



# Annual Report 1983



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# Letter of Transmittal

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Federal Financial Institutions Examination Council  
Washington, DC  
March 30, 1984

The President of the Senate  
The Speaker of the House of Representatives

Pursuant to the provisions of section 1006(f) of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (12 USC 3305), I am pleased to submit the 1983 Annual Report of the Federal Financial Institutions Examination Council.

Sincerely,

A handwritten signature in cursive script, appearing to read "William M. Isaac".

William M. Isaac  
*Chairman*



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# The Federal Financial Institutions Examination Council

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The Federal Financial Institutions Examination Council ("Council") was established on March 10, 1979, pursuant to Title X of Public Law 95-630, the Federal Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA). The purpose of Title X was to create a formal inter-agency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, National Credit Union Administration, and Office of the Comptroller of the Currency, and to make recommendations to promote uniformity in the supervision of financial institutions. The Council is also to develop uniform reporting systems for federally supervised financial institutions, their holding companies, and the

nonfinancial institution subsidiaries of such institutions and holding companies. It is to conduct schools for examiners employed by the five agencies represented on the Council and to make such schools available to employees of state financial institutions supervisory agencies. Overall, it is the intent of the legislation that the Council promote consistency in federal examinations and ensure progressive and vigilant supervision.

The Council was given additional statutory responsibilities under the Housing and Community Development Act of 1980 (section 340 of Public Law 96-399, October 8, 1980). Among the assignments are the implementation of a system to facilitate public access to data that depository institutions are required to disclose under the Home Mortgage Disclosure Act of 1975 (HMDA), and the aggrega-

tion of annual HMDA data, by census tract, for each standard metropolitan statistical area.

The Council has five members: the Comptroller of the Currency, the Chairman of the Federal Deposit Insurance Corporation, a Member of the Board of Governors of the Federal Reserve System appointed by the Chairman of the Board, the Chairman of the Federal Home Loan Bank Board, and the Chairman of the National Credit Union Administration Board. In addition, to encourage the application of uniform examination principles and standards by the state and federal supervisory authorities, the Council has established, in accordance with the requirement of the statute, an advisory State Liaison Committee composed of five representatives of state supervisory agencies.



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# Record of Actions of the Council

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Following is a chronological record of the official actions taken by the Federal Financial Institutions Examination Council pursuant to sections 1006 and 1007 of Public Law 95-630 and section 340 of Public Law 96-399 (Housing and Community Development Act of 1980) during 1983.

## February 11

*Action.* Unanimously approved the 1982 annual report of the Council to the Congress.

*Explanation.* The legislation establishing the Examination Council requires that, not later than April 1 of each year, the Council prepare an annual report covering its activities during the preceding year.

## March 17

*Action.* Unanimously approved a report to Congress in which the Council concluded that it would not be desirable at this time to develop, and recommend to the agencies the adoption of, a uniform system for enforcing the fair lending laws, the Community Reinvestment Act (CRA), and the Home Mortgage Disclosure Act (HMDA).

*Explanation.* Section 340(e) of the Housing and Community Development Act of 1980 directed the Council to report to the Congress "on the feasibility and desirability of establishing a unified system for enforcing fair lending laws and regulations, implementing the Community Reinvestment Act of 1977, and satisfying the public disclosure purposes of the Home Mortgage Disclosure Act of 1975."

On April 1, 1982, the Council selected JRB Associates, Inc., McLean, Virginia to conduct a study of the five agencies' approaches to enforcement of the fair lending laws, CRA, and HMDA. The

study by JRB Associates was designed to help the Council prepare the required report to Congress. On September 9, 1982, the Council approved the transmittal of the JRB study to Congress and approved the issuance of the study for public comment.

The JRB study had concluded that a uniform system for enforcing the fair lending laws, CRA, and HMDA was feasible. After reviewing the study and the public comments received thereon, however, the Council concluded that development of such a system at this time was not desirable. In its report to Congress dated March 23, 1983, the Council cited three reasons for its conclusion: "First, the public comments clearly indicate that the various groups affected by the proposal do not agree on a single approach to the development of a unified system; second, the costs associated with implementation of a new system at this time seem to outweigh the benefits to be derived; and finally, a uniform data collection system may not be the most efficient means of achieving an effective enforcement program."

*Action.* Approved by a 4-0-1 vote a report to Congress on "risk participations" in bankers' acceptances by commercial banks.

*Explanation.* The Conference Report on the Export Trading Company Act of 1982 requested that the Council submit a report on section 207 of the Bank Export Services Act within 18 months after the date of enactment. The report was to include "the results of its analysis, a summary of any individual regulatory agency action viewed as needed, and any legislative recommendations relating to safety and soundness considerations."

Risk participations in bankers' acceptances involve the accepting bank's conveying to others part of its credit risk in the transaction. The accepting bank, however, remains liable to the holder

for the full amount of the acceptance at maturity, and if the account party defaults on its obligations, the participating bank must pay the amount of its participation share to the accepting bank when the acceptance matures.

In its report, the Council noted that it had instituted reporting standards that would enable the agencies to monitor risk participations for their effects on bank safety and soundness. Under these reporting requirements, the accepting bank reports on the balance sheet of its Report of Condition the total amount of its acceptances outstanding, whether or not participations in those acceptances have been conveyed to others. Information on the participations is reported by banks on Schedule L of the Report of Condition. Accepting banks that have conveyed participations to others, and banks that have acquired participations, are required to report the dollar amounts of the transactions. The Council also concluded that no additional legislation in this area was needed at the time of its report.

## April 20

*Action.* Unanimously approved the appointment of Michael M. Horn, Commissioner of Banking for New Jersey, and Hunter O. Wagner, Commissioner of Financial Institutions for Louisiana, to the Council's State Liaison Committee for two-year terms.

*Explanation.* As required by statute, the Council has established a liaison committee composed of five representatives of state agencies that supervise financial institutions. Under the Council's Rules of Operation, two of the five members are appointed by the Council; the Conference of State Bank Supervisors, National Association of State Savings and Loan Supervisors, and National Association of State Credit Union Supervisors each designates one member.

## May 6

*Action.* Decided by a 3-0-2 vote against recommending to the agencies that Community Reinvestment Act (CRA) examination reports and ratings for individual financial institutions be made available to the public.

*Explanation.* Community groups had suggested to the regulatory agencies that disclosure of CRA examination reports and ratings would give them a better understanding of the agencies' actions and of the performance of financial institutions. The Council, however, believes that the examination process is an important way in which the agencies can assess the performance of financial institutions and influence their behavior. Further, the Council believes that this process is effective only when agency examiners and the managements of financial institutions can speak frankly to one another, with the understanding that such conversations and any related written reports are confidential. Public disclosure in this area would fundamentally alter this relationship and, in the judgment of the Council, would seriously weaken the supervisory process.

*Action.* Approved by a 3-0-2 vote a page in the Uniform Bank Performance Report (UBPR) for presenting data on past-due, nonaccrual, and renegotiated loans and lease-financing receivables.

*Explanation.* The UBPR is a computer-generated statistical report that presents financial data on individual commercial banks. These reports, derived principally from data in the Reports of Condition and Income, are available to the public for a fee. The page presenting the data on past-due, nonaccrual, and renegotiated loans and lease-financing receivables implements a decision made by the Council in September 1982 to make such data available to the public.

## June 24

*Action.* Approved by a 3-0-2 vote revised Commercial Bank Reports of Condition and Income for implementation effective March 31, 1984.

*Explanation.* The revised Reports of Condition and Income will provide the three bank supervisory agencies with new and better financial data that reflect changes arising from deregulation and evolving banking industry practices. These changes constitute the final stage of the project to revise these reports, a project that began in June 1982, when the Council issued for public comment the proposed revisions to the reports that were originally intended to become effective in March 1983. After reviewing the public comments, the Council deferred a number of the revisions to March 1984 but introduced some of the revisions earlier because of the urgent supervisory need for certain information.

Among the most significant of the March 31, 1984 revisions are the changes made in the way deposit liabilities are reported and in the form and structure of the income statement. Deposit data will highlight the distinction between transaction and nontransaction balances as well as between interest-bearing and non-interest-bearing balances. The income statement will be presented on a single-tier, net-income basis in the net-interest-margin format favored by accountants.

*Action.* Approved by a 3-0-2 vote revised reporting and disclosure requirements for insider loans at commercial and mutual savings banks, effective December 31, 1983.

*Explanation.* This action implemented sections 428(b) and 429 of the Garn-St Germain Depository Institutions Act of 1982. The Council's action consisted of (1) changes in reporting requirements on insider loans and (2) a recommendation to the three banking agencies concerning insider loan disclosures.

The Council eliminated 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. Banks will now report two items on their quarterly Reports of Condition: (1) the total amount of extensions of credit by the reporting bank to all of

its executive officers, principal shareholders, and their related interests and (2) the number of these persons having extensions of credit from the reporting bank equal to or greater than 5 percent of the reporting bank's equity capital or \$500,000, whichever is less.

Regarding disclosure, the Council recommended that the three banking agencies issue regulations requiring each bank to disclose to the public, upon request, the names of its executive officers and principal shareholders, and their related interests, that had extensions of credit outstanding from the bank as of the end of the latest calendar quarter or from the bank's correspondent banks during the previous calendar year that were equal to or greater than 5 percent of the reporting bank's equity capital or \$500,000, whichever is less. (The three banking agencies approved the Council's recommendation but added a provision that the names of covered persons who had outstanding extensions of credit of less than \$25,000 would not be disclosed even if that amount exceeded 5 percent of the bank's equity capital.)

*Action.* Approved by a 4-1 vote an International Banking Seminar for the Council's examiner education program.

*Explanation.* In 1982, the Council authorized a program of advanced seminars to help keep senior-level examiners abreast of important developments in their field. The International Banking Seminar is the third seminar approved by the Council (EDP Technology and Bank Municipal Dealer/MSRB are the other two).

## August 9

*Action.* Approved by a 3-0-2 vote changing the frequency of the Country Exposure Report from semiannual to quarterly.

*Explanation.* The Country Exposure Report provides information on a bank's extensions of credit in individual foreign countries. Because of increased supervisory concerns over foreign lending, the Council felt that these data should be collected more frequently.

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*Action.* Approved by a 3-0-2 vote making the Foreign Currency Report a Council report.

*Explanation.* The Foreign Currency Report provides information on the foreign currency positions of banks in the United States and has been required by the Department of the Treasury for many years. The Treasury Department no longer has a need for the information, but the Council believes that it provides important information for bank supervision.

#### **December 20**

*Action.* Approved by 3-0-2 votes (1) issuing for public comment a proposed Country Exposure Information Report,

to become effective March 31, 1984, and a minor change to the current Country Exposure Report; and (2) a short-form disclosure report to be filed only with the Country Exposure Report for December 31, 1983.

*Explanation.* The new Country Exposure Information Report would implement provisions of the International Lending Supervision Act of 1983 requiring public disclosure of material foreign country exposures by commercial banking organizations. The proposed new report would become effective March 31, 1984, and would be filed as a supplement to the Country Exposure Report. The minor change to the Country Exposure Report involves deleting the existing memorandum item and substituting a memorandum

item showing foreign country exposures that are covered by U.S. government guarantees.

The short-form disclosure report will provide the public with some information about banks' foreign country exposures for year-end 1983 before the more detailed disclosure report is implemented on March 31, 1984.

#### **Actions Taken Under Delegated Authority**

The Task Force on Supervision approved uniform examination procedures for funds transfer activities of financial institutions.



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# State Liaison Committee Report

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Congress established the State Liaison Committee (SLC) in section 1007 of Public Law 95-630 "to encourage the application of uniform examination principles and standards by state and federal supervisory agencies." The SLC has sought to carry out this responsibility by assuming an active advisory role in all Council deliberations, especially when matters pertaining directly to joint state and federal regulatory concerns or jurisdictional overlaps are at issue. The primary objectives of the SLC are to reduce redundant supervisory procedures imposed upon state-chartered financial institutions and to foster communication and cooperation between state and federal supervisory authorities. Progress toward these ends has been achieved since the establishment of the Federal Financial Institutions Examination Council.

The Council provides the SLC with a full-time staff position. This staff support allows the SLC members to be fully informed on Council matters and to participate in all Council activities, including task force assignments and projects. The Council's shift to a quarterly schedule of meetings beginning in 1983 has made it feasible for all SLC members to attend all Council meetings. Previously, the SLC was represented at most Council meetings only by its chairman and one other SLC member.

The SLC feels that greater progress toward the Council's goals could be achieved by expanding the Council's agenda to its full potential and allowing the Council to become the focal point in the development of new and improved approaches to financial institution examination. The SLC believes that the Council, with its congressional mandate to promote uniformity, can coordinate activities among the federal agencies and between federal agencies and their state counterparts so as to economize on the combined state and federal resources devoted to supervi-

sion and regulation. In this regard, the SLC was pleased when, in 1983, the Council decided to reactivate its efforts to agree upon uniform screening criteria and to develop a uniform examination report form. The SLC believes that the successful completion of these two projects, at an early date, could set a new tone of cooperation and compromise among the federal agencies and allow the Council truly to begin to serve its established function—the development of uniform examination principles and standards. The SLC also believes that the federal financial institution supervisory agencies would have much greater confidence in one another's supervisory findings if their examination procedures were based upon common principles, documented in a uniform manner, and carried out by examiners who were similarly trained.

## Organization

The SLC consists of five representatives of state agencies that supervise financial institutions. The representatives are appointed for terms of two years. A member who has served a full two-year term may not be successively reappointed. Each year, the SLC elects one of its members to serve as chairman for a period of 12 months. Of the five members, two are selected by the Council. The other three are individually designated by the Conference of State Bank Supervisors, National Association of State Savings and Loan Supervisors, and the National Association of State Credit Union Supervisors.

## Participation in Examination Council Activities

In 1983, the SLC, through its staff representative, participated in the development of uniform examination procedures for funds transfer mechan-

isms. This project resulted in the development of detailed standards and criteria relating to CHIPS, FedWire, and other similar electronic funds transfer systems. These procedures were adopted by the Supervision Task Force on September 27, 1983, and are being implemented by the federal regulatory agencies. The SLC provided copies of these procedures to the Conference of State Bank Supervisors and the National Association of State Savings and Loan Supervisors in an effort to obtain their endorsement and support. It is expected that the SLC will recommend the adoption of these procedures to bank and savings and loan supervisory authorities of the various states.

In March 1983, the SLC undertook a survey of state bank supervisors to ascertain their needs for expanded Uniform Bank Performance Report data. The Council decided to require quarterly Reports of Income from all banks regardless of asset size effective with the March 31, 1983, report date. Previously, only banks with assets of \$300 million or more were required to file such data at each quarter end. Consequently, the quarterly distribution of UBPR data for banks with assets of less than \$300 million became feasible. As a result of the SLC survey, most states elected to change the basis upon which they had been receiving UBPRs.

To promote state bank supervisory agencies' adoption of the revised federal Call Report forms and instructions that were to become effective with the March 31, 1984 report date, the SLC undertook a second survey in August 1983. This survey was designed to ascertain how many of the states intended to adopt the new federal Call Report standards for their own state reporting requirements and how many copies of the revised instructions and sample forms each state would require for use by its professional staff. The results of this survey were provided to

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the FDIC, which makes the materials available to the states. The FDIC will continue its traditional role of supplying copies of federal Report of Condition and Income forms to those states that use them to fulfill their own reporting requirements.

### **SLC Participation in Council Deliberations**

At its January 20, 1983 meeting, the Council addressed the question of collection and disclosure of delinquent-loan data by depository institutions. Mr. Paul of the SLC commented that the timing for extending such a requirement to savings and loans was inappropriate. He expressed the view that disclosure of such data might cause

needless public concern about the health of these institutions and that although such disclosure might be appropriate in the not-too-distant future, it was not appropriate at that time.

At the March 17 meeting, the Council considered the financing of its examiner education programs. The SLC strongly supported Mr. Isaac's motion that the \$10 daily tuition charge be continued to cover variable costs and that agencies represented on the Council equally share fixed education program expenses. The SLC is convinced that this financing plan, with its low tuition charge for participants, greatly increases the access of state financial institutions supervisory personnel to the Council's educational programs and so contributes significantly

to the evolution of uniform examination practices and standards among state and federal regulators.

At the May 6 meeting, the Council also discussed federal agency policies relating to treatment of goodwill. The principal difference of opinion on this issue among the federal banking agencies involves the extent to which intangible assets should be included in determinations of capital adequacy. The SLC chairman expressed the view that the lower the percentage of intangible assets that is allowed to determine capital adequacy, the better.

At the November meeting, the SLC joined with the members of the Council in agreeing that Council meetings should not be open to the public.

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# Administration of the Council

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Regular meetings of the Council are held quarterly. Special meetings of the Council may be scheduled whenever matters of high priority must be considered without delay.

The Council's activities are funded in several ways. Its administrative operations are funded through semiannual assessments on the five agencies represented on the Council, with each agency contributing one-fifth of the total cost of these operations. The variable costs associated with the Council's examiner education program are recovered through student tuition fees. A residential facility for examiners attending Council classes in the Washington, D.C. metropolitan area is being leased by the Council, and room charges paid by the agencies whose personnel use the facility provide the funds for lease payments.

The Federal Reserve Board provides budget and accounting services to the Council, and the Federal Reserve's Controller serves as the Council's Controller.

The Council is supported by a small, full-time staff in the Office of the Executive Secretary. Each member of the Council's staff is detailed from one of the five agencies represented on the Council but is considered a salaried employee of the Council. The major responsibilities of the Office of the Executive Secretary are to—

- schedule Council meetings, prepare agendas for Council meetings, prepare minutes of Council meetings, and review all material destined for Council consideration;
- monitor work of all interagency staff groups involved in the Council's operations and assist staff groups in setting priorities and defining key issues;
- undertake special projects and studies as requested by the Council;

- work closely with members of the State Liaison Committee to ensure adequate communication between the members, the Council, and the interagency staff groups;
- coordinate public information activities, including preparation and distribution of Council press releases;
- maintain liaison with the Congress and with federal departments and agencies;
- prepare the Council's annual report to Congress;
- coordinate the production and distribution of the quarterly Uniform Bank Performance Report and related data; and
- coordinate the collection, production, and distribution of Home Mortgage Disclosure Act data.

Most of the staff support in the substantive areas of concern to the Council is provided by the five interagency staff task forces and the Legal Advisory Group (LAG). The task forces and the LAG are responsible for the research and other investigative work done by agency staffs on behalf of the Council and for reports and policy recommendations prepared for consideration by the Council. Also, the Council has established the Agency Liaison Group, an interagency group of senior officials responsible for the overall coordination of their respective agencies' staff efforts in support of the Council. The executive secretary of the Council is an ex officio member of each of the five interagency staff task forces as well as the Agency Liaison Group. The staff time and other resources expended on behalf of the Council-related projects in 1983 were provided by the five agencies without reimbursement and are not reflected in the Council budget. Without those contributions by the agencies and the individual staff mem-

bers, significant progress on Council projects during 1983 would have been virtually impossible.

As provided for in its enabling legislation, the Council created a State Liaison Committee composed of five state supervisors of financial institutions. The Committee advises the Council in all areas of Council responsibility and helps to ensure effective federal-state communication on matters of financial institution supervision and examination. Under the Council's rules of operation, the Conference of State Bank Supervisors, the National Association of State Savings and Loan Supervisors, and the National Association of State Credit Union Supervisors each designates one state supervisor to serve on the State Liaison Committee. The remaining two positions on the Committee are filled by state officials selected by the Council.

## Organization, December 31, 1983

### Members of the Council

William M. Isaac, *Chairman*  
Chairman,  
Federal Deposit Insurance  
Corporation (FDIC)

Edwin J. Gray, *Vice Chairman*  
Chairman  
Federal Home Loan Bank  
Board (FHLBB)

Edgar F. Callahan  
Chairman  
National Credit Union  
Administration (NCUA)

C. T. Conover  
Comptroller of the Currency  
Office of the Comptroller of  
the Currency (OCC)

J. Charles Partee  
Member  
Board of Governors of the  
Federal Reserve System (FRB)

State Liaison Committee

William C. Harris, *Chairman*  
Commissioner  
Division of Banks and Trust  
Companies  
Illinois

Jack A. Carlson  
Chief of Financial Services  
Regulation  
California

Michael M. Horn  
Commissioner of Banking  
New Jersey

David L. Paul  
Commissioner  
Savings and Loan Associations  
Colorado

Hunter O. Wagner  
Commissioner of Financial  
Institutions  
Louisiana

Council Office of the  
Executive Secretary

Robert J. Lawrence  
*Executive Secretary*

Rhoger H. Pugh

*SLC Coordinator and Assistant  
Executive Secretary (Acting)*

Agency Liaison Group

Charles W. Filson (NCUA)  
William J. Schilling (FHLBB)  
H. Joe Selby (OCC)  
Robert V. Shumway (FDIC)  
Samuel H. Talley (FRB)

Legal Advisory Group

Thomas A. Brooks, *Chairman* (FDIC)  
Ralph W. Christy (FHLBB)  
Robert M. Fenner (NCUA)  
Virgil Mattingly (FRB)  
Brian W. Smith (OCC)

Interagency Staff Task Forces

*Consumer Compliance*

Robert W. Hefner, *Chairman* (OCC)  
Robert A. Duff (NCUA)  
Jerould C. Kluckman (FRB)  
Rex J. Morthland (FDIC)  
Peggy W. Spohn (FHLBB)

*Examiner Education*

Robert J. Moore, *Chairman* (FHLBB)  
David A. Bomgaars (OCC)  
Martin F. Kushner (NCUA)  
Rene W. Lacoste (FRB)  
Robert W. Walsh (FDIC)

*Reports*

Paul Sachtleben, *Chairman* (FDIC)  
William E. Dobrzykowski (FHLBB)  
V. A. (Mike) Fischer (NCUA)  
David C. Motter (OCC)  
Stanley J. Sigel (FRB)

*Supervision*

H. Joe Selby, *Chairman* (OCC)  
Layne Bumgardner (NCUA)  
Francis M. Dorer (FHLBB)  
John E. Ryan (FRB)  
Robert V. Shumway (FDIC)

*Surveillance Systems*

William Taylor, *Chairman* (FRB)  
Charles V. Collier (FDIC)  
V. A. (Mike) Fischer (NCUA)  
Parker H. Jayne (FHLBB)  
Bobby B. Winstead (OCC)

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# Activities of the Interagency Staff Groups

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Section 1006 of Public Law 95-630 sets forth the functions of the Council. Briefly summarized, these functions are—

- to establish uniform principles, standards, and report forms for the examination of financial institutions and make recommendations for uniformity in other supervisory matters;
- to develop uniform reporting systems for federally supervised institutions, their holding companies, and subsidiaries of such institutions and holding companies; and
- to conduct schools for examiners employed by the federal supervisory agencies and make those schools available to employees of state supervisory agencies under conditions specified by the Council.

To administer projects in all of those functional areas effectively, the Council established the following five inter-agency staff task forces:

- Task Force on Consumer Compliance
- Task Force on Examiner Education
- Task Force on Reports
- Task Force on Supervision
- Task Force on Surveillance Systems

Each task force includes one senior official from each agency. The Council also established a Legal Advisory Group composed of a senior legal officer from each agency. The task forces and the Legal Advisory Group provide research and analytical papers and proposals on the issues the Council addresses.

## **Task Force on Consumer Compliance**

The Task Force on Consumer Compliance was created to promote uniform enforcement of consumer laws among the five agencies. It is composed of senior personnel who are knowledgeable in the area of consumer compliance matters. The task force identifies and resolves any problems concerning consumer compliance policies and procedures that may exist among several or all of the agencies represented on the Council.

The task force is responsible for those laws and regulations that protect consumers who conduct business with financial institutions. This includes enforcement of the Truth in Lending Act, the Fair Credit Billing Act, the Fair Credit Reporting Act, the Consumer Leasing Act, the FTC Improvement Act, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, the Electronic Funds Transfer Act, the Community Reinvestment Act, the Fair Debt Collection Practices Act, the Right to Financial Privacy Act and Federal Reserve Regulation Q (Interest on Deposits). Other issues addressed by the task force are flood insurance and advertising regulations, civil rights policies and regulations involving lending and employment practices, and state consumer laws which impact the agencies' examination programs.

## **Activities of the Task Force**

The Council requested that the task force review the possibility of further disclosures of the agencies' supervisory and examination activities in connection with the Community Reinvest-

ment Act (CRA). The CRA subcommittee reviewed and analyzed several alternatives and subsequently submitted a report enumerating the alternatives. After careful consideration, the task force recommended that the three banking agencies, through the Council, make available periodic reports of aggregate CRA ratings on a geographic basis. The Federal Home Loan Bank Board uses a different rating system and already discloses aggregate CRA ratings upon request. Separate disclosure by the Council will avoid confusion in explaining the difference between the ratings of banks, which are based on the Uniform Interagency CRA Assessment Rating System, and the ratings of savings and loan associations, which are not. These recommendations were adopted by the Council in November 1983.

The task force provides a forum for discussion of controversial consumer issues facing the five agencies. The task force considered several items this past year:

- alternative approaches to conducting compliance examinations, with particular emphasis on the scope and frequency of examinations for historically well-managed community banks
- standardized truth-in-lending enforcement policy guide questions and answers
- applicability of the Flood Insurance Act to indirect paper

The task force anticipates completion of the following projects in 1984:

- development of an interagency consumer information pamphlet providing information on the five

agencies, including information on the institutions they regulate and the agency personnel to contact for inquiries and complaints

- revision of "Citizen's Guide to the Community Reinvestment Act"
- survey of the central depositories on the public use of the HMDA-1 and aggregate HMDA data

### Task Force on Examiner Education

Pursuant to section 1006(d) of Public Law 95-630, the Task Force on Examiner Education fosters and supervises an interagency examiner training school. The primary goal is to train examiners to attain the highest level of performance in carrying out their official duties and responsibilities. To achieve this goal, the task force has established specific objectives:

- identify examiner training needs and develop programs to meet those needs
- review training curricula and instructor standards to provide high-quality programs
- provide assistance in developing training opportunities for examiners of state and foreign financial institution supervisory agencies

### Activities of the Task Force

Throughout the year, the task force continued to make a significant contribution to the training of financial institution examiners. A curriculum of 11 courses was offered, including one new seminar. A wide range of agency and industry talent is used in developing these programs, with an interagency course-development group providing guidance on topics and speakers.

In 1983, training was provided for 1,816 examiners and other agency staff members, a 12 percent increase over the number enrolled in 1982. Following are courses conducted and the total enrollment for each course.

Course Title	Number of Sessions	Number of Examiners Trained
Instructor Training	21	206
Management Workshop	29	635
Fundamentals of Data Processing <sup>1</sup>	2	22
EDP Work Program	4	76
Basic Entry-Level Trust School <sup>1</sup>	1	26
Basic International Banking	9	199
Intermediate International Banking	9	184
Trust Seminar <sup>2</sup>	2	76
Bank Municipal Dealer/MSRB Seminar	8	161
EDP Technology Seminar	2	147
International Banking Seminar	1	84
TOTAL	88	1,816

1. Council core-course—several sessions conducted by individual agencies utilizing a common core of lessons. (See following report for core-course training.)

2. Formerly Trust Workshop.

The International Banking Seminar is a new program designed to meet the needs of senior international examiners and senior examiners-in-charge. It provides a legislative and regulatory update as well as an assessment of the current international lending environment. The seminar features presentations by regulatory and country risk specialists and international bankers. One session is planned for 1984, to be held February 22 and 23.

The EDP Technology Seminar, introduced in 1982, was offered twice in 1983. This seminar features EDP specialists of national and international repute. It provides an update on the changing frontiers of data processing technology—both software and hardware—as well as insight into the impact of new technology on financial institutions and on the regulation of those institutions.

In addition to the 11 courses operated by the Council, the constituent agencies conducted sessions of two of the courses, Fundamentals of Data Processing and Basic Entry Level Trust School. A substantial portion of these courses consist of common-core materials, resulting in considerable uniformity of instruction; however, the

core-course concept also permits member agencies to spend some instructional time on agency-specific matters.

The Council conducted nine training sessions away from Washington, D.C., at or near the regional offices of the agencies. Regional sessions are conducted whenever feasible to reduce travel and personnel costs. Six sessions of Management Workshop and three sessions of Bank Municipal Dealer/MSRB Seminar were conducted during the year, in Atlanta, Chicago, Dallas, Kansas City, and San Francisco.

The centralized training facilities consist of classroom and office space subleased from the FDIC. This modern, well-equipped training facility has been in use since the inception of Council training programs. Located in Rosslyn, the training center features a variety of classrooms, a lecture hall, and rooms in which small groups can meet. Audio-visual aids are available for use in all courses.

The Council continues to lease efficiency apartments at The Virginian, a residential hotel about two blocks from the training center. This provides housing for attendees at an average effective daily rate of approximately \$42, a considerable savings compared with local hotel rates. It also guarantees that space will be available even during periods of peak hotel demand. The lease is extended at six-month intervals, and the number of units is adjusted at these intervals to meet projected needs. One hundred units were leased throughout 1983.

In 1984, the task force will continue to refine the courses for which the Council is now responsible. The task force also plans to continue to emphasize special seminars, which the Council's Examiner Training School is well suited to provide. Because a single agency would have only a relatively small number of people to train in certain topic areas, the cost per trainee might deter the agency from providing such training, even though it is extremely important. The Council school, however, meets the needs of the individual agencies by creating a single, cost-effective seminar.

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## Course Descriptions for 1983

The following courses will be offered in the Council's Examiner Education Program in 1984. The regular tuition fee will again be \$10 per day.

### EDP

#### *Fundamentals of Data Processing*

Fundamentals of Data Processing, an entry-level course, deals with basic computer language and systems, and the creation, utilization, and storage of programs and data. Emphasis is on internal controls necessary from a supervisory standpoint. Although not designed to produce overall expertise in electronic data processing, this one-week course allows examiners to become familiar with key terminology and concepts necessary to operate effectively in today's increasingly automated world of finance. Candidates for attendance should have approximately one year of examination experience. During 1984, this course will also be conducted by individual agencies using Council course materials.

#### *EDP Work Program School*

The two-week EDP Work Program School instructs EDP examiners in the techniques of examination of a data processing center, using the Interagency EDP Work Program and the *Interagency EDP Handbook*. The examiner learns to draft technical comments for the report of examination and, upon completion of the course, is able to complete the EDP work program in its entirety. Attendees should have completed a basic course equivalent to the Council's Fundamentals of Data Processing, participated in a minimum of two EDP examinations, and met other requirements determined by their agency. Examiners who have worked with the EDP work program and EDP examination procedures satisfactorily for 12 months or more are not encouraged to attend.

#### *EDP Technology Seminar*

The EDP Technology Seminar is designed to update senior EDP

examiners on current developments in the EDP area. The seminar features guest speakers who are nationally recognized authorities in their fields. Topics vary from session to session, as does the duration of the sessions. Two sessions will be conducted in 1984. The registration fee for this seminar may differ from the regular tuition fee.

### International

#### *Basic International Banking School*

Students in the one-week Basic International Banking School learn the functions, language, and concepts of international banking, as well as the role of the regulatory agencies. Topics include nostro and vostro accounts, cable and telex operations, international lending, letters of credit, bankers' acceptances, and foreign exchange. Prerequisites for attendance are a minimum of one year's experience as an examiner and a maximum of four year's experience in commercial examination for OCC and FRB attendees, with no specific limit for FDIC and state attendees. No previous experience in international examination is required. Those with significant international experience should not enroll in the basic school.

#### *Intermediate International Banking School*

The purpose of the five-day Intermediate Banking School is to raise the expertise of attendees to a higher level in the area of international banking and its regulation. The course gives more advanced treatment to many of the topics introduced in the basic school, emphasizing foreign exchange, international lending, foreign credits, and country risk. Case studies give the student analytical experience in these areas. Only senior examiner specialists teach in this course, aided in some sessions by an invited speaker from the banking industry. Agencies should carefully review the qualifications of attendees, making sure they meet the following prerequisites: (1) a minimum of 24 months' examining experience (FRB and OCC examiners with over

four years' commercial examining experience should attend the intermediate school and omit the basic school) and (2) previous participation in examinations of international banking.

#### *International Banking Seminar*

The International Banking Seminar is a two-day seminar dealing with the international credit situation. The seminar provides a legislative and regulatory update, and a country by country evaluation of country risk. One session is planned for early 1984. Speakers at this program will be leading international bankers and senior staff of the bank regulatory agencies. Attendance is limited to senior international examiners and senior examiners in charge. The registration fee for this seminar may differ from the regular tuition fee.

### Trust

#### *Basic Entry-Level Trust School (BELTS)*

The Basic Entry-Level Trust School, largely conducted by the individual agencies using Council-developed materials, introduces students to the functions and organization of a trust department, the duties and responsibilities of a fiduciary, and the supervisory role of the regulatory agencies. This two-week course incorporates lectures, group discussion, and case studies. Participants are expected to have either 3 to 6 months of experience as a trust examiner or 18 to 24 months of commercial examining experience. In 1984, three sessions will be conducted by the Council.

#### *Trust Seminar*

The Trust Seminar (formerly Trust Workshop) emphasizes current events in the fiduciary field. Topics vary from session to session, and the seminar features guest speakers from the trust industry. Senior trust examination personnel are designated as attendees at this conference. Two sessions will be conducted in 1984. The registration fee for this seminar may differ from the regular tuition fee.

## Other

### *Instructor Training*

Instructor Training is a one-week course that prepares examiners for classroom teaching assignments. Students prepare lesson plans, give three classroom presentations, and critique other students' video-taped presentations. They learn the techniques of lecturing, leading discussions, and integrating the use of audio-visual aids. Attendees should be experienced examiners who anticipate teaching assignments in their agency or in Council courses.

### *Management Workshop*

The one-week Management Workshop emphasizes the managerial skills needed by examiners. Attendees bring survey instruments completed by themselves and by colleagues or subordinates, administer self-assessment questionnaires, and participate in small-group discussion sessions. The basic concepts are presented through lectures, films, video tapes, and slides. The desired results are an improved self-perception as a manager and greater knowledge of good management techniques. Participants should have a minimum of five years' examining experience and some previous training in management.

### *Bank Municipal Dealer/MSRB Seminar*

The Bank Municipal Dealer/MSRB Seminar was approved as a Council offering in 1982. Topics include municipal securities dealer organization and regulatory structure, professional qualifications, securities processing and clearance, underwriting, industry practices, and fair-practice rules related to trading and sales. Those who may attend this five-day course are senior assistant examiners, newly commissioned examiners, and individuals who perform or are expected to perform a bank municipal securities dealer department examination. This seminar is not designed for senior examiners who function solely in a supervisory capacity.

## Task Force on Reports

Section 1006(c) of Public Law 95-630 requires the Council to develop uniform reporting systems for federally supervised financial institutions and their holding companies and subsidiaries. To meet this objective, the Council established the Task Force on Reports.

The task force has also been given other responsibilities related to the development of interagency uniformity in the reporting of periodic information needed for effective supervision. It is therefore concerned with such issues as development and interpretation of reporting instructions; application of accounting standards to specific transactions; publication and distribution of reports; development and application of processing standards; monitoring of data quality; assessment of reporting burden; and liaison with other organizations, including the Securities and Exchange Commission, the Financing Accounting Standards Board, and the American Institute of Certified Public Accountants. The task force is also responsible for any special projects relating to these subjects that the Council may assign.

### Activities of the Task Force

During the year, the task force completed its work on a major revision of the commercial bank Reports of Condition and Income (Call Reports) to become fully effective as of the March 31, 1984 report date. The purpose of the revision was to secure better supervisory data for improved off-site surveillance. The revision also enabled the agencies to eliminate collection of data that are no longer needed. Rapid and continuing changes in the banking industry make periodic reviews and revisions of statistical and supervisory data-collection systems a necessity.

The proposed revision of the Call Reports was issued for public comment in June 1982. After the comment period, the Council decided to phase in the revisions in several stages, giving agencies the most critically needed supervisory data as early as possible.

The first stage of the revision was the introduction of the Report of Past-Due, Nonaccrual, and Renegotiated Loans and Lease-Financing Receivables, which was implemented as of December 31, 1982. The Council decided that, beginning with the June 30, 1983 reports, data on loans and leases past due 90 days or more and still accruing, nonaccrual loans and leases, and renegotiated loans and leases reported by individual banks would be made available for public release, upon request to the agencies. Data on loans and leases past due 30 through 89 days and still accruing are not released. In response to industry requests, banks have been given the opportunity to submit optional narrative statements concerning the information contained in this report. The narrative statement is provided to the public as part of the report.

The second stage of the revision, implemented with the March 31, 1983 Call Report, was the extension to all commercial banks of the requirement to file the Report of Income quarterly and the adoption of accrual reporting by all banks with total assets of \$10 million or more. (The accrual-reporting requirement will apply to all insured banks beginning with the March 31, 1985 reports.) The third stage occurred as of the June 30, 1983 report date with the introduction of Schedule J, Repricing Opportunities for Selected Balance Sheet Categories, and Schedule L, Commitments and Contingencies, and the elimination of certain related schedules.

During 1983, the task force undertook the measures necessary to implement the final stage of the overall Call Report revision that will become effective March 31, 1984. These measures included further review of public comments, additional meetings with industry groups, approval of the revisions by the Council, and review of the revised reports by the Office of Management and Budget under the provisions of the Paperwork Reduction Act of 1980. Work on the instructions for the preparation of the revised Reports of Condition and Income was completed, and instruction books and sample report

forms were printed and distributed to all insured commercial banks prior to year-end, 1983.

At the request of the Council, the task force prepared an issues paper on current value accounting (CVA). The task force reported to the Council on the relationship of CVA to the reporting of securities holdings by financial institutions and to the analysis of interest-rate-sensitivity positions.

Following Council action to implement section 429 of the Garn-St Germain Depository Institutions Act of 1982, which relates to the reporting of extensions of credit to a bank's insiders and their related interests, the task force added two new items to the commercial bank Report of Condition effective December 31, 1983. Quarterly reporting of this information replaced the existing annual collection of insider-loan data on FFIEC Report Form 003.

Preliminary work was begun on a revision of the Report of Assets and Liabilities of Branches and Agencies of Foreign Banks (FFIEC Report Form 002) that will bring the content of this report in line with that of the revised commercial bank Report of Condition. During 1984, the task force expects to discuss the proposed reporting requirements with interested parties before seeking comments.

Certain sections of the International Lending Supervision Act of 1983 deal with accounting and reporting by banking institutions involved in such lending. In addition, the act provides for the collection and disclosure of certain foreign country exposure data. The task force is proceeding to address those provisions of the act that fall within its area of responsibility.

The task force established an inter-agency working group to review the content of the Annual Report of Trust Assets (FFIEC Report Form 001) and recommend appropriate changes in the reporting requirements. Revision of the present report form and the instructions for its preparation are targeted for implementation by December 31, 1984.

A continuing function of the task force is to answer banks' questions about the

proper interpretation of Call Report instructions and the appropriate treatment of new banking activities. The task force also monitors the processing of the Reports of Condition and Income by the agencies to ensure high-quality data.

### Task Force on Supervision

The Task Force on Supervision reviews and makes recommendations to the Council on matters relating directly to the examination and supervision of depository institutions. The task force, which is made up of the senior supervisory officials of the constituent agencies of the Council, meets quarterly, with special meetings scheduled as needed. Its mandate from the Council is to address those supervisory issues and problems common to the constituent agencies and to find appropriate solutions. The goal is steadily to improve the quality of supervision for depository institutions. The task force has a standing subcommittee on electronic data processing (jointly with Task Force on Examination Education) and a number of ad hoc subcommittees created to handle particular projects and assignments.

### Activities of the Task Force

The task force completed the following projects in 1983:

- Setting of appropriate limits for loans to insiders of commercial banks, under sections 421-422 of the Garn-St Germain Depository Institutions Act of 1982.
- Development of new reporting requirements for loans to insiders of commercial banks by their own banks or by correspondent banks, also under terms of the Garn-St Germain Act. Two memorandum items on the quarterly Call Report have replaced the annual FFIEC 003 report dealing with loans to bank insiders. Accompanying regulations call for disclosure to the public, upon request, of the names of bank insiders who have substantial credit

outstanding from their own banks or from correspondent banks. More meaningful and more frequent disclosure is achieved and the reporting burden on banks is lessened.

- Development of a *Funds Transfer Activities Uniform Examination Procedures Manual*. This manual was produced by an ad hoc subcommittee and was approved by the task force under delegated authority from the Council. The manual standardizes examination procedures for review of transfer activity on the five major wholesale payment systems (CHIPS, Fedwire, et al.) used by depository institutions.
- Preparation of a Council report to Congress on risk participations in bankers' acceptances, which was requested by the Conference Report on the Export Trading Company Act of 1982. The report, sent by the Council to Congress on March 25, stated that the Call Report treatment adopted for participations in bankers' acceptances "will enable the agencies to monitor more effectively developments in this area that may have implications for safety and soundness."
- Completion by the EDP Supervision and Training Subcommittee of the final chapter of the *FFIEC EDP Examination Handbook*, dealing with small EDP systems, which will be distributed in early 1984. Two EDP Technology Seminars were held, attended by 150 examiners from the constituent agencies and 11 state banking departments. The keynote address at the seminars was given by U.S. Navy Commodore Grace Hopper, one of this country's first computer programmers, who is known as "the grandmother of COBOL."

The following projects of the task force are continuing or have just commenced.

*Expansion of the Exchange of Supervisory Information among the Agencies.*

An ad hoc subcommittee was first

assigned the task of devising a procedure for thrift and bank regulators' exchange of information about shifts of troubled assets between banks and thrift institutions. The subcommittee's assignment was later broadened to encompass the exchange of information concerning changes in control and enforcement actions. The subcommittee's recommendations will be presented to the Council on February 2, 1984

*Effort to Develop a Uniform Report of Examination for the Banking Agencies.*

At its November 22 meeting, the Council directed the Task Force on Supervision to oversee an effort to develop a uniform Report of Examination for the banking agencies. An ad hoc subcommittee has been formed, and it will hold its first meeting in early January 1984. The subcommittee will make use of materials developed by a previous ad hoc Council group.

*Review of Regulations Relating to Securities Recordkeeping and Confirmations.*

The banking agencies have nearly identical regulations, adopted in 1979 in accordance with a recommendation of the Council. At its July 21 meeting, the Task Force on Supervision decided to establish an ad hoc subcommittee to review these regulations and to make appropriate recommendations for change. The work of this subcommittee is continuing.

*Study of Risks Associated with Securities Lending.*

At its December 16 meeting, the task force discussed the risks associated with securities lending secured by standby letters of credit. It decided to ask the Legal Advisory Group to review the legal issues involved. At the same time, the task force established an ad hoc subcommittee to study the whole range of risks for depository institutions associated with various transactions involving the lending of securities.

*Appropriate Reporting of Nontraditional Banking Activities.*

The Reports Task Force, aware of the growth of nontraditional banking activities such as discount brokerages, asked the Task Force on Supervision to work with it in ascertaining whether the existing Call Report procedures provide adequate supervisory information on these new activities. At its December 16 meeting, the Task Force on Supervision decided to establish a working group, in conjunction with the Reports Task Force, to look at this question.

**Task Force on Surveillance Systems**

The Council established the Task Force on Surveillance Systems to deal with surveillance and monitoring systems used by the agencies. The basic function of the task force is to help formulate goals, objectives, and priorities for facilitating the development, and the sharing among the agencies, of computer-based and other surveillance procedures. A prime objective is to develop standardized interagency systems that can be used to monitor the performance of financial institutions and give early warnings of emerging financial problems. Council-approved systems will be implemented under the oversight of the task force, in coordination with other Council task forces as necessary.

**Activities of the Task Force**

Surveillance Task Force activities in 1983 related to (1) ensuring the timely production of the Uniform Bank Performance Report (UBPR) and (2) incorporating into the UBPR those changes in the commercial banks' Reports of Condition and Income (Call Reports) approved by the Council. These efforts and the continuing development of standardized surveillance methods and procedures will be the major activities of the task force in 1984.

*Computer Surveillance Systems of the Federal Financial Regulatory Agencies*

All five depository institution regula-

tory agencies use computer surveillance systems to monitor changes in the financial condition of institutions between examinations. These systems generally consist of (1) computer screens to identify financial organizations that fail certain ratio tests; (2) analytical reports (performance reports) that allow an analyst or examiner to perform a detailed analysis of an organization; and (3) follow-up of problems identified through the screening and analytical process.

Computer surveillance is helpful in the examination process in several ways. One of the most important benefits of surveillance is the classification of financial institutions' various statistical indicators of financial soundness. These data can be used between examinations to help identify potential improvement or deterioration in an institution's financial strength. Such information can assist in the allocation of examination resources by allowing fewer examinations of financial institutions with good or improved financial condition. More resources can then be expended on those institutions with actual or potential problems.

Supervisory officials and field examiners use the UBPR extensively in all aspects of the supervision and regulation process. For example, performance reports are a primary source of information used in analyzing institutions identified as exceptions. In addition, the reports have also been found to be very useful in pre-examination reviews, which have helped examiners focus on the critical financial areas of a bank's performance.

*Uniform Bank Performance Report*

A quarterly UBPR is produced for each insured commercial bank in the United States and U.S. trust territories. It contains annual data for several years as well as the most recent interim data. The historical data are presented in the form of ratios, percentages, percentile rankings, and dollar amounts computed mainly from Reports of Condition and Income (Call Reports) submitted by the bank. Each UBPR also contains corresponding ratio values for the bank's peer group and percentile

rankings for most ratios. The UBPR is designed to provide the information necessary to evaluate the bank's current condition, analyze trends in its financial performance, and compare its performance with that of its peer group. The UBPR presents three basic groups of data that are used in the financial analysis of a bank: (1) data on the individual bank, (2) data on the peer group, and (3) percentile rankings.

The UBPR is arranged into four sections consisting of summary ratios, income data, expense data, and other information. In each of these general areas, the bank's performance is compared with the performance of banks in its peer group.

*Peer Group Data and Percentile Rankings.* Peer group data are included in the UBPR to show how a group of banks with similar characteristics performed during a particular period and to provide a frame of reference for evaluating an individual bank's financial condition. The 25 primary peer group classifications used in the UBPR are based on a number of factors: asset size, branch system versus nonbranching system, and metropolitan versus nonmetropolitan location. All banks within the same peer group are of similar size, type, and location. An alternative peer group of banks by state reflects the performance of all banks located in the same state. The percentile rankings are used to determine how high or low a bank's ratio is in relation to its primary peer group.

*Role of Coordinator for Uniform Performance Reports.* The coordinator for uniform performance reports is an employee of the Examination Council and reports directly to the Council through the Task Force on Surveillance Systems. The primary responsibilities of the coordinator are to oversee the on-going development of the UBPR and to ensure accurate and timely production of this report. Most of the coordinator's time during 1983 was devoted to incorporating new Call Report data into the Uniform Bank Performance Report.

*UBPR Distribution and Use.* In 1982, the Council adopted a policy for dis-

tributing UBPRs and related data to the federal bank regulatory agencies and others. The distribution policy and use of the data are described below.

- UBPR data on all banks are made available to each banking agency quarterly. The UBPR report and computerized data are generally used by the agencies to (1) evaluate the condition of banks between examinations, (2) help identify banks in need of timely attention, (3) focus the examination on any areas of concern in the organization, and (4) identify banks eligible for limited-scope or less-frequent examinations.
- UBPR data on banks in a particular state are made available to the state banking supervisory agency. A survey was performed during 1983 to review each state's need for UBPRs. As a result, the distributions were revised for most states. Virtually all state banking agencies are currently receiving UBPRs to support state supervisory activities.
- Each insured commercial bank automatically receives a copy of its own report each quarter. The UBPR has become an important management tool for many banks and is often incorporated into presentations that explain a bank's performance and condition to senior management and directors.
- The UBPR source data, primarily Call Reports, have been available to the public for many years. UBPR data on a particular bank or group of banks are available to the public for a fee. Public orders for the UBPR reports totaled approximately 10,000 for 1983. Among the public users of UBPRs are investors, public accountants, banks and other financial institutions, and state and federal supervisory agencies.
- Copies of individual bank UBPRs may be obtained for \$25 per report, with quantity discounts available. Revenues generated from UBPR sales are used to help offset the cost of producing the data. UBPR User's Guides describing the content and

use of the report may be obtained for \$2.50 each. Peer Group Reports for each of the 25 UBPR peer groups and State Average Reports for all states and U.S. territories are also available for \$25 per report. Information for ordering UBPR data may be obtained by calling (202) 447-0491 or by writing to:

Federal Financial Institutions  
Examination Council  
490 L'Enfant Plaza, S.W.  
Washington, D.C. 20219

### *1983 UBPR Changes*

The Uniform Bank Performance Report was modified during 1983 to incorporate several Call Report revisions made during that period. The changes implemented during 1983 are discussed below.

*Analysis of Past-Due, Renegotiated, and Nonaccrual Loans and Lease Financing Receivables.* Changes were made effective with the December 1982 reporting period to incorporate the past due data, which became available to the public beginning with the June 1983 Call Report. Optional narrative comments submitted by bank management concerning these data were also incorporated effective with the June 1983 report.

*Quarterly Report of Income for All Banks.* Prior to the March 1983 reporting period, most banks were required to submit the Report of Income semi-annually (June and December). Effective with the March 1983 Call Report, all insured commercial banks must file both the Report of Condition and Report of Income quarterly. These new data were incorporated into the UBPR as of the March 1983 report to provide more current and frequent analysis of each bank's earnings performance.

*Revised Capital Presentation.* Presentation of bank capital was revised effective with the March 1983 report to correspond better with agency capital definitions.

*Off-Balance-Sheet Commitments and Contingencies.* Detailed information concerning selected items not reported

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as part of the balance sheet was incorporated effective with the June 1983 UBPR.

*Other.* Other significant changes include the segregation of super NOW and money market deposit accounts from savings accounts, analysis of brokered deposits, and new national statistics that can be used to compare data for individual banks and groups of banks with national data. The national data are contained in the Peer Group Reports and State Average Reports beginning with the September 1983 report.

#### *Future Plans for Including New Information*

During 1983 the Council approved Call Report revisions beginning with the March 1984 reports. Anticipated revisions to incorporate the new Call Report data into the UBPR are discussed below.

*An Alternative Deposit Presentation.* The traditional notion of core deposits is evolving as a result of recent deposit interest rate deregulation. Consequently, the task force is considering a second presentation segregating deposits whose interest rates are regulated from those that are unregulated. This presentation will enable analysts to assess the impact of adjustable-rate deposits on profitability and funding.

*New Data on Officer and Shareholder Loans.* Information on the amount of loans to executive officers and principal shareholders will be included.

*More Detailed Information Concerning Loans and Leases.* Information on yields, delinquencies, and losses by type of loan and lease will be included.

#### *Uniform Screening System for the Three Banking Agencies*

In November 1983, the Examination Council instructed the Task Force on Surveillance Systems to develop a proposal for a uniform screening system for use by the three banking agencies. The purpose of a uniform screening system would be to identify banks whose financial conditions have deteriorated between examinations. Such a uniform system would facilitate the exchange of surveillance results and financial data among the banking agencies.

#### **Legal Advisory Group**

During 1983, the Legal Advisory Group (LAG) continued to aid the Council with legal issues arising in connection with the activities of the Council, its task forces, and the Office of the Executive Secretary. LAG consists of senior legal officers of the agencies

represented on the Council, and the chairmanship of LAG rotates among these officers. During 1983, the deputy general counsel of the Board of Governors of the Federal Reserve System and the general counsel of the Federal Deposit Insurance Corporation each served as chairman for a portion of the year. The chairman of LAG coordinates the activities of LAG and provides legal advice during Council meetings.

During 1983, LAG provided legal advice on a number of issues. It has helped the Office of the Executive Secretary to respond to Freedom of Information Act requests and to resolve legal problems arising during the conduct of the Council's administrative affairs.

Legal memoranda have been written on topics such as participations in bankers' acceptances, the legal basis for withholding examination reports, and the applicability of the Government in the Sunshine Act to the Council. LAG expects to continue evaluation of similar issues in 1984. Already underway are analyses of risks involved in banks' lending securities to broker-dealers and problems associated with exchange of information among the agencies represented on the Council.

ASSETS, LIABILITIES AND NET WORTH of U.S. Commercial Banks and Thrift Institutions<sup>1</sup> for June 30, 1983  
Billions of dollars

	Total	U.S. Commercial Banks <sup>2</sup>			U.S. Branches and Agencies of Foreign Banks	Mutual Savings Banks	FSLIC-Insured Institutions			Credit Unions <sup>3</sup>	
		National	State Member	Non-Member			Savings and Loan Associations		Savings Banks	Federal Charter	State Charter
							Federal Charter	State Charter			
<b>Total Assets</b>	<b>3,433</b>	<b>1,325</b>	<b>422</b>	<b>493</b>	<b>213</b>	<b>148</b>	<b>486</b>	<b>228</b>	<b>40</b>	<b>51</b>	<b>27</b>
Total loans and lease receivables (net)	2,075	743	233	255	124	86	381	179	29	29	16
Loans secured by real estate <sup>4</sup>	968	187	38	93	5	76	367	171	28	1	2
Consumer loans <sup>5</sup>	269	120	24	58	*	4	13	7	1	28	14
Commercial and industrial loans	568	320	107	79	55	5	1	1	*	†	†
All other loans and lease receivables <sup>6</sup>	282	125	66	27	63	1	*	*	*	†	†
LESS: Allowance for possible loan losses	15	9	3	3	†	*	*	*	*	*	*
Federal funds sold and securities purchased under agreements to resell	112	59	17	24	8	4	†	†	†	†	†
Cash and due from depository institutions <sup>7</sup>	379	211	72	52	37	5	†	†	†	1	1
Securities and other obligations <sup>8</sup>	616	216	66	140	8	46	71	32	7	20	10
U.S. Gov't obligations <sup>9</sup>	263	111	29	88	6	23	†	†	†	4	2
Obligations of state and local gov'ts <sup>10</sup>	154	81	24	47	*	2	†	†	†	†	†
Other securities	87	22	13	5	2	21	†	†	†	16	8
Other Assets <sup>11</sup>	253	97	34	23	35	7	34	17	4	1	1
<b>Total Liabilities</b>	<b>3,257</b>	<b>1,250</b>	<b>400</b>	<b>456</b>	<b>213</b>	<b>141</b>	<b>467</b>	<b>219</b>	<b>38</b>	<b>48</b>	<b>25</b>
Total deposits and shares <sup>12</sup>	2,673	1,016	302	429	100	134	396	192	32	47	25
Fed funds purchased and securities sold under agreements to repurchase	216	116	45	13	20	2	15	4	1	†	†
Other borrowings <sup>13</sup>	188	43	22	5	47	2	47	18	4	*	*
Other liabilities <sup>14</sup>	176	74	31	8	46	1	9	5	1	1	*
<b>Net Worth<sup>15</sup></b>	<b>176</b>	<b>75</b>	<b>22</b>	<b>38</b>	<b>†</b>	<b>7</b>	<b>18</b>	<b>9</b>	<b>2</b>	<b>3</b>	<b>2</b>
Memorandum: Number of institutions reporting	34,687	4,714	1,045	8,754	439	290	1,613	1,548	87	11,197	5,000

See accompanying Symbols and Notes on page 20.

INCOME AND EXPENSES of U.S. Commercial Banks and Thrift Institutions<sup>1</sup> for 12 months ending June 30, 1983  
Billions of dollars

	Total	U.S. Commercial Banks			U.S. Branches and Agencies of Foreign Banks <sup>16</sup>	Mutual Savings Banks	Federal Savings & Loan Assocs. & FSLIC-Insured Savings Banks	FSLIC-Insured State-Chartered Savings and Loan Assocs.	Credit Unions	
		National	State Member	Non-Member					Federal Charter	State Charter
Operating Income	348	146	45	55		14	56	23	6	3
Interest and fees on loans	235	94	28	33		9	46	19	4	2
Other interest and dividend income	86	40	13	18		5	5	2	2	1
All other operating income	27	12	3	3		1	5	2	*	*
Operating Expenses	329	134	41	50		15	58	23	5	3
Salaries and benefits	39	19	6	8		1	3	1	1	*
Interest on deposits and shares	203	75	23	30		12	41	17	3	2
Interest on other borrowed money	35	16	6	2		1	8	2	*	*
Provision for loan losses	10	6	1	2		*	1	*	*	*
All other operating expenses	42	19	5	8		1	5	2	1	1
Net Operating Income	19	11	4	5		(1)	(1)	*	*	*
Securities Gains and Losses	*	*	*	*		*	1	*	*	*
Taxes	4	2	1	1		*	*	*	†	†
Net Income	15	9	3	4		(1)	*	*	*	*
Memorandum: Number of institutions reporting	34,248	4,714	1,045	8,754		290	1,700	1,548	11,197	5,000

Symbols Appearing in Tables

- \* = Less than \$500 million
- † = Not available separately
- ‡ = Not applicable

Footnotes to Tables

1. The table covers institutions, including those in Puerto Rico and U.S. territories and possessions, insured by the FDIC, FSLIC, or NCUSIF. All branches and agencies of foreign banks in the United States, but excluding any in Puerto Rico and U.S. territories and possessions, are covered whether or not insured. The table excludes Edge and agreement corporations that are not subsidiaries of U.S. commercial banks.

2. Reflects the fully consolidated statements of FDIC-insured U.S. banks—including their foreign branches, foreign subsidiaries, branches in Puerto Rico and U.S. territories and possessions, and Edge Act and agreement subsidiaries—and FDIC-insured banks in Puerto Rico and U.S. territories and possessions. Excluding bank holding companies.

3. The credit union data are for Federally-insured credit unions only. They do not include data for approximately 3,200 state-chartered credit unions with total assets of approximately \$14 billion. Of the latter group, all but about 150 are insured by their respective states.

4. Loans secured by residential property, commercial property, farmland (including improvements) and unimproved land, and construction loans secured by real estate. For savings and loan associations, also includes mortgage-backed securities.

5. Loans, except those secured by real estate, to individuals for household, family, and other personal expenditures, including both installment and single-payment loans. Net of unearned income in installment loans.

6. Loans to financial institutions, loans for purchasing or carrying securities, loans to finance agricultural production and other loans to farmers (except loans secured by real estate), and miscellaneous types of loans.

7. Vault cash, cash items in process of collection, and balances with U.S. and foreign banks and other depository institutions, including demand and time deposits and certificates of deposit for all categories of institutions except savings and loan associations, which do not report these assets separately.

8. Government and corporate securities, including mortgage-backed securities and loans to states and political subdivisions and to U.S. government agencies and corporations. For savings and loan associations, also includes cash and due from depository institutions and excludes mortgage backed securities.

9. U.S. Treasury securities and securities of, and loans to, U.S. government agencies and corporations, except for savings and loan associations that do not report these securities separately.

10. Securities of, and loans to, states and political subdivisions and public authorities, except for savings and loan associations that do not report these securities separately.

11. Customers' liabilities on acceptances, real property owned, various accrual accounts, and miscellaneous assets. For U.S. branches and agencies of foreign

banks, also includes net due from head office and other related institutions. For savings and loan associations, also includes equity investment in service corporation subsidiaries.

12. Demand, savings, and time deposits, including certificates of deposit at commercial banks, U.S. branches and agencies of foreign banks, and mutual savings banks; credit balances at U.S. agencies of foreign banks; and share balances at savings and loan associations and credit unions, including certificates of deposit, NOW accounts, share draft accounts, etc. For U.S. commercial banks, includes \$302 billion deposits in foreign offices, branches in U.S. territories and possessions, and Edge and agreement subsidiaries.

13. Interest-bearing demand notes issued to the U.S. Treasury, borrowing from Federal Reserve Banks and Federal Home Loan Banks, subordinated debt, and other non-deposit borrowing.

14. Depository institutions' own mortgage borrowing, liability for capitalized leases, liability on acceptances executed, various accrual accounts, and miscellaneous liabilities. For U.S. branches and agencies of foreign banks, also includes net due to head office and other related institutions.

15. Capital stock, surplus, capital reserves, undivided profits, etc.

16. U.S. branches and agencies of foreign banks are not required to file reports of income.

NOTE: Because of rounding, details may not add to totals.

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# Appendixes

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## A. Title X of Public Law 95-630

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Title X establishing the Federal Financial Institutions Examination Council is as follows:

*Sec 1001.* This title may be cited as the "Federal Financial Institutions Examination Council Act of 1978."

### Purpose

*Sec 1002.* It is the purpose of this title to establish a Financial Institutions Examination Council which shall prescribe uniform principles and standards for the Federal examination of financial institutions by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve system, the Federal Home Loan Bank Board, and the National Credit Union Administration and make recommendations to promote uniformity in the supervision of these financial institutions. The Council's actions shall be designed to promote consistency in such examination to insure progressive and vigilant supervision.

### Definitions

*Sec 1003.* As used in this title—

(1) the term "Federal financial institutions regulatory agencies" means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration;

(2) the term "Council" means the Financial Institutions Examination Council; and

(3) the term "financial institution" means a commercial bank, a savings bank, a trust company, a savings and loan association, a building and loan association, a homestead associa-

tion, a cooperative bank, or a credit union.

### Establishment of the Council

*Sec 1004.* (a) There is established the Financial Institutions Examination Council which shall consist of—

(1) the Comptroller of the Currency,

(2) the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation,

(3) a Governor of the Board of Governors of the Federal Reserve System designated by the Chairman of the Board,

(4) the Chairman of the Federal Home Loan Bank Board, and

(5) the Chairman of the National Credit Union Administration Board.

(b) The members of the Council shall select the first chairman of the Council. Thereafter the chairmanship shall rotate among the members of the Council.

(c) The term of the Chairman of the Council shall be two years.

(d) The members of the Council may, from time to time, designate other officers or employees of their respective agencies to carry out their duties on the Council.

(e) Each member of the Council shall serve without additional compensation but shall be entitled to reasonable expenses incurred in carrying out his official duties as such a member.

### Expenses of the Council

*Sec 1005.* One-fifth of the costs and expenses of the Council, including the salaries of its employees, shall be paid by each of the Federal financial institu-

tions regulatory agencies. Annual assessments for such share shall be levied by the Council based upon its projected budget for the year, and additional assessments may be made during the year if necessary.

### Functions of the Council

*Sec 1006.* (a) The Council shall establish uniform principles and standards and report forms for the examination of financial institutions which shall be applied by the Federal financial institutions regulatory agencies.

(b)(1) The Council shall make recommendations for uniformity in other supervisory matters, such as, but not limited to, classifying loans subject to country risk, identifying financial institutions in need of special supervisory attention, and evaluating the soundness of large loans that are shared by two or more financial institutions. In addition, the Council shall make recommendations regarding the adequacy of supervisory tools for determining the impact of holding company operations on the financial institutions within the holding company and shall consider the ability of supervisory agencies to discover possible fraud or questionable and illegal payments and practices which might occur in the operation of financial institutions or their holding companies.

(2) When a recommendation of the Council is found unacceptable by one or more of the applicable Federal financial institutions regulatory agencies, the agency or agencies shall submit to the Council, within a time period specified by the Council, a written statement of the reasons the recommendation is unacceptable.

(c) The Council shall develop uniform reporting systems for Federally

supervised financial institutions, their holding companies, and non-financial institution subsidiaries of such institutions or holding companies. The authority to develop uniform reporting systems shall not restrict or amend the requirements of section 12(i) of the Securities Exchange Act of 1934.

(d) The Council shall conduct schools for examiners and assistant examiners employed by the Federal financial institutions regulatory agencies. Such schools shall be open to enrollment by employees of State financial institutions supervisory agencies under conditions specified by the Council.

(e) Nothing in this title shall be construed to limit or discourage Federal regulatory agency research and development of new financial institutions supervisory methods and tools, nor to preclude the field testing of any innovation devised by any Federal regulatory agency.

(f) Not later than April 1 of each year, the Council shall prepare an annual report covering its activities during the preceding year.

### State Liaison

*Sec. 1007.* To encourage the application of uniform examination principles and standards by State and Federal supervisory agencies, the Council shall establish a liaison committee composed of five representatives of State agencies which supervise financial institutions which shall meet at least twice a year with the Council.

Members of the liaison committee shall receive a reasonable allowance for necessary expenses incurred in attending meetings.

### Administration

*Sec. 1008.* (a) The Chairman of the Council is authorized to carry out and to delegate the authority to carry out the internal administration of the Council, including the appointment and supervision of employees and the distribution of business among members, employees, and administrative units.

(b) In addition to any other authority conferred upon it by this title, in carrying out its functions under this title, the Council may utilize, with their consent and to the extent practical, the personnel, services, and facilities of the Federal financial institutions regulatory agencies, Federal Reserve Banks, and Federal Home Loan Banks, with or without reimbursement therefor.

(c) In addition, the Council may—

(1) subject to the provisions of Title 5, United States Code, relating to the competitive service, classification, and General Schedule pay rates, appoint and fix the compensation of such officers and employees as are necessary to carry out the provisions of this title, and to prescribe the authority and duties of such officers and employees; and

(2) obtain the services of such experts and consultants as are neces-

sary to carry out the provisions of the title.

### Access to Information by the Council

*Sec. 1009.* For the purpose of carrying out this title, the Council shall have access to all books, accounts, records, reports, files, memorandums, papers, things, and property belonging to or in use by Federal financial institutions regulatory agencies, including reports of examination of financial institutions or their holding companies from whatever source, together with workpapers and correspondence files related to such reports, whether or not a part of the report, and all without any deletions.

### Audits by the Comptroller General

*Sec. 1010.* Section 117 of the Accounting and Auditing Act of 1950, as amended by the Federal Banking Agency Audit Act (Public Law 95-320), is further amended by:

(1) redesignating clauses (A), (B), and (C) of subsection (e)(1) as (B), (C), and (D), respectively, and inserting in subsection (e)(1) the clause "(A) of the Financial Institutions Examination Council;" immediately following "audits;" and

(2) striking out in subsection (e)(2) "and (C)" and inserting in lieu thereof "(C), and (D)."

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## B. 1983 Audit Report

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To the Federal Financial Institutions Examination Council:

We have examined the balance sheet of the FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL (the "Council") as of December 31, 1983, and the related statements of revenues and expenses and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting

records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of the Council for the year ended December 31, 1982, were examined by other independent accountants, whose report dated February 25, 1983, expressed an unqualified opinion on those statements.

In our opinion, the financial statements examined by us present fairly the financial position of the Council at December 31, 1983, and the results of

its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Washington, D.C.  
February 22, 1984

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
Balance Sheets as of December 31, 1983 and 1982

ASSETS		
	1983	1982
OPERATING FUND:		
Cash, held by Board of Governors of the Federal Reserve System	\$125,588	\$354,135
Accounts receivable	110,273	81,475
Prepaid expenses	-	2,510
Total operating fund	235,861	438,120
PROPERTY FUND (Note 2):		
Furniture and equipment, at cost	91,176	64,854
Total property fund	91,176	64,854
Total assets	\$327,037	\$502,974
LIABILITIES AND FUND BALANCES		
OPERATING FUND:		
Liabilities		
Accounts payable and accrued liabilities	\$204,896	\$142,846
Advances from member organizations	17,260	101,286
Accrued annual leave	17,240	8,517
Total liabilities	239,396	252,649
Commitment (Note 4)		
Fund balance (Note 2)		
Balance, beginning of year	185,471	50,879
Revenues (under) over expenses	(189,006)	134,592
Balance, end of year	(3,535)	185,471
Total operating fund	235,861	438,120
PROPERTY FUND:		
Fund balance (Note 2)		
Balance, beginning of year	64,854	57,135
Additions, at cost	26,322	7,719
Disposals, at cost	-	-
Total property fund	91,176	64,854
Total liabilities and fund balances	\$327,037	\$502,974

The accompanying notes are an integral part of these statements.

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
 Statements of Revenues and Expenses for the Years Ended December 31, 1983 and 1982

	<u>1983</u>	<u>1982</u>
REVENUES:		
Assessments to member organizations (Notes 2 and 3)	\$ 438,000	\$ 875,000
Lodging facility rental (Note 4)	1,033,123	957,498
Tuition	100,580	83,665
Total revenues	<u>1,571,703</u>	<u>1,916,163</u>
FUNDED EXPENSES (Note 2):		
Lodging facility rental (Note 4)	1,010,251	926,321
Salaries and related benefits (Note 3)	326,961	392,027
Data processing	99,524	120,001
Rental of office space (Note 3)	130,753	104,021
Professional fees	7,700	103,958
Printing	52,742	41,859
Administrative fees (Note 3)	26,650	25,150
Books and subscriptions	29,208	16,186
Travel	14,085	13,524
Rental and maintenance of office equipment	1,197	10,702
Postage	7,993	6,746
Telephone	7,989	6,682
Office supplies	6,681	6,079
Miscellaneous	3,930	2,721
Property additions (Note 2)	26,322	7,719
Total funded expenses	<u>1,751,986</u>	<u>1,783,696</u>
REVENUES (UNDER) OVER FUNDED EXPENSES	(180,283)	132,467
Unfunded accrued annual leave	8,723	(2,125)
REVENUES (UNDER) OVER EXPENSES	<u>\$ (189,006)</u>	<u>\$ 134,592</u>

The accompanying notes are an integral part of these statements.

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
 Statements of Changes in Financial Position for the Years Ended December 31, 1983 and 1982

	1983	1982
<b>SOURCES OF CASH:</b>		
Total revenues	\$1,571,703	\$1,916,163
Increase (decrease) in accrued annual leave liability	8,723	(2,125)
Decrease (increase) in prepaid expenses	2,510	(2,510)
Increase (decrease) in accounts payable and accrued liabilities	62,050	(68,340)
Total sources	<u>1,644,986</u>	<u>1,843,188</u>
<b>USES OF CASH:</b>		
Funded expenses	1,751,986	1,783,696
Unfunded accrued annual leave expense	8,723	(2,125)
Increase in accounts receivable	28,798	30,576
Decrease in advances from member organizations	84,026	62,947
Total uses	<u>1,873,533</u>	<u>1,875,094</u>
(DECREASE) IN CASH	(228,547)	(31,906)
CASH BALANCE, beginning of year	354,135	386,041
CASH BALANCE, end of year	<u>\$ 125,588</u>	<u>\$ 354,135</u>

The accompanying notes are an integral part of these statements.

Notes to Financial Statements as of  
 December 31, 1983 and 1982

(1) Organization and Purpose

The Federal Financial Institutions Examination Council (the "Council") was established under Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (the "Act"). The purpose of the Council is to prescribe uniform principles, standards and report forms for the Federal examination of financial institutions and to make recommendations to promote uniformity in the supervision of these financial institutions. The five Federal agencies which are represented on the Council, referred to hereafter as member organizations, are as follows:

- Board of Governors of the Federal Reserve System
- Federal Deposit Insurance Corporation
- Federal Home Loan Bank Board
- National Credit Union Administration
- Office of the Comptroller of the Currency

(2) Significant Accounting Policies

In preparing its financial statements, the Council has applied accounting principles which, in management's opinion, best reflect its financial position and results of operations. These accounting principles include certain principles which are generally accepted for organizations in the private sector and also certain principles which are generally accepted for Federal government

agencies. A summary of significant accounting policies is shown below.

*Assessments, Council Expenses, and Property Additions*—Assessments made on the member organizations for Council expenses and additions to property are calculated based upon expected cash needs. Assessments, Council expenses, and property additions are recorded on the accrual basis of accounting.

*Property*—The Council does not charge depreciation as an operating expense. Property additions are charged to expense in the Operating Fund in the year of acquisition; recoveries on the disposal of property are recorded as a reduction of expense in the Operating Fund in the year of disposition. When property is acquired or sold, the property asset accounts and the fund balance in the Property Fund are increased or decreased at cost.

(3) Transactions with Member Organizations

As provided by the Act, member organizations are each assessed one-fifth of the expected cash needs based on the annual budgeted operating expenses of the Council. Each member organization was assessed an amount equal to \$87,600 in 1983 and \$175,000 in 1982.

The Board of Governors of the Federal Reserve System provides administrative support services to the Council. The Council paid the Board \$26,650 in 1983 and \$25,150 in 1982 for these services.

Member organizations provide office space and data processing services to the Council. The Council paid member organizations \$221,964 in 1983 and \$212,792 in 1982 for these items.

The Council coordinates the production and distribution of the Uniform Bank Performance Reports (UBPR) through the Federal Deposit Insurance Corporation (FDIC). Revenues from the sale of the publication in excess of direct operating costs are remitted to the Council by the FDIC. Of the \$125,910 and \$61,192 received in 1983 and 1982, respectively, \$45,369 and \$54,730 were offset against related compensation costs incurred by the Council. The balance is refundable to the UBPR's three sponsoring agencies (the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System) and is included in accounts payable at the end of each year.

Council employees are paid through the payroll systems of member organizations. Salaries and fringe benefits disbursed on behalf of the Council are reimbursed in full to these organizations.

Member organizations are not reimbursed for the costs of personnel who serve as Council members and on the various task forces and committees of the Council. The value of these contributed services has not been included in the accompanying financial statements.

(4) Lease of Lodging Facility

The Council leased efficiency units in Arlington, Virginia at a total cost of \$1,006,856 in 1983 and \$926,321 in 1982. The Council was reimbursed by the member organizations in proportion to their usage of the facility. The lease agreement may be renewed semi-annually through December 1985. The future minimum lease payments associated with the renewal for the semi-annual period ending in June 1984 are \$500,000.

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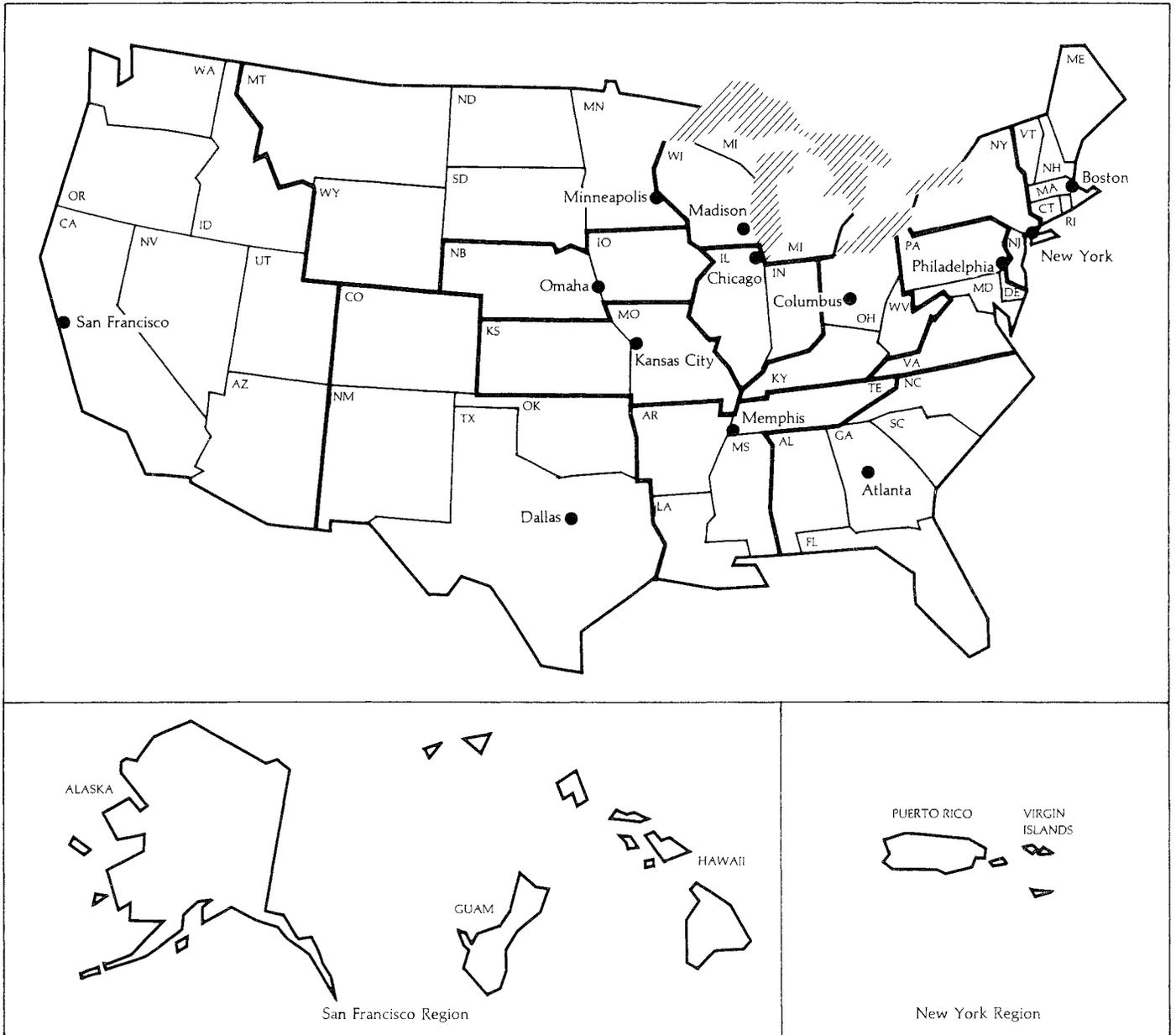
## C. Maps of Agency Regions/Districts and Offices

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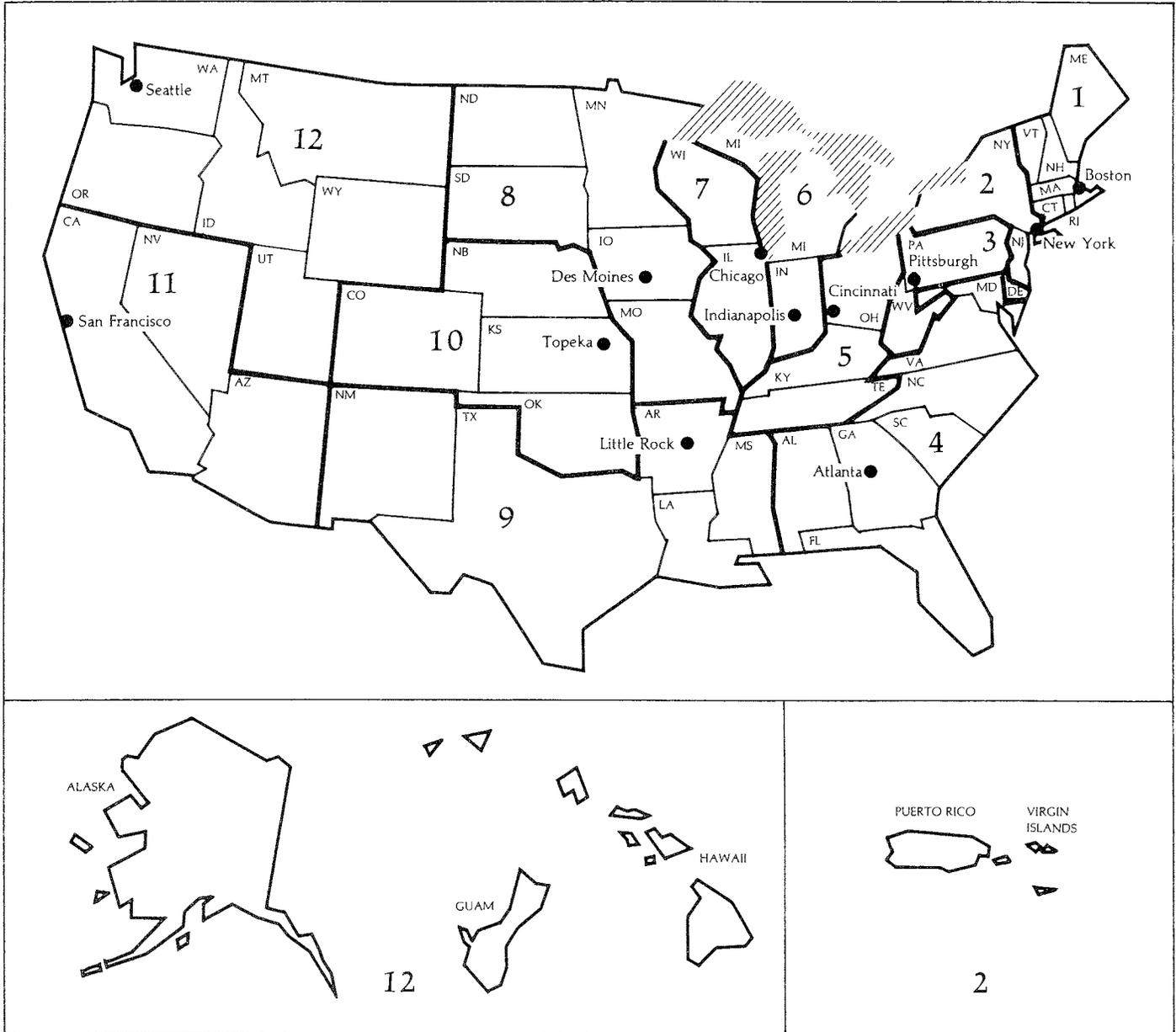
- 30 Board of Governors of the Federal Reserve System
- 31 Federal Deposit Insurance Corporation
- 32 Federal Home Loan Bank Board
- 33 National Credit Union Administration
- 34 Office of the Comptroller of the Currency



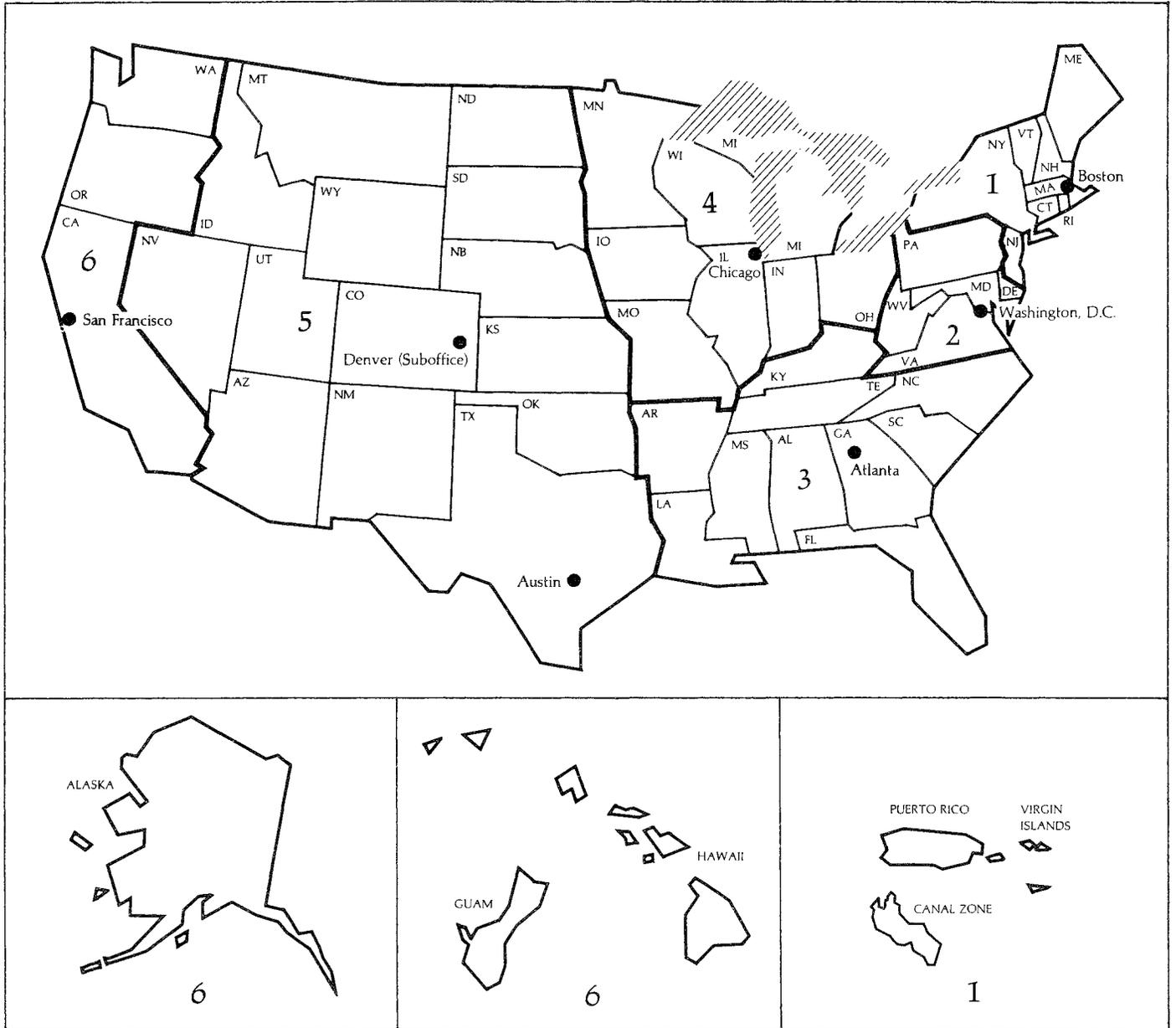
# Federal Deposit Insurance Corporation Regions



# Federal Home Loan Bank Districts



# National Credit Union Administration Districts



# Comptroller of the Currency Districts

