

Office of Regulatory Activities

TB 8 rescinded 1/13/95 - obsolete

Handbook: Thrift Activities
Subject: Release of MACRO Ratings

Section: 070, 071
TB 8

November 30, 1988

MACRO Ratings

RESCINDED

Summary: This bulletin alerts supervisory staff to a change in the Office of Regulatory Activities policy regarding the disclosure of examination ratings, and establishes guidelines under which the policy shall be implemented. Pursuant to the guidelines set forth in this bulletin, the composite examination rating contained in formal examination reports (MACRO Ratings) shall be disclosed to management and boards of directors of insured institutions.

For Further Information Contact:
The FHLBank District in which you are located, or the Policy Analysis Division of the Office of Regulatory Activities, Washington, D.C.

Thrift Bulletin 8

Background

The MACRO Rating System is designed to reflect the current condition of individual savings institutions in a uniform fashion. The MACRO ratings assigned by the FHLB staff have not been previously disclosed to individual savings institutions. The FDIC and OCC both currently disclose examination ratings to individual banks under their supervision.

Policy

Effective with examinations beginning on or after December 1, 1988, the composite MACRO rating and its definition will be disclosed to each insured institution following a regularly scheduled examination.

The Office of Regulatory Activities is taking this action to foster more precise communication between the management and boards of directors

of insured institutions and the Federal Home Loan Bank System supervisory staff. This action is also consistent with Board efforts to promote greater consistency with the Bank regulatory agencies.

Examination ratings shall be inserted into the formal Report of Examination (ROE). The Examiner in Charge (EIC) shall submit the proposed rating for the concurrence of either the Director of Agency Functions (DAF), or the Principal Supervisory Agent (PSA). The authority to approve MACRO ratings may be delegated by either the DAF or PSA to a Supervisory Agent/Director of Examination. Ratings must be approved prior to their inclusion in the ROE and subsequent disclosure to the institution. The MACRO rating should not be the subject of negotiations between the institution and FHLB staff.

The institution should be cautioned that numerical examination ratings are subject to the same prohibition on disclosure release as the ROE. As stated on the face of the ROE, "Under no circumstances shall the institution, or any of its directors, officers, or employees, disclose or make this document or any portion

of it public in any manner." No part of the MACRO rating is permitted in any form of advertising. The MACRO rating may not be released by the institution to any outside parties. Any such disclosure will be considered a breach of this restriction and a violation of Part 505 of the General Regulations of the Federal Home Loan Bank Board. The Securities and Exchange Commission staff has advised us that they do not require public disclosure of the actual rating assigned by regulatory agencies.

Federal Home Loan Banks may release examination ratings to independent auditors subject to the guidelines set forth in Memorandum SP-73. The disclosure must be preceded by a written request and shall be covered by the same confidentiality agreement required for review of the entire ROE by auditors.

The Office of Regulatory Activities also intends at a later date to permit the disclosure of Community Reinvestment Act (CRA) ratings. The criteria for determining CRA are being modified and additional instructions will be issued for the release of these ratings.

Darrel W. Dochow
— Darrel Dochow, Executive Director