



Office of Thrift Supervision
Department of the Treasury

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MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM:

Timothy T. Ward
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Examinations, Supervision, and Consumer Protection

SUBJECT:

Changes to the Holding Company Rating System
and Examination Components

The Office of Thrift Supervision (OTS) has adopted final changes to its Holding Company Rating System and Examination Components. These changes have been published in the Federal Register and include:

- Placing greater emphasis on, and elevating the prominence of, risk management.
- Better aligning the holding company examination components with our supervisory process by redesignating the “R” Examination Component as Risk Management.
- Providing a more accurate assessment of the condition of thrift holding companies by employing a 1-5 numeric rating scale.
- Not tying rating criteria solely to the holding company enterprises’ impact on its thrift subsidiary.

I encourage you to review the attached ratings descriptions and preamble thereto. This information describes the changes, as well as how the changes will affect existing regulations and guidance that reference holding company ratings. OTS will use the revised rating system and examination components on all holding company examinations that begin on or after January 1, 2008. Most holding companies will not observe any significant change in the conduct of the examination as we implement these changes; substantively, the areas under review have not changed. Until the Holding Companies Handbook is updated, examiners will rely on the revised ratings descriptions, using them in tandem with existing technical guidance. If you have any questions, please contact your local Regional Office or Donna Deale, Director of Holding Companies and Affiliates, Supervision Policy, at (202) 906-7488.

Attachment: [Final Guidance on Savings and Loan Holding Company Rating System](#)