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M E M O R A N D U M

March 1, 2005

To Our Clients and Friends

Re: Interagency Advisory on the Confidentiality of Supervisory Ratings

The Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (the “Agencies”) have issued an advisory reminding banking organizations that they are prohibited from disclosing confidential supervisory ratings, including an institution’s CAMELS rating,¹ or other nonpublic supervisory information, such as the contents of an examination report, to non-related third parties without permission from the appropriate Agency or as permitted by the Agencies’ regulations.

The Agencies state that an examination report is nonpublic information that is the property of the agency that issued it. A banking organization may disclose its confidential supervisory rating and other nonpublic supervisory information only in limited circumstances, such as to the organization’s directors, officers, attorneys or auditors. A person who otherwise discloses or uses nonpublic information may be subject to criminal penalties under 18 U.S.C. § 641.

The Agencies indicate that depository institutions have received requests from insurance companies for their CAMELS ratings in connection with underwriting directors’ and officers’ liability coverage. The National Association of Insurance Commissioners has been asked to inform insurers that such requests should be discontinued.

A copy of the Agencies’ advisory can be found on our web site at http://www.schwartzandballen.com/whats_new.html.

If you have any questions, please call Gilbert Schwartz, Robert Ballen or Tom Fox at (202) 776-0700.

¹ A CAMELS rating is a confidential supervisory rating issued to a depository institution as part of the examination process.