PRESS RELEASE
Federal Deposit Insurance Corporation

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FDIC GRANTS RELIEF FROM CERTAIN AUDIT AND REPORTING REQUIREMENTS

FOR IMMEDIATE RELEASE

The FDIC Board of Directors today agreed to provide relief from audit and reporting requirements for certain sound, well- managed banks. These amendments to Part 363 of the FDIC's regulations implement various provisions of the Riegle Community Development and Regulatory Improvement Act of 1994. Today's actions also resulted from the FDIC's own efforts to review its regulations and eliminate unnecessary requirements.

Existing FDIC rules in part require each FDIC-insured institution with $500 million or more in total assets to submit every year reports by management and an independent public accountant on internal controls and compliance with designated laws. However, most institutions with less than $9 billion in total assets may satisfy this reporting requirement if its parent holding company files these reports on its behalf.

One change adopted today by the FDIC provides that if an insured institution has more than $9 billion in total assets and is highly rated under the interagency rating system, the institution also can be included in the holding company's reports on internal controls and compliance instead of having to file its own reports. This exception is intended to relieve duplicative reporting requirements for the largest, well-managed institutions that are subsidiaries of multibank holding companies. Approximately 70 institutions are affected by this change.

The amendment also streamlines and reformats specific procedures that independent accountants must perform to help regulators determine compliance with designated laws. These changes are expected to provide regulatory relief for approximately 1,000 FDIC-insured banks and savings associations. The FDIC has separately asked the Congress to eliminate these specific procedures as part of a regulatory burden relief proposal.

In addition, the FDIC today agreed to make reporting less burdensome for 1995 by permitting institutions to follow the new procedures, the existing regulation or the similar procedures issued for public comment last February. This will help reduce the reporting burden for the vast majority of institutions that issue reports on a calendar-year basis and are now in the process of preparing annual reports for 1995. Any institution with a fiscal year that ends after March 31, 1996, however, is expected to follow the new rules, which become effective April 1, 1996.