



FIL-13-2008  
February 20, 2008

**BANK REPORTS**

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

**SUBJECT:** Revisions to the Consolidated Reports of Condition and Income for 2008

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 be implemented as of March 31, 2008, although the reporting of certain new items will be optional for this initial report date and will be required beginning June 30, 2008. The revisions incorporate certain modifications that were made in response to comments received on 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 11, 2007 (see FIL-82-2007, dated September 18, 2007). 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.

The agencies are making a number of reporting changes related to 1-4 family residential mortgage loans such as reporting interest and fee income on, and the quarterly average for, such mortgages separately from the income on and the quarterly average for all other real estate loans. The agencies are also adding new items for restructured troubled mortgages and mortgage loans in process of foreclosure. Call Report Schedule RC-P on closed-end 1-4 family residential mortgage banking activities, which is completed by larger banks and smaller banks with a significant level of such activities, will be expanded to include originations, purchases, and sales of open-end mortgages as well as closed-end and open-end mortgage loan repurchases and indemnifications during the quarter. For those banks required to complete Schedule RC-P, the new items pertaining to open-end mortgages will be optional in the March 2008 Call Report and required in the June 2008 Call Report.

The Call Report's trading account definition is being modified in response to the creation of a fair value option in generally accepted accounting principles. Schedule RC-Q, which collects data on fair value measurements for trading assets and liabilities and other assets and liabilities accounted for under a fair value option, and certain other schedules, including the loan schedule (Schedule RC-C), will also be revised to enhance the information available on instruments accounted for under this option. Revisions would also be made to the schedule on trading assets and liabilities (Schedule RC-D), which is completed only by banks whose trading assets exceed a specified threshold, the measurement of which will be slightly modified. Some of the new items for reporting data on fair value option loans and certain trading assets and liabilities will be optional in March 2008 and required in June 2008.

The threshold for reporting significant items of other noninterest income and expense in the explanations schedule (Schedule RI-E) is being modified. In addition, revisions will be made to the Call Report instructions for reporting credit derivative data in the regulatory capital schedule (Schedule RC-R) and the instructions for reporting fully insured brokered deposits in Schedule RC-E, Deposit Liabilities.

The agencies are also discontinuing the mailing of paper Call Report forms and instructions to banks. In recent quarters, the agencies have mailed sample forms to banks only in those quarters when significant revisions have been made to the reports. Updates to the Call Report instruction book have been printed and mailed to banks in those quarters when such updates have been issued. However, the Call Report forms and instructions have been available on the FFIEC's Web site ([www.ffiec.gov/ffiec\\_report\\_forms.htm](http://www.ffiec.gov/ffiec_report_forms.htm)) and the FDIC's Web site ([www.fdic.gov/regulations/resources/call/index.html](http://www.fdic.gov/regulations/resources/call/index.html)) each quarter before the completion of any mailings of the paper forms and instructions. A paper copy of the report forms and instructions can be printed from the Web sites. In addition, banks that use Call Report software generally can print paper copies of blank forms from their software.

Banks should note that the revised format for Schedule RC-O, "Other Data for Deposit Insurance and FICO Assessments," which was introduced in March 2007, will be fully implemented in the March 31, 2008, Call Report. This reporting change provided an interim period from March 31, 2007, through December 31, 2007, during which institutions could submit their Call Reports using either the current or the revised format of Schedule RC-O to report data for measuring their assessment bases. The use of the current format will be eliminated as of March 31, 2008. The instructions for reporting daily average deposit data by newly insured institutions in revised Schedule RC-O will be conformed to the FDIC's assessment regulations (12 CFR Part 327).

As previously announced by the FFIEC (see FIL-7-2006, dated January 27, 2006) and approved by OMB, the phased-in implementation of the reporting of two-way breakdowns of real estate construction loans and nonfarm nonresidential real estate loans in a number of Call Report schedules will be completed as of March 31, 2008. Banks with \$300 million or more in assets and certain banks with less than \$300 million in assets began reporting these two-way breakdowns in their March 2007 Call Reports. All other banks with less than \$300 million in assets will begin to provide these loan breakdowns in their March 2008 Call Reports.

To assist you in understanding the revisions to the Call Report, including the new items that are initially optional, draft March 2008 Call Report forms 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](http://www.ffiec.gov/ffiec_report_forms.htm)). For the March 31, 2008, report date, institutions may provide reasonable estimates for any new or revised Call Report item required to be reported as of that date for which the requested information is not readily available. This same policy on the reporting of reasonable estimates will apply as of June 30, 2008, to the new items that are optional in March. Banks should note that the draft forms also illustrate the real estate loan breakdowns that will be applicable to all banks in March 2008. In addition, instructions pertaining to the reporting of these real estate loan breakdowns are available on the FFIEC's Web site.

Please forward this letter to the person responsible for preparing Call Reports at your institution. For further information about the 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).

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Executive Secretary

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