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 (collectively, institutions). The proposed revisions to the Call Report that are the subject of this request are limited to revisions to the risk-weighted assets portion of Schedule RC-R, Regulatory Capital (designated Part II of the schedule) and to the reporting of securities borrowed in Schedule RC-L, Derivatives and Off-Balance Sheet Items. These regulatory capital reporting changes have been approved by the FFIEC and would take effect March 31, 2015. 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.

Call Report Schedule RC-R, Part II, Risk-Weighted Assets, collects data on the allocation of on-balance sheet assets and the credit equivalent amounts of derivatives and off-balance sheet items by risk weight category, risk-weighted asset totals by risk-weight category, total risk-weighted assets, the current credit exposure of derivatives covered by the risk-based capital rules, and the remaining maturities of such derivatives by underlying risk exposure. The agencies are proposing to revise the reporting requirements for Schedule RC-R, Part II, by incorporating the standardized approach to risk weighting, consistent with the revised regulatory capital rules adopted by the FDIC, the FRB, and the OCC (the agencies) in July 2013.[1] Compared to the current version of Schedule RC-R, Part II, the proposed revised risk-weighted assets portion of the schedule would provide a more detailed breakdown of on-balance sheet asset, derivatives, and off-balance sheet item categories; remove the ratings-based approach from the calculation of risk-weighted assets; reflect alternative risk-weighting approaches not reliant on credit ratings; and include an expanded number of risk-weight categories, consistent with the revised regulatory capital rules.

At present, securities borrowed are reported and disclosed in Schedule RC-L only if the amount of securities borrowed exceeds specified thresholds. The agencies are proposing to require institutions to report securities borrowed in Schedule RC-L regardless of amount.

The proposed revisions to Schedule RC-R, Part II, Risk-Weighted Assets, and to the reporting of securities borrowed in Schedule RC-L are proposed to take effect as of the March 31, 2015, report date, which is the first report date after the January 1, 2015, effective date for the use of the standardized approach under the agencies' revised regulatory capital rules.

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[1] 78 FR 55340, September 10, 2013 (FDIC); 78 FR 62018, October 11, 2013 (FRB and OCC).

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). 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.

In July 2013, the agencies approved revised regulatory capital rules that strengthen the definition of regulatory capital, increase risk-based capital requirements, and make selected changes to the calculation of risk-weighted assets by revising the advanced approaches to risk weighting and introducing the standardized approach to risk weighting. The revised definition of regulatory capital and the advanced approaches to risk weighting took effect for advanced approaches institutions on January 1, 2014; the revised definition took effect for all other institutions on January 1, 2015, and the standardized approach took effect for all institutions on the same date. Because of the changes to the risk weighting of assets, derivatives, and off-balance sheet items brought about by the standardized approach, the current template for reporting the allocation of on-balance sheet assets and the credit equivalent amounts of derivatives and off-balance sheet items by risk weight category, risk-weighted asset totals by risk-weight category, total risk-weighted assets, and certain data on derivatives covered by the risk-based capital rules in Schedule RC-R, Part II, is not consistent with the revised regulatory capital rules. Thus, in order for the risk-weighted assets portion of Call Report Schedule RC-R to serve as the template for institutions' risk-weighted asset measurements under the agencies' revised regulatory capital regime, the agencies are proposing at this time to revise the reporting requirements for Schedule RC-R, Part II. In addition, because securities borrowed, regardless of amount, are subject to risk weighting under the revised regulatory capital rules, the agencies are proposing to revise the reporting of securities borrowed in Schedule RC-L to capture all such borrowings.

The changes to Call Report Schedule RC-R, Part II, and to Schedule RC-L that are the subject of this submission and the reasons for these regulatory capital reporting changes are more fully described in the agencies' initial and final Paperwork Reduction Act (PRA) Federal Register notices published on June 23, 2014, and February 2, 2015, 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 system 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.

<u>Uniform Bank Performance Report (UBPR)</u> – 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 for itself in the institution's own UBPRs. UBPRs are available on-line on the Internet for access by institutions, regulators, and the public.

<u>ViSION and ARIS</u> – 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.

With respect to the proposed changes to the risk-weighted assets portion of Call Report Schedule RC-R (and to Schedule RC-L for securities borrowed) that are the subject of this submission (coupled with the changes to the regulatory capital components and ratios portion of Schedule RC-R, which is designated Part I of the schedule, that were approved by OMB pursuant to the PRA in March 2014), the FDIC will use the information collected in Schedule RC-R, as it would be revised, to monitor the levels and components of each institution's regulatory capital and the related capital ratios and assess its capital adequacy under the revised regulatory capital rules. As part of this monitoring and assessment, an institution's capital ratios will be compared to the minimum capital standards and will be used to determine the institution's status under the agencies' prompt corrective action framework, which has also been revised by the revised regulatory capital rules. For deposit insurance assessment purposes, small institutions' capital ratios under the revised rules will enter into the FDIC's small institution assessment system. In addition, the agencies will use the data to be collected in the revised risk-weighted assets portion of Schedule RC-R to evaluate industry trends in the composition and levels of exposures by risk-weight category under the revised regulatory capital rules.

3. <u>Use of Technology to Reduce Burden</u>

All banks and savings associations 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 in 2005 and is the only method now available for banks and savings associations to submit their Call Report data. 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.

4. <u>Efforts to Identify Duplication</u>

There is no other report or series of reports that collects from all insured banks and savings associations the regulatory capital and other 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 institutions to determine whether there had been any deterioration in their condition. This is also the case for the FDIC in its role as the deposit insurer of all insured depository institutions because FRB reports would not provide the data required as inputs to the FDIC's deposit insurance assessment systems.

As another example, insured institutions with either 500 or more, or 2,000 or more, shareholders (depending on charter type) or with a class of equity securities listed on a securities exchange are required by the Securities Exchange Act of 1934, as amended in 2012 by the Jumpstart Our Business Startups Act, 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 4,237 FDIC-supervised banks and savings associations, less than 20 have stock that is registered with the FDIC pursuant to the Securities Exchange Act. For this nominal 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 generally 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. Minimizing the Burden on Small Institutions

Pursuant to regulations issued by the Small Business Administration (13 CFR 121.201), a "small entity" includes depository institutions with assets of $550 million or less. The FDIC supervises 4,237 insured state nonmember banks and state savings associations. Of this number, approximately 3,500 have total assets of $550 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. Exemptions from reporting certain Call Report data also apply to institutions with less than $500 million and $1 billion in total assets. Other exemptions are based on activity levels rather than total assets and these activity-based thresholds tend to benefit small institutions.

The proposed revised risk-weighted assets portion of Call Report Schedule RC-R retains the same overall approach to the measurement of risk-weighted assets as in the current version of Part II. As a result, small institutions' familiarity with reporting in the current version of Part II will facilitate their understanding of how they will need to report on the allocation of assets, derivatives, and off-balance sheet items by risk-weight category in Part II as it is proposed to be revised. Nevertheless, to align proposed revised Part II with the banking agencies' revised regulatory capital rules, Part II would include an increased number of risk-weight categories to which assets, derivatives, and off-balance sheet items would be allocated. In many cases, the new risk-weight categories apply only in limited circumstances rather than to every category of assets, derivatives, and off-balance-sheet items and these limited circumstances are not commonly encountered in small institutions.

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 experiencing adverse changes in their condition so that appropriate corrective measures can be implemented at an early stage 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 Item 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 June 23, 2014, the agencies, under the auspices of the FFIEC, published an initial notice in the Federal Register (79 FR 35634) requesting public comment for 60 days on proposed revisions to the risk-weighted assets portion of Call Report Schedule RC-R and to the reporting of securities borrowed in Schedule RC-L (the proposal). The proposed revisions would become effective for the March 31, 2015, report date. The comment period for this notice expired on August 22, 2014.

The banking agencies collectively received comments on the proposal from three entities: one banking organization, one consulting firm, and one U.S. government agency. In addition, the FRB received comments from three entities − two banking organizations and one bankers' association − on proposed revisions to the reporting of risk-weighted assets in Schedule HC-R of the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128). In this instance, the agencies considered the comments on the proposed revisions to the FR Y-9C because they parallel the proposed revisions to the Call Report. Collectively, the commenters asked for (1) clarification on the applicability of the proposed reporting requirements, (2) additional new items, (3) combining two items, (4) opening certain risk-weight categories for some items, and (5) clarification of or additional instructions for certain data items.[2]

One commenter noted that in several places the proposed reporting instructions refer the reader to the agencies' regulatory capital rules for additional information. The commenter requested that the agencies incorporate the information from the regulatory capital rules into the reporting instructions. The agencies believe that adding such text to the reporting instructions will unduly add significant length to the instructions, and do not believe it is necessary to incorporate the complete text of the agencies' regulatory capital rules into the reporting instructions. However, the agencies have revised the proposed reporting instructions to more clearly cross-reference the regulatory capital rules.

One commenter requested the addition of a separate line item for total equity exposures, while another commenter requested the addition of a three-way breakout of equity exposures to investment funds similar to that found in the Regulatory Capital Reporting for Institutions

[2] In addition, one of the commenters on the proposal requested the collection of new information unrelated to the scope of this proposal.

Subject to the Advanced Capital Adequacy Framework (FFIEC 101).[3] The FFIEC 101 requires institutions to report equity exposures to investment funds by the methodology used to risk weight these exposures. The agencies do not believe it is necessary to add line items for reporting equity exposures by risk-weighting methodology to the Call Report. Furthermore, the agencies will not import into the Call Report the equity exposure reporting template found in the FFIEC 101 because this would add complexity and burden for smaller institutions that complete the Call Report. However, because of the approaches available for risk weighting investments in investment funds (including mutual funds), the agencies have added data items for reporting the exposure amount and risk-weighted asset amount of such investments to the appropriate balance sheet asset categories. The agencies also have included more detailed guidance related to equity exposure reporting in the final instructions for Schedule RC-R, Part II.

For a further description of the information proposed to be collected in Schedule RC-R, Part II, and Schedule RC-L, the comments received on specific data items in proposed Part II and on the proposed revised reporting of securities borrowed in Schedule RC-L, and the agencies' responses to those comments, please refer to the agencies' final PRA Federal Register notice published on February 2, 2015.

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-P, items 7.a and 7.b, for representation and warranty reserves for 1-4 family residential mortgages sold made to specified parties as well as the information that large and highly complex institutions report on criticized and classified items, nontraditional 1-4 family residential mortgage loans, higher-risk consumer loans, higher risk commercial and industrial loans and securities, top 20 counterparty exposures, and largest counterparty exposure for assessment purposes in Schedule RC-O, Memorandum items 6 through 9, 14, and 15, which are used as inputs to scorecard measures in the FDIC's deposit insurance assessment system for large institutions and highly complex institutions. The data reported by large and highly complex institutions in Schedule RC-O, Memorandum item 18, which is a table of consumer loans by loan type and probability of default band, also is treated as confidential on an individual institution basis. In addition, contact information for depository institution personnel that is provided in institutions' Call Report submissions is not available to the public.

[3] FFIEC 101 – Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework: for the OCC, OMB No. 1557-0239; for the Board, OMB No. 7100-0319; and for the FDIC, OMB No. 3064-0159.

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 institution approximately 44.74 hours each quarter to prepare and file its Call Report on an ongoing basis as it is proposed to be revised. This estimate reflects the average ongoing reporting burden for all FDIC-supervised institutions after all such institutions begin to complete the revised risk-weighted assets portion of Schedule RC-R (and the securities borrowed revision to Schedule RC-L) as of March 31, 2015, in place of the existing risk-weighted assets and securities borrowed reporting requirements. At that time, the estimated annual ongoing reporting burden for the 4,237 FDIC-supervised institutions to prepare and file the Call Report would be 758,254 hours.

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, including in proposed revised Schedule RC-R, Part II, 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, as it is proposed to be revised, is estimated to range from 20 to 775 hours per quarter, depending on an individual institution’s circumstances.

For all FDIC-supervised institutions, year-to-date Call Report data as of September 30, 2014, indicate that salaries and employee benefits per full-time equivalent employee averaged nearly $37.00 per hour. Thus, for all 4,237 FDIC-supervised institutions, the annual recurring salary and employee benefit cost for the Call Report burden hours shown above is estimated to be $28.1 million. This cost is based on the application of the $37.00 average hourly rate to the estimated total ongoing annual reporting burden of 758,254 hours.

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, including changes therein, 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. Institutions commonly have software and programs that compile much of the data that need to be reported in the Call Report, although manual intervention is normally required to adjust some of the computer-generated information before it can be reported in the Call Report. An institution’s automated 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 Item 12 is primarily the estimated ongoing burden for the quarterly filing 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 $20.9 million. This cost is based on the application of an average hourly rate of $27.50 to the estimated total hours of estimated annual reporting burden of 758,254. This estimate reflects 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.

The Call Report changes that are the subject of this submission involve only the revision of the risk-weighted assets portion of Schedule RC-R (and a limited revision to Schedule RC-L) to enable institutions to report the results of their application of the standardized approach to the risk weighting of assets, derivatives, and off-balance sheet items and the calculation of total risk-weighted assets consistent with the agencies' revised regulatory capital rules. Although these rules were adopted in July 2013, the requirement to apply the standardized approach to risk weighting did not take effect until January 1, 2015. Thus, each FDIC-supervised institution will have had more than 18 months' time to evaluate how the standardized approach to risk weighting set forth in the revised rules will apply to the specific types of assets, derivatives (if any), and off-balance sheet items it holds before the institution begins to complete Schedule RC-R, Part II, as it is proposed to be revised. To help institutions understand the provisions of the revised regulatory capital rules most relevant to their operations, the agencies issued an interagency Community Bank Guide to the revised rules at the same time the rules were adopted. The FDIC conducted a free teleconference for bankers in August 2013 to discuss the revised regulatory capital rules and has participated in other outreach events addressing these rules since that time. The banking agencies, under the auspices of the FFIEC, held a banker teleconference in June 2014 for the specific purpose of discussing the proposed revisions to Schedule RC-R, Part II, and Schedule RC-L. The FFIEC and the agencies have scheduled another teleconference for February 25, 2015, to explain and answer questions about revised Parts I and II of Schedule RC-R in advance of the March 31, 2015, report date.

As mentioned in Item 5 above, Schedule RC-R, Part II, as it is proposed to be revised retains the same overall approach to reporting on the measurement of risk-weighted assets as in the current version of Part II. Therefore, institutions' familiarity with the reporting process that must be followed to complete the current version of Part II will facilitate their understanding of how they will need to report on their allocation of exposures by risk-weight category under the standardized approach in proposed revised Part II. Nevertheless, to align proposed revised Part II with the agencies' revised regulatory capital rules, Part II includes an increased number of risk-weight categories to which assets, derivatives, and off-balance-sheet items may need to be allocated. In many cases, the new risk-weight categories apply only in limited circumstances rather than to every category of assets, derivatives, and off-balance-sheet items and these limited circumstances are not commonly encountered at the vast majority of institutions.

Thus, FDIC-supervised institutions are benefiting from a transition period of more than 18 months between the issuance of the revised regulatory capital rules and the March 31, 2015, report date when, subject to OMB's approval of the Call Report revisions that are the subject of this submission, they must begin the report on their measurement of risk-weighted assets under the standardized approach in revised Schedule RC-R, Part II. Nevertheless, the capital and start-up costs associated with moving to the use of, and reporting under, the standardized approach to risk weighting will vary from institution to institution depending upon an institution's individual circumstances, particularly the extent to which it holds assets, derivatives, and off-balance sheet items for which the risk-weighting is different under the revised regulatory capital rules than under the regulatory capital rules previously in effect. Thus, an estimate of this cost component cannot be determined at this time.

As for the effect of the revision of the risk-weighted assets portion of Call Report Schedule RC-R (and the limited revision to Schedule RC-L) that is the subject of this submission on the overall ongoing cost and reporting burden imposed by the Call Report, the agencies' revised regulatory capital rules contain a greater number of risk-weight categories than the rules they are replacing and the method for determining the risk-weighted asset amounts for certain types of exposures under the standardized approach (e.g., securitization exposures and repo-style transactions) also is different than under the previous rules. As a consequence, proposed revised Schedule RC-R, Part II, contains a more detailed breakdown of the asset, derivative, and off-balance sheet item categories for which risk-weighted asset information would be reported compared with the current version of Schedule RC-R, Part II. Although the proposed revisions to the form and content of Schedule RC-R, Part II, flow from and are a consequence of the provisions of the agencies' revised regulatory capital rules, many of the changes that would be made to Schedule RC-R, Part II, are of a specialized nature and should not affect the risk-weighted asset calculations for the majority of institutions. Nevertheless, institutions will generally need to report more information in the revised risk-weighted assets portion of Schedule RC-R, Part II, than they do at present. [4] Thus, as with the capital and start-up costs, the incremental additional reporting burden arising from the proposed revisions to the risk-weighted assets portion of Schedule RC-R (and the limited revision to Schedule RC-L) will vary across institutions depending on their individual circumstances. For an FDIC-supervised institution, it is estimated that the ongoing reporting burden associated with completing Schedule RC-R, Part II, and Schedule RC-L, as they are proposed to be revised, will increase the overall reporting burden of the Call Report, on average, by about two hours per quarter.

[4] The proposed report form for Schedule RC-R, Part II, that is included as part of this submission includes item 18.b, for unused commitments with an original maturity of one year or less to asset-backed commercial paper conduits. These are a specialized form of commitment that is provided by a very small number of large institutions. However, the agencies have determined that a separate item for these unused commitments, i.e., item 18.b, is not needed because these off-balance sheet items qualify as off-balance sheet securitization exposures, all of which are to be reported in Schedule RC-R, Part II, item 10. Accordingly, the agencies will revise the report form and instructions to remove item 18.b if it is not too late in the taxonomy development process for the CDR, the database system for the Call Report that is referenced in Item 3 above. Otherwise, the agencies will revise the instructions for item 18.b to direct institutions not to complete the item and they will post an updated version of the instructions for Schedule RC-R, Part II, on the FFIEC's Web site, which is the source for banks to obtain the Call Report instruction book and updates to it.

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 Call Report Schedule RC-R, Part II, and Schedule RC-L that are the subject of this submission.

At present, there are 4,237 FDIC-supervised institutions, which is 88 less than previously reported (4,325 previously versus 4,237 now). As mentioned in Item 13 above, the FDIC estimates that the overall effect of the proposed revisions to Call Report Schedule RC-R, Part II, and Schedule RC-L across the full range of institutions under its supervision would be an average increase in the burden estimate of about two hours per response. The analysis of the change in burden for the Call Report as it is proposed to be revised effective March 31, 2015, is as follows:

Currently approved burden	739,575 hours
Revisions to content of report (program change)	+ 33,727 hours
Adjustment (change in use)	- 15,048 hours
Requested (new) burden	758,254 hours
Net change in burden:	+ 18,679 hours

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 agencies make individual institutions' entire Call Reports available to the public on the Internet as soon as the data have been submitted, placed in an accepted status, and prepared for publication in the CDR. These data can be accessed on the FFIEC's CDR Public Data Distribution Web site (https://cdr.ffiec.gov/public/). In addition, beginning 45 calendar days after the report date, bulk data files containing the publicly available data items reported by all institutions that filed Call Report data are available on the FFIEC's CDR Public Data Distribution Web site by selecting the "Download bulk data" feature. As an alternative, interested persons can purchase a computer tape containing the publicly available quarterly Call Report information for all institutions from the National Technical Information Service of the U.S. Department of Commerce.

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 Thrift Financial Report (TFR) for FDIC-insured savings associations) 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.

Data from the Call Report (and, through December 31, 2011, the TFR for FDIC-insured savings associations) also form the basis for certain quarterly FDIC publications, including the Quarterly Banking Profile, Statistics on Banking, and Statistics on Depository Institutions, which present a variety of statistical data on the banking industry. These publications are available on the Internet.

The UBPR, which the agencies process using the CDR system, uses Call Report data as the primary inputs to its production. 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's 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.