Pills
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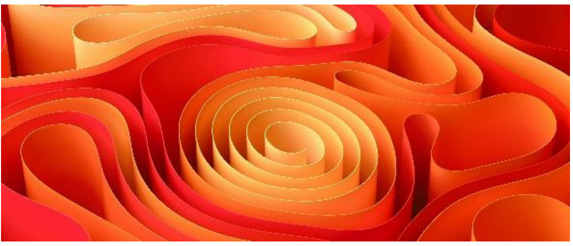

TOPICS:

Stress Test

SOURCE:

Federal Reserve System

FED: 2026 Stress Test Results

- The 2026 Stress Test Results report evaluates **the resilience of 32 large U.S. banks under a hypothetical severe economic downturn**. Conducted under the Dodd-Frank Act, the annual stress test assesses whether major banking institutions hold sufficient capital to absorb significant losses while continuing to support lending to households and businesses.
- The report notes that the Federal Reserve is reviewing proposed reforms to improve the transparency and stability of its stress testing framework. As a result, **stress capital buffer requirements will remain unchanged until 2027** while public feedback is considered.
- Under the **severely adverse scenario**, the participating banks are projected to incur approximately **$708 billion** in total losses, primarily from loan portfolios. Despite these losses, all banks remain above minimum regulatory capital requirements throughout the nine-quarter projection period. The aggregate Common Equity Tier 1 (CET1) capital ratio declines from **12.8%** to **11.2%**, before recovering to **12.7%**, demonstrating the sector's overall resilience.
- Overall, the results indicate that the **U.S. banking system remains well-capitalized and capable of withstanding severe economic stress**, reflecting the continued effectiveness of post-financial crisis capital and supervisory reforms.