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### OCC Streamlines Community Bank Exams

WASHINGTON, D.C. -- The Office of the Comptroller of the Currency has issued a new handbook that will make examinations of national banks with assets of less than \$1 billion more risk-focused and efficient.

The Community Bank Supervision handbook consolidates two existing manuals, Community Bank Procedures for Noncomplex Banks and Community Bank Risk Assessment System. The enhanced procedures in the new handbook will focus OCC bank examiners on areas of risk within community banks. The procedures are designed to enable examiners to draw conclusions about the adequacy of the bank's risk management systems by testing actual bank practices.

"The handbook provides a tool kit for our examiners to use in evaluating community banks," said acting Comptroller of the Currency Julie L. Williams. "Regulatory burden is keenly felt by smaller, community banks, and this new handbook will help alleviate unnecessary burdens by making exams more efficient and less burdensome by focusing examiner attention on key areas of risk."

The OCC's objectives in supervising community banks are to:

- Determine the condition of the bank and the risks associated with current and planned activities by testing the bank's practices;

- Evaluate the overall integrity and effectiveness of risk management systems by testing the bank's practices;

- Enforce banking laws and regulations;

- Communicate findings, recommendations, and requirements to bank management and directors in a clear and timely manner, and to obtain informal or formal commitments to correct significant deficiencies;

- Verify the effectiveness of corrective actions or, if actions have not been undertaken or accomplished, pursue resolution through more aggressive supervision or enforcement actions.

The OCC's Supervision by Risk approach is the basis of its community bank supervision effort. The procedures in the handbook are oriented towards efficiently quantifying and assessing the risk in national banks without imposing new or burdensome procedures on banks. The new handbook more clearly defines minimum conclusions that an examiner must reach in the core assessment made of the bank.

The core assessment standards are used in conjunction with the OCC's risk assessment system designed to give examiners a consistent means of measuring risk at a bank and determining when more in-depth examination procedures should be used.

Copies of Community Bank Supervision, part of the Comptroller's Handbook series, are being mailed to national banks, OCC examiners and subscribers to the OCC handbook series. To order copies of the Community Bank Supervision handbook, send a written request and a \$15 check per copy to the Office of the Comptroller of the Currency, P.O. Box 70004, Chicago, IL 60673-0004.

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The OCC charters, regulates and examines approximately 2,600 national banks and 66 federal branches and agencies of foreign banks in the United States, accounting for 58 percent of the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.