

Supporting Statement A

Annual Stress Test OMB Control No. 1557-NEW RIN: 1557-AD58

A. Justification.

1. Circumstances that make the collection necessary:

This collection of information relates to a final rule to implement Section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act¹ (“Dodd-Frank Act”) which requires certain companies to conduct annual stress tests. National banks and Federal savings associations with total consolidated assets of more than \$10 billion would be required to conduct annual stress tests and comply with reporting and disclosure requirements under the rule.

2. Use of the information:

The stress tests under the final rule will provide forward-looking information to supervisors to assist in their overall assessments of a covered institution’s capital adequacy and to aid in identifying downside risks and the potential impact of adverse outcomes on the covered institution’s capital adequacy. In addition, the OCC may use stress tests to determine whether additional analytical techniques and exercises are appropriate for a covered institution to employ in identifying, measuring, and monitoring risks to the financial soundness of the covered institution, and may require a covered institution to implement such techniques and exercises in conducting its stress tests. Lastly, these stress tests 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 information collection requirements are found in §§ 46.6-46.8:

- § 46.6(a) specifies the calculations of the potential impact on capital that must be made during each quarter of a planning horizon.
- § 46.6(c) requires that each covered institution must establish and maintain a system of controls, oversight, and documentation, including policies and procedures that, at a minimum, describe the covered institution’s stress test practices and methodologies, and processes for updating the covered institution’s stress test practices. The board of directors and the senior management of the covered institution shall approve and review the controls, oversight, and documentation, including policies and procedures of the covered institution, as frequently as economic conditions or the condition of the bank may warrant, which shall be no less than annually.
- § 46.7 provides that each covered institution shall report to the OCC and to the Board of Governors of the Federal Reserve System (Board) annually the results of the stress test in

¹ Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

the time, manner and form specified by the OCC.

- § 46.8 requires that, within 90 days of the due date of the report, a covered institution shall publish a summary of the results of its annual stress tests on its website or in any other forum that is reasonably accessible to the public. The summary must include a description of the types of risks being included in the stress test and estimates of aggregate losses, net income, and pro forma capital levels and capital ratios (including regulatory and any other capital ratios specified by the OCC) over the planning horizon, under each scenario.

3. Consideration of the use of improved information technology:

Respondents may use any information technology that permits review by OCC examiners.

4. Efforts to identify duplication:

The information required is unique. It is not duplicated elsewhere.

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

Not applicable.

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

Conducting the collection less frequently would present safety and soundness risks.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

The information collection is conducted in accordance with OMB guidelines in 5 CFR part 1320.

8. Efforts to consult with persons outside the agency:

The agencies published a notice of proposed rulemaking in the *Federal Register* for comment on January 24, 2012 (77 FR 3408).

In conjunction with the NPRM, the Office of the Comptroller of the Currency (OCC) submitted the information collection requirements contained therein to OMB for review under the Paperwork Reduction Act (the PRA). In response, OMB filed comments with the OCC in accordance with 5 CFR §1320.11(c). The comments indicated that OMB was withholding approval at that time. The OCC was directed to examine public comment(s) in response to the NPRM and include in the Supporting Statement of the ICR to be filed at the final rule stage a description of how the agency has responded to any public comment(s) on the ICR, including

comments maximizing the practical utility of the collection and minimizing the burden. The OCC received no comments on the information collection and is submitting it as directed in connection with the final rule.

In addition, a 60-day *Federal Register* notice under the PRA for the reporting templates referenced in this rule was issued on August 16, 2012 (77 FR 49485) and is open for comment until October 15, 2012. Subsequent to the closing of the comment period, the information collection requirements contained in this final rule will be consolidated with the information collection requirements contained in the reporting templates into a single OMB control number.

9. Payment to respondents:

There is no payment to respondents.

10. Any assurance of confidentiality:

There is no assurance of confidentiality.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

Number of respondents: 61.

Estimated Burden per Respondent: 1,040 hours.

§ 46.6 – Methodologies and Practices – 640 hours per respondent

§ 46.7 – Reporting – 240 hours per respondent

§ 46.8 – Publication – 160 hours per respondent

Total estimated annual burden: 63,440 hours

The burden for the reporting templates that were issued for comment on August 16, 2012 are set forth below. This burden will be consolidated with the burden for the rule.

Estimated Number of Respondents: 20.

Estimated Burden Per Respondent: 480 hours.

Total Annual Burden: 9,600 hours.

13. Estimate of annualized costs to respondents (excluding cost of hour burden in Item #12):

None.

14. Estimate of annualized costs to the government:

None.

15. Changes in burden:

Former: 0 respondents; 0 burden hours per respondent; 0 total burden hours

New: 61 respondents; 1,040 burden hours per respondent; 63,440 total burden hours

Difference: + 61 respondents; + 1,040 burden hours per respondent; + 63,440 total burden hours

The increase in burden is due to the fact that this is a new collection.

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

No publication for statistical use is contemplated.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

Not applicable.

B. Collections of Information Employing Statistical Methods.

Not applicable.