



FIL-94-2008
September 23, 2008

BANK REPORTS

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

SUBJECT: Proposed Revisions to Reports of Condition and Income (Call Report) for 2009

The Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (Board), and the Federal Deposit Insurance Corporation (FDIC) are requesting comment on several proposed revisions to the Call Report. The proposed reporting changes, which have been approved by the Federal Financial Institutions Examination Council (FFIEC), would take effect on a phased-in basis during 2009. The agencies encourage you to review the proposal and comment on those aspects that are of interest to you. 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 November 24, 2008. The FFIEC and the agencies will consider all of the comments as they finalize the revisions to the Call Report.

The proposed Call Report revisions reflect a thorough and careful review of the agencies' data needs in a variety of areas as institutions encounter the most turbulent banking environment in more than a decade. Thus, the revisions include new items that focus on areas in which the banking industry is facing heightened risk as a result of market turmoil and illiquidity and weakening economic and credit conditions. Where possible, the agencies have sought to establish reporting thresholds for proposed new items. Other proposed new items will be relevant to only a small percentage of banks.

A limited group of proposed Call Report revisions would take effect as of March 31, 2009. These changes respond to recent accounting standards by adding items for held-for-investment loans and leases acquired in business combinations and revising several report schedules for financial reporting changes applicable to noncontrolling (minority) interests in consolidated subsidiaries. Other proposed changes include a new annual item on the bank's fiscal year-end date, exemptions from reporting certain existing Call Report items for banks with less than \$1 billion in total assets, clarifications of the definition of the term "loan secured by real estate" and of the instructions for reporting unused commitments, instructional guidance on quantifying misstatements in the Call Report, and the elimination of confidential treatment for data collected from trust institutions on fiduciary income, expenses, and losses.

The proposed Call Report revisions to be implemented as of June 30, 2009, include new or revised items for:

- Real estate construction and development loans with capitalized interest (for banks with construction and development loan concentrations);

- Holdings of commercial mortgage-backed securities and structured financial products, such as collateralized debt obligations;
- Fair value measurements for assets and liabilities reported at fair value on a recurring basis (for banks that have \$500 million or more in total assets, apply a fair value option, or are required to complete the Call Report trading schedule);
- Pledged loans and pledged trading assets;
- Collateral and counterparties associated with over-the-counter derivative exposures (for banks with \$10 billion or more in total assets);
- Credit derivatives;
- Remaining maturities of unsecured other borrowings and subordinated notes and debentures;
- Unused short-term commitments to asset-backed commercial paper conduits;
- Past due and nonaccrual trading assets;
- Investments in real estate ventures; and
- Held-to-maturity and available-for-sale securities in domestic offices (for banks that have both domestic and foreign offices).

The proposed June 2009 revisions also include the addition of questions on whether the bank is a trustee or custodian for certain types of accounts or provides certain services in connection with orders for securities transactions.

The Call Report revisions proposed for December 31, 2009, apply only to trust institutions that complete Schedule RC-T, Fiduciary and Related Services. These revisions would affect the types of fiduciary accounts for which fiduciary assets and income are reported and the types of assets and fiduciary accounts for which managed assets are reported. Data would also be collected on debt issues in default under corporate trusteeships.

To assist you in understanding the proposed changes to the Call Report, drafts of the report forms for March, June, and December 2009 are expected to be available for your review on the FFIEC's Web site (www.ffiec.gov/ffiec_report_forms.htm) by September 30, 2008. Draft instructions for these proposed changes will be posted on the FFIEC's Web site for your review at a later date.

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), or Robert Storch at the FDIC (202-898-8906).

Paul T. Sanford
Executive Secretary

Attachment

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