



FIL-7-2009
January 30, 2009

BANK REPORTS

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

SUBJECT: Revisions to the Consolidated Reports of Condition and Income for 2009

The Federal Financial Institutions Examination Council (FFIEC) has approved revisions to the reporting requirements for the Consolidated Reports of Condition and Income (Call Report). These regulatory reporting revisions will take effect on a phased-in basis during 2009. The revisions incorporate limited modifications made in response to comments received on the proposed changes to the Call Report that the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (Board), and the Federal Deposit Insurance Corporation (FDIC) (the agencies) published on September 23, 2008 (see FIL-94-2008, dated September 23, 2008). The FFIEC is providing this advance notification to assist you in planning for these changes. The U.S. Office of Management and Budget (OMB) must approve these changes before they become final.

In developing the Call Report revisions, the agencies carefully reviewed their data needs in the current turbulent banking environment. The revisions include new data items that will address areas in which the banking industry has experienced heightened risk as a result of market turmoil and illiquidity and weakening economic and credit conditions. The agencies have also established reporting thresholds that exclude small banks from reporting several new and existing data items. Other new items will be relevant to only a small percentage of banks.

A limited group of proposed Call Report revisions will take effect as of March 31, 2009. These revisions respond to new accounting standards that take effect in 2009 by adding items for held-for-investment loans and leases acquired during the current year by banks that have engaged in business combinations and revising several report schedules for financial reporting changes applicable to noncontrolling (minority) interests in consolidated subsidiaries. Other changes involve 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, clarification of the definition of the term "loan secured by real estate," 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 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;
- Investments in real estate ventures;
- Held-to-maturity and available-for-sale securities in domestic offices (for banks that have both domestic and foreign offices); and
- 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 taking effect 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.

The FFIEC and the agencies are continuing to evaluate certain revisions contained in their September 2008 proposal in light of comments received. These revisions consist of a clarification of the instructions for reporting unused commitments, new and revised data items for past due and nonaccrual trading assets, and new items for reporting the present value of unpaid premiums on credit derivatives that represent sold credit protection. If the agencies decide to implement these proposed revisions in some form after further evaluation, banks will be advised and the revisions will take effect no earlier than December 31, 2009.

To assist you in understanding the revisions to the Call Report, drafts of the report forms for March, June, and December 2009 and draft instructions for the new and revised Call Report items are available for your review on the FFIEC's Web site (www.ffiec.gov/ffiec_report_forms.htm). For the March 31, 2009, report date, banks may provide reasonable estimates for any new or revised Call Report item initially required to be reported as of that date for which the requested information is not readily available. This same policy on the use of reasonable estimates will apply to the reporting of other new or revised items when they are first implemented effective June 30 and December 31, 2009.

Please forward this letter to the person responsible for preparing Call Reports at your institution. For further information about the reporting revisions, state member banks should contact their Federal Reserve District Bank. National and FDIC-supervised banks should contact the FDIC's Data Collection and Analysis Section in Washington, D.C., by telephone at (800) 688-FDIC (3342) or by e-mail at insurance-research@fdic.gov.

Paul T. Sanford
Executive Secretary

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