

**Supporting Statement for
the Consolidated Reports of Condition and Income
(FFIEC 031 and 041; OMB No. 7100-0036)**

Summary

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to extend for three years, with revision, the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 and 041; OMB No. 7100-0036). These data are required of state member banks and are filed on a quarterly basis. The revisions to the Call Reports that are the subject of this request have been approved by the FFIEC. The Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) (agencies) have also submitted a similar request for OMB review to request this information from banks under their supervision.

The Federal Reserve requires information collected on the Call Reports to fulfill its statutory obligation to supervise state member banks. State member banks are required to file both detailed schedules of assets, liabilities, and capital accounts in the form of a condition report and summary statement as well as detailed schedules of operating income and expense, sources and disposition of income, and changes in equity capital.

The agencies made the following revisions to the Call Reports for the June 30, 2011, report under the emergency clearance provisions of OMB's regulations: (1) delete existing data items for the total daily averages of deposit liabilities before exclusions, allowable exclusions, and foreign deposits; (2) add data items for reporting average consolidated total assets, average tangible equity and the averaging method for average assets; (3) add data items for certifications and average amounts of assessment base deductions and deduction limits for qualifying banker's banks and custodial banks; and (4) revise instructions for unsecured other borrowings and subordinated notes and debentures with a remaining maturity of one year or less.

In addition, the agencies revised the Call Report under the emergency clearance provisions effective June 30, 2011, for large or highly complex institutions as follows: (1) add data items to report the portion of certain funded loans guaranteed or insured by the U.S. government; (2) add a data item for the amount of other real estate owned that is recoverable from the U.S. government under guarantee or insurance provisions, excluding any covered under FDIC loss-sharing agreements; (3) add data items to report the unused portion of commitments to fund construction, land development, and other land loans and for the portion guaranteed or insured by the U.S. government; (4) add a new data item for the amount of nonbrokered time deposits of more than \$250,000; (5) add data items to report nontraditional 1-4 family residential mortgage loans, subprime consumer loans, and leveraged loans; (6) add data items to report the amount of on- and off-balance sheet items designated as special mention, substandard, doubtful, and loss; and (7) add data items to report the total amount of its 20 largest counterparty exposures and the amount of the institutions' largest counterparty exposure.

Because OMB's approval of the agencies' emergency clearance request expires on December 31, 2011, the agencies are now proposing all of these revisions under OMB's normal clearance procedures. In addition, the agencies propose to add six new items to Schedule RC-O of the Call Reports effective June 30, 2012 in response to the comments received on the *Federal Register* notice published on July 27, 2011 (76 FR 44987). . One item would be applicable to all institutions that own another institution, while the other five would be completed only by the large and highly complex institutions that own another insured depository institution. The current annual burden for the Call Reports is estimated to be 183,273 hours; the proposed revisions are estimated to increase the annual burden to 183,306 hours.

Background and Justification

Banks that are members of the Federal Reserve System are required by law to file reports of condition with the Federal Reserve System [Section 9(6) of the Federal Reserve Act (12 U.S.C. 324)]. Section 331(b) of the Dodd-Frank Act, which was signed into law on July 21, 2010, required the FDIC to amend its regulations to redefine the assessment base used for calculating deposit insurance assessments as average consolidated total assets minus average tangible equity. Under prior law, the assessment base has been defined as domestic deposits minus certain allowable exclusions, such as pass-through reserve balances. In general, the intent of Congress in changing the assessment base was to shift a greater percentage of overall total assessments away from community banks and toward the largest institutions, which rely less on domestic deposits for their funding than do smaller institutions.

In May 2010, prior to the enactment of the Dodd-Frank Act, the FDIC published a Notice of Proposed Rulemaking (NPR) to revise the assessment system applicable to large insured depository institutions.¹ The proposed amendments to the FDIC's assessment regulations were designed to better differentiate large institutions by taking a more forward-looking view of risk and better take into account the losses that the FDIC will incur if an institution fails. The comment period for the May 2010 NPR ended July 2, 2010, and most commenters requested that the FDIC delay the implementation of the rulemaking until the effects of the pending Dodd-Frank legislation were known.

On November 9, 2010, the FDIC Board approved the publication of two NPRs, one that proposed to redefine the assessment base as prescribed by the Dodd-Frank Act² and another that proposed revisions to the large institution assessment system while also factoring in the proposed redefinition of the assessment base as well as comments received on the May 2010 NPR.³ After revising the proposals where appropriate in response to the comments received on the two November 2010 NPRs, the FDIC Board adopted a final rule on February 7, 2011, amending the FDIC's regulations to redefine the assessment base used for calculating deposit insurance assessments for all 7,500 insured depository institutions and revise the assessment system for approximately 110 large institutions.⁴ The final rule took effect for the quarter beginning April 1, 2011, and was reflected for the first time in the invoices for deposit insurance

¹ See 75 FR 23516, May 3, 2010.

² See 75 FR 72582, November 24, 2010.

³ See 75 FR 72612, November 24, 2010.

⁴ See 76 FR 10672, February 25, 2011.

assessments due September 30, 2011, using data reported in the Call Reports, Thrift Financial Report (TFR) (OMB No. 1550-0023), and FFIEC 002/002S reports (OMB No. 7100-0032) for June 30, 2011.

On March 16, 2011, the agencies published an initial *Federal Register* notice in which they requested comment on proposed revisions to these regulatory reports that would provide the data needed by the FDIC to implement the provisions of the February 2011 final rule beginning with the June 30, 2011, report date.⁵ The new data items proposed in the initial *Federal Register* notice were linked to specific requirements in the FDIC's amended assessment regulations. The draft instructions for these proposed new items incorporated the definitions in and other provisions of these regulations. Accordingly, the FDIC did not anticipate receiving material comments on the reporting changes proposed in the March 2011 initial *Federal Register* notice because the FDIC's February 2011 final rule on assessments had taken into account the comments received on the two November 2010 NPRs as well as the earlier May 2010 NPR. Thus, the agencies expected to follow normal clearance procedures and publish a final *Federal Register* notice for the proposed reporting changes and submit these changes to OMB for review soon after the May 16, 2011, close of the comment period for the initial notice.

The agencies collectively received 19 comments on their initial notice; 17 addressed the new data items for subprime and leveraged loans that are inputs to the revised assessment system for large institutions.⁶ More specifically, these commenters stated that institutions generally do not maintain data on these loans in the manner in which these two loan categories are defined for assessment purposes in the FDIC's final rule or do not have the ability to capture the prescribed data to enable them to identify these loans in time to file their regulatory reports for the June 30, 2011, report date. These data availability concerns, particularly as they relate to institutions' existing loan portfolios, had not been raised as an issue during the rulemaking process for the revised large institution assessment system, which included the publication of two NPRs in 2010.⁷

This unanticipated outcome at the end of the public comment process for the agencies' March 2011 initial notice required the FDIC to consider possible reporting approaches that would address institutions' concerns about their ability to identify loans meeting the subprime and leveraged loan definitions in the FDIC's assessments final rule while also meeting the objectives of the revised large institution assessment system. However, the consequence of the

⁵ See 76 FR 14460, March 16, 2011.

⁶ In contrast, only four respondents commented on other aspects of the overall reporting proposal.

⁷ In response to the November 2010 NPR on the revised large institution assessment system, the FDIC received a number of comments recommending changes to the definitions of subprime and leveraged loans, which the FDIC addressed in its February 2011 final rule amending its assessment regulations. For example, several commenters on the November 2010 NPR indicated that regular (quarterly) updating of data to evaluate loans for subprime or leveraged status would be burdensome and costly and, for certain types of retail loans, would not be possible because existing loan agreements do not require borrowers to routinely provide updated financial information. In response to these comments, the FDIC's February 2011 final rule stated that large institutions should evaluate loans for subprime or leveraged status upon origination, refinance, or renewal. However, no comments were received on the November 2010 NPR indicating that large institutions would not be able to identify and report subprime or leveraged loans in accordance with the definitions proposed for assessment purposes in their Call Reports and TFRs beginning as of June 30, 2011. These data availability concerns were first expressed in comments on the March 2011 initial *Federal Register* notice.

unexpected need to develop and reach agreement on a workable transition approach for identifying loans that are to be reported as subprime or leveraged for assessment purposes⁸ is that the agencies' use of normal clearance procedures for the assessment-related reporting changes to the Call Report, TFR, and FFIEC 002/002S reports was reasonably likely to prevent or disrupt the initial collection of these new assessment data as of the June 30, 2011, report date as called for under the FDIC's final rule. Absent OMB approval to implement these reporting changes as of June 30, 2011, community institutions would have experienced a delay in the shifting of a portion of the overall deposit insurance assessment burden away from them, which was the intent of Section 331(b) of the Dodd-Frank Act.

On June 17, OMB approved the agencies' emergency clearance requests to implement the assessment-related reporting revisions to the Call Report, the TFR, and the FFIEC 002/002S reports effective with the June 30, 2011, report date.

Description of Information Collection

The Call Reports collect basic financial data from commercial banks in the form of a balance sheet, income statement, and supporting schedules. The Report of Condition contains supporting schedules that provide detail on assets, liabilities, and capital accounts. The Report of Income contains supporting schedules that provide detail on income and expenses.

Within the Call Report information collection system as a whole, there are two reporting forms that apply to different categories of banks: (1) all banks that have domestic and foreign offices (FFIEC 031), and (2) banks with domestic offices only (FFIEC 041). Prior to March 2001, there were four categories of banks and four reporting forms. The FFIEC 031 was filed by banks with domestic and foreign offices and the FFIEC 032, 033, and 034 were filed by banks with domestic offices only and were filed according to the asset size of the bank.

There is no other series of reporting forms that collect from all commercial and savings banks the information gathered through the Reports of Condition and Income. There are other information collections that tend to duplicate certain parts of the Call Reports; however, the information they provide would be of limited value as a replacement for the Call Reports. For example, the Federal Reserve collects various data in connection with its measurement of monetary aggregates, of bank credit, and of flow of funds. Reporting banks supply the Federal Reserve with detailed information relating to such balance sheet accounts as balances due from depository institutions, loans, and deposit liabilities. The Federal Reserve also collects financial data from bank holding companies on a regular basis. Such data are presented for the holding company on a consolidated basis, including its banking and nonbanking subsidiaries, and on a parent company only basis.

However, Federal Reserve reporting forms from banks are frequently obtained on a sample basis rather than from all insured banks. Moreover, these reporting forms are often prepared as of dates other than the last business day of each quarter, which would seriously limit

⁸ The FDIC presented this transition approach to large institutions during a conference call on June 7, 2011, that all large institutions had been invited to attend. Several institutions offered favorable comments about the transition approach during this call.

their comparability. Institutions below a certain size are exempt entirely from some Federal Reserve reporting requirements. Data collected from bank holding companies on a consolidated basis reflect an aggregate amount for all subsidiaries within the organization, including banking and nonbanking subsidiaries, so that the actual dollar amounts applicable to any bank subsidiary are not determinable from the holding company reporting forms. Hence, these reporting forms could not be a viable replacement for even a significant portion of the Call Reports since the Federal Reserve, in its role as supervisor of insured state member banks, would be lacking the data necessary to assess the financial condition of individual insured banks to determine whether there had been any deterioration in their condition.

Beginning March 1998, all banks were required to transmit their Call Report data electronically. Banks do not have to submit hard copy Call Reports to any federal bank supervisory agency unless specifically requested to do so.

Proposed Revisions

The revisions discussed below were effective June 30, 2011, under the emergency clearance provisions of OMB's regulations. Because the assessment-related reporting revisions need to remain in effect beyond the limited approval period associated with an emergency clearance request, the agencies, under the auspices of the FFIEC are now proposing under OMB's normal clearance procedures the following revisions:

- The proposed deletion of the existing data items for the total daily averages of deposit liabilities before exclusions, allowable exclusions, and foreign deposits.⁹
- The proposed addition of a new data item for reporting average consolidated total assets, which should be calculated using the institution's total assets, as defined for Call Report balance sheet (Schedule RC) purposes, except that the calculation should incorporate all debt securities (not held for trading) at amortized cost, equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost.¹⁰
- The proposed addition of a new data item for reporting average tangible equity, which is defined as Tier 1 capital.¹¹
- The proposed adjustments to the calculation of average consolidated total assets and average tangible equity for insured depository institutions (IDIs) with consolidated insured depository subsidiaries and for IDIs involved in mergers and consolidations during the quarter.

⁹ The specific items to be deleted are, in the Call Report, existing items 4, 5, and 6 in Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments; in the TFR, existing line items DI540, DI550, and DI560 in Schedule DI – Consolidated Deposit Information; and in the FFIEC 002 report, existing items 4, 5, and 6 in Schedule O – Other Data for Deposit Insurance Assessments.

¹⁰ For an insured branch, average consolidated total assets would be calculated using the total assets of the branch (including net due from related depository institutions), as defined for purposes of Schedule RAL – Assets and Liabilities of the FFIEC 002 report, but with debt and equity securities measured in the same manner as for other insured institutions.

¹¹ For an insured branch, tangible equity would be defined as eligible assets (determined in accordance with section 347.210 of the FDIC's regulations) less the book value of liabilities (exclusive of liabilities due to the foreign bank's head office, other branches, agencies, offices, or wholly owned subsidiaries).

- The proposed addition of a yes/no banker’s bank certification question to Call Report Schedule RC-O and, for a qualifying banker’s bank, new data items for reporting the average amounts of its banker’s bank assessment base deduction (i.e., the sum of the averages of its balances due from the Federal Reserve and its federal funds sold) and its banker’s bank deduction limit (i.e., the sum of the averages of its deposit balances due to commercial banks and other depository institutions in the United States and its federal funds purchased).
- The proposed addition of a yes/no custodial bank certification question to Call Report Schedule RC-O and, for a qualifying custodial bank, a new data item for reporting the average amount of its custodial bank assessment base deduction (i.e., the average portion of its cash and balances due from depository institutions, held-to-maturity securities, available-for-sale securities, federal funds sold, and securities purchased under agreements to resell that have a zero percent risk weight for risk-based capital purposes plus 50 percent of the portion of these same five types of assets that have a 20 percent risk weight¹²).
- The proposed instructional change to the existing Call Report data items for “Unsecured ‘Other borrowings’” and “Subordinated notes and debentures” with a remaining maturity of one year or less,¹³ which would require debt instruments redeemable at the holder’s option within one year to be included in these data items, which are used in the determination of the unsecured debt adjustment when calculating an insured institution’s assessment rate.
- For seven categories of funded loans, new data items to be completed by large institutions for the portion of the balance sheet amount that is guaranteed or insured by the U.S. government, including its agencies and its government-sponsored agencies, other than by the FDIC under loss-sharing agreements.¹⁴
- New data items for large and highly complex institutions for the unused portion of commitments to fund construction, land development, and other land loans secured by real estate (in domestic offices) and for the portion of these unfunded commitments that is guaranteed or insured by the U.S. government, including by the FDIC.

¹² For all insured institutions, the definitions of these five types of assets are found in the instructions for Call Report Schedule RC – Balance Sheet, items 1, 2.a, 2.b, 3.a, and 3.b. In the Call Report, these types of assets are included, as of quarter-end, in items 34 through 37, columns C (zero percent risk weight) and D (20 percent risk weight), of Schedule RC-R – Regulatory Capital. In the TFR, these types of assets are included, as of quarter-end, in line items CCR400, CCR405, CCR409, and CCR 415 (zero percent risk weight) and in line items CCR430, CCR435, CCR440, CCR445, and CCR450 (20 percent risk weight) of Schedule CCR – Consolidated Capital Requirement.

¹³ In the Call Report, Schedule RC-O, items 7.a and 8.a, respectively. In the TFR, Schedule DI, line items DI645 and DI655, respectively.

¹⁴ The seven loan categories are (1) construction, land development, and other land loans secured by real estate (in domestic offices), (2) loans secured by multifamily residential and nonfarm nonresidential properties (in domestic offices), (3) closed-end first lien 1-4 family residential mortgages (in domestic offices) and non-agency residential mortgage-backed securities, (4) closed-end junior lien 1-4 family residential mortgages and home equity lines of credit (in domestic offices), (5) commercial and industrial loans, (6) credit card loans to individuals for household, family, and other personal expenditures, and (7) other consumer loans. Highly complex institutions would report the new item for the portion of the balance sheet amount of construction, land development, and other land loans secured by real estate (in domestic offices) that is guaranteed or insured by the U.S. government, other than by the FDIC.

- A new data item for large and highly complex institutions for the amount of other real estate owned (ORE) that is recoverable from the U.S. government, including its agencies and its government-sponsored agencies, under guarantee or insurance provisions, excluding any ORE covered under FDIC loss-sharing agreements.
- A new data item for large and highly complex institutions for the amount of their nonbrokered time deposits of more than \$250,000.
- Two new data items for large and highly complex institutions for the balance sheet amount of subprime consumer loans and leveraged loans. The definitions to be used for these two asset categories for regulatory reporting purposes were taken from Appendix C of the FDIC's final rule.¹⁵ Separate data items for large and highly complex institutions on the amount of items designated Special Mention, Substandard, Doubtful, and Loss.¹⁶ These four data items would cover both on- and off-balance sheet items that are criticized and classified.
- A new data item for large and highly complex institutions for the balance sheet amount of nontraditional 1-4 family residential mortgage loans, including certain securitizations of such mortgages.
- New data items for highly complex institutions on the total amount of an institution's 20 largest counterparty exposures and the amount of the institution's largest counterparty exposure.

In response to public comments, the agencies propose the following additional revisions, which would be effective June 30, 2012:

- New data item 9.a of Schedule RC-O in which institutions that own another institution and have reciprocal brokered deposits would report the fully consolidated amount of reciprocal brokered deposits.
- New Memorandum item 16 of Schedule RC-O in which large and highly complex institutions would report the "Portion of loans restructured in troubled debt restructurings that are in compliance with their modified terms and are guaranteed or insured by the U.S. government (including the FDIC)."
- New Memorandum items 17.a through 17.d of Schedule RC-O, in which large and highly complex institutions that own another insured depository institution would report total deposit liabilities before exclusions, total allowable exclusions, unsecured other borrowings with a remaining maturity of one year or less, and estimated amount of uninsured deposits on a fully consolidated basis.

At the request of commenters, proposed memoranda items 9.a and 17.a through 17.d of Schedule RC-O would be added to ensure that institutions owning another institution are assessed appropriately against each individual insured depository institution. Similarly, at the request of the commenters, proposed memorandum item 16 of Schedule RC-O would be added to accurately calculate a large or highly complex institution's underperforming assets ratio.

¹⁵ See 76 FR 10722-10724, February 25, 2011.

¹⁶ Loss items would include any items graded Loss that have not yet been written off against the allowance for loan and leases losses (or another valuation allowance) or charged directly to earnings, as appropriate.

Time Schedule for Information Collection

The Call Reports are collected quarterly as of the end of the last calendar day of March, June, September, and December. Less frequent collection of Call Reports would reduce the Federal Reserve's ability to identify on a timely basis those banks that are experiencing adverse changes in their condition so that appropriate corrective measures can be implemented to restore their safety and soundness. State member banks must submit the Call Reports to the appropriate Federal Reserve Bank within 30 calendar days following the as-of date; a five-day extension is given to banks with more than one foreign office.

Aggregate data are published in the *Federal Reserve Bulletin* and the *Annual Statistical Digest*. Additionally, data are used in the *Uniform Bank Performance Report (UBPR)* and the *Annual Report of the FFIEC*. Individual respondent data, excluding confidential information, are available to the public from the National Technical Information Service in Springfield, Virginia, upon request approximately twelve weeks after the report date. Data are also available from the FFIEC Central Data Repository Public Data Distribution (CDR PDD) web site (<https://cdr.ffiec.gov/public/>). Data for the current quarter are made available, shortly after a bank's submission, beginning the first calendar day after the report date. Updated or revised data may replace data already posted at any time thereafter.

Legal Status

The Board's Legal Division has determined that Section 9 of the Federal Reserve Act (12 U.S.C. § 324) authorizes the Board to require these reports from all banks admitted to membership in the Federal Reserve System. The Board's Legal Division has determined that the individual respondent information contained in Schedule RI-E, item 2.g, "FDIC deposit insurance assessments" are exempt from disclosure pursuant to the Freedom of Information Act (5 U.S.C. § 552 (b)(4), (8)) for periods beginning June 30, 2009. The Board's Legal Division also determined that the individual respondent information contained in the trust schedule, RC-T are exempt from disclosure pursuant to the Freedom of Information Act (5 U.S.C. § 552(b)(4), (8)) for periods prior to March 31, 2009. Finally, Column A and Memorandum item 1 to Schedule RC-N, "Past Due and Nonaccrual Loans, Leases, and Other Assets," are exempt from disclosure pursuant to the Freedom of Information Act (5 U.S.C. § 552(b)(4), (8)) for periods prior to March 31, 2001.

Information collected in Call Reports pertaining to the redefined assessment base would be publicly available. With respect to the information to be collected for use as inputs to scorecard measures in the revised large institution assessment system, large and highly complex institutions would begin to report information on criticized and classified items, nontraditional mortgage loans, subprime consumer loans, leveraged loans, top 20 counterparty exposures, and largest counterparty exposure for assessment purposes in accordance with the definitions in the FDIC's final rule. Information of a similar nature is typically gathered through examination processes at these institutions and, accordingly, is treated as confidential examination information. Because the agencies would continue to regard these new data items as examination-related information, the information from large and highly complex institutions on criticized and classified items, nontraditional mortgage loans, subprime consumer loans,

leveraged loans, top 20 counterparty exposures, and largest counterparty exposure would be accorded confidential treatment when collected via the Call Report and TFR. The other new data items to be collected from large and highly complex institutions would be publicly available.

Consultation Outside the Agency and Discussion of Public Comments

The agencies published the notice for comment in the *Federal Register* on July 27, 2011 (76 FR 44987) and collectively received eight comments: four depository institutions, all of which are “large institutions” for deposit insurance assessment purposes and four bankers’ organizations, three of which submitted a joint comment letter.¹⁷ The comment period for this notice expired on September 26, 2011. On December 12, 2011, the agencies published a final notice in the *Federal Register* (76 FR 77315).

Six of the eight respondents on the second initial *Federal Register* notice focused their comments on the definitions of subprime consumer and leveraged loans in the FDIC’s assessments final rule, which (subject to the transition guidance for reporting such assets) are the basis for the regulatory reporting instructions for reporting the amounts of these two categories of higher-risk assets for assessment purposes in the Call Report and (through the December 31, 2011, report date) the TFR. In addition, representatives of the four commenting bankers’ organizations and certain large and highly complex institutions met twice with FDIC staff prior to the close of the comment period for the notice to explain their concerns about the definitions of, and the availability of the information necessary to report, subprime and leveraged loans by such institutions.

Comments also were received on the definition of nontraditional 1-4 family residential mortgage loans, the reporting of counterparty exposures by highly complex institutions, the frequency of loan loss provision and deferred tax calculations for reporting average tangible equity, the treatment of prepaid deposit insurance assessments in the measurement of average total assets for assessment base purposes, and the reporting of certain troubled debt restructurings that are guaranteed or insured by the U.S. Government. In addition, during the initial reporting of the revised assessment-related data items as of June 30, 2011, questions arose about which data items should be reported on a consolidated or an unconsolidated single FDIC certificate number basis by institutions that own another insured institution as a subsidiary because of the way in which these data are used in the FDIC’s risk-based deposit insurance system.

The agencies modified the proposal in response to the comment letters. For additional details on the comments received, the agencies’ evaluation of these comments, and the modifications that the agencies are making in response to the comments, please see Sections II.A through II.G of the final notice published December 12, 2011.

Estimate of Respondent Burden

The current annual reporting burden for the Call Report is estimated to be 183,273 hours and would increase to 183,306 hours as shown in the following table. The average estimated

¹⁷ The American Bankers Association (ABA), The Clearing House, and the Financial Services Roundtable jointly commented. The Risk Management Association submitted a separate comment letter.

hours per response for Call Report filers would increase from 55.47 hours to 55.48 hours since the June 2012 proposed changes only apply to a small subset of state member banks. The change in burden associated with this request is caused by assessment-related reporting revisions. This reporting requirement represents 1.59 percent of the total Federal Reserve paperwork burden.

| | <i>Number of respondents¹⁸</i> | <i>Annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated Annual burden hours</i> |
|-----------------|---|-------------------------|---|--------------------------------------|
| Current | 826 | 4 | 55.47 | 183,273 |
| Proposed | 826 | 4 | 55.48 | <u>183,306</u> |
| <i>Change</i> | | | | 33 |

The total cost to state member banks is estimated to be \$7,955,480 annually.¹⁹ This estimate represents costs associated with recurring salary and employee benefits, and expenses associated with software, data processing, and bank records that are not used internally for management purposes but are necessary to complete the Call Reports.

With respect to the changes that are the subject of this submission, banks would incur a capital and start-up cost component, but the amount would vary from bank to bank depending upon its individual circumstances and the extent of its involvement, if any, with the particular type of activity or product about which information would begin to be collected. An estimate of this cost component cannot be determined at this time.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

Current costs to the Federal Reserve System for collecting and processing the Call Reports are estimated to be \$1,139,127 per year.

¹⁸ Of these respondents, 413 are small entities as defined by the Small Business Administration (i.e., entities with less than \$175 million in total assets)

www.sba.gov/contractingopportunities/officials/size/table/index.html.

¹⁹ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support @ \$16, 45% Financial Managers @ \$50, 15% Legal Counsel @ \$54, and 10% Chief Executives @ \$80). Hourly rate for each occupational group are the median hourly wages (rounded up) from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2010, www.bls.gov/news.release/ocwage.nr0.htm Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.