



OCC BULLETIN 2014-5

**Subject: Dodd-Frank Stress Testing**  
**Date: March 5, 2014**

**To: Chief Executive Officers of All National Banks and Federal Savings Associations, Federal Branches and Agencies, Department and Division Heads, All Examining Personnel, and Other Interested Parties**

**Description: Supervisory Guidance for Banking Organizations With Total Consolidated Assets of More Than \$10 Billion but Less Than \$50 Billion**

### Summary

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) have issued final guidance that outlines key supervisory expectations for the implementation of stress testing under section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). The stress tests in this section are applicable to all national banks, federal savings associations, state-chartered savings associations, state nonmember banks, state member banks, bank holding companies, and savings and loan holding companies with more than \$10 billion but less than \$50 billion in total consolidated assets.<sup>1</sup> The guidance outlines the principles behind Dodd-Frank stress test practices and offers additional details about methodologies that should be employed by these companies. The guidance also underscores the importance of stress testing as an ongoing risk management practice that supports a company's forward-looking assessment of its risks and better equips the company to address a range of macroeconomic and financial outcomes.

### Highlights

This Dodd-Frank stress test guidance builds on OCC Bulletin 2012-14, "Interagency Stress Testing Guidance" (May 14, 2012), and OCC Bulletin 2012-41, "Stress Testing: Final Rule for Dodd-Frank Section 165(i)" (December 20, 2012). The guidance sets forth the supervisory expectations regarding each requirement of the Dodd-Frank stress test rules and provides illustrative examples of satisfactory practices. The guidance contains information on the following elements of Dodd-Frank stress testing:

- Dodd-Frank stress test timelines
- Scenarios for Dodd-Frank stress tests
- Dodd-Frank stress test methodologies and practices
- Estimating the potential impact on regulatory capital levels and capital ratios
- Controls, oversight, and documentation
- Reports to supervisors
- Public disclosure of Dodd-Frank stress tests

### Note for Community Banks

This guidance is applicable to institutions with more than \$10 billion but less than \$50 billion in total consolidated assets. Community banks with fewer assets are not subject to Dodd-Frank stress tests. The OCC's expectations for stress testing by community banks are outlined in OCC Bulletin 2012-33, "Community Bank Stress Testing" (October 18, 2012), and OCC Bulletin 2012-16, "Guidance for Evaluating Capital Planning and Adequacy" (June 7, 2012).

### Background

In October 2012, the agencies issued final rules implementing stress testing requirements for companies with more than \$10 billion in total assets pursuant to section 165(i)(2) of Dodd-Frank. At that time, the agencies also indicated that they intended to publish supervisory guidance to accompany the final rules and assist companies in meeting rule requirements, including separate guidance for companies with between \$10 billion and \$50 billion in total assets. Accordingly, the agencies are issuing this guidance. The agencies expect \$10 billion-to-\$50-billion companies to follow the Dodd-Frank stress test rule requirements, other relevant supervisory guidance, and the expectations set forth in this document when conducting Dodd-Frank stress tests.

### Further Information

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#### Related Links

- [Interagency News Release](#)
- [Supervisory Guidance \(PDF\)](#)

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<sup>1</sup> Federal savings associations with more than \$10 billion are covered by the OCC's Dodd-Frank stress testing final rule. Savings and loan holding companies (SLHC), however, are not subject to Dodd-Frank stress testing until the next calendar year after they are subject to regulatory capital requirements. For predominantly banking SLHCs, this will be in the stress test cycle that begins October 1, 2016.