

## STATUS OF THE REVISIONS TO THE CALL REPORT CONTAINED IN THE BANKING AGENCIES' MAY 31, 2000, PROPOSAL

In a May 31, 2000, joint Federal Register notice, the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the Office of the Comptroller of the Currency described the revisions to the Call Report that the Federal Financial Institutions Examination Council (FFIEC) had proposed for implementation as of the March 31, 2001, report date. The following listing of the Call Report changes contained in the May 31 proposal uses the section numbers from that Federal Register notice to identify the proposed revisions and the FFIEC's decisions to date concerning these revisions.

### II. A. Specific Proposed Deletions, Reductions in Detail, Changes To Increase Uniformity in Regulatory Reporting, and Revisions To Conform With GAAP (Outside Of Regulatory Capital Reporting)

The FFIEC has decided to implement the revisions as proposed with the following modifications, effective as of the March 31, 2001, report date.

- To ease the transition to uniform loan category definitions for all banks across all Call Report schedules, banks that currently file the FFIEC 033 and 034 Call Report forms will be permitted to use their best efforts through year-end 2001 to report information on loan income, loan averages, past due and nonaccrual loans, and loan charge-offs and recoveries by loan category (in Schedules RI, RC-K, RC-N, and RI-B, respectively) using the standard loan category definitions from the loan schedule (Schedule RC-C). (For the reporting of loan income and averages, banks with less than \$25 million in assets should also refer to item V. B. below.)
- In Schedule RI – Income Statement, item 10, “Income (loss) before goodwill charges, extraordinary items, and other adjustments,” and item 11, “Goodwill charges,” will not be added to the schedule. This method of presenting goodwill charges in income statements, which has been proposed by the Financial Accounting Standards Board, is not currently required under generally accepted accounting principles (GAAP). Goodwill amortization expense will instead be reported as part of Schedule RI, item 7.c, “Amortization expense of intangible assets.”
- In Schedule RI-E – Explanations, the threshold for itemizing and describing significant components of “Other noninterest income” and “Other noninterest expense” in items 1 and 2 will be changed to 1 percent of the total of interest income and noninterest income. This revised threshold is consistent with the Securities and Exchange Commission’s threshold for the disclosure by bank holding companies of components of other noninterest income and expense.

## II. B. Proposed New Regulatory Capital Reporting Approach

The FFIEC has decided to implement the revisions as proposed with the following modifications, effective as of the March 31, 2001, report date.

- In Schedule RC-R – Regulatory Capital, item 23, “Net unrealized gains (losses) on available-for-sale debt securities,” and item 24, “Net unrealized gains on available-for-sale equity securities,” will not be added to the schedule because the manner in which Schedule RC-R, item 22, “Average total assets (from Schedule RC-K, item 9)” is calculated makes these two items unnecessary.
- Schedule RC-R will be amended to add 6 items applicable only to banks with financial subsidiaries for the reporting of regulatory capital information to meet the capital calculation requirements of the Gramm-Leach-Bliley Act. Affected institutions will report 3 separate items for their adjustments to total risk-based capital, risk-weighted assets, and average total assets for their financial subsidiaries. A second column would be added to the Capital Ratios section of Schedule RC-R -- item 30, “Tier 1 leverage ratio,” item 31, “Tier 1 risk-based capital ratio,” and item 32, “Total risk-based capital ratio” -- to report these ratios after adjustments have been made for financial subsidiaries.
- Certain lines will be combined in the Balance Sheet Asset Categories section of Schedule RC-R where assets are allocated by risk weight category. The lines for item 33, “Noninterest-bearing balances due from depository institutions and currency and coin,” and item 34, “Interest-bearing balances due from depository institutions,” will be combined into a single line. In addition, the lines for item 42, “Premises and fixed assets,” item 43, “Other real estate owned,” item 44, “Investments in unconsolidated subsidiaries and associated companies,” item 45, “Customers’ liability on acceptances outstanding,” item 46, “Goodwill and other intangible assets,” and item 47, “Other assets,” will be combined into a single line.

## III. A. Subprime Loans

The banking agencies are continuing to evaluate how to proceed with this part of the proposal. Therefore, the proposed reporting of subprime lending data has been delayed until further notice. Accordingly, the FFIEC will not implement these new reporting requirements in the Call Report as of the March 31, 2001, report date. Banks will be notified of any decision by the FFIEC to begin collecting information on subprime lending in advance of the scheduled effective date.

## III. B. Bank Securitization and Asset Sale Activities

The FFIEC has decided to implement the reporting requirements of this new Call Report schedule (Schedule RC-S), effective as of the June 30, 2001, report date, with the following exceptions and modifications.

- At present, banks report certain information related to securitizations, asset sales, and servicing in current Call Report Schedules RC-L – Off-Balance Sheet Items and RC-M -- Memoranda. To avoid the loss of this information until the delayed effective date of new Schedule RC-S, these existing items will be moved into and reported in the Memoranda section of Schedule RC-S for the March 31, 2001, report date. These existing items and what will happen to them after they are collected in the March 31, 2001, Call Report are as follows:
  - Schedule RC-L, items 9.a.(1) and (2) and items 9.b.(1) and (2) -- in which banks report the outstanding principal balance and amount of recourse exposure on (a) “First lien 1-4 family residential mortgage loans” and (b) “Other financial assets” that have been transferred with recourse and are treated as sold for Call Report purposes -- will be collected for the final time as of March 31, 2001, in Schedule RC-S, Memorandum items 4.a.(1) and (2) and 4.b.(1) and (2).
  - Schedule RC-L, items 9.c.(1) and (2) -- in which banks report the outstanding principal balance and amount of retained recourse on “Small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994” -- will be collected as of March 31, 2001, and thereafter in Schedule RC-S, Memorandum items 1.a and 1.b.
  - Schedule RC-L, Memorandum item 5.b -- in which banks with \$300 million or more in assets or with foreign offices report the amount outstanding of “Credit cards and related plans” to individuals for household, family, and other personal expenditures that have been securitized and sold (with servicing retained) -- will be collected for the final time as of March 31, 2001, in Schedule RC-S, Memorandum item 5.
  - Schedule RC-M, item 4 – in which banks provide a six-way breakdown of the “Outstanding principal balance of 1-4 family residential mortgage loans serviced for others” by type of servicing contract -- will be collected in condensed form as of March 31, 2001, and thereafter in Schedule RC-S, Memorandum items 2.a and 2.b.
  - Schedule RC-M, item 13 -- in which banks with \$100 million or more in assets or with foreign offices report the “Outstanding principal balance of loans other than 1-4 family residential mortgage loans that are serviced for others,” if this balance is more than \$10 million and exceeds 10 percent of total assets – will be collected as of March 31, 2001, in Schedule RC-S, Memorandum item 2.c. Then, beginning as of June 30, 2001, the 10 percent of total assets threshold for reporting the amount of this type of servicing (in Schedule RC-S, Memorandum item 2.c) would be eliminated as had been proposed.
- The scope of Schedule RC-S, item 1, “Outstanding principal balance of assets sold and securitized with recourse or other seller-provided credit enhancements,” will be expanded to include assets sold and securitized with servicing retained. The scope of items 2 through 5 in the Bank Securitization Activities section of Schedule RC-S --

which cover exposure from credit enhancements, unused commitments, past due amounts, and charge-offs and recoveries -- would also be modified consistent with the revised item 1.

- Schedule RC-S, item 6, "Amount of ownership (or seller's) interests carried as securities" will be renumbered as item 6.a. A new item 6.b will be added for the amount of ownership (or seller's) interests carried as loans that are included in Schedule RC-C. Schedule RC-S, item 7, "Past due loan amounts included in interests reported in item 6," and item 8, "Charge-offs and recoveries on loan amounts included in interests reported in item 6," will only apply to those interests carried as securities that are reported in revised item 6.a.

### III. C. Additional Categories of Noninterest Income

The FFIEC has decided to implement the revisions as proposed with the following modifications, effective as of the March 31, 2001, report date.

- Schedule RI, item 5.i, Noninterest income from "Loan and other credit-related fees," and column A of Memorandum items 8.a through 8.d, "Trading revenue from cash instruments by exposure," will not be added to the schedule.

### III. D. Federal Home Loan Advances

The FFIEC has decided to implement the revisions as proposed, effective as of the March 31, 2001, report date.

### III. E. Restructured Derivative Contracts

The FFIEC has decided not to add proposed Memorandum item 1, "Fair value of derivative contracts with a positive fair value that have been restructured or renegotiated for reasons related to the counterparty's financial difficulties," to Schedule RC-L.

## IV. Reporting of Trust Data

The FFIEC has decided to implement the replacement of its two separate trust activities reports with a new trust Call Report schedule (Schedule RC-T) as proposed with the following modifications, effective as of the December 31, 2001, report date.

- The information to be reported on corporate trust and agency accounts in Schedule RC-T, Memorandum item 2, will be reduced from what was proposed. Institutions with fiduciary activities will report the number of issues and principal amount outstanding for "Corporate and municipal trusteeships" in Memorandum item 2.a and only the number of issues for "Transfer agent, registrar, paying agent, and other corporate agency" in Memorandum item 2.b.

- Quarterly reporting by larger trust departments and by all nondeposit trust companies of information on fiduciary and related assets and fiduciary and related services income in Schedule RC-T will be delayed until the March 31, 2002, report date.
- The total fiduciary and related assets threshold for quarterly reporting by banks will be increased from \$100 million to \$250 million. The gross fiduciary and related services income threshold for banks will remain at 10 percent of revenue (net interest income plus noninterest income).
- Banks with total fiduciary and related assets of more than \$100 million to \$250 million that do not meet the 10 percent of revenue threshold will report fiduciary and related services income annually rather than quarterly as had been proposed.
- Four items in the Fiduciary and Related Services Income section of Schedule RC-T – item 20, “Expenses,” item 21, “Net losses from fiduciary and related services,” item 22, “Intracompany income credits for fiduciary and related services,” and item 23, “Net fiduciary and related services income” -- will be collected annually rather than quarterly.

#### V. A. Subchapter S Bank Dividends Distributed to Cover Shareholders’ Personal Tax Liabilities

The FFIEC has decided that an item for the dividends distributed by Subchapter S banks to their shareholders to cover their personal tax liabilities will not be added to the Call Report.

#### V. B. Reporting of Loan Income and Averages by Small Banks

The FFIEC has decided that banks with less than \$25 million in assets will begin reporting loan income and loan averages by loan category (in Schedules RI and RC-K) using the standard loan category definitions from the loan schedule (Schedule RC-C) beginning as of the March 31, 2002, report date.

#### V. C. Eliminating Confidential Treatment for Certain Past Due and Nonaccrual Data

The FFIEC has decided to implement this revision as proposed, effective as of the March 31, 2001, report date. However, for periods prior to March 31, 2001, data on loans, leases, and other assets past due 30 through 89 days and still accruing (and on restructured loans and leases that are 90 days or more past due and still accruing or that are in nonaccrual status) will not be publicly disclosed.

#### V. D. Shortening the Submission Period for Banks with Foreign Offices

The FFIEC has decided to continue to provide banks with more than one foreign office the additional 15 days they are permitted for filing their Call Reports.

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