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May 9, 2013

**Via E-Mail:** [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov)

Office of the Comptroller of the Currency  
Attention: 1557-0311  
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Mail Stop 9W-11  
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**Via E-Mail:** [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Robert deV. Frierson, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

**Via E-Mail:** [comments@FDIC.gov](mailto:comments@FDIC.gov)

Robert E. Feldman, Executive Secretary  
Attention: Comments  
FDIC  
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Washington, DC 20429

RE:

OCC:

*Reporting Form:* OCC DFAST 10-50

*Title:* Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$10 Billion to \$50 Billion under the Dodd- Frank Wall Street Reform and Consumer Protection Act.

*OMB Control No.:* 1557-0311

FRB:

*Report title:* Annual Company-Run Stress Test Projections.

*Agency form number:* FR Y-16.

*OMB control number:* 7100-to be assigned

FDIC:

*Reporting Form:* FDIC DFAST 10-50

*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.

To Whom It May Concern:

Trepp welcomes the opportunity to comment on the proposed information collection. Trepp is a data and analytics provider, serving the banking, CMBS and commercial real estate markets. Our Trepp Capital Adequacy Stress Test (T-CAST) module enables banks to forecast earnings and capital under multiple scenarios, including the Severely Adverse, Adverse and Baseline scenarios, as well as custom-defined scenarios.

We believe that stress testing is a valuable tool for modeling capital adequacy and ensuring the health of both individual institutions and the banking system overall. We are pleased to see that the data collection templates are generally oriented along the lines of Call Reports and FR Y-9C Reports, which is very compatible with our own approach to modeling and reporting bank results.

We respectfully submit the following comments:

- 1) Results Template: Income Statement tab: Caption for items 39-44 "Itemize and describe amounts greater than 15% of all other gains (losses) (item 23)" (Trepp underlining)

The reference to item 23 should be to item 22, as item 23 is "Taxes" and item 22 is "All other gains (losses)."

- 2) Results Template: Income Statement tab: Caption for items 27-32, 33-38 and 39-44 contains "... greater than 15% of ..."

What quarter should be tested for the 15%: Q3 2013? Or, is it a test performed for each of the projected nine quarters?

- 3) Results Template: Bal Sheet and Cap tab: Securities section: Item 17 "U.S. Government Obligation and Obligations of GSE"

This balance sheet item (and the corresponding AFS item line 22) INCLUDE Residential Pass Thrus and Other Residential MBS of GNMA, FNMA, FHLMC. However, on the FFIEC 031/041 and FR Y-9C Income Statements, the interest on those securities is included in the Mortgage-backed securities line item (MDRM B489), not the U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities (MDRM B488)). The GSE MBS assets are included in a different category in the Balance Sheet template than the GSE MBS income is on the Call Report/FRY-9C Income Statements. It would seem to be more logical to make the balance sheet categories in the template more compatible with the Call Report/FR Y-9C reporting.

- 4) Results Template: Bal Sheet and Capital tab: Items 35 & 36.

The MDRM RCONK223 "Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits" appears to be double counted, as it is INCLUDED in item 36 "Wholesale funding," but it is not EXCLUDED from item 35 "Retail funding (core deposits)."

- 5) Instructions B: Technical Details: last bullet point: "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."

Adjusting individual line items so the line items sum to the total (to compensate for rounding) is a manual process that is also error prone. We suggest a certain level of tolerance for rounding in the totaling of sums be allowed. Many of the items in our forecasts are calculated to a greater level of precision than thousands of dollars, so there could be slight differences between the component sums and the sum of rounded components.

- 6) Instructions F: Data items not defined by MDRM numbers in the Balance Sheet Section: Item 30. All other assets. (Applicable to FRB instructions only)

FR Y-9C MDRM numbers include BHCKB529. BHCKB529 is "LOANS AND LEASES, NET OF UNEARNED INCOME AND ALLOWANCE" as per the Federal Reserve MDRM Data Dictionary. However, item 15 on the Results Template: Bal Sheet and Cap tab, "Total Loans and Leases", already includes this amount; so including it in item 30 "All other assets" would appear to be double counting. Note that for Call Report filers, the comparable MDRM (RCONB529) is NOT included in item 30 "All other assets", which seems to be correct.

- 7) Instructions G: Balance Sheet and Capital Worksheet: Capital Section: "Also, projections of risk-weighted assets (line item 63) must be based on the....capital rules in effect in a given quarter" AND Instructions H: Data items not defined by MDRM numbers in the Capital Section "Item 55. Tier 1 common capital: ..... This definition is subject to change pending final U.S. rulemaking on implementing Basel III regulatory capital."

These two items seem to imply that capital items (such as Tier 1 Capital) might be defined differently in different periods of the forecast. For example, perhaps the Tier 1 Capital definition is slated to change in Q1 2015. So, do these items mean that the forecast for Tier 1 Capital would use one definition for the forecasts through Q4 2014, then a different definition for Q1 2015 and beyond? Or do they mean that the capital and risk-weighted asset definitions could change in the future, so the nine quarters of stress test results reported in one year might differ from the results reported in another year, because the capital and risk-weighted asset definitions have changed?

If they mean the former (i.e., that different capital definitions could apply in different periods of the nine-quarter forecast), then it will be difficult to forecast without having relevant data at the outset. For example, Basel III definitions could have a significant impact on risk-weighted assets, but current Call Report and FR Y-9C forms lack the additional information that would be needed to compute these accurately.

- 8) Instructions H: Data items not defined by MDRM numbers in the Capital Section: Item 56. Tier 1 non-common capital elements.

Includes "...other additions to (deductions from) Tier 1 capital (Call Report Schedule RC-5, line item 10 or FR Y-9C Schedule HC-R line item 10 – BHCKB592)". This appears to be in conflict with the Federal Reserve's Supervisory Stress Testing for Q3 2012. Tier 1 Common Capital ratios were computed with adjustments for Other Additions as Tier 1 Non-Common only if they were positive. Note that if negative Other Additions are included in Tier 1 non-common capital elements, Tier 1 common capital would be higher than Tier 1 equity capital in the case when there are no other Tier 1 non-common capital elements.

Thank you for the opportunity to comment on the Stress Test Reporting Template. Should there be any questions concerning the comments above, please contact Matthew Anderson, Managing Director at +1 212 329 6188 or via email at [matthew\\_anderson@trepp.com](mailto:matthew_anderson@trepp.com) .

Trepp, LLC  
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