

SUPPORTING STATEMENT  
INTERAGENCY BANK MERGER ACT APPLICATION  
(OMB No. 3064-0015)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting OMB approval of a revision to its currently-approved information collection entitled “Interagency Bank Merger Act Application” (OMB Control No. 3064-0015). The FDIC proposes to implement a number of revisions to the form used in this information collection based on the recommendations of an interagency working group comprised of representatives from the FDIC, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency, who collaborated to recommend the proposed changes.

The proposed changes are being made to: (a) improve the clarity of the information request; (b) reflect new laws, regulations, capital requirements and accounting rules; (c) delete information requests that have been determined to be unnecessary for the analysis of the filing; and (d) add transparency for filers regarding the information that is required to consider a filing. In determining which changes to propose, the FDIC surveyed its regional offices to solicit recommendations for changes to the forms and considered the effects of the changes on community bank organizations, which represent the majority of filers. Although the revisions add items to these forms, the FDIC believes that some of these additions are related to information typically requested on a follow-up basis. Requesting the information up-front should increase transparency for filers as well as improve the efficiency of the submission and review process.

There is a different level of burden for each of two types of merger transactions: nonaffiliated and affiliated. An affiliated transaction refers to a merger, consolidation, other combination, or transfer of any deposit liabilities, between depository institutions that are controlled by the same holding company. It includes a business combination between a depository institution and an affiliated interim institution. Applicants proposing affiliate transactions are not required to complete questions 12 through 14 of this form. If depository institutions are not controlled by the same holding company, the merger transaction is considered nonaffiliated, and the applicant must complete the entire form.

A. JUSTIFICATION

1. Circumstances and Need

Section 18(c) of the Federal Deposit Insurance Act (12 USC 1828(c)) requires an insured depository institution that wishes to merge or consolidate with any other insured depository institution or, either directly or indirectly, acquire the assets of, or assume liability to pay any deposits made in, any other insured depository institution, to apply for the prior written approval of the responsible agency (FDIC, OCC, FRB).

The responsible agency is required by the Act to request reports on the competitive factors involved from the Attorney General and the other two banking agencies. The FDIC is the responsible agency if the acquiring, assuming, or resulting bank is to be a State nonmember insured bank (except a District bank) or a State savings association.

According to the Act, in reviewing an application, the responsible agency is required to consider the following factors:

- (a) Competitive Factors - the responsible agency cannot approve any proposed merger transaction whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.
- (b) Banking Factors - an evaluation of the financial and managerial resources and future prospects of the existing and proposed institutions.
- (c) Community Factors - the consideration of the convenience and needs of the community to be served, including compliance with the Community Reinvestment Act.

2. Use of Information Collected

The information collected is used by the FDIC as a basis for evaluating the statutory factors mentioned in item 1 above. Copies of the completed application submitted by an FDIC-supervised bank are forwarded by the FDIC to the Comptroller of the Currency, the Federal Reserve Board and the Attorney General, together with a request for their opinion on the competitive aspects of the application, as required by 12 USC 1828(c)).

3. Use of Technology to Reduce Burden

Although the FDIC continues to review conversion of hard copy collections to electronic collections, this collection continues to require submission of hard copies of the interagency bank merger applications.

4. Effort to Identify Duplication

The information collected is unique to the transaction that the applicant bank is proposing. Therefore the information does not exist at any location other than at the source, which is the applicant bank.

5. Minimizing the Burden on Small Banks

The collection requirement is the same for all banks, regardless of size. The burden in preparing the application form is considered to be minimal. The information collected is only that necessary to evaluate the transaction, giving consideration to the statutory factors of 12 USC 1828(c).

6. Consequence of Less Frequent Collections

The statute requires the banking agencies to evaluate a covered merger transaction before it can legally take place. The information is collected only on the occasion of a covered merger and less frequent collection is not possible without violating statutory requirements.

7. Special Circumstances

The applicant bank is required to prepare more than an original and two copies of the application because copies of merger transactions must be reviewed by each of the three banking agencies, FDIC, OCC, FRB and the Attorney General. Some state banking departments also require a copy of the application pertaining to their banks.

8. Consultation with Persons Outside the FDIC

A 60-day Federal Register notice seeking comment was published on March 1, 2018 (83 FR 8867). No comments were received.

9. Payment or Gift to Respondents

The FDIC does not pay or provide gifts to respondents.

10. Confidentiality

The applicant is advised by a notice on the application form that all information in the application is available for public review unless it is confidential in nature. It is the responsibility of the applicant to identify clearly, and on separate pages, the information submitted that it deems confidential. Information is kept private to the extent allowed by law.

11. Information of a Sensitive Nature

No information of a sensitive nature is required.

12. Estimates of Annualized Burden

	No. of Annual Respondents	Frequency of Response	Hours per Response	Total Estimated Annual Hours
Affiliated	134	On Occasion	19	2,546

Nonaffiliated	162	On Occasion	31	5,022
Total	296			7,568

Cost: 7,568 hours X \$132.75 per hour<sup>1</sup> = \$1,004,652.00

Summary of Annual Burden and Internal Cost (3064-0015)						
	Type of Burden	Estimated Number of Respondents	Estimated Number of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
<b>Interagency Bank Merger Act Application – Affiliated</b>	Reporting	134	1	19	On Occasion	2,546
<b>Interagency Bank Merger Act Application – Nonaffiliated</b>	Reporting	162	1	31	On Occasion	5,022
<b>TOTAL HOURLY BURDEN</b>						7,568
<b>TOTAL INTERNAL COST</b>	\$132.75	/HR				\$1,004,652.00

13. Capital, start-up and maintenance costs

The collection of information is a one-time event that does not require capital, start-up, or maintenance costs.

14. Estimate Annual Cost to the Federal Government

None.

15. Reason for Change in Burden

The proposed changes to the Interagency Bank Merger Act Application form include additional items relating to information that was previously requested as supplemental information subsequent to the filing of the initial application; clarification of certain requested items related to biographical and financial information for principals and to Community Reinvestment Act-related information; deletion of the request for cash flow projections for the parent company; updated requests to account for statutory considerations related to the effect of a transaction on the stability of the United States financial system, changes to capital requirements and accounting rules; and other minor changes to improve grammar and readability, provide accurate citations to authority, and update mailing addresses. As a result of the revisions described above, applicants may need to provide additional financial information, describe pending litigation and investigations, and summarize the effects of a proposed transaction on financial stability. For this reason, the FDIC estimates that the proposed revisions will result in an additional hour of burden for each applicant. Accordingly, the estimated times per response are being increased from 18

<sup>1</sup> Total annual burden cost estimate is based on the hourly compensation estimate for Top Executives (\$132.75). The estimate includes the May 2015 75th percentile hourly wage rate reported by the BLS, National Industry-Specific Occupational Employment and Wage Estimates. The reported hourly wage rate is adjusted for changes in the CPI-U between May 2015 and December 2016 (2.5 percent) and grossed up by 154.3 percent to account for non-monetary compensation as reported by the December 2016 Employer Costs for Employee Compensation Data.

to 19 hours for affiliate transactions and 30 to 31 hours for nonaffiliate transactions.

16. Publication

The information collected is for internal use and is not published.

17. Display of Expiration Dates

The OMB expiration date is displayed on the Interagency Bank Merger Act Application form.