SUPPORTING STATEMENT
Interagency Guidance on Leveraged Lending
(OMB Control No. 3064-0191)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year renewal of the information collection titled, "Interagency Guidance on Leveraged Lending" (3064-0191). The Guidance describes expectations for the sound risk management of leveraged lending activities. There is no change in the method or substance of the collection. This information collection expires on October 31, 2019.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

   The policies and procedures related to the Interagency Guidance on Leveraged Lending are among the many policies and procedures that financial institutions are encouraged to have in order to operate safely and soundly. The Guidance specifically addresses leveraged lending, and sets forth the topics that policies and procedures should address, including: (i) the definition of leveraged lending, (ii) participations purchased, (iii) underwriting standards, (iv) valuation standards, (v) pipeline management, (vi) reporting and analytics, (vii) risk rating, (viii) credit analysis, (ix) problem credit management, (x) deal sponsors, (xi) credit review, (xii) stress-testing, (xiii) conflicts of interest, (xiv) reputational risk, and (xv) compliance.

2. Use of the information:

   The guidance outlines high-level principles related to safe and sound leveraged lending activities all of which will be reviewed during supervisory examinations to assess how well the financial institution is managing its risk. These principles include underwriting considerations, assessing and documenting enterprise value, risk management expectations for credits awaiting distribution, stress testing expectations and portfolio management, and risk management expectations, The Guidance is intended for all Federal Reserve-supervised, FDIC-supervised, and OCC-supervised financial institutions substantively engaged in leveraged lending activities.

3. Consideration of the use of improved information technology:

   Financial institutions may use the most efficient means available if they elect to implement the principles outlined in the Guidance. In many cases, banks already have the technological capacity to electronically gather and maintain information. Banks will not be submitting documentation to the FDIC. Rather, FDIC examiners may review documentation and data, if available, during examinations to assess a bank's management of its risk.

4. Efforts to identify duplication:

   The information is unique to each institution and is not otherwise available to FDIC as it is not the subject of any existing collection of information.

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

   The collection of information does not have a significant impact on a substantial number of small institutions.

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

   The guidance is entirely voluntary.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):

   None. This information collection is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

   On July 12, 2019 the FDIC published a Federal Register notice proposing to extend the Interagency Leveraged Lending Guidance existing information collection (84 FR 33262). The FDIC did not receive any comments addressing this collection of information.

9. Payments or gifts to respondents:

   None.

10. Any assurance of confidentiality:

    Any information the FDIC collects will be kept private to extent provided by law.

11. Justification for questions of a sensitive nature:

    No information of a sensitive nature is requested.

12. Estimate of hour burden including annualized hourly costs:

Estimated Annual Burden

Information Collection (IC) Description	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response (Hours)	Frequency of Response	Total Estimated Annual Burden (Hours)
Interagency Guidance on Leveraged Lending - Implementation	Recordkeeping	Voluntary	1	1	986.70	On Occasion	986.70
Interagency Guidance on Leveraged Lending - Ongoing	Recordkeeping	Voluntary	5	1	529.30	Monthly	2,646.50
Total Estimated Annual Burden Hours							**3,633.20**

Annualized Cost of Internal Hourly Burden:

The estimated labor cost[1] is calculated as follows:

Personnel Category	**Hourly 75th Percentile Wage**	**Percent Weighted**	**Dollar Value Weighted**
Executives & Managers *	$122.12	10%	$12.21
Lawyers **	$155.83	15%	$23.37
Financial Analysts†	$83.11	45%	$37.40
Clerical ‡	$31.84	30%	$9.55
Weighted Average Wage		100%	$82.53

Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Depository Credit Intermediation Sector" (May 2017).

* Occupation (SOC Code): Top Executives (111000)
** Occupation (SOC Code): Lawyers, Judges, and Related Workers (231000)
† Occupation (SOC Code): Financial Analyst (132051),
‡ Occupation (SOC Code): Office and Administrative Support Occupations (430000)

The dollar value of the 3,633.20 hours of total estimated annual burden is $299,847.99 (3,633.20 hours x $82.53).

13. Estimate of start-up costs to respondents:

None.

1 The 75th percentile wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the December 2018 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 33.7 percent of total compensation. Additionally, the wage has been adjusted for inflation according to BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 1.40 percent between May 2018 and March 2019.

14. Estimate of annualized costs to the government:

    None.

15. Analysis of change in burden:

    There is no change in the method or substance of this information collection. The 2,118 decrease in burden hours is a result of economic fluctuation. In particular, the number of respondents has decreased while the hours per response and frequency of responses have remained the same.

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

    The results of this collection will not be published for statistical use.

17. Display of expiration date:

    Not applicable.

18. Exceptions to Certification

    None.

B. Collection of Information Employing Statistical Methods

Not Applicable.