



ABBREVIATED SMALL BANK REPORT OF EXAMINATION

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January 10, 2001

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Implementation of Abbreviated Small Bank Report of Examination for Well-Managed Institutions*

To control costs, reduce paperwork and processing time, and provide examination results in a more useful format, the Federal Deposit Insurance Corporation (FDIC) has begun issuing an Abbreviated Small Bank Report of Examination for well-managed institutions. The abbreviated report will be used in institutions that meet the following criteria:

- Total book assets less than \$250 million;
- CAMELS Composite rating of "1";
- CAMELS Component ratings of "1" or "2";
- Operating with federal deposit insurance for at least three years; and
- Not a niche/specialty bank.

These institutions typically have knowledgeable and established management, sound lending and investment programs, and strong operations and risk-management strategies that effectively identify, measure, monitor and control risk. The overall high quality of management, combined with the limited risk posed by these institutions, warrants a more streamlined examination report format.

Recent discussions with other federal and state regulators and industry trade associations indicated overall support for the abbreviated report concept. Since fewer report pages are required, report preparation and processing time will be reduced and completed examination reports will be returned to the bank sooner. The simplified report format will also make it easier and faster for bank management to review the examination results.

While the abbreviated report provides a more streamlined format for reporting findings, the procedures performed during the onsite examination will not change. Examiners will continue to conduct a full-scope examination using the FDIC's risk-focused examination program.

For further information, please contact your Division of Supervision Regional Office or Examination Specialist Mike Jenkins at (202) 898-6896.

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Acting Director

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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