

# ViewPoint *Live!*

April 28, 2015

**Presented by:**

Michael Johnson, Executive Vice President

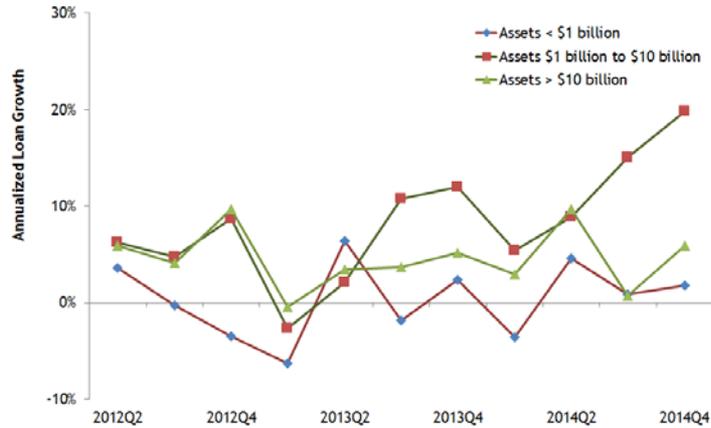
Juan Sanchez, Vice President



*The views expressed here are my own and do not necessarily reflect the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.*

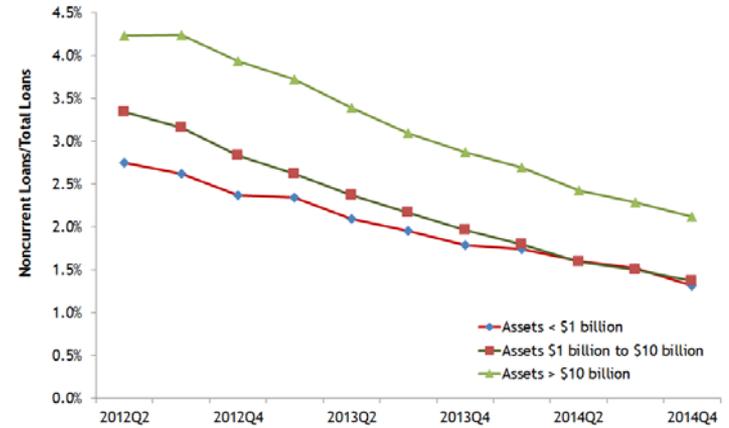
# Current Banking Conditions

### Loan Growth Improves Significantly



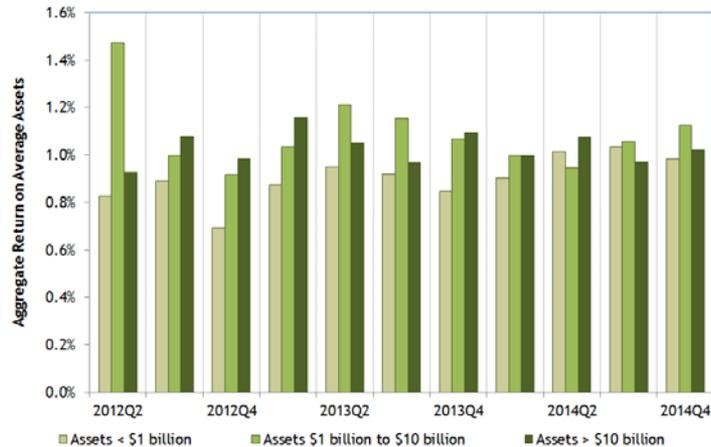
Source: Bank Call Reports

### Noncurrent Loans Slow Their Decline



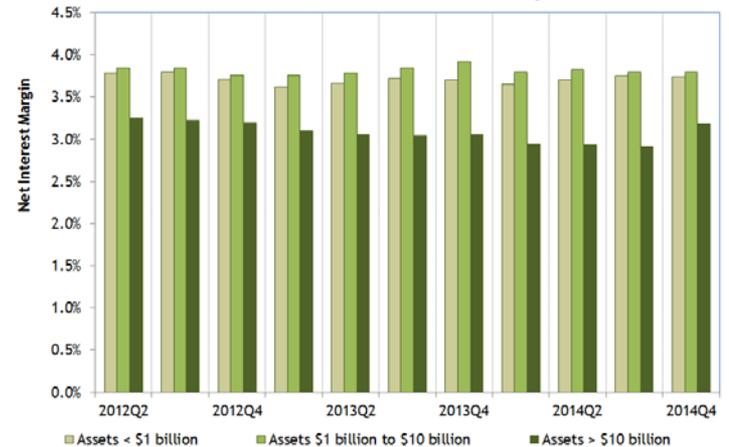
Source: Bank Call Reports

### U.S. Bank ROAA



Source: Bank Call Reports

### U.S. Bank Net Interest Margin



Source: Bank Call Reports

# CCAR versus DFAST



## Bank Holding Company Capital Stress Testing

	Submissions	Capital Actions	Analysis	Decision	Results
<b><u>CCAR</u></b> <b>\$50 billion+</b> <b>in total</b> <b>consolidated</b> <b>assets</b>	<p>Firms submit proposed capital plans, including capital actions, and the results of five stress tests for the CCAR portion of the program:</p> <ul style="list-style-type: none"> <li>•Three tests using the supervisory scenarios (supervisory baseline, adverse, and severely adverse) and</li> <li>•Two tests using internally generated baseline and stress scenarios, designed to capture each firm's idiosyncratic risks.</li> </ul>	Firms' propose capital actions, which are held constant for each test.	Supervisory Stress Testing is conducted & a qualitative review of the Capital Plan is performed by the Fed	Fed either accepts or objects to proposed capital plan	Published by the Fed in March
<b><u>DFAST</u></b> <b>\$50 billion+</b> <b>in total</b> <b>consolidated</b> <b>assets</b>	Firms submit the results of tests using the three supervisory scenarios (supervisory baseline, adverse, and severely adverse)	Capital action assumptions are specified by Dodd-Frank	Supervisory Stress Tests performed and results are factored into CCAR analysis	None	Published by the Fed in March
<b><u>DFAST</u></b> <b>\$10-50 billion</b> <b>in total</b> <b>consolidated</b> <b>assets</b>	Firms submit the results of tests using the three supervisory scenarios (supervisory baseline, adverse, and severely adverse)	Capital action assumptions are specified by Dodd-Frank	The Board analyzes the quality of the company's stress tests processes and related results. Feedback is provided through the supervisory process.	None	Summary of results disclosed by Firms between June 15 and June 30, 2015

## Current Hot Topics

1. Flood Insurance
2. Unfair and Deceptive Acts or Practices (UDAP)
3. Redlining
4. Fair Lending
5. Community Reinvestment Act (CRA)

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5. **Community Reinvestment Act (CRA)**

- Frequency of State Member Banks

FREQUENCY FOR BANKS WITH ASSETS < \$350 MILLION			
Compliance Rating	CRA Rating	Next Compliance Examination	Next CRA Examination
1 or 2	Outstanding	60 months	No earlier than 60 months
1 or 2	Satisfactory	48 months	No earlier than 48 months
1 or 2	Needs to Improve or Substantial Noncompliance	48 months	12 months
3, 4, or 5	Outstanding	12 months	No earlier than 60 months
3, 4, or 5	Satisfactory	12 months	No earlier than 48 months
3, 4, or 5	Needs to Improve or Substantial Noncompliance	12 months	12 months

- Frequency of State Member Banks (cont'd.)

<b>FREQUENCY FOR BANKS WITH ASSETS ≥ \$350 MILLION and &lt; \$ 1 BILLION</b>			
<b>Compliance Rating</b>	<b>CRA Rating</b>	<b>Next Compliance Examination</b>	<b>Next CRA Examination</b>
1 or 2	Outstanding or Satisfactory	36 months	36 months
1 or 2	Needs to Improve or Substantial Noncompliance	36 months	12 months
3, 4, or 5	Outstanding or Satisfactory	12 months	36 months
3, 4, or 5	Needs to Improve or Substantial Noncompliance	12 months	12 months

- Frequency of State Member Banks (cont'd.)

FREQUENCY FOR BANKS WITH ASSETS $\geq$ \$1 BILLION			
Compliance Rating	CRA Rating	Next Compliance Examination	Next CRA Examination
1 or 2	Outstanding or Satisfactory	24 months	24 months
1 or 2	Needs to Improve or Substantial Noncompliance	24 months	12 months
3, 4, or 5	Outstanding or Satisfactory	12 months	24 months
3, 4, or 5	Needs to Improve or Substantial Noncompliance	12 months	12 months

# Thank you



## Additional Fed Resources:

Community Banking Connections

<https://communitybankingconnections.org/>

ViewPoint

<https://www.frbatlanta.org/banking/publications/financial-update/2015/q1/viewpoint.aspx>

Stress Tests and Capital Planning

<http://federalreserve.gov/bankinforeg/stress-tests-capital-planning.htm>

Basel Regulatory Framework

<http://federalreserve.gov/bankinforeg/basel/default.htm>

Supervision and Regulation/Consumer Affairs Letters

<http://federalreserve.gov/bankinforeg/srletters/srletters.htm>

<http://federalreserve.gov/bankinforeg/caletters/caletters.htm>

Economic, Banking and Financial Data

<http://federalreserve.gov/econresdata/default.htm>

<https://research.stlouisfed.org/fred2/>