



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF BANKING
SUPERVISION AND REGULATION

DIVISION OF CONSUMER AND
COMMUNITY AFFAIRS

SR 13-8

CA 13-5

April 11, 2013

**TO THE OFFICER IN CHARGE OF SUPERVISION
AT EACH FEDERAL RESERVE BANK**

SUBJECT: Extension of the Use of Indicative Ratings for Savings and Loan Holding Companies

Applicability to Community Banking Organizations: This guidance applies to all savings and loan holding companies, including those with \$10 billion or less in total assets.

The Federal Reserve will continue to use the “RFI/C(D)” rating system¹ (referred to as “RFI”) to assign “indicative ratings” to savings and loan holding companies (SLHCs). When the Federal Reserve assumed responsibility for the supervision of SLHCs in July 2011, the Federal Reserve set forth the SLHC supervisory approach for the first supervisory cycle in SR letter 11-11/CA letter 11-5, “Supervision of Savings and Loan Holding Companies (SLHCs).”² Under that approach, the Federal Reserve has issued an indicative rating to each SLHC to indicate how the SLHC would be rated under the RFI rating system.

The Federal Reserve has used the first supervisory cycle to evaluate the appropriateness of the RFI rating system for SLHCs. In most cases, the use of the RFI framework worked well. However, the Federal Reserve continues to evaluate the appropriateness of the RFI system for those SLHCs predominantly engaged in specialized insurance or commercial activities.

The Federal Reserve will soon issue a notice seeking public comment on the application of the RFI rating system to SLHCs, including any modifications that the Federal Reserve believes are necessary to accommodate unique characteristics of SLHCs. Until finalization of

¹ See SR letter 04-18, “Bank Holding Company Rating System,” and 69 *Fed. Reg.* 70444 (December 6, 2004).

² The first supervisory cycle with respect to a particular SLHC lasted from July 21, 2011, until the close of the first required inspection of the SLHC.

the rating system for SLHCs, the Federal Reserve will continue to assign indicative ratings to SLHCs. Furthermore, the Federal Reserve will continue to carry out the other elements of the supervisory approach described in SR 11-11/CA 11-5 with respect to SLHCs.

Federal Reserve Banks should distribute this supplemental guidance to savings and loan holding companies in their districts, as well as to their supervisory and examination staff, as appropriate. Questions on this letter may be directed to the following:

- Division of Banking Supervision and Regulation staff: Kevin Bertsch, Associate Director, Supervisory Oversight, at (202) 452-5265; or Karen Caplan, Manager, SLHC Supervisory Oversight, at (202) 452-2710.
- Division of Consumer and Community Affairs staff: Phyllis Harwell, Assistant Director, at (202)452-3658; or Tracy Anderson, Manager, at (202)736-1921.

In addition, individuals may submit questions via the Federal Reserve Board's public website.³

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Director
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and Regulation

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Cross Reference:

- SR letter 11-11/CA letter 11-5, "Supervision of Savings and Loan Holding Companies (SLHCs)"
- SR letter 04-18, "Bank Holding Company Rating System"

³ See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.