Washington, DC 20219

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To: Chief Executive Officers of National Banks, All Examining Personnel, and Comptroller’s Handbook Subscribers


This booklet provides updated guidance and procedures that examiners use when supervising community banks. The major revisions to this booklet include the following:

- Updating the Risk Assessment System (RAS), including
  - Replacement of Transaction risk with Operational risk to reflect a broader perspective of this risk category;
  - Addition of enterprise value in the Strategic and Reputation risk definitions;
  - Elimination of Foreign Currency Translation as a separate risk category and incorporating it into an expanded definition of Price risk; and
  - Updating the assessment factors of the Credit, Interest Rate, and Liquidity risk categories in the core assessment for lessons learned from the recent market disruption.
- Enhanced procedures to reflect current supervisory practices, as well as to streamline the review of audit and information technology throughout the examination process.

In accordance with the OCC’s supervision-by-risk approach, examiners will exercise judgment when determining which of the procedures in this booklet are appropriate for a particular bank based on the bank’s risk profile and the quality of its risk management system. Examiners will supplement the procedures in this booklet, as needed, with expanded procedures found in other booklets of the Comptroller’s Handbook.

Any questions regarding this booklet should be directed to the Operational Risk Policy division at (202) 874-5190.

To order additional copies of the booklet, please send your request and $25 for each booklet to the Office of the Comptroller of the Currency, Attention: Accounts Receivable, 250 E Street SW, Mail Stop 4-8, Washington DC 20219, or you can order online at the OCC’s Web site at http://www.occ.treas.gov.