



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

January 17, 2012

Media Contact:
Michele Heller
mheller@fdic.gov
(202) 898-3679

FDIC Board Proposes Stress Testing Regulation for Large Banks

FOR IMMEDIATE RELEASE

The FDIC today approved a notice of proposed rulemaking (NPR) that would require certain large insured depository institutions to conduct annual capital-adequacy stress tests. The proposal, to implement section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, would apply to FDIC-insured state nonmember banks and FDIC-insured state-chartered savings associations with total consolidated assets of more than \$10 billion. The FDIC regulated 23 state non-member banks with total assets of more than \$10 billion as of Sept. 30, 2011.

The stress tests would provide forward-looking information that would assist the FDIC in assessing the capital adequacy of the banks covered by the rule. The banks that would be required to conduct the stress tests also are expected to benefit from improved internal assessments of capital adequacy and overall capital planning.

The NPR defines "stress test" as a process to assess the potential impact of economic and financial conditions on the consolidated earnings, losses and capital of the bank over a set planning horizon, taking into account the current condition of the bank and its risks, exposures, strategies, and activities. The NPR describes the content of the reports institutions are required to publish, and the timeline for conducting the stress tests and producing the required reports.

FDIC Acting Chairman Martin J. Gruenberg said, "Both the FDIC and the institutions being tested will benefit from the forward-looking results that the stress tests will provide. The results will assist in ensuring an institution's financial stability by helping



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). **PR-4-2012**

determine whether it has sufficient capital levels to withstand a period of economic stress."

The Dodd-Frank Act requires each primary federal financial regulator, including the FDIC, to issue consistent and comparable stress-testing regulations for financial companies with total consolidated assets of more than \$10 billion. In terms of its requirements, the NPR is substantively similar to a proposal the Federal Reserve published in December 2011.

The FDIC's proposal will be published in the Federal Register with a 60-day public comment period.

Attachment:

Stress Testing Requirements for Certain Banks: Notice of Proposed Rulemaking to Implement Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act - PDF ([PDF Help](#))
