

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 charged with assuring the safety and soundness of national banks and Federal savings associations. (12 U.S.C. 1). In carrying out those duties, banks must submit information to the OCC: 12 U.S.C. 161 (national banks) and 12 U.S.C. 1464 (savings associations). The OCC uses this 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 Advanced Capital Adequacy Framework, which is a significant component of a bank's safety and soundness.

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 Advanced Capital Adequacy 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 also improves the OCC's ability to monitor bank activities through the examination processes.

The purpose of the detailed reports, identified below, 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.

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.

Schedule A includes information about the components of Tier 1 capital, Tier 2 capital, and adjustments to regulatory capital as defined in the NPRM. 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.

Schedules C-J include data items within the wholesale exposure category for banks' risk-weighted assets.

Schedules K-O are data items within the retail exposure category and each schedule represents a sub-portfolio of the retail exposure category for banks' risk-weighted assets.

Schedules P and Q are data items within the securitization exposure class for banks' risk-weighted assets.

Schedule R 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.

3. Consideration of the use of improved information technology:

Banks must file the information required under this collection electronically. 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 of the collection on small entities:

Small banks are not impacted by this collection, as the capital framework generally applies to banks with at least \$50 billion of assets.

6. Consequences if the collection were conducted less frequently:

The OCC would not be able to adequately monitor capital levels and ensure safety and soundness of national banks and Federal savings associations in a timely manner.

7. Special circumstances:

There are no special circumstances in this collection.

8. Efforts to consult with persons outside the agency:

On August 12, 2013 the agencies solicited comment on the changes to the information collection. 78 FR 48932.

The agencies received comments on the FFIEC 101 from one entity, a bankers' association. This commenter asked the agencies to clarify when an institution is required to file the FFIEC 101 report if the institution has triggered the criteria for applying the advanced approaches rule but has not yet begun its parallel run period. The agencies are clarifying that an institution would begin completing FFIEC 101, Schedule A, at the end of the quarter after the quarter in which the institution triggers one of the threshold criteria for applying the advanced approaches rule or elects to use the advanced approaches rule.¹ However, the institution would not be required to report those Schedule A items that depend on the implementation of the advanced approaches rules (specifically, items 12, 50, 61 through 68, 78 through 79, and 86 through 90) and all the other schedules of the FFIEC 101 until the end of the first quarter in which the institution has begun its parallel run period.

The same commenter asked how an advanced approaches institution that has not completed its parallel run period should report its supplementary leverage ratio in Call Report Schedule RC-R and in FFIEC 101 Schedule A, since such an advanced approaches institution has a longer time period in which to submit the FFIEC 101 than the time period for submitting the Call Report. The agencies note that the calculation of the supplementary leverage ratio does not depend on the advanced approaches systems and thus this ratio can be calculated for purposes of the Call Report independent of an institution's preparation and submission of the FFIEC 101 report. Accordingly, consistent with the proposal, an advanced approaches institution that has not completed its parallel run would report the supplementary leverage ratio in Call Report Schedule RC-R and then it would report the details of its calculation of the supplementary leverage ratio on FFIEC 101 Schedule A by this report's later submission deadline.

The commenter also asked for clarification of a limited number of line item instructions in Schedules A, B, H through O, and Q. The agencies are clarifying the instructions for these line items to the extent considered appropriate by revising and expanding specific instructions.

The agencies also received a comment letter on proposed changes to the FFIEC 101 with regard to the netting of mortgage servicing assets (MSAs) and related deferred tax liabilities (DTLs) for purposes of calculating risk-weighted assets. The commenter expressed concern that the instructions did not permit MSA and DTL netting for purposes of calculating risk-weighted asset amounts, while permitting it for purposes of regulatory capital deductions and adjustments. The agencies concluded that netting of DTLs and MSAs is appropriate only for purposes of calculating the amount of MSAs that is subject to deduction under the agencies' revised capital rule, not for risk-weighting purposes, and therefore are not changing the reporting instructions.

9. Payment or gift to respondents:

None.

¹ An institution is deemed to have elected to use the advanced approaches rule on the date that its primary federal supervisor receives from the institution a board-approved implementation plan pursuant to section 121(b)(2) of the revised regulatory capital rules. After that date, in addition to being required to report on the FFIEC 101, Schedule A, the institution may no longer apply the AOCI opt-out election in section 22(b)(2) of the revised regulatory capital rules and it becomes subject to the supplementary leverage ratio in section 10(c)(4) of the revised regulatory capital rules and its associated transition provisions.

10. Any assurance of confidentiality:

The FFIEC 101 information collections are generally given confidential treatment (5 U.S.C. 552(b)(4)). However, the agencies would make public the information collected on the FFIEC 101 Schedule A, except for a few advanced approaches-specific line items identified below, for all advanced approaches institutions regardless of their parallel run status starting with the report for the March 31, 2014, report date. For report dates after the reporting institution conducts a satisfactory parallel run Schedules A and B, as well as line items 1 and 2 of Schedule S, of the institution's FFIEC 101 are no longer given confidential treatment.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

Estimated Number of Respondents: 14 national banks and savings associations.

Estimated Time per Response: 675 burden hours per quarter to file.

Estimated Total Annual Burden: 37,800 hours.

Cost of Hour Burden to Respondents:

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

37,800 x \$100/hour (combination of various levels of staff) = \$ 3,780,000

Total Hour Burden Cost: \$ 3,780,000

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:

Current Burden: 137,500 hours.

New Burden: 37,800 hours.

Difference: - 99,700 hours.

The addition of the Basel III capital disclosure template increases the burden imposed by the collection slightly. However, the correction of the prior overstatement of the number of respondents results in an overall decrease in burden.

16. Publication of information for statistical purposes:

The OCC is not publishing the information for statistical purposes.

17. Reasons for not displaying OMB approval expiration date:

Not applicable.

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

None.

B. Collections of Information Employing Statistical Methods.

Not applicable.