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3501 Fairfax Drive - Room B7081a - Arlington, VA 22226-3550 - (703) 516-5588 - FAX (703) 562-6446 - <http://www.ffiec.gov>

Financial Institution Letter

FIL-126-2002  
November 21, 2002

## BANK REPORTS

TO: CHIEF EXECUTIVE OFFICER

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

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 Report). The agencies' proposal, which has been approved by the Federal Financial Institutions Examination Council (FFIEC), contains several types of changes to the Call Report requirements. These changes relate to the content of the Call Report itself, the submission deadline for certain banks, and the agencies' process for validating and releasing the data that banks report. For the most part, the proposed changes would take effect March 31, 2003.

The agencies encourage you to review the proposal and comment on those revisions that are of interest to you. Comments may be sent to any or all of the banking agencies at the addresses listed on the second page of the attached **Federal Register** notice. All comments will be shared among the agencies and should be submitted by January 7, 2003.

First, the agencies are proposing several revisions to the content of the Call Report and one instructional clarification. These revisions are focused on improving the information reported by banks that engage in certain specific activities and generally will be applicable to small percentages of banks rather than to most or all banks. The proposed revisions include:

- adding five items dealing with accrued fees and finance charges on credit card accounts, allowances for uncollectible accrued fees and finance charges, and charge-offs of such accrued amounts, which would be reported only by banks with a significant volume of credit card activity;
- splitting the item in the securitization schedule (Schedule RC-S) for seller-provided credit enhancements to the bank's securitization structures (other than credit-enhancing interest-only strips) into separate items, one for on-balance sheet assets and another for other enhancements;
- separating the current income statement (Schedule RI) item for income from insurance activities into two items, one for insurance underwriting income and the other for income from other insurance activities;
- adding a yes/no question asking whether any of the bank's Internet Web sites has transactional capability, i.e., allows the bank's customers to execute transactions on their accounts;

- extending to banks with less than \$100 million in assets the requirement to disclose the fair values of derivative contracts in Schedule RC-L - Derivatives and Off-Balance Sheet Items, because current accounting standards require derivatives to be reported on the balance sheet at fair value;
- changing where banks report any provisions for allocated transfer risk in the income statement (Schedule RI);
- clarifying the instructions to describe the limited circumstances in which loans may be reported as held for trading purposes; and
- creating a supplement to the Call Report that would enable the agencies to collect a limited amount of data from certain banks in the event of an immediate and critical need for specific information.

Second, the agencies are proposing to reduce the Call Report filing period for banks with more than one foreign office from 45 to 30 days effective June 30, 2003. In connection with this change, the FDIC would be authorized to contact some of these banks around May 1, 2003, if their March 31 reports have not yet been received in order to obtain certain deposit data needed to estimate insured deposits.

Third, to improve the timeliness with which Call Report data become available to the public, the agencies would begin posting the reports for individual banks on the FDIC's public Web site as soon as the agencies' analysis of an individual report has been completed. This change would begin perhaps as early as with the first quarter 2003 reports. At present, all Call Reports are released to the public simultaneously some 60-75 days after the report date.

Finally, the agencies currently plan to implement a new business model for collecting and validating Call Reports in March 2004. Under this new model, the initial editing of a bank's Call Report data would take place in conjunction with the bank's submission of the data to the agencies. As part of this change, the agencies are proposing that a bank's Call Report must pass all validity edits and must include an explanatory comment addressing each quality edit exception identified in the bank's report in order for the agencies to accept the bank's Call Report submission. Otherwise, the bank's report will not be accepted and the bank will need to make appropriate corrections to its report data, add any required explanatory comments, and resubmit its data file by the submission deadline. For most banks, this new validation process will reduce the need for subsequent questions from the banking agencies.

To assist you in understanding the proposed reporting requirements for 2003, attached are illustrations of the report schedules affected by these changes, taken from the FFIEC 041 version of the report for banks with domestic offices only. Draft copies of the FFIEC 031 version of the report for banks with foreign offices and the FFIEC 041 report for March 2003 are available on the FFIEC's Web site ([www.ffiec.gov/ffiec\\_report\\_forms.htm](http://www.ffiec.gov/ffiec_report_forms.htm)).

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

Attachments:

- [November 8, 2002, Federal Register Notice](#)  
(PDF 78.0KB File - [PDF Help](#) or [Hard Copy](#))
- [Draft Proposed FFIEC 031 Call Report Form for March 31, 2003](#)  
(PDF 548.2KB File - [PDF Help](#) or [Hard Copy](#))
- [Draft Proposed FFIEC 041 Call Report Form for March 31, 2003](#)  
(PDF 529.5KB File - [PDF Help](#) or [Hard Copy](#))

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