



PRESS RELEASE

Federal Deposit Insurance Corporation

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BASLE COMMITTEE REQUESTS COMMENT ON PROPOSED GUIDANCE ON LOAN ACCOUNTING AND CREDIT RISK DISCLOSURE SOUND PRACTICES

FOR IMMEDIATE RELEASE

The Basle Committee on Banking Supervision issued for comment on October 14, 1998, a proposed sound practices paper on loan accounting, credit risk disclosure and related matters. Developed by the Basle Committee's Task Force on Accounting Issues, the paper complements the Basle Committee's Core Principles, which outline the minimum requirements for a supervisory system in any country to be effective.

The paper provides guidance to banks, bank supervisors and accounting standard-setters on key loan accounting issues, including the initial recognition and measurement of loans, measurement of impaired loans, the establishment of loan loss allowances, income recognition and troubled debt restructurings. It also presents sound disclosure practices for loan portfolios, troubled loans, loan loss allowances and related risk management practices.

Comments on the paper must be received by the Basle Committee on Banking Supervision by March 15, 1999.

The paper forms part of the Basle Committee's ongoing work to promote effective banking supervision and safe and sound banking systems.

The Basle Committee consists of senior representatives of bank supervisory authorities and central banks from Belgium, Canada, France, Germany, Italy, Japan,



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Luxembourg, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States. The Committee usually meets at the Bank for International Settlements (BIS) in Basle, Switzerland, where its permanent Secretariat is located.

The proposal, "Sound Practices for Loan Accounting, Credit Risk Disclosure and Related Matters," can be obtained from the BIS Web site at <http://www.bis.org>. A copy of the proposal may also be requested from the Federal Deposit Insurance Corporation's Public Information Center at (800) 276-6003 or (703) 562-2200.

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