

PRIVACY IMPACT ASSESSMENT

Proforma 2.0 (PROFORMA)

January 2013

FDIC Internal System

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System Overview

When an FDIC-insured financial institution fails, the FDIC Division of Resolutions and Receiverships (DRR) have primary responsibility for resolving the failed institution (FI) and managing the overall closing process. A key objective of the bank closing process is the completion of "proforma," which incorporates the activities needed to produce a final balance sheet (or financial statement) for the FI on the closing date. In cases where an acquiring institution (AI) assumes assets and liabilities of the failed institution, the proforma process involves the distribution of those assets and liabilities between the FDIC as Receiver and the AI, based on the Purchase and Assumption (P&A)¹ agreement.

During the closing, the FDIC Proforma Team² is responsible for reviewing, confirming, and adjusting (if necessary) the individual account balances on the FI's general ledger (GL). This process is controlled through the use of "proforma jackets," which are files that contain supporting documentation to confirm the final account balances. The Proforma Team utilizes the FDIC's Proforma 2.0 application ("PROFORMA") to produce the final FI balance sheet and separate financial statements³ for both the AI and FDIC.

As part of the closing process, DRR Proforma staff at the bank site may gather and scan/upload into the system certain documentation, such as copies of check ledgers and subsets of FDIC Business Information Systems (BIS) closing download data, in order to validate the proforma financial statements. This supporting documentation may include personally identifiable information (PII) about borrowers/customers of failed financial institutions, such as: name, home address, loan/account number, and Social Security Number (SSN)/Taxpayer Identification Number (TIN). In addition, DRR Proforma staff manually enters contact information into the system for FI employees who are identified as points of reference and listed on the final proforma jackets. This contact information has the potential to include personal telephone numbers and email addresses for former FI employees.

Personally Identifiable Information (PII) in PROFORMA

PROFORMA primarily contains non-personal financial data, but may contain personally identifiable information (PII) about the following categories of individuals:

- (a) **Former Employee of Failed Financial Institutions**, including their names, phone numbers (potentially non-work related), and email addresses (potentially non-work related). This information is manually entered into the system by authorized DRR Proforma staff onsite at the bank closing.
- (b) **Borrowers/Customers of Failed Financial Institutions**, including their names, home addresses, account/loan numbers, balance amounts, Customer Information File (CIF)⁴ numbers, and SSNs/TINs. As part of the closing process, DRR Proforma staff at the bank site may gather and scan/upload into the system

¹ A P&A is a resolution transaction in which a healthy institution purchases some or all of the assets of a failed institution and assumes some of all of the liabilities, including all insured deposits. The P&A agreement is an executed legal agreement between the FDIC and the acquiring institution which governs the closing. The Proforma Team splits assets and liabilities based on what is in the P&A Agreement.

² DRR assigns a Proforma Team to each bank closing, which consists of a Financial Manager, Proforma Team Leader, and Proforma Support Staff. The Financial manager is responsible for oversight of the financial closing process. The Proforma Team Leader directs the proforma process for the FI. Proforma Support Staff are responsible for reconciling and confirming the general ledger accounts of the FI and adjusting the account balances as necessary.

³ PROFORMA financial statements provide the basis for booking FI balances onto the books of the AI. In the case of the FDIC, the statements are used to record the assumption of failed institution assets and liabilities.

⁴ A CIF is a number that links all loan, deposit, and other accounts to a particular borrower.

- certain supporting documentation, such as copies of check ledgers and subsets of Business Information System (BIS) closing download data⁵. This data may contain PII about failed bank borrowers/customers and is necessary in order to reconcile and validate the proforma financial statements. PII about failed bank borrowers/customers is generally redacted from documentation that is “published” in the system (i.e., made accessible to all users within the system). However, the documentation that is considered “unpublished” (i.e., only made available to the system administrator and authorized users who participated in a particular bank closing) may contain un-redacted personal data to support the production of accurate financial statements.
- (c) **FDIC employees**, including the names and work-related contact information, for FDIC Proforma staff assigned to assist with reconciling a particular failed institution’s accounts. This information is obtained via an automated process from FDIC’s Active Directory.

Purpose & Use of Information in PROFORMA

The data contained in PROFORMA is both relevant and necessary to the purpose for which the system was designed. Specifically, PROFORMA data is used to produce the final failed institution financial statements for both the acquirer and FDIC. PROFORMA financial statements provide the basis for booking failed institution balances onto the books of the acquiring entity. In the case of the FDIC, the statements are used to record the assumption of failed institution assets and liabilities. Contact information for FDIC employees is necessary to identify those individuals who assisted with preparing the proforma jackets and final financial statements for each failed institution.

Sources of Information in PROFORMA

The general ledger account and balance data in PROFORMA is acquired from the failed financial institution’s (or its servicer’s) systems and records. The PII in PROFORMA is derived from the following sources:

- **Failed Institution Employee Data** – Contact information for former bank employees is manually entered into the system by DRR Proforma staff based on information obtained directly from former bank employees or other Receivership staff onsite at the failed institution.
- **FDIC Institution Borrower/Customer Data** – As part of the closing process, DRR Proforma staff at the bank site may gather and scan into the system certain supporting documentation, such as copies of ledgers of checks, which may include personal information about borrowers/customers of failed financial institutions. In addition, DRR Proforma staff uploads spreadsheets with subsets of BIS closing download data to the system. This BIS closing download data is obtained from the failed institution’s (or its servicer’s) information systems by DRR BIS staff or contractors via a secure electronic process. DRR BIS uploads the closing download data to a

⁵ During the pre-closing and closing processes, the FDIC DRR Business Information Systems (BIS) staff and contractors obtain a closing data download from the FI’s (or its Servicer’s) information systems and upload the data to a designated FDIC DRR SharePoint site. DRR Proforma staff accesses the SharePoint site and uploads the BIS closing download data into the PROFORMA application to generate the financial statements.

secure FDIC DRR SharePoint site, which DRR Proforma staff accesses to retrieve the data.

- **FDIC Employee Data** – The names and work-related contact information for FDIC staff that assisted with reconciling a particular failed institution’s accounts are imported from Active Directory into the system via an automated process.

Notice & Consent

Data about FI borrowers/customers is acquired directly from the failed financial institution’s (or its servicer’s) information systems as part of the BIS closing data download process, not from the individual; therefore, the individual does not have the ability to opt out or consent to only certain uses of the data. In addition, contact information (generally work-related) for former bank employees is obtained directly from the employees or Receivership staff onsite at the bank closing and is necessary to reconcile and help address questions about the failed institution’s general ledger account and balance data. Therefore, opting out is not an option.

Access to Data in PROFORMA

The primary users of PROFORMA are authorized FDIC employees and contractors within the FDIC’s DRR Financial Accounting Resolution Management Section for purposes of preparing the proforma jackets and producing the final failed financial institutions’ statements. The financial statements are system-generated reports in PROFORMA. All off the DRR Team Members assigned to a particular closing can view or print these reports during the closing, as well as view them as PDF files after the closing is complete. In addition, authorized DRR Financial Accounting Management staff require access to PROFORMA in order to oversee and review the development of the failed financial institution statements.

On a “need to know” basis, FDIC employees and contractors within DRR and other FDIC divisions (e.g., Division of Finance) may be granted access to view PDF files in support of their official business duties.

Other authorized internal FDIC users include the Division of Information Technology (DIT), which is responsible for providing technical support, confirming adherence to FDIC policies and standards (e.g., security and privacy), and providing system administration and maintenance support.

Data Sharing

Other Systems that Share or Have Access to Data in the System:

There are no *direct* connections between PROFORMA and other systems. However, PROFORMA has the capability to export data files (containing non-PII financial data) to update the entries in FDIC’s Control Totals Module (CTM).

System Name	System Description	Type of Information Processed
N/A	N/A	N/A

Data Accuracy in PROFORMA

Prior to, or at the time of the closing, a major download of the bank customer data is prepared and performed by the failing or failed institution in coordination with DRR Business Information Systems (BIS) staff. Data enters the FDIC environment through a variety of secure transmission methods, such as Secure File Transfer Protocol (SFTP) and FDICConnect, and is stored on the secure FDIC Network. SFTP and FDICConnect scans all files for virus and malicious code. The BIS staff also analyze the data downloads for reliability and prepare the data for use by the various FDIC systems and business processes that support the overall closing effort, including PROFORMA.

Data Security for PROFORMA

PROFORMA has controls in place to prevent the misuse of the data by those having access to the data. Such security measures and controls consist of passwords, user identification, user profiles and software controls. Users who are approved for access to PROFORMA are deemed to have the authorization to access and review any data maintained. The controls are applied during the process of approving a user for access. In addition, if an authorized user does not utilize their access on a regular basis, the login is inactivated and no access is available. Users who are inactivated must reapply for access.

System of Records Notice (SORN)

PROFORMA operates under the applicable FDIC SORN: #30-64-0013, *Insured Financial Institution Liquidation Records*.

Contact Us

To learn more about the FDIC's Privacy Program, please visit:
<http://www.fdic.gov/about/privacy/>.

If you have a privacy-related question or request, email Privacy@fdic.gov or one of the [FDIC Privacy Program Contacts](#). You may also mail your privacy question or request to the FDIC Privacy Program at the following address: 3501 Fairfax Drive, Arlington, VA 22226.

