

**Supporting Statement  
Recordkeeping and Disclosure Provisions  
Associated with Stress Testing Guidance  
OMB Control No. 1557-0312**

**A. Justification**

**1. *Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.***

Each banking organization should have the capacity to understand its risks and the potential impact of stressful events and circumstances on its financial condition.<sup>1</sup> On May 17, 2012, the OCC, along with the Federal Deposit Insurance Corporation (FDIC) and Board of Governors of the Federal Reserve (FRB), published guidance on the use of stress testing as a means to better understand the range of a banking organization's potential risk exposures.<sup>2</sup> The OCC is now seeking to renew the information collection associated with that guidance.

The guidance provides an overview of how a banking organization should structure its stress testing activities to ensure they fit into the banking organization's overall risk management program. The purpose of the guidance is to outline broad principles for a satisfactory stress testing framework and to describe the manner in which stress testing should be used, that is as an integral component of risk management applicable at various levels of aggregation within a banking organization, as well as a tool for capital and liquidity planning. While the guidance is not intended to provide detailed instructions for conducting stress testing for any particular risk or business area, it does describe several types of stress testing activities and how they may be most appropriately used by banking organizations. The guidance also does not explicitly address the stress testing requirements imposed upon certain companies by section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act).<sup>3</sup>

**2. *Indicate how, by whom, and for what purpose the information is to be used. Indicate the actual use the agency has made of any information received from the current collection.***

The uses of an organization's stress testing framework should include (but are not limited to): augmenting risk identification and measurement; estimating business line revenues and losses and informing business line strategies; identifying vulnerabilities and assessing their potential impact; assessing capital adequacy and enhancing capital planning; assessing liquidity adequacy and informing contingency funding plans; contributing to strategic planning; enabling

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<sup>1</sup> For purposes of the guidance, the term "banking organization" means national banks and Federal branches and agencies supervised by the OCC; state member banks, bank holding companies, and all other institutions for which the FRB is the primary Federal supervisor; and state nonmember insured banks and other institutions supervised by the FDIC.

<sup>2</sup> 77 FR 29458 (May 17, 2012).

<sup>3</sup> Pub. L. 111-203, 124 Stat. 1376. Section 165(i) of the Dodd-Frank Act is codified at 12 U.S.C. 5365(i)(2).

senior management to better integrate strategy, risk management, and capital and liquidity planning decisions; and assisting with recovery planning.

A banking organization should have a stress testing framework that includes:

- Clearly defined objectives;
- Well-designed scenarios tailored to the organization's business and risks;
- Well-documented assumptions;
- Conceptually sound methodologies to assess potential impact the organization's financial condition;
- Informative management reports;
- Recommended actions based on stress test results; and
- Policies and procedures for a stress testing framework.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Describe any consideration of using information technology to reduce burden.**

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

**4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 of this Supporting Statement.**

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

**5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

Not applicable. The information collection affects only large institutions.

**6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

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

**7. Explain any special circumstances necessitating collection inconsistent with 5 CFR 1320.5(d)(2).**

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320(d)(2).

**8. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format and on the data elements to be recorded, disclosed, or reported. Include citations to any relevant Federal Register notices, summarize any comments received, and indicate any actions taken in response to comments.**

On April 15, 2015, the OCC issued a 60-day *Federal Register* notice regarding the collection (80 FR 20290). No comments were received.

**9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

There is no payment to respondents.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

The information is kept confidential to the extent permitted by law.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private, including the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

Not applicable. No sensitive information is collected.

**12. Provide estimates of the hour burden of the collection. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.**

We expect that 62 institutions (50 national banks and 12 thrifts) may be affected by the guidance.

(a) Documentation of assumptions, uncertainties and limitations - 62 respondents x 40 hours per respondent = 2,480 burden hours (Recordkeeping)

(b) Summary of test results - 62 respondents x 40 hours per respondent = 2,480 burden hours (Recordkeeping)

(c) Policies and procedures (establishing and ensuring compliance with); Assigning staff (including training); Overseeing test development and implementation; Evaluating Results; Taking remedial action; Reporting to Board; Written policies and procedures, approved

annually, that direct and govern implementation; Appropriate documentation of tests reviewed by Board and Senior Management - 62 respondents x 180 hours per respondent = 11,160 burden hours (Recordkeeping and Disclosure)

Total burden: 62 respondents; 16,120 burden hours

Cost of Hour Burden:

16,120 x \$95.50 = \$1,539,460

To estimate compensation costs associated with the collection, we used \$95.50 per hour, which is based on December 2013 Bureau of Labor Statistics wage data for the average of the 90<sup>th</sup> percentile for seven occupations (i.e., accountants and auditors, compliance officers, financial analysts, lawyers, management occupations, software developers, and statisticians) plus an additional 33 percent to cover inflation adjustments and private sector benefits. According to Bureau of Labor Statistics employer costs of employee benefits data, thirty percent represents the average private sector costs of employee benefits. We use an inflation estimate of 3 percent.

**13. Estimate of total annual startup and annual capital costs to respondents; and cost of operation, maintenance and purchase of services.**

None.

**14. Provide estimates of annualized cost to the Federal government, including a description of the method used to estimate cost.**

None.

**15. Explain the reasons for any program changes or adjustments reported.**

There is no change in burden.

**16. For collections of information whose results will be published, outline plans for tabulation and publication.**

Not applicable.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

Not applicable.

**18. Explain each exception to the topics of the certification statement identified in the “Certification for Paperwork Reduction Act Submissions.”**

None.

**B. Collections of Information Employing Statistical Methods**

Not applicable.