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# Capital Program

## Limited Examination Procedures for Trust-Only Institutions

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### Examination Objectives

To determine the adequacy and composition of the thrift's present and planned level of capitalization, considering its unique risk characteristics, overall condition and planned direction.

To determine the effectiveness of management and the board of directors in actively monitoring, maintaining and planning for capital adequacy.

To determine if capital-related policies and procedures are adequate and being adhered to by thrift personnel.

### Examination Procedures

Wkp. Ref.

The following examination procedures are provided as a guide for examiner review of this area. In some cases, it may not be necessary to complete all components of the following procedures. You should conduct examination procedures sufficient to: (1) address the concerns in the scope and any other problems found during the examination, (2) assess the safety and soundness of the institution, and (3) update and support the CAMELS composite and component ratings.

1. Review the information on capital provided in the UTPR, off-site monitoring reports, report of examination spreadsheets, latest examination report, latest audit report, and latest SEC reports. Identify, explain and evaluate trends, material variances and other significant factors. Determine if management is adequately addressing these areas.
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2. Determine through discussions with management and other appropriate verification methods, if management has taken corrective action relative to:
    - Prior examination report comments and prior examination exceptions.
    - Internal and external audit exceptions.
    - Any enforcement/supervisory actions and directives.
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**Exam Date:** \_\_\_\_\_

**Prepared By:** \_\_\_\_\_

**Reviewed By:** \_\_\_\_\_

**Docket #:** \_\_\_\_\_

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**Wkp. Ref.**

3. Obtain a copy of the thrift's worksheet for computing its minimum capital requirement pursuant to Schedule CCR of the TFR. Determine whether the thrift is meeting its minimum capital requirements. Obtain related work papers and review for reliability as necessary.  

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4. Evaluate the adequacy of capital.
  - Analyze how the thrift's balance sheet composition affects the need for capitalization. Consider the prospects for continuing compliance by analyzing current trends and other factors. Consider the risk orientation and diversification investment portfolios. Consider the levels of interest rate risk and problem assets.
  - Analyze the risk associated with fiduciary activities and the resultant need for additional capital protection.
  - Consider the thrift's growth trends and goals. Consider whether management has planned for capital adequacy in line with anticipated growth of both on-balance sheet assets and fiduciary assets.

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5. Consider the appropriateness of an earnings retention and dividend policy.  

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6. Assess the thrift's ability to raise or obtain additional capital if needed.  

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### Examiner's Summary, Recommendations, and Comments

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