



NEWS RELEASE

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FDIC BOARD APPROVES REGULATION REQUIRING BANKS TO DISCLOSE YEAR-END FINANCIAL REPORTS

The Board of Directors of the Federal Deposit Insurance Corporation today adopted a final regulation requiring state-chartered banks that are not members of the Federal Reserve System to prepare annual disclosure statements that will be available to the public on request. The disclosure requirement will affect about 8,500 institutions.

The first disclosure statement under the new regulation will present financial data as of December 31, 1987, and must be available to the public by March 31, 1988. Banks are required to announce the availability of the disclosure statements in lobby notices and in notices of annual meetings sent to shareholders.

The regulation requires that banks' disclosure statements include financial reports for the two preceding years. Such data can be photocopied directly from the Reports of Condition and Income filed by banks at year-end with the FDIC. Also, on a case-by-case basis, the FDIC may require that descriptions of enforcement actions be disclosed. The regulation allows banks to include a discussion and analysis of their condition and activities.

In adopting the disclosure regulation, the FDIC Board said its intent is to improve public awareness and understanding of the financial condition of individual banks. "Improved financial disclosure should reduce the likelihood of the market or bank customers over-reacting to incomplete information," the Board said. The Board also said the disclosure requirement will complement the agency's supervisory program and enhance public confidence in the banking system.

The Office of the Comptroller of the Currency plans to adopt a disclosure regulation for national banks that is essentially the same as the FDIC's. The FDIC Board was advised by the agency's staff that the Federal Reserve Board intends to act on a disclosure regulation in 1988.

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