



FirstBank Holding Company

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April 23, 2013

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

Dear Mr. Frierson:

This letter is written in response to the request for comment on the proposed agency information collection activities and the proposed form FR Y-16 (FR Doc. 2013-06012 Filed 3-14-13), titled "Annual Company-Run Stress Test Projections".

Regulation YY (12 CFR Part 252) details the elements required in the report to the Board of stress test results. With regard to the quantitative data required, the regulation specifically states that "for each quarter of the planning horizon, aggregate losses, pre-provision net revenue, provision for loan and lease losses, net income, and pro forma capital ratios" must be included. In reviewing the Draft Reporting Forms, however, it appears that while the Summary Schedule provides for reporting this information, there are two additional schedules, the Balance Sheet Statement and the Income Statement, that require additional information that is segregated in a format similar to the Call report.

When we met with our primary regulator earlier this year, we specifically inquired whether our Dodd Frank Act stress test (DFAST) results would need to be provided in a Call report-type format. This is of particular concern to us, because the software that we use for our budgeting, interest-rate risk modeling and capital plan stress testing is the same tool that we plan to use to generate our DFAST results. We have not loaded our data into this software program in a Call report-type format, because that does not best meet our needs for budgeting, modeling and stress testing purposes. At the time we met with our regulator, we were assured that the reporting forms that smaller banking organizations would use in reporting the results of our stress tests were expected to be significantly more limited than the reporting forms applicable to large banking organizations (this is also stated in the regulation), and therefore, as long as we could provide totals in larger categories (such as total securities, total loans, etc.), we would not need to worry about re-loading data in a different format in order to meet the reporting requirements of Regulation YY. Given the format that has been proposed, we have significant concern that there is no way to reconfigure our system in time to comply with the requirements.

We are a \$13 billion organization, one of the smallest to which this regulation applies. We do not have unlimited resources available to begin to build our system from scratch, so that it produces results in a Call report-type format within the timeframe required. Therefore, we now feel the need to seriously consider outsourcing the stress testing required by this regulation, just so we can get it in the proper

reporting format. This will require bringing on a new vendor and conducting model risk management procedures on their product **solely** to report in a different format for DFA stress testing.

In several conversations with regulatory agencies, we have been told that we are responsible for owning our DFAST results and understanding the inputs and assumptions used in performing the exercise. We have also been told that the effort expended in this process should be commensurate with the size and complexity of our organization. We also believe that we will benefit most from the endeavor if we use the approach and information that provides the most relevance to our organization, which would mean using the approach that we have implemented for our own internal stress testing and capital planning. The proposed format for reporting balance sheet and income statement results, however, will require us to expend a great deal of time and cost for a product that we feel will be of less benefit for our organization. We don't believe that this outcome was the intent of the Dodd Frank Act, or Regulation YY.

Since the purpose of DFAST is to assess the potential impact of the scenarios provided by the Board on consolidated earnings, losses, and capital of the company over the planning horizon, we would propose that the quantitative reporting required be at this same level of detail. Of course, we expect that we would need to summarize and support our methodologies to get these results, but this information would be part of the qualitative analysis.

Thank you for taking our comments into consideration. If you have any questions, or would like to discuss any of this information further, please contact me at 303-235-1460.

Sincerely,



Tamara S. Keffeler
Senior Vice President

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