



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF BANKING
SUPERVISION AND REGULATION

SR 10-4

February 26, 2010

**TO THE OFFICER IN CHARGE OF SUPERVISION AT EACH FEDERAL RESERVE BANK
AND TO BANKING ORGANIZATIONS SUPERVISED BY THE FEDERAL RESERVE**

**SUBJECT: Clarification of the Risk Weight for Claims on or Guaranteed by the Federal
Deposit Insurance Corporation (FDIC)**

The Federal Reserve, along with the other federal banking agencies, has adopted the attached statement, *Clarification of the Risk Weight for Claims on or Guaranteed by the FDIC*, in response to recent questions.

Amongst other things, the statement clarifies that loss-sharing agreements recently entered into by the FDIC with acquirers of assets from failed institutions are considered conditional guarantees for risk-based capital purposes. Because the specific structural arrangements for these agreements vary, the statement recommends that a banking organization consult with its primary federal regulator to determine the appropriate risk-based capital treatment for a specific loss-sharing agreement.

Questions regarding the attached statement and all inquiries concerning the risk-based capital treatment of FDIC loss-sharing agreements for banking organizations supervised by the Federal Reserve should be directed to Andrew Willis, Financial Analyst, Supervisory Policy and Guidance, at (202) 736-5635; or Chris Powell, Financial Analyst, Supervisory Policy and Guidance, at (202) 912-4353. In addition, questions may be sent via the Board's public website.¹

Jon D. Greenlee
Acting Director

Attachment:

Clarification of the Risk Weight for Claims on or Guaranteed by the FDIC

¹ See <http://www.federalreserve.gov/feedback.cfm>.