SUPPORTING STATEMENT

Consolidated Reports of Condition and Income

FFIEC 031 and 041
(OMB No. 3064-0052)

INTRODUCTION

The Federal Deposit Insurance Corporation (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 proposed revisions to the Call Reports that are the subject of this request have been approved by the FFIEC. Certain new data items would be added to the Call Report as of the June 30, 2012, report date and two proposed revisions would take effect March 31, 2012, in connection with the initial filing of Call Reports by savings associations (as previously approved by OMB). The proposed new data items are intended to provide data needed for reasons of safety and soundness or other public purposes and would assist the agencies in gaining a better understanding of institutions' lending activities and credit risk exposures. The agencies also proposed certain revisions to the Call Report instructions that would take effect March 31, 2012. Consistent with longstanding practice, for the March 31, 2012, and June 30, 2012, report dates, as applicable, institutions may provide reasonable estimates for any new or revised Call Report item initially required to be reported as of that date for which the requested information is not readily available.

The agencies are proposing to make the following Call Report revisions effective March 31, 2012:

- New items in Schedule RC-M, Memoranda, in which savings associations and certain state savings and cooperative banks would report on the test they use to determine compliance with the Qualified Thrift Lender requirement and whether they have remained in compliance with this requirement;
- Revisions to two existing items in Schedule RC-R, Regulatory Capital, used to calculate the leverage ratio denominator to accommodate certain differences between the regulatory capital standards that apply to the leverage capital ratios of banks versus savings associations; and
- Instructional revisions addressing:
    - The discontinued use of specific valuation allowances by savings associations when they begin to file the Call Report in place of the Thrift Financial Report (TFR) beginning in March 2012;

- o The reporting of the number of deposit accounts of $250,000 or less in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, by institutions that have issued certain brokered deposits; and
- o The accounting and reporting treatment for capital contributions in the form of cash or notes receivable.

The agencies are proposing to make the following Call Report revisions effective June 30, 2012:[1]

- New Memorandum items in Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, for the total outstanding balance and related carrying amount of purchased credit-impaired loans that are past due 30 through 89 days and still accruing, past due 90 days or more and still accruing, and in nonaccrual status; and
- New items in Schedule RC-P, 1-4 Family Residential Mortgage Banking Activities, in which institutions with $1 billion or more in total assets and smaller institutions with significant mortgage banking activities would report the amount of representation and warranty reserves for 1-4 family residential mortgage loans sold (in domestic offices), with separate disclosure of reserves for representations and warranties made to U.S. government and government-sponsored agencies and to other parties.

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., the FDIC, the OCC, or the FRB, as appropriate. FDIC-supervised institutions, i.e., insured state nonmember banks and state 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 insured institutions' deposit insurance and Financing Corporation 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).

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[1] In December 2011, the agencies separately requested approval from OMB to add six new items of limited scope and applicability to Call Report Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, that also would take effect June 30, 2012. See 76 FR 77315, December 12, 2011.

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 reasons for the changes that are the subject of this submission are described in detail in the agencies' initial and final Paperwork Reduction Act (PRA) Federal Register notices (76 FR 72035, November 21, 2011, and 77 FR 9727, February 17, 2012, respectively).

2. Use of Information Collected

The information collected in the Call Reports is used by the FDIC and the other federal banking 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 institutions, not just the institutions under an individual banking agency's primary supervision, are available to each of the three banking agencies in order for each agency to have access to information for the insured depository institution as a whole.

The FDIC uses the data collected in the Call Reports extensively for supervisory and surveillance purposes in an effort to detect at an early date those institutions that are experiencing deterioration or some other significant change in their condition. The underlying basis for this activity at the FDIC, as well as at the OCC and the FRB, is the goal of maintaining a safe and sound banking system and reducing the possibility of the failure of individual institutions and the concomitant exposure of the Deposit Insurance Fund administered by the FDIC. The FDIC has two major surveillance programs (EWS and UBPR) for its use in performing off-site evaluation of the condition of banks and savings associations. In addition, various quarterly management and supervisory reports used for off-site monitoring capabilities are available in web-based systems like ViSION (Virtual Supervisory Information on the Net) and distributed systems like ARIS (Automated Regional Information System).

Early Warning Systems (EWS) – The EWS is the FDIC's umbrella of off-site surveillance models that are used to monitor the condition of insured institutions between regular on-site examinations. Data collected from each institution's Call Report are subjected to a screening process in the EWS known as SCOR (Statistical CAMELS Off-site Rating). SCOR is an off-site model for insured institutions that compares an institution's financial condition against examination ratings for comparable financial institutions. SCOR derives a rating for each component of the Uniform Financial Institutions Rating System (UFIRS). The composite and component ratings are then compared to those given at the last examination and a downgrade probability is derived for each institution. Those institutions whose downgrade probability exceeds a specified level are subject to supervisory follow-up procedures including the prompt scheduling of examinations or visitations. The FDIC also has developed two off-site rating tools called GMS (Growth Monitoring System) and REST (Real Estate Stress Test) in order to effectively and efficiently monitor risk to the banking and thrift system. GMS identifies institutions that may pose greater risks due to rapid growth and/or funding issues. GMS places institutions into percentile rankings based on GMS scores. Those with the highest GMS scores are subject to formal off-site review requirements similar to SCOR. REST identifies institutions with high concentrations of commercial real estate and other exposures similar to the exposure characteristics of problem institutions and institutions that failed during the New England crisis of the late 1980s and early 1990s.

Another part of the EWS includes the Uniform Bank Performance System (UBPS). The UBPS is an on-line support subsystem that calculates for each institution approximately 300 financial ratios and accompanying peer group and ranking data and presents this information in a manner consistent with the Uniform Bank Performance Report, which is discussed below. The UBPS covers the most recent and preceding 15 quarters.

Uniform Bank Performance Report (UBPR) – This report is prepared quarterly for each insured institution from Call Report data and presents information for five periods on an institution's performance and financial statement composition in the form of ratios, percentages, and dollar amounts. Each UBPR also includes corresponding average data for the institution's peer group and percentile rankings for most ratios. The comparative and trend data contained in these reports complement the EMS data and are utilized for further off-premises review of individual institutions, particularly at the field office level. Based on an analysis of the information in the UBPR, an examiner can set the priorities for the examination of an individual institution. An institution's condition can then be evaluated during the examination in light of its recent trends and the examiner's findings can be communicated to the institution's management. Management can verify this trend data in the copies of its own institution's UBPRs. UBPRs are available on-line on the Internet for access by institutions, regulators, and the public.

ViSION and ARIS – ViSION is a secure web-enabled system that was developed as a comprehensive and easy-to-use reporting source for the FDIC's supervisory and financial data. The system provides FDIC users with multiple reports that display information for a specific institution or set of institutions. ViSION provides users the ability to retrieve various supervisory and off-site reports. These various management reports are used to assist in off-site monitoring efforts and are reviewed at the regional or field office level on a regular basis. ARIS is a localized database and reporting system that includes many levels of drill-down management and supervisory reporting.

Through the use of monitoring and surveillance systems that rely on Call Report information, the FDIC is able to more effectively and efficiently allocate resources to those institutions experiencing difficulties. Also, FDIC policy requires examiners to use information from Call Reports as well as data available from monitoring and surveillance systems to assist in their pre-examination planning activities. Through pre-examination planning, examiners can determine the areas of an institution's operations and activities on which to focus their attention during their time on-site at the institution. Moreover, effective pre-examination planning can help to limit the amount of time examiners need to spend on-site during an examination. These efforts would not be feasible if Call Reports, with their emphasis on the collection of data for supervisory and surveillance purposes, were not available on a quarterly basis.

Call Reports also provide the most current statistical data available for evaluating statutory factors relating to the FDIC's consideration of institutions' applications for deposit insurance and for consent to merge, establish a branch, relocate an office, and retire capital. The amount of each individual institution's deposit insurance and Financing Corporation assessments is calculated directly by the FDIC from the data reported on the institution's Call Report. In addition, under the FDIC's risk-related insurance assessment system, Call Report data are used to help determine the risk category to which each insured institution should be assigned. The FDIC's Division of Insurance and Research uses data collected in the Call Reports to prepare quarterly reports on the condition and performance of the banking system and for numerous economic studies and analyses of trends in banking that are incorporated into reports submitted to Congress and made available to the public.

3. Use of Technology to Reduce Burden

All banks 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 banks to submit their Call Reports. Under the CDR system, banks file their Call Report data via the Internet using software that contains the FFIEC's edits for validating Call Report data before submission.

4. Efforts to Identify Duplication

There is no other report or series of reports that collects from all insured banks and savings associations 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 Report; however, the information they provide would be of limited value as a replacement for the Call Report.

For example, the FRB collects various reports in connection with its measurement of monetary aggregates, bank credit, and the flow of funds. Reporting institutions supply the FRB with detailed information relating to such balance sheet accounts as balances due from depository institutions, loans, and deposit liabilities. The FRB also collects financial data from bank holding companies on a regular basis. Such data is presented for the holding company on a parent company only basis and, if certain conditions are met, on a consolidated basis, including the holding company's banking and nonbanking subsidiaries.

However, FRB reports from insured institutions are frequently obtained on a sample basis rather than from all insured institutions. Moreover, these reports are often prepared as of dates other than the last business day of each quarter, which would seriously limit their comparability to the Call Report. Institutions below a certain size are exempt entirely from some FRB reporting requirements. FRB data collected from bank holding companies on a consolidated basis reflect an aggregate amount for all subsidiaries within the organization, both banking and nonbanking, so that the actual dollar amounts applicable to any depository institution subsidiary are not determinable from the holding company reports. Hence, FRB reports could not be a viable replacement for even a significant portion of the Call Reports since the FDIC, in its role as supervisor of insured state nonmember banks and state savings associations, would be lacking the data necessary to assess the financial condition of individual insured institutions to determine whether there had been any deterioration in their condition.

As another example, insured institutions with 500 or more shareholders or with a class of equity securities listed on a securities exchange are required by the Securities Exchange Act of 1934, as amended, to register their stock with their primary federal banking agency. Following the effective date of the stock registration, quarterly and annual reports, which contain financial statements, must be filed with the appropriate banking agency. Of the approximately 4,600 FDIC-supervised banks and savings associations, less than 50 have stock that is registered with the FDIC pursuant to the Securities Exchange Act. For this small number of registered institutions, quarterly and annual reports generally need not be filed until as many as 45 days and 90 days after the report date, respectively, while Call Reports generally must be received no later than 30 days after the report date. Moreover, the Call Reports have a fixed format to permit industry data aggregation by computer and automated monitoring of each individual institution's performance and condition. The financial statement format for registered institutions is comparable to that of the Call Report, but each institution has the flexibility to expand or contract the level of detail on individual items as circumstances warrant. Such free-form reporting would make it extremely difficult for the FDIC to substitute these registered institutions' quarterly and annual reports for Call Reports.

Finally, some of the information contained in the Call Report is also developed by FDIC examiners during regular safety and soundness examinations of insured institutions. In addition, examiners check the Consolidated Reports of Condition and Income that an institution has submitted to the FDIC between examinations to ensure that the required data have been properly reported. However, using the examination process to develop quarterly Call Report data would be unworkable since one of the principal purposes of the supervisory and surveillance emphasis on the use of these data is for off-site monitoring of the condition and performance of individual institutions between examinations. Furthermore, examinations are conducted as of various dates throughout the year and at differing time intervals for different institutions. Thus, the examination process could not supply the banking agencies with financial data on a timely basis for all insured institutions as of fixed dates each year.

5. <u>Minimizing the Burden on Small Institutions</u>

Pursuant to regulations issued by the Small Business Administration (13 CFR 121.201), a "small entity" includes depository institutions with assets of $175 million or less. There are approximately 4,600 insured state nonmember banks and state savings associations that are supervised by the FDIC. Of this number, more than 2,600 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 Call Report revisions that are the subject of this submission will have a limited effect on small institutions. In particular, the new data items for purchased credit-impaired loans will apply only to the fewer than 200 FDIC-supervised institutions of all sizes that currently reporting holding such loans. Of these institutions, only about 10 percent are small entities. The new data items for residential mortgage representation and warranty reserves will be added to a Call Report schedule that is completed only by institutions with $1 billion or more in total assets and by about 200 FDIC-supervised institutions with less than $1 billion in total assets that have significant mortgage banking activities.

6. Consequences of Less Frequent Collection

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 accelerated on-site follow-up must be performed (see Section 2 above). 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 institution management's own initiative or at the behest of the FDIC.

7. Special Circumstances

There are no special circumstances.

8. Summary of Public Comments

On November 21, 2011, the agencies published an initial PRA Federal Register notice requesting comment on a limited number of proposed revisions to the Call Report for implementation in March and June 2012.[2] The reporting changes included in the agencies' proposal that are the subject of this submission are summarized in the Introduction section of this Supporting Statement.

In addition, the agencies' November 2011 initial PRA Federal Register notice proposed to add two new schedules to the Call Report in June 2012: (1) Schedule RI-C, Disaggregated Data on the Allowance for Loan and Lease Losses, in which institutions with total assets of $1 billion or more would report a breakdown by key loan category of the end-of-period allowance for loan and lease losses (ALLL) disaggregated on the basis of impairment method and the end-of-period recorded investment in held-for-investment loans and leases related to each ALLL balance, and

[2] 76 FR 72035.

(2) Schedule RC-U, Loan Origination Activity (in Domestic Offices), in which institutions with total assets of $300 million or more would report, separately for several loan categories, the quarter-end amount of loans (in domestic offices) reported in Schedule RC-C, Loans and Lease Financing Receivables, that was originated during the quarter, and institutions with total assets of $1 billion or more would also report for these loan categories the portions of the quarter-end amount of loans originated during the quarter that were (a) originated under a newly established loan commitment and (b) not originated under a loan commitment;

In response to their November 2011 initial PRA Federal Register notice, the agencies collectively received comments on the proposed Call Report revisions for March and June 2012 from eight entities: four banking organizations, two bankers' associations, a commercial lending software company, and a news organization that specializes in the mortgage field. One bankers' association offered the general statement that its "members expressed no concerns with many of the agencies' proposed revisions." None of the commenters specifically addressed the reporting changes proposed for implementation as of March 31, 2012. All eight of the commenters addressed one or both of the two new schedules proposed to be added to the Call Report as of June 30, 2012. One bankers' association expressed support for the proposed new items for past due and nonaccrual purchased credit-impaired loans, which were also proposed to be added to the Call Report as of June 30, 2012, and recommended "that the agencies adopt these proposed revisions without change." The news organization supported the proposed collection of data on residential mortgage representation and warranty reserves beginning June 30, 2012. This commenter also suggested that the instructions for the new items for these reserves clarify that representations and warranties made to mortgage insurers of loans sold fall within the scope of these items, a suggestion with which the agencies concur.

The news organization further recommended that the agencies consider significantly revising the information they collect in the Call Report on mortgage banking activities by adding further detail in certain areas and deleting certain existing items. These recommendations go well beyond the agencies' proposal to add new items to the Call Report for representation and warranty reserves. The FFIEC and the agencies will consider the news organization's ideas in conjunction with their evaluation of other possible Call Report revisions that would be included in a future proposal.

After considering the comments the agencies received, the FFIEC and the agencies are proceeding with the revisions proposed for implementation as of the March 31, 2012, report date as well as the proposed new items for past due and nonaccrual purchased credit-impaired loans and residential mortgage representation and warranty reserves effective as of the June 30, 2012, report date.[3] As for the new schedules for disaggregated ALLL data and selected loan origination data proposed for implementation as of June 30, 2012, the FFIEC and the agencies are continuing to evaluate these two proposed schedules in light of the comments received. When the FFIEC and the agencies have decided whether and how to proceed with these proposed new schedules, a separate Federal Register notice will be published and, if applicable, submissions by the agencies will be made to OMB. Because of the additional time necessary for the FFIEC and the agencies to determine the outcome of these proposed new Call Report schedules and to allow sufficient lead time for affected institutions to prepare for any resulting

[3] See footnote 1.

new reporting requirements, the collection of disaggregated ALLL data and selected loan origination data would not take effect before the September 30, 2012, report date.

9. Payment or Gift to Respondents

No payment or gift will be provided to respondents.

10. Confidentiality

At present, all data items collected from individual institutions in the Call Report are publicly available with the exception of the amounts institutions report in Schedule RI-E, item 2.g, "FDIC deposit insurance assessments," and Schedule RC-F, item 6.f, "Prepaid deposit insurance assessments," and the 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 Schedule RC-O, items 6 through 9, 14, and 15, which are used as inputs to scorecard measures in the FDIC's February 2011 revised large institution assessment system. 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

The Call Report contains no questions of a sensitive nature.

12. Estimate of Annual Burden

It is estimated that, on average, it will take an FDIC-supervised bank and an FDIC-supervised savings association approximately 40.49 hours and 40.69 hours, respectively, each quarter to prepare and file its Call Report on an ongoing basis. These estimates reflect the ongoing reporting burden after an institution completes any necessary recordkeeping and systems changes to enable it to complete the new or revised items for March and June 2012 implementation that are the subject of this submission, to the extent they are applicable to the institution. These estimates also consider the ongoing reporting burden of the six new items of limited scope and applicability that would be added to Call Report Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, in June 2012, for which the agencies separately requested approval from OMB in December 2011.[4]

At present, there are 4,630 FDIC-supervised institutions (4,570 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

[4] 76 FR 77315, December 12, 2011.

and file the Call Report is 740,157 hours and 9,766 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 estimate for the Call Report. The average ongoing reporting burden to prepare and file the Call Report is estimated to range from 17 to 700 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. In general, 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 Office of Thrift Supervision (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.[5] 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 4,630 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 761,203 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 $30.0 million. This cost is based on the application of the $40.50 average hourly rate to the estimated total ongoing annual reporting burden of 740,157 hours.

[5] 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 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 21,046 hours for these savings associations, including the first year burden arising from the conversion to the Call Report.

For all 4,630 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 $30.8 million.

13. Estimate of Total Annual Cost Burden

Depository institutions maintain extensive internal recordkeeping systems from which financial statements and tax returns are prepared and other reports are generated so that institution 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 the 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 now use software to assist in the actual preparation of the Call Report.

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 beginning in March 2012. 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 $20.6 million. 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 761,203, 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.

Capital and start-up costs will vary from institutions to institution depending upon an institution's individual circumstances, including whether it engages in the types of activities, products, and transactions covered by the proposed revisions. Thus, an estimate of this cost component cannot be determined at this time.

With respect to the Call Report revisions that are the subject of this submission, the new items for savings associations and certain state savings and cooperative banks pertaining to the Qualified Thrift Lender requirement involve information that these institutions already calculate to monitor their compliance with this requirement. Savings associations have been reporting Qualified Thrift Lender requirement data in the TFR. The revisions to two existing items used to calculate the leverage capital ratio denominator to accommodate certain differences between the regulatory capital standards that apply to banks versus savings associations without requiring either type of institution to change its existing calculation process. As mentioned in Section 5 above, the new items for purchased credit-impaired loans will be applicable to less than 200 FDIC-supervised institutions whose reporting systems already identify these loans. The new items for residential mortgage representation and warranty reserves similarly will be applicable to about 200 FDIC-supervised institutions, the total amount of which generally accepted accounting principles currently requires them to estimate and which they already report as part of their total liabilities. Thus, the Call Report revisions that are the subject of this submission are expected to nominally increase the overall cost and reporting burden imposed by the Call Report.

14. Estimate of Total Annual Cost to the Federal Government

The current 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 cost to implement the Call Report revisions that are the subject of this submission is encompassed within this annual cost and is not separately identifiable.

15. Reason for Change in Burden

The change in burden associated with this submission is caused by two factors: (a) a net decrease in the number of reporting institutions supervised by the FDIC, and (b) the changes to the Call Report that are the subject of this submission.

At present, there are 4,630 FDIC-supervised institutions (4,570 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). This number is 117 less than previously reported (4,747 previously versus 4,630 now), with the entire reduction attributable to banks. As noted in Section 13 above, the proposed revisions that are the subject of this submission will affect only a small percentage of FDIC-supervised institutions. Thus, the FDIC estimates that the overall effect of the proposed reporting revisions across the range of institutions under its supervision would be a nominal increase of in the burden estimate per response. The analysis of the change in burden is as follows:

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
Revisions to content of report (program change)	
FDIC-supervised banks (burden to file)	+ 365 hours
FDIC-supervised savings associations (burden to file)	+ 53 hours
Adjustment (change in use)	
FDIC-supervised banks (burden to file)	- 18,940 hours
FDIC-supervised savings associations (burden to file)	0 hours
Requested (new) burden	761,203 hours
Net change in burden:	- 18,522 hours

The impact of the reporting changes covered by this submission will vary from institutions to institution depending upon an institution's individual circumstances and the extent of its involvement, if any, with the particular type of activity, product, or transaction that is the subject of a proposed reporting revision.

16. Publication

The information collected in Call Reports from FDIC-supervised institutions is primarily intended to meet the FDIC's internal needs (see Item 2 above). However, except for the limited number of Call Report data items and the 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 institutions from the National Technical Information Service of the U.S. Department of Commerce.

Data from the Call Report and (through December 31, 2011) the TFR 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. Display of Expiration Date

Not applicable.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.