

**FEDERAL RESERVE BANK
OF NEW YORK**

Circular No. 9523
July 8, 1983

Commercial Bank Reports of Condition and Income

*To All State Member Banks, Multi-Bank Holding Companies,
and Others Concerned, in the Second Federal Reserve District:*

The following statement has been issued by the Federal Financial Institutions Examination Council:

The Examination Council has announced its approval of the new Commercial Bank Reports of Condition and Income that are to become effective with the filing of the March 31, 1984 reports. The Council also implemented Sections 428(b) and 429 of the Garn-St Germain Depository Institutions Act of 1982, which deal with the reporting and public disclosure of "insider" loans at commercial and mutual savings banks. These reporting and disclosure requirements are to become effective December 31, 1983.

The revised Reports of Condition and Income will provide supervisory authorities with new and better regulatory data that reflect changes arising from deregulation and evolving industry practices. The three banking agencies soon will submit the new reports to the Office of Management and Budget for approval.

These Call Report changes mark the final stage of revision, which began in June 1982 when the Council issued for public comment a completely revised report that was to become effective in March 1983. After reviewing public comments, the Council deferred many of the revisions until 1984, but decided to introduce some of them earlier because of the urgent supervisory need for certain information.

The first of these changes introduced the Report of Past Due, Nonaccrual, and Renegotiated Loans and Lease Financing Receivables in December 1982. This was followed in March 1983 with requirements that all commercial banks file the Report of Income quarterly, and that all banks with assets of \$10 million or more prepare the report on an accrual basis. The third stage created, as part of the June 1983 report, schedules dealing with interest rate sensitivity and with off balance sheet transactions.

The most significant of the final revisions will involve: changes in the reporting of deposit liabilities; changes in the form and structure of the income statement; the adoption, for banks with assets of less than \$300 million, of new flexible loan categories for most schedules requiring loan details; the reporting of certain quarterly averages of selected balance sheet accounts, and the establishment of a new filing class, i.e., banks with assets of between \$100 and \$300 million dollars. In addition, International Banking Facilities (IBFs) have been redefined as foreign offices. Therefore, any bank that has an IBF will be required to file the more detailed reports for banks with foreign offices. Furthermore, banks with assets of less than \$100 million will no longer have the option of filing report forms for larger banks. The Council also made changes to minimize reporting burdens.

The Council's actions regarding insider loans will reduce reporting burdens on banks, but continue disclosure to the supervisory agencies and the public of the information on insider loans that the Congress has earmarked for disclosure.

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The changes automatically amend the former rules regarding the reporting of insider loans, based on Section 430 of the Garn-St Germain Act, and will:

- eliminate the requirement that banks annually file Form FFIEC 003, "Report on Ownership of the Reporting Bank and on Indebtedness of Its Executive Officers and Principal Shareholders to the Reporting Bank and to Its Correspondent Banks";
- require banks to report quarterly, beginning with the December 31, 1983 Report of Condition, the total amount of extensions of credit by the reporting bank to all of its executive officers and principal shareholders and to their related interests, and the number of these persons having significant amounts of such loans outstanding;
- continue to recommend to reporting banks that they use a specific FFIEC form to get information about the debts of their executive officers, principal shareholders and their related interests to correspondent banks; and
- recommend to the three federal bank regulatory agencies that they adopt, by December 31, 1983, regulations requiring each bank to publicly disclose upon request names of its executive officers and principal shareholders, or their related interests, who had certain extensions of credit outstanding that were five percent or more of the reporting bank's equity capital, or \$500,000, whichever is less.

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