FDIC
Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

Division of Supervision

Bank Reports

FIL-20-95
February 27, 1995

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Revisions to the Reports of Condition and Income (Call Reports) for 1995*

The Federal Reserve Board, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency plan to implement several changes to the Reports of Condition and Income (Call Report) that were approved by the Federal Financial Institutions Examination Council (Examination Council) in 1994. The Examination Council provided advance notice of these changes in Financial Institutions Letter FIL-69-94, dated November 1, 1994. These changes will take effect as of March 31, 1995, pending approval by the U.S. Office of Management and Budget.

The reporting changes for March 31, 1995, include deletions of items such as the amount of total risk-based capital and average loans to states and political subdivisions, and a reduced level of detail on restructured loans and leases. Call Report disclosures about a bank's off-balance-sheet derivatives activities are being expanded and a limited number of new items are being added for certain types of securities and for other information of a specialized nature. The attached document contains detailed instructions for these new or revised Call Report items along with other revised instructions for the March 31, 1995, report date.

As banks were previously advised, Financial Accounting Standards Board Statement No. 114, "Accounting by Creditors for Impairment of a Loan" (FASB 114), as recently amended, is effective for Call Report purposes for fiscal years beginning after December 15, 1994. While FASB 114 provides methods for estimating a portion of the allowance for loan and lease losses, bank management is responsible for ensuring that the overall allowance for loan and lease losses is adequate to cover all estimated credit losses in the loan portfolio. Examiners will primarily focus their analysis on the adequacy of the overall allowance. In addition, banks should note that the Examination Council has decided that, for risk-based capital purposes, allowances for credit losses on impaired loans that are established under FASB 114 are considered general in nature and can be included in Tier 2 capital as part of the allowance for loan and lease losses, subject to existing limits. Additional information about FASB 114 is presented in the attached document. Institutions also are encouraged to consult with their outside accountants for assistance in implementing FASB 114 for regulatory reporting purposes.

The Riegle Community Development and Regulatory Improvement Act of 1994 (Riegle Act) addresses the regulatory capital treatment of transfers of all types of assets with a low level of recourse and transfers of small business obligations with any level of recourse. The banking agencies have issued and are developing regulations required to implement these provisions of the Riegle Act. Further guidance on instructional changes and any new Call Report items for transactions covered by these regulations will be forthcoming.

Finally, banks are reminded that the information in the Call Report about loans to small businesses and small farms, which is required by Section 122 of the Federal Deposit Insurance Corporation Improvement Act of 1991, will next be collected as of June 30, 1995. Collecting this Call Report information annually as of December 31 is under consideration as part of the banking agencies' proposed amendments to their Community Reinvestment Act regulations. Banks will be notified if this information will be collected as of that date.

For more information or assistance, national banks and FDIC-supervised commercial and savings banks may contact the FDIC's Call Reports Analysis Unit in Washington, D.C., toll-free on 1-800-688-FDIC

(3342) or 202-898-6607. Assistance is provided Monday through Friday between 8:00 a.m. and 5:00 p.m. Eastern time. State member banks may contact their district Federal Reserve Bank.

Joe M. Cleaver
Executive Secretary

Attachment: WordPerfect 6.1 Format HTML Format

Distribution: Insured Commercial Banks and FDIC-Supervised Savings Banks