Federal Financial Institutions Examination Council

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BANK REPORTS

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

SUBJECT: Proposed Revisions to Consolidated Reports of Condition and Income (Call Report) for 2012

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 Call Report that would take effect in 2012. The agencies encourage you to review the proposal, which has been approved by the Federal Financial Institutions Examination Council (FFIEC), and comment on those aspects of interest to you. You may send comments to any or all of the agencies by the methods described in the attached *Federal Register* notice. All comments must be submitted by January 20, 2012. The FFIEC and the agencies will review and consider all comments as they finalize the revisions to the Call Report.

The revisions are intended to provide data to meet safety-and-soundness needs or for other public purposes. The proposed new data items would be added to the Call Report as of the June 30, 2012, report date, except for two proposed revisions that would take effect March 31, 2012, in connection with the initial filing of Call Reports by savings associations. The proposed new data items, which are focused primarily on institutions with $1 billion or more in total assets, would help the agencies better understand institutions' lending activities and credit risk exposures. The agencies also are proposing certain revisions to the Call Report instructions that would take effect March 31, 2012. The proposed reporting changes include:

- A new Schedule RI-C, Disaggregated Data on the Allowance for Loan and Lease Losses, in which institutions with total assets of $1 billion or more would report a breakdown by key loan category of the end-of-period allowance for loan and lease losses (ALLL) disaggregated by impairment method and the end-of-period recorded investment in held-for-investment loans and leases related to each ALLL balance;
- A new Schedule RC-U, Loan Origination Activity, in which institutions with total assets of $300 million or more would report, separately for several loan categories, the quarter-end balance sheet amount of loans reported in Schedule RC-C, Loans and Lease Financing Receivables, that were originated during the quarter, and institutions with total assets of $1 billion or more would also report for these loan categories the portions of the quarter-end amount of loans originated during the quarter that were (a) originated under a newly established loan commitment and (b) not originated under a loan commitment;
- New Memorandum items in Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, for the total outstanding balance and related carrying amount of purchased credit-impaired

loans that are past due 30 through 89 days and still accruing, past due 90 days or more and still accruing, and in nonaccrual status;

- New items in Schedule RC-P, 1-4 Family Residential Mortgage Banking Activities, in which institutions with $1 billion or more in total assets and smaller institutions with significant mortgage banking activities would report the amount of representation and warranty reserves for 1-4 family residential mortgage loans sold (in domestic offices), with separate disclosure of reserves for representations and warranties made to U.S. government and government-sponsored agencies and to other parties;
- New items in Schedule RC-M, Memoranda, in which savings associations and certain state savings and cooperative banks would report on the test they use to determine compliance with the Qualified Thrift Lender requirement and whether they have remained in compliance with this requirement;
- Revisions to two existing items in Schedule RC-R, Regulatory Capital, used to calculate the leverage ratio denominator to accommodate certain differences between the regulatory capital standards that apply to the leverage capital ratios of banks versus savings associations; and
- Instructional revisions addressing:
  - The discontinued use of specific valuation allowances by savings associations when they begin to file the Call Report instead of the TFR beginning in March 2012;
  - The reporting of the number of deposit accounts of $250,000 or less in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, by institutions that have issued certain brokered deposits; and
  - The accounting and reporting treatment for capital contributions in the form of cash or notes receivable.

To help you understand the proposed changes to the Call Report, drafts of the March and June 2012 report forms should be available on the FFIEC's Web site (www.ffiec.gov/ffiec_report_forms.htm) later today. Draft instructions for the proposed reporting changes will be posted on the FFIEC's Web site later in December.

Please forward this letter to the person responsible for preparing Call Reports at your institution. For further information about the proposed reporting revisions, state member banks should contact their Federal Reserve District Bank. National banks, savings associations, 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.

Judith E. Dupre
Executive Secretary

Attachment

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