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**Joint Release**

**Federal Deposit Insurance Corporation  
Board of Governors of the Federal Reserve System  
Office of the Comptroller of the Currency  
Office of Thrift Supervision**

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For immediate release

October 20, 2005

**Federal Banking Agencies Request Comment on Suggested Domestic Risk-Based Capital Modifications**

The four federal banking agencies--the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision--today published an interagency advance notice of proposed rulemaking (ANPR) regarding potential revisions to the existing risk-based capital framework. These changes would apply to banks, bank holding companies, and savings associations.

The ANPR document discusses various modifications to the U.S. risk-based capital standards including:

- Increasing the number of risk weight categories to which credit exposures may be assigned;
- Expanding the use of external credit ratings as an indicator of credit risk for externally-rated exposures;
- Expanding the range of collateral and guarantors that may qualify an exposure for lower risk weights;
- Using loan-to-value ratios, credit assessments, and other broad measures of credit risk for assigning risk-weights to residential mortgages;
- Modifying the credit conversion factor for various commitments, including those with an original maturity of under one year;
- Requiring that certain loans 90 days or more past due or in a non-accrual status be assigned to a higher risk weight category;
- Modifying the risk-based capital requirements for certain commercial real estate exposures;
- Increasing the risk sensitivity of capital requirements for other types of retail, multifamily, small business, and commercial exposures; and
- Assessing a risk-based capital charge to reflect the risks in securitizations with early amortization provisions that are backed by revolving retail exposures.

Comments must be received on or before January 18, 2006. The Federal Register notice is attached.

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**Attachment:**

October 20, Federal Register, pages 61068–61078

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