



**Federal Deposit Insurance Corporation**

550 17th Street NW, Washington, D.C. 20429-9990

Division of Insurance and Research

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December 13, 2010

**TO:** The Executive Secretary's Section  
FDIC Legal Division

**FROM:** Andrew Felton  
Section Chief  
Division of Insurance and Research

**SUBJECT:** Teleconference with Keybank on Large Bank Pricing System  
RIN 3064-AD66, 75 FR 72612 (November 24, 2010)

The FDIC published in the Federal Register a Notice of Proposed Rulemaking (NPR) requesting comment on its proposal to revise the assessment system applicable to large insured depository institutions to better differentiate institutions and take a more forward-looking view of risk; to better take into account losses that the FDIC may incur if an institution fails; and to make technical and other changes to the rules governing the risk-based assessment system. Keybank requested a telephone conference with the FDIC to discuss the NPR for large bank pricing. The teleconference was held on December 7, 2010. Keybank primarily sought clarification of the scorecard metrics with a specific focus on the Loss Severity Measure.

Keybank suggested that the loss severity model should not be structured so that increasing capital leads to potentially higher loss severity scores.

Keybank requested that the FDIC clarify the definition of criticized and classified items, i.e., specify whether the term includes funded and unfunded commitments, and clarify what is encompassed in the criticized and classified items to Tier 1 capital. FDIC staff advised that the definition includes all assets and stated that the FDIC would clarify the treatment of unfunded commitments. The bank also asked how often FICO scores and debt to income ratios should be updated/refreshed for purposes of identifying subprime consumer loans for the concentration measure. The bank feels that different federal regulators can apply different standards for subprime loans and consequently, the subprime concentration measures may not be consistent across institutions. Keybank also commented that the 15 point discretionary adjustment to the total score results in too large an increase when converted into basis points, making it difficult to budget and estimate future FDIC assessment costs. Keybank was encouraged to submit written comments.

December 7, 2010 Meeting  
FDIC Staff and Keybank Representatives

**Name**

Tim Nowak  
Andy Felton  
Mike Anas  
Ken Stinson

**Representing**

Keybank  
FDIC  
FDIC  
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