

**Supporting Statement for the  
Regulatory Capital Reporting for Institutions Subject to the  
Advanced Capital Adequacy Framework  
(FFIEC 101; OMB No. 7100-0319)**

**1. Explain the circumstances that make the collection of information necessary.**

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to revise the Federal Financial Institutions Examination Council (FFIEC) Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB No. 7100-0319) under the emergency clearance provisions of OMB's regulations. The FFIEC 101 collects data regarding the levels and components of risk-based capital from firms subject to the Board's advanced approaches capital framework (advanced approaches framework), as well as data regarding the supplementary leverage ratio (SLR) from firms subject to that requirement. The FFIEC 101 must be filed quarterly by certain large or internationally active state member banks (SMBs), bank holding companies (BHCs), savings and loan holding companies (SLHCs) that are subject to the advanced approaches framework and other Board-regulated institutions that adopt the framework on a voluntary basis (collectively, advanced approaches banking organizations); additionally, certain BHCs, SLHCs, SMBs, and U.S. intermediate holding companies (IHCs) that are not advanced approaches banking organizations must report only certain information regarding the SLR. The revisions to the FFIEC 101 that are the subject of this request have been approved by the FFIEC. The Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) have also submitted similar requests for OMB review to request this information from banks under their supervision.

The Board, FDIC, and OCC (the agencies) propose to revise the FFIEC 101 effective beginning with reports for the June 30, 2020, report date. In connection with this request, the agencies are providing a summary of three interim final rules (IFRs) and associated FFIEC 101 reporting revisions in response to disruptions related to the coronavirus disease 2019 (COVID-19). Although the proposal would substantively change the actual calculation of FFIEC 101 items, as discussed below, the change would be minimal and would result in a zero net change in estimated hourly burden under the agencies' information collections.

**2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The FFIEC 101 report collects information from all Board-supervised advanced approaches banking organizations, as well as information regarding the SLR from Category III institutions. Advanced approaches banking organizations are required to submit detailed data on the components of their capital and risk-weighted assets in nineteen schedules (A through S). Category III institutions must complete only Schedule A, SLR Tables 1 and 2.

Advanced Approaches Regulatory Capital and Summary Risk-Weighted Asset Information. Schedule A collects information about the components of Tier 1 capital, Tier 2

capital, and adjustments to regulatory capital as defined within the rule. Schedule B contains summary information about risk-weighted assets by risk type, and, in the case of credit risk exposures, outstanding balances and aggregated information about the drivers and estimates that underlie the calculation of risk-weighted assets. Tables 1 and 2 of Schedule A collect information about each advanced approaches banking organization and top-tier Category III BHCs, SHCs, and SMBs, and all Category III IHCs SLR, the ratio of tier 1 capital to total leverage exposure. Table 1 reconciles balance sheet assets reported in published financial statements and total leverage exposure. Table 2 collects components of on-balance sheet and off-balance sheet exposures, for the calculation of total leverage exposure, tier 1 capital, and the calculation of the SLR.

Schedule B collects general exposure information from advanced approaches banking organizations. Respondents must report:

- Wholesale exposures, including separate reporting for the following types of exposures: Corporate; Bank; Sovereign; Income producing real estate; High volatility commercial real estate; Eligible margin loans, repo-style transactions, and OTC derivatives with cross product netting; and Eligible margin loans, repo-style transactions, and OTC derivatives without cross product netting,
- Retail Exposures, including separate reporting for the following types of exposures: Residential mortgage closed-end first liens, Residential mortgage closed-end junior liens, Residential mortgage revolving exposures, Qualifying revolving exposures, and Other retail exposures,
- Securitization exposures,
- Cleared transactions, including separate reporting for the following types of exposures: Derivative contracts and netting sets to derivatives, Repo-style transactions, and Default fund contributions,
- Equity exposures, and
- Other assets; including separate reporting for the following types of exposures: Unsettled transactions, Assets not included in a defined exposure category, Non-material portfolios of exposures, Credit valuation adjustments, Assets subject to the general risk-based capital requirements, Excess eligible credit reserves not included in Tier 2 capital, Advanced market risk equivalent assets; and Operational risk.

Some of the aggregate data items submitted in Schedule B are derived from information contained in the more detailed confidential supporting schedules described below. The data contained in Schedule B describe the main summary-level components of respondents' risk-weighted assets.

Wholesale Exposures. Schedules C through J request data on respondents' wholesale exposures. Each schedule represents a sub-portfolio of the wholesale exposure category as listed on Schedule B. For each reported sub-portfolio, the schedule groups exposures into sub-portfolio segments using supervisor-defined probability of default (PD) ranges. The reported cells within these schedules then describe the main risk parameters and characteristics of each sub-portfolio segment.

Retail Exposures. Schedules K through O request data on respondents' retail exposure

category. Each schedule represents a sub-portfolio of the retail exposure category as listed on Schedule B. PD ranges are used to sub-divide each sub-portfolio into segments.<sup>1</sup> The reported cells within these schedules then describe the main risk parameters and characteristics of each sub-portfolio segment. The retail schedules also incorporate risk characteristics that are believed to be commonly used drivers within respondents' risk management and measurement processes, including the distribution of each sub-portfolio segment by loan-to-value ranges (applies only to real estate exposures), weighted average credit bureau score, and weighted average account age.<sup>2</sup>

Securitization Exposures. Schedule P requests data on respondents' securitization and resecuritization exposures that are subject to either the supervisory formula approach, the simplified supervisory formula approach, a 1250 percent risk weight, or deduction. A respondent completes Schedule P by providing information on exposure amount, risk-weighted asset amount, and deduction amount for each securitization and resecuritization based on the treatment the exposure is subject to under the rule.

Cleared Transactions. Schedule Q requests data on respondents' cleared transaction exposures. The schedule divides cleared transactions into subcategories relating to the Clearing member client bank and to the Clearing member bank. For the Clearing member client bank category, a respondent completes Schedule Q by providing exposure amount and risk weighted asset amount information on derivative contracts or netting sets of derivative contracts and repo-style transactions. Schedule Q requests that respondents' provide exposure amount from default fund contributions and risk-weighted asset amounts for exposures within the Clearing member bank category, which include derivative contracts or netting sets of derivative contracts, repo-style transactions, and default fund contributions to non-qualified and qualified central counterparties.

Equities. Schedule R requests information about respondents' equity exposures by type of exposure and by approach to measuring required capital. Schedule R also requests information on equity exposures subject to specific risk weights and equity exposures to investment funds. A respondent completes the appropriate section of the schedule based on whether it uses a simple risk-weight approach, a full internal models approach, or a partially modeled approach to measuring required capital for equity exposures.

Operational Risk. Schedule S requests data on respondents' operational risk exposure. Data items submitted in this schedule include various details about historical operational losses, on a stand-alone and group-wide basis, for the current reporting period and those historical operational losses used to model operational risk capital. The schedule also requests data related to scenarios, distribution assumptions, and loss caps used to model operational risk capital.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.**

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<sup>1</sup> Unlike the wholesale credit exposure reporting schedules, the PD ranges for retail exposures differ from sub-portfolio to sub-portfolio.

<sup>2</sup> For qualifying revolving exposures and other (non-mortgage) retail exposures, the exposure at default of accounts under two years old is reported instead of weighted average age for each sub-portfolio exposure segment.

All affected institutions must submit their completed reports electronically using the Federal Reserve's Reporting Central application.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

The data collected through the FFIEC 101 are unique and cannot be replaced by data already collected by the federal government.

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

Of respondents to the FFIEC 101, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), [www.sba.gov/document/support--table-size-standards](http://www.sba.gov/document/support--table-size-standards).

- 6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

Less frequent reporting would reduce the ability of the Board to identify and respond in a timely manner to noncompliance with minimum regulatory capital ratios, adverse risk trends that become apparent in the forward-looking risk estimates reported by respondents, and evidence of risk estimates that call into question the accuracy of a bank's capital calculation or place other institutions with similar types of exposures at a competitive disadvantage. To be most useful as an off-site analytical tool, these reports are intended to correspond to the frequency and timing of other regulatory submissions including the Consolidated Reports of Condition and Income (Call Report) and the Board's FR Y-9C report.

- 7. Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2).**

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

- 8. Describe comments in response to the *Federal Register* notice and efforts to consult outside the agency.**

The Board, FDIC, and OCC coordinated in developing these revisions. The agencies will follow this request for emergency processing with a request under normal clearance procedures, during which comments will be solicited for the typical 60 day and 30 day periods. All comments received on paperwork burden, whether during the 60 day or 30 day comment periods, will be considered in finalizing the collection.

- 9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

There are no payments or gifts provided to respondents.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. If the collection requires a systems of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.**

For report dates before a reporting institution has completed its parallel run period, Schedule A, except for items 78, 79, and 86-90, is released to the public. Items 78, 79, and 86-90 on Schedule A and all of the information reported in Schedules B through S are withheld as confidential. For report dates after an institution has completed its parallel run period, all of the data items in Schedules A and B, except for Schedule B, items 31.a and 31.b, column D, and data items 1 and 2 of Schedule S are released to the public. Data items 31.a and 31.b, column D of Schedule B, and all of the data items in Schedules C through S, except for Schedule S, data items 1 and 2, continue to be withheld as confidential after the institution's parallel run period is completed.

Data items 78, 79, and 86-90 of Schedule A collect information on total eligible credit reserves, risk weighted assets, tier one capital ratios and other data calculated using advanced approaches. Schedule B contains summary information about risk-weighted assets and aggregated information that underlie the calculation of risk-weight assets using advanced approaches. Data items 1 and 2 of Schedule S reflect high-level information on an institution's total risk-based capital requirement for operational risk. During the parallel run period, supervisors may request a banking organization amend its internal models, risk measurement, and management infrastructure to implement calculations using advanced approaches. Public disclosure of the above referenced data items before the parallel run period is completed could lead investors, competitors, and the public to misjudge the financial health of the institutions, when in fact there has been no change to their underlying fundamentals and, therefore, could result in substantial competitive harm. Thus, data items 78, 79, and 86-90 of Schedule A, all of Schedule B (except for data items 31.a and 31.b, column D), and data items 1 and 2 of Schedule S only will be released to the public by the FFIEC for the reporting periods after the institution's parallel run period is completed. Before completion of the parallel run period, such information may be withheld as confidential pursuant to exemption 4 of the Freedom of Information Act (FOIA), which exempts from disclosure "trade secrets and commercial or financial information obtained from a person and privileged or confidential" (5 U.S.C. § 552(b)(4)).

Data items 31.a and 31.b, column D of Schedule B, data items 3-24 of Schedule S, and all of the data items in Schedules C through R. The data items found in these schedules contain more detailed information than are included in the public schedules, including sensitive information breaking down individual banking organization exposures to borrowers by probability of default, exposures at default, and detailed information on the data used to model operational risk capital. Disclosure of this information could result in substantial competitive harm to the reporting institution, particularly because other financial institutions, which are not required to publicly report such data, would competitively benefit from the public disclosure of such detailed information by each reporting institution. Accordingly, these items are withheld as confidential pursuant to exemption 4 of the FOIA after the parallel run period.

If a reporting institution believes that disclosing the data items designated for public disclosure on the FFIEC 101 report is reasonably likely to result in substantial harm to its competitive position, then consistent with exemption 4 of the FOIA, the respondent may request confidential treatment for such information, which will be evaluated on a case-by-case basis.

Finally, the Board uses data from the FFIEC 101 to supplement on-site examination processes. Therefore, this information can be kept confidential under exemption 8 of FOIA (5 U.S.C. § 552(b)(8)), which specifically exempts from disclosure information “contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions.”

**11. Provide additional justification for any questions of a sensitive nature.**

There are no questions of a sensitive nature.

**12. Provide estimates of the annual hourly burden of the collection of information.**

As shown in the table below, the estimated total annual burden for the FFIEC 101 is 35,288, and would remain unchanged with the proposed revisions. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FFIEC 101</b>	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
SMBs	4	4	674	10,784
BHCs and SLHCs	9	4	677	24,372
BHCs and SLHCs (SLR Tables 1 and 2 only)	5	4	3	60
IHCs	6	4	3	<u>72</u>
<i>Total</i>				35,288

The current estimated total annual cost to the public for the FFIEC 101 is \$2,037,882.

Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, and 10% Chief Executives at \$93). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages May 2019, published March 31, 2020 [www.bls.gov/news.release/ocwage.t01.htm](http://www.bls.gov/news.release/ocwage.t01.htm). Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/).

**13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information.**

There are no annualized costs to the respondents.

**14. Provide estimates of annualized costs to the Federal government.**

The estimated cost to the Federal Reserve System for collecting and processing the FFIEC 101 is \$157,700.

**15. Explain the reasons for any program changes or adjustments reported on the burden worksheet.**

The agencies propose under the emergency clearance provisions of OMB's regulations to revise the FFIEC 101 effective beginning with the June 30, 2020, report date. The agencies have determined that (1) the collection of information within the scope of this request is needed prior to the expiration of time periods established under 5 CFR 1320.10, (2) this collection of information is essential to the mission of the agencies, and (3) the agencies cannot reasonably comply with the normal clearance procedures because an unanticipated event has occurred and the use of normal clearance procedures is reasonably likely to prevent or disrupt the collection of information.

Recent events have suddenly and significantly impacted financial markets. The spread of COVID-19 has disrupted economic activity in many countries. In addition, financial markets have experienced significant volatility. The magnitude and persistence of the overall effects on the economy remain highly uncertain. Small businesses are facing severe liquidity constraints and a collapse in revenue streams. In light of these developments, banking organizations may realize a sudden, unanticipated drop in capital ratios and liquidity. This could create a strong incentive for these banking organizations to limit their lending and other financial intermediation activities in order to avoid facing abrupt regulatory capital and liquidity limitations.

Recently, the agencies issued an IFR to make changes to their regulatory capital rules to facilitate banking organizations' use of the Board's emergency facility and to support prudent lending. Also, the agencies issued two IFRs to ease strains in the Treasury market and increase banking organizations' ability to provide credit to households and businesses. The IFRs, discussed below, affect data collected on the FFIEC 101. The IFRs were issued with immediate effective dates. As stated in the *Federal Register* notices, the agencies believe that, in light of current market uncertainty, the public interest is best served by implementing the IFRs as soon as possible. Therefore, the agencies request emergency clearance from OMB to permit revisions to the FFIEC 101, beginning with the June 30, 2020, report date, to reflect regulatory amendments made by these IFRs.

*Paycheck Protection Program Liquidity Facility (PPPLF) - Interim Final Rule*

Section 1102 of the CARES Act allows for banking organizations to make loans under the Paycheck Protection Program (PPP)<sup>3</sup> program of the Small Business Administration (SBA) in connection with COVID-19 disruptions to small businesses (referred to as PPP loans or PPP covered loans). While the loans are funded by the banking organizations, they receive a guarantee from the SBA. The statute specified that these loans should receive a zero percent risk weight for regulatory capital purposes. The Federal Reserve subsequently established a liquidity

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<sup>3</sup> See 85 FR 20811 (April 15, 2020).

facility to permit banking organizations to obtain non-recourse loans, for which PPP loans are pledged to the facility, to provide additional liquidity.

On April 13, 2020, the agencies published an IFR (PPPLF IFR) with an immediate effective date, which permits banking organizations to exclude from regulatory capital requirements PPP loans pledged to the PPPLF.<sup>4</sup> The IFR modifies the agencies' capital rule to allow banking organizations to neutralize the effects on their risk-based and leverage capital ratios of making PPP loans that are pledged to the PPPLF. Specifically, a banking organization may exclude from its total leverage exposure, average total consolidated assets, standardized total risk-weighted assets, and advanced approaches total risk-weighted assets, as applicable, any exposure from a PPP loan pledged to the PPPLF. The interim final rule also codified the statutory zero percent risk weight for PPP loans; however, the PPP loans already received a zero percent risk weight under the agencies' existing capital rules as an exposure directly and unconditionally guaranteed by an agency of the U.S. government.

The agencies propose certain revisions to the FFIEC 101 to reflect the provisions of the PPPLF IFR. Pursuant to the revisions, advanced approaches banking organizations would not include PPP loans in "Total risk-weighted assets" under the advanced approaches data items reported in the FFIEC 101, Schedule A, item 60. Since these loans already receive a zero percent risk weight, PPP loans are effectively excluded from risk-weighted assets under the current capital rule and the related reporting provisions.

Additionally, for banking organizations subject to the supplementary leverage ratio requirement, PPP loans would be deducted from the calculation of total leverage exposure for the supplementary leverage ratio. Top-tier advanced approaches and Category III banking organizations would include PPP loans in the FFIEC 101, Schedule A, Supplementary Leverage Ratio (SLR) Table 1, item 1.7.c, "Adjustments for deductions of qualifying central bank deposits for custodial banking organizations," and in SLR Table 2, item 2.2.b, "Deductions of qualifying central bank deposits from total on-balance sheet exposures for custodial banking organizations," even if the banking organization is not a custodial banking organization.

*Temporary Exclusion of U.S. Treasury Securities and Deposits at Federal Reserve Banks from the Supplementary Leverage Ratio (SLR) - Interim Final Rules*

On April 14, 2020, the Board published in the *Federal Register* an IFR (Holding Company SLR IFR)<sup>5</sup> to temporarily exclude U.S. Treasury Securities (Treasuries) and deposits in their accounts at Federal Reserve Banks (deposits at Federal Reserve Banks) from total leverage exposure for BHCs, SLHCs, and IHCs subject to the supplementary leverage ratio through March 31, 2021.

On May 15, 2020, the agencies issued an interim final rule<sup>6</sup> to provide depository institutions subject to the supplementary leverage ratio the ability to temporarily exclude Treasuries and deposits at Federal Reserve Banks from total leverage exposure (Depository

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<sup>4</sup> 85 FR 20387 (April 13, 2020).

<sup>5</sup> 85 FR 20578 (April 14, 2020).

<sup>6</sup> See <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200515a.htm>.



Institution SLR IFR). An electing depository institution must notify its primary Federal banking regulator of its election within 30 days after the interim final rule is effective. The interim final rule will terminate after March 31, 2021.

The agencies propose certain revisions to the FFIEC 101 to reflect the provisions of the Holding Company SLR IFR and Depository Institution SLR IFR. For top-tier advanced approaches and Category III BHCs, SLHCs, and IHCs (and top-tier advanced approaches and Category III electing depository institutions), Treasuries and deposits at Federal Reserve Banks would continue to be reported in the FFIEC 101, Schedule A, SLR Tables. Custodial banking organizations would also be able to exclude from the SLR Tables deposits with qualifying foreign central banks subject to the limits in the a recent final rule implementing section 402 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA),<sup>7</sup> in addition to the deductions under SLR IFRs. Specifically, Treasuries and deposits at Federal Reserve Banks would be reported in SLR Table 1, item 1.7.c, “Adjustments for deductions of qualifying central bank deposits for custodial banking organizations” and SLR Table 2, item 2.2.b, “Deductions of qualifying central bank deposits from total on-balance sheet exposures for custodial banking organizations,” even if a banking organization is not a custodial banking organization. For purposes of reporting the supplementary leverage ratio as of June 30, 2020, banking organizations would be permitted to reflect the exclusion of Treasuries and deposits at Federal Reserve Banks from total leverage exposure as if these interim final rules had been in effect for the entire second quarter of 2020. The temporary exclusions from total leverage exposure would be available through the March 31, 2021, report date.

## **16. Provide information regarding plans for publication of data.**

For report dates before a reporting institution has completed its parallel run period, Schedule A will be available to the public, except for items 78 (total eligible credit reserves calculated under the advanced approaches rules), 79 (amount of eligible credit reserves includable in tier 2 capital), 86 (expected credit loss that exceeds eligible credit reserves); 87 (advanced approaches risk-weighted assets), 88 (common equity tier 1 capital ratio calculated using the advanced approaches), 89 (additional tier 1 capital ratio calculated using the advanced approaches), and 90 (total capital ratio using the advanced approaches). Information reported in all other schedules of the FFIEC 101 are confidential. For report dates after a reporting institution has completed its parallel run period, all items reported in Schedules A and B (except for Schedule B, items 31.a and 31.b, column D) and items 1 and 2 of Schedule S are available to the public. All other items reported in the FFIEC 101 are confidential. Note that for both before and after an institution has completed its parallel run period, all items reported on Schedule A, SLR Tables 1 and 2, are available to the public.

Individual respondent data, excluding confidential information, are available on the National Information Center public website.

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<sup>7</sup> The agencies recently issued a final rule, effective April 1, 2020, which implements section 402 of EGRRCPA by amending the capital rule to allow a banking organization that qualifies as a custodial banking organization to exclude from total leverage exposure deposits at qualifying central banks, subject to limits (402 rule). 85 FR 4569 (January 27, 2020). OMB approved the reporting changes associated with the 402 rule in March 2020.

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

No such approval is sought.

- 18. Explain each exception to the topics of the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”**

There are no exceptions.