

Welcome to the San Francisco Region's computer based Director's College program. This tutorial is based on the one-day seminar held in several locations throughout the Region in 2003 and 2004, and is designed for bank directors hoping to acquire a better understanding of their responsibilities. The program is built around the uniform financial institution rating system known as CAMELS (Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk) and the regulatory examination process. During this program, we hope that you will see the many similarities between a director's responsibilities and the work that bank examiners do when examining your institution. For best results, please work through the materials in the order presented, as some modules build on issues introduced in prior presentations.

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Overview

What is this Course Hoping to Achieve?

We hope that this program improves your ability to monitor your bank's performance. We know that we won't be able to make you an expert in only a few hours, but we hope that the information provided will compliment your own expertise and help you to recognize when further analysis or questions may be appropriate.

Each of the modules contained in this tutorial provides a basic explanation of each of the six CAMELS components. We will provide examples of how these areas are typically monitored and we will identify a few "red flags" that could alert you to potential problems in your bank. Following each component lecture is the First State Bank mock examination exercise. Here you will be asked to review each component's examination comment, identify the deficiencies noted, develop potential corrective action, and then assign a rating to each component.

We hope that this tutorial will serve as a reminder that the FDIC is meant to be a resource as well as a regulator. Your onsite examiners are available for consultation at every examination and the Regional Office maintains specialists on staff in many fields that are available to answer all of your banking and regulatory questions.

How Long Should it Take?

This program allows you to pick the topic that is most appropriate at the moment, but was designed to be reviewed in a specific order. The time required for each section varies from thirty minutes to one hour and the entire course should take approximately six hours to complete. This format will allow you to work through the program at your own pace, spending as little or as much time as you need. Additionally, if you would like additional information on a given topic, this course provides links to the FDIC.gov website as well as relevant reference materials.

Disclaimer

This training material is intended to be a resource for financial institutions. It should not be considered an exclusive means of analyzing specific issues that may arise in your bank or a substitute for any outstanding federal or state laws, regulations, guidelines, or statements of policy relating to those issues. The approaches offered to address the issues in the First State Bank exercises do not necessarily reflect official positions of the Federal Deposit Insurance Corporation, nor should they necessarily be construed as a recommendation that your bank adopt a particular approach to address similar issues. All financial institutions are different in terms of size, complexity, risk management practices, internal controls, business products, financial condition, and risk levels.

We begin the program with a brief description of our mock institution, First State Bank.