

## **SUPPORTING STATEMENT**

### **Advanced Capital Adequacy Framework Regulatory Reporting Requirements**

#### **FFIEC 101**

#### **OMB Control No. 1557-0239**

On March 1, 2017, the agencies published a notice in the **Federal Register** (82 FR 12274) proposing to modify and extend the FFIEC 101 reporting form by removing two items related to reporting of credit valuation adjustments (CVA) and exposure at default (EAD), as the agencies no longer need banks to report this information in those items. If approved, the revisions would be effective beginning with the September 30, 2017 report. The agencies received no comments on the proposed changes.

#### **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. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

Small banks are not impacted by this collection. The FFIEC 101 is only required for advanced approaches banks, which are generally those 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:**

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The proposed changes would remove FFIEC 101, Schedule B, Items 31.a and 31.b. in Column D.. These items collect information on a bank's credit valuation adjustments under the simple approach and advanced approaches capital rules. These items are currently collected but remain confidential and are not disclosed outside the Federal banking agencies.

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

None.

**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 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:**

The OCC anticipates no change in burden for the respondents it supervises. Even though the OCC is collecting two fewer items, banks would generally still calculate those amounts to feed into other totals requested in the FFIEC 101.

**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.