



Revised Trust Examination Rating System

FIL-115-98
October 21, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *FFIEC Adopts Revised Uniform Interagency Trust Rating System*

On October 5, 1998, the Federal Financial Institutions Examination Council (FFIEC) approved the attached revisions to the FFIEC's Uniform Interagency Trust Rating System (UITRS). The revisions reflect changes that have occurred in the fiduciary industry and in supervisory policies and procedures since the rating system was first adopted in 1978.

The UITRS is an internal trust examination rating system. It is used for supervisory purposes to evaluate fiduciary activities of financial institutions on a uniform basis and to identify those institutions requiring special supervisory attention. The changes:

- Conform the UITRS rating definitions to those of the Uniform Financial Institutions Rating System (UFIRS), which is often referred to as CAMELS.
- Reduce the number of component rating categories from six to five, combining the Account Administration and Conflicts of Interest components of the 1978 UITRS into a new Compliance component. The component ratings under the revised UITRS will be Management; Operations, Internal Controls and Auditing; Earnings; Compliance; and Asset Management.
- Factor adequacy of risk management processes into all of the composite and component ratings, but particularly in the management component rating.
- Assess, in the new Compliance component rating, an institution's efforts to comply with applicable laws and regulations, standards of fiduciary conduct (including conflicts of interest and self dealing), the terms of governing instruments, and internal policies and procedures.
- Revise the Earnings component. Earnings will continue to be evaluated at all institutions. However, a component rating will be mandatory only for those institutions with more than \$100 million in total trust assets, and for all non-deposit trust companies. As an option, each FFIEC agency may rate the earnings of institutions with less than \$100 million in total trust assets using an alternative rating approach.
- Provide for a waiver of the Asset Management component for institutions whose fiduciary activities do not include the management or advising of any fiduciary account assets.

The FDIC will begin using the revised UITRS on all trust examinations started on or after January 1, 1999. The composite rating and component ratings under the UITRS will continue to be disclosed to the institution's board of Directors and senior management.

For further information, please contact your Division of Supervision Regional Office or John F. Harvey, Trust Review Examiner in the Securities, Capital Markets and Trust Branch, at (202) 898-6762 or johnharvey@fdic.gov.

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Director

[Attachment:](#) Federal Register Oct. 13, pages 54704-54711.

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (800-276-6003 or (703) 562-2200).

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