

**Supporting Statement**  
**Recordkeeping and Disclosure Provisions**  
**Associated with Supervisory Guidance on Stress Testing for Banking Organizations with**  
**Total Consolidated Assets of More Than \$10 Billion.**  
**OMB Control No. 1557-0312**

**A. Justification**

**1. *Circumstances that make the collection necessary:***

On May 17, 2012, the OCC, along with the Federal Deposit Insurance Corporation (FDIC) and the 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<sup>1</sup> 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 that those activities 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 describe how stress testing can be used as a component of risk management that is applicable at various levels within a banking organization and as a tool for capital and liquidity planning. Although the guidance is not intended to provide detailed instructions for conducting stress testing for any particular risk or business area, it does include descriptions of 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 banking organizations by section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act).<sup>3</sup>

**2. *Use of the information:***

A banking organization's stress testing framework can be used for, among other things, 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 senior management to better integrate strategy, risk management, and capital and liquidity planning decisions; and assisting with recovery planning.

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<sup>1</sup> For purposes of the guidance, the term "banking organization" means national banks, federal savings associations, and federal branches and agencies supervised by the OCC; state member banks, bank holding companies, savings and loan 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 (2010), as revised by the Economic Growth, Regulatory Relief, and Consumer Protection Act, Pub. L. 115-174, 132 Stat. 1296-1368 (2018), and codified at 12 U.S.C. 5365(i)(2).

A banking organization's stress testing framework should include:

- Clearly defined objectives;
- Well-designed scenarios tailored to the organization's business and risks;
- Well-documented assumptions;
- Conceptually sound methodologies to assess potential impact to 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. *Consideration of the use of improved information technology:***

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

**4. *Efforts to identify duplication:***

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

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

Not applicable.

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

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

**7. *Special circumstances that would cause the information collection to be conducted in a manner inconsistent with 5 CFR part 1320.***

Not applicable.

**8. *Efforts to consult with persons outside the agency:***

The OCC issued a notice for 60 days of comment regarding this collection, July 13, 2021, 86 FR 36866. No comments were received.

**9. *Payment or gift to respondents:***

There is no payment to respondents.

**10. *Assurance of confidentiality:***

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

**11. Justification for questions of a sensitive nature:**

Not applicable. No sensitive information is collected.

**12. Burden estimate:**

62 institutions (50 national banks and 12 federal savings associations) are 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)

Total burden: 62 respondents; 16,120 burden hours

Cost of Hour Burden:

16,120 x \$114.17 = \$1,840,420.40

To estimate wages the OCC reviewed May 2020 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities (NAICS 5220A1). To estimate compensation costs associated with the rule, the OCC uses \$114.17 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (2 percent as of Q1 2021), plus an additional 33.4 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2020 for NAICS 522: credit intermediation and related activities).

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

None.

**14. Estimates of annualized cost to the federal government:**

None.

**15. Change in burden:**

None.

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

Not applicable.

**17. Reasons for not displaying OMB approval expiration date:**

Not applicable.

**18. Exceptions to the certification statement:**

None.

**B. Collections of information employing statistical methods**

Not applicable.