Joint Statement

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

FIL-7-2010
February 26, 2010

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

The federal banking agencies (Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision) are clarifying the risk weights for claims on or guaranteed by the FDIC for purposes of banking organizations' risk-based capital requirements.

Under the agencies' risk-based capital guidelines, direct claims on and claims unconditionally guaranteed by the FDIC, such as FDIC-insured deposits, prepaid assessments of deposit insurance premiums, debt guaranteed under the FDIC's Temporary Liquidity Guarantee Program, and similarly guaranteed debt, may be assigned a zero percent risk weight.

By contrast, recent loss-sharing agreements entered into by the FDIC with acquirers of assets from failed institutions are considered conditional guarantees for risk-based capital purposes due to contractual conditions that acquirers must meet. The guaranteed portion of assets subject to a loss-sharing agreement may be assigned a 20 percent risk weight. Because the structural arrangements for these agreements vary depending on the specific terms of each agreement, institutions should consult with their primary federal regulator to determine the appropriate risk-based capital treatment for specific loss-sharing agreements.