DEPOSITORY INSTITUTION REPORTS

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

SUBJECT: Proposed Revisions to the Consolidated Reports of Condition and Income and Certain Other Regulatory Reports

On September 28, 2018, the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, and the Office of the Comptroller of the Currency (collectively, the agencies), under the auspices of the Federal Financial Institutions Examination Council (FFIEC), published in the Federal Register for public comment proposed changes to the:

- Consolidated Reports of Condition and Income (Call Report) – The proposal would affect all three versions of the Call Report (FFIEC 031, FFIEC 041, and FFIEC 051).
- Foreign Branch Report of Condition (FFIEC 030) and Abbreviated Foreign Branch Report of Condition (FFIEC 030S) – These reports are completed by U.S. depository institutions for each of their foreign branches, if any, with total assets of $50 million or more.
- Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101) – This report is completed only by advanced approaches institutions. In general, an advanced approaches institution has consolidated total assets of $250 billion or more or consolidated total on-balance sheet foreign exposure of $10 billion or more, or is a subsidiary of a depository institution or holding company that is an advanced approaches institution.

As described more fully in the attached Federal Register notice, the proposed changes to these reports result from the revised accounting for credit losses under the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (ASU 2016-13). The proposal also includes reporting changes to the Call Report’s regulatory capital schedule and the FFIEC 101 report in order to align these reports with the agencies’ May 14, 2018, notice of proposed rulemaking, which would revise the regulatory capital rules for the implementation of and capital transition for the current expected credit losses methodology in ASU 2016-13. An institution must apply ASU 2016-13 in its Call Report, FFIEC 030, FFIEC 030S, and FFIEC 101 submissions in accordance with the applicable effective date of the accounting standard, if the institution is required to file such a report. Because ASU 2016-13 sets three different effective dates and includes an option for early adoption, the proposed revisions to these FFIEC reports arising from the changes in credit loss accounting would begin to take effect March 31, 2019, but would not be fully phased in until December 31, 2022.

Other reporting changes that are addressed in the proposal result from two sections of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) that affect the information institutions report for high volatility commercial real estate (HVCRE) exposures and reciprocal deposits. These sections of EGRRCPA were effective upon enactment on May 24, 2018, and therefore affected...
reporting beginning with the second quarter 2018 Call Report and, for HVCRE exposures, the second quarter 2018 FFIEC 101 report. Please refer to the attached Federal Register notice and the June 2018 Call Report Supplemental Instructions for further information regarding the reporting of acquisition, development, or construction (ADC) loans considered HVCRE exposures and reciprocal deposits in the Call Report and the FFIEC 101 report. In addition, the agencies have proposed to amend their regulatory capital rules to revise the definition of HVCRE exposure to conform to the statutory definition of an HVCRE ADC loan in Section 214 of EGRRCPA. The FDIC also has proposed amendments to its regulations to conform to the treatment of reciprocal deposits set forth in Section 202 of EGRRCPA.

Institutions also should note that the Call Report for September 30, 2018, will include two new data items pertaining to reciprocal deposits in Schedule RC-E, Deposit Liabilities. Institutions will begin to report their “Total reciprocal deposits” as of the report date in new Memorandum item 1.g. On a one-time only basis, institutions will report their “Total reciprocal deposits as of June 30, 2018” in Memorandum item 1.h of Schedule RC-E in the third quarter 2018 Call Report.

The agencies encourage you to review the proposal, which has been approved by the 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. Comments must be submitted by November 27, 2018. The FFIEC and the agencies will review and consider the comments as they finalize the revisions to the Call Report and the other regulatory reports.

To help you understand how the revisions included in the current proposal would affect the three versions of the Call Report as well as the FFIEC 101 report, redlined copies of the FFIEC 031, FFIEC 041, and FFIEC 051 Call Report forms and the FFIEC 101 report form showing the changes resulting from this proposal are available on the FFIEC’s website (https://www.ffiec.gov/ffiec_report_forms.htm) on the webpage for each report form. The proposed revisions to the FFIEC 030 and FFIEC 030S reports would affect only the instructions for these reports.

Please share this letter with the individuals responsible for preparing the Call Report and, if applicable, the FFIEC 030, the FFIEC 030S, and the FFIEC 101 reports at your institution. For further information about the proposed Call Report revisions, institutions should contact their assigned Call Report analyst. If you do not know the analyst assigned to your institution, state member institutions should contact their Federal Reserve District Bank; national institutions, FDIC-supervised banks, and savings associations should contact the FDIC’s Data Collection and Analysis Section in Washington, D.C., by telephone at (800) 688-FDIC (3342) or email at FDICInfoReq@fdic.gov. For questions about the proposed revisions to the FFIEC 030, FFIEC 030S, and FFIEC 101 reports, reporting institutions should contact their Reporting Central District Contact (https://www.frbservices.org/contactus/reporting-central.html).

signed by

Judith E. Dupré
Executive Secretary

Attachment: Federal Register Notice

Distribution: FDIC-Supervised Banks and Savings Institutions, National Institutions, State Member Institutions, and Savings Associations