



International Banking

FIL-134-98
December 8, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Interagency Country Risk Management Study*

Attached is an executive summary of the findings of a study by the Interagency Country Exposure Review Committee (ICERC) on the country risk management practices of U.S. banks.

ICERC comprises examiners from the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Board of Governors of the Federal Reserve System (FRB). During the course of regular examinations and visitations, examiners participating in the study collected information on the country risk management processes in a sample of internationally active multinational, regional and smaller banks.

The report is not intended to depict the entire spectrum of bank country risk management practices, nor does it set forth minimum regulatory requirements for country risk management. However, because it describes the wide variety of approaches used by banks to measure, monitor and control the risk associated with their foreign exposures, you may find it useful to compare the report's findings with practices in your own bank. The report has been made available to international bank examiners.

The OCC and the FRB are also releasing this report to the internationally active banks under their supervision. The banking agencies are reviewing their country risk management examination guidance and will consider the results of the study during the review process.

The full report is available electronically at www.fdic.gov. Please contact your FDIC supervisory regional office if you have any questions.

Nicholas J. Ketcha Jr.
Director

Attachment: Full report, including Executive Summary

Distribution: FDIC-Supervised Banks Filing FFIEC Form 009

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).