



Interagency Policy on Classification of Assets and Appraisal of Securities

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TO: CHIEF EXECUTIVE OFFICER

SUBJECT: Guidance on the Uniform Classification of Assets and Appraisal of Securities Held by Banks and Thrifts

Summary: *The federal bank and thrift regulatory agencies are jointly issuing the "Uniform Agreement on the Classification of Assets and Appraisal of Securities Held by Banks and Thrifts." This replaces the policy of the same title last revised in 1979. Substantive changes are in the appraisal of securities portion of the policy. These changes reflect current accounting guidance and clarify existing examination policies.*

The Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision are jointly issuing the "Uniform Agreement on the Classification of Assets and Appraisal of Securities Held by Banks and Thrifts." The interagency policy is attached.

This policy, which replaces the policy of the same title last issued in 1979, reiterates the existing methodology of using nationally recognized statistical rating organizations' (NRSRO) rating categories for assigning classifications to securities held by banks, and clarifies the discretion federal examiners may exercise when departing from these ratings. The policy provides guidance for the uniform examination treatment of securities with rating differences and split ratings, and those securities that are non-rated. Finally, the policy identifies certain securities that examiners should classify according to individual facts and circumstances.

The new policy is consistent with all current accounting literature, and applying this policy guidance will not result in any differences between regulatory accounting principles and Generally Accepted Accounting Principles. The policy addresses the comprehensive classification treatment of securities for supervisory purposes, but it is not intended to interpret existing regulations or other guidance regarding the permissibility of any of the instruments mentioned.

For more information, please contact Keith Ligon at (202) 898-3618 (kligon@fdic.gov) or your FDIC Division of Supervision and Consumer Protection regional office.

For your reference, FDIC Financial Institution Letters may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2004/index.html. To learn how to automatically receive FDIC Financial Institution Letters through e-mail, please visit www.fdic.gov/news/news/announcements/index.html.

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[Attachment](#)

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