

**Annual Stress Test Rule and  
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**

Supporting Statement A  
1557-0311

**A. Justification**

1. Circumstances Making the Collection of Information Necessary

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 and requires the primary financial regulatory agency of those financial companies to issue regulations implementing the stress test requirements. A national bank or Federal savings association is a “covered institution” and therefore subject to the stress test requirements if its total consolidated assets are more than \$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 such form, and containing such information as the primary financial regulatory agency may require.<sup>2</sup>

The OCC implemented these requirements by issuing a rule and reporting templates. The annual stress test rule was issued in 2012.<sup>3</sup> The reporting and disclosure templates for institutions with total consolidated assets of over \$50 billion were finalized in 2012<sup>4</sup> and the templates for institutions with total consolidated assets of \$10-50 billion were finalized in 2013.<sup>5</sup>

The reporting templates for institutions with \$10 to \$50 billion in assets are being revised to reflect the changes to the revised regulatory capital rule. Specifically, a common equity tier 1 capital data item is being added to the Balance Sheet and a common equity tier 1 risk-based capital ratio data item to the Summary Schedule and Balance Sheet Schedules (baseline, adverse, and severely adverse scenarios) in order to reflect the requirements of the revised regulatory capital rule. These revisions will be effective for the 2015 stress test cycle (using September 2014 data and November 2014 scenarios with submission of results in March 2015).<sup>6</sup> In addition, the OCC is clarifying the accompanying instructions to emphasize that institutions should transition to the revised

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<sup>1</sup> Pub. L. No. 111-203, 124 Stat. 1376 (2010).

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

<sup>3</sup> October 9, 2012 – Final Rule (77 FR 61238).

<sup>4</sup> 77 FR 49485 (August 16, 2012); 77 FR 66663 (November 6, 2012). OMB Control No. 1557-0319.

<sup>5</sup> 78 FR 15403 (March 11, 2013); 78 FR 62942 (October 22, 2013).

<sup>6</sup> The OCC, the Board, and the Federal Deposit Insurance Corporation recently proposed revisions to the schedule of the annual stress test. 79 FR 37231 (July 1, 2014). If the agencies adopt these revisions, the OCC expects to adjust its reporting instructions accordingly.

regulatory capital rule requirements in its company-run stress test projections in the quarter in which the requirements become effective. Specifically, institutions will be required to transition to the revised regulatory capital rule and begin including the common equity tier 1 capital data item and common equity tier 1 risk-based capital ratio data item in projected quarters two (1<sup>st</sup> quarter 2015) through nine (4<sup>th</sup> quarter 2016) for each scenario for the 2015 stress test cycle.

The OCC is also making several clarifications to the reporting instructions including: indicating that the Scenario Variables Schedule would be collected as a reporting form in Reporting Central (instead of as a file submitted in Adobe Acrobat PDF format) and clarifying how the supporting qualitative information should be organized.

2. Purpose and Use of the Information Collection

The OCC uses the data collected through these templates 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 support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

3. Use of Improved Information Technology and Burden Reduction

Respondents may use any method of improved technology that meets the requirements of the collection.

4. Efforts to Identify Duplication and Use of Similar Information

The required information is unique and is not duplicative of any other information already collected.

5. Methods used to Minimize burden if the collection has a significant impact on Small Businesses or Other Small Entities

The information collection does not have a significant impact on a substantial number of small businesses or other small entities.

6. Consequences of Collecting the Information Less Frequently

The collection of information is required by Federal Statute. The consequences of collecting the information less frequently would prevent OCC from implementing Section 165(i)(2) of the Dodd-Frank Act.

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5

The information collection would be conducted in a manner consistent with 5 CFR Part 1320.5.

8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency

In the Federal Register of July 17, 2014 (79 FR 41742), OCC published a 60-day notice requesting public comment on the templates and the collection of information. OCC received one comment from a financial services consulting firm. The commenter questioned the introduction of the new regulatory capital, risk-weighted asset, and regulatory capital ratio items in the reporting templates, asserting that covered institutions with \$10-\$50 billion in assets will lack relevant data for the new capital items in advance of when these items are required to be reported in the Consolidated Report of Condition and Income (Call Report). However, the additional items in the reporting templates should not place undue burden on these institutions as they have already been given additional time to incorporate the revised capital framework into their company-run stress tests. These institutions were not required to report these items in the 2013-2014 stress tests. In addition, the reporting templates and instructions have been updated to reference the applicable Call Report items that should be reported over the planning horizon, including new items that were created to capture the revised capital framework. Accordingly, the OCC is adopting the new items as proposed.

The commenter also expressed concerns about the requirement that covered institutions publicly disclose a summary of the results of the stress tests. However, this requirement is contained in both the Dodd-Frank Act and the OCC's stress test regulation.

In response to a few technical comments, some minor changes will be made to the final reporting forms and instructions. These changes include clarified reporting instructions for the disallowed deferred tax asset and unrealized gains (losses) on AFS securities line items and updated descriptions of the total capital and total risk-based capital line items.

9. Explanation of Any Payment or Gift to Respondents

OCC has not provided and has no intention to provide any payment or gift to respondents under this information collection.

10. Assurance of Confidentiality Provided to Respondents

The information collection request will be kept confidential to the extent permissible by law.

11. Justification for Sensitive Questions

There are no questions of a sensitive nature. No personally identifiable information is collected.

12. Estimates of Annualized Burden Hours and Costs

OCC estimates the burden of this collection of information as follows. This table includes estimates for (i) reporting templates for institutions with between \$10 and \$50 billion in assets and (ii) information collection requirements pursuant to the annual stress test rule (previously approved).

Reporting Templates	No. of Respondents	No. of Responses per Respondent	Annual No. of Responses	Burden per Response	Total Hours
Reporting Templates for Institutions with \$10-\$50B in Assets					
DFAST 10-50B Results Template	29	3	1	148.33	129,905
DFAST 10-50B Scenario Variables Template	29	1	1	24	696
<b>10B-50B Template Total</b>					<b>13,601</b>
<b>Annual Stress Test Final Rule Total</b>					<b>63,440</b>
<b>Total Burden for Collection</b>					<b>77,041</b>

13. Estimates of Annual Cost Burden to Respondents and Record Keepers

Total annual cost burden:

- (a) Total annualized capital and start-up costs associated with the Templates are estimated to be \$0 (zero dollars). In general, reporting on the Templates requires neither specialized capital equipment, nor fixed or variable costs that are not already associated with the customary and usual business practices of respondents.
- (b) Total annualized operations, maintenance, and purchases of services costs are estimated to be \$0 (zero dollars). Reporting on the forms does not in general impose operations, maintenance, or specialized services costs that are not already associated with the customary and usual practices of respondents.

The above cost estimates are not expected to vary widely among respondents.

14. Annualized Cost to the Federal Government

OCC estimates no annualized cost to the Federal government.

15. Explanation for Program Changes or Adjustments

Prior Burden: 89,188 hours.

Proposed Burden: 77,041 hours.

Difference: -12,147 hours.

The decrease in burden is made up of program changes reducing the number of respondents and increasing the burden per respondent for the \$10-50 billion templates, resulting in an overall decrease; and an adjustment removing the burden for the templates for institutions with over \$50 billion in consolidated assets. The templates for institutions with over \$50 billion in consolidated assets are currently approved under OMB Control No. 1557-0319. They are undergoing revision and will be consolidated under this OMB Control No. 1557-0311 when both ICRs have been approved.

16. Plans for Tabulation and Publication and Project Time Schedule

There are no publications.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

The agency is not seeking to display the expiration date of OMB approval of the information collection.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of this information does not employ statistical methods. Statistical methods are not appropriate for the type of information collected and would not reduce burden or improve accuracy of results.