

**DRAFT for December 31, 2017**

**(DRAFT as of September 29, 2017)**

**Federal Financial Institutions Examination Council**

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**Instructions for Preparation of  
Annual Dodd-Frank Act Company-Run Stress Test Report  
for Depository Institutions and Holding Companies with  
\$10-\$50 Billion in Total Consolidated Assets**

**Reporting Form FFIEC 016**

Report as of the close of business December 31 of each calendar year with a submission deadline for the report of the following July 31.

**DRAFT**

## INSTRUCTIONS FOR PREPARATION OF

# **Annual Dodd-Frank Act Company-Run Stress Test Report for Depository Institutions and Holding Companies with \$10-\$50 Billion in Total Consolidated Assets**

## **FFIEC 016**

### **GENERAL INSTRUCTIONS**

The Annual Dodd-Frank Act Company-Run Stress Test Report for Depository Institutions and Holding Companies with \$10-\$50 Billion in Total Consolidated Assets (FFIEC 016) collects detailed data from State Member Banks, National Banks, Federal Savings Associations, State Nonmember Banks, State Savings Associations (collectively, “depository institutions”), Bank Holding Companies’ (BHCs), and Savings and Loan Holding Companies’ (SLHCs)<sup>1</sup> (collectively, “reporting entities”) on quantitative projections of income, losses, assets, liabilities, and capital across a range of macroeconomic and financial scenarios as well as the qualitative supporting information on the methodologies and processes used to develop those internal projections. Further information regarding the requirements of the qualitative supporting information is provided in Appendix A. The agencies will provide details about the macroeconomic scenarios to the reporting entities.

### **Who Must Report**

#### **Reporting Criteria**

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<sup>1</sup> SLHCs substantially engaged in commercial or insurance underwriting activities are exempt from the requirements until such time that the Federal Reserve Board (Board) establishes a final capital rule. If the Board issued the rule or order on or before March of the previous year, the stress test requirements would then be effective on January 1 of a given year, unless the time was accelerated or extended by the Board in writing.

Institutions with total consolidated assets greater than \$10 billion but less than \$50 billion that are subject to the agencies’ stress test rules (12 CFR part 46 (OCC); 12 CFR part 252, subpart B (Board); 12 CFR 325, subpart C (FDIC)) must file the FFIEC 016.

The agencies’ Dodd-Frank Act (DFA) stress test rules define total consolidated assets as the average of the reporting entity’s total consolidated assets over the four most recent consecutive quarters as reported on the respondent’s Consolidated Financial Statements for Holding Companies (FR Y-9C: OMB Number 7100-0128) or Consolidated Reports of Condition and Income (FFIEC 031 or FFIEC 041 Call Report:<sup>2</sup> OMB Numbers: Board, 7100-0036; OCC, 1557-0081; and FDIC, 3064-0052). Per the stress test rules, if the reporting entity has not filed a FR Y-9C or Call Report for each of the four most recent consecutive quarters, the average of the reporting entity’s total consolidated assets in the most recent quarter or consecutive quarters as reported on the FR Y-9C or Call Report should be used in the calculation.

### **Compliance with the Company-Run Stress Test Requirements**

A BHC or SLHC that is subject to minimum regulatory capital requirements or a depository institution that exceeds the asset threshold for the first time on or before March 31 of a given year, must comply with the company-run stress test

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<sup>2</sup> References hereafter to the Call Report in these instructions mean the FFIEC 031 and FFIEC 041 Call Reports, not the FFIEC 051 Call Report.

requirements beginning on January 1 of the following year, unless that time is extended by the applicable primary federal regulatory agency in writing. Similarly, a BHC or SLHC that is subject to minimum regulatory capital requirements or a depository institution that exceeds the asset threshold for the first time after March 31 of a given year must comply with the company-run stress test requirements beginning on January 1 of the second year following that given year, unless that time is extended by the applicable primary federal regulatory agency in writing.

For example, if an institution reported \$9.5 billion in total consolidated assets on its FR Y-9C or Call Report as of June 30 and September 30, 2016 and \$11 billion as of December 31, 2016 and March 31, 2017, the average total assets over the four-quarter period is calculated as \$10.25 billion and the institution would meet the requirement to conduct its first stress test for the 2018 stress test cycle commencing on January 1, 2018 (using a financial as of date of December 31, 2017, for completing its FFIEC 016) and reporting in July 2018.

For example, if an institution reported \$9.5 billion in total consolidated assets on its FR Y-9C or Call Report as of September 30 and December 31, 2016, and \$11 billion as of March 31 and June 30, 2017, the average total assets over the four-quarter period is calculated as \$10.25 billion and the institution would meet the requirement to conduct its first stress test for the 2019 stress test cycle commencing on January 1, 2019 (using a financial as of date of December 31, 2018, for completing its FFIEC 016) and reporting in July 2019.

Once a reporting entity meets the asset threshold, the reporting entity will remain subject to the stress test rule requirements unless and until the total consolidated assets (not average assets) of the reporting entity are less than \$10 billion for each of four consecutive quarters as reported on the FR Y-9C or Call Report, as applicable (measured on the as of date of the fourth consecutive FR Y-9C or Call Report). A BHC, SLHC, or depository institution that has reduced its total consolidated assets below \$10 billion for four consecutive quarters will again become subject to the requirements of this rule if it meets the asset

threshold at a later date.

### **Shifts in Reporting**

If a reporting entity filing the FFIEC 016 reaches total consolidated assets of \$50 billion or more, as defined by the stress test rules, the reporting entity will need to refer to the reporting forms for BHCs, SLHCs, and depository institutions with assets of \$50 billion or more issued by the applicable primary federal regulatory agency.

### **Exemptions**

Reporting entities that do not meet the reporting criteria listed above are exempt from reporting. Foreign banking organizations are also exempt from FFIEC 016 reporting.

### **Where to Submit the Report**

All reporting entities should submit their completed reports electronically using the Federal Reserve System's Reporting Central application. Reporting Central is a central point of entry for electronic reports submission and file uploads for certain Federal Reserve, FFIEC, and Treasury Department reports, and is a system many reporting entities already use for other regulatory reports. Per each agency's stress test rules, each primary federal regulator will have access to its respective institutions' submissions.

For general Reporting Central procedures and information, reporting entities should contact the appropriate agency and Federal Reserve Bank or access the following link: [www.frbsservices.org/centralbank/reportingcentral/index.html](http://www.frbsservices.org/centralbank/reportingcentral/index.html).

For instructions on how to create and submit the FFIEC 016 report, reporting entities should contact the appropriate Federal Reserve Bank or access the following link: [https://www.frbsservices.org/files/reporting/pdf/fry16\\_fdic\\_dfast\\_transfer\\_guide.pdf](https://www.frbsservices.org/files/reporting/pdf/fry16_fdic_dfast_transfer_guide.pdf).

Reporting entities must submit the qualitative supporting information for the FFIEC 016 report in Adobe Acrobat PDF format. For requirements

regarding the submission of these items, see Appendix A of these instructions.

## When to Submit the Report

The FFIEC 016 report is required to be submitted using financial information as of December 31. The report submission due date is the close of business July 31 of the following year unless that time is extended by the primary federal regulator in writing. Close of business is defined as 5:00 P.M., local time of the reporting entity. The term “submission date” is defined as the date by which the primary federal regulator must receive the reporting entity’s FFIEC 016.

If the submission deadline falls on a weekend or holiday, the report must be received on the first business day after the weekend or holiday. Earlier submission aids the Federal Reserve in reviewing and processing reports and is encouraged.

## Organization of the Report

### General Information

The annual company-run DFA stress tests will cover a nine-quarter planning horizon beginning on the first day of a stress test cycle (January 1) and use financial information as of December 31 of a reporting year (for a total of ten quarters of information reported). Reporting entities will report on the FFIEC 016 their quantitative projections of losses, resources available to absorb those losses, balance sheet positions, and capital composition on a quarterly basis over the duration of the scenarios and planning horizon. The federal regulatory agencies will provide details about the macroeconomic scenarios to the reporting entities.

The FFIEC 016 is organized into the following sections:

#### A. Scenario Variables Schedule

#### B. Results Schedules

- a. Summary Schedule
- b. Baseline Scenario
  - i. Income Statement
  - ii. Balance Sheet Schedule

- c. Adverse Scenario
  - i. Income Statement
  - ii. Balance Sheet Schedule
- d. Severely Adverse Scenario
  - i. Income Statement
  - ii. Balance Sheet Schedule

### C. Appendix A - Qualitative Supporting Information

In addition to the projections collected on the FFIEC 016, reporting entities are also required to submit summary qualitative information supporting their projections. The report of the results of the stress test must include, under the baseline, adverse, and severely adverse scenarios: 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. Please see Appendix A for more details.

## How to Prepare the Reports

### A. Applicability of U.S. GAAP

Reporting entities are required to prepare and file the FFIEC 016 schedules in accordance with U.S. generally accepted accounting principles (GAAP) and these instructions. For the purposes of FFIEC 016, a reporting entity should not reflect the adoption of a new accounting standard in its projections unless the reporting entity has already adopted the accounting standard for financial reporting purposes. The financial records of the reporting entity should be maintained in such a manner and scope to ensure the FFIEC 016 is prepared in accordance with these instructions and reflects a fair presentation of the reporting entity’s financial condition and assessment of performance under stressed scenarios.

A reporting entity must project the allowance for loan and lease losses (ALLL) using methodologies consistent with the Current Expected Credit Losses model (CECL) in all FFIEC 016 submissions subsequent to the reporting entity’s CECL effective date. Thus, a reporting entity with

a CECL effective date of the fiscal year beginning after December 15, 2019 (effective date for Securities and Exchange Commission filers) must use methodologies to project the ALLL in all quarters consistent with CECL beginning with the 2020 FFIEC 016 submission. A reporting entity that voluntarily adopts CECL prior to its required CECL effective date is encouraged, but not required, to use methodologies to project the ALLL consistent with CECL in the same FFIEC 016 submission year as the early adoption.

Unless the preceding criterion is met, a reporting entity should not use methodologies to project the ALLL consistent with CECL for any future projected period in its FFIEC 016 submission, including future projection periods that are subsequent to the effective date for the reporting entity. For example, a reporting entity with a CECL effective date of the fiscal year beginning after December 15, 2019, should not use methodologies to project quarterly ALLL balances consistent with CECL in its FFIEC 016 submission in 2018, even though the ending ninth quarter of the FFIEC 016 submission in 2018 corresponds to March 31, 2020.

## **B. Rules of Consolidation**

Reporting entities should reference the FR Y-9C or Call Report for general instructions on the rules of consolidation. Unless otherwise noted, items map directly to the reporting entity's FR Y-9C or Call Report for the actual quarterly data provided for December 31 of the reporting year while all remaining quarterly data over the nine-quarter horizon are based on the reporting entity's quarterly projections.

## **C. Projections**

The report includes one quarter of actual data followed by nine quarters of projected data. The "planning horizon" refers to the nine quarters of projected data, starting with the first quarter following the actual data, which would be the first quarter of the following year, or March 31st. Column headings refer to each corresponding quarter.

## **D. Order of Precedence**

If there is a conflict in guidance, reporting entities should first use the information contained in these instructions and then the latest instructions available for the FR Y-9C or Call Report.

## **E. Technical Details**

The following instructions apply generally to the FFIEC 016, unless otherwise specified.

- a. Report income and loss data on a quarterly basis and not on a cumulative or year-to-date basis.
- b. Ensure that any internal consistency checks are complete prior to submission.
- c. A numerical value or zero should generally be entered for all items, except in those cases where other options such as "not available" or "other" are specified. If information is not available or not applicable and no such options are offered, the field should be left blank. If there are no data for certain fields, then populate them with a zero, "0."
- d. MDRM codes and formulas are provided in the 'FFIEC 031 or 041 Call Report Item' column and the 'FR Y-9C Report Item' column for most line items. Definitions in the Call Report and FR Y-9C for those items should be used.

## **F. Rounding**

All dollar amounts must be reported in thousands, with the figures rounded to the nearest thousand. Rounding could result in details not adding to their stated totals. However, to ensure consistent reporting, the rounded detail items should be adjusted so that the totals and the sums of their components are identical.

## **G. Negative Entries**

Negative entries are generally not appropriate on the FFIEC 016 balance sheet and should not be reported. Hence, assets with credit balances must be reported in liability items and liabilities with debit balances must be reported in asset items, as appropriate, and in accordance with these instructions. When negative entries do occur in one or more of these items, they should be

recorded with a minus (-) sign rather than in parentheses.

## **H. Confidentiality**

As the FFIEC 016 data will be collected as part of the supervisory process, they are subject to confidential treatment under Exemption 8 of the Freedom of Information Act (5 U.S.C. 552(b)(8)). In addition, the information contained in this report may be exempt from disclosure under Exemption 4 (5 U.S.C. 552(b)(4)). Disclosure determinations would be made on a case-by-case basis in accordance with each agency's disclosure regulations.

## **I. Amended Reports**

When the applicable primary federal regulatory agency's interpretation of how U.S. GAAP or these instructions should be applied to a specified event or transaction (or series of related events or transactions) differs from the reporting entity's interpretation, the agency may require the reporting entity to reflect the event(s) or transaction(s) in its FFIEC 016 in accordance with the agency's interpretation and to amend previously submitted reports. The agency will consider the materiality of such event(s) or transaction(s) in making a determination about requiring the reporting entity to apply the agency's interpretation and to amend previously submitted reports. Materiality is a qualitative characteristic of accounting information that is addressed in FASB Concepts Statement No. 8, "Conceptual Framework for Financial Reporting," as follows: "Information is material if omitting it or misstating it could influence decisions that users make on the basis of the financial information of a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude or both of the items to which the information relates in the context of an individual entity's financial report."

The agencies may require the filing of an amended FFIEC 016 if previously submitted reports contain significant errors. In addition, a reporting entity should file an amended report when internal or external auditors make audit adjustments that result in a restatement of financial statements previously

submitted to the agencies.

For further information regarding FFIEC 016 amended reports, please see the Amended Reports section in the general instructions of the FR Y-9C or Call Report.

If resubmissions are required, a reporting entity should contact the appropriate primary federal regulator.

## **J. Data Items Automatically Retrieved from Other Reports**

The actual 12/31 data that are required to be submitted in each schedule on the FFIEC 016 may also be collected in other reports submitted to the agencies. If a reporting entity files the other reports at the same level of consolidation as is required for the FFIEC 016, the duplicate data items do not need to be reported and may be left blank on the FFIEC 016 report. A reporting entity's data will be collected from the FR Y-9C or Call Report.

However, the actual 12/31 data for certain line items do not map to existing MDRM codes in the FR Y-9C or Call Report. Reporting entities will need to report the actual 12/31 data for the following FFIEC 016 line items for each scenario:

- Income statement memoranda line items 26-31, 32-37, and 38-43 for all reporting entities
- Balance sheet line items 32, 33, and 35 for BHCs and SLHCs

## **K. Legal Entity Identifier (LEI)**

The Legal Entity Identifier (LEI) is a 20-digit alpha-numeric code that uniquely identifies entities that engage in financial transactions. A reporting entity must provide its LEI on the cover page of the FFIEC 016 report only if the reporting entity already has obtained an LEI. The LEI must be a currently issued, maintained, and valid LEI, not an LEI that has lapsed. A reporting entity that does not have an LEI is not required to obtain one for purposes of reporting it on the FFIEC 016 report.

**L. Questions**

Questions and requests for interpretations of matters appearing in any part of these instructions should be addressed to the appropriate primary federal regulatory agency.

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## SCENARIO VARIABLES SCHEDULE

To conduct the stress test required, a reporting entity 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. The agencies expect respondents to ensure that the paths of any additional variables (including their timing) are consistent with the general economic environment assumed in the supervisory scenarios. If additional variables are used, the reporting entity must complete the following information for each scenario where the reporting entity chose to use additional variables. The following instructions provide guidance for reporting entities that choose to use additional scenario variables to report. The Scenario Variables Schedule should be reported in a data format (not pdf) and submitted through the Reporting Central application.

### A. Scenario Variables Definitions

This schedule should be used to list and define the variables used by a reporting entity that chooses to go beyond those variables defined in the mandatory supervisory scenarios provided by the agencies.

- The schedule provides space for the baseline scenario, adverse scenario, and severely adverse scenario. These sections must be completed if a reporting entity chooses to use additional variables.
- If additional variables are used beyond the variables included in the regulatory provided scenarios, list those variable names in the column titled “Variable Name.”
- Variable definitions should be provided in the column titled “Variable Definition.” Variable definitions should include a description of the variable (e.g., “real GDP”) and the denomination and/or frequency of the variable (e.g., “billions of 2005 dollars” or “in percent, average of monthly values”).

- The forecasts and historical data for all of the additional scenario variables should be constructed on the same basis. Thus, if a variable is, over history, constructed as an average, its forecast should be interpreted as an average as well.

The following definitions and basis (i.e., period-average or period-end) of the financial market variables were included in the 2013 mandatory supervisory scenarios and are provided as an example for institutions to describe any additional scenario variables used in its stress test:<sup>3</sup>

- U.S. 10-year Treasury yield: Quarterly average of the yield on 10-year U.S. Treasury bonds.
- U.S. mortgage rate: Quarterly average of weekly series of Freddie Mac data.
- U.S. Dow Jones Total Stock Market Index: End-of-quarter value, Dow Jones.
- U.S. Market Volatility Index (VIX): Chicago Board Options Exchange converted to quarterly by using the maximum value in any quarter.

- For convenience, the schedule provides space for ten additional variables per scenario, but any number of variables may be reported, depending on the variables actually used in the scenario. Extra lines may be created as needed. The same variables do not necessarily have to be included in each scenario.
- Reporting entities should include all economic and financial market variables that were important in projecting results and are in addition to those provided by the regulators, including those that affect only a subset of portfolios or positions. For example, if asset prices in a specific sector had a meaningful impact, then the assumed level of prices and projections should be included; or, if bankruptcy filings affect credit card loss

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<sup>3</sup> See the following for more information on the 2013 supervisory scenarios:  
<http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20121115a1.pdf>.



estimates, then the assumed levels of these loss estimates should be reported if used in the projections.

- Reporting entities should also include any variables capturing regional or local economic or asset value conditions, such as regional unemployment rates or regional housing prices, if these were used in the projections.
- Reporting entities should include historical data, as well as projections, for any macroeconomic, regional, local, or financial market variables that are not generally available. Historical data for these variables can be included in a separate document.

## **B. All Scenarios**

- The Scenario Variables Schedule should be submitted only when additional variables are used beyond those provided by the regulators.
- Variable names and definitions should be consistent throughout the worksheets in the schedule.
- List quarterly values for the variables starting with the last realized value (actual 12/31) through the end of the planning horizon (projected quarter one through projected quarter nine). Reporting Central does not allow variable values with decimal places on the Scenario Variables Schedule. For variables that are not reported in thousands (such as ratios or rates) the respondent should provide the unit of measure in the Variable Definition field to indicate the metrics of a given variable. For example, if Interest Rate is the Variable Name, the corresponding Variable Definition should identify the metrics in which the data are reported (basis points, 100 as 1.0%; and 554 as 5.54%, etc.).
- The Scenario Variables Schedule should be submitted in data format (not pdf) through the Reporting Central application.

## **C. DFA Stress Test Baseline Scenario**

Reporting entities should report the values of any additional variables generated for the DFA stress test baseline scenario.

## **D. DFA Stress Test Adverse Scenario**

Reporting entities should report the values of any additional variables generated for the DFA stress test adverse scenario.

## **E. DFA Stress Test Severely Adverse Scenario**

Reporting entities should report the values of any additional variables generated for the DFA stress test severely adverse scenario.

## RESULTS SCHEDULES

The Results Schedules are composed of seven supporting schedules: a Summary Schedule, which summarizes key results from the Baseline, Adverse, and Severely Adverse Scenarios; and supporting schedules with Income Statement, Balance Sheet, and Capital details. Each supporting schedule has three versions: one each for the Baseline Scenario, the Adverse Scenario, and the Severely Adverse Scenario.

Detailed instructions for the Income Statement and Balance Sheet schedules follow in the sections below.

### Summary Schedule

This schedule summarizes key results reported on the Income Statement and Balance Sheet schedules for the Baseline, Adverse, and Severely Adverse Scenarios. No action is required by reporting entities to complete this schedule as this summary data schedule will be populated automatically from the Income Statement and Balance Sheet schedules.

### Income Statement Schedule

For the Income Statement Schedule, MDRM codes corresponding to the related FR Y-9C and Call Report line items are provided for many of the line items. Reporting entities should report income and loss data on a quarterly basis and not on a cumulative or year-to-date basis. When applicable, the definitions of the reporting entity's projections should map to the definitions outlined by the corresponding MDRM code within the FR Y-9C and Call Report. The reporting entity should include income or losses tied to the relevant balances reported on the Balance Sheet Schedule.

### General Instructions

This schedule collects various income statement items similar to items found on Schedules HI, HI-A, and HI-B on the FR Y-9C or Schedules RI,

RI-A, and RI-B on the Call Report. Net charge-offs on this schedule is defined as gross charge-offs less recoveries for the various line items. As stated in the FR Y-9C and Call Report instructions, institutions should also include write-downs to fair values on loans (and leases) transferred to the held-for-sale account during the calendar year-to-date that occurred when (1) the institution decided to sell loans that were not originated or otherwise acquired with the intent to sell and (2) the fair value of those loans had declined for any reason other than a change in the general market level of interest or foreign exchange rates.

For those reporting entities or consolidated subsidiaries required to establish and maintain an allocated transfer risk reserve, as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Subpart D of Regulation K (Board); 12 CFR 28, Subpart C (OCC); 12 CFR 347 (FDIC)), and in any guidelines or instructions issued by the agencies, columns A and B of part I of Schedules HI-B and RI-B include loans and leases charged off against and amounts recovered, respectively, through the allocated transfer risk reserve. These instructions should be read in conjunction with the instructions for Schedules HI-B and RI-B and the glossary entries for "allowance for loan and lease losses" and "domicile" in the FR Y-9C and Call Report instructions.

#### **Line item 1 First lien mortgages (net charge-offs):**

Report all closed-end loans secured by first liens on 1–4 family residential properties in domestic offices, as defined in the FR Y-9C, Schedule HI-B, item 1(c)(2)(a) and the Call Report, Schedule RI-B, item 1.c.(2)(a).

#### **Line item 2 Closed-end junior liens (net charge-offs):**

Report all closed-end loans secured by junior liens on 1–4 family residential properties in domestic offices, as defined in the FR Y-9C, Schedule HI-B, item 1(c)(2)(b) and the Call Report, Schedule RI-B, item 1.c.(2)(b). Include loans secured by junior liens in this item even if the institution also holds a loan secured by a first

lien on the same 1–4 family residential property and there are no intervening junior liens.

**Line item 3 Home equity lines of credit (HELOCS) (net charge-offs):**

Report all revolving, open-end loans in domestic offices secured by 1–4 family residential properties and extended under lines of credit, as defined in the FR Y-9C, Schedule HI-B, item 1(c)(1) and in the Call Report, Schedule RI-B, item 1.c.(1).

**Line item 4 Commercial and industrial (C&I) loans (net charge-offs):**

Report all commercial and industrial loans, as defined in the FR Y-9C, Schedule HI-B, items 4(a) and 4(b) and the Call Report, Schedule RI-B, item 4 (FFIEC 041) and items 4.a and 4.b (FFIEC 031).

**Line item 5 1-4 family construction loans (net charge-offs):**

Report all 1-4 family residential construction loans in domestic offices, as defined in the FR Y-9C, Schedule HI-B, item 1(a)(1) and the Call Report, Schedule RI-B, item 1.a.(1).

**Line item 6 Other construction loans (net charge-offs):**

Report all other construction loans and all land development and other land loans in domestic offices, as defined in the FR Y-9C, Schedule HI-B, item 1(a)(2) and the Call Report, Schedule RI-B, item 1.a.(2).

**Line item 7 Multifamily loans (net charge-offs):**

Report all loans secured by multifamily (5 or more) residential properties in domestic offices, as defined in the FR Y-9C, Schedule HI-B, item 1(d) and the Call Report, Schedule RI-B, item 1.d.

**Line item 8 Non-farm, non-residential owner occupied loans (net charge-offs):**

Report all loans secured by owner-occupied non-farm non-residential properties in domestic offices, as defined in the FR Y-9C, Schedule HI-B, item 1(e)(1) and the Call Report, Schedule RI-B, item 1.e.(1).

**Line item 9 Non-farm, non-residential other loans (net charge-offs):**

Report all loans secured by other non-farm non-residential properties in domestic offices, as defined in the FR Y-9C, Schedule HI-B, item 1(e)(2) and the Call Report, Schedule RI-B, item 1.e.(2).

**Line item 10 Credit cards (net charge-offs):**

Report all extensions of credit under credit card loans, as defined in the FR Y-9C, Schedule HI-B, item 5(a) and the Call Report, Schedule RI-B, item 5.a.

**Line item 11 Automobile loans (net charge-offs):**

Report all automobile loans, as defined in the FR Y-9C, Schedule HI-B, item 5(b) and the Call Report, Schedule RI-B, item 5.b.

**Line item 12 Other consumer loans (net charge-offs):**

Report all other consumer loans, as defined in the FR Y-9C, Schedule HI-B, item 5(c) and the Call Report, Schedule RI-B, item 5.c.

**Line item 13 All other loans and leases (net charge-offs):**

Report all other loans that have not been reported in the loan charge-off categories above (line items 1-12) and all leases.

**Line item 14 Total loan and lease (net charge-offs):**

Report the sum of line items 1 through 13.

**Line item 15 Net interest income:**

Report net interest income, as defined in the FR Y-9C report, Schedule HI, item 3 and the Call Report, Schedule RI, item 3.

**Line item 16 Non-interest income:**

Report non-interest income, as defined in the FR Y-9C report, Schedule HI, item 5(m) and the Call Report, Schedule RI, item 5.m.

**Line item 17 Non-interest expense:**

Report non-interest expense, as defined in the FR Y-9C report, Schedule HI, item 7(e) and the Call Report, Schedule RI, item 7.e.

**Line item 18 Pre-provision net revenue:**

Report the sum of line items 15 and 16 above, less line item 17.

**Line item 19 Provision for loan and lease losses:**

Report the provision for loan and lease losses, as defined in the FR Y-9C report, Schedule HI, item 4 and the Call Report, Schedule RI, item 4.

**Line item 20 Realized gains (losses) on held-to-maturity (HTM) securities:**

Report the realized gain (losses) on held-to-maturity securities, as defined in the FR Y-9C report, Schedule HI, item 6(a) and the Call Report, Schedule RI, item 6.a.

**Line item 21 Realized gains (losses) on available-for-sale (AFS) securities:**

Report the realized gain (losses) on available-for-sale securities, as defined in the FR Y-9C report, Schedule HI, item 6(b) and the Call Report, Schedule RI, item 6.b.

**Line item 22 All other gains (losses):**

Report all other gains (losses) from discontinued operations, less the net income (loss) attributable to noncontrolling (minority) interests [if net income of noncontrolling interest is positive subtract out and if there is a net loss, add back], and any other items that are not either (i) reported above line item 22 or (ii) in taxes reported in line item 23. The amounts reported in line item 22 comprise the remaining portion of net income reported in line item 24. The corresponding FR Y-9C line items are defined in Schedule HI, items 11 and 13 and the corresponding Call Report line items are defined in Schedule RI, items 11 and 13.

**Line item 23 Taxes:**

Report the applicable income taxes, as defined in the FR Y-9C report, Schedule HI, item 9 and the Call Report, Schedule RI, item 9.

**Line item 24 Net income:**

Report the total of line items 18, 19, 20, 21, 22, and 23 using the following logic (item 18 – item 19 + item 20 + item 21 + item 22 – item 23). If this amount is a net loss, report with a minus (-) sign. Report the applicable net income, as defined in the FR Y-9C report, Schedule HI, item

14 and the Call Report, Schedule RI, item 14.

**Memoranda items:****Line item 25 Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings:**

Report other-than-temporary impairment losses recognized in earnings, as defined in the FR Y-9C report, Schedule HI, Memo item 17 and the Call Report, Schedule RI, Memo item 14.

**Line items 26 through 43**

These line items should be used to list the projected segment amounts of non-interest income, non-interest expense, and all other gains (losses) that exceed 15 percent of each line item, respectively.

- The measurement to determine if segments of non-interest income, non-interest expense, and all other gains (losses) are greater than 15 percent should be performed for the initial period (actual as of 12/31) and amounts should be reported for projected quarters one through nine if a category is greater than 15 percent as of the actual 12/31 period (even if the value of the category item decreases to less than 15 percent in the projected periods).
- These line items must be completed for each scenario if a segment of non-interest income, non-interest expense, and all other gains (losses) are greater than 15 percent as of the actual 12/31 period.
- Segment names and definitions should be consistent throughout the Income Statement Schedule.
- List the quarterly values for the segments starting with the last realized value (actual 12/31) through the end of the planning horizon (projected quarter one through projected quarter nine).
- Enter all amounts as levels rather than as changes or growth rates (for example, the

dollar value of income from fiduciary activities).

**Line items 26-31 Itemize and describe amounts greater than 15 percent of non-interest income (Line item 16):**

List and describe specific segments of non-interest income that exceed 15 percent of “total non-interest income” line item 16 as of the actual 12/31 period.

**Line items 32-37 Itemize and describe amounts greater than 15 percent of non-interest expense (Line item 17):**

List and describe specific segments of non-interest expense that exceed 15 percent of “total non-interest expense” line item 17 as of the actual 12/31 period.

**Line items 38-43 Itemize and describe amounts greater than 15 percent of all other gains (losses) (Line item 22):**

List and describe specific segments of all other gains (losses) that exceed 15 percent of “all other gains/losses” line item 22 as of the actual 12/31 period.

## **Balance Sheet Schedule**

For the Balance Sheet Schedule, MDRM codes corresponding to the related FR Y-9C and Call Report line items are provided for many of the line items. When applicable, the definitions of the reporting entity’s projections should map to the definitions outlined by the corresponding MDRM code within the FR Y-9C and Call Report. The reporting entity should report balances that are tied to the relevant income or losses reported on the Income Statement Schedule.

### **Line items 1 through 15 Loans**

For each scenario used, input the loan balance projections in the various line items in this schedule, net of any unearned income. Domestic refers to portfolios in the domestic U.S. offices (as defined in the FR Y-9C and Call Report), and International refers to portfolios outside of the

domestic U.S. offices.

### **Line item 1 First lien mortgages:**

Report closed-end loans secured by first liens on 1-4 family residential properties in domestic offices, as defined in the FR Y-9C, Schedule HC-C, item 1(c)(2)(a) and the Call Report, Schedule RC-C, item 1.c.(2)(a).

### **Line item 2 Closed-end junior liens:**

Report closed-end loans secured by junior (i.e., other than first) liens on 1-4 family residential properties in domestic offices, as defined in the FR Y-9C, Schedule HC-C, item 1(c)(2)(b) and the Call Report, Schedule RC-C, item 1.c.(2)(b).

### **Line item 3 Home equity lines of credit (HELOCS):**

Report the amount outstanding under revolving, open-end lines of credit secured by 1-4 family residential properties in domestic offices, as defined in the FR Y-9C, Schedule HC-C, item 1(c)(1) and the Call Report, Schedule RC-C, item 1.c.(1).

### **Line item 4 Commercial and industrial (C&I) loans:**

Report all commercial and industrial (C&I) loans, as defined in the FR Y-9C, Schedule HC-C, items 4(a) and 4(b) and the Call Report, Schedule RC-C, item 4 (FFIEC 041) and items 4.a and 4.b (FFIEC 031).

### **Line item 5 1-4 family construction loans:**

Report loans secured by 1-4 family residential construction loans in domestic offices, as defined in the FR Y-9C, Schedule HC-C, item 1(a)(1) and the Call Report, Schedule RC-C, item 1.a.(1).

### **Line item 6 Other construction loans:**

Report construction loans for purposes other than constructing 1-4 family residential properties, land development loans, and all other land loans in domestic offices, as defined in the FR Y-9C, Schedule HC-C, items 1(a)(2) and the Call Report, Schedule RC-C, items 1.a.(2).

### **Line item 7 Multifamily loans:**

Report loans secured by multifamily (5 or more) residential properties in domestic offices, as defined in the FR Y-9C, Schedule HC-C, item 1(d) and the Call Report, Schedule RC-C, item 1.d.

**Line item 8 Non-farm, non-residential owner-occupied loans:**

Report loans secured by owner-occupied non-farm non-residential properties in domestic offices, as defined in the FR Y-9C, Schedule HC-C, item 1(e)(1) and the Call Report, Schedule RC-C, item 1.e.(1).

**Line item 9 Non-farm, non-residential other loans:**

Report non-farm non-residential real estate loans that are not secured by owner-occupied non-farm non-residential properties in domestic offices, as defined in the FR Y-9C, Schedule HC-C, item 1(e)(2) and the Call Report, Schedule RC-C, item 1.e.(2).

**Line item 10 Credit cards:**

Report all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards, held in domestic offices, as defined in the FR Y-9C, Schedule HC-C, item 6(a) and the Call Report, Schedule RC-C, item 6.a.

**Line item 11 Automobile loans:**

Report all auto loans held in domestic offices, as defined in the FR Y-9C, Schedule HC-C, item 6(c) and the Call Report, Schedule RC-C, item 6.c.

**Line item 12 Other consumer loans:**

Report all other consumer loans held in domestic offices not reported in line items 10 or 11, as defined in the FR Y-9C, Schedule HC-C, items 6(b) and 6(d) and the Call Report, Schedule RC-C, items 6.b and 6.d.

**Line item 13 All other loans and leases:**

Report all other loans that have not already been reported in the loan categories in line items 1 through 12 and all leases.

**Line item 14 Loans covered by FDIC loss-sharing agreements:**

Report all loans covered by loss-sharing agreements with the FDIC, as defined in the FR Y-9C, Schedule HC-M, items 6.a.(1)(a)(1) through 6.a.(5) and the Call Report, Schedule RC-M items 13.a.(1)(a)(1) through 13.a.(5). These loans also should be reported by loan category in items 1 through 13 above.

**Line item 15 Total loans and leases:**

Report the sum of items 1 through 13 above. It is also defined in the FR Y-9C, Schedule HC-C, item 12 and the Call Report, Schedule RC-C, Part I, item 12.

**Line item 16 Allowance for loan and lease losses:**

Report the allowance for loan and lease losses, as defined in the FR Y-9C, Schedule HC, item 4(c) and the Call Report, Schedule RC, item 4.c.

**Line items 17 through 21 Securities: HTM:**

For line items 17 through 21, report the amortized cost of securities held-to-maturity, which corresponds to securities reported in the FR Y-9C, Schedule HC-B, column A and the Call Report, Schedule RC-B, column A.

**Line item 17 U.S. government obligations and obligations of U.S. government sponsored entities (GSEs):**

Report securities issued by the U.S. Government and by U.S. government agencies, as defined in the FR Y-9C, Schedule HC-B, items 1, 2, 4(a)(1), 4(a)(2), 4(b)(1), 4(b)(2), 4(c)(1)(a), and 4(c)(2)(a) and the Call Report, Schedule RC-B, items 1, 2.a, 2.b, 4.a.(1), 4.a.(2), 4.b.(1), 4.b.(2), 4.c.(1)(a), and 4.c.(2)(a).

**Line item 18 Securities issued by states and political subdivisions in the U.S.:**

Report securities issued by the states and political subdivisions in the U.S., as defined in the FR Y-9C, Schedule HC-B, item 3 and the Call Report, Schedule RC-B, item 3.

**Line item 19 Non-agency MBS and ABS securities:**

Report all mortgage-backed and asset-backed securities not guaranteed by the U.S. government or issued by a state or political subdivision in the

U.S., as defined in the FR Y-9C, Schedule HC-B, items 4(a)(3), 4(b)(3), 4(c)(1)(b), 4(c)(2)(b), and 5(a) and the Call Report, Schedule RC-B, items 4.a.(3), 4.b.(3), 4.c.(1)(b), 4.c.(2)(b), and 5.a.

**Line item 20 All other HTM securities:**

Report all other securities that have not already been reported in the securities categories in line items 17 through 19, as defined in the FR Y-9C, Schedule HC-B, items 5(b) and 6 and the Call Report, Schedule RC-B, items 5.b.(1), 5.b.(2), 5.b.(3), 6.a, and 6.b.

**Line item 21 Total HTM securities:**

Report the sum of items 17 through 20 above. It is also defined in the FR Y-9C, Schedule HC, item 2(a) and the Call Report, Schedule RC, item 2.a and Schedule RC-B, item 8, column A.

**Line items 22 through 26 Securities: Available-for-sale (AFS):**

For line items 22 through 26, report the fair value of available-for-sale securities, which corresponds to securities reported in the FR Y-9C, Schedule HC-B, column D and the Call Report, Schedule RC-B, column D.

**Line item 22 U.S. government obligations and obligations of GSEs:**

Report securities issued by the U.S. Government and by U.S. government agencies, as defined in the FR Y-9C, Schedule HC-B, items 1, 2, 4(a)(1), 4(a)(2), 4(b)(1), 4(b)(2), 4(c)(1)(a), and 4(c)(2)(a) and the Call Report, Schedule RC-B, items 1, 2.a, 2.b, 4.a.(1), 4.a.(2), 4.b.(1), 4.b.(2), 4.c.(1)(a), and 4.c.(2)(a).

**Line item 23 Securities issued by states and political subdivisions in the U.S.:**

Report securities issued by the states and political subdivisions in the U.S., as defined in the FR Y-9C, Schedule HC-B, item 3 and the Call Report, Schedule RC-B, item 3.

**Line item 24 Non-agency MBS and ABS securities:**

Report all mortgage-backed and asset-backed securities not guaranteed by the U.S. government or issued by a state or political subdivision in the U.S., as defined in the FR Y-9C, Schedule HC-B, items 4(a)(3), 4(b)(3), 4(c)(1)(b), 4(c)(2)(b), and

5(a) and the Call Report, Schedule RC-B, items 4.a.(3), 4.b.(3), 4.c.(1)(b), 4.c.(2)(b), and 5.a.

**Line item 25 All other AFS securities:**

Report all other securities that have not already been reported in the securities categories in line items 22 through 24, as defined in the FR Y-9C, Schedule HC-B, items 5(b), 6, and 7 and the Call Report, Schedule RC-B, items 5.b, 6, and 7.

**Line item 26 Total AFS securities:**

Report the sum of items 22 through 25 above. It is also defined in the FR Y-9C, Schedule HC, item 2(b) and the Call Report, Schedule RC, item 2.b and Schedule RC-B, item 8, column D.

**Line item 27 Trading assets:**

Report trading assets, as defined in the FR Y-9C, Schedule HC, item 5 and the Call Report, Schedule RC, item 5.

**Line item 28 Total intangible assets:**

Report all goodwill and intangible assets, as defined in the FR Y-9C, Schedule HC, item 10 and the Call Report, Schedule RC, item 10.a and 10.b.

**Line item 29 Other real estate owned:**

Report the net book value of all other real estate owned, as defined in the FR Y-9C, Schedule HC-M, item 13 and the Call Report, Schedule RC, item 7.

**Line item 30 All other assets:**

Report all other assets that have not been reported in line items 1 through 29 that comprise total consolidated assets.

**Line item 31 Total assets:**

Report the sum of line items 15, 21, and 26 through 30 above, less line item 16 above. It is also defined in the FR Y-9C, Schedule HC, item 12 and the Call Report, Schedule RC, item 12.

**Line item 32 Retail funding:**

Report all retail funding deposits that are captured in the Call Report Schedule RC, item 13.a less Schedule RC-E, Part I, items M.1.c and M.2.d.

BHCs and SLHCs should report on a consolidated basis deposits in domestic offices less time

deposits of more than \$250,000 and fully insured brokered deposits in line item 32.

**Line item 33 Wholesale funding:**

Report all wholesale funding that is captured in the Call Report, Schedule RC, items 13.b, 14.a, and 14.b, Schedule RC-H, item 5, Schedule RC-E, Part I, items M.1.c and M.2.d for FFIEC 031 filers; Schedule RC, items 14.a, 14.b, and 16, Schedule RC-E, items M.1.c and M.2.d for FFIEC 041 filers.

BHCs and SLHCs should report on a consolidated basis federal funds purchased and securities sold under agreements to repurchase, other borrowed money (includes mortgage indebtedness and obligations under capitalized leases), fully insured brokered deposits, total time deposits of more than \$250,000, and deposits in foreign offices in line item 33.

**Line item 34 Trading liabilities:**

Report all trading liabilities, as defined in the FR Y-9C, Schedule HC, item 15 and the Call Report, Schedule RC, item 15.

**Line item 35 All other liabilities:**

Report all other liabilities, as line item 36 minus line items 32, 33, and 34. Institutions should take into account projected losses of unfunded loan commitments as they develop projections for this line item. An allowance for off-balance sheet credit exposures should be recognized in this line item (and not as part of the ALLL).

**Line item 36 Total liabilities:**

Report total liabilities, as defined in the FR Y-9C, Schedule HC, item 21 and the Call Report, Schedule RC, item 21.

**Line item 37 Perpetual preferred stock and related surplus:**

Report perpetual preferred stock and related surplus, as defined in the FR Y-9C, Schedule HC, item 23 and the Call Report, Schedule RC, item 23.

**Line item 38 Equity capital:**

Report common stock (par value), as defined in the FR Y-9C, Schedule HC, item 24 and the Call Report, Schedule RC, item 24; surplus, as defined

in the FR Y-9C, Schedule HC, item 25 and the Call Report, Schedule RC, item 25; retained earnings, as defined in the FR Y-9C, Schedule HC, item 26(a) and the Call Report, Schedule RC, item 26.a; and other equity capital components, as defined in the FR Y-9C, Schedule HC, item 26(b), 26(c), and 27(b) and the Call Report, Schedule RC, item 26.b, 26.c, and 27.b.

**Line item 39 Total equity capital:**

Report the sum of line items 37 and 38. It is also defined in the FR Y-9C, Schedule HC, item 28 and the Call Report, Schedule RC, item 28.

**Balance Sheet Schedule: Capital Section**

This section collects projections of components of equity capital and regulatory capital, components of assets and liabilities, and deferred tax asset items. When applicable, the definitions of the reporting entity's projections should map to the definitions outlined by the corresponding MDRM code within the FR Y9-C and Call Report.

The projections should clearly show any proposed capital actions or other scenario-dependent actions that would affect the reporting entity's regulatory capital, including any assumptions required under the agencies' stress test rule. A reporting entity is required to calculate for each quarter end the potential impact on its regulatory capital levels and ratios incorporating the effects of any expected capital actions over the planning horizon.

A BHC or SLHC (but not a depository institution) is required to make the following assumptions regarding its capital actions over the planning horizon under the DFA stress test:

- (1) For the first quarter of the planning horizon, the BHC or SLHC must take into account its actual capital actions as of the end of that quarter; and
- (2) For each of the second through ninth quarters of the planning horizon, a BHC or SLHC must include in the projections of capital - (i) an assumption of no redemption or repurchase of any capital instrument that is eligible for



inclusion in the numerator of a regulatory capital ratio; (ii) an assumption of no issuances of common stock or preferred stock, except for issuances related to expensed employee compensation or in connection with a planned merger or acquisition to the extent that the merger or acquisition is reflected in the company's pro forma balance sheet estimates; and (iii) make reasonable assumptions regarding payments of dividends consistent with internal capital needs and projections.

A reporting entity should measure its regulatory capital levels and regulatory capital ratios for each quarter in accordance with the rules that would be in effect during that quarter.

MDRM codes in this section reference both Advanced Approaches and Non-Advanced Approaches MDRMs. As noted, a reporting entity should provide projections consistent with its quarterly Call Report or FR Y-9C filings. For example, if a reporting entity is not subject to an Advanced Approaches capital framework, reporting in this section will reflect Non-Advanced Approaches MDRMs. It is expected that this will be the case for the majority of reporting entities filing the FFIEC 016 report. Use of Advanced Approaches MDRMs may be utilized in the atypical instance that a reporting entity is part of a larger company that is subject to the Advanced Approaches capital framework.

**Line item 40 Unrealized gains (losses) on AFS securities:**

Report unrealized gains (losses) on AFS securities, as defined in the FR Y-9C, Schedule HC-R, Part I, item 9(a) and the Call Report, Schedule RC-R, Part I, item 9.a. Per the FR Y-9C and Call Report instructions, this line item represents the amount of net unrealized gains (losses) on AFS securities, net of applicable taxes, that is included in Schedule HC, item 26(b) and Schedule RC, item 26.b, "Accumulated other comprehensive income" (AOCI).

The reporting of net unrealized gains (losses) on AFS securities will differ for Non-Advanced Approaches reporting entities that "opt-out" of the requirement to include most components of AOCI

(e.g., unrealized holding gains and losses on AFS securities) in common equity tier 1 capital compared to Non-Advanced Approaches reporting entities that "opt-in" to this requirement. The requirement to include most components of AOCI in common equity tier 1 capital applies to all Advanced Approaches reporting entities.

Opt-out Reporting Entities: Report the net unrealized gains (losses) on AFS securities, as defined in the FR Y-9C, Schedule HC-R, Part I, item 9(a) and the Call Report, Schedule RC-R, Part I, item 9.a. Per the FR Y-9C and Call Report instructions, this line item represents the amount of net unrealized gains (losses) on available-for-sale securities, net of applicable taxes, that is included in Schedule HC, item 26(b), and Schedule RC, item 26.b, "Accumulated other comprehensive income."

Opt-In Reporting Entities and Advanced Approaches Reporting Entities: Non-Advanced Approaches reporting entities that decide to "opt-in" and all Advanced Approaches reporting entities must calculate the net unrealized holding gains (losses) on AFS securities and report actual data for Balance Sheet Schedule line item 40. Line item 40 will not be derived for AOCI Opt-In reporting entities and Advanced Approaches reporting entities and must be input manually.

**Line item 41 Deferred tax assets:**

Report deferred tax assets, as defined in the FR Y-9C, Schedule HC-R, Part I, item 8 and the Call Report, Schedule RC-R, Part I, item 8. The description of this line item in Part I of the Schedules HC-R and RC-R is "Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs."

**Line item 42 Common equity tier 1 capital**

Report common equity tier 1 capital, as defined by the regulatory capital framework and in the FR Y-9C, Schedule HC-R, Part I, item 19 and the Call Report, Schedule RC-R, Part I, item 19.

**Line item 43 Tier 1 capital:**

Report tier 1 capital, as defined in the FR Y-9C, Schedule HC-R, Part I, item 26 and the Call Report, Schedule RC-R, Part I, item 26.

**Line item 44 Allowance includible in tier 2 capital:**

Report the allowance for loan and lease losses includible in tier 2 capital, as defined in the FR Y-9C, Schedule HC-R, Part I, item 30(a) and the Call Report, Schedule RC-R, Part I, item 30.a.

**Line item 45 Tier 2 capital:**

Report tier 2 capital, as defined in the FR Y-9C, Schedule HC-R, Part I, item 34(a) and the Call Report, Schedule RC-R, Part I, item 34.a.

**Line item 46 Total capital:**

Report total capital, as defined in the FR Y-9C, Schedule HC-R, Part I, item 35(a) and the Call Report, Schedule RC-R, Part I, item 35.a. The description of this line item in Part I of the Schedules HC-R and RC-R is "Total capital."

**Line item 47 Total holding company or bank equity capital:**

Report total holding company equity capital, as defined in the FR Y-9C, Schedule HC, item 27(a) and total bank equity capital as defined in the Call Report, Schedule RC, item 27.a.

**Line item 48 Risk-weighted assets:**

Report risk-weighted assets, as defined in the FR Y-9C, Schedule HC-R, Part II, item 31 and Part I, item 40(a) and the Call Report, Schedule RC-R, Part II, item 31 and Part I, item 40.a.

**Line item 49 Total assets for leverage purposes:**

Report total assets for leverage purposes, as defined in the FR Y-9C, Schedule HC-R, Part I, item 39 and the Call Report, Schedule RC-R, Part I, item 39.

**Line item 50 Common equity tier 1 risk-based capital ratio**

Report the common equity tier 1 risk-based capital ratio, as defined in the FR Y-9C, Schedule HC-R, Part I, item 41 and the Call Report, Schedule RC-R, Part I, item 41.

**Line item 51 Tier 1 risk-based capital ratio:**

Report the tier 1 risk-based capital ratio, as defined in the FR Y-9C, Schedule HC-R, Part I, item 42 and the Call Report, Schedule RC-R, Part I, item 42.

**Line item 52 Tier 1 leverage ratio:**

Report the tier 1 leverage ratio, as defined in the FR Y-9C, Schedule HC-R, Part I, item 44 and the Call Report, Schedule RC-R, Part I, item 44.

**Line item 53 Total risk-based capital ratio:**

Report the total risk-based capital ratio, as defined in the FR Y-9C, Schedule HC-R, Part I, item 43 and the Call Report, Schedule RC-R, Part I, item 43.

**Line item 54 Sale, conversion, acquisition, or retirement of capital stock:**

Report sale, conversion, acquisition, or retirement of capital stock, as the sum of and defined in the FR Y-9C, Schedule HI-A, items 5(a), 5(b), 6(a), and 6(b) and the Call Report, Schedule RI-A, items 5 and 6.

A BHC or SLHC (but not a depository institution) should assume it will not issue any new common stock or preferred stock in the second through ninth quarters of the planning horizon, except for issuances related to expensed employee compensation or in connection with a planned merger or acquisition to the extent that the merger or acquisition is reflected in the company's pro forma balance sheet estimates. This line item should be reported on a quarterly basis.

**Line item 55 Cash dividends declared on preferred stock:**

Report cash dividends declared on preferred stock, as defined in the FR Y-9C, Schedule HI-A, item 10 and the Call Report, Schedule RI-A, item 8. For BHCs and SLHCs (but not depository institutions), this line item should equal the actual dividends declared for the first quarter of the planning horizon and the stated dividend to be declared for the second through ninth quarters of the planning horizon. This line item should be reported on a quarterly basis.

**Line item 56 Cash dividends declared on common stock:**

Report cash dividends declared on common stock, as defined in the FR Y-9C, Schedule HI-A, item 11 and the Call Report, Schedule RI-A, item 9. For BHCs and SLHCs (but not depository institutions), this line item should equal the actual

dividends declared for the first quarter of the planning horizon and should include reasonable assumptions regarding declarations of dividends consistent with internal capital needs and projections for the second through ninth quarters of the planning horizon. This line item should be reported on a quarterly basis.

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## **APPENDIX A QUALITATIVE SUPPORTING INFORMATION**

Each reporting entity is required under the final stress test rule to submit a summary of the qualitative information supporting its projections. Supporting information should include sufficient information to inform a third party of the reporting entity's general approach and assumptions, but remain summary in nature. Reporting entities should provide appropriate references to internal documents that provide more detail and support for the items to be discussed in the submission, such as detail that supports model documentation that examination staff may review during an on or off-site follow-up. All reporting entities must submit the qualitative supporting information in Adobe Acrobat PDF format.

The qualitative supporting information summary file should be titled as **“FFIEC016\_RSSD\_SUMMARY\_MMDDYY”**.

- The “RSSD” in the file name is the institution-specific identifier for a respondent.
- The “MMDDYY” should be the as-of date of the stress test cycle (for example, 123117 for the 2018 stress test cycle).

The purpose of the summary document is to provide an overview of the stress testing process as required in the agencies' stress test rules and as is repeated in Appendix A. Significant detailed information, such as program language coding that accompanies model estimations (for example, SAS coding) should not be included in the summary document. Detailed documents will be requested and reviewed as part of the supervisory process. Sections that should be addressed in the summary document are listed below, as well as a description of items that should be included.

### **1. Summary and Governance**

Executive summary, general risk overview, including a description of the risks used in the

stress test; summary reports describing the stress testing process, senior management and board roles; internal governance and model risk management practices; and any other items related to the overall process. Each reporting entity should describe how senior management provided the board of directors with sufficient information to facilitate the board's full understanding of the stress testing used by the reporting entity and allow for the appropriate level of challenge of assumptions and outcomes.

In addition, the following subsections (1.A through 1.D) should be included as part of the summary and governance section:

#### **A. Description of the Types of Risks Included in the Stress Test**

For each part of the Results Schedules and the Scenario Variables Schedule, each reporting entity should submit supporting qualitative information that clearly describes the types of risks and exposures captured in the stress test scenarios for all lines of business and activities. This includes information about risks that may threaten or adversely affect the reporting entity's capital position through increased losses, reduced revenues, and changes in the balance sheet or risk-weighted assets. The information should discuss the extent to which risks are wholly or only partially covered by the stress tests (for example, if not all aspects of interest rate risk are captured by the tests with the given scenarios provided).

#### **B. Summary Description of the Methodologies used in the Stress Test**

For each part of the Results Schedules and the Scenario Variables Schedule, the reporting entity should submit supporting information that clearly describes the methodology used to produce the projections. Each reporting entity should include a summary description of how it translated the macroeconomic and financial variables from the supervisory scenarios into its projections and technical details of any underlying statistical methods used. Information should be provided for all elements of the stress tests, including loss estimation, revenue estimation, projections of the

balance sheet and risk-weighted assets, and capital levels and ratios. Where judgment is an essential part of the projection, each reporting entity should describe the rationale and magnitude, as well as the process involved to ensure consistency of projections with scenario conditions. Furthermore, each reporting entity should include a thorough discussion of any material deviations from these instructions and how it decided upon the materiality of such deviations.

Discussion of methodologies should be consistent with expectations in existing supervisory guidance on stress testing issued by the agencies. In particular, the reporting entity should provide a summary of the design, theory, and logic underlying the methodologies used.

If third-party models are used, the reporting entity should provide summary information about those models, including model design, key assumptions, known limitations, and implementation and execution.

Each reporting entity should provide credible support for all key assumptions used to derive loss and revenue estimates, including assumptions related to the components of loss, severity of loss, drivers of revenue, and any known weaknesses in the translation of assumptions into loss and revenue estimates. Each reporting entity should demonstrate that these assumptions are clearly conditioned on the stated macroeconomic and financial scenarios and are consistent with stated business strategies including but not limited to mergers, acquisitions, or divestitures of business lines or entities and changes in strategic direction. If the reporting entity's models rely upon historical relationships, describe the historical data used and clearly describe why these relationships are expected to be maintained in each scenario. The impact of assumptions concerning new growth or changes to credit policy on forecasted loss estimates relative to historical performance should be clearly explained.

Each reporting entity should provide summary information on the specific assumptions used to calculate regulatory capital, including a discussion of any proposed capital distributions. When

appropriate, clearly state assumptions related to the corporate tax rate and the projection of the deferred tax assets. In situations where the reporting entity chooses not to project components of the balance sheet, those components should be held constant at the last current level and the reporting entity should explain why the held constant assumption is appropriate in the given scenario.

Each reporting entity should submit any other summary information and documentation necessary to support or explain its capital calculations. For example, a reporting entity could show the calculations related to the projections of the deferred tax assets for regulatory capital purposes.

While judgment is an essential part of risk measurement and risk management, including loss forecasting, a reporting entity should not be over-reliant on judgment to prepare its loss estimations without providing documentation or evidence of transparency and discipline around the process. Each reporting entity should provide support for any judgment applied or qualitative adjustments made and explain how they are appropriate and in line with scenario conditions.

#### C. Explanation of the Most Significant Causes for the Changes in Regulatory Capital Ratios

For each part of the Results Schedules and the Scenario Variables Schedule, each reporting entity should provide a clear explanation of the changes in regulatory capital ratios from the stress test scenarios over the planning horizon. For instance, a reporting entity may indicate that a major component of the reduction in regulatory capital ratios resulted from deterioration in the quality of its retail credit exposures over the planning horizon. The explanation should take into account the risks identified and describe the changes in capital by material Income Statement and Balance Sheet Schedule line items affected by the stress test scenario.

#### D. Use of Stress Test Results

Each reporting entity should provide summary information as to how it uses these stress test

results in the normal course of business, including in the capital planning, assessment of capital adequacy, and risk management practices of the company. This summary should describe the manner in which the stress test is used for key decisions about capital adequacy, including capital actions and capital contingency plans. The reporting entity should indicate the extent to which this stress test is used in conjunction with other capital assessment tools, especially if the stress test may not necessarily capture a reporting entity's full range of risks, exposures, activities, and vulnerabilities that have the potential to affect capital adequacy. In addition, a reporting entity should include summary information as to how post-stress capital results remain aligned with its internal capital goals. The reporting entity should mention any cases in which post-stress capital results are not aligned with a reporting entity's internal capital goals, and describe options that senior management and the board would consider to bring them into alignment.

## 2. Scenarios

Summary of the methodology, models, and validation activities related to the process used to translate macro variables, including the use of additional scenario variables, if applicable. If additional scenario variables are used beyond the supervisory scenario variables provided by the agencies, each reporting entity should complete the Scenario Variables Schedule as previously indicated in the reporting instructions.

In addition, each reporting entity should include summary information supporting any additional scenario variables used to conduct the DFA stress tests. The information should detail the rationale behind including additional scenario variables and the process for projecting additional variables, including the linkage with the macroeconomic and financial scenarios provided by the regulatory agencies.

## 3. Capital

Summary of the methodology, models, and validation activities related to regulatory capital, explanations of proposed capital actions, options to maintain internally established capital goals on

a post-stress basis, and an explanation of causes for changes in regulatory capital ratios. This information should support the Balance Sheet Schedule line items 40 to 53.

## 4. Loans

Summary of the methodology, model, and validation activities related to each loan portfolio reported in total loans and leases, including the associated ALLL. This information should support Balance Sheet Schedule line items 1 to 16 and Income Statement Schedule line items 1 to 14.

## 5. Securities

Summary of methodology, model, and validation activities related to the projections of HTM and AFS security balances, unrealized losses, and OTTI. This information should support Balance Sheet Schedule line items 17 to 26 and Income Statement Schedule line items 20 to 22 and 25.

## 6. Pre-provision Net Revenue

Summary of methodology, model, and validation activities related to the estimates of net interest income, margins, fees, funding costs and related items. This information should support Income Statement Schedule line items 15 to 18.

## 7. Balance Sheet

Summary methodology, model, and validation activities related to the balance sheet estimation, such as loan balances. This information should support Balance Sheet Schedule line items 1 to 39.

The summary qualitative supporting information should not include embedded files and should be submitted in Adobe Acrobat PDF format. The file size limit is 50 MB. If the file needs to be split up into smaller files, the combined file size limit is 200 MB. When submitting multiple files in order to meet the file size limit, the file name should indicate the content of files submitted using the seven qualitative supporting information summary categories discussed above.

Example 1:

**“FFIEC016\_RSSD\_SUMMARY\_SUMMARY\_**

**AND\_GOVERNANCE\_TO\_CAPITAL\_MMD  
DYY” and  
“FFIEC016\_RSSD\_SUMMARY\_LOANS\_TO\_  
BALANCE SHEET\_MMDDYY”;**

Example 2:

**“FFIEC016\_RSSD\_SUMMARY\_SUMMARY\_  
AND\_GOVERNANCE\_TO\_CAPITAL\_MMD  
DYY” and  
“FFIEC016\_RSSD\_SUMMARY\_LOANS\_MM  
DDYY” and  
“FFIEC016\_RSSD\_SUMMARY\_SECURITIES  
\_MMDDYY” and  
“FFIEC016\_RSSD\_SUMMARY\_PRE-  
PROVISION\_NET\_REVENUE\_AND\_BALAN  
CE SHEET\_MMDDYY”.**

DRAFT