



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

BANK REPORTS

FIL-35-2000
June 7, 2000

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Proposed Revisions to the Reports of Condition and Income for 2001*

The Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board (Board), and the Office of the Comptroller of the Currency (OCC) are requesting comment on proposed revisions to the Reports of Condition and Income (Call Reports) that would take effect March 31, 2001. The proposed changes, which have been approved by the Federal Financial Institutions Examination Council (FFIEC), are intended to make the content of the Call Report more relevant to the agencies in today's evolving financial services environment.

The revised reporting requirements are also designed to complement the agencies' emphasis on risk-focused supervision. Furthermore, the proposal addresses certain aspects of Sections 307(b) and (c) of the Riegle Community Development and Regulatory Improvement Act of 1994. These sections direct the banking agencies to work jointly toward more uniform reporting, review the information that institutions currently report, and eliminate existing reporting requirements that are not warranted for safety and soundness or other public policy purposes.

The agencies encourage you to review the proposal and comment on aspects of it that are of interest to you. Comments may be sent to any or all of the banking agencies at the addresses listed on the first page of the attached Federal Register notice. All comments will be shared among the agencies and should be submitted by July 31, 2000.

The proposal's more significant revisions include:

- a decrease of approximately 10 percent in the number of currently existing separately reportable data items on the Call Report (outside of regulatory capital information), the collection of which is no longer warranted;
- a revised regulatory capital reporting approach and schedule that uses step-by-step "building blocks" to compute the key elements of the capital ratios for all banks;
- adopting uniform loan category definitions for all banks across all schedules that collect loan information;
- combining the three separate report forms for banks of different sizes that have only domestic offices (the current FFIEC 032, 033, and 034) into a single form (designated the FFIEC 041), while retaining the separate form for banks with foreign offices (the FFIEC 031);
- new information on:
 - nontraditional and higher risk bank activities, i.e., subprime loans; securitizations and asset sale activities; additional categories of noninterest income for fee-

generating activities; and restructured derivative contracts; and

- Federal Home Loan Bank advances and other borrowings;
- replacing the two separate trust activities reports (the FFIEC 001, Annual Report of Trust Assets, and the FFIEC 006, Annual Report of International Fiduciary Activities) with a single, streamlined trust Call Report schedule;
- eliminating the confidential treatment for loans, leases, and other assets that are reported as past due 30 through 89 days in Call Report Schedule RC-N; and
- eliminating the additional 15-day period that banks with more than one foreign office that file the FFIEC 031 are given for submitting their Call Reports.

All of the proposed revisions are described in the attached Federal Register notice. The notice also requests comment on a variety of issues related to the proposed changes, on two other possible revisions to the Call Report requirements, and on the reporting burden of the Call Report. These issues include:

- alternatives to the current percentage thresholds for itemizing and describing significant components of other assets and liabilities, other noninterest income and expense, and other off-balance sheet assets and liabilities;
- modifications that should be made to the instructions for reporting credit losses on derivatives and the impact on earnings of derivatives held for purposes other than trading in response to Financial Accounting Standards Board Statement No. 133, Accounting for Derivative Instruments and Hedging Activities;
- the proposed definition of subprime loans and the criteria that should be used to determine which loans are subprime;
- the manner in which banks report on their securitization and asset sale activities for internal management purposes and the proposed method for reporting information on sellers' interests in securitizations;
- the availability of information in bank records on the collateralization of bank borrowings and the amounts and types of collateral involved;
- the proposed criteria for determining which institutions should report information on their fiduciary activities quarterly, rather than annually, and other matters related to moving the reporting of trust data into the Call Report;
- the possible reporting of the amount of dividends that Subchapter S banks distribute to their shareholders to cover their personal tax liabilities in order to improve comparisons of banks' after-tax earnings and dividend rates;
- the possible elimination of the exemption from reporting loan income and quarterly averages by loan category for banks with less than \$25 million in assets in order for the agencies and bankers to better evaluate and compare the performance of these banks' loan portfolios;

- the extent to which any prior period 30-to-89-day past due information should be made publicly available on an individual bank basis if the confidential treatment for this information is eliminated; and
- any difficulties that banks with more than one foreign office would experience if the additional 15-day filing period for these banks were to be eliminated.

To assist in understanding the proposed reporting requirements for 2001, a sample of the proposed report form applicable to your bank - the FFIEC 041 for banks with domestic offices only and the FFIEC 031 for banks with foreign offices - is attached. Copies of both proposed forms are available on the FFIEC's Internet Web site (www.ffiec.gov) and as an attachment to the electronic version of this Financial Institution Letter on the FDIC's Web site (www.fdic.gov/news/news/financial/2000/index.html).

As is customary for Call Report changes, please note that, for the March 31, 2001, report date only, reasonable estimates may be provided for any new or revised item for which the requested information is not readily available. Furthermore, the specific wording of the captions for the new and revised Call Report items and the numbering of the items in the sample report forms for 2001 should be regarded as preliminary.

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

Keith J. Todd
Executive Secretary

Attachment: [Table of Contents for the Federal Register Notice](#)

May 31, 2000, Federal Register, pages 34801-34819
[HTML](#) or [PDF](#) (192 KB File - [PDF Help](#) or [Hard Copy](#))

[Proposed FFIEC 031 Call Report Form for Banks with Foreign Offices](#)
(545Kb PDF file - [PDF help](#) or [hard copy](#))

[Proposed FFIEC 041 Call Report Form for Banks with Domestic Offices Only](#)
(658Kb PDF file - [PDF help](#) or [hard copy](#))

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