The Federal Deposit Insurance Corporation (FDIC) is requesting comment on the following new proposed information collection: Title: Annual Stress Test Reporting Template and Documentation for Covered Banks With Total Consolidated Assets of $10 Billion to $50 Billion. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires certain financial companies, including state nonmember banks and state 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 state nonmember bank or state savings association is a “covered bank” 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 bank 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. On October 15, 2012, the FDIC published in the Federal Register a final rule implementing the section 165(i)(2) annual stress test requirement. This notice describes the reports and information required to meet the reporting requirements under section 165(i)(2) for covered banks with average total consolidated assets of $10 billion to $50 billion. These information collections will be given confidential treatment.

The FDIC intends to use the data collected through these proposed templates to assess the reasonableness of the stress test results of covered banks and to provide forward-looking information to the FDIC regarding a covered bank’s capital adequacy. The FDIC 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 bank. The stress test results are expected to support ongoing improvement in a covered bank’s stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The Dodd-Frank Act stress testing requirements apply to all covered banks, but the FDIC recognizes that many covered banks with consolidated total assets of $50 billion or more have been subject to stress testing requirements by the Board. The FDIC also recognizes that these banks’ stress tests will be applied to more complex portfolios and therefore warrant a broader set of reports to adequately capture the results of the stress tests. These reports will

Addresses: You may submit written comments by any of the following methods:
- Email: Comments@FDIC.gov. Include “Annual Stress Test Reporting Template and Documentation for Covered Banks With Total Consolidated Assets of $10 Billion to $50 Billion” on the subject line of the message.
- Mail: Robert E. Feldman, Executive Secretary, Attention: Comments, FDIC, 550 17th Street NW., Washington, DC 20429.
- Hand Delivery/Courier: Guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.
- Public Inspection: All comments received will be posted without change to http://www.fdic.gov/regulations/laws/federal/propose.html including any personal information provided.
- Comments may be inspected at the FDIC Public Information Center, 3501 North Fairfax Drive, Room E–1002, Arlington, VA 22226 between 9 a.m. and 4:30 p.m. on business days.
- Additionally, please send a copy of your comments to: By mail to the U.S. Office of Management and Budget, 725 17th Street NW., #10235, Washington, DC 20503 or by facsimile to 202.395.6974. Attention: Federal Banking Agency Desk Officer.

For further information contact: You can request additional information from Gary Kuiper, 202.898.3877, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street NW., NYA–5046, Washington, DC 20429. In addition, copies of the templates referenced in this notice can be found on the FDIC’s Web site (http://www.fdic.gov/regulations/laws/federal/propose.html).

Supplementary information: The FDIC is soliciting comment on the following new proposed information collection: Title: Annual Stress Test Reporting Template and Documentation for Covered Banks With Total Consolidated Assets of $10 Billion to $50 Billion Under the Dodd-Frank Wall Street Reform and Consumer Protection Act. OMB Control Number: XXXXXX.

Description: Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires certain financial companies, including state nonmember banks and state 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 state nonmember bank or state savings association is a “covered bank” 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 bank 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. On October 15, 2012, the FDIC published in the Federal Register a final rule implementing the section 165(i)(2) annual stress test requirement. This notice describes the reports and information required to meet the reporting requirements under section 165(i)(2) for covered banks with average total consolidated assets of $10 billion to $50 billion. These information collections will be given confidential treatment.

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The Dodd-Frank Act stress testing requirements apply to all covered banks, but the FDIC recognizes that many covered banks with consolidated total assets of $50 billion or more have been subject to stress testing requirements by the Board. The FDIC also recognizes that these banks’ stress tests will be applied to more complex portfolios and therefore warrant a broader set of reports to adequately capture the results of the stress tests. These reports will

6 77 FR 62417, October 15, 2012.
necessarily require more detail than would be appropriate for smaller, less complex institutions. Therefore, the FDIC has decided to specify separate reporting templates for covered banks with total consolidated assets between $10 billion and $50 billion and for covered banks with total consolidated assets of $50 billion or more. While the general reporting categories are the same (income statement, balance sheet and capital), the level of granularity for individual reporting items is less for $10 billion to $50 billion covered banks. For example, accounting for provisions by category is not required, and less detail is required for commercial and industrial lending. Because smaller banks with assets of $10 billion to $50 billion generally have less complex balance sheets, the FDIC believes that highly detailed reporting is not warranted, and so the FDIC is not requiring supplemental schedules on such areas as retail balances, securities and trading, operational risk, and pre-provision net revenue (PPNR). However, where a covered bank with assets less than $10 billion is affiliated with an organization with assets of $50 billion or more, the FDIC reserves the authority to require that covered bank to use the reporting template for larger banks with total consolidated assets of $50 billion or more.

The FDIC has worked closely with the Board and the Office of the Comptroller of the Currency (OCC) to make the agencies’ respective rules implementing annual stress testing under the Dodd-Frank Act consistent and comparable by requiring similar standards for scope of application, scenarios, data collection and reporting forms. The FDIC has worked to minimize any potential duplication of effort related to the annual stress test requirements. The reporting templates for covered banks with assets of $10 billion to $50 billion or more are described below.

Description of Reporting Templates for Covered Banks With $10 Billion to $50 Billion in Assets

The “Annual Stress Test Reporting Template and Documentation for Covered Banks with Total Consolidated Assets of $10 Billion to $50 Billion under the Dodd-Frank Wall Street Reform and Consumer Protection Act” ($10B-$50B results template) includes data collection worksheets necessary for the FDIC to assess the company-run stress test results for baseline, adverse and severely adverse scenarios as well as any other scenario specified in accordance with regulations specified by the FDIC. The $10B-$50B results template includes worksheets that collect information on the following areas:

1. Income Statement;
2. Balance Sheet; and
3. Capital.

Each $10 billion to $50 billion covered bank reporting to the FDIC using this form will be required to submit to the FDIC separate worksheets for each scenario provided to covered banks in accordance with regulations implementing Section 165(j)(2) as specified by the FDIC.

Worksheets: Income Statement

The income statement worksheet collects data for the quarter preceding the planning horizon and for each quarter of the planning horizon for the stress test on projected losses and revenues in the following categories.

1. Net charge-offs;
2. Pre-provision net revenue;
3. Provision for loan and lease losses;
4. Realized gains (losses) on held to maturity (HTM) and available-for-sale (AFS) securities;
5. All other gains (losses);
6. Taxes;
7. Memoranda items;
8. Net gains and losses on sales of other real estate owned; and
9. Total other than temporary impairment (OTTI) losses.

This schedule provides information used to assess losses that covered banks can sustain in baseline, adverse and severely adverse stress scenarios.

Worksheets: Balance Sheet

The balance sheet worksheet collects data for the quarter preceding the planning horizon and for each quarter of the planning horizon for the stress test on projected equity capital, as well as on assets and liabilities in the following categories.

1. Loans;
2. HTM securities;
3. AFS securities;
4. Trading assets;
5. Total intangible assets;
6. Other real estate;
7. All other assets;
8. Memoranda items;
9. Loans and leases guaranteed by other U.S. government or GSE guarantees (non-FDIC loss sharing agreements);
10. Troubled debt relationships;
11. Loans secured by 1-4 family in foreclosure;
12. Wholesale funding;
13. Trading liabilities;
14. All other liabilities;
15. Perpetual preferred stock and related surplus;
16. Common stock;
17. Surplus;
18. Retained earnings;
19. Other equity capital components; and
20. Additional Memoranda items:

Average rates for loans, securities, retail funding, wholesale funding, interest-bearing deposits, trading and other liabilities.

The FDIC intends to use this worksheet to assess the projected changes in assets and liabilities that a covered bank can sustain in an adverse and severely adverse stress scenario. This worksheet will also be used to assess the revenue and loss projections identified in the income statement worksheet.

Worksheets: Capital

The capital worksheet, which is appended to the balance sheet worksheet, collects data for the quarter preceding the planning horizon and for each quarter of the planning horizon for the stress test on the following areas.

1. Unrealized gains (losses) on AFS securities;
2. Disallowed deferred tax asset;
3. Tier 1 common capital elements;
4. Tier 1 capital;
5. Tier 2 capital;
6. Total risk based capital;
7. Total capital;
8. Risk weighted assets;
9. Total assets for leverage purposes;
10. Tier 1 common equity ratio;
11. Tier 1 risk based capital ratio;
12. Tier 1 leverage ratio;
13. Total risk based capital ratio;
14. Sale, conversion, acquisition or retirement of capital stock;
15. Cash dividends declared on preferred stock; and

In addition to the information collected on the capital worksheet, the Summary Schedule captures projections for regulatory capital ratios over the planning horizon by scenario.

The FDIC intends to use these worksheets to assess the impact on capital of the projected losses and projected changes in assets that the covered bank can sustain in a stressed scenario. In addition to reviewing the worksheet in the context of the balance sheet and income statement projections, the FDIC also intends to use this worksheet to assess the adequacy of the capital plans and capital planning processes for each covered bank.
Description of FDIC Dodd Frank Annual Stress Test (DFAST) Scenario Variables Template

To conduct the stress test required under this rule, a covered bank may need to project additional economic and financial variables to estimate losses or revenues for some or all of its portfolios. In such a case, the covered bank is required to complete a DFAST Scenario Variables worksheet for each scenario where such additional variables are used to conduct the stress test. Each scenario worksheet collects the variable name (matching that reported on the Scenario Variable Definitions worksheet), the actual value of the variable during the third quarter of the reporting year, and the projected value of the variable for nine future quarters.

Description of Supporting Documentation

Covered banks with total consolidated assets of $10 billion to $50 billion must submit clear documentation of the projections included in the worksheets to support efficient and timely review of annual stress test results by the FDIC. The supporting documentation should be submitted electronically and is not expected to be reported in the workbooks used for required data reporting. This supporting documentation must describe the types of risks included in the stress test; describe clearly the methodology used to produce the stress test projections; describe the methods used to translate the macroeconomic factors into a covered bank’s projections; and also include an explanation of the most significant causes for the changes in regulatory capital ratios. The supporting documentation also should address the impact of anticipated corporate events, including mergers, acquisitions or divestitures of business lines or entities, and changes in strategic direction, and should describe how such changes are reflected in stress test results, including the impact on estimates of losses, expenses and revenues, net interest margins, non-interest income items, and balance sheet amounts.

Where company-specific assumptions are made that differ from the broad macroeconomic assumptions incorporated in stress scenarios provided by the FDIC, the documentation must also describe such assumptions and how those assumptions relate to reported projections. Where historical relationships are relied upon, the covered banks must describe the historical data and provide the basis for the expectation that these relationships would be maintained in each scenario, particularly under adverse and severely adverse conditions.

Type of Review: New collection.

Affected Public: State nonmember banks and state savings associations supervised by the FDIC with total consolidated assets of $10 billion to $50 billion.

Burden Estimates

The FDIC estimates the burden of this collection of information as follows:

Estimated Number of Respondents: 22.

Estimated Annual Burden per Respondent: 464 hours.

Estimated Total Annual Burden: 10,208 hours.

The burden for each $10 billion to $50 billion covered bank that completes the $10B–$50B results template is estimated to be 440 hours for a total of 9,680 hours. This burden includes 20 hours to input these data and 420 hours for work related to modeling efforts. The estimated burden for each $10 billion to $50 billion covered bank that completes the annual DFAST Scenarios Variables Template is estimated to be 24 hours for a total of 528 hours. The start-up burden for new respondents is estimated to be 93,600 hours and ongoing revisions for existing firms, 4,160 hours.

Comments submitted in response to this notice will be summarized and included in the request for OMB approval. All comments will be a matter of public record. Comments are invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the FDIC, including whether the information has practical utility;

(b) The accuracy of the FDIC’s estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology;

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information; and

(f) The ability of FDIC-supervised banks and thrifts with assets between $10 billion and $50 billion to provide the requested information to the FDIC by March 31, 2014.

Dated at Washington, DC, this 7th day of March 2013.