

PART 46—ANNUAL STRESS TEST

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AUTHORITY: 12 U.S.C. 93a; 12 U.S.C. 1463(a)(2); 12 U.S.C. 5365(i)(2); 12 U.S.C. 5412(b)(2)(B).

EFFECTIVE DATE NOTE: At 79 FR 71633, Dec. 3, 2014, the authority citation for part 46 was revised, effective Jan. 2, 2015. For the convenience of the user, the revised text is set forth as follows:

AUTHORITY: 12 U.S.C. 93a; 1463(a)(2); 5365(i)(2); and 5412(b)(2)(B).

SOURCE: 77 FR 61246, Oct. 9, 2012, unless otherwise noted.

§ 46.1 Authority and purpose.

(a) *Authority.* 12 U.S.C. 93a; 12 U.S.C. 1463(a)(2); 12 U.S.C. 5365(i)(2); 12 U.S.C. 5412(b)(2)(B).

(b) *Purpose.* This part implements 12 U.S.C. 5365(i)(2), which requires a national bank or Federal savings association with total consolidated assets of more than \$10 billion to conduct an annual stress test and establishes a definition of stress test, methodologies for conducting stress tests, and reporting and disclosure requirements.

§ 46.2 Definitions.

For purposes of this part, the following definitions apply:

\$10 to \$50 billion covered institution means a national bank or Federal savings association with average total consolidated assets, calculated as required under this part, that are greater than \$10 billion but less than \$50 billion.

Call Report means the Consolidated Report of Condition and Income.

Covered institution means a \$10 to \$50 billion covered institution or an over \$50 billion covered institution.

Federal savings association has the same meaning as in 12 U.S.C. 1813(b)(2).

Over \$50 billion covered institution means a national bank or Federal sav-

ings association with average total consolidated assets, calculated as required under this part, that are not less than \$50 billion.

Planning horizon means a set period of time over which the impact of the scenarios is assessed.

Pre-provision net revenue means the sum of net interest income and non-interest income less expenses before adjusting for loss provisions.

Scenarios means sets of conditions that affect the U.S. economy or the financial condition of a covered institution that the OCC annually determines are appropriate for use in the stress tests under this part, including, but not limited to, baseline, adverse, and severely adverse scenarios.

Stress test means a process to assess the potential impact of scenarios on the consolidated earnings, losses, and capital of a covered institution over the planning horizon, taking into account the covered institution's current condition, risks, exposures, strategies, and activities.

§ 46.3 Applicability.

(a) *Measurement of average total consolidated assets for a covered institution.* A covered institution's average total consolidated assets is calculated as the average of the covered institution's total consolidated assets, as reported on the covered institution's Call Reports, for the four most recent consecutive quarters. If the covered institution has not filed a Call Report for each of the four most recent consecutive quarters, the covered institution's average total consolidated assets is calculated as the average of the covered institution's total consolidated assets, as reported on the covered institution's Call Reports, for the most recent one or more consecutive quarters. The date on which a national bank or Federal savings association becomes a covered institution shall be the as-of date of the most recent Call Report used in the calculation of the average.

(b) *First stress test for covered institutions subject to stress testing requirements as of October 9, 2012.* (1) A national bank or Federal savings association that is a \$10 to \$50 billion covered institution, as defined in § 46.2 of this part, as of October 9, 2012 must conduct its first stress

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test under this part using financial statement data as of September 30, 2013, and report the results of its stress test on or before March 31, 2014.

(2) A national bank or Federal savings association that is an over \$50 billion covered institution, as defined in § 46.2 of this part, as of October 9, 2012 must conduct its first stress test under this part using financial statement data as of September 30, 2012, and report the results of its stress test on or before January 5, 2013.

(c) *Covered institutions that become subject to stress testing requirements after October 9, 2012.* A national bank or Federal savings association that becomes a covered institution, as defined in § 46.2 of this part, after October 9, 2012 shall conduct its first annual stress test under this part beginning in the next calendar year after the date the national bank or Federal savings association becomes a covered institution.

(d) *Ceasing to be a covered institution or changing categories.* (1) A covered institution shall remain subject to the stress test requirements based on its applicable category, as defined in § 46.2 of this part, unless and until total consolidated assets of the covered institution falls below the relevant size threshold for each of four consecutive quarters as reported by the covered institution’s most recent Call Reports. The calculation shall be effective on the “as of” date of the fourth consecutive Call Report.

(2) Notwithstanding paragraph (d)(1) of this section, a national bank or Federal savings association that migrates from a \$10 to \$50 billion covered institution to an over \$50 billion covered institution shall be subject to the stress test requirements applicable to an over \$50 billion covered institution immediately as of the date the national bank or Federal savings association satisfies the size threshold for an over \$50 billion covered institution, as defined in § 46.2 of this part.

(e) *Covered institution under bank holding company subject to annual stress test requirements.* (1) Notwithstanding the requirements applicable to a \$10 to \$50 billion covered institution under this part, a \$10 to \$50 billion covered institution that is controlled by a bank holding company or savings and loan

holding company that is subject to annual stress test requirements pursuant to applicable regulations of the Board of Governors of the Federal Reserve System may elect to conduct its stress test under this part pursuant to the requirements applicable to an over \$50 billion covered institution.

(2) Any \$10 to \$50 billion covered institution that elects to apply the requirements of an over \$50 billion covered institution under this paragraph shall remain subject to the requirements applicable to an over \$50 billion covered institution until otherwise approved by the OCC.

EFFECTIVE DATE NOTE: At 79 FR 71633, Dec. 3, 2014, § 46.3 was amended by revising paragraph (c), effective Jan. 2, 2015. For the convenience of the user, the revised text is set forth as follows:

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(c) *Covered institutions that become subject to stress testing requirements under revised Annual Stress Test schedule.* A national bank or Federal savings association that becomes a covered institution, as defined in § 46.2, after March 31, 2014 and on or before March 31, 2015 shall conduct its first annual stress test in the stress test beginning January 1, 2016. A national bank or Federal savings association that becomes a covered institution on or before March 31 of a given year (after 2014) shall conduct its first annual stress test under this part in the next calendar year after the date the national bank or Federal savings association becomes a covered institution. A national bank or Federal savings association that becomes a covered institution after March 31 of a given year (after 2014) shall conduct its first annual stress test under this part in the second calendar year after the date the national bank or Federal savings association becomes a covered institution.

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§ 46.4 Reservation of authority.

(a) *Generally.* The OCC may require a national bank or Federal savings association not otherwise subject to this part to comply with the stress test requirements of this part. With respect to any national bank or Federal savings association subject to the stress test requirements of this part pursuant to § 46.3(a), the OCC may modify or