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[6714-01-P]

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Information Collection Activities:

Proposed Information Collection Revision; Comment Request (3064-0189)

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice and request for comment.

SUMMARY: The Federal Deposit Insurance Corporation (FDIC), as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on a revision of a 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 proposed information collection revisions and 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 FDIC is soliciting comment concerning its information collection titled, “Annual Stress Test Reporting Template and Documentation for Covered Banks with Total Consolidated Assets of \$10 Billion or More under Dodd-Frank” (OMB Control No. 3064-0189).

DATES: Comments must be received by [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit written comments by any of the following methods:

- *Agency Web Site:* <http://www.fdic.gov/regulations/laws/federal/>. Follow the instructions for submitting comments on the FDIC Website.

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *E-mail:* Comments@FDIC.gov. Include “Annual Stress Test Reporting” on the subject line of the message.

- *Mail:* Gary A. Kuiper, Counsel, Legislation, Regulations and Opinions Section, MB-3074, Attention: Comments, FDIC,

550 17th Street, NW, Washington, DC 20429.

- *Hand Delivery/Courier:* Guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

Public Inspection: All comments received will be posted without change to

<http://www.fdic.gov/regulations/laws/federal/> including any personal information provided.

Additionally, you may send a copy of your comments: By mail to the U.S. OMB, 725 17th Street, NW, #10235, Washington, DC 20503 or by facsimile to 202.395.6974, Attention: Federal Banking Agency Desk Officer.

FOR FURTHER INFORMATION CONTACT: You can request additional information from Gary Kuiper, 202.898.3877, Legal Division, FDIC, 550 17th Street, NW, MB-3074, Washington, DC 20429. In addition, copies of the templates referenced in this notice can be found on the FDIC’s website (<http://www.fdic.gov/regulations/laws/federal/>).

SUPPLEMENTARY INFORMATION: The FDIC is requesting comment on the following revision of an information collection:

Annual Stress Test Reporting Template and Documentation for Covered Banks with Total Consolidated Assets of \$10 Billion to \$50 Billion under Dodd-Frank

Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act¹ (Dodd-Frank Act) requires certain financial companies, including state nonmember banks and state savings associations, to conduct annual stress tests² and requires the primary financial regulatory agency³ of those financial companies to issue regulations implementing the stress test requirements.⁴ A state nonmember bank or state savings association is a “covered bank” and therefore subject to the stress test requirements if its total consolidated assets exceed \$10 billion. Under section 165(i)(2), a covered bank 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 such form, and containing such information as the primary financial regulatory agency may require.⁵ On October 15, 2012, the FDIC published in the Federal Register a final rule implementing the section 165(i)(2) annual stress test requirement.⁶ The final rule, codified as Part 325 Subpart C of the FDIC’s rules and regulations,⁷ requires covered banks to meet specific reporting requirements under section 165(i)(2). In 2013, the FDIC first implemented the reporting templates for covered banks with total consolidated assets of \$10 billion to \$50 billion and provided instructions for completing the reports.⁸ This notice describes revisions by the FDIC to those reporting templates, the information required, and related instructions. These information collections will be given confidential treatment to the extent allowed by law (5 U.S.C. 552(b)(4)).

Consistent with past practice, the FDIC intends to use the data collected through these revised templates to assess the reasonableness of the stress test results of covered banks and to provide forward-looking information to the FDIC regarding a covered bank’s capital adequacy. The FDIC also may use the

¹ Public Law 111–203 § 165(i)(2), 124 Stat. 1376, 1430 (July 21, 2010) (codified at 12 U.S.C § 5365(i)(2)).

² 12 U.S.C. 5365(i)(2)(A).

³ 12 U.S.C. 5301(12).

⁴ 12 U.S.C. 5365(i)(2)(C).

⁵ 12 U.S.C. 5365(i)(2)(B).

⁶ 77 FR 62417 (October 15, 2012).

⁷ 12 CFR 325.201, *et seq.*

⁸ *See* 78 FR 16263 (March 14, 2013) and 78 FR 63470 (October 24, 2013).

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 bank. The stress test results are expected to support ongoing improvement in a covered bank's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The FDIC recognizes that many covered banks with total consolidated assets of \$10 billion to \$50 billion are part of a holding company that is also required to submit relevant Dodd Frank Annual Stress Test (DFAST) reports to the Board. The FDIC, Office of Comptroller of the Currency, and Board have coordinated the preparation of stress testing templates in order to make the templates as similar as possible and thereby minimize the burden on affected institutions. These agencies have coordinated in a similar manner regarding these proposed modifications to the stress testing templates. Therefore, the revisions by the FDIC to its reporting requirements will remain consistent with the modifications that the Board proposes to make to the FR Y-16.

Description of Information Collection

The FDIC DFAST 10-50 reporting form collects data through two primary schedules: (1) the Results Schedule (which includes the quantitative results of the stress tests under the baseline, adverse, and severely adverse scenarios for each quarter of the planning horizon) and (2) the Scenario Variables Schedule. In addition, respondents are required to submit a summary of the qualitative information supporting their quantitative projections. The qualitative supporting information must include:

- a description of the types of risks included in the stress test;
- a summary description of the methodologies used in the stress test;
- an explanation of the most significant causes for the changes in regulatory capital ratios, and
- the use of the stress test results.

Results Schedule

For each of the three supervisory scenarios (baseline, adverse, and severely adverse), data are reported on two supporting schedules: (1) the Income Statement Schedule and (2) the Balance Sheet Schedule. Therefore, two supporting schedules for each scenario (baseline, adverse, and severely adverse)

are completed. In addition, the Results Schedule includes a Summary Schedule, which summarizes key results from the Income Statement and Balance Sheet Schedules.

Income statement data are collected on a projected quarterly basis showing projections of revenues and losses. For example, respondents project net charge-offs by loan type (stratified by twelve specific loan types), gains and losses on securities, pre-provision net revenue, and other key components of net income (i.e., provision for loan and lease losses, taxes, etc.).

Balance sheet data are collected on a quarterly basis for projections of certain assets, liabilities, and capital. Capital data are also collected on a projected quarterly basis and include components of regulatory capital, including the projections of risk weighted assets and capital actions such as common dividends and share repurchases.

Scenario Variables Schedule

To conduct the stress tests, an institution may choose to project additional economic and financial variables beyond the mandatory supervisory scenarios provided to estimate losses or revenues for some or all of its portfolios. In such cases, the institution would be required to complete the Scenario Variables Schedule for each scenario where the institution chooses to use additional variables. The Scenario Variables Schedule collects information on the additional scenario variables used over the planning horizon for each supervisory scenario.

The proposed revisions to the FDIC DFAST reporting templates for covered banks with assets of \$10 billion to \$50 billion are described below.

Proposed Revisions to Reporting Templates for Banks with \$10 Billion to \$50 Billion in Assets

On November 21, 2014, the FDIC approved a final rule⁹ that revised Part 325 Subpart C by modifying the 2016 stress test cycle and each annual cycle thereafter to begin on January 1 of the calendar year rather than October 1, as is provided for by the current rule. Additionally, the final rule modified the “as of” dates for financial data (that covered banks will use to perform their stress

⁹ 79 FR 69385 (November 21, 2014)

tests) as well as the reporting dates and public disclosure dates of the annual stress tests for both \$10 billion to \$50 billion covered banks and over \$50 billion covered banks.

Specifically, beginning January 1, 2016, the stress testing cycle that, under the previous rule, would have begun on October 1 of a given calendar year, will begin January 1 of a given calendar year. Beginning with the 2016 stress-testing cycle, the final rule requires covered banks to conduct company-run stress tests using financial data as of December 31 of the preceding calendar year, which represents a three-month shift from September 30 in the previous rule. The FDIC will provide the economic scenarios to be used by covered banks in their company-run stress tests no later than February 15, rather than November 15, as is provided under the previous rule.

All \$10 billion to \$50 billion covered banks will be required to conduct and submit the results of their company-run stress tests to the FDIC by July 31 and publish those results during a period beginning on October 15 and ending October 31.

Due to the timing shift of the Dodd-Frank Act stress test, the FDIC is proposing several changes to conform the data collection to the final rule.

The FDIC proposes to revise the FDIC DFAST 10-50 Summary Schedule by modifying the financial as of date from September 30th to December 31st. This revision is effective for the 2016 stress test cycle (with reporting in July 2016).

In addition, the FDIC proposes to clarify the FDIC DFAST 10-50 reporting form instructions to change the submission date from March 31st to July 31st, to change references to the financial “as of” date from September 30th to December 31st, and to update the line items references to the new Call Report Instructions.

Burden Estimates

The FDIC estimates the burden of this collection of information as follows:

Current

Number of Respondents: 22.

Annual Burden per Respondent: 469 hours.

Total Annual Burden: 10,318 hours.

Proposed

Estimated Number of Respondents: 22.

Estimated Annual Burden per Respondent: 469 hours.

Estimated Total Annual Burden: 10,318 hours.

The FDIC does not expect that the changes to the DFAST 10-50 Summary Schedule and reporting form instructions will result in an increase in burden. The burden for each \$10 billion to \$50 billion covered bank that completes the FDIC DFAST 10-50 Results Template and FDIC DFAST 10-50 Scenario Variables Template is estimated to be 469 hours. The burden to complete the FDIC DFAST 10-50 Results Template is estimated to be 440 hours, including 20 hours to input these data and 420 hours for work related to modeling efforts. The burden to complete the FDIC DFAST 10-50 Scenario Variables Template is estimated to be 29 hours. The total burden for all 22 respondents to complete both templates is estimated to be 10,318 hours.

Comments are invited on all aspects of the proposed changes to the information collection, particularly:

- (a) Whether the collection of information is necessary for the proper performance of the functions of the FDIC, including whether the information has practical utility;
- (b) The accuracy of the FDIC'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;
- (e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information; and

(f) The ability of FDIC-supervised banks and savings associations with assets between \$10 billion and \$50 billion to provide the requested information to the FDIC by July 31, 2016.

Dated at Washington, DC, this 30th day of September 2015.

FEDERAL DEPOSIT INSURANCE CORPORATION

Robert E. Feldman,
Executive Secretary

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