existing definitions and instructions approved under OMB's emergency clearance procedures.

For the Call Report in general, institutions maintain extensive internal recordkeeping systems from which financial statements and tax returns are prepared and other reports are generated so that management can keep informed about their institution's condition and performance and have the data necessary to operate their institution in a safe and sound manner. These records also serve as a source for the data submitted in the Call Reports, although institutions generally maintain some records solely to enable them to complete these reports. Computerized institutions commonly have software and programs that compile data that need to be reported in the Call Report. An institution's records may be generated and processed internally, externally by an outside servicer, or by a combination of both methods. In addition, virtually all institutions use software to assist in the actual preparation of the Call Report.

The total operation and maintenance and purchase of services component of the total annual cost burden to FDIC-supervised institutions (excluding costs included in Item 12 above) is estimated to be <u>$21.1 million</u>. This cost is based on the application of an average hourly rate of $27.00 to the estimated total hours of estimated annual reporting burden of 779,725, including the first year burden arising from the TFR-to-Call Report conversion by FDIC-supervised savings associations. Thus, this estimate reflects initial conversion expenses for these savings associations and recurring expenses (not included in Item 12 above) incurred by all FDIC-supervised institutions in the Call Report preparation and filing process, including expenses associated with software, data processing, and institution records that are not used internally for management purposes but are necessary to complete the Call Report.

14. <u>Estimates of Annualized Cost to the Federal Government</u>

The annual cost to the FDIC of the Call Report information collection system is estimated to be not more than $10.0 million. This amount includes the cost of:

- developing reporting requirements, instructions, and data validation edits;
- computer processing and hosting, including maintaining and modifying software programs, associated with the CDR system for collecting and validating Call Reports; and
- FDIC personnel involved in the preceding tasks and in the review and validation of reported data.

The incremental costs associated with the implementation of the assessment-related revisions that are the subject of this submission are encompassed within the agencies' personnel and data processing budgets and are not separately identifiable.

15. Reason for Change in Burden

The FDIC's currently approved estimated annual burden for the Call Report information collection of 779,725 hours includes the effect of the assessment-related revisions to the Call Report that were approved by OMB on June 17, 2011, in response to the agencies' emergency clearance request. This currently approved estimate also includes the impact of the conversion of state-chartered savings associations from filing the TFR to filing the Call Report effective March 31, 2012, which OMB has approved. The FDIC became the primary federal supervisor of these savings associations on July 21, 2011, upon the abolition of the former OTS.

Despite the proposed addition of six new assessment-related data items to the Call Report effective June 30, 2012, which is part of this request for OMB approval, these new items are of limited scope and applicability. As mentioned in Item 12 above, these six additional items will be completed by a minimal number of FDIC-supervised institutions in relation to the total population of FDIC-supervised institutions. Consequently, the incremental additional burden of these items does not alter the estimated average number of ongoing burden hours per quarter for the Call Report when this estimate – 40.47 hours – is rounded to hundredths of an hour.

Currently approved burden:	
FDIC-supervised banks (burden to file)	758,732 hours
FDIC-supervised savings associations:	
Burden to file	9,713 hours
First year burden to convert systems and conduct training	11,280 hours
Total currently approved burden:	779,725 hours
Requested burden:	779,725 hours
Net change in burden:	0 hours

16. Publication

The information collected in Call Reports from FDIC-supervised institutions is primarily intended to meet the FDIC's internal needs. However, except for the limited number of Call Report data and depository institution contact information identified in Item 10 above as receiving confidential treatment, the FDIC makes individual institutions' entire Call Reports available to the public on the Internet. These data can be accessed on the FFIEC CDR Public Data Distribution Web site (https://cdr.ffiec.gov/public/).

Summary statistical data that provide a financial profile of each individual FDIC-insured institution also are available to the public on the Internet. The financial information is taken from the Call Report and (through December 31, 2011) the TFR and includes balance sheet, income statement, and other key data for several periods. Regulatory capital ratios and profitability ratios such as return on assets and return on equity also are provided. In addition, interested persons can purchase a computer tape containing the quarterly Call Report information for all banks from the National Technical Information Service of the U.S. Department of Commerce.

Call Report and TFR data also form the basis for certain quarterly FDIC publications, including the Quarterly Banking Profile and Statistics on Banking, which present a variety of statistical data on the banking industry. These publications are available on the Internet.

The UBPR, which the agencies now process using the CDR system, is generated using Call Report data as its primary input. The UBPR is also publicly available for individual banks (and for individual savings associations beginning with the March 31, 2012, report date) on the FFIEC CDR Public Data Distribution Web site.

17. Exceptions to Expiration Date Display

None.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.

Attachments:
1. First Initial Paperwork Reduction Act Federal Register Notice (March 16, 2011)
2. Second Initial Paperwork Reduction Act Federal Register Notice (July 27, 2011)
3. Final Paperwork Reduction Act Federal Register Notice (November 21, 2011)
4. Legal Authority (12 U.S.C. 1817(a))