



**[BILLING CODE: 4810-33-P]**

**DEPARTMENT OF THE TREASURY**

**Office of the Comptroller of the Currency**

**Agency Information Collection Activities; Proposed Collection; Comment Request;  
Company-Run Annual Stress Test Reporting Template and Documentation for  
Covered Institutions with Total Consolidated Assets of \$10 Billion to \$50 Billion  
Under the Dodd-Frank Wall Street Reform and Consumer Protection Act**

**AGENCY:** Office of the Comptroller of the Currency, Treasury (OCC).

**ACTION:** Notice.

**SUMMARY:** The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on this continuing information collection, as required by the Paperwork Reduction Act of 1995. Under the Paperwork Reduction Act, Federal agencies are required to publish notice in the Federal Register concerning each proposed collection of information and to allow 60 days for public comment in response to the notice. An agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The OCC is soliciting comment on a proposed new regulatory reporting requirement for national banks and Federal savings associations titled, “Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions

with Total Consolidated Assets of \$10 Billion to \$50 Billion under the Dodd-Frank Wall Street Reform and Consumer Protection Act.” The proposal describes the scope of reporting and the proposed reporting requirements.

**DATES:** Comments must be received by [Insert date 60 days from date of publication in FEDERAL REGISTER.]

**ADDRESSES:**

**ADDRESSES:** Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments by e-mail if possible.

Comments may be sent to: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557-0311, 400 7<sup>th</sup> Street, SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219. In addition, comments may be sent by fax to (571) 465-4326 or by electronic mail to [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov). You may personally inspect and photocopy comments at the OCC, 400 7<sup>th</sup> Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

**FOR FURTHER INFORMATION CONTACT:** You can request additional information from or a copy of the collection from Johnny Vilela or Mary H. Gottlieb,

Clearance Officers, (202) 649-5490, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7<sup>th</sup> Street, SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219. In addition, copies of the templates referenced in this notice can be found on the OCC's Web site under Tools and Forms

<http://www.occ.gov/tools-forms/forms/bank-operations/stress-test-reporting.html>).

**SUPPLEMENTARY INFORMATION:**

The OCC is requesting comment on the following new proposed information collection:

Title: Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$10 Billion to \$50 Billion under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

OMB Control No.: 1557-0311.

Description: Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>1</sup> (Dodd-Frank Act) requires certain financial companies, including national banks and Federal savings associations, to conduct annual stress tests<sup>2</sup> and requires the primary financial regulatory agency<sup>3</sup> of those financial companies to issue regulations implementing the stress test requirements.<sup>4</sup> A national bank or Federal savings association is a “covered institution,” and therefore subject to the stress test requirements if its total consolidated assets exceed \$10 billion. Under section 165(i)(2), a covered institution is required to submit to the Board of Governors of the Federal Reserve System (Board) and to its primary financial regulatory agency a report at such time, in

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<sup>1</sup> Pub. L. 111-203, 124 Stat. 1376, July 2010.

<sup>2</sup> 12 U.S.C. 5365(i)(2)(A).

<sup>3</sup> 12 U.S.C. 5301(12).

<sup>4</sup> 12 U.S.C. 5365(i)(2)(C).

such form, and containing such information as the primary financial regulatory agency may require.<sup>5</sup> On October 9, 2012, the OCC published in the Federal Register a final rule implementing the section 165(i)(2) annual stress test requirements.<sup>6</sup> This notice describes the reports and information required to meet the reporting requirements under section 165(i)(2) for covered institutions with average total consolidated assets between \$10 and \$50 billion. These information collections will be given confidential treatment (5 U.S.C. 552(b)(4)).

The OCC intends to use the data collected through this proposal to assess the reasonableness of the stress test results of covered institutions and to provide forward-looking information to the OCC regarding a covered institution's capital adequacy. The OCC also may use the results of the stress tests to determine whether additional analytical techniques and exercises could be appropriate to identify, measure, and monitor risks at the covered institution. The stress test results are expected to support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The Dodd-Frank Act stress testing requirements apply to all covered institutions, but the OCC recognizes that many covered institutions with consolidated total assets of \$50 billion or more have been subject to existing stress testing requirements under the Board's Comprehensive Capital Analysis and Review (CCAR). The OCC also recognizes that these institutions' stress tests will be applied to more complex portfolios and therefore warrant a broader set of reports to adequately capture the results of the company-run stress tests. These reports necessarily will require more detail than would

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<sup>5</sup> 12 U.S.C. 5365(i)(2)(B).

<sup>6</sup> 77 FR 61238, October 9, 2012.

be appropriate for smaller, less complex institutions. Therefore, the OCC has decided to specify separate reporting templates for covered institutions with total consolidated assets between \$10 and \$50 billion and for covered institutions with total consolidated assets of \$50 billion or more.<sup>7</sup>

While the general reporting categories are the same (income statement, balance sheet and capital), the level of granularity for individual reporting items is less for \$10 to \$50 billion institutions. For example, accounting for provisions by category is not required, and less detail is required for commercial and industrial lending. Because smaller banks with assets of \$10 to \$50 billion generally have less complex balance sheets, the OCC believes that highly detailed reporting is not warranted, and so the OCC is not requiring supplemental schedules on such areas as retail balances, securities and trading, operational risk, and pre-provision net revenue (PPNR). However, where a covered institution with assets less than \$50 billion is affiliated with an organization with assets of \$50 billion or more, the OCC reserves the authority to require the smaller covered institution to use the reporting template for larger institutions.

The OCC has worked closely with the Board and the Federal Deposit Insurance Corporation (FDIC) to make the agencies' respective rules implementing the annual stress testing requirements under the Dodd-Frank Act consistent and comparable by requiring similar standards for scope of application, scenarios, data collection and reporting forms. The OCC also has worked to minimize any potential duplication of effort related to the annual stress test requirements. The reporting templates for institutions with assets of \$10 to \$50 billion are described below.

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<sup>7</sup> See 77 FR 49485 for the Paperwork Reduction Act Notice and the OCC Web site at <http://occ.gov/news-issuances/news-releases/2012/nr-occ-2012-121.html> for the reporting templates for covered institutions with total consolidated assets of \$50 billion or more.

## **Description of Reporting Results Templates for Institutions with \$10 Billion to \$50 Billion in Assets**

The “Dodd-Frank Annual Stress Test Reporting Results Template for Covered Institutions with Total Consolidated Assets Between \$10 and \$50 Billion” (\$10-\$50B results template) includes data collection worksheets necessary for the OCC to assess the company-run stress test results for baseline, adverse and severely adverse scenarios as well as any other scenario specified in accordance with regulations issued by the OCC. The \$10-\$50B results template includes worksheets that collect information on the following areas:

1. Income Statement;
2. Balance Sheet; and,
3. Capital.

Each \$10 to \$50 billion covered institution reporting to the OCC using this form will be required to submit to the OCC worksheets for each scenario provided to covered institutions in accordance with regulations implementing Section 165(i)(2) as specified by the OCC.

### **Worksheets: Income Statement**

The income statement worksheet collects data for the quarter preceding the planning horizon and for each quarter of the planning horizon for the stress test on projected losses and revenues in the following categories.

1. Net charge-offs

2. Pre-provision net revenue
3. Provision for loan and lease losses
4. Realized gains (losses) on held to maturity (HTM) and available-for-sale (AFS) securities
5. All other gains (losses)
6. Taxes

Memoranda items:

7. Net gains and losses on sales of other real estate owned
8. Total other than temporary impairment (OTTI) losses

This schedule provides information used to assess losses and revenues that covered institutions can sustain in baseline, adverse and severely adverse stress scenarios.

### **Worksheets: Balance Sheet**

The balance sheet worksheet collects data for the quarter preceding the planning horizon and for each quarter of the planning horizon for the stress test on projected equity capital, as well as on assets and liabilities in the following categories:

1. Loans
2. HTM securities
3. AFS securities
4. Trading assets
5. Total intangible assets
6. Other real estate
7. All other assets

Memoranda items:

8. Loans and leases guaranteed by other U.S. government or GSE guarantees (non-FDIC loss-sharing agreements)
9. Troubled debt restructurings
10. Loans secured by 1-4 family properties in foreclosure
11. Retail funding (core deposits)
12. Wholesale funding
13. Trading liabilities
14. All other liabilities
15. Perpetual preferred stock and related surplus
16. Common stock
17. Surplus
18. Retained earnings
19. Other equity capital components
20. Memoranda items: Average rates for loans, securities, retail funding, wholesale funding, interest-bearing deposits, trading and other liabilities.

The OCC intends to use this worksheet to assess the projected changes in assets and liabilities that a covered institution can sustain in an adverse and severely adverse stress scenario. This worksheet will also be used to assess the revenue and loss projections identified in the income statement worksheet.

### **Worksheets: Capital**

The capital worksheet, which is appended to the Balance Sheet, collects data for the quarter preceding the planning horizon and for each quarter of the planning horizon for the stress test on the following areas:

1. Unrealized gains (losses) on AFS securities
2. Disallowed deferred tax asset
3. Tier 1 common capital elements
4. Tier 1 capital
5. Tier 2 capital
6. Total risk-based capital
7. Total capital
8. Risk-weighted assets
9. Total assets for leverage purposes
10. Tier 1 common equity ratio
11. Tier 1 risk-based capital ratio
12. Tier 1 leverage ratio
13. Total risk-based capital ratio

Memoranda:

14. Sale, conversion, acquisition or retirement of capital stock
15. Cash dividends declared on preferred stock
16. Cash dividends declared on common stock

Additionally, the Summary Schedule captures projections for regulatory capital ratios over the planning horizon by scenario.

The OCC intends to use these worksheets to assess the impact on capital of the projected losses and projected changes in assets that the covered institution can sustain in a stressed scenario. In addition to reviewing the worksheet in the context of the balance sheet and income statement projections, the OCC also intends to use this worksheet in assessing capital plans and the capital planning processes for each covered institution.

### **Description of DFAST Scenario Variables Template**

To conduct the stress test required under this rule, a covered institution may need to project additional economic and financial variables to estimate losses or revenues for some or all of its portfolios. In such a case, the covered institution is required to complete the DFAST Scenario Variables worksheet for each scenario where such additional variables are used to conduct the stress test. Each scenario worksheet collects the variable name (matching that reported on the Scenario Variable Definitions worksheet), the actual value of the variable during the third quarter of the reporting year, and the projected value of the variable for nine future quarters.

### **Description of Supporting Documentation**

Covered institutions must submit clear documentation in support of the projections included in the worksheets to support efficient and timely review of annual stress test results by the OCC. The supporting documentation should be submitted electronically and is not expected to be reported in the workbooks used for required data reporting. This supporting documentation must describe the types of risks included in the stress test; describe clearly the methodology used to produce the stress test projections;

describe the methods used to translate the macroeconomic factors into a covered institution's projections; and also include an explanation of the most significant causes for the changes in regulatory capital ratios. The supporting documentation also should address the impact of anticipated corporate events, including mergers, acquisitions or divestitures of business lines or entities, and changes in strategic direction, and should describe how such changes are reflected in stress test results, including the impact on estimates of losses, expenses and revenues, net interest margins, non-interest income items, and balance sheet amounts.

Where company-specific assumptions are made that differ from the broad macroeconomic assumptions incorporated in stress scenarios provided by the OCC, the documentation also must describe such assumptions and how those assumptions relate to reported projections. Where historical relationships are relied upon, the covered institutions must describe the historical data and provide the basis for the expectation that these relationships would be maintained in each scenario, particularly under adverse and severely adverse conditions.

Type of Review: Revision to an existing collection.

Affected Public: Businesses or other for-profit.

Estimated Number of Respondents: 26.

Estimated Total Annual Burden: 12,064 hours.

The burden for each \$10 to \$50 billion covered institution that completes the \$10-\$50B results template is estimated to be 440 hours for a total of 11,440 hours. This

burden includes 20 hours to input these data and 420 hours for work related to modeling efforts. The estimated burden for each \$10 to \$50 billion covered institution that completes the annual DFAST Scenarios Variables Template is estimated to be 24 hours for a total of 624 hours. Start up costs for new respondents are estimated to be 93,600 hours and ongoing revisions for existing firms, 4,160 hours.

Comments submitted in response to this notice will be summarized and included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and,

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: March 4, 2013

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Michele Meyer,  
Assistant Director, Legislative and Regulatory Activities Division

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