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, which would involve quarterly reporting unless otherwise indicated, and their proposed effective dates are summarized as follows:

The following proposed Call Report revisions would take effect September 30, 2016:

- Deletions of certain existing data items pertaining to troubled debt restructurings from Schedules RC-C, Part I (Loans and Leases), and RC-N (Past Due and Nonaccrual Loans, Leases, and Other Assets); loans covered by FDIC loss-sharing agreements from Schedules RC-M (Memoranda) and RC-N; and unused commitments to asset-backed commercial paper conduits with an original maturity of one year or less in Schedule RC-R, Part II (Risk-Weighted Assets);
- Increases in existing reporting thresholds for certain data items in Schedules RI-E (Explanations), RC-D (Trading Assets and Liabilities), RC-F (Other Assets), RC-G (Other Liabilities), and RC-Q (Assets and Liabilities Measured at Fair Value on a Recurring Basis) and the establishment of a reporting threshold for certain data items in Schedule RC-S (Servicing, Securitization, and Asset Sale Activities);
- An instructional revision addressing the reporting of the custodial bank deduction in Schedule RC-O (Other Data for Deposit Insurance and FICO Assessments);
- New and revised data items and information of general applicability, including:
  - Adding contact information for the reporting institution's Chief Executive Officer (CEO);
  - Reporting the Legal Entity Identifier for the reporting institution (on the Call Report cover page) if the institution already has one;
  - Creating additional preprinted captions for itemizing and describing components of certain items that exceed reporting thresholds in Schedules RC-F and RI-E; and
  - Eliminating the concept of extraordinary items and revising affected data items in Schedules RI (Income Statement) and RI-E; and
- New and revised data items of limited applicability, including:
  - Adding a new item on "dually payable" deposits in foreign branches of U.S. banks to Schedule RC-O on the FFIEC 031 report; and
  - Revising the information reported about the supplementary leverage ratio by advanced approaches institutions in Schedule RC-R, Part I (Regulatory Capital Components and Ratios).

The following proposed Call Report revisions would take effect March 31, 2017:

- Deletions of certain existing data items pertaining to other-than-temporary impairments from Schedule RI;
- An instructional revision addressing the reporting of net gains (losses) and other-than-temporary impairments on equity securities that do not have readily determinable fair values on the Call Report income statement;
- New and revised data items of general applicability, including:
    - Increasing the time deposit size threshold used to report certain deposit information from \$100,000 to \$250,000 in Schedules RC-E (Deposit Liabilities), RI, and RC-K (Quarterly Averages);
    - Revising the statements used to describe the level of external auditing work performed for the reporting institution during the preceding year in Schedule RC (Balance Sheet); and
- New and revised data items of limited applicability, including:
    - Moving the existing Memorandum items for the fair value and unpaid principal balance of loans (not held for trading) measured under a fair value option from Schedule RC-C, Part I, to Schedule RC-Q; and
    - Revising the information reported in Schedule RI by certain institutions with total assets of \$100 billion or more on the impact on trading revenues of changes in credit and debit valuation adjustments and adding a new item for gross trading revenue.

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.

<u>JUSTIFICATION</u>

1. <u>Circumstances and Need</u>

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, performance, and risk profile 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 an 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 (80 FR 56539, September 18, 2015, and 81 FR 45357, July 12, 2016, 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, performance, or risk profile. 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, performance, and risk profile 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.

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 or exhibiting heightened risk profiles. 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 in 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.

The uses of the new and revised information to be collected in the Call Report as a result of the changes that are the subject of this submission are described in the agencies' initial and final PRA Federal Register notices cited at the end of Item 1 above. In this regard, the addition of contact information for the reporting institution's CEO would enable the FDIC to communicate important and time-sensitive information directly to CEOs. Having an institution that already has a Legal Entity Identifier to report this code number will facilitate improvements to the quality and comprehensiveness of financial data both nationally and globally. The new item on "dually payable" deposits in foreign branches of U.S. banks will enable the FDIC to monitor the volume and trend of such deposits in the foreign branches of U.S. institutions, thereby assisting the FDIC to determine the least costly method of resolving a particular institution if it fails and the potential loss to the Deposit Insurance Fund and to plan for the distribution of the liquidation proceeds from the failed institution, which includes consideration of the depositor preference status of dually payable deposits. The revised information about the supplementary leverage ratio to be reported by advanced approaches institutions will enable the FDIC to monitor the level and trend of these ratios and whether the minimum requirements have been met while enabling advanced approaches institutions to satisfy the disclosure requirements for this information. The increase from $100,000 to $250,000 in the time deposit size threshold used to report certain deposit information would bring this information into alignment with limit of deposit insurance, which was permanently increased in 2010. The revised information to be reported by certain institutions with total assets of $100 billion or more on the impact on trading revenues of changes in credit and debit valuation adjustments and the new item for gross trading revenue would enhance the quality of the trading revenue information reported by the largest U.S. institutions, promote consistency across institutions in the reporting of these adjustments, enable examiners to make more informed judgments about institutions' effectiveness in managing credit and debit valuation adjustment risks, and provide a more complete picture of reported trading revenue.

3. Use of Technology to Reduce Burden

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. Efforts to Identify Duplication

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 3,891 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 3,891 insured state nonmember banks and state savings associations. Of this number, nearly 3,200 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 revisions to the Call Report that are the subject of this submission include a number of burden-reducing changes, some of which will primarily benefit small institutions and others of which will benefit all institutions. In addition, the new and revised Call Report data items included in this proposal generally will have a limited impact on small institutions. As explained in the agencies' initial and final PRA Federal Register notices for this proposal, the proposal's burden-reducing revisions are one element of a formal initiative the FFIEC launched in December 2014 to identify potential opportunities to reduce burden associated with Call Report requirements for community banks. Other actions being taken under this community bank Call Report burden-reduction initiative are to be addressed in future proposals and are expected to meaningfully expand the burden-reducing changes to the Call Report beyond those included in this proposal.

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 or risk profile 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 September 18, 2015, the agencies, under the auspices of the FFIEC, published an initial notice in the Federal Register (80 FR 56539) requesting public comment for 60 days on various proposed revisions to the Call Report. The revisions in the agencies' September 2015 proposal included a number of burden-reducing changes and certain other Call Report revisions identified during the agencies' most recently completed statutorily mandated review of the information collected in the Call Report.[1] The agencies' proposal also incorporated certain additional burden-reducing Call Report changes identified after the completion of the statutory review. Furthermore, the proposal included several new and revised Call Report data items, some of which would have a limited impact on community institutions. Certain instructional clarifications also were contained in the proposal. The comment period for the proposal ended on November 17, 2015.

The agencies collectively received comments on the September 2015 proposal from 13 entities: seven banking organizations, four bankers' associations, and two consulting firms. All four

[1] This review is mandated by section 604 of the Financial Services Regulatory Relief Act of 2006 (12 U.S.C. 1817(a)(11)).

bankers' associations and one consulting firm specifically addressed the community bank Call Report burden-reduction initiative described in the September 2015 proposal (see Item 5 above), expressing support for this initiative and encouraging the FFIEC and the agencies to pursue the development of a small bank Call Report.

For example, one bankers' association described the FFIEC's formal initiative as "the right answer" for addressing the increased regulatory burden of the Call Report and commended the FFIEC for its consideration of a less burdensome Call Report for community banks. Another bankers' association welcomed the agencies' Call Report streamlining efforts and sought prompt implementation of measures to reduce regulatory burden. The two other bankers' associations commented favorably on the FFIEC's recognition of the reporting burden imposed by the Call Report and encouraged the FFIEC to create a less burdensome Call Report for smaller institutions. They also recommended that the Call Report could be streamlined for smaller institutions because they typically do not engage in many of the activities about which data must be reported in the Call Report. In this regard, the agencies anticipate that they will publish a proposal later this year that are responsive to these commenters' views and recommendations.

Two bankers' associations presented some additional recommendations to the FFIEC and the agencies in their comments on the September 2015 proposal. These recommendations included establishing "an industry advisory committee to provide the FFIEC with advice and guidance on issues related to FFIEC reports." As one of the actions under the burden-reduction initiative, the FFIEC and the agencies have committed to pursue industry dialogue regarding Call Report matters such as activities enabling the agencies to better understand the burdensome aspects of the Call Report. This is evidenced by community banker outreach activities with small groups of community bankers that were organized by two bankers' associations and conducted via conference call meetings in February 2016. The FFIEC and the agencies believe their existing dialogue with the industry, in addition to the opportunity for public participation in the Call Report revision process, allows ample avenues to provide input concerning revisions to FFIEC reports.

The two associations also recommended that the FFIEC "work to ensure other required regulatory reporting forms are updated simultaneously," which they further described as ensuring consistency between definitions and reporting treatments used in the Call Report and in other regulatory reports that institutions file.[2] The agencies will seek to be more conscious of relationships between the Call Report requirements and other FFIEC regulatory reports, particularly when considering revisions to the data collected in the Call Report.

Another recommendation from the two bankers' associations was for the FFIEC and the agencies to allow sufficient time for institutions to implement any reporting changes. They stated that the proposed effective dates in the September 2015 proposal would not provide sufficient time for implementing the reporting changes. One of the banking organizations expressed a similar concern. The two associations urged the FFIEC and the agencies to implement changes to non-income line items no earlier than a full quarter after the quarter in which the notice requesting

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2 As an example, the associations cited an apparent inconsistency between the definition of "domicile" in the Call Report and certain other regulatory reports.

OMB approval is published in the Federal Register. For data on income and quarterly averages, they suggested that such changes take effect at the beginning of a reporting year.

In recognition of the impact of the September 2015 proposal on institutions from a systems standpoint, the agencies deferred the effective dates for the reporting changes in that proposal to no earlier than September 30, 2016, as mentioned above in Section I. As will be discussed below with respect to the implementation of the specific proposed Call Report changes that are the subject of this notice, the agencies have sought to set the effective dates for these changes in a manner consistent with the timing suggested by the two bankers' associations. To assist institutions in preparing for the reporting changes in this proposal, drafts of the reporting instructions for the new and revised Call Report items will be made available to institutions on the FFIEC's Web site when this Federal Register notice requesting OMB approval is published.

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 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.

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 44.55 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 the revisions proposed to take effect March 31, 2017, have been implemented. At that time, the revisions proposed to take effect September 30, 2016, will already have been implemented. Thus, the estimated total annual ongoing reporting burden for the 3,891 FDIC-supervised institutions to prepare and file the Call Report after all of the revisions that are the subject of this submission have taken effect would be 693,376 hours.

The annual ongoing reporting burden has been estimated by considering the varying numbers of new and revised Call Report data items in which institutions of different sizes and with foreign offices are expected to have amounts to report as a result of the activities and transactions in which they are engaged. The estimated burden also takes into account the reduction in reporting burden expected to result from the items proposed for deletion and the items for which the dollar amount reporting threshold has been proposed to be increased based on the expected number of institutions that will be relieved from reporting this information. 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 December 31, 2015, indicate that salaries and employee benefits per full-time equivalent employee averaged nearly $39.25 per hour. Thus, for all 3,891 FDIC-supervised institutions, the annual recurring salary and employee benefit cost for the Call Report burden hours shown above is estimated to be $27.2 million. This cost is based on the application of the $39.25 average hourly rate to the estimated total ongoing annual reporting burden of 693,376 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 $19.4 million. This cost is based on the application of an average hourly rate of $28.00 to the estimated total hours of estimated annual reporting burden of 693,376. 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 include a number of burden-reducing changes, some of which will primarily benefit small institutions and others of which will benefit all institutions. In addition, the new and revised Call Report data items included in this proposal generally will have a limited impact on small institutions. The FDIC notes that two bankers' associations that commented on the proposed Call Report revisions recommended that the FFIEC and the agencies allow sufficient time for institutions to implement any reporting changes. The two associations urged the FFIEC and the agencies to implement changes to non-income line items no earlier than a full quarter after the quarter in which the notice requesting OMB approval is published in the Federal Register. For data on income and quarterly averages, they suggested that such changes take effect at the beginning of a reporting year. In response to these recommendations, the banking agencies have sought to set the proposed effective dates for the Call Report changes that are the subject of this submission in a manner consistent with the timing suggested by the two bankers' associations. To assist institutions in preparing for the reporting changes in this proposal, the FFIEC notified all reporting institutions about the Call Report changes to be implemented in September 2016 and March 2017, subject to OMB approval, in Financial Institution Letter 44-2016 on July 1, 2016 (https://www.fdic.gov/news/news/financial/2016/fil16044.html). The final version of the agencies' final PRA Federal Register notice for this proposal also was posted on the FFIEC's website on July 1, 2016. Drafts of the reporting forms and instructions for the new and revised Call Report items have also been made available to institutions on the FFIEC's website.

This notification and the transition period the agencies are providing should assist institutions in preparing for the proposed Call Report revisions in a reasonable and orderly manner. Nevertheless, the capital and start-up costs associated with implementing these revisions, which will have greater or less applicability and relevance to individual institutions, will necessarily vary from institution to institution depending upon an institution's individual circumstances. Thus, an estimate of this cost component cannot be determined at this time.

As for the effect of the proposed Call Report revisions that are the subject of this submission on the overall ongoing cost and reporting burden imposed by the Call Report, the incremental net reduction in reporting burden is estimated to vary across institutions depending on their individual circumstances. For an FDIC-supervised institution, it is estimated that the ongoing reporting burden associated with proposed Call Report revisions will be a net reduction in overall Call Report burden, on average, of nearly one quarter hour per quarter.

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 $10.5 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 proposed changes to the Call Report that are the subject of this submission.

At present, there are 3,891 FDIC-supervised institutions, which is 346 less than previously reported (4,237 previously versus 3,891 now). The FDIC also estimates that the net effect of the proposed revisions that are the subject of this submission would be an average decrease in estimated reporting burden approximates one quarter per hour per response. The analysis of the change in burden for the Call Report after the proposed revisions take effect as of the September 30, 2016, and March 31, 2017, report dates is as follows:

Currently approved burden	758,254 hours
Revisions to content of report (program change)	- 2,958 hours
Adjustment (change in use)	- 61,920 hours
Requested (new) burden	693,376 hours
Net change in burden:	- 64,878 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 website (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.