Washington — The federal bank regulatory agencies announced today that they will start conducting forward-looking economic assessments of large U.S. banking organizations as the Capital Assistance Program (CAP) gets under way. These assessments will be done on an interagency basis as a coordinated supervisory exercise to ensure they are carried out in a timely and consistent manner. Supervisors will work with institutions to estimate the range of possible future losses and the resources to absorb such losses over a two-year period.

Currently, the major U.S. banking institutions have capital in excess of the amounts required to be considered well capitalized. The CAP is designed to ensure that major U.S. banking organizations have sufficient capital to perform their critical role in our financial system on an ongoing basis and can support economic recovery, even in more severe economic environments.

The assessments will be conducted at eligible U.S. bank holding companies with assets exceeding $100 billion under two economic scenarios: a baseline and a more adverse scenario. The baseline scenario reflects a consensus expectation among private forecasters and the more adverse scenario reflects a deeper and longer recession than in the baseline. The agencies expect to complete the assessment process as soon as possible, but no later than the end of April 2009.

The agencies are issuing a set of Frequently Asked Questions (FAQs) with additional details about the assessment process. The FAQs are attached.

# # #

Attachment

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