



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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OCC Publishes Guide to Aid in Identification of Problem Banks

WASHINGTON -- The Office of the Comptroller of the Currency this week published a guide intended to help examiners identify problem banks and assist in their rehabilitation or resolution.

“One of the most challenging and important aspects of a bank examiner’s job is knowing how to read and react, in a balanced and effective way, to symptoms of problems that may not yet be obvious to bank directors and management,” said Comptroller of the Currency John D. Hawke, Jr., in a letter accompanying the booklet.

“Yet this should always be our objective -- prompting early remedial action so that a bank’s ability to serve its customers is not adversely affected,” Mr. Hawke added.

The guide, while written for examiners, is being published by the OCC because the material contained in the 156-page book will also be useful to bankers and others with an interest in the banking system.

An Examiner's Guide to Problem Bank Identification, Rehabilitation, and Resolution contains information on a variety of topics important to examiners, including material on:

- Problem bank identification, including “red flags,” such as aggressive growth strategies, that suggest the need for heightened scrutiny.
- Rehabilitation of problem banks.
- Resolution of institutions with a high likelihood of failure.
- Bank accounting, including information on asset valuation, troubled debt restructuring, the appropriate treatment for real estate owned by banks; sale and leasebacks, and loss carryforwards.
- Problems involving large bank companies.

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“The OCC is committed to bank supervision policies and procedures that support prompt detection and mitigation of problems before they affect bank viability,” Mr. Hawke said. “In this way, banks will have the maximum opportunity to resolve their own problems.”

An Examiner's Guide to Problem Bank Identification, Rehabilitation, and Resolution is available on the OCC Web site at <http://www.occ.treas.gov/prbbnkgd.pdf>. Hard copies may be ordered using the form available on the OCC Web site at <http://www.occ.treas.gov/publsta.htm> or by sending a written request and a check for \$15 payable to the Comptroller of the Currency to:

Comptroller of the Currency
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Chicago, IL 60673-0004

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The OCC charters, regulates and examines approximately 2,200 national banks and 56 federal branches of foreign banks in the U.S., accounting for more than 55 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.