

§ 252.157 Disclosure of stress test results.

(a) *Public disclosure of results*—(1) *In general.* (i) Except as provided in paragraph (a)(1)(ii) or (b)(2) of this section, a bank holding company, savings and loan holding company, or state member bank must disclose a summary of the results of the stress test in the period beginning on June 15 and ending on June 30 unless that time is extended by the Board in writing.

(ii) Except as provided in paragraph (b)(2) of this section, a state member bank that is a covered company subsidiary or a savings and loan holding company with average total consolidated assets of \$50 billion or more must disclose a summary of the results of the stress test in the period beginning on March 15 and ending on March 31, unless that time is extended by the Board in writing.

(2) *Initial disclosure.* A bank holding company, savings and loan holding company, or state member bank that has total consolidated assets of less than \$50 billion on or before December 31, 2012, must comply with the requirements of this section beginning with the stress test cycle commencing on October 1, 2014.

(3) *Disclosure method.* The summary required under this section may be disclosed on the Web site of a bank holding company, savings and loan holding company, or state member bank, or in any other forum that is reasonably accessible to the public.

(b) *Summary of results*—(1) *Bank holding companies and savings and loan holding companies.* A bank holding company or savings and loan holding company must disclose, at a minimum, the following information regarding the severely adverse scenario:

- (i) A description of the types of risks included in the stress test;
- (ii) A summary description of the methodologies used in the stress test;
- (iii) Estimates of—
 - (A) Aggregate losses;
 - (B) Pre-provision net revenue;
 - (C) Provision for loan and lease losses;
 - (D) Net income; and
 - (E) Pro forma regulatory capital ratios and any other capital ratios specified by the Board;

(iv) An explanation of the most significant causes for the changes in regulatory capital ratios; and

(v) With respect to a stress test conducted by an insured depository institution subsidiary of the bank holding company or savings and loan holding company pursuant to section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, changes in regulatory capital ratios and any other capital ratios specified by the Board of the depository institution subsidiary over the planning horizon, including an explanation of the most significant causes for the changes in regulatory capital ratios.

(2) *State member banks that are subsidiaries of bank holding companies.* A state member bank that is a subsidiary of a bank holding company will satisfy the public disclosure requirements under section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act when the bank holding company publicly discloses summary results of its stress test pursuant to this section or section 252.148 of this part, unless the Board determines that the disclosures at the holding company level do not adequately capture the potential impact of the scenarios on the capital of the state member bank. In this case, the state member bank must make the same disclosure as required by paragraph (b)(3) of this section.

(3) *State member banks that are not subsidiaries of bank holding companies.* A state member bank that is not a subsidiary of a bank holding company must disclose, at a minimum, the following information regarding the severely adverse scenario:

- (i) A description of the types of risks being included in the stress test;
- (ii) A summary description of the methodologies used in the stress test;
- (iii) Estimates of—
 - (A) Aggregate losses;
 - (B) Pre-provision net revenue
 - (C) Provision for loan and lease losses;
 - (D) Net income; and
 - (E) Pro forma regulatory capital ratios and any other capital ratios specified by the Board; and
- (iv) An explanation of the most significant causes for the changes in regulatory capital ratios.

(c) *Content of results.* (1) The disclosure of aggregate losses, pre-provision net revenue, provision for loan and lease losses, and net income that is required under paragraph (b) of this section must be on a cumulative basis over the planning horizon.

(2) The disclosure of pro forma regulatory capital ratios and any other capital ratios specified by the Board that is required under paragraph (b) of this section must include the beginning value, ending value and minimum value of each ratio over the planning horizon.

Subpart I [Reserved]

APPENDIX A TO PART 252—POLICY STATEMENT ON THE SCENARIO DESIGN FRAMEWORK FOR STRESS TESTING

1. BACKGROUND

a. The Board has imposed stress testing requirements through its regulations (stress test rules) implementing section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act or Act) and through its capital plan rule (12 CFR 225.8). Under the stress test rules issued under section 165(i)(1) of the Act, the Board conducts an annual stress test (supervisory stress tests), on a consolidated basis, of each bank holding company with total consolidated assets of \$50 billion or more and each nonbank financial company that the Financial Stability Oversight Council has designated for supervision by the Board (together, covered companies).²¹ In addition, under the stress test rules issued under section 165(i)(2) of the Act, covered companies must conduct stress tests semi-annually and other financial companies with total consolidated assets of more than \$10 billion and for which the Board is the primary regulatory agency must conduct stress tests on an annual basis (together company-run stress tests).²² The Board will provide for at least three different sets of conditions (each set, a scenario), including baseline, adverse, and severely adverse scenarios for both supervisory and company-run stress tests (macro-economic scenarios).²³

²¹ 12 U.S.C. 5365(i)(1); 12 CFR part 252, subpart F.

²² 12 U.S.C. 5365(i)(2); 12 CFR part 252, subparts G and H.

²³ The stress test rules define scenarios as “those sets of conditions that affect the U.S. economy or the financial condition of a [company] that the Board annually deter-

b. The stress test rules provide that the Board will notify covered companies by no later than November 15 of each year of the scenarios it will use to conduct its annual supervisory stress tests and provide, also by no later than November 15, covered companies and other financial companies subject to the final rules the set of scenarios they must use to conduct their annual company-run stress tests.²⁴ Under the stress test rules, the Board may require certain companies to use additional components in the adverse or severely adverse scenario or additional scenarios.²⁵ For example, the Board expects to require large banking organizations with significant trading activities to include a trading and counterparty component (market shock, described in the following sections) in their adverse and severely adverse scenarios. The Board will provide any additional components or scenario by no later than December 1 of each year.²⁶ The Board expects that the scenarios it will require the companies to use will be the same as those the Board will use to conduct its supervisory stress tests (together, stress test scenarios).

c. In addition, §225.8 of the Board’s Regulation Y (capital plan rule) requires all U.S. bank holding companies with total consolidated assets of \$50 billion or more to submit annual capital plans, including stress test results, to the Board to allow the Board to assess whether they have robust, forward-looking capital planning processes and have sufficient capital to continue operations

mines are appropriate for use in stress tests, including, but not limited to, baseline, adverse, and severely adverse scenarios.” The stress test rules define baseline scenario as a “set of conditions that affect the U.S. economy or the financial condition of a company and that reflect the consensus views of the economic and financial outlook.” The stress test rules define adverse scenario a “set of conditions that affect the U.S. economy or the financial condition of a company that are more adverse than those associated with the baseline scenario and may include trading or other additional components.” The stress test rules define severely adverse scenario as a “set of conditions that affect the U.S. economy or the financial condition of a company and that overall are more severe than those associated with the adverse scenario and may include trading or other additional components.” See 12 CFR 252.132(a), (d), (m), and (n); 12 CFR 252.142(a), (d), (o), and (p); 12 CFR 252.152(a), (e), (o), and (p).

²⁴ 12 CFR 252.144(b), 12 CFR 252.154(b). The annual company-run stress tests use data as of September 30 of each calendar year.

²⁵ 12 CFR 252.144(b), 154(b).

²⁶ *Id.*