



US Basel III Endgame: Understanding the report level changes

Federal Financial Institutions Examination Council (FFIEC) 031, FFIEC 041, FFIEC 101, FFIEC 102

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Report changes overview

Changes to the **FR Y-14** reports and **FFIEC 031/041** reports were issued with the Basel III Endgame proposal¹

- The comment period ended for these reports
- Missing from the reports were the changes to the FFIEC 101 and the FFIEC 102

A separate notice was issued for the **FFIEC 101** and **FFIEC 102** on January 26, 2024²

- Reports are completely re-done and show a significant expansion of the reporting requirements
- Would create significant implementation challenges, especially for Category III and Category IV firms³
- Additional changes to the Call Report were included in the proposal
- Comment period ends on March 26, 2024

A summary of the key proposed report level changes are discussed in the subsequent slides

1. Federal Reserve Board (FRB), "[Federal Register notice: G-SIB surcharge proposal](#)," July 27, 2023.

2. FRB, Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), "[Proposed Agency Information Collection Activities: Comment Request](#)," January 26, 2024.

3. Deloitte, "[Federal Reserve Board finalizes tailoring prudential standards for large banking institutions](#)," October 21, 2019; Deloitte, "[Federal Reserve Board finalized tailoring prudential standards for foreign banking organizations](#)," October 21, 2019.

Call Report: Proposed changes

Call Report: Proposed changes



- **Instructions revised** to state that banks subject to the Expanded Approach must file a FFIEC 031
- **Revisions to Schedule RC-R for AOCI Opt Out Proposal**
 - To identify Category III and Category IV institutions subject to the transition requirements on FFIEC 031 Schedule RC–R, Part I, Regulatory Capital Components and Ratios, a new response option (“2” for “Phase-out”) was added for item 3.a “AOCI opt-out election” on the FFIEC 031, Schedule RC–R, Part I
 - The instructions for FFIEC 031, Schedule RC–R, Part II, Risk-Weighted Assets, would reflect the transition requirements in the proposed rule
- **Remove** the following from all versions of the Call Report for Schedule RC–R, Part I, since the **transition period has expired**
 - Item 21, “Non-qualifying capital instruments subject to phase-out from additional tier 1 capital”
 - Item 40, “Non-qualifying capital instruments subject to phase-out from tier 2 capital”
- Since the calculation of tier 2 capital under the expanded risk-based approach would differ from the calculation of tier 2 capital under the existing advanced approaches rule, the agencies propose to replace the “FFIEC 031 Schedule RC–R, Part I, item 42.b: Eligible credit reserves includable in tier 2 capital” with “Adjusted allowances for credit losses (AACL) includable in tier 2 capital (for institutions subject to the expanded risk-based approach)” and revise certain associated subtotals on FFIEC 031, Schedule RC–R, Part I.
- **Revise definitions** and terminology in the forms and instructions to be consistent with the proposed capital rule, including the proposed expanded risk-based approach and the scope of banking organizations using the **standardized approach for counterparty credit risk (SA–CCR)**.

FFIEC 101 changes



With the elimination of advanced approaches, the FFIEC 101 is proposed to be completely revised

- Report name changed to **“Regulatory Capital Reporting for Large Banking Organizations”**
- The report will include in its **scope Category III and Category IV firms**

Changes to existing schedules (see page 8)

Schedule A will be revised by:

- Renaming the Schedule
- Replacing reportable line items
- Removing items no longer applicable
- Revising terminology to align with the capital proposal

Schedules B through S were removed

New schedules added (see pages 9-10)

15 New Schedules were added:

- 1 summary Schedule
- 3 Credit and Counterparty Schedules
- 4 Securitization Schedules
- 3 Operational Risk Schedules
- 1 Optional Narrative Schedule

Additional details included in subsequent slides

FFIEC 101 changes: Schedule A



- **Rename** schedule to *'Regulatory Capital Components and Ratios (Schedule RCCR)'*
- **Revise** reporting **instructions** to align with the proposed capital rule
- **Remove** concept of **eligible credit reserves** and **parallel run** from the report form and instructions
- **Redefine** item 12 to **"AOCI transition adjustment amount (for Category III and IV institutions only)"**
- **Redefine** item 50 to **"Adjusted allowances for credit losses (AACL) includable in tier 2 capital"**
- **Remove items no longer applicable** (i.e., line items 4, 33, 35, 47, 49 and 77 - 90)
- **Redefine** item 60 to **"Expanded total risk-weighted assets (accounting for transition provisions),"** and reflect for Category I – IV banking organizations a **three-year transitional period to phase-in** expanded total risk-weighted assets
- **Require all firms** that file the FFIEC 101 to **report the SLR Tables**
- **Remove** reference to the use of **CEM for the SLR** (Category III and IV firms would be required to use SA-CCR) derivatives in the SLR tables
- **Revise SLR Table 2** for the **new 40% credit conversion factors (CCF)** for credit commitments
- **Align the reporting of capital** with the proposed rule
- **SLR Table 2** would **add counterparty breakdowns** (commercial end users and non-commercial end-users)—the definitions for commercial end-user not clearly defined

FFIEC 101 changes: New schedules

New schedules	Schedule description
Schedule OV1 Overview of Expanded Total Risk-Weighted Assets	Institutions would report summary amounts of risk-weighted assets reported in detail on other FFIEC 101 schedules
Schedule CR1 General Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects	Institutions would report on-balance sheet and off-balance sheet credit risk exposures, the adjusted amounts of those credit risk exposures reflecting credit risk mitigants, and the corresponding risk-weighted assets and risk-weighted asset density
Schedule CR2 Credit Risk Mitigation Techniques	Institutions would report amounts of exposures that are unsecured, the amounts that are secured, and the quantity of those secured exposures that are secured by collateral, by eligible guarantees, and by eligible credit derivatives
Schedule CR3 Credit Risk Exposures by Exposure Categories and Risk Weights	Institutions would report the amounts of exposures by asset class, by the applicable risk weights. For off-balance sheet exposures, the applicable credit conversion factor (CCF) would be applied first before the applicable risk weight
Schedule CCR Counterparty Credit Risk Exposures and Risk Weights	Institutions would report a breakdown of counterparty credit risk exposures calculated according to the standardized approach by type of counterparties and by risk weight
Schedule SEC1 Securitization Exposures Subject to Subpart E of the Capital Rule	Institutions would report the details of traditional and synthetic retail and wholesale securitization exposures subject to the credit risk-based capital framework
Schedule SEC2 Securitization Exposures Subject to Subpart F of the Capital Rule	Institutions would report the details of traditional and synthetic retail and wholesale securitization exposures subject to the market risk capital framework
Schedule SEC3 Securitization Exposures and Capital Requirements under Subpart E– Reporting Institution Acting as Originator/Sponsor	Institutions would report details of traditional and synthetic securitization exposure values and risk-weighted assets by risk weights and regulatory approach when the reporting institution acts as an originator or sponsor

FFIEC 101 changes: New schedules, cont'd.

New schedules	Schedule description
Schedule SEC4 Securitization Exposures and Capital Requirements under Subpart E - Reporting Institution Acting as Investor	Institutions would report details of traditional and synthetic securitization exposure values and risk-weighted assets by risk weights and regulatory approach when the reporting institution acts as an investor
Schedule CVA Basic and Standardized Measures for Credit Valuation Adjustment (CVA) Risk	Institutions would report CVA risk-related elements, risk-weighted assets, and associated capital requirement amounts
Schedule EQ Risk-Weighted Assets for Equity Exposures	Institutions would report equity exposures under the expanded simple risk-weight approach (ESRWA) and under the look-through approaches by exposures type and risk weight
Schedule OR1 Historical Operational Losses	Institutions would report items related to total amounts of operational losses and total numbers of operational loss events over the past ten years
Schedule OR2 Business Indicator and Subcomponents	Institutions would report Business Indicators such as the interest, lease, and dividend component, the services component, and the financial component
Schedule OR3 Minimum Required Operational Risk Capital	Institutions would report operational risk minimum regulatory capital requirement calculation items such as the business indicator component, the internal loss multiplier, and operational risk risk-weighted assets
Optional Narrative Statement Concerning the Amounts Reported in the Regulatory Capital Reporting for Large Banking Organizations	This schedule is to allow institutions to provide a brief narrative statement to supplement data reported

FFIEC 102 changes



- **Completely new form** for FFIEC 102
- Significant expansion of the reporting requirements
- Renamed to the “**Market Risk Capital Report**”
- The FFIEC 102 would be submitted by Category I – IV firms
- **Four sections** to the **new FFIEC 102 Report**:
 - Part I - Standardized capital requirements for market risk
 - Part II - Models-based capital requirements for market risk
 - Part III - Market risk-weighted assets
 - Part IV - Memoranda
- **New report FFIEC 102a** - Supervisory Market Risk Regulatory Report for institutions for model risk measures
 - Granular data collected at the trading desk level

FFIEC 102 changes: Part I and Part II

Part I

Standardized capital requirements for market risk

Institutions would report in this section:

- Data for calculating the standardized measure for market risk
- Data for the sensitivities-based method capital requirement, the standardized default risk capital requirement, and the residual risk add-on components
- Data items related to the three additional components for standardized measure for market risk that would apply in limited instances to specific positions would be collected for:
 - (1) a capital add-on for re-designations;
 - (2) other capital add-ons established by the primary Federal supervisor, and
 - (3) a fallback capital requirement

Part II

Models-based capital requirements for market risk

Institutions would report in this section:

The unconstrained and constrained expected shortfall for relevant risk classes, capital requirements for modellable and non-modellable risk factors, standardized default risk capital requirement, PLA add-on, capital multiplier, capital requirement for model-eligible trading desks, and capital add-ons among other relevant data for calculating the models-based measure for market risk

FFIEC 102 changes: Part III and Part IV

Part III Market risk- weighted assets

Institutions would report in this section:
Data items for the standardized market risk-weighted assets and the models

Part IV Memoranda

Institutions would report in this section:

- Total sensitivities-based method capital requirement under high, medium, and low correlation scenarios
- Total notional amount of market risk covered positions
- The proposed sub-items of these notional amounts include:
 - foreign exchange positions
 - commodity positions
 - net short credit positions
 - net short equity positions
 - customer and proprietary broker-dealer reserve bank accounts, and
 - market risk covered positions

FFIEC 102a: New proposed report



FFIEC 102a - Supervisory Market Risk Regulatory Report

- **Quarterly report** for firm calculating market risk capital requirements under the models-based measure for market risk
- Reported at the **trading desk level**
- **Three sections**
 - Part 1 - General Information
 - Part 2 - Aggregate Trading Portfolio Back testing
 - Part 3 - Back testing and PLA Testing for Model-Eligible Trading Desks
- The FFIEC 102a would be **due 20 days after the end of each quarter**
 - The agencies would review the results and provide adjustments before the other reports are due

Part 1 General Information

Institutions would report in this section **general information for the institution's trading desk(s)** including:

- The number of regulator approved trading desks and number of regulator approved notional trading desks
- Data on the organizational structure of the trading desk including:
 - trading desks identifier
 - trading desk name
 - organization unit identifier
 - the asset class for each trading desk by the asset class that gives rise to the trading desk's greatest aggregate market risk exposure as of the submission date

Part 2 Aggregate Trading Portfolio Back testing

Institutions would report in this section the **aggregate level data for model eligible trading desk** that includes the:

- market value of total trading assets
- market value of total trading liabilities
- data related to the number of value at risk (VaR) back testing exceptions during the quarter
- daily VaR-based measures calibrated to the 99.0th percentile
- daily expected shortfall (ES) based measure calibrated at the 97.5th percentile
- liquidity horizon- adjusted ES-based measures
- actual profit and loss
- hypothetical profit and loss
- "p-value" of the profit or loss for each day

Part 3 Back testing and PLA Testing for Model- Eligible Trading Desks

Institutions would report in this section at the **trading desk level**:

- General information related to the trading desk such as the name, unique identifier for the trading desk, description of the trading desk, authorized products for the trading desk, main product types, and several questions about the trading desk
- Data on the daily VaR-based measure for the trading desk calibrated at the 99.0th and 97.5th percentile
- The capital measure for non-modellable risk factors
- The daily ES-based measure calibrated at the 97.5th percentile
- The actual profit and loss
- The hypothetical profit and loss
- The risk-theoretical profit and loss
- The p-values of the profit and loss for each day

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