

## SUPPORTING STATEMENT

### Advanced Capital Adequacy Framework Regulatory Reporting Requirements

#### FFIEC 101

OMB Control No. 1557-0239

#### **A. Justification.**

##### ***1. Circumstances that make the collection necessary:***

The OCC is requesting renewal of approval from the Office of Management and Budget (OMB) for the Advanced Capital Adequacy Framework Regulatory Reporting Requirements (Federal Financial Institutions Examination Council (FFIEC) 101). The FFIEC<sup>1</sup> has regulatory reporting requirements for banks<sup>2</sup> that qualify for and adopt the Advanced Capital Adequacy Framework to calculate their risk-based capital requirement or are in the parallel run stage of qualifying to adopt the framework.

Once a bank has adopted its implementation plan, it must complete a satisfactory parallel run before it may use the advanced approaches to calculate its risk-based capital requirements. The parallel run must be a period of at least four consecutive calendar quarters during which the bank meets all of the qualification requirements to the satisfaction of the OCC. During this period, the bank would continue to be subject to the general risk-based capital rules and would simultaneously calculate its risk-based capital ratios under the advanced approaches. The bank would report its risk-based capital ratios under both the general rules and the advanced approaches to the OCC through the supervisory process on a quarterly basis.

##### ***2. Use of the information:***

The OCC uses the information to assess and monitor the levels and components of each bank's risk-based capital requirements and the adequacy of the entity's capital under the framework. The data allows the OCC to evaluate the quantitative impact and competitive implications of the framework on individual respondents and on the industry. The reporting schedules assist banks in understanding expectations surrounding the system development necessary for implementation and validation of the framework. The data submitted by banks that

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<sup>1</sup> The OCC, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (agencies) are members of the FFIEC.

<sup>2</sup> For simplicity, and unless otherwise indicated, this notice uses the term "bank" to include banks, savings associations, and bank holding companies (BHCs). The terms "bank holding company" and "BHC" refer only to bank holding companies regulated by the Board and do not include savings and loan holding companies regulated by the OTS. For a detailed description of the institutions covered by this notice, refer to Part I, Section 1, of the final rule entitled Risk-Based Capital Standards: Advanced Capital Adequacy Framework (72 FR 69397, December 7, 2007).

is releasable to the public provides information about banks' risk-based capital. The data also serves to contribute to the on-site examination processes.

The information is collected using the form "FFIEC 101." The FFIEC 101 contains nineteen schedules, A through S, for banks to submit detailed data on the components of their capital and risk-weighted assets. Only Schedules A, B and S (Items 1-2 only) are publicly available once a bank has qualified to use the advanced approaches for regulatory capital purposes. Prior to qualification (i.e., parallel run), all information submitted by the respondents will be kept confidential.

Schedule A includes information about the components of Tier 1 capital, Tier 2 capital, and adjustments to regulatory capital as defined in the NPRM; it previously contained two parts and has been collapsed into one schedule for use by all institutions. Schedule B contains: summary information about risk-weighted assets by risk type; and, for credit risk exposures, outstanding balances and aggregated information about the drivers and estimates on which the calculation of risk-weighted assets are based. Schedule S, Items 1-2 contain high level information on operational risk capital.

This publicly available data is intended to provide market participants, depositors, supervisors, and the public with a sufficient level of detail about banks' major capital and risk-weighted assets components and information about the composition of regulatory capital and the risk parameters on which risk-weighted asset calculations are based.

Schedules C-S outline the main components of banks' risk-weighted assets and are an expanded version of the summary data in Schedule B. Schedules C-J include data items within the wholesale exposure category.

Schedules K-O are data items within the retail exposure category and each schedule represents a sub-portfolio of the retail exposure category as listed in Schedule B.

Schedules P and Q are data items within the securitization exposure class.

Schedule R, which has been reformatted, provides: information about a bank's equity exposures by type of exposure and by approach to measuring required capital; and information on equity exposures subject to specific weights and equity exposures to investment funds.

Schedule S provides data within the operational risk exposure class. The data items include details about historical operational losses for the reporting period and those used to model operational risk capital.

The purpose of the detailed reports for credit portfolios is to obtain information that broadly reflects risk segments within each portfolio. The reports enable the OCC to conduct off-site assessment of banks' regulatory capital calculations, perform trend analyses of capital changes, conduct peer analyses of capital and risk parameters, and direct the focus of on-site examination efforts.

**3. Consideration of the use of improved information technology:**

Any information technology that permits review by OCC examiners may be used.

**4. Efforts to identify duplication:**

The required information is unique and is not duplicative of any other information already collected.

**5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:**

Not applicable. The collection does not have a significant impact on a substantial number of small entities.

**6. Consequences to the Federal program if the collection were conducted less frequently:**

The OCC would not be able to adequately monitor capital levels and ensure safety and soundness.

**7. Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR Part 1320:**

The information collection would be conducted in a manner consistent with 5 CFR Part 1320.

**8. Efforts to consult with persons outside the agency:**

On October 22, 2010, the agencies published a Federal Register notice for 60 days of comment (75 FR 65402). No comments were received.

**9. Payment or gift to respondents:**

None.

**10. Any assurance of confidentiality:**

The information would be kept confidential except as permitted to be disclosed by means of an exemption under the Freedom of Information Act. 5 U.S.C. § 552.

**11. Justification for questions of a sensitive nature:**

There are no questions of a sensitive nature.

**12. Burden estimate:**

*Estimated Number of Respondents:* 52 national banks.

*Estimated Time per Response: 625 hours.*

*Estimated Total Annual Burden: 130,000 hours.*

***Cost of Hour Burden to Respondents:***

The OCC estimates the cost of the hour burden to respondents as follows:

130,000 x \$100/hour (combination of various levels of staff) = \$ 13,000,000

Total Hour Burden Cost: \$ 13,000,000

***13. Estimate of total annual costs to respondents (excluding cost of hour burden in Item #12):***

Not applicable.

***14. Estimate of annualized costs to the Federal government:***

Not applicable.

***15. Change in burden:***

There is no change in burden.

***16. Information regarding collections whose results are to be published for statistical use:***

The OCC has no plans to publish the information for statistical purposes.

***17. Reasons for not displaying OMB approval expiration date:***

The OCC is not requesting permission to not display the OMB approval expiration date.

***18. Exceptions to the certification statement in Item 19 of OMB Form 83-I:***

None.

**B. Collections of Information Employing Statistical Methods.**

Not applicable.