

SUPPORTING STATEMENT
PUBLIC DISCLOSURE BY BANKS

(3064-0090)

INTRODUCTION

The FDIC is requesting OMB approval to extend for three years the expiration date of information collection 3064-0090, "Public Disclosure by Banks." The collection expires on November 30, 2015. The regulation containing this information collection requirement is 12 CFR Part 350. Banks subject to the regulation are required to notify the general public, and in some instances shareholders, that their annual disclosure statements are available on request. Required disclosures consist of financial information for the current and preceding year which can be photocopied directly from certain specified schedules in banks' year-end Consolidated Reports of Condition and Income (Call Reports) (OMB No. 3064-0052). Also, on a case-by-case basis, the FDIC may require that descriptions of enforcement actions be included in annual disclosure statements. Finally, the regulation allows, but does not require, the inclusion of a management discussion and analysis.

The information is intended to aid members of the general public in determining whether to establish or continue a relationship with a particular bank by making publicly available information more accessible. The FDIC regularly receives inquiries asking whether banks are required to provide any information on their financial condition to the public. Given the public's ongoing concerns about the health of the banking system and individual banks, and its greater awareness of the risks of holding deposits at a bank in excess of the FDIC's insurance coverage, the annual disclosure statement (the objective of which is to make existing bank financial information more directly and readily accessible to the public) represents a convenient and useful mechanism for current and prospective bank customers to obtain information concerning the condition of an institution.

A. JUSTIFICATION

1. Circumstances and Need

The FDIC has a responsibility to foster the safety and soundness of all insured depository institutions and particularly those banks that are not members of the Federal Reserve System. That responsibility is carried out in large measure through a system of on-site and off-site examinations of each insured nonmember bank. The FDIC believes that more accessible disclosures of financial and other information serve to encourage bank management to act more prudently and thereby bolster the safety and soundness of the respective institutions. To that end, the FDIC has adopted a periodic disclosure program applicable to insured nonmember banks.

2. Use of Information Collected

The annual disclosure statements are intended for the use of the general public. The FDIC believes that decisions made by a well-informed public serve, in the aggregate, as an incentive for bank management to act prudently. The disclosures complement efforts by the FDIC to promote the safety and soundness of banks. In addition, by strengthening prudent banking practices, the disclosure program serves to reduce risk to the deposit insurance funds administered by the FDIC.

3. Use of Technology to Reduce Burden

Banks may elect to photocopy pertinent parts of reports submitted to the FDIC for other purposes.

4. Efforts to Identify Duplication

This collection of information does not duplicate collections made by other agencies. The Office of the Comptroller of the Currency has adopted a similar information collection for banks under its supervision. Public disclosure of information pertaining to some insured nonmember banks is currently required by regulations of the FDIC or the Securities and Exchange Commission. As described in the attached regulation, documents prepared pursuant to such regulations may be used to satisfy this collection.

5. Minimizing the Burden on Small Entities

The requirements for annual disclosure statements are identical for small and large banks. Small banks, whose operations are generally less complex than those of large banks, may find the disclosure requirements to be less burdensome than large banks. Nevertheless, the requirements reduce the burden of compliance by calling for a lobby poster to announce the availability of the annual disclosure statements instead of automatic mailings on an unrequested basis.

6. Consequences of Less Frequent Collection

Disclosures less frequent than annually would not provide timely information for potential and existing bank customers to assess the stability of their relationship with the institution. The institution, however, may provide information more frequently.

7. Special Circumstances

None.

8. Consultation With Persons Outside the FDIC

A 60-day Federal Register notice seeking comment was published on June 24, 2012 (77 FR 43283). No comments were received.

9. Payment or Gift to Respondents

None.

10. Confidentiality

The regulation calls for annual public disclosures by banks; none of the information would be confidential.

11. Information of a Sensitive Nature

There are no questions of a sensitive nature.

12. Estimate of Annual Burden

Hours Required to Prepare
Material to be Disclosed: 0.5

Number of Banks: 4,015

Total Burden Hours: 2,008

The above estimate is based on the following analysis of the contents of the annual disclosure statement:

- (a) Financial Reports (12 CFR 350.4(a)). The burden in providing this material is minimal because it basically involves photocopying certain specified schedules from year-end Call Reports or other financial reports previously prepared by the bank.
- (b) Other Required Information (12 CFR 350.4(b)). The burden involved in preparing other required information is not subject to the Paperwork Reduction Act. This burden is imposed on a case-by-case basis and is the result of an administrative action involving the FDIC against specific individuals or entities.
- (c) Optional Information (12 CFR 350.4(c)). It would take, on the average, about 1 1/2 hours to prepare the optional material. We expect that 1/3 of our banks are including the optional material in the disclosure statement. Therefore, the average annual burden for all banks would be 1/2 hour (1 1/2 x 1/3).

13. Capital, Start-up, and Operating Costs

None.

14. Annualized Cost to the Federal Government

None.

15. Change in Annual Burden

The burden adjustment reflects a decrease in the number of respondents from 4,485 to 4,015 by reason of the decline in the number of FDIC-supervised institutions subject to Part 350.

16. Publication

There are no plans to publish banks' annual disclosure statements for statistical purposes.

17. Exception to Display of Expiration Date

None needed.

18. Exceptions to Certification

None.

B. STATISTICAL METHODS

Not applicable.