collected only from banks with total assets of less than \$100 million that file

the FFIEC 034 report.

(6) Recoveries of "Special-Category Loans" in Schedule RI-B, Part 1, Memorandum item 1 on the FFIEC 031 and 032, Memorandum item 3 on the FFIEC 033, and Memorandum item 2 on the FFIEC 034. This item has been collected from national banks only.

(7) The yes-no question on "Personnel changes among the three senior officers of the bank during the quarter" in Schedule RC-M, item 6 on the FFIEC 034. This item has been completed only by banks with total assets of less than \$100 million that file the FFIEC 034 report form.

## **NEW ITEMS**

Call Report items in the eight following areas would be added:

(1) Notional Amounts/Par Values At present, all banks report notional amount/par value data for interest rate, foreign exchange rate, and other commodity and equity contracts in items 11 through 13 of Schedule RC-L, "Off-Balance Sheet Items." The existing items will be expanded to separate exchange-traded contracts from overthe-counter contracts and to separate equity derivative contracts from commodity and other contracts. (Spot foreign exchange contracts would also be reported separately.) In addition, for each of the four types of underlying risk exposures (i.e., interest rate, foreign exchange, equity, and commodity, and other), the total notional amount/par value of contracts held for trading and held for purposes other than trading will be reported separately, with the latter further divided between contracts that are marked to market for Call

(2) Gross Fair Values
For banks with foreign offices or with
\$100 million or more in total assets that
file the FFIEC 031, 032, or 033 reporting
forms, Schedule RC-L will also be
expanded to include gross fair value
data for derivatives. (This information
will not be collected from small banks
that file the FFIEC 034 report forms.)
For each of the four types of underlying
risk exposures, the gross positive and
gross negative fair values will be
reported separately for

Report purposes and those that are not.

(i) Contracts held for trading

(ii) Contracts held for purposes other than trading that are marked to market, and

(iii) Contracts held for purposes other than trading that are not marked to market. When reporting gross fair values, no netting of contracts would be permitted.

(3) Income-Related Information

Additional memorandum items to Schedule RI, "Income Statement" will be reported by banks with foreign offices or with \$100 million or more in total assets that file the FFIEC 031, 032, or 033 reporting forms. First, banks will provide a breakdown of trading revenue that has been included in the body of the Schedule RI income statement. For each of the four types of underlying risk exposures, banks will report the combined revenue from trading cash and derivative instruments. Second, for derivatives held for purposes other than trading, banks will report the effect that these contracts had on the bank's income as reported in Schedule RI. There will be separate disclosure of

(i) The net increase (decrease) to

interest income,

(ii) The net increase (decrease) to interest expense, and

(iii) The effect on noninterest income and expense of these off-balance-sheet derivative contracts.

(4) Risk-Based Capital Reporting Changes

For those banks that complete Schedule RC-R in its entirety, the schedule's memorandum section will be revised to provide for the collection of remaining maturity data for long-dated contracts and for four additional types of derivative contracts: gold contracts, other precious metals contracts, other commodity contracts, and equity contracts. The two replacement cost items currently collected for interest rate and foreign exchange rate contracts will be deleted and replaced with a single new item for a bank's current credit exposure across all derivative contracts and counterparties, taking into account legally enforceable, bilateral netting agreements that are recognized for risk-based capital.

(5) Investments in "High-Risk Mortgage Securities" and Structured Notes"

Four memorandum items would be added to Schedule RC-B, "Securities," in which banks will separately report the amortized cost and fair value of any "high-risk mortgage securities" and of any "structured notes" that are held in either the held-to-maturity or available-for-sale portfolios.

(6) Sales of Proprietary Mutual Funds and Annuities

Currently banks are required to report separately the dollar amount of sales during the quarter for money market funds, equity securities funds, debt securities funds, other mutual funds, and annuities in Schedule RC-M, "Memoranda." The five existing mutual fund and annuity items combine sales of proprietary, private label, and third party products. The banking agencies

would add one item to Schedule RC-M in which banks will report separately the total sales during the quarter of proprietary mutual funds and annuities.

(7) Reporting of Reciprocal Demand Balances for Insurance Assessment

**Purposes** 

The banking agencies would add three items to Schedule RC-O, "Other Data for Deposit Insurance Assessments," in order to identify the amount of the these adjustments to a bank's reported demand deposits that are needed for deposit insurance assessment purposes:

(i) Amount by which demand deposits would be reduced if reciprocal demand balances between the reporting bank and savings associations were reported on a net basis rather than a gross basis in Schedule RC-E,

(ii) Amount by which demand deposits would be increased if reciprocal demand balances between the reporting bank and U.S. branches and agencies of foreign banks were reported on a gross basis rather than a net basis in Schedule RC-E, and

(iii) Amount by which demand deposits would be reduced if cash items in process of collection were included in the calculation of net reciprocal demand balances between the reporting bank and U.S. banks and savings associations in Schedule RC-E.

(8) Disclosure of the Acquisition Date When Push Down Accounting Has Been

Applied

Push down accounting is the establishment of a new accounting basis for a bank in its separate financial statements (including its Call Report) as a result of a substantive change in control. The banking agencies would add an item to the Memoranda section of Schedule RI, "Income Statement," to reveal the date when any such transactions have taken place.

INSTRUCTIONAL CHANGES

The Call Report instructions will be updated in certain places to incorporate references to FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan." Statement No. 114 defines impairment and sets forth measurement methods for estimating the portion of the total allowance for loan and lease losses attributable to impaired loans. The banking agencies also propose instructional changes relating to the reporting of mortgagebacked securities in the body of Schedule RC-B, "Securities," so that item 4 of Schedule RC-B will include all mortgage-backed securities. In addition, the Call Report instructions will be clarified in response to questions about the reporting of lines of credit extended to bank insiders, participations in pools