
Joint Release

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

For Immediate Release

September 7, 2008

The Federal Banking Agencies React to Takeover of Fannie Mae and Freddie Mac

The federal banking agencies have been assessing the exposures of banks and thrifts to Fannie Mae and Freddie Mac. The agencies believe that, while many institutions hold common or preferred shares of these two government-sponsored enterprises, a limited number of smaller institutions have holdings that are significant compared to their capital.

The Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision are prepared to work with these institutions to develop capital-restoration plans pursuant to the capital regulations and the prompt corrective action provisions of the Federal Deposit Insurance Corporation Improvement Act.

All institutions are reminded that investments in preferred stock and common stock with readily determinable fair value should be reported as available-for-sale equity security holdings, and that any net unrealized losses on these securities are deducted from regulatory capital.

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