

RESCINDED

Replaced by Comptroller's Handbook - Installment Lending

OCC BULLETIN 2004-59

Subject: Retail Lending
Date: December 22, 2004

To: Chief Executive Officers of National Banks, Department and
Division Heads, and All Examining Personnel

Description: Interim Examination Procedures

During the last several years, the Office of the Comptroller of the Currency (OCC) has seen significant changes in the retail lending activities of national banks. For many banks, retail lending has become a more prominent part of lending activities and a major contributor to overall profitability. More generally, the mix and complexity of products that banks offer and the availability of credit to consumers has expanded. Concurrent with this growth have been changes in the ways that banks manage their retail portfolios.

In light of these developments, the OCC is issuing the attached Retail Lending Examination Procedures. The procedures address the various risk management and control functions that banks need to manage more diverse and complex portfolios and provide targeted procedures for specific credit functions and types of retail loans. The procedures also incorporate the provisions of the interagency *Uniform Retail Credit Classification and Account Management Policy* (issued in 2000) and the interagency *Account Management and Loss Allowance Guidance* (issued in 2003).

The Retail Lending Examination Procedures are structured to accommodate ongoing supervision of all types of retail credit products, and more comprehensive examinations of high risk or larger, more complex operations. The procedures are divided into two parts:

- **Minimum Procedures** – These procedures are designed to enable examiners to assess the bank's exposure to retail credit risk and to identify significant changes in the bank's performance, products, or markets during supervisory activities. The procedures provide the steps necessary for a comprehensive retail lending examination in smaller or less complex operations. They also serve as the base retail lending procedures for larger or more complex operations.
- **Supplemental Procedures** – These procedures are organized by functional and product-specific areas and include additional testing and product-specific procedures. They are targeted to larger, more complex operations, as well as to smaller banks whose condition requires more comprehensive review.

The OCC plans to incorporate the procedures in an update to the *Comptroller's Handbook* series at a later date. Until a revised handbook is issued, examiners should use the attached procedures. Questions about these procedures may be directed to your supervisory office or to the Credit Risk Department at (202) 649-6670.

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Related Links

- [Retail Lending Examination Procedures](#)