



FIL-95-2006
November 7, 2006

REGULATORY REPORTS

TO: CHIEF EXECUTIVE OFFICER (also of interest to Chief Financial Officer)

SUBJECT: Proposed Revisions to Regulatory Reports Filed by Banks and Savings Associations

The Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS) (the agencies) are requesting comment on the following proposed revisions to the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Report (TFR). The proposed reporting changes, which have been approved by the Federal Financial Institutions Examination Council (FFIEC), would take effect as of March 31, 2007, with a transition period for one reporting change until March 31, 2008.

The four agencies are proposing to replace certain information currently collected in the Call Report and TFR for deposit insurance assessment purposes with the information described in proposed amendments to Part 327 of the FDIC's regulations (see FIL-46-2006, dated May 18, 2006). At present, 23 items are required in the Call Report in Schedule RC-O, "Other Data for Deposit Insurance and FICO Assessments," to determine a bank's assessment base and eight items are required in the TFR in Schedule DI, "Consolidated Deposit Information," to determine a savings association's assessment base. The agencies are proposing changes to the way the assessment base is reported that would effectively reduce the number of reported items to as few as two for certain small institutions (without foreign offices) and no more than six for other institutions. This assessments-related proposal provides an interim period from March 31, 2007, through December 31, 2007, during which institutions would submit their Call Reports and TFRs using either the current or the revised format of Schedule RC-O and Schedule DI to report data for measuring their assessment base. In addition, the four agencies are proposing to revise certain information collected in Call Report Schedule RC-E, "Deposit Liabilities," and TFR Schedule DI on time deposits, particularly with respect to certain retirement accounts affected by the FDIC's amended deposit insurance regulations.

The OCC, the Board, and the FDIC (the banking agencies) are also proposing to implement three other changes to the Call Report requirements, which generally are expected to apply to a small percentage of banks. First, the banking agencies would add a new Call Report schedule to collect certain data on fair value measurements from those institutions that choose, under generally accepted accounting principles, to apply a fair value option to one or more financial instruments and one or more classes of servicing assets and liabilities and from certain institutions that report trading assets and liabilities. The banking agencies would also add an item to capture the change in the fair value of liabilities under the fair value option that is attributable to a change in a bank's own creditworthiness for purposes of measuring a

bank's regulatory capital. Second, the banking agencies propose to collect certain data in the Call Report on 1-4 family residential mortgages with repayment terms that allow for negative amortization. All banks holding these nontraditional mortgage products would report the total amount of such loans. Those banks with a significant volume of these loans would report additional information about them in three other items. Finally, the banking agencies propose to clarify the Call Report instructions for reporting assets serviced for others by explicitly stating that such servicing includes the servicing of loan participations.

The agencies encourage you to review the proposal and comment on those aspects that are of interest to you. In particular, the banking agencies are requesting comment on the threshold they should set for the additional reporting on negatively amortizing residential mortgage loans. Comments may be sent to any or all of the agencies by the methods described in the attached Federal Register notice. All comments will be shared among the agencies and should be submitted by January 2, 2007. The FFIEC and the agencies will consider all of the comments as they finalize the revisions to the Call Report and the TFR.

To assist you in understanding the proposed changes to the Call Report, draft copies of the March 2007 Call Report forms are available for your review on the FFIEC's Web site (www.ffiec.gov/ffiec_report_forms.htm). The draft forms also illustrate other Call Report revisions that were previously approved for implementation in March 2007 (see FIL-7-2006, dated January 27, 2006). Draft copies of the TFR will be available on the OTS's Web site (www.ots.treas.gov) under TFR Report Forms.

For further information about the proposed reporting revisions, please contact Gary Christensen at the OCC (202-874-4482), Arthur Lindo at the Board (202-452-2695), Robert Storch at the FDIC (202-898-8906), or James Caton at the OTS (202-906-5680).

Tamara J. Wiseman
Executive Secretary

Attachment

Distribution: All FDIC-Insured Institutions and Noninsured National Trust Companies