

# STRESS TESTING

Minority Depository Institution Roundtable  
New York Regional Office

December 10, 2012

# FDIC Regulatory Actions - 2012

- January - Proposed Stress Testing Rules issued
- March - Comment Period Extended
- May - PR on Large Bank Stress Testing Issued
- May – Statement issued to Community Banks on Stress Testing
- October - Final Rule on Stress Testing Adopted
- November - Scenarios released

# Final Rule on Stress Testing

- Adopted on October 9, 2012
- Implements Section 165 of Dodd-Frank Act
  - Requires Bank with TA > \$10B
    - Conduct Annual Stress Tests
    - Report results to PFR
    - Publish a Summary of results

# Large Bank Stress Testing Guidance

- Issued May 14, 2012 (PR 53-2012)
- Applicable only to all organizations over \$10B
- PR 54-2012 was issued on same day
  - Interagency statement on stress testing for community banks

# Existing Regulatory Framework

- Commercial Real Estate
  - 2006 Interagency CRE Guidance
  - Concentration Thresholds or Growth Rates
  - CRE Risk Management Processes
    - Portfolio Stratification
    - Stress Testing
- Subprime Lending
  - 2001 Expanded Guidance



# Existing Regulatory Framework

- Liquidity
  - 2010 Interagency Policy Statement on Funding and Liquidity Risk Management
- Interest Rate Risk
  - 1996 Joint Agency Policy Statement
  - 2010 FFIEC Advisory on IRR Management



# Resources

- CRE Lending Joint Guidance
  - <http://www.fdic.gov/regulations/laws/federal/2006/06notice1212.html>
- Liquidity
  - <http://www.fdic.gov/news/news/financial/2010/fil10013.pdf>
- Interest Rate Risk
  - <http://www.fdic.gov/news/news/press/2010/pr1002.pdf>
  - <http://www.fdic.gov/news/news/financial/1996/fil9652.pdf>
  - <http://www.fdic.gov/regulations/examinations/supervisory/insights/siwin09/siwin09.pdf>
- Subprime Lending
  - <http://www.fdic.gov/news/news/press/2001/pr0901a.html>