
Joint Release

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency**

Agencies Reiterate Annual Public Disclosure Requirements For Medium-Sized Financial Companies Under Dodd-Frank Company-Run Stress Tests

This statement reiterates key details about the annual public disclosure of stress test results required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) by certain financial companies with total consolidated assets between \$10 billion and \$50 billion.¹ In October 2012, the federal banking agencies issued rules applicable to these medium-sized companies implementing the DFA stress test requirements that include the annual public disclosure of company-run test results. Companies subject to these rules include banks, federal and state savings associations, and bank holding companies.

Under the stress test rules required by the DFA, companies between \$10 billion and \$50 billion in total consolidated assets must assess the potential impact of a minimum of three macroeconomic scenarios—baseline, adverse, and severely adverse—on their consolidated losses, revenues, balance sheet (including risk-weighted assets), and capital. Beginning in June 2015, these medium-sized companies are required to publicly disclose DFA stress test results on an annual basis. A company must disclose, at a minimum, the following information regarding results from the severely adverse scenario: a description of the types of risks included in the stress test; a summary description of the methodologies used in the stress test; estimates of aggregate losses, pre-provision net revenue, provisions for loan and lease losses, and net income; and pro forma regulatory capital ratios along with an explanation of the most significant causes for the changes in regulatory capital ratios.

Although the agencies' rules detail the content of the required company disclosures, medium-sized companies have flexibility regarding the specific format of their public summary disclosures, as there is no prescribed regulatory form or template for the required disclosures. The rules also allow subsidiary banks to satisfy their disclosure requirements by including summary information along with their parent companies' disclosures.

The agencies will not make any public statements about the results of company-run stress tests for these medium-sized companies nor comment on the public disclosures of their results. Questions the public may have regarding the disclosures should be directed to that company. The agencies note that DFA stress test results may reflect distinctly different geographic markets, exposures, activities, methods, and assumptions across companies. Also, the DFA stress tests produce projections of hypothetical results and are not intended to be forecasts of expected or most likely

¹ See 77 FR 61238 (October 9, 2012) (Office of the Comptroller of the Currency final rule), 77 FR 62378 (October 12, 2012) (Federal Reserve Board final rule), and 77 FR 62417 (October 15, 2012) (Federal Deposit Insurance Corporation final rule).

outcomes. Accordingly, the additional information provided by companies should be used to help interpret their projected results.

Finally, the agencies reiterate that the DFA stress testing requirements and expectations for medium-sized companies are significantly reduced compared to those for the firms with \$50 billion or more in total consolidated assets. Medium-sized companies are not subject to the Federal Reserve's supervisory-run stress tests or the Federal Reserve's annual Comprehensive Capital Assessment and Review, are not required to submit an annual capital plan, and are not subject to a supervisory approval or denial of their stress test results.