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Draft Instructions

for New and Revised Call Report Items

for March 31, 2009

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NOTE: The agencies have proposed that, effective March 31, 2009, the following Call Report items will be completed only by banks with $1 billion or more in total assets:

- Schedule RI, Memorandum item 2, "Income from the sale and servicing of mutual funds and annuities (in domestic offices)."
- Schedule RC-B, Memorandum items 5.a through 5.f, "Asset-backed securities," on the FFIEC 031 report. (Banks with less than $1 billion in total assets are currently exempt from completing these Memorandum items on the FFIEC 041 report.)
- Schedule RC-L, item 2.a, "Amount of financial standby letters of credit conveyed to others."
- Schedule RC-L, item 3.a, "Amount of performance standby letters of credit conveyed to others."

Schedule RI – Income Statement

NOTE: The instructions to item 7.d, "Other noninterest expense," will be revised to remove "Minority interests in the net income or loss of the reporting bank's consolidated subsidiaries" from the list of types of other noninterest expense.

Item No.	Caption and Instructions
12	**Net income (loss) attributable to bank and noncontrolling (minority) interests.** Report the sum of Schedule RI, items 10 and 11. If this amount is a net loss, enclose it in parentheses.
13	**LESS: Net income (loss) attributable to noncontrolling (minority) interests.** Report that portion of consolidated net income reported in Schedule RI, item 12, above, attributable to noncontrolling interests in consolidated subsidiaries of the bank. A noncontrolling interest, also called a minority interest, is the portion of equity in a bank's subsidiary not attributable, directly or indirectly, to the parent bank. If the amount reported in this item is a net loss, enclose it in parentheses.
14	**Net income (loss) attributable to bank.** Report Schedule RI, item 12, less item 13. If this amount is a net loss, enclose it in parentheses.

Schedule RI-A – Changes in Bank Equity Capital

Item No.	Caption and Instructions
1	**Total bank equity capital most recently reported for the December 31, 20xx, reports of Condition and Income.** Report the bank's total equity capital balance as reported in the Reports of Condition and Income for the previous calendar year-end after the effect of all corrections and adjustments to total bank equity capital that were made in any amended report(s) for the previous calendar year-end. For banks opened since January 1 of the current calendar year, report a zero or the word "none" in this item. Report the bank's opening (original) total equity capital in Schedule RI-A, item 5, "Sale, conversion, acquisition, or retirement of capital stock, net."

Schedule RI-A – Changes in Bank Equity Capital (cont.)

Item No.	Caption and Instructions
4	**Net income (loss) attributable to bank.** Report the net income (loss) attributable to the bank for the calendar year-to-date as reported in Schedule RI, item 14, "Net income (loss) attributable to bank."

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12	**Total bank equity capital end of current period.** Report the sum of items 3 through 11. This item must equal Schedule RC, item 27.a, "Total bank equity capital."

Schedule RC – Balance Sheet

Item No.	Caption and Instructions
22	Not applicable.

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EQUITY CAPITAL

26.c	**Other equity capital components.** Report the carrying value of any treasury stock and of any unearned Employee Stock Ownership Plan (ESOP) shares, which under generally accepted accounting principles are reported in a contra-equity account on the balance sheet. Also include any unearned or deferred compensation expense that must be shown as a separate reduction of equity capital pursuant to Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees.* For further information, see the Glossary entry for "treasury stock," AICPA Statement of Position 93-6, *Employers' Accounting for Employee Stock Ownership Plans,* and APB Opinion No. 25.
27.a	**Total bank equity capital.** Report the sum of items 23 through 26.c. This item must equal Report of Income Schedule RI-A, item 12, "Total bank equity capital end of current period."
27.b	**Noncontrolling (minority) interests in consolidated subsidiaries.** Report the portion of the equity capital accounts of all consolidated subsidiaries of the reporting bank held by parties other than the parent bank. A noncontrolling interest, sometimes called a minority interest, is the portion of equity in a bank's subsidiary not attributable, directly or indirectly, to the parent bank.
28	**Total equity capital.** Report the sum of items 27.a and 27.b.
29	**Total liabilities and equity capital.** Report the sum of items 21 and 28. This item must equal Schedule RC, item 12, "Total assets."

Schedule RC – Balance Sheet (cont.)

Memoranda

Item No.	Caption and Instructions
2	**Bank's fiscal year-end date.** *(To be reported only with the March Report of Condition.)* Report the bank's fiscal year-end date (month and day) for financial reporting purposes. For example, a bank whose fiscal year ends on June 30 would report 0630 in this Memorandum item.

Schedule RC-C, Part I – Loans and Leases

Memoranda

Item No.	Caption and Instructions
12	**Loans (not subject to the requirements of AICPA Statement of Position 03-3) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year.** Report in the appropriate subitem and column the specified information on loans and leases held for investment purposes that were acquired in a business combination, as prescribed under FASB Statement No. 141 (Revised), *Business Combinations* (FAS 141(R)), with an acquisition date in the current calendar year. The acquisition date is the date on which the bank obtains control[1] of the acquiree. If the reporting bank was acquired in a transaction during the calendar year pursuant to FAS 141(R) and push down accounting was applied, report the specified information on the bank's loans and leases reported as held for investment after the application of push down accounting. Exclude purchased impaired loans held for investment that are accounted for in accordance with AICPA Statement of Position 03-3 (report information on such loans in Schedule RC-C, Memorandum item 7). (For further information, see the Glossary entry for "purchased impaired loans and debt securities.") ***Column Instructions*** ***Column A, Fair value of acquired loans and leases at acquisition date:*** Report in this column the fair value of acquired loans and leases held for investment at the acquisition date (see the Glossary entry for "fair value"). ***Column B, Gross contractual amounts receivable at acquisition date:*** Report in this column the gross contractual amounts receivable, i.e., the total undiscounted amount of all uncollected contractual principal and contractual interest payments on the receivable, both past due, if any, and scheduled to be paid in the future, on the acquired loans and leases held for investment at the acquisition date. ***Column C, Best estimate at acquisition date of contractual cash flows not expected to be collected:*** Report in this column the bank's best estimate at the acquisition date of the portion of the contractual cash flows receivable on acquired loans and leases held for investment that the bank does not expect to collect.

[1] Control has the meaning of *controlling financial interest* in paragraph 2 of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, as amended.

Schedule RC-C, Part I – Loans and Leases (cont.)

Memoranda

Item No.	Caption and Instructions
12.a	**Loans secured by real estate.** Report in the appropriate column the specified amounts for acquired loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for investment that were acquired in a business combination occurring in the current calendar year.
12.b	**Commercial and industrial loans.** Report in the appropriate column the specified amounts for commercial and industrial loans (as defined for Schedule RC-C, part I, item 4) held for investment that were acquired in a business combination occurring in the current calendar year.
12.c	**Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate column the specified amounts for loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6) held for investment that were acquired in a business combination occurring in the current calendar year.
12.d	**All other loans and all leases.** Report in the appropriate column the specified amounts for all other loans and all leases (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, 9, and 10) held for investment that were acquired in a business combination occurring in the current calendar year.

Schedule RC-R – Regulatory Capital

Item No.	Caption and Instructions
1	**Total bank equity capital.** Report the amount of the bank's total equity capital as reported in Schedule RC, item 27.a.

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6	**Qualifying noncontrolling (minority) interests in consolidated subsidiaries.** Report the portion of noncontrolling interests (also called minority interests) in consolidated subsidiaries included in Schedule RC, item 27.b, that is eligible for inclusion in Tier 1 capital based on the capital guidelines of the bank's primary federal supervisory authority. Generally, banks may include noncontrolling interests in equity capital accounts (both common and noncumulative perpetual preferred stocks) of consolidated subsidiaries unless such accounts would not otherwise qualify for inclusion in Tier 1 capital. For example, a bank may not include noncontrolling interests representing cumulative preferred stock in consolidated subsidiaries since such preferred stock if issued directly by the bank would not be eligible for inclusion in Tier 1 capital. Exclude any noncontrolling interests in consolidated asset-backed commercial paper conduits if the consolidated program assets are excluded from risk-weighted assets.

Schedule RC-T – Fiduciary and Related Services

General Instructions

This schedule should be completed on a fully consolidated basis, i.e., including any trust company subsidiary (or subsidiaries) of the reporting institution. For report dates through December 31, 2008, the information reported in Schedule RC-T, items 12 through 18, 19.a (on the FFIEC 031), and 20 through 23, on fiduciary and related services income and in all of Memorandum item 4 on fiduciary settlements, surcharges, and other losses will not be made available to the public on an individual institution basis. Beginning with the March 31, 2009, report date, all of the information reported in Schedule RC-T for each bank will be publicly available.

NOTE: Comparable changes would be made to the instructions for reporting Fiduciary and Related Services Income and "Fiduciary settlements, surcharges, and other losses" in Schedule RC-T.

Glossary

Accounting Changes:

Corrections of accounting errors – A bank may become aware of an error in a Report of Condition or Report of Income after it has been submitted to the appropriate federal bank regulatory agency through either its own or its regulator's discovery of the error. An error in the recognition, measurement, or presentation of an event or transaction included in a report for a prior period may result from:

- a mathematical mistake;
- a mistake in applying accounting principles; or
- the oversight or misuse of facts that existed when the Reports of Condition and Income for prior periods were prepared.

According to SEC Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108), the effects of prior year errors or misstatements ("carryover effects") should be considered when quantifying misstatements identified in current year financial statements. SAB 108 describes two methods for accumulating and quantifying misstatements. These methods are referred to as the "rollover" and "iron curtain" approaches:

- The rollover approach "quantifies a misstatement based on the amount of the error originating in the current year income statement" only and ignores the "carryover effects" of any related prior year misstatements. The primary weakness of the rollover approach is that it fails to consider the effects of correcting the portion of the current year balance sheet misstatement that originated in prior years.

- The iron curtain approach "quantifies a misstatement based on the effects of correcting the misstatement existing in the balance sheet at the end of the current year, irrespective of the misstatement's year(s) of origination." The primary weakness of the iron curtain approach is that it does not consider the correction of prior year misstatements in the current year financial statements to be errors because the prior year misstatements were considered immaterial in the year(s) of origination. Thus, there could be a material misstatement in the current year income statement because the correction of the accumulated immaterial amounts from prior years is not evaluated as an error.

Because of the weaknesses in these two approaches, SAB 108 states that the impact of correcting all misstatements on current year financial statements should be accomplished by quantifying an error under both the rollover and iron curtain approaches and by evaluating the error measured under each

Glossary (cont.)

Accounting Changes (cont.)

approach. When either approach results in a misstatement that is material, after considering all relevant quantitative and qualitative factors, an adjustment to the financial statements would be required. Guidance on the consideration of all relevant factors when assessing the materiality of misstatements is provided in SEC Staff Accounting Bulletin No. 99, *Materiality* (SAB 99) (codified as Topic 1.M. in the Codification of Staff Accounting Bulletins).

For purposes of the Reports of Condition and Income, all banks should follow the sound accounting practices described in SAB 108 and SAB 99. Accordingly, banks should quantify the impact of correcting misstatements, including both the carryover and reversing effects of prior year misstatements, on their current year reports by applying both the "rollover" and "iron curtain" approaches and evaluating the impact of the error measured under each approach. When the misstatement that exists after recording the adjustment in the current year Reports of Condition and Income is material (considering all relevant quantitative and qualitative factors), the appropriate prior year report(s) should be amended, even though such revision previously was and continues to be immaterial to the prior year report(s). If the misstatement that exists after recording the adjustment in the current year Reports of Condition and Income is not material, then amending the immaterial errors in prior year reports would not be necessary.

When a bank's primary federal bank regulatory agency determines that the bank's Reports of Condition and Income contain a material accounting error, the bank may be directed to file amended condition and/or income report data for each prior period that was significantly affected by the error. Normally, such refilings will not result in restatements of reports for periods exceeding five years. If amended reports are not required, the bank should report the effect of such corrections on retained earnings at the beginning of the year, net of applicable income taxes, in Schedule RI-A, item 2, "Restatements due to corrections of material accounting errors and changes in accounting principles," and in Schedule RI-E, item 4. The effect of such corrections on income and expenses since the beginning of the year in which the error is discovered should be reflected in each affected income and expense account on a year-to-date basis in the next quarterly Report of Income to be filed and not as a direct adjustment to retained earnings.

In addition, a change from an accounting principle that is neither accepted nor sanctioned by bank supervisors to one that is acceptable to supervisors is to be reported as a correction of an error. When such a change is implemented, the cumulative effect that applies to prior periods, calculated in the same manner as described above for other changes in accounting principles, should be reported in Schedule RI-A, item 2, "Restatements due to corrections of material accounting errors and changes in accounting principles," and in Schedule RI-E, item 4. In most cases of this kind undertaken voluntarily by the reporting bank in order to adopt more acceptable accounting practices, such a change will not result in a request for amended reports for prior periods unless substantial distortions in the bank's previously reported results are in evidence.

In the Reports of Condition and Income in which the correction of an error is first reflected, the bank is encouraged to include an explanation of the nature and reason for the correction in Schedule RI-E, item 7, "Other explanations," or in the "Optional Narrative Statement Concerning the Amounts Reported in the Reports of Condition and Income."

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Glossary (cont.)

Loan Secured by Real Estate: For purposes of these reports, a loan secured by real estate is a loan secured wholly or substantially by a lien or liens on real property for which the lien or liens are central to the extension of the credit – that is, the borrower would not have been extended credit in the same amount or on terms as favorable without the lien or liens on real property. To be considered wholly or substantially secured by a lien or liens on real property, the estimated value of the real estate collateral (after deducting any more senior liens) must be greater than 50 percent of the principal amount of the loan at origination. A loan satisfying the criteria above, except a loan to a state or political subdivision in the U.S., is to be reported as a loan secured by real estate in the Reports of Condition and Income, (1) regardless of whether the loan is secured by a first or a junior lien; (2) regardless of the department within the bank or bank subsidiary that made the loan; (3) regardless of how the loan is categorized in the bank's records; (4) and regardless of the purpose of the financing. Only in a transaction where a lien or liens on real property (with an estimated collateral value greater than 50 percent of the loan's principal amount at origination) have been taken as collateral solely through an abundance of caution and where the loan terms as a consequence have not been made more favorable than they would have been in the absence of the lien or liens, would the loan not be considered a loan secured by real estate for purposes of the Reports of Condition and Income. In addition, when a loan is partially secured by a lien or liens on real property, but the estimated value of the real estate collateral (after deducting any more senior liens) is 50 percent or less of the principal amount of the loan at origination, the loan should not be categorized as a loan secured by real estate. Instead, the loan should be reported in one of the other loan categories used in these reports based on the purpose of the loan.