

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDApril 24, 1928
St. 5759

SUBJECT: Revision of Member Bank Quarterly Condition Report and Semi-Annual Earnings, Expenses, and Dividends Report.

Dear Sir:

At the conference of the Federal reserve agents held in Washington on October 31 to November 3, 1927, the Committee on Bank Examinations, consisting of Mr. Hoxton, Chairman, Mr. Mitchell and Mr. DeCamp, was requested to confer, if agreeable to the Federal Reserve Board, with the Chief of the Board's Division of Bank Operations with regard to possible changes in the quarterly condition and semi-annual earnings and dividends reports of state bank members of the Federal Reserve System, forms 105 and 107.

The Committee held a meeting in Washington March 22 and 23, at which were present, in addition to the members of the Committee, Messrs. Pole, Gough and Kane of the office of the Comptroller of the Currency, Mr. Fry and Mr. Bailey, Assistant Federal Reserve Agents at Richmond and Minneapolis, respectively, and representatives from the Board's Divisions of Bank Operations, Research and Statistics, and Member Bank Examinations. Prior to the meeting in Washington, a tentative draft of the condition report form 105 was prepared and a copy furnished to each member of the committee. The changes contained in the tentative draft and others suggested at the conference were discussed in detail and all the changes agreed upon at the conference are embodied in the enclosed proof copy of the form, as are a few minor changes made after the conference by the Division of Bank Operations after consultation with the office of the Comptroller of the Currency. At the conference it was agreed that it is desirable to have the condition report used by the Board for state bank members and that used by the Comptroller's office for national banks as nearly the same as practicable, also that the same form should be used for every call report during the year, instead of having a long form, i. e., with schedules covering loans and discounts and investments, etc., in June and a short form without such schedules for other call dates. It is also hoped that both forms 105 and 107, as approved for use by the banks in submitting their June reports, will remain unchanged for several future calls at least.

Form 107, Semi-Annual Earnings, Expenses and Dividends report, a copy of which is enclosed, was also considered, and it was decided to recommend no substantial changes in this form but merely to amend certain captions so that they would indicate a little more clearly the kind of information to be reported.

From a comparison of the revised condition report form 105 with that used last June, you will note that the important changes suggested are as follows:

1. "Cash and due from banks" is shown as a single item among resources and a schedule provided to show the detail desired under this heading.

2. The undivided profits item has been changed by omitting the sub-item of current expenses and by showing reserves for dividends and contingencies as a separate item.

3. The item "Letters of credit and travelers' checks sold for cash and outstanding" has been inserted immediately after the item "Certified and cashiers' or treasurers' checks, including dividend checks, outstanding," so that the amount will be included in bank deposits, the same as are cashiers' checks, for reserve calculation purposes.

4. A new item "Mortgage bonds and participation certificates outstanding" has been added on the liability side.

5. The loan and discount schedule has been expanded so as to segregate, so far as practicable, loans to local customers from loans to others and paper bought in the open market.

6. The schedule of domestic securities has been expanded to correspond more closely with the classification heretofore used by the Comptroller of the Currency.

7. The schedule of time deposits has been made to conform largely with the different kinds of time deposits defined in the Board's regulation D.

Before formal action is taken on the forms by the Board and the Comptroller of the Currency, we should like to have the benefit of the views of each Federal reserve agent thereon. It will be appreciated, therefore, if you will examine the proofs of the revised forms and the drafts of the accompanying instructions, and advise the Board of your views with regard thereto at your earliest convenience.

Very truly yours,

R. A. Young,
GOVERNOR.

ALL AGENTS EXCEPT CLEVELAND, RICHMOND AND MINNEAPOLIS
(COPY TO ALL GOVERNORS)