

CALL REPORT
INSTRUCTION BOOK UPDATE
MARCH 2011

FILING INSTRUCTIONS

NOTE: This instruction book update is designed for two-side (duplex) printing. The pages listed in the column below headed "Remove Pages" are no longer needed in the *Instructions for Preparation of Consolidated Reports of Condition and Income* and should be removed and discarded. The pages listed in the column headed "Insert Pages" are included in this instruction book update and should be filed promptly in your instruction book.

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Instructions for Preparation of Consolidated Reports of Condition and Income (FFIEC 031 and 041)

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GENERAL INSTRUCTIONS

Schedules RC and RC-A through RC-T constitute the Report of Condition and its supporting schedules. Schedules RI, RI-A, RI-B, RI-D, and RI-E constitute the Report of Income and its supporting schedules. The Reports of Condition and Income are commonly referred to as the Call Report. For purposes of these General Instructions, the FASB Accounting Standards Codification is referred to as "ASC."

WHO MUST REPORT ON WHAT FORMS

Every national bank, state member bank, and insured state nonmember bank is required to file a consolidated Call Report normally as of the close of business on the last calendar day of each calendar quarter, i.e., the report date. The specific reporting requirements depend upon the size of the bank and whether it has any "foreign" offices. Banks must file the appropriate forms as described below:

- (1) **BANKS WITH FOREIGN OFFICES:** Banks of any size that have any "foreign" offices (as defined below) must file quarterly the *Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices* (FFIEC 031). For purposes of these reports, all of the following constitute "foreign" offices:
 - (a) An International Banking Facility (IBF);
 - (b) A branch or consolidated subsidiary in a foreign country; and
 - (c) A majority-owned Edge or Agreement subsidiary.

In addition, for banks chartered and headquartered in the 50 states of the United States and the District of Columbia, a branch or consolidated subsidiary in Puerto Rico or a U.S. territory or possession is a "foreign" office. However, for purposes of these reports, a branch at a U.S. military facility located in a foreign country is a "domestic" office.

- (2) **BANKS WITHOUT FOREIGN OFFICES:** Banks of *any* size that have only domestic offices must file quarterly the *Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only* (FFIEC 041). For banks chartered and headquartered in Puerto Rico or a U.S. territory or possession, a branch or consolidated subsidiary in one of the 50 states of the United States, the District of Columbia, Puerto Rico, or a U.S. territory or possession is a "domestic" office.

Close of Business

The term "close of business" refers to the time established by the reporting bank as the cut-off time for receipt of work for posting transactions to its general ledger accounts for that day. The time designated as the close of business should be reasonable and applied consistently. The posting of a transaction to the general ledger means that both debit and credit entries are recorded as of the same date. In addition, entries made to general ledger accounts in the period subsequent to the close of business on the report date that are applicable to the period covered by the Call Report (e.g., adjustments of accruals, posting of items held in suspense on the report date to their proper accounts, and other quarter-end adjusting entries) should be reported in the Call Report as if they had actually been posted to the general ledger at or before the cut-off time on the report date.

With respect to deposits received by the reporting bank after the cut-off time for posting them to individual customer accounts for a report date (i.e., so-called "next day deposits" or "late deposits"), but which are nevertheless posted in any manner to the reporting bank's general ledger accounts for that report date (including, but not limited to, through the use of one or more general ledger contra accounts), such deposits must be reported in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, items 1 and 4, and may also be reported in Schedule RC, Balance Sheet, item 13, "Deposits," and Schedule RC-E, Deposit Liabilities. However, the use of memorandum accounts outside the reporting bank's general ledger system for control over "next day" or "late deposits" received on the report date does not in and of itself make such deposits reportable in Schedule RC-O and Schedules RC and RC-E.

Frequency of Reporting

The reports are required to be submitted quarterly by all banks. However, for banks with fiduciary powers, the reporting frequency for Schedule RC-T, Fiduciary and Related Services, depends on their total fiduciary assets and their gross fiduciary and related services income. Banks with total fiduciary assets greater than \$250 million (as of the preceding December 31) or with gross fiduciary and related services income greater than 10 percent of revenue (net interest income plus noninterest income) for the preceding calendar year must complete the applicable items of Schedule RC-T quarterly. All other banks with fiduciary powers must complete the applicable items of Schedule RC-T annually as of the December 31 report date.

In addition, the following items are to be completed annually rather than quarterly:

- (1) Schedule RC, Memorandum item 1, on the level of external auditing work performed for the bank, and Memorandum item 2, on the bank's fiscal year-end date, are to be reported as of the March 31 report date;
- (2) Schedule RC-E, Memorandum item 1.e, "Preferred deposits," is to be reported as of the December 31 report date; and
- (3) Schedule RC-C, Memorandum items 15.a.(1) through 15.c.(2), and Schedule RC-L, items 1.a.(1) and (2), on reverse mortgages are to be reported as of the December 31 report date.

Differences in Detail of Reports

The amount of detail required to be reported varies between the two versions of the report forms, with the report forms for banks with foreign offices (FFIEC 031) having more detail than the report forms for banks with domestic offices only (FFIEC 041). Furthermore, as discussed below under Shifts in Reporting Status, the amount of detail also varies within both report forms, primarily based on the size of the bank. In general, the FFIEC 041 report form requires the least amount of detail from banks with less than \$100 million in total assets.

Differences in the level of detail within both the FFIEC 031 and 041 report forms are as follows:

- (1) Banks that had closed-end loans with negative amortization features secured by 1-4 family residential properties with a carrying amount (before any loan loss allowances) that exceeded the lesser of \$100 million or 5 percent of total loans and leases, net of unearned income, in domestic offices as of the previous December 31 report date must report certain information about these loans in Schedule RC-C, part I, Memorandum items 8.b and 8.c, and Schedule RI, Memorandum item 12.
- (2) Banks that had construction, land development, and other land loans (in domestic offices) that exceeded 100 percent of total risk-based capital as of the previous December 31 report date must report certain information about such loans with interest reserves in Schedule RC-C, part I, Memorandum item 13.
- (3) Banks reporting average trading assets of \$2 million or more for any of the four preceding quarters must complete Schedule RC-D, Trading Assets and Liabilities, items 1 through 15 and Memorandum items 1 through 4. In addition, banks reporting average trading assets of \$1 billion or more for any of the four preceding quarters must complete Memorandum items 5 through 10 of Schedule RC-D.
- (4) Banks reporting average trading assets of \$2 million or more for any quarter of the preceding calendar year must provide a breakdown of their trading revenue by risk exposure in Schedule RI, Memorandum items 8.a through 8.e. In addition, banks with \$100 billion or more in total assets must report the impact on trading revenue of certain changes in creditworthiness in Schedule RI, Memorandum items 8.f and 8.g.

A bank filing its Call Report with the CDR electronically or under the paper-based alternative must maintain in its files a signed and attested record of its completed report each quarter. This record should be either a computer printout showing at least the caption of each item in the Call Report and the reported amount, a computer-generated facsimile of the report form, or a copy of the printed report form. The signed cover page, as discussed under "Signatures" above, should be attached to the printout, computer-generated facsimile, or copy of the form that the bank places in its files.

State banks should refer to their appropriate state bank supervisory authority for information concerning state requirements for submitting copies of the Call Report filed with federal bank supervisory authorities.

Submission Date

The term "submission date" is defined as the date by which a bank's completed Call Report must be received in electronic form by the CDR. Except as indicated below, the CDR must receive the data file for a bank's Call Report, with all corrections made and all explanations provided consistent with the "Guidelines for Resolving Edits" (www.ffiec.gov/find/documents/resolvingedits.pdf), no more than 30 calendar days after the report date. For example, the March 31 report must be received by April 30 and the June 30 report by July 30.

Any bank contracting with a third party to convert its reports to the electronic format for the CDR must ensure that it delivers its hard-copy reports to the third party in sufficient time for (1) the third party to enter the data into the appropriate format; (2) the bank to research and resolve any identified edit exceptions; and (3) the third party to electronically transmit the original submission and any necessary resubmissions to the CDR by the submission deadline. Early submission is strongly encouraged so that the bank has ample time to research and resolve any edit exceptions identified through the submission process. No extensions of time for submitting reports are granted.

Any bank that has more than one foreign office, other than a "shell" branch or an IBF, may take an additional limited period of time to submit its Call Report. The CDR must receive the data file for such a bank's Call Report no more than 35 calendar days after the report date. Eligible banks are urged to use the additional time only if absolutely necessary and to make every effort to report as soon as possible, preferably within the 30-day submission period.

Amended Reports

A bank's primary federal bank supervisory authority may require the filing of an amended Call Report if reports as previously submitted contain significant errors, as determined by the supervisory authority, in how the reporting bank classified or categorized items in the reports, i.e., on what line of the report an item has been reported.

When dealing with the recognition and measurement of events and transactions in the Call Report, amended reports may be required if a bank's primary federal bank supervisory authority determines that the reports as previously submitted contain errors that are material for the reporting bank. Materiality is a qualitative characteristic of accounting information which is defined in Financial Accounting Standards Board (FASB) Concepts Statement No. 2 as "the magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

RETENTION OF REPORTS

In general, a bank should maintain in its files a signed and attested record of its completed Call Report, including any amended reports, and the related workpapers and supporting documentation¹ for five years after the report date, unless any applicable state requirements mandate a longer retention period. This five-year time period is consistent with the time period specified in Section 7(b)(5) of the Federal Deposit Insurance Act, which provides that each insured depository institution shall maintain all records necessary for the FDIC to verify the correctness of its deposit insurance assessments for no more than five years from the date of filing any certified statement, except when there is a dispute between the insured depository institution and the FDIC over the amount of any assessment, in which case the depository institution shall retain the records until the final determination of the issue.

SCOPE OF THE "CONSOLIDATED BANK" REQUIRED TO BE REPORTED IN THE SUBMITTED REPORTS

In their Call Reports submitted to the federal bank supervisory agencies, banks and their subsidiaries shall present their financial condition and results of operations on a consolidated basis in accordance with U.S. generally accepted accounting principles (GAAP). All majority-owned subsidiaries shall be consolidated unless either the subsidiary is not "significant" or control of the subsidiary does not rest with the parent bank (see "Exclusions from the Coverage of the Consolidated Report" below). See the Glossary entry for "subsidiaries" for the definition of "significant subsidiary." Accordingly, the Call Report shall consolidate the operations of:

- (1) The bank's head office;
- (2) All branches of the bank, domestic and foreign;
- (3) Any IBF established by the bank;
- (4) All majority-owned Edge and Agreement subsidiaries, including their IBFs, their foreign and domestic branches, and their significant subsidiaries;
- (5) All majority-owned foreign banks held directly by the reporting bank pursuant to Section 25 of the Federal Reserve Act;
- (6) All other majority-owned subsidiaries that are "significant," including domestic subsidiaries that are commercial banks, savings banks, or savings and loan associations that must file separate Call Reports (or separate reports of a comparable nature) with any state or federal financial institutions supervisory authority;
- (7) All nonsignificant majority-owned subsidiaries that the bank has elected to consolidate on a consistent basis in both the Report of Condition and the Report of Income; and
- (8) All variable interest entities (VIEs) in which the bank, or a consolidated subsidiary of the bank, has a controlling financial interest and, thus, is the primary beneficiary. For further information, refer to the Glossary entry for "variable interest entity."

Each bank shall account for any investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the bank exercises significant influence according to the equity method of accounting. The equity method of accounting is described in the instructions for Schedule RC, item 8. (Refer to the Glossary entry for "subsidiaries" for the definitions of the terms subsidiary, associated company, and corporate joint venture.)

¹ Supporting documentation may include, but is not limited to, overdraft reports, trust department records, and records of other material adjustments to deposits.

Exclusions from the Coverage of the Consolidated Report

Subsidiaries where control does not rest with the parent – If control of a majority-owned subsidiary does not rest with the parent bank because of legal or other reasons (e.g., the subsidiary is in bankruptcy), the subsidiary is not to be consolidated for purposes of the report.¹ Thus, the bank's investment in such a subsidiary is not eliminated in consolidation but will be reflected in the report in the balance sheet item for "Investments in unconsolidated subsidiaries and associated companies" (Schedule RC, item 8) or "Direct and indirect investments in real estate ventures" (Schedule RC, item 9), as appropriate. Other transactions of the bank with such a subsidiary will be reflected in the appropriate items of the report in the same manner as transactions with unrelated outside parties. Additional guidance on this topic is provided in accounting standards, including ASC Subtopic 810-10, Consolidation – Overall (formerly FASB Statement No. 94, "Consolidation of All Majority-Owned Subsidiaries").

Trust accounts – For purposes of the Call Report, the reporting bank's trust department is not to be consolidated into the reporting bank's balance sheet or income statement. However, information concerning the bank's trust activities must be reported in Schedule RC-T, Fiduciary and Related Services. Assets held in or administered by the bank's trust department and the income earned on such assets are excluded from all of the other schedules of the Call Report except when trust funds are deposited by the trust department of the reporting bank in the commercial or some other department of the reporting bank.

When such trust funds are deposited in the bank, they are to be reported as deposit liabilities in Schedule RC-E in the deposit category appropriate to the beneficiary. Interest paid by the bank on such deposits is to be reported as part of the reporting bank's interest expense.

However, there are two exceptions:

- (1) *Uninvested trust funds (cash)* held in the bank's trust department, which are *not* included on the balance sheet of the reporting bank, *must* be reported in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments; and
- (2) The *fees* earned by the trust department for its fiduciary activities and the *operating expenses* of the trust department are to be reported in the bank's income statement (Schedule RI) on a gross basis as if part of the consolidated bank.

Custody accounts – All custody and safekeeping activities (i.e., the holding of securities, jewelry, coin collections, and other valuables in custody or in safekeeping for customers) are *not* to be reflected on any basis in the balance sheet of the Report of Condition unless cash funds held by the bank in safekeeping for customers are commingled with the general assets of the reporting bank. In such cases, the commingled funds would be reported in the Report of Condition as deposit liabilities of the bank.

RULES OF CONSOLIDATION

For purposes of these reports, all offices (i.e., branches, subsidiaries, VIEs, and IBFs) that are within the scope of the consolidated bank as defined above are to be reported on a consolidated basis. Unless the instructions specifically state otherwise, this consolidation shall be on a line-by-line basis, according to the caption shown. As part of the consolidation process, the results of all transactions and all intercompany balances (e.g., outstanding asset/debt relationships) between offices, subsidiaries, and other entities *included* in the scope of the consolidated bank are to be *eliminated* in the consolidation and must be *excluded* from the Call Report. (For example, eliminate in the consolidation (1) loans made by

¹ In contrast, by definition, control of a VIE is deemed to rest with the parent if the parent or its consolidated subsidiary has a controlling financial interest in the VIE and, thus, is the primary beneficiary, in which case the VIE must be consolidated for purposes of the Call Report.

the bank to a consolidated subsidiary and the corresponding liability of the subsidiary to the bank, (2) a consolidated subsidiary's deposits in the bank and the corresponding cash or interest-bearing asset balance of the subsidiary, and (3) the intercompany interest income and expense related to such loans and deposits of the bank and its consolidated subsidiary.)

Exception: For purposes of reporting the total assets of captive insurance and reinsurance subsidiaries in Schedule RC-M, Memoranda, items 14.a and 14.b, only, banks should measure the subsidiaries' total assets before eliminating intercompany transactions between the consolidated subsidiary and other offices or subsidiaries of the consolidated bank. Otherwise, captive insurance and reinsurance subsidiaries should be reported on a consolidated basis as described in the preceding paragraph.

Subsidiaries of subsidiaries – For a subsidiary of a bank which is in turn the parent of one or more subsidiaries:

- (1) Each subsidiary shall consolidate its majority-owned subsidiaries in accordance with the consolidation requirements set forth above.
- (2) Each subsidiary shall account for any investments in unconsolidated subsidiaries, corporate joint ventures over which the bank exercises significant influence, and associated companies according to the equity method of accounting.

Noncontrolling (minority) interests – 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. Report noncontrolling interests in the reporting bank's consolidated subsidiaries in Schedule RC, item 27.b, "Noncontrolling (minority) interests in consolidated subsidiaries," of the Report of Condition. Report the portion of consolidated net income reported in Schedule RI, item 12, that is attributable to noncontrolling interests in consolidated subsidiaries of the bank in Schedule RI, item 13, of the Report of Income.

Intrabank transactions – (For banks with foreign offices.) While all intrabank transactions are to be excluded from the Call Report, one intrabank relationship that is eliminated in consolidation is required to be identified and reported in the Report of Condition. Specifically, Schedule RC-H, Selected Balance Sheet Items for Domestic Offices, requires the reporting of the net amount of "due from" or "due to" balances between the domestic offices and the foreign offices of the consolidated bank.

Deposit insurance and FICO assessments – Each bank must complete Schedule RC-O on an unconsolidated single FDIC certificate number basis. Thus, all deposits of subsidiaries that are consolidated and, therefore, eliminated from reported deposits (Schedule RC, item 13.a or 13.b, as appropriate) must be reported in Schedule RC-O. Similarly, the interest accrued and unpaid on these deposits, which is eliminated in consolidation from reported other liabilities (Schedule RC, item 20), must be reported in Schedule RC-O.

Cutoff dates for consolidation – All *branches* must be consolidated as of the report date. For purposes of consolidation, the date of the financial statements of a *subsidiary* should, to the extent practicable, match the report date of the parent bank, but in no case differ by more than 93 days from the report date.

REPORTING BY TYPE OF OFFICE (For banks with foreign offices)

Some information in the Call Report is to be reported by type of office (e.g., for domestic offices, for foreign offices, or for IBFs) as well as for the consolidated bank. Where information is called for by type of office, the information reported shall be the office component of the consolidated item unless otherwise specified in the line item instructions. That is, as a general rule, the office information shall be reported at the same level of consolidation as the fully consolidated statement, shall reflect only transactions with parties outside the scope of the consolidated bank, and shall exclude all transactions between offices of the consolidated bank as defined above.

PUBLICATION REQUIREMENTS FOR THE REPORT OF CONDITION

There are no federal requirements for a bank to publish the balance sheet of the Report of Condition in a newspaper. However, state-chartered banks should consult with their state banking authorities concerning the applicability of any state publication requirements.

RELEASE OF INDIVIDUAL BANK REPORTS

All schedules of the Call Report submitted by each reporting bank, including the optional narrative statement at the end of the Report of Condition, are available to the public from the federal bank supervisory agencies with the exception of any amounts reported in Schedule RI-E, item 2.g, "FDIC deposit insurance assessments," for report dates beginning June 30, 2009, and in Schedule RC-F, item 6.f, "Prepaid deposit insurance assessments," for report dates beginning December 31, 2009. In addition, information reported in Schedule RC-T, Fiduciary and Related Services, on the components of fiduciary and related services income (but not "Total gross fiduciary and related services income") and on fiduciary settlements, surcharges, and losses (Memorandum item 4), will not be publicly disclosed on an individual bank basis for periods prior to March 31, 2009. Data reported in Schedule RC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, in column A, "Past due 30 through 89 days and still accruing," and in all of Memorandum item 1, "Restructured loans and leases included in Schedule RC-N above," will not be publicly disclosed on an individual bank basis for periods prior to March 31, 2001.

APPLICABILITY OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO REGULATORY REPORTING REQUIREMENTS

For recognition and measurement purposes, the regulatory reporting requirements applicable to the Call Report shall conform to U.S. generally accepted accounting principles. Nevertheless, because the Call Report is a bank-level report, each bank (together with its consolidated subsidiaries) is considered an "accounting entity" for regulatory reporting purposes and normally must prepare its Call Report on a separate entity basis. Furthermore, when reporting events and transactions not covered in principle by Call Report instructions or authoritative GAAP standards, banks are encouraged to discuss the event or transaction with their primary federal bank supervisory agency.

Regardless of whether a bank discusses a reporting issue with its supervisory agency, when a bank's supervisory agency's interpretation of how GAAP should be applied to a specified event or transaction (or series of related events or transactions) differs from the bank's interpretation, the supervisory agency may require the bank to reflect the event(s) or transaction(s) in its Call Report in accordance with the agency's interpretation and to amend previously submitted reports.

The Call Report instructions contain certain specific reporting guidance that falls within the range of acceptable practice under GAAP. These instructions have been adopted to achieve safety and soundness and other public policy objectives and to ensure comparability. Should the need arise in the future, other specific reporting guidance that falls within the range of GAAP may be issued. Current Call Report instructions providing such specific reporting guidance include the nonaccrual rules in the Glossary entry for "Nonaccrual Status," the treatment of impaired collateral dependent loans in the Glossary entry for "Loan Impairment," the Glossary entry for the "Allowance for Loan and Lease Losses" which references the 2006 Interagency Policy Statement on this subject, the separate entity method of accounting for income taxes of bank subsidiaries of holding companies in the Glossary entry for "Income Taxes," the push down accounting rules in the Glossary entry for "Business Combinations," and the treatment of property dividends in the Glossary entry for "Dividends."

Certain provisions of AICPA Statement of Position (SOP) No. 92-3, "Accounting for Foreclosed Assets," have been incorporated into the Glossary entry for "Foreclosed Assets," which banks must follow for Call Report purposes, even though SOP 92-3 was rescinded subsequent to the issuance of ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, "Accounting for the Impairment or

Disposal of Long-Lived Assets"). The application of these provisions of SOP 92-3 represents prevalent practice in the banking industry and is consistent with safe and sound banking practices and the accounting objectives set forth in Section 37(a) of the Federal Deposit Insurance Act.

There may be areas in which a bank wishes more technical detail on the application of accounting standards and procedures to the requirements of these instructions. Such information may often be found in the appropriate entries in the Glossary section of these instructions or, in more detail, in the GAAP standards. Selected sections of the GAAP standards are referenced in the instructions where appropriate. The accounting entries in the Glossary are intended to serve as an aid in specific reporting situations rather than as a comprehensive statement on bank accounting.

ACCRUAL BASIS REPORTING

All banks, regardless of size, shall prepare all schedules of the Call Report on an accrual basis. However, banks may report particular accounts on a cash basis, except for the four listed below, if the results would not materially differ from those obtained using an accrual basis.

All banks *must* report the following on an accrual basis:

- (1) Income from installment loans;
- (2) Amortization of premiums paid on held-to-maturity and available-for-sale securities (see the Glossary entry for "premiums and discounts");
- (3) Income taxes (see the Glossary entry for "income taxes"); and
- (4) Depreciation on premises and fixed assets.

All banks shall establish and maintain an allowance for loan and lease losses at a level that is appropriate to cover estimated credit losses associated with its held-for-investment loan and lease portfolio. Accounting for loan and lease losses is discussed in more detail in the Glossary entries for "allowance for loan and lease losses" and "loan impairment."

No interest or discount shall be accrued on any asset which must be carried in nonaccrual status. Refer to the Glossary entry for "nonaccrual status" for further information.

MISCELLANEOUS GENERAL INSTRUCTIONS

Rounding

For banks with total assets of less than \$10 billion, all dollar amounts must be reported in thousands, with the figures rounded to the nearest thousand. Items less than \$500 will be reported as zero.

For banks with total assets of \$10 billion or more, all dollar amounts may be reported in thousands, but each bank, at its option, may round the figures reported to the nearest million, with zeros reported in the thousands column. For banks exercising this option, amounts less than \$500,000 will be reported as zero.

Rounding may result in details not adding to their stated totals. The only permissible differences between totals and the sums of their components are those attributable to the mechanics of rounding.

On the Report of Condition, Schedule RC, item 12, "Total assets," and Schedule RC, item 29, "Total liabilities and equity capital," which must be equal, must be derived from unrounded numbers and then rounded in order to ensure that these two items are equal as reported.

LINE ITEM INSTRUCTIONS FOR THE CONSOLIDATED REPORT OF INCOME

The line item instructions should be read in conjunction with the Glossary and other sections of these instructions. See the discussion of the Organization of the Instruction Books in the General Instructions. For purposes of these Consolidated Report of Income instructions, the FASB Accounting Standards Codification is referred to as "ASC."

SCHEDULE RI – INCOME STATEMENT

General Instructions

Report in accordance with these instructions all income and expense of the bank for the calendar year-to-date. Include adjustments of accruals and other accounting estimates made shortly after the end of a reporting period which relate to the income and expense of the reporting period.

A bank that began operating during the year-to-date reporting period should report in the appropriate items of Schedule RI all income earned and expenses incurred since commencing operations. The bank should report pre-opening income earned and expenses incurred from inception until the date operations commenced using one of the two methods described in the Glossary entry for "start-up activities."

Business Combinations, Push Down Accounting Transactions, and Reorganizations – If the bank entered into a business combination that became effective during the reporting period and has been accounted for under the acquisition method, report the income and expense of the acquired bank or business only after its acquisition. If the bank was acquired in a transaction that became effective during the reporting period and push down accounting was used to account for the acquisition, Schedule RI should only include amounts from the date of the bank's acquisition through the end of the year-to-date reporting period. If the bank entered into a reorganization that became effective during the year-to-date reporting period and has been accounted for at historical cost in a manner similar to a pooling of interests, report the income and expense of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. For further information on business combinations, push down accounting, and reorganizations, see the Glossary entry for "business combinations."

Assets and liabilities accounted under the fair value option – Under U.S. generally accepted accounting principles (GAAP) (i.e., ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"), ASC Subtopic 815-15, Derivatives and Hedging – Embedded Derivatives (formerly FASB Statement No. 155, "Accounting for Certain Hybrid Financial Instruments"), and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 156, "Accounting for Servicing of Financial Assets")), the bank may elect to report certain assets and liabilities at fair value with changes in fair value recognized in earnings. This election is generally referred to as the fair value option. If the bank has elected to apply the fair value option to interest-bearing financial assets and liabilities, it should report the interest income on these financial assets (except any that are in nonaccrual status) and the interest expense on these financial liabilities for the year-to-date in the appropriate interest income and interest expense items on Schedule RI, not as part of the reported change in fair value of these assets and liabilities for the year-to-date. The bank should measure the interest income or interest expense on a financial asset or liability to which the fair value option has been applied using either the contractual interest rate on the asset or liability or the effective yield method based on the amount at which the asset or liability was first recognized on the balance sheet. Although the use of the contractual interest rate is

an acceptable method under GAAP, when a financial asset or liability has a significant premium or discount upon initial recognition, the measurement of interest income or interest expense under the effective yield method more accurately portrays the economic substance of the transaction. In addition, in some cases, GAAP requires a particular method of interest income recognition when the fair value option is elected. For example, when the fair value option has been applied to a beneficial interest in securitized financial assets within the scope of ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force Issue No. 99-20, “Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets”), interest income should be measured in accordance with this Subtopic. Similarly, when the fair value option has been applied to a purchased impaired loan or debt security accounted for under ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, “Accounting for Certain Loans or Debt Securities Acquired in a Transfer”), interest income on the loan or debt security should be measured in accordance with this Subtopic when accrual of income is appropriate. For further information, see the Glossary entry for “Purchased Impaired Loans and Debt Securities.”

Revaluation adjustments, excluding amounts reported as interest income and interest expense, to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule RC, item 10.b, “Other intangible assets,” and Schedule RC, item 20, “Other liabilities,” respectively, and assets and liabilities reported in Schedule RC, item 5, “Trading assets,” and Schedule RC, item 15, “Trading liabilities,” respectively) resulting from the periodic marking of such assets and liabilities to fair value should be reported as “Other noninterest income” in Schedule RI, item 5.I.

Item Instructions

Item No. Caption and Instructions

1 Interest income:

- 1.a Interest and fee income on loans.** Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all assets reportable as loans in Schedule RC-C, part I, items 1 through 9.

Deduct interest rebated to customers on loans paid before maturity from gross interest earned on loans; do *not* report as an expense.

Include as interest and fee income on loans:

- (1) Interest on all assets reportable as loans extended directly, purchased from others, sold under agreements to repurchase, or pledged as collateral for any purpose.
- (2) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for investment, all of which should be deferred and recognized over the life of the related loan as an adjustment of yield in accordance with ASC Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs (formerly FASB Statement No. 91, “Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases”) as described in the Glossary entry for “loan fees.” See exclusion (3) below.
- (3) Loan commitment fees (net of direct loan origination costs) that must be deferred over the commitment period and recognized over the life of the related loan as an adjustment of yield under ASC Subtopic 310-20 as described in the Glossary entry for “loan fees.”

Item No. Caption and Instructions

- 1.a** (4) Investigation and service charges, fees representing a reimbursement of loan processing (cont.) costs, renewal and past-due charges, prepayment penalties, and fees charged for the execution of mortgages or agreements securing the bank's loans.
- (5) Charges levied against overdrawn accounts based on the length of time the account has been overdrawn, the magnitude of the overdrawn balance, or which are otherwise equivalent to interest. See exclusion (6) below.
- (6) Interest income earned on loans that are reported at fair value under a fair value option.

Exclude from interest and fee income on loans:

- (1) Fees for servicing real estate mortgages or other loans that are not assets of the bank (report in Schedule RI, item 5.f, "Net servicing fees").
- (2) Charges to merchants for the bank's handling of credit card or charge sales when the bank does not carry the related loan accounts on its books (report as "Other noninterest income" in Schedule RI, item 5.l). Banks may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.
- (3) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for sale, all of which should be deferred until the loan is sold (rather than amortized). The net fees or costs and purchase premium or discount are part of the recorded investment in the loan. When the loan is sold, the difference between the sales price and the recorded investment in the loan is the gain or loss on the sale of the loan. See exclusion (4) below.
- (4) Net gains (losses) from the sale of all assets reportable as loans (report in Schedule RI, item 5.i, "Net gains (losses) on sales of loans and leases"). Refer to the Glossary entry for "transfers of financial assets."
- (5) Reimbursements for out-of-pocket expenditures (e.g., for the purchase of fire insurance on real estate securing a loan) made by the bank for the account of its customers. If the bank's expense accounts were charged with the amount of such expenditures, the reimbursements should be credited to the same expense accounts.
- (6) Transaction or per item charges levied against deposit accounts for the processing of checks drawn against insufficient funds that the bank assesses regardless of whether it decides to pay, return, or hold the check, so-called "NSF check charges" (report as "Service charges on deposit accounts (in domestic offices)," in Schedule RI, item 5.b, or, if levied against deposit accounts in foreign offices, as "Other noninterest income" in Schedule RI, item 5.l). See inclusion (5) above.
- (7) Interchange fees earned from credit card transactions (report as "Other noninterest income" in Schedule RI, item 5.l).

FFIEC 041 FFIEC 031**Item No. Item No. Caption and Instructions**

- **1.a.(1)** **Interest and fee income on loans in domestic offices.** Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all loans in domestic offices reportable in Schedule RC-C, part I, items 1 through 9, column B.
- 1.a.(1)** **1.a.(1)(a)** **Interest and fee income on loans secured by real estate:**

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Item No. Item No. Caption and Instructions

- 1.a.(1)(a) 1.a.(1)(a)(1) Interest and fee income on loans secured by 1-4 family residential properties.** Report all interest, fees, and similar charges levied against or associated with all loans secured by 1-4 family residential properties (in domestic offices) reportable in Schedule RC-C, part I, item 1.c, column B.
- 1.a.(1)(b) 1.a.(1)(a)(2) Interest and fee income on all other loans secured by real estate.** Report all interest, fees, and similar charges levied against or associated with all loans secured by real estate (in domestic offices) reportable in Schedule RC-C, part I, items 1.a, 1.b, 1.d, and 1.e, column B. Include interest and fee income on loans secured by 1-4 family residential construction loans, but exclude such income on all other loans secured by 1-4 family residential properties.
- 1.a.(1)(b) Interest and fee income on loans to finance agricultural production and other loans to farmers.** Report all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 3, "Loans to finance agricultural production and other loans to farmers."
- 1.a.(2) 1.a.(1)(c) Interest and fee income on commercial and industrial loans.** Report all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 4, "Commercial and industrial loans."
- 1.a.(3) 1.a.(1)(d) Interest and fee income on loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 6, "Loans to individuals for household, family, and other personal expenditures."
- 1.a.(3)(a) 1.a.(1)(d)(1) Interest and fee income on credit cards.** Report all interest, fees, and similar charges levied against or associated with all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (in domestic offices) reportable in Schedule RC-C, part I, item 6.a, "Credit cards." Include in this item any reversals of uncollectible credit card fees and finance charges and any additions to a contra-asset account for uncollectible credit card fees and finance charges that the bank maintains and reports separately from its allowance for loan and lease losses.
- Exclude annual or other periodic fees paid by holders of credit cards issued by the bank (report in Schedule RI, item 5.I, "Other noninterest income").
- 1.a.(3)(b) 1.a.(1)(d)(2) Interest and fee income on other loans to individuals for household, family, and other personal expenditures.** Report all interest, fees, and similar charges levied against or associated with all other loans to individuals for household, family, and other personal expenditures (in domestic offices) reportable in Schedule RC-C, part I, item 6.b, "Other revolving credit plans," item 6.c, "Automobile loans," and item 6.d, "Other consumer loans."

Item No. Caption and Instructions

1.d.(3) Exclude from interest and dividend income on all other securities:
(cont.)

- (1) Income from equity securities that do not have readily determinable fair values (report as "Other interest income" in Schedule RI, item 1.g).
- (2) The bank's proportionate share of the net income or loss from its investments in the stock of unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the bank exercises significant influence (report income or loss before extraordinary items and other adjustments as "Noninterest income" in the appropriate subitem of Schedule RI, item 5, and report extraordinary items and other adjustments in Schedule RI, item 11).

1.e **Interest income on trading assets.** Report the interest income earned on assets reportable in Schedule RC, item 5, "Trading assets."

Include accretion of discount on assets held for trading that have been issued on a discount basis, such as U.S. Treasury bills and commercial paper.

Exclude gains (losses) and fees from trading assets, which should be reported in Schedule RI, item 5.c, "Trading revenue." Also exclude revaluation adjustments from the periodic marking to market of derivative contracts held for trading purposes, which should be reported as trading revenue in Schedule RI, item 5.c. The effect of the periodic net settlements on these derivative contracts should be included as part of the revaluation adjustments from the periodic marking to market of the contracts.

1.f **Interest income on federal funds sold and securities purchased under agreements to resell.** Report the gross revenue from assets reportable in Schedule RC, item 3, "Federal funds sold and securities purchased under agreements to resell." Include interest income earned on federal funds sold and securities purchased under agreements to resell that are reported at fair value under a fair value option.

Report the expense of federal funds purchased and securities sold under agreements to repurchase in Schedule RI, item 2.b; do not deduct from the gross revenue reported in this item. However, if amounts recognized as payables under repurchase agreements have been offset against amounts recognized as receivables under reverse repurchase agreements and reported as a net amount in Schedule RC, Balance Sheet, in accordance with ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements"), the income and expense from these agreements may be reported on a net basis in Schedule RI, Income Statement.

1.g **Other interest income.** Report interest and dividend income on assets other than those assets properly reported in Schedule RC, items 1 through 5. Include dividend income on "Equity securities that do not have readily determinable fair values" that are reportable in Schedule RC-F, item 4. Also include interest income on interest-only strips receivable (not in the form of a security) that are reportable in Schedule RC-F, item 3. However, exclude interest and dividends on venture capital investments (loans and securities), which should be reported in item 5.e, below.

1.h **Total interest income.** On the FFIEC 041, report the sum of items 1.a.(6) through 1.g. On the FFIEC 031, report the sum of items 1.a.(3) through 1.g.

Item No. Caption and Instructions**2 Interest expense:**

- 2.a Interest on deposits.** Report in the appropriate subitem all interest expense, including amortization of the cost of merchandise or property offered in lieu of interest payments, on deposits reportable in Schedule RC, item 13.a.(2), "Interest-bearing deposits in domestic offices," and, for banks filing the FFIEC 031 report forms, Schedule RC, item 13.b.(2), "Interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs."

Exclude the cost of gifts or premiums (whether in the form of merchandise, credit, or cash) given to depositors at the time of the opening of a new account or an addition to, or renewal of, an existing account (report in Schedule RI, item 7.d, "Other noninterest expense").

Include as interest expense on the appropriate category of deposits finders' fees and brokers' fees that represent an adjustment to the interest rate paid on deposits the reporting bank acquires through brokers. If material, such fees should be capitalized and amortized over the term of the related deposits. However, exclude fees levied by brokers that are, in substance, retainer fees or that otherwise do not represent an adjustment to the interest rate paid on brokered deposits (report in Schedule RI, item 7.d, "Other noninterest expense").

Also include interest expense incurred on deposits that are reported at fair value under a fair value option. Deposits with demand features (e.g., demand and savings deposits in domestic offices) are generally not eligible for the fair value option.

Deduct from the gross interest expense of the appropriate category of time deposits penalties for early withdrawals, or portions of such penalties, that represent the forfeiture of interest accrued or paid to the date of withdrawal. If material, portions of penalties for early withdrawals that exceed the interest accrued or paid to the date of withdrawal should not be treated as a reduction of interest expense but should be included in "Other noninterest income" in Schedule RI, item 5.I.

FFIEC 041 FFIEC 031**Item No. Item No. Caption and Instructions**

- **2.a.(1) Interest on deposits in domestic offices:**
- 2.a.(1) 2.a.(1)(a) Interest on transaction accounts (NOW, ATS accounts, and telephone and preauthorized transfer accounts).** Report interest expense on the three interest-bearing categories of transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts) reportable in Schedule RC-E, (part I,) items 1 through 6, column A, "Total transaction accounts." Exclude all costs incurred by the bank in connection with demand deposits which are noninterest-bearing transaction accounts. See the Glossary entry for "deposits" for the definitions of "NOW accounts," "ATS accounts," and "telephone or preauthorized transfer accounts."
- 2.a.(2) 2.a.(1)(b) Interest on nontransaction accounts.** Report in the appropriate subitem interest expense on all deposits reportable in Schedule RC-E, (part I,) items 1 through 6, column C, "Total nontransaction accounts."

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Item No. Item No. Caption and Instructions

- 2.a.(2)(a) 2.a.(2)(b)(1) Interest on savings deposits.** Report interest expense on all deposits reportable in Schedule RC-E, (part I,) Memorandum item 2.a.(1), "Money market deposit accounts (MMDAs)," and Memorandum item 2.a.(2), "Other savings deposits."
- 2.a.(2)(b) 2.a.(1)(b)(2) Interest on time deposits of \$100,000 or more.** Report interest expense on all deposits reportable in Schedule RC-E, (part I,) Memorandum item 2.c, "Total time deposits of \$100,000 through \$250,000," and Memorandum item 2.d, "Total time deposits of more than \$250,000."
- 2.a.(2)(c) 2.a.(1)(b)(3) Interest on time deposits of less than \$100,000.** Report interest expense on all deposits reportable in Schedule RC-E, (part I,) Memorandum item 2.b, "Total time deposits of less than \$100,000."
- 2.a.(2) Interest on deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs.** Report interest expense on all deposits in foreign offices reportable in Schedule RC, item 13.b.(2), "Interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs."

FFIEC 031 and 041

Item No. Caption and Instructions

- 2.b Expense of federal funds purchased and securities sold under agreements to repurchase.** Report the gross expense of all liabilities reportable in Schedule RC, item 14, "Federal funds purchased and securities sold under agreements to repurchase." Include interest expense incurred on federal funds purchased and securities sold under agreements to repurchase that are reported at fair value under a fair value option.

Report the income of federal funds sold and securities purchased under agreements to resell in Schedule RI, item 1.f; do not deduct from the gross expense reported in this item. However, if amounts recognized as payables under repurchase agreements have been offset against amounts recognized as receivables under reverse repurchase agreements and reported as a net amount in Schedule RC, Balance Sheet, in accordance with ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements"), the income and expense from these agreements may be reported on a net basis in Schedule RI, Income Statement.

- 2.c Interest on trading liabilities and other borrowed money.** Report the interest expense on all liabilities reportable in Schedule RC, item 15, "Trading liabilities," and item 16, "Other borrowed money." Include interest expense incurred on other borrowed money reported at fair value under a fair value option.
- 2.d Interest on subordinated notes and debentures.** Report the interest expense on all liabilities reportable in Schedule RC, item 19, "Subordinated notes and debentures." Include interest expense incurred on subordinated notes and debentures reported at fair value under a fair value option.

Item No. **Caption and Instructions**

2.d
(cont.) Include amortization of expenses incurred in the issuance of subordinated notes and debentures. Capitalize such expenses, if material, and amortize them over the life of the related notes and debentures (unless the notes and debentures are reported at fair value under a fair value option, in which case issuance costs should be expensed as incurred).

Exclude dividends declared or paid on limited-life preferred stock (report dividends declared in Schedule RI-A, item 8).

Item No. Caption and Instructions

- 5.I** (17) Credits resulting from litigation or other claims.
(cont.)
- (18) Portions of penalties for early withdrawals of time deposits that exceed the interest accrued or paid on the deposit to the date of withdrawal, if material. Penalties for early withdrawals, or portions of such penalties, that represent the forfeiture of interest accrued or paid to the date of withdrawal are a reduction of interest expense and should be deducted from the gross interest expense of the appropriate category of time deposits in Schedule RI, item 2.a, "Interest on deposits."
- (19) Interest income from advances to, or obligations of, and the bank's proportionate share of the income or loss before extraordinary items and other adjustments from its investments in:
- unconsolidated subsidiaries,
 - associated companies,
 - corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank exercises significant influence, and
 - noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting") other than those that are principally engaged in investment banking, advisory, brokerage, or securities underwriting activities; venture capital activities; insurance and reinsurance underwriting activities; or insurance and annuity sales activities (the income from which should be reported in Schedule RI, items 5.d.(1), 5.d.(2), 5.d.(3), 5.d.(4), 5.d.(5), and 5.e, respectively). Exclude the bank's proportionate share of material extraordinary items and other adjustments of these entities (report in Schedule RI, item 11, "Extraordinary items and other adjustments, net of income taxes").
- (20) Net gains (losses) on nonhedging derivative instruments held for purposes other than trading. Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.d. For further information, see the Glossary entry for "derivative contracts."
- (21) Gross income generated by securities contributed to charitable contribution Clifford Trusts.
- (22) Income from ground rents and air rights.
- (23) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule RC, item 10.b, "Other intangible assets," and Schedule RC, item 20, "Other liabilities," respectively, and assets and liabilities reported in Schedule RC, item 5, "Trading assets," and Schedule RC, item 15, "Trading liabilities," respectively) resulting from the periodic marking of such assets and liabilities to fair value. Exclude interest income earned and interest expense incurred on financial assets and liabilities reported at fair value under a fair value option, which should be reported in the appropriate interest income or interest expense items on Schedule RI.
- (24) Gains on bargain purchases recognized and measured in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations").
- 5.m** **Total noninterest income.** Report the sum of items 5.a through 5.l.

Item No. Caption and Instructions

- 6.a Realized gains (losses) on held-to-maturity securities.** Report the net gain or loss realized during the calendar year to date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule RC, item 2.a, "Held-to-maturity securities." The realized gain or loss on a security is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and its amortized cost. Also include in this item write-downs of the cost basis of individual held-to-maturity securities for other than temporary impairments. If the amount to be reported in this item is a net loss, enclose it in parentheses.

Exclude from this item realized gains (losses) on available-for-sale securities (report in Schedule RI, item 6.b, below) and on trading securities (report in Schedule RI, item 5.c, "Trading revenue").

- 6.b Realized gains (losses) on available-for-sale securities.** Report the net gain or loss realized during the calendar year to date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule RC, item 2.b, "Available-for-sale securities." The realized gain or loss on a security is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and its amortized cost. Also include in this item write-downs of the cost basis of individual available-for-sale securities for other than temporary impairments. If the amount to be reported in this item is a net loss, enclose it in parentheses.

Exclude from this item:

- (1) The change in net unrealized holding gains (losses) on available-for-sale securities during the calendar year to date (report in Schedule RI-A, item 10, "Other comprehensive income").
- (2) Realized gains (losses) on held-to-maturity securities (report in Schedule RI, item 6.a, above) and on trading securities (report in Schedule RI, item 5.c, "Trading revenue").

7 Noninterest expense:

- 7.a Salaries and employee benefits.** Report salaries and benefits of all officers and employees of the bank and its consolidated subsidiaries including guards and contracted guards, temporary office help, dining room and cafeteria employees, and building department officers and employees (including maintenance personnel). Include as employees individuals who, in form, are employed by an affiliate but who, in substance, do substantially all of their work for the reporting bank. However, banking organizations should not segregate the compensation component of other intercompany cost allocations arising from arrangements other than that described in the preceding sentence for purposes of this item.

Include as salaries and employee benefits:

- (1) Gross salaries, wages, overtime, bonuses, incentive compensation, and extra compensation.
- (2) Social security taxes and state and federal unemployment taxes paid by the bank.
- (3) Contributions to the bank's retirement plan, pension fund, profit-sharing plan, employee stock ownership plan, employee stock purchase plan, and employee savings plan.

Item No. Caption and Instructions7.b
(cont.)Exclude from expenses of premises and fixed assets:

- (1) Salaries and employee benefits (report such expenses for all officers and employees of the bank and its consolidated subsidiaries in Schedule RI, item 7.a, "Salaries and employee benefits").
- (2) Interest on mortgages, liens, or other encumbrances on premises or equipment owned, including the portion of capital lease payments representing interest expense (report in Schedule RI, item 2.c, "Interest on trading liabilities and other borrowed money").
- (3) All expenses associated with other real estate owned (report in Schedule RI, item 7.d, "Other noninterest expense").
- (4) Gross rentals from other real estate owned and fees charged for the use of parking lots properly reported as other real estate owned, as well as safe deposit box rentals and rental fees applicable to operating leases for furniture and equipment rented to others (report in Schedule RI, item 5.l).

7.c.(1)

Goodwill impairment losses. Report any impairment losses recognized during the period on goodwill (as defined for Schedule RC, item 10.a). Exclude goodwill impairment losses associated with discontinued operations (report such losses on a net-of-tax basis in Schedule RI, item 11, "Extraordinary items and other adjustments, net of income taxes").

If the reporting bank is not a subsidiary of a bank holding company or other company, goodwill must be tested for impairment at the reporting unit level as determined by the bank in accordance with ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets"). If the reporting bank is a subsidiary of a bank holding company or other company, all goodwill recognized by the bank in its Consolidated Reports of Condition and Income, which are financial statements prepared in accordance with generally accepted accounting principles, should be accounted for in accordance with ASC Topic 350 and these instructions. In this situation, the bank's goodwill must be tested for impairment at the bank level using the bank's reporting units. For impairment testing purposes, the bank itself may be a reporting unit.

Goodwill is considered impaired when the amount of goodwill exceeds its implied fair value at the reporting unit level. If the carrying amount of reporting unit goodwill exceeds its implied fair value, an impairment loss must be recognized in earnings in an amount equal to that excess and reported in this item. The loss recognized cannot exceed the carrying amount of the reporting unit's goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill shall be its new accounting basis. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is completed.

Goodwill of a reporting unit must be tested for impairment annually and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Examples of such events or circumstances include a significant adverse change in the business climate, unanticipated competition, a loss of key personnel, and an expectation that a reporting unit or a significant

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7.c.(1) portion of a reporting unit will be sold or otherwise disposed of. In addition, goodwill must be tested for impairment after a portion of goodwill has been allocated to a business to be disposed of.
(cont.)

When a reporting unit is to be disposed of in its entirety, goodwill of that reporting unit must be included in the carrying amount of the reporting unit in determining the gain or loss on disposal. When a portion of a reporting unit that constitutes a business is to be disposed of, goodwill associated with that business must be included in the carrying amount of the business in determining the gain or loss on disposal. Otherwise, a bank may not remove goodwill from its balance sheet, for example, by "selling" or "dividending" this asset to its parent holding company or another affiliate.

7.c.(2) **Amortization expense and impairment losses for other intangible assets.** Report the amortization expense of and any impairment losses on "Other intangible assets" (as defined for Schedule RC, item 10.b). Under ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets"), intangible assets that have indefinite useful lives should not be amortized, but must be tested at least annually for impairment. Intangible assets that have finite useful lives must be amortized over their useful lives and must be reviewed for impairment in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, "Accounting for the Impairment of Long-Lived Assets").

Exclude the amortization expense of and any impairment losses on servicing assets, which should be netted against the servicing income reported in Schedule RI, item 5.f, "Net servicing fees," above.

7.d **Other noninterest expense.** Report all operating expenses of the bank for the calendar year-to-date not required to be reported elsewhere in Schedule RI.

Disclose in Schedule RI-E, items 2.a through 2.n, each component of other noninterest expense, and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the other noninterest expense reported in this item. If net gains have been reported in this item for a component of "Other noninterest expense," use the absolute value of such net gains to determine whether the amount of the net gains is greater than \$25,000 and exceeds 3 percent of "Other noninterest expense" and should be reported in Schedule RI-E, item 2. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.)

Preprinted captions have been provided in Schedule RI-E, items 2.a through 2.k, for reporting the following components of other noninterest expense if the component exceeds this disclosure threshold: data processing expenses; advertising and marketing expenses; directors' fees; printing, stationery, and supplies; postage; legal fees and expenses; FDIC

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- 7.d**
(cont.)
- (16) Sales taxes, taxes based on the number of shares of bank stock outstanding, taxes based on the bank's total assets or total deposits, taxes based on the bank's gross revenues or gross receipts, capital stock taxes, and other taxes not included in other categories of expense. Exclude any foreign, state, and local taxes based on a net amount of revenues less expenses (report as applicable income taxes in Schedule RI, items 9).
 - (17) Fees levied by deposit brokers that are, in substance, retainer fees or that otherwise do not represent an adjustment to the interest rate paid on deposits the reporting bank acquires through brokers. However, report as interest expense on the appropriate category of deposits those finders' fees and brokers' fees that do represent an adjustment to the interest rate paid on brokered deposits.
 - (18) Research and development costs and costs incurred in the internal development of computer software.
 - (19) Charges resulting from litigation or other claims.
 - (20) Charitable contributions including donations by Clifford Trusts.
 - (21) Fees for accounting, auditing, and attestation services; retainer fees; and other fees and expenses paid to accountants and auditors who are not bank officers or employees.
 - (22) Fees for consulting and advisory services, retainer fees, and other fees and expenses paid to management consultants, investment advisors, and other professionals (other than attorneys providing legal services and accountants providing accounting, auditing, and attestation services) who are not bank officers or employees.
 - (23) Net losses (gains) on nonhedging derivative instruments held for purposes other than trading. Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.I. For further information, see the Glossary entry for "derivative contracts."
 - (24) Net tellers' shortages (overages), net losses (recoveries) on forged checks, net losses (recoveries) on payment of checks over stop payment orders, and similar recurring operating losses (gains) of this type. Banks should consistently report these losses (gains) either in this item or in Schedule RI, item 5.I.
 - (25) [Reserved.]
 - (26) Losses from robberies, defalcations, and other criminal acts not covered by the bank's blanket bond.
 - (27) Travel and entertainment expenses, including costs incurred by bank officers and employees for attending meetings and conventions.
 - (28) Dues, fees, and other expenses associated with memberships in country clubs, social or private clubs, civic organizations, and similar clubs and organizations.
 - (29) Civil money penalties and fines.

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- 7.d**
(cont.)
- (30) All service charges, commissions, and fees levied by others for the repossession of assets and the collection of the bank's loans or other assets, including charged-off loans or other charged-off assets.
 - (31) Expenses (except salaries) related to handling credit card or charge sales received from merchants when the bank does not carry the related loan accounts on its books. Banks are also permitted to net these expenses against their charges to merchants for the bank's handling of these sales in Schedule RI, item 5.I.
 - (32) Expenses related to the testing and training of officers and employees.
 - (33) The cost of bank newspapers and magazines prepared for distribution to bank officers and employees or to others.
 - (34) Depreciation expense of furniture and equipment rented to others under operating leases.
 - (35) Cost of checks provided to depositors.
 - (36) Amortization expense of purchased computer software and of the costs of computer software to be sold, leased, or otherwise marketed capitalized in accordance with the provisions of ASC Subtopic 985-20, Software – Costs of Software to Be Sold, Leased or Marketed (formerly FASB Statement No. 86, "Accounting for the Cost of Computer Software to Be Sold, Leased, or Otherwise Marketed").
 - (37) Provision for credit losses on off-balance sheet credit exposures.
 - (38) Net losses (gains) from the extinguishment of liabilities (debt), including losses resulting from the payment of prepayment penalties on borrowings such as Federal Home Loan Bank advances. However, if a bank's debt extinguishments normally result in net gains over time, then the bank should consistently report its net gains (losses) in Schedule RI, item 5.I, "Other noninterest income."
 - (39) Automated teller machine (ATM) and interchange expenses from bank card and credit card transactions.

Exclude from other noninterest expense:

- (1) Material expenses incurred in the issuance of subordinated notes and debentures (capitalize such expenses and amortize them over the life of the related notes and debentures and report the expense in Schedule RI, item 2.d, "Interest on subordinated notes and debentures").
- (2) Expenses incurred in the sale of preferred and common stock (deduct such expenses from the sale proceeds and credit the net amount to the appropriate stock account. For perpetual preferred and common stock only, report the net sales proceeds in Schedule RI-A, item 5, "Sale, conversion, acquisition, or retirement of capital stock, net").
- (3) Depreciation and other expenses related to the use of bank-owned automobiles, airplanes, and other vehicles for bank business (report in Schedule RI, item 7.b, "Expenses of premises and fixed assets").

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- 7.d** (cont.) (4) Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in Schedule RI, item 6.a, "Realized gains (losses) on held-to-maturity securities," and item 6.b, "Realized gains (losses) on available-for-sale securities," respectively).
- (5) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option. Banks should report these net decreases (increases) in fair value on trading assets and liabilities in Schedule RI, item 5.c; on servicing assets and liabilities in Schedule RI, item 5.f; and on other financial assets and liabilities in Schedule RI, item 5.l. Interest income earned and interest expense incurred on these financial assets and liabilities should be excluded from the net decreases (increases) in fair value and reported in the appropriate interest income or interest expense items on Schedule RI.

7.e **Total noninterest expense.** Report the sum of items 7.a through 7.d.

8 **Income (loss) before income taxes and extraordinary items and other adjustments.**
Report the bank's pretax operating income. This amount will generally be determined by taking item 3, "Net interest income," minus item 4, "Provision for loan and lease losses," plus item 5.m, "Total noninterest income," plus or minus item 6.a, "Realized gains (losses) on held-to-maturity securities," plus or minus item 6.b, "Realized gains (losses) on available-for-sale securities," minus item 7.e, "Total noninterest expense." If the result is negative, enclose it in parentheses.

9 **Applicable income taxes on item 8.** Report the total estimated federal, state and local, and foreign income tax expense applicable to item 8, "Income (loss) before income taxes and extraordinary items and other adjustments." Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than tax expense, enclose it in parentheses.

Include as applicable income taxes all taxes based on a net amount of taxable revenues less deductible expenses. Exclude from applicable income taxes all taxes based on gross revenues or gross receipts (report such taxes in Schedule RI, item 7.d, "Other noninterest expense").

Include income tax effects of changes in tax laws or rates. Also include the effect of changes in the valuation allowance related to deferred tax assets resulting from a change in estimate of the realizability of deferred tax assets, excluding the effect of any valuation allowance changes related to unrealized holding gains (losses) on available-for-sale securities that are charged or credited directly to the separate component of equity capital for "Accumulated other comprehensive income" (Schedule RC, item 26.b).

Include the tax benefit of an operating loss carryforward or carryback for which the source of the income or loss in the current year is reported in Schedule RI, item 8, "Income (loss) before income taxes and extraordinary items and other adjustments."

Also include the dollar amount of any material adjustments or settlements reached with a taxing authority (whether negotiated or adjudicated) relating to disputed income taxes of prior years.

Exclude the estimated federal, state and local, and foreign income taxes applicable to:

- (1) Schedule RI, item 11, "Extraordinary items and other adjustments, net of income taxes."

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9 (cont.) (2) Schedule RI-A, item 2, "Cumulative effect of changes in accounting principles and corrections of material accounting errors."

(3) Schedule RI-A, item 10, "Other comprehensive income."

Refer to the Glossary entry for "income taxes" for additional information.

10 **Income (loss) before extraordinary items and other adjustments.** Report the difference between item 9, "Applicable income taxes (on item 8)," and item 8, "Income (loss) before income taxes and extraordinary items and other adjustments." If the amount is negative, enclose it in parentheses.

11 **Extraordinary items and other adjustments, net of income taxes.** Report the total of the transactions listed below, if any, net of any applicable income tax effect. If the amount reported in this item is a net loss, enclose it in parentheses. State the dollar amount and provide a description of each transaction included in this item and any applicable income tax effect of the transaction in Schedule RI-E, item 3.

Include as extraordinary items and other adjustments:

- (1) The material effects of any extraordinary items. Extraordinary items are very rare and the criteria which must be satisfied in order for an event or transaction to be reported as an extraordinary item are discussed in the Glossary entry for "extraordinary items."
- (2) Material aggregate gains on troubled debt restructurings of the reporting bank's own debt, as determined in accordance with the provisions of ASC Subtopic 470-60, Debt – Troubled Debt Restructurings by Debtors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings").
- (3) The cumulative effect of all changes in accounting principles except for those required to be reported in Schedule RI-A, item 2, "Restatements due to corrections of material accounting errors and changes in accounting principles." Refer to the Glossary entry for "accounting changes" for further discussion of changes in accounting principles.
- (4) The results of discontinued operations as determined in accordance with the provisions of ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, "Accounting for the Impairment of Long-Lived Assets").

Exclude from extraordinary items and other adjustments:

- (1) Net gains (losses) from the sale or other disposal of:
 - (a) All assets reportable as loans and leases in Schedule RC-C.
 - (b) Premises and fixed assets.
 - (c) Other real estate owned.
 - (d) Personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances).
 - (e) Coins, art, and other similar assets.
 - (f) Branches (i.e., where the reporting bank sells a branch's assets to another depository institution which assumes the deposit liabilities of the branch).

For the first five categories above, banks should report net gains (losses) in the appropriate category of "Noninterest income" in Schedule RI, item 5. For the final category above, banks should consistently report net gains (losses) from branch sales as "Other noninterest income" in Schedule RI, item 5.I, or as "Other noninterest expense" in Schedule RI, item 7.d.

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- 7** **If the reporting bank has restated its balance sheet as a result of applying push down accounting this calendar year, report the date of the bank's acquisition.** If the reporting bank was acquired during the calendar year-to-date reporting period and applied push down accounting to its balance sheet in accordance with the "push down accounting" section of the Glossary entry for "business combinations," report the date (year, month, and day) as of which the acquisition took place. For example, a bank that was acquired as of the close of business June 1, 2011, and applied push down accounting to its balance sheet would report 20110601 in this Memorandum item in the Consolidated Reports of Condition and Income for June 30, September 30, and December 31, 2011.

Push down accounting is the establishment of a new accounting basis for a bank in its separate financial statements (including its Consolidated Reports of Condition and Income) as a result of the bank becoming substantially wholly owned by an investor (which may be a holding company) or a group of investors working collaboratively via a purchase transaction or a series of purchase transactions. When push down accounting is used to account for the acquisition of a bank that becomes substantially wholly owned, yet retains its separate corporate existence, the bank's identifiable assets, liabilities, and any noncontrolling interests (Schedule RC) are restated to their acquisition-date fair values (with limited exceptions specified in ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations") using the definition of fair value in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, "Fair Value Measurements")). In the year the bank applies push down accounting, its income statements (Schedule RI) for periods after the date it became substantially wholly owned should only include amounts from that date through the end of the calendar year-to-date reporting period.

If the reporting bank has not been acquired during this calendar year or if the reporting bank has been acquired during this calendar year but push down accounting was not applied, the bank should report zeros (i.e., 00000000) in the year, month, and day columns of this Memorandum item.

8 **Trading revenue (from cash instruments and derivative instruments).**

Memorandum items 8.a through 8.e are to be completed by banks that reported average trading assets (in Schedule RC-K, item 7) of \$2 million or more for any quarter of the preceding calendar year. Memorandum items 8.f and 8.g are to be completed by banks with \$100 billion or more in total assets.

Report, in Memorandum items 8.a through 8.e, below, a breakdown of trading revenue that has been included in the body of the income statement in Schedule RI, item 5.c. For each of the five types of underlying risk exposure, report the combined revenue (net gains and losses) from trading cash instruments and derivative instruments. For purposes of Memorandum item 8, the reporting bank should determine the underlying risk exposure category in which to report the trading revenue from cash instruments and derivative instruments in the same manner that the bank makes this determination for other financial reporting purposes. The sum of Memorandum items 8.a through 8.e must equal Schedule RI, item 5.c.

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8.a Interest rate exposures. Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting bank manages as interest rate exposures. Interest rate exposures may arise from cash debt instruments (e.g., U.S. Treasury securities) and interest rate contracts. Interest rate contracts are those contracts related to an interest-bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract (e.g., an option on a futures contract to purchase a Treasury bill). Interest rate contracts include interest rate futures, single currency interest rate swaps, basis swaps, forward rate agreements, and interest rate options, including caps, floors, collars, and corridors.

Exclude trading revenue on contracts involving the exchange of foreign currencies (e.g., cross-currency swaps and currency options) that the reporting bank manages as foreign exchange exposures. Report such trading revenue in Memorandum item 8.b.

8.b Foreign exchange exposures. Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting bank manages as foreign exchange exposures. Foreign exchange exposures may arise from cash instruments (e.g., debt securities) denominated in non-U.S. currencies and foreign exchange rate contracts. Foreign exchange rate contracts are those contracts to purchase foreign (non-U.S.) currencies and U.S. dollar exchange in the forward market, i.e., on an organized exchange or in an over-the-counter market. A purchase of U.S. dollar exchange is equivalent to a sale of foreign currency. Foreign exchange rate contracts include cross-currency interest rate swaps where there is an exchange of principal, forward and spot foreign exchange contracts, and currency futures and currency options.

8.c Equity security and index exposures. Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting bank manages as equity security or index exposures. Equity security or index exposures may arise from equity securities and equity security or index (i.e., equity derivative) contracts. Equity derivative contracts are contracts that have a return, or a portion of their return, linked to the price of a particular equity or to an index of equity prices, such as the Standard and Poor's 500.

8.d Commodity and other exposures. Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting bank manages as commodity or other exposures. Commodity or other exposures may arise from commodities and commodity and other derivative contracts not reported as interest rate, foreign exchange, equity, or credit derivative contracts. Commodity and other contracts are contracts that have a return, or a portion of their return, linked to the price or to an index of precious metals, petroleum, lumber, agricultural products, etc. Commodity and other contracts also include any other contracts that are not reportable as interest rate, foreign exchange, equity, or credit derivative contracts.

8.e Credit exposures. Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting bank manages as credit exposures. Credit exposures may arise from cash debt instruments (e.g., debt securities) and credit derivative contracts. In general, credit derivative contracts are arrangements that allow one party (the "beneficiary") to transfer the credit risk of a "reference asset" or "reference entity" to another party (the "guarantor"). Credit derivative contracts include credit default swaps, total return swaps, credit options, and other credit derivatives.

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8.f Impact on trading revenue of changes in the creditworthiness of the bank's derivatives counterparties on the bank's derivative assets (included in Memorandum items 8.a through 8.e above). Report in this item the amount included in the trading revenue reported in Schedule RI, Memorandum items 8.a through 8.e, above that resulted from changes during the calendar year-to-date in the bank's credit valuation adjustments (CVA). A CVA is the adjustment to the fair value of derivatives that accounts for possible nonperformance of the bank's derivatives counterparties. It is an estimate of the fair value of counterparty credit risk.

8.g Impact on trading revenue of changes in the creditworthiness of the bank on the bank's derivative liabilities (included in Memorandum items 8.a through 8.e above). Report in this item the amount included in the trading revenue reported in Schedule RI, Memorandum items 8.a through 8.e, above that resulted from changes during the calendar year-to-date in the bank's debit valuation adjustment (DVA). A DVA is the adjustment to the fair value of derivatives that accounts for possible nonperformance of the bank. It is an estimate of the fair value of the bank's own credit risk to its counterparties.

9 Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account. Report in the appropriate subitem the net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account, regardless of whether the credit derivative is designated as and qualifies as a hedging instrument under generally accepted accounting principles. Credit exposures held outside the trading account include, for example, nontrading assets (such as available-for-sale securities and loans held for investment) and unused lines of credit.

9.a Net gains (losses) on credit derivatives held for trading. Report the net gains (losses) recognized in earnings on credit derivatives held for trading (and reportable as trading assets or trading liabilities, as appropriate, in Schedule RC, item 5 or item 15, respectively) that economically hedge credit exposures held outside the trading account. The net gains (losses) on credit derivatives reported in this item will also have been included as trading revenue in Schedule RI, Memorandum item 8.e, "Credit exposures."

9.b Net gains (losses) on credit derivatives held for purposes other than trading. Report the net gains (losses) recognized in earnings on credit derivatives held for purposes other than trading (and reportable as other assets or other liabilities, as appropriate, in Schedule RC, item 11 or item 20, respectively) that economically hedge credit exposures held outside the trading account. Net gains (losses) on credit derivatives held for purposes other than trading should not be reported as trading revenue in Schedule RI, item 5.c.

10 Credit losses on derivatives.

Memorandum item 10 is applicable to all banks filing the FFIEC 031 report forms and to those banks filing the FFIEC 041 report forms that have \$300 million or more in total assets.

Report the bank's year-to-date credit losses incurred on derivative contracts (as defined for Schedule RC-L, items 7 and 12), net of recoveries (e.g., net charge-offs). The amount reported in this item should include all credit losses recognized in the bank's income statement in any manner, e.g., as a charge against trading revenue.

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- 11** **Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?** Indicate in the boxes marked "YES" and "NO" whether the bank is, for federal income tax purposes, either an "S corporation" or a "qualifying subchapter S subsidiary," as defined in Internal Revenue Code Section 1361, as of the report date. In order to be an S corporation, the bank must have filed a valid election with the Internal Revenue Service and obtained the consent of all of its shareholders. An election for a bank to be a qualifying subchapter S subsidiary must have been made by a bank's parent holding company, which must also have made a valid election to be an S corporation. In addition, the bank (and its parent holding company, if applicable) must meet specific criteria for federal income tax purposes at all times during which the election remains in effect. These specific criteria include, for example, having no more than 100 qualifying shareholders and having only one class of stock outstanding.

NOTE: Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, part I, Memorandum items 8.b and 8.c.

- 12** **Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties.** Report the amount of noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (i.e., interest income accrued and uncollected that has been added to principal) included in interest and fee income on loans secured by real estate in domestic offices (Schedule RI, item 1.a.(1)(a) on the FFIEC 031; item 1.a.(1) on the FFIEC 041).

Negative amortization refers to a method in which a loan is structured so that the borrower's minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan's principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan payments are then recast to a fully amortizing schedule. Negative amortization features may be applied to either adjustable rate mortgages or fixed rate mortgages, the latter commonly referred to as graduated payment mortgages (GPMs).

- 13** **Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option.** Report in the appropriate subitem the total amount of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all assets and liabilities accounted for at fair value under a fair value option. If the amount to be reported is a net loss, enclose it in parentheses. Disclosure of such gains (losses) is also required by ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, "Fair Value Option for Financial Assets and Financial Liabilities," paragraphs 19 and C7(b)) and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 156, "Accounting for Servicing of Financial Assets," paragraph 4(f)(1)(d)).

- 13.a** **Net gains (losses) on assets.** Report the total amount of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all assets, including hybrid financial instruments and servicing assets, accounted for under a fair value option. This amount will reflect the reported interest included in total interest income in Schedule RI, item 1.h, and revaluation adjustments included in noninterest income in Schedule RI, items 5.c, 5.f, and 5.l. Exclude gains and losses for other items measured at fair value, such as items required to be measured at fair value.

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- 13.a.(1) Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk.** For loans reported at fair value under a fair value option, report the estimated portion of the change in fair value included in earnings attributable to changes in instrument-specific credit risk. Include all such loans reported in Schedule RC, items 4.a, 4.b, and 5.
- 13.b Net gains (losses) on liabilities.** Report the total amounts of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all liabilities, including hybrid financial instruments and servicing liabilities, accounted for under a fair value option. This amount will reflect the reported interest included in total interest expense in Schedule RI, item 2.e, and revaluation adjustments included in noninterest income in Schedule RI, items 5.c, 5.f, and 5.l. Exclude gains and losses for other items measured at fair value, such as items required to be measured at fair value.
- 13.b.(1) Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk.** For liabilities reported at fair value under a fair value option, report the estimated portion of the change in fair value included in earnings attributable to changes in instrument-specific credit risk.
- 14 Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities.** When the fair value of an individual held-to-maturity or available-for-sale debt security is less than its amortized cost basis, the security is impaired and the impairment is either temporary or other-than-temporary. To determine whether the impairment is other-than-temporary, a bank must apply the relevant guidance in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," as amended by FASB Staff Position (FSP) FAS 115-1 and FAS 124-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments," and FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments") and ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force (EITF) Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets," as amended by FSP EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20"), as appropriate.
- Report in the appropriate subitem the specified information on other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that have occurred during the calendar year to date.
- 14.a Total other-than-temporary impairment losses.** When an other-than-temporary impairment loss has occurred on an individual debt security, the total amount of the loss is the entire difference between the amortized cost of the debt security and its fair value on the measurement date of the other-than-temporary impairment. Report the total other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings and other comprehensive income during the calendar year to date.

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- 14.b Portion of losses recognized in other comprehensive income (before income taxes).**
When an other-than-temporary impairment loss has occurred on an individual debt security, if the bank does not intend to sell the security and it is not more likely than not that the bank will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, the other-than-temporary impairment loss must be separated into (a) the amount representing the credit loss, which must be recognized in earnings, and (b) the amount related to all other factors, which must be recognized in other comprehensive income. Report the portion of other-than-temporary impairment losses included in Memorandum item 14.a above related to factors other than credit that has been recognized in other comprehensive income (before income taxes) during the calendar year to date.
- Exclude other-than-temporary impairment losses on debt securities that the bank intends to sell and on debt securities that it is more likely than not that the bank will be required to sell before recovery of its amortized cost basis less any current-period credit loss, the entire amount of which must be recognized in earnings.
- 14.c Net impairment losses recognized in earnings.** Report Schedule RI, Memorandum item 14.a, less Memorandum item 14.b, which represents the amount of other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that has been recognized in earnings during the calendar year to date. This amount is included in the realized gains (losses) on held-to-maturity and available-for-sale securities reported in Schedule RI, items 6.a and 6.b.

SCHEDULE RI-A – CHANGES IN BANK EQUITY CAPITAL

General Instructions

This schedule is to be completed quarterly by all banks.

Total bank equity capital includes perpetual preferred stock, common stock, surplus, retained earnings, and accumulated other comprehensive income. All amounts in Schedule RI-A, other than those reported in items 1, 3, and 12, should represent net aggregate changes for the calendar year-to-date. Enclose all net decreases and losses (net reductions in bank equity capital) in parentheses.

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 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."

- 2** **Cumulative effect of changes in accounting principles and corrections of material accounting errors.** Report the sum of the cumulative effect, net of applicable income taxes, of all changes in accounting principles adopted during the calendar year-to-date reporting period that were applied retroactively and for which prior years' financial statements were restated and all corrections resulting from material accounting errors that were made in prior years' Reports of Condition and Income and not corrected by the filing of an amended report for the period in which the error was made.

Include only those corrections that result from:

- (1) Mathematical mistakes.
- (2) Mistakes in applying accounting principles.
- (3) Improper use of information which existed when the prior Reports of Condition and Income were prepared.
- (4) A change from an accounting principle that is neither accepted nor sanctioned by bank supervisors to one that is acceptable to supervisors.

The effect of accounting errors differs from the effect of changes in accounting estimates. Changes in accounting estimates are an inherent part of the accrual accounting process. Report the effect of any changes in accounting estimates in the appropriate line items of Schedule RI, Income Statement.

The cumulative effect of a change in accounting principle is the difference between (1) the balance in the retained earnings account at the beginning of the year in which the change is made and (2) the balance in the retained earnings account that would have been reported

Item No. Caption and Instructions

2 at the beginning of the year had the newly adopted accounting principle been applied in all
(cont.) prior periods.

The cumulative effect, if any, of all other changes in accounting principles adopted during the calendar year-to-date reporting period must be reported in Schedule RI, item 11, "Extraordinary items and other adjustments, net of income taxes."

State the dollar amount of and describe the cumulative effect of each accounting principle change and accounting error correction included in this item in Schedule RI-E, item 4.

Refer to the Glossary entry for "accounting changes" for additional information on how to report the effects of changes in accounting principles, corrections of errors, and changes in estimates.

3 **Balance end of previous calendar year as restated.** Report the sum of items 1 and 2.

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."

5 **Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions).** Report the changes in the bank's total equity capital resulting from:

- (1) Sale of the bank's perpetual preferred stock or common stock. Limited-life preferred stock is not included in equity capital; any proceeds from the sale of limited-life preferred stock during the calendar year-to-date is not to be reported in this schedule.
- (2) Exercise of stock options, including:
 - (a) Any income tax benefits to the bank resulting from the sale of the bank's own stock acquired under a qualified stock option within three years of its purchase by the employee who had been granted the option.
 - (b) Any tax benefits to the bank resulting from the exercise (or granting) of nonqualified stock options (on the bank's stock) based on the difference between the option price and the fair market value of the stock at the date of exercise (or grant).
- (3) Conversion of convertible debt, limited-life preferred stock, or perpetual preferred stock into perpetual preferred or common stock.
- (4) Redemption of perpetual preferred stock or common stock.
- (5) Retirement of perpetual preferred stock or common stock.
- (6) Capital-related transactions involving the bank's Employee Stock Ownership Plan.
- (7) The awarding of share-based employee compensation classified as equity. Under ASC Topic 718, Compensation-Stock Compensation (formerly FASB Statement No. 123(R), "Share-Based Payment"), the compensation cost for such an award must be recognized over the requisite service period with a corresponding credit to equity. This reporting treatment applies regardless of whether the shares awarded to an employee are shares of bank stock or shares of stock in the bank's parent holding company.

Item No. Caption and Instructions

5
(cont.)

Include in this item:

- (1) The net decrease in equity capital that occurs when cash is distributed in lieu of fractional shares in a stock dividend.
- (2) The net increase in equity capital when a stockholder who receives a fractional share from a stock dividend purchases the additional fraction necessary to make a whole share.

Exclude treasury stock transactions from this item (report such transactions in Schedule RI-A, item 6, below).

For banks opened since January 1 of the year-to-date reporting period, report opening (original) equity capital in this item. Pre-opening income earned and expenses incurred from the bank's inception until the date the bank commenced operations should be reported in the Report of Income using one of the two following methods, consistent with the manner in which the bank reports pre-opening income and expenses for other financial reporting purposes:

- (1) Pre-opening income and expenses for the entire period from the bank's inception until the date the bank commenced operations should be reported in the appropriate items of Schedule RI, Income Statement, each quarter during the calendar year in which operations commenced; or
- (2) Pre-opening income and expenses for the period from the bank's inception until the beginning of the calendar year in which the bank commenced operations should be included, along with the bank's opening (original) equity capital, in this item. The net amount of these pre-opening income and expenses should be identified and described in Schedule RI-E, item 7. Pre-opening income earned and expenses incurred during the calendar year in which the bank commenced operations should be reported in the appropriate items of Schedule RI, Income Statement, each quarter during the calendar year in which operations commenced.

6 **Treasury stock transactions, net.** Report the change in the bank's total equity capital during the calendar year to date from the acquisition (without retirement) and resale or other disposal of the bank's own perpetual preferred stock or common stock, i.e., treasury stock transactions (see the Glossary entry for "treasury stock").

7 **Changes incident to business combinations, net.** If the bank purchased another bank or business during the year-to-date reporting period, report the fair value of any perpetual preferred or common shares issued (less the direct cost of issuing the shares). Exclude the fair value of limited-life preferred stock issued in connection with purchase acquisitions. Refer to the Glossary entry for "business combinations" for further information on purchase acquisitions.

If the bank has been acquired in a transaction accounted for using push down accounting, report in this item the initial increase or decrease in equity capital that results from the application of push down accounting, i.e., the difference between the bank's total equity capital as of the end of the previous calendar year and its restated equity capital after the push down adjusting entries have been recorded as of the acquisition date. For further information on push down accounting, refer to the Glossary entry for "business combinations."

Item No. Caption and Instructions

- 7** If the bank entered into a reorganization that became effective during the year-to-date reporting period and has been accounted at historical cost in a manner similar to a pooling of interests, report in this item the historical equity capital balances as of the end of the previous calendar year of the bank or other business that was combined in the reorganization. For further information on reorganizations, refer to the Glossary entry for "business combinations."
- (cont.)
- 8** **LESS: Cash dividends declared on preferred stock.** Report all cash dividends declared on limited-life preferred and perpetual preferred stock during the calendar year-to-date, including dividends not payable until after the report date.
- Do not include dividends declared during the previous calendar year but paid in the current period.
- Refer to the Glossary entry for "dividends" for further information on cash dividends.
- 9** **LESS: Cash dividends declared on common stock.** Report all cash dividends declared on common stock during the calendar year-to-date, including dividends not payable until after the report date.
- Do not include dividends declared during the previous calendar year but paid in the current period.
- For further information on cash dividends, see the Glossary entry for "dividends."
- 10** **Other comprehensive income.** Report the bank's other comprehensive income for the calendar year-to-date. If the amount to be reported represents a reduction in the bank's equity capital, enclose it in parentheses.
- Other comprehensive income includes:
- (1) The change during the calendar year-to-date in net unrealized holding gains (losses) on the bank's available-for-sale securities.
 - (2) The change during the calendar year-to-date in the bank's accumulated net gains (losses) on cash flow hedges.
 - (3) On the FFIEC 031 only, the increase or decrease during the calendar year-to-date in the bank's cumulative foreign currency translation adjustments and qualifying foreign currency transaction gains and losses, net of applicable income taxes, if any. Refer to the Glossary entry for "foreign currency transactions and translation" for further information on accounting for foreign currency translation.
 - (4) The change during the calendar year-to-date in any minimum pension liability adjustment recognized in accordance with ASC Topic 715, Compensation-Retirement Benefits (formerly FASB Statement No. 87, "Employers' Accounting for Pensions")

Part I. (cont.)**Item No. Caption and Instructions**

- 2** **Loans to depository institutions and acceptances of other banks.** Report in columns A and B, as appropriate, loans to depository institutions and acceptances of other banks (as defined for Schedule RC-C, part I, item 2) charged-off and recovered.

NOTE: Items 2.a, 2.b, and 3 are applicable only to banks filing the FFIEC 031 report form.

- 2.a** **To U.S. banks and other U.S. depository institutions.** Report in columns A and B, as appropriate, loans to and acceptances of U.S. banks and other U.S. depository institutions (as defined for Schedule RC-C, part 1, items 2.a.(2), 2.b, and 2.c.(1), column A) charged-off and recovered.
- 2.b** **To foreign banks.** Report in columns A and B, as appropriate, loans to and acceptances of foreign banks (as defined for Schedule RC-C, part I, items 2.a.(1) and 2.c.(2), column A) charged-off and recovered.
- 3** **Loans to finance agricultural production and other loans to farmers.** Report in columns A and B, as appropriate, loans to finance agricultural production and other loans to farmers (as defined for Schedule RC-C, part I, item 3, column A) charged-off and recovered.
- 4** **Commercial and industrial loans.** Report in columns A and B, as appropriate, commercial and industrial loans (as defined for Schedule RC-C, part I, item 4) charged-off and recovered.

NOTE: Items 4.a and 4.b are applicable only to banks filing the FFIEC 031 report form.

- 4.a** **To U.S. addressees (domicile).** Report in columns A and B, as appropriate, commercial and industrial loans to U.S. addressees (as defined for Schedule RC-C, part I, item 4.a, column A) charged-off and recovered.
- 4.b** **To non-U.S. addressees.** Report in columns A and B, as appropriate, commercial and industrial loans to U.S. addressees (as defined for Schedule RC-C, part I, item 4.b, column A) charged-off and recovered.
- 5** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem and column loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6) charged-off and recovered.
- 5.a** **Credit cards.** Report in columns A and B, as appropriate, all extensions of credit under credit cards (as defined for Schedule RC-C, part I, items 6.a) charged-off and recovered.
- 5.b** **Automobile loans.** Report in columns A and B, as appropriate, all loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use (as defined for Schedule RC-C, part I, item 6.c) charged-off and recovered.

Part I. (cont.)**Item No. Caption and Instructions**

- 5.c Other consumer loans (includes single payment, installment, all student loans, and revolving credit plans other than credit cards).** Report in columns A and B, as appropriate, all other extensions of credit to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, items 6.b and 6.d) charged-off and recovered.
- 6 Loans to foreign governments and official institutions.** Report in columns A and B, as appropriate, loans to foreign governments and official institutions (as defined for Schedule RC-C, part I, item 7) charged-off and recovered.
- 7 All other loans.** On the FFIEC 041, report in columns A and B, as appropriate, loans to finance agricultural production and other loans to farmers, obligations (other than securities and leases) of states and political subdivisions in the U.S., and loans to nondepository financial institutions and other loans (as defined for Schedule RC-C, part I, items 3, 8, and 9) charged-off and recovered. On the FFIEC 031, report in columns A and B, as appropriate, obligations (other than securities and leases) of states and political subdivisions in the U.S. and loans to nondepository financial institutions and other loans (as defined for Schedule RC-C, part I, items 8 and 9) charged-off and recovered.
- 8 Lease financing receivables.** Report in columns A and B, as appropriate, all lease financing receivables (as defined for Schedule RC-C, part I, item 10) charged-off and recovered.

NOTE: Items 8.a and 8.b are applicable only to banks filing the FFIEC 031 report form.

- 8.a Leases to individuals for household, family, and other personal expenditures.** Report in columns A and B, as appropriate, all leases to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 10.a, column A) charged-off and recovered.
- 8.b All other leases.** Report in columns A and B, as appropriate, all other leases (as defined for Schedule RC-C, part I, item 10.b, column A) charged-off and recovered.
- 9 Total.** Report in columns A and B the sum of item 1 through 8. The amount reported in column A must equal Schedule RI-B, part II, item 3, "Charge-offs," below. The amount reported in column B must equal Schedule RI-B, part II, item 2, "Recoveries," below.

Part I. (cont.)**Memoranda****FFIEC 041****Item No. Caption and Instructions****3 Loans to finance agricultural production and other loans to farmers.**

Memorandum item 3 is to be completed by:

- banks with \$300 million or more in total assets, and
- banks with less than \$300 million in total assets and with loans to finance agricultural production and other loans to farmers (as reported in Schedule RC-C, part I, item 3, column B) exceeding five percent of total loans, net of unearned income.

Report in columns A and B, as appropriate, loans to finance agricultural production and other loans to farmers (as defined for Schedule RC-C, part I, item 3, column B) charged off and recovered. Such loans will have been included in Schedule RI-B, part I, item 7, above.

NOTE: Memorandum item 4 is to be completed only by those banks that:

- (1) either individually or on a combined basis with their affiliated depository institutions, report outstanding credit card receivables that exceed, in the aggregate, \$500 million as of the report date. Outstanding credit card receivables are the sum of:
 - (a) Schedule RC-C, part I, item 6.a (column B on the FFIEC 041, column A on the FFIEC 031);
 - (b) Schedule RC-S, item 1, column C; and
 - (c) Schedule RC-S, item 6.a, column C.
 (Include comparable data on managed credit card receivables for any affiliated savings association.)

OR

- (2) are credit card specialty banks as defined for purposes of the Uniform Bank Performance Report (UBPR). According to the UBPR Users Guide, credit card specialty banks are currently defined as those banks that exceed 50% for the following two criteria:
 - (a) Credit Cards plus Securitized and Sold Credit Cards divided by Total Loans plus Securitized and Sold Credit Cards.
 - (b) Total Loans plus Securitized and Sold Credit Cards divided by Total Assets plus Securitized and Sold Credit Cards.

FFIEC 031 and 041**Item No. Caption and Instructions****4 Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses).**

Report the amount of fees and finance charges on credit cards (as defined for Schedule RC-C, part I, item 6.a) that the bank reversed against either interest and fee income or a separate contra-asset account during the calendar year-to-date. Report the amount of fees and finance charges that have been reversed on a gross basis, i.e., do not reduce the amount of reversed fees and finance charges by recoveries of these reversed fees and finance charges. Exclude from this item credit card fees and finance charges reported as charge-offs against the allowance for loan and lease losses in Schedule RI-B, part I, item 5.a, column A.

Part II. Changes In Allowance for Loan and Lease Losses

General Instructions

Report the reconciliation of the allowance for loan and lease losses on a calendar year-to-date basis. For those banks required to establish and maintain an allocated transfer risk reserve as specified in Section 905(a) of the International Lending Supervision Act of 1983, the reconciliation should include the activity in the allocated transfer risk reserve during the calendar year-to-date that relates to loans and leases.

Exclude the balances of the allowance for credit losses on off-balance sheet credit exposures reported in Schedule RC-G, item 3, and any capital reserves included in Schedule RC, item 26.a, "Retained earnings," and the effects of any transactions therein.

Refer to the Glossary entry for "allowance for loan and lease losses" for further information.

Business Combinations, Push Down Accounting Transactions, and Reorganizations – If the bank purchased another bank or business during the reporting period, include the recoveries, charge-offs, and provisions of the acquired bank or other business only after its acquisition. Under ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"), the acquired loans and leases must be measured at their acquisition-date fair values. Therefore, the bank may not carry over the allowance for loan and lease losses of the acquired bank or other business as of the acquisition date of the business combination.

Similarly, if the bank was acquired in a transaction that became effective during the reporting period and push down accounting was used to account for the acquisition, include only the recoveries, charge-offs, and provisions from the effective date of the bank's acquisition through the end of the year-to-date reporting period. The bank's loans must be restated to their acquisition-date fair values and the bank may not carry over its allowance for loan and lease losses as of the acquisition date. As a consequence, the amount reported in Schedule RI-B, part II, item 1, for the balance of the allowance for loan and lease losses most recently reported for the end of the previous calendar year must also be reported in item 6, "Adjustments."

If the bank entered into a reorganization that became effective during the year-to-date reporting period and has been accounted for at historical cost in a manner similar to a pooling of interests, report the recoveries, charge-offs, and provisions of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. Report the balance as of the end of the previous calendar year of the allowance for loan and lease losses of the bank or other business that was combined in the reorganization in Schedule RI-B, part II, item 6, "Adjustments."

For further information on business combinations, push down accounting, and reorganizations, see the Glossary entry for "business combinations."

Item Instructions

Item No. Caption and Instructions

- 1** **Balance most recently reported in the December 31, 20xx, Reports of Condition and Income.** Report the balance of the bank's allowance for loan and lease losses as reported in the Reports of Condition and Income for the previous calendar year-end after the effect of all corrections and adjustments to the allowance for loan and lease losses that were made in any amended report(s) for the previous calendar year-end.
- 2** **Recoveries.** Report the amount credited to the allowance for loan and lease losses for recoveries during the calendar year-to-date on amounts previously charged against the

Part II. (cont.)**Memoranda****Item No. Caption and Instructions**

NOTE: Memorandum item 4 is to be completed by all banks.

- 4 **Amount of allowance for post-acquisition losses on purchased impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).** Report in this item the amount of any valuation allowances established after acquisition for decreases in cash flows expected to be collected on purchased impaired loans reported as held for investment in Schedule RC, item 4.b, and accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, “Accounting for Certain Loans or Debt Securities Acquired in a Transfer”). These post-acquisition allowances should be included in the bank’s allowance for loan and lease losses as reported in Schedule RC, item 4.c, and Schedule RI-B, part II, item 7. Under ASC Subtopic 310-30, if, upon evaluation subsequent to acquisition, based on current information and events, it is probable that the bank is unable to collect all cash flows expected at acquisition (plus additional cash flows expected to be collected arising from changes in estimate after acquisition) on a purchased impaired loan held for investment (and not accounted for as a debt security), the loan should be considered impaired for purposes of establishing an allowance pursuant to ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, “Accounting for Contingencies”) or ASC Topic 310, Receivables (formerly FASB Statement No. 114, “Accounting by Creditors for Impairment of a Loan”), as appropriate.

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LINE ITEM INSTRUCTIONS FOR THE CONSOLIDATED REPORT OF CONDITION

The line item instructions should be read in conjunction with the Glossary and other sections of these instructions. See the discussion of the Organization of the Instruction Books in the General Instructions. For purposes of these Consolidated Report of Condition instructions, the FASB Accounting Standards Codification is referred to as "ASC."

SCHEDULE RC – BALANCE SHEET

ASSETS

Item No. Caption and Instructions

- 1** **Cash and balances due from depository institutions.** On the FFIEC 031, the sum of Schedule RC, items 1.a and 1.b, must equal Schedule RC-A, item 5, column A, "Total." On the FFIEC 041, Schedule RC-A is not applicable to banks with less than \$300 million in total assets; for banks with \$300 million or more in total assets, the sum of Schedule RC, items 1.a and 1.b, must equal Schedule RC-A, item 5, "Total."

Treatment of reciprocal balances with depository institutions – Reciprocal balances arise when two depository institutions maintain deposit accounts with each other, i.e., when a reporting bank has both a "due from" and a "due to" balance with another depository institution. Reciprocal balances between the reporting bank and other depository institutions may be reported on a net basis when a right of setoff exists. Net "due from" balances should be reported in items 1.a and 1.b below, as appropriate. Net "due to" balances should be reported as deposit liabilities in Schedule RC, item 13 below. See the Glossary entry for "offsetting" for the conditions that must be met for a right of setoff to exist. See also the Glossary entry for "reciprocal balances."

- 1.a** **Noninterest-bearing balances and currency and coin.** Report the total of all noninterest-bearing balances due from depository institutions, currency and coin, cash items in process of collection, and unposted debits. On the FFIEC 031, the components of this item will also be included in the appropriate items of Schedule RC-A, column A. On the FFIEC 041, for banks with \$300 million or more in total assets, the components of this item will also be included in the appropriate items of Schedule RC-A.

For purposes of these reports, deposit accounts "due from" other depository institutions that are overdrawn are to be reported as borrowings in Schedule RC, item 16, and in Schedule RC-M, item 5.b, except overdrawn "due from" accounts arising in connection with checks or drafts drawn by the reporting bank and drawn on, or payable at or through, another depository institution either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks or drafts drawn in the normal course of business during the period until the amount of the checks or drafts is remitted to the other depository institution (in which case, report the funds received or held in connection with such checks or drafts as deposits in Schedule RC-E until the funds are remitted). For further information, refer to the Glossary entry for "overdraft."

Item No. Caption and Instructions

1.a Cash items in process of collection include:
(cont.)

- (1) Checks or drafts in process of collection that are drawn on another depository institution (or on a Federal Reserve Bank) and that are payable immediately upon presentation in the United States. This includes:
 - (a) Checks or drafts drawn on other institutions that have already been forwarded for collection but for which the reporting bank has not yet been given credit ("cash letters").
 - (b) Checks or drafts on hand that will be presented for payment or forwarded for collection on the following business day.
 - (c) Checks or drafts that have been deposited with the reporting bank's correspondent and for which the reporting bank has already been given credit, but for which the amount credited is not subject to immediate withdrawal ("ledger credit" items).

However, if the reporting bank has been given immediate credit by its correspondent for checks or drafts presented for payment or forwarded for collection and if the funds on deposit are subject to immediate withdrawal, the amount of such checks or drafts is considered part of the reporting bank's balances due from depository institutions.

- (2) Government checks drawn on the Treasurer of the United States or any other government agency that are payable immediately upon presentation and that are in process of collection.
- (3) Such other items in process of collection that are payable immediately upon presentation and that are customarily cleared or collected as cash items by depository institutions in the United States, such as:
 - (a) Redeemed United States savings bonds and food stamps.
 - (b) Amounts associated with automated payment arrangements in connection with payroll deposits, federal recurring payments, and other items that are credited to a depositor's account prior to the payment date to ensure that the funds are available on the payment date.
 - (c) Federal Reserve deferred account balances until credit has been received in accordance with the appropriate time schedules established by the Federal Reserve Banks. At that time, such balances are considered part of the reporting bank's balances due from depository institutions.
 - (d) Checks or drafts drawn on another depository institution that have been deposited in one office of the reporting bank and forwarded for collection to another office of the reporting bank.
 - (e) Brokers' security drafts and commodity or bill-of-lading drafts payable immediately upon presentation in the U.S. (See the Glossary entries for "broker's security draft" and "commodity or bill-of-lading draft" for the definitions of these terms.)

Item No. Caption and Instructions**2 Securities:**

2.a Held-to-maturity securities. Report the amount from Schedule RC-B, item 8, column A, "Total amortized cost."

2.b Available-for-sale securities. Report the amount from Schedule RC-B, item 8, column D, "Total fair value."

3 Federal funds sold and securities purchased under agreements to resell:

3.a Federal funds sold (in domestic offices). Report the outstanding amount of federal funds sold, i.e., immediately available funds lent (in domestic offices) under agreements or contracts that have an original maturity of one business day or roll over under a continuing contract, excluding such funds lent in the form of securities purchased under agreements to resell (which should be reported in Schedule RC, item 3.b) and overnight lending for commercial and industrial purposes (which generally should be reported in Schedule RC, item 4.b). Transactions that are to be reported as federal funds sold may be secured or unsecured or may involve an agreement to resell loans or other instruments that are not securities.

Immediately available funds are funds that the purchasing bank can either use or dispose of on the same business day that the transaction giving rise to the receipt or disposal of the funds is executed. A continuing contract, regardless of the terminology used, is an agreement that remains in effect for more than one business day, but has no specified maturity and does not require advance notice of the lender or the borrower to terminate.

Report federal funds sold on a gross basis; i.e., do not net them against federal funds purchased, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts"). Include the fair value of federal funds sold that are accounted for at fair value under a fair value option.

Also exclude from federal funds sold:

- (1) Sales of so-called "term federal funds" (as defined in the Glossary entry for "federal funds transactions") (report in Schedule RC, item 4.b, "Loans and leases, net of unearned income").
- (2) Securities resale agreements that have an original maturity of one business day or roll over under a continuing contract, if the agreement requires the bank to resell the identical security purchased or a security that meets the definition of substantially the same in the case of a dollar roll (report in Schedule RC, item 3.b, "Securities purchased under agreements to resell").
- (3) Deposit balances due from a Federal Home Loan Bank (report as balances due from depository institutions in Schedule RC, item 1.a or 1.b, as appropriate).
- (4) Lending transactions in foreign offices involving immediately available funds with an original maturity of one business day or under a continuing contract that are not securities resale agreements (report in Schedule RC, item 4.b, "Loans and leases, net of unearned income").

For further information, see the Glossary entry for "federal funds transactions."

Item No. Caption and Instructions**3.b Securities purchased under agreements to resell. Report the outstanding amount of:**

- (1) Securities resale agreements, regardless of maturity, if the agreement requires the bank to resell the identical security purchased or a security that meets the definition of substantially the same in the case of a dollar roll.
- (2) Purchases of participations in pools of securities, regardless of maturity.

Report securities purchased under agreements to resell on a gross basis, i.e., do not net them against securities sold under agreements to repurchase, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, “Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchases”). Include the fair value of securities purchased under agreements to resell that are accounted for at fair value under a fair value option.

Exclude from this item:

- (1) Resale agreements involving assets other than securities (report in Schedule RC, item 3.a, "Federal funds sold," or item 4.b, "Loans and leases, net of unearned income," as appropriate, depending on the maturity and office location of the transaction).
- (2) Due bills representing purchases of securities or other assets by the reporting bank that have not yet been delivered and similar instruments, whether collateralized or uncollateralized (report in Schedule RC, item 4.b). See the Glossary entry for "due bills."
- (3) So-called yield maintenance dollar repurchase agreements (see the Glossary entry for "repurchase/resale agreements").

For further information, see the Glossary entry for "repurchase/resale agreements."

4 Loans and lease financing receivables. Report in the appropriate subitem loans and leases held for sale and loans and leases that the reporting bank has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., held for investment. The sum of Schedule RC, items 4.a and 4.b, must equal Schedule RC-C, part I, item 12, (column A on the FFIEC 031).

4.a Loans and leases held for sale. Report the amount of loans and leases held for sale. Loans and leases held for sale should be reported at the lower of cost or fair value except for those loans held for sale that the bank has elected to account for at fair value under a fair value option, which should be reported in this item at fair value. For loan and leases held for sale that are reported at the lower of cost or fair value, the amount by which cost exceeds fair value, if any, shall be accounted for as a valuation allowance within this item. No allowance for loan and lease losses should be included in Schedule RC, item 4.c, for loans and leases held for sale. All loans and leases reported in this item must also be reported by loan category in Schedule RC-C, part I.

4.b Loans and leases, net of unearned income. Report the amount of loans and leases that the reporting bank has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., loans held for investment. Include loans held for investment that the bank has elected to account for at fair value under a fair value option, which should be reported in this item at fair value. All loans and leases reported in this item must also be reported by loan category in Schedule RC-C, part I.

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- 4.c Less: Allowance for loan and lease losses.** Report the allowance for loan and lease losses as determined in accordance with the instructions in the Glossary entry for "allowance for loan and lease losses." Also include in this item any allocated transfer risk reserve related to loans and leases held for investment that the reporting bank is required to establish and maintain as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Subpart D of Federal Reserve Regulation K, Part 347 of the FDIC's Rules and Regulations, and Part 20 of the Comptroller of the Currency's Regulations), and in any guidelines, letters, or instructions issued by the agencies. This item must equal Report of Income Schedule RI-B, part II, item 7, "Balance end of current period."
- 4.d Loans and leases, net of unearned income and allowance.** Report the amount derived by subtracting Schedule RC, item 4.c, from Schedule RC, item 4.b.
- 5 Trading assets.** Trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale; (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements; or (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes. Assets and other financial instruments held for trading shall be consistently valued at fair value.

Pursuant to ASC Topic 825, Financial Instruments (formerly FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"), all securities within the scope of ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"), that a bank has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of these reports, banks may classify assets (other than securities within the scope of ASC Topic 320 for which a fair value option is elected) as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a bank would generally not classify a loan to which it has applied the fair value option as a trading asset unless the bank holds the loan, which it manages as a trading position, for one of the following purposes: (1) for market making activities, including such activities as accumulating loans for sale or securitization; (2) to benefit from actual or expected price movements; or (3) to lock in arbitrage profits.

Do not include in this item the carrying value of any available-for-sale securities, any loans that are held for sale (and are not classified as trading in accordance with the preceding instruction), and any leases that are held for sale. Available-for-sale securities are reported in Schedule RC, item 2.b, and in Schedule RC-B, columns C and D. Loans (not classified as trading) and leases held for sale should be reported in Schedule RC, item 4.a, "Loans and leases held for sale," and in Schedule RC-C.

Trading assets also include derivatives with a positive fair value resulting from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes as of the report date. Derivative contracts with the same counterparty that have positive fair values and negative fair values and meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts") (e.g.,

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5 those contracts subject to a qualifying master netting agreement) may be reported on a net
(cont.) basis using this item and Schedule RC, item 15, "Trading liabilities," as appropriate. (See the
Glossary entry for "offsetting.")

For those banks that must complete Schedule RC-D, this item must equal Schedule RC-D, item 12, "Total trading assets," and Schedule RC-Q, sum of items 5.a and 5.b, column A.

6 **Premises and fixed assets.** Report the book value, less accumulated depreciation or
amortization, of all premises, equipment, furniture and fixtures purchased directly or acquired
by means of a capital lease. Any method of depreciation or amortization conforming to
accounting principles that are generally acceptable for financial reporting purposes may be
used. However, depreciation for premises and fixed assets may be based on a method used
for federal income tax purposes if the results would not be materially different from
depreciation based on the asset's estimated useful life.

Do not deduct mortgages or other liens on such property (report in Schedule RC, item 16, "Other borrowed money").

Include as premises and fixed assets:

- (1) Premises that are actually owned and occupied (or to be occupied, if under construction) by the bank, its branches, or its consolidated subsidiaries.
- (2) Leasehold improvements, vaults, and fixed machinery and equipment.
- (3) Remodeling costs to existing premises.
- (4) Real estate acquired and intended to be used for future expansion.
- (5) Parking lots that are used by customers or employees of the bank, its branches, and its consolidated subsidiaries.
- (6) Furniture, fixtures, and movable equipment of the bank, its branches, and its consolidated subsidiaries.
- (7) Automobiles, airplanes, and other vehicles owned by the bank and used in the conduct of its business.
- (8) The amount of capital lease property (with the bank as lessee): premises, furniture, fixtures, and equipment. See the discussion of accounting with bank as lessee in the Glossary entry for "lease accounting."
- (9) Stocks and bonds issued by nonmajority-owned corporations whose principal activity is the ownership of land, buildings, equipment, furniture, or fixtures occupied or used (or to be occupied or used) by the bank, its branches, or its consolidated subsidiaries.

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6 Exclude from premises and fixed assets:
(cont.)

- (1) Original paintings, antiques, and similar valuable objects (report in Schedule RC-F, item 6, "All other assets").
- (2) Favorable leasehold rights (report in Schedule RC, item 10.b, "Other intangible assets").

Property formerly but no longer used for banking may be reported either in this item as "Premises and fixed assets" or in Schedule RC-M, item 3, as "Other real estate owned."

7 **Other real estate owned.** Report the total amount of other real estate owned from Schedule RC-M, item 3.h on the FFIEC 031 and item 3.g on the FFIEC 041. For further information on other real estate owned, see the instruction to Schedule RC-M, item 3, and the Glossary entry for "foreclosed assets."

8 **Investments in unconsolidated subsidiaries and associated companies.** Report the amount of the bank's investments in subsidiaries that have not been consolidated; associated companies; corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank exercises significant influence; and noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting"), excluding those that represent direct and indirect investments in real estate ventures (which are to be reported in Schedule RC, item 9). The entities in which these investments have been made are collectively referred to as "investees." Include loans and advances to investees and holdings of their bonds, notes, and debentures.

Investments in investees shall be reported using the equity method of accounting. Under the equity method, the carrying value of the bank's investment in an investee is originally recorded at cost but is adjusted periodically to record as income the bank's proportionate share of the investee's earnings or losses and decreased by the amount of any cash dividends or similar distributions received from the investee. For purposes of these reports, the date through which the carrying value of the bank's investment in an investee has been adjusted should, to the extent practicable, match the report date of the Report of Condition, but in no case differ by more than 93 days from the report date.

Unconsolidated subsidiaries include those majority-owned subsidiaries that do not meet the significance standards for required consolidation that the bank chooses not to consolidate under the optional consolidation provisions. Refer to the General Instructions section of this book for a detailed discussion of consolidation. See also the Glossary entry for "subsidiaries."

9 **Direct and indirect investments in real estate ventures.** Report the amount of the bank's direct and indirect investments in real estate ventures. Exclude real estate acquired in any manner for debts previously contracted, including, but not limited to, real estate acquired through foreclosure or acquired by deed in lieu of foreclosure, and equity holdings that indirectly represent such real estate (report in Schedule RC-M, item 3, "Other real estate owned").

NOTE: 12 USC 29 limits the authority of national banks to hold real estate. State member banks are not authorized to invest in real estate except with the prior approval of the Board of Governors of the Federal Reserve System under Federal Reserve Regulation H (12 CFR Part 208). In certain states, nonmember banks may invest in real estate.

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9 Include as direct and indirect investments in real estate ventures:
(cont.)

- (1) Any real estate originally acquired, directly or indirectly, by the bank or a consolidated subsidiary and held for development, resale, or other investment purposes.
- (2) Real estate acquisition, development, or construction (ADC) arrangements which are accounted for as direct investments in real estate or real estate joint ventures in accordance with ASC Subtopic 310-10, Receivables – Overall (formerly AICPA Practice Bulletin 1, Appendix, Exhibit I, “ADC Arrangements”).
- (3) Real estate originally acquired and held for investment by the bank or a consolidated subsidiary that has been sold under contract and accounted for under the deposit method of accounting in accordance with ASC Subtopic 360-20, Property, Plant, and Equipment – Real Estate Sales (formerly FASB Statement No. 66, “Accounting for Sales of Real Estate”). Under this method, the seller does not record notes receivable, but continues to report the real estate and any related existing debt on its balance sheet. The deposit method is used when a sale has not been consummated and is commonly used when recovery of the carrying value of the property is not reasonably assured. If the full accrual, installment, cost recovery, reduced profit, or percentage-of-completion method of accounting under ASC Subtopic 360-20 is being used to account for the sale, the receivable resulting from the sale of the real estate should be reported as a loan in Schedule RC-C and any gain on the sale should be recognized in accordance with ASC Subtopic 360-20.
- (4) Any other loans secured by real estate and advanced for real estate acquisition, development, or investment purposes if the reporting bank in substance has virtually the same risks and potential rewards as an investor in the borrower's real estate venture.
- (5) Investments in subsidiaries that have not been consolidated; associated companies; corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank exercises significant influence; and noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for “equity method of accounting”) that are primarily engaged in the holding of real estate for development, resale, or other investment purposes. The entities in which these investments have been made are collectively referred to as “investees.” Investments by the bank in these investees may be in the form of common or preferred stock, partnership interests, loans or other advances, bonds, notes, or debentures. Such investments shall be reported using the equity method of accounting. For further information on the equity method, see the instruction to Schedule RC, item 8, above.
- (6) Investments in corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank does not exercise significant influence and investments in limited partnerships and limited liability companies that are so minor that the bank has virtually no influence over the partnership or company, where the entity in which the investment has been made is primarily engaged in the holding of real estate for development, resale, or other investment purposes.

10 Intangible assets:

10.a Goodwill. Report the carrying amount of goodwill. Goodwill represents the excess of the cost of a company over the sum of the fair values of the tangible and identifiable intangible assets acquired less the fair value of liabilities assumed in a business combination accounted for as a purchase. Goodwill should not be amortized, but must be tested for impairment as described in the instructions to Schedule RI, item 7.c.(1), "Goodwill impairment losses."

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14.a
(cont.) Immediately available funds are funds that the purchasing bank can either use or dispose of on the same business day that the transaction giving rise to the receipt or disposal of the funds is executed. A continuing contract, regardless of the terminology used, is an agreement that remains in effect for more than one business day, but has no specified maturity and does not require advance notice of the lender or the borrower to terminate.

Report federal funds purchased on a gross basis; i.e., do not net them against federal funds sold, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, “Offsetting of Amounts Related to Certain Contracts”). Include the fair value of federal funds purchased that are accounted for at fair value under a fair value option.

Also exclude from federal funds purchased:

- (1) Purchases of so-called "term federal funds" (as defined in the Glossary entry for "federal funds transactions") (report in Schedule RC, item 16, "Other borrowed money").
- (2) Security repurchase agreements that have an original maturity of one business day or roll over under a continuing contract, if the agreement requires the bank to repurchase the identical security sold or a security that meets the definition of substantially the same in the case of a dollar roll (report in Schedule RC, item 14.b, "Securities sold under agreements to repurchase").
- (3) Borrowings from a Federal Home Loan Bank in the form of advances (report in Schedule RC, item 16) and securities repurchase agreements (report in Schedule RC, item 14.b).
- (4) Borrowings from a Federal Reserve Bank in the form of securities repurchase agreements (report in Schedule RC, item 14.b) and other borrowings (report in Schedule RC, item 16).
- (5) Borrowing transactions in foreign offices involving immediately available funds with an original maturity of one business day or under a continuing contract that are not securities repurchase agreements (report in Schedule RC, item 16).

For further information, see the Glossary entry for "federal funds transactions."

14.b Securities sold under agreements to repurchase. Report the outstanding amount of:

- (1) Securities repurchase agreements, regardless of maturity, if the agreement requires the bank to repurchase the identical security sold or a security that meets the definition of substantially the same in the case of a dollar roll.
- (2) Sales of participations in pools of securities, regardless of maturity.

Report securities sold under agreements to repurchase on a gross basis, i.e., do not net them against securities purchased under agreements to resell, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, “Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements”). Include the fair value of securities sold under agreements to repurchase that are accounted for at fair value under a fair value option.

Item No. Caption and Instructions14.b
(cont.)Exclude from this item:

- (1) Repurchase agreements involving assets other than securities (report in Schedule RC, item 14.a, "Federal funds purchased," or item 16, "Other borrowed money," as appropriate, depending on the maturity and office location of the transaction).
- (2) Borrowings from a Federal Home Loan Bank other than in the form of securities repurchase agreements (report federal funds purchased in Schedule RC, item 14.a, and advances in Schedule RC, item 16).
- (3) Borrowings from a Federal Reserve Bank other than in the form of securities repurchase agreements (report in Schedule RC, item 16).
- (4) Obligations under due bills that resulted when the bank sold securities or other assets and received payment, but has not yet delivered the assets, and similar obligations, whether collateralized or uncollateralized (report in Schedule RC, item 16). See the Glossary entry for "due bills."
- (5) So-called yield maintenance dollar repurchase agreements (see the Glossary entry for "repurchase/resale agreements").

For further information, see the Glossary entry for "repurchase/resale agreements."

15

Trading liabilities. Report the amount of liabilities from the reporting bank's trading activities. Include liabilities resulting from sales of assets that the reporting bank does not own (see the Glossary entry for "short position") and revaluation losses from the "marking to market" of interest rate, foreign exchange rate, equity, and commodity and other derivative contracts into which the reporting bank has entered for trading, dealer, customer accommodation, and similar purposes. In addition, for purposes of these reports, banks may classify liabilities as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets as trading positions, subject to the controls and applicable regulatory guidance related to trading activities.

For those banks that must complete Schedule RC-D, Trading Assets and Liabilities, the amount reported in this item must equal Schedule RC-D, item 15, and Schedule RC-Q, sum of items 10.a and 10.b, column A.

16

Other borrowed money. Report the amount from Schedule RC-M, item 5.c.

17

Not applicable.

18

Not applicable.

19

Subordinated notes and debentures. Report the amount of subordinated notes and debentures (including mandatory convertible debt). Include the fair value of subordinated notes and debentures that are accounted for at fair value under a fair value option. (See the Glossary entry for "subordinated notes and debentures" for the definition of this term.) Also include the amount of outstanding limited-life preferred stock including any amounts received in excess of its par or stated value. (See the Glossary entry for "preferred stock" for the definition of limited-life preferred stock.)

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26.a Exclude from retained earnings:
(cont.)

- (1) Any portion of the proceeds received from the sale of common stock in excess of its par or stated value (report in Schedule RC, item 25).
- (2) Any portion of the proceeds received from the sale of preferred stock in excess of its par or stated value (report in Schedule RC, item 19 or 23, as appropriate).
- (3) "Reserves" that reduce the related asset balances such as valuation allowances (e.g., the allowance for loan and lease losses), reserves for depreciation, and reserves for bond premiums.

26.b **Accumulated other comprehensive income.** Report the accumulated balance of other comprehensive income in accordance with ASC Subtopic 220-10, Comprehensive Income – Overall (formerly FASB Statement No. 130, "Reporting Comprehensive Income"). "Other comprehensive income" refers to revenues, expenses, gains, and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income. Include in this item:

- (1) Net unrealized holding gains (losses) on available-for-sale securities. Report the difference between the amortized cost and the fair value of the reporting bank's available-for-sale securities, net of tax effects, as of the report date.¹ For most banks, all "securities," as that term is defined in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"), that are designated as "available-for-sale" will be reported as "Available-for-sale securities" in Schedule RC, item 2.b, and in Schedule RC-B, columns C and D. However, a bank may have certain assets that fall within the definition of "securities" in ASC Topic 320 (e.g., nonrated industrial development obligations) that the bank has designated as "available-for-sale" which are reported for purposes of the Report of Condition in a balance sheet category other than "Securities" (e.g., "Loans and lease financing receivables"). These "available-for-sale" assets must be carried on the Report of Condition balance sheet at fair value rather than amortized cost and the difference between these two amounts, net of tax effects, also must be included in this item.

Also include the unamortized amount of the unrealized holding gain or loss at the date of transfer of any debt security transferred into the held-to-maturity category from the available-for-sale category. When a debt security is transferred from available-for-sale to held-to-maturity, the unrealized holding gain or loss at the date of transfer continues to be reported in this equity capital account, but must be amortized over the remaining life of the security as an adjustment of yield in a manner consistent with the amortization of any premium or discount.

¹ For example, if the fair value of the reporting bank's available-for-sale securities exceeds the amortized cost of its available-for-sale securities by \$100,000 (and the bank has had no other transactions affecting the "net unrealized holding gains (losses)" account), the amount to be included in Schedule RC, item 26.b, must be reduced by the estimated amount of taxes using the bank's applicable tax rate (federal, state and local). (See the Glossary entry for "income taxes" for a discussion of "applicable tax rate.") If the bank's applicable tax rate (federal, state and local) is 40% and the tax basis of its available-for-sale securities approximates their amortized cost, the bank would include "net unrealized holding gains" of \$60,000 [$\$100,000 - (40\% \times \$100,000)$] in Schedule RC, item 26.b. The bank would also have a deferred tax liability of \$40,000 which would enter into the determination of the amount of net deferred tax assets or liabilities to report in Schedule RC-F, item 2, or Schedule RC-G, item 2.

Item No. Caption and Instructions

- 26.b** (2) Accumulated net gains (losses) on cash flow hedges.¹ Report the effective portion² of the
(cont.) accumulated change in fair value (gain or loss) on derivatives designated and qualifying
 as cash flow hedges in accordance with ASC Topic 815, Derivatives and Hedging
 (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging
 Activities," as amended).

Under ASC Topic 815, a bank that elects to apply hedge accounting must exclude from net income the effective portion of the change in fair value of a derivative designated as a cash flow hedge and record it on the balance sheet in a separate component of equity capital (referred to as "accumulated other comprehensive income" in the accounting standard). The ineffective portion of the cash flow hedge must be reported in earnings. The equity capital component (i.e., the accumulated other comprehensive income) associated with a hedged transaction should be adjusted each reporting period to a balance that reflects the lesser (in absolute amounts) of:

- (a) The cumulative gain or loss on the derivative from inception of the hedge, less
 - (i) amounts excluded consistent with the bank's defined risk management strategy and
 - (ii) the derivative's gains or losses previously reclassified from accumulated other comprehensive income into earnings to offset the hedged transaction, or
- (b) The portion of the cumulative gain or loss on the derivative necessary to offset the cumulative change in expected future cash flows on the hedged transaction from inception of the hedge less the derivative's gains or losses previously reclassified from accumulated other comprehensive income into earnings

Accordingly, the amount reported in this item should reflect the sum of the adjusted balance (as described above) of the cumulative gain or loss for each derivative designated and qualifying as a cash flow hedge. These amounts will be reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (for example, when a hedged variable-rate interest receipt on a loan is accrued or when a forecasted sale occurs).

- (3) Cumulative foreign currency translation adjustments. Report the sum of the bank's foreign currency translation adjustments accumulated in accordance with ASC Topic 830, Foreign Currency Matters (formerly FASB Statement No. 52, "Foreign Currency Translation"). See the Glossary entry for "foreign currency transactions and translation" for further information.

¹ Generally, the objective of a cash flow hedge is to link a derivative to an existing recognized asset or liability or a forecasted transaction with exposure to variability in expected future cash flows, e.g., the future interest payments (receipts) on a variable-rate liability (asset) or a forecasted purchase (sale). The changes in cash flows of the derivative are expected to offset changes in cash flows of the hedged item or transaction. To achieve the matching of cash flows, ASC Topic 815 requires that changes in the fair value of properly designated and qualifying derivatives initially be reported in a separate component of equity (accumulated other comprehensive income) and reclassified into earnings in the same future period that the hedged transaction affects earnings.

² The effective portion of a cash flow hedge can be described as the change in fair value of the derivative that offsets the change in expected future cash flows being hedged. Refer to ASC Topic 815, for further information.

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- 26.b** (cont.) (4) Minimum pension liability adjustment. Report any minimum pension liability adjustment recognized in accordance with ASC Topic 715, Compensation-Retirement Benefits (formerly FASB Statement No.87, "Employers' Accounting for Pensions"). Under ASC Topic 715, an employer must report in a separate component of equity capital, net of any applicable tax benefits, the excess of additional pension liability over unrecognized prior service cost.
- 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. For further information, see the Glossary entry for "treasury stock" and ASC Subtopic 718-40, Compensation-Stock Compensation – Employee Stock Ownership Plans (formerly AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans").
- 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."

Memorandum

Item No. Caption and Instructions

1 **Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during the preceding calendar year.** *(To be reported only with the March Report of Condition.)* Report the number of the statement listed on the report form that, in the bank's judgment, best describes the most comprehensive level of auditing work performed by any independent external auditors during the preceding calendar year.

The term "any date during the preceding calendar year" refers to the date of the balance sheet and income statement reported on by the auditor (or the date as of which certain agreed-upon procedures were applied to selected records and transactions by the auditor) regardless of the actual date of the commencement of the auditing work (audit, internal control attestation, directors' examination, review, compilation, or specific procedures) and regardless of the date of the report submitted by the auditor.

Exclude from "auditing work performed" any tax or consulting work regardless of whether it was performed by an independent certified public accounting firm or others.

The list of possible external auditing work is structured with the "most comprehensive level," an audit of the bank, as number 1 and the other levels of auditing work in descending order so that "no external audit work" is number 9.

Banks may be assisted in determining the level of auditing work performed by reviewing the type of report received from the auditor:

(a) If the bank or parent holding company has external auditing work performed by a certified public accounting firm and the report of the auditor:

Begins	"We have examined . . ." <u>or</u>
	"We have audited . . ."
and	

The final paragraph begins	"In our opinion, the financial statements referred to above . . ." <u>or</u>
----------------------------	--

In our opinion, the balance sheet referred to above . . ."

the bank would respond to this item with a "1" if the first sentence of the first paragraph of the report describes the financial statements or the balance sheet of the bank or with a "2" if the first sentence of the first paragraph of the report describes the financial statements or the balance sheet of the parent holding company.

SCHEDULE RC-B – SECURITIES

General Instructions

This schedule has four columns for information on securities: two columns for held-to-maturity securities and two columns for available-for-sale securities.¹ Report the amortized cost and fair value of held-to-maturity securities in columns A and B, respectively. Report the amortized cost and fair value of available-for-sale debt securities in columns C and D, respectively. Information on equity securities with readily determinable fair values is reported in the columns for available-for-sale securities only (columns C and D). For these equity securities, historical cost (not amortized cost) is reported in column C and fair value is reported in column D.

Exclude from this schedule all securities held for trading and securities the bank has elected to report at fair value under a fair value option even if bank management did not acquire the securities principally for the purpose of selling them in the near term. Securities held for trading and securities reported under a fair value option are to be reported in Schedule RC, item 5, "Trading assets," and, for certain banks, in Schedule RC-D – Trading Assets and Liabilities. Trading assets and securities reported under a fair value option are also reported in Schedule RC-Q – Financial Assets and Liabilities Measured at Fair Value.

In general, amortized cost is the purchase price of a debt security adjusted for amortization of premium or accretion of discount if the debt security was purchased at other than par or face value. (See the Glossary entry for "premiums and discounts.") As defined in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, "Fair Value Measurements"), fair value is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." For further information, see the Glossary entry for "fair value."

The preferred method for reporting purchases and sales of securities is as of trade date. However, settlement date accounting is acceptable if the reported amounts would not be materially different. (See the Glossary entry for "trade date and settlement date accounting.")

For purposes of this schedule, the following events and transactions involving securities should be reported in the manner indicated below:

- (1) Purchases of securities under agreements to resell and sales of securities under agreements to repurchase – These transactions are not to be treated as purchases or sales of securities but as lending or borrowing (i.e., financing) transactions collateralized by these securities if the agreements meet the criteria for a borrowing set forth in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended). For further information, see the Glossary entries for "transfers of financial assets" and "repurchase/resale agreements."

¹ Available-for-sale securities are generally reported in Schedule RC-B, columns C and D. However, a bank may have certain assets that fall within the definition of "securities" in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"), (e.g., certain industrial development obligations) that the bank has designated as "available-for-sale" which are reported for purposes of the Report of Condition in a balance sheet category other than "Securities" (e.g., "Loans and lease financing receivables").

General Instructions (cont.)

- (2) Purchases and sales of participations in pools of securities – Similarly, these transactions are not to be treated as purchases or sales of the securities in the pool but as lending or borrowing (i.e., financing) transactions collateralized by the pooled securities if the participation agreements meet the criteria for a borrowing set forth in ASC Topic 860. For further information, see the Glossary entries for "transfers of financial assets" and "repurchase/resale agreements."
- (3) Pledged securities – Pledged securities that have not been transferred to the secured party should continue to be included in the pledging bank's holdings of securities that are reported in Schedule RC-B. If the bank has transferred pledged securities to the secured party, the bank should account for the pledged securities in accordance with ASC Topic 860.
- (4) Securities borrowed and lent – Securities borrowed and lent shall be reported on the balance sheet of either the borrowing or lending bank in accordance with ASC Topic 860. For further information, see the Glossary entries for "transfers of financial assets" and "securities borrowing/lending transactions."
- (5) Short sales of securities – Such transactions are to be reported as described in the Glossary entry for "short position."
- (6) Futures, forward, and option contracts – Such open contracts to buy or sell securities in the future are to be reported as derivatives in Schedule RC-L, item 12.

Item Instructions**Item No. Caption and Instructions**

- 1 U.S. Treasury securities.** Report in the appropriate columns the amortized cost and fair value of all U.S. Treasury securities not held in trading accounts. Include all bills, certificates of indebtedness, notes, and bonds, including those issued under the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program and those that are "inflation-indexed."

Exclude all obligations of U.S. Government agencies. Also exclude detached Treasury security coupons and ex-coupon Treasury securities held as the result of either their purchase or the bank's stripping of such securities and Treasury receipts such as CATS, TIGRs, COUGARs, LIONs, and ETRs (report in Schedule RC-B, item 6.a below). Refer to the Glossary entry for "coupon stripping, Treasury receipts, and STRIPS" for additional information.

Item No. Caption and Instructions

2.a Issued by U.S. Government agencies. Report in the appropriate columns the amortized cost and fair value of all obligations (excluding mortgage-backed securities) not held for trading that have been issued by U.S. Government agencies. For purposes of these reports, a U.S. Government agency is defined as an instrumentality of the U.S. Government whose debt obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. Government.

Include, among others, debt securities (but not mortgage-backed securities) of the following U.S. Government agencies:

- (1) Export-Import Bank (Ex-Im Bank)
- (2) Federal Housing Administration (FHA)
- (3) Government National Mortgage Association (GNMA)
- (4) Maritime Administration
- (5) Small Business Administration (SBA)

Include such obligations as:

- (1) Small Business Administration (SBA) "Guaranteed Loan Pool Certificates," which represent an undivided interest in a pool of SBA-guaranteed portions of loans for which the SBA has further guaranteed the timely payment of scheduled principal and interest payments.
- (2) Participation certificates issued by the Export-Import Bank and the General Services Administration.

2.b Issued by U.S. Government-sponsored agencies. Report in the appropriate columns the amortized cost and fair value of all obligations (excluding mortgage-backed securities) not held for trading that have been issued by U.S. Government-sponsored agencies. For purposes of these reports, U.S. Government-sponsored agencies are defined as agencies originally established or chartered by the U.S. Government to serve public purposes specified by the U.S. Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S. Government.

Include, among others, debt securities and mortgage-backed bonds (i.e., bonds that are collateralized by mortgages) of the following government-sponsored agencies:

- (1) Federal Agricultural Mortgage Corporation (Farmer Mac)
- (2) Federal Farm Credit Banks
- (3) Federal Home Loan Banks (FHLBs)
- (4) Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- (5) Federal Land Banks (FLBs)
- (6) Federal National Mortgage Association (FNMA or Fannie Mae)
- (7) Financing Corporation (FICO)
- (8) Resolution Funding Corporation (REFCORP)
- (9) Student Loan Marketing Association (SLMA or Sallie Mae)
- (10) Tennessee Valley Authority (TVA)
- (11) U.S. Postal Service

Exclude debt securities issued by SLM Corporation, the private-sector corporation that is the successor to the Student Loan Marketing Association (report in Schedule RC-B, item 6.a, "Other domestic debt securities," below), and securitized student loans issued by SLM Corporation (or its affiliates) (report in Schedule RC-B, item 5, "Asset-backed securities," below).

Item No. Caption and Instructions

- 3 Securities issued by states and political subdivisions in the U.S.** Report in the appropriate columns the amortized cost and fair value of all securities issued by states and political subdivisions in the United States not held for trading.

States and political subdivisions in the U.S., for purposes of this report, include:

- (1) the fifty States of the United States and the District of Columbia and their counties, municipalities, school districts, irrigation districts, and drainage and sewer districts; and
- (2) the governments of Puerto Rico and of the U.S. territories and possessions and their political subdivisions.

Securities issued by states and political subdivisions in the U.S. include:

- (1) General obligations, which are securities whose principal and interest will be paid from the general tax receipts of the state or political subdivision.
- (2) Revenue obligations, which are securities whose debt service is paid solely from the revenues of the projects financed by the securities rather than from general tax funds.
- (3) Industrial development and similar obligations, which are discussed below.

Treatment of industrial development bonds (IDBs) and similar obligations. Industrial development bonds (IDBs), sometimes referred to as "industrial revenue bonds," and similar obligations are issued under the auspices of states or political subdivisions for the benefit of a private party or enterprise where that party or enterprise, rather than the government entity, is obligated to pay the principal and interest on the obligation. For purposes of these reports, all IDBs and similar obligations should be reported as securities in this item (Schedule RC-B, item 3) or as loans in Schedule RC-C, part I, item 8, consistent with the asset category in which the bank reports IDBs and similar obligations on its balance sheet for other financial reporting purposes. Regardless of whether they are reported as securities in Schedule RC-B or as loans in Schedule RC-C, part I, all IDBs and similar obligations that meet the definition of a "security" in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities") must be measured in accordance with ASC Topic 320.

Treatment of other obligations of states and political subdivisions in the U.S. In addition to those IDBs and similar obligations that are reported as securities in accordance with the preceding paragraph, also include in this item as securities issued by states and political subdivisions in the U.S. all obligations other than IDBs that meet any of the following criteria:

- (1) Nonrated obligations of states and political subdivisions in the U.S., other than those specifically excluded below, that the bank considers securities for other financial reporting purposes.
- (2) Notes, bonds, and debentures (including tax warrants and tax-anticipation notes) that are rated by a nationally-recognized rating service.
- (3) Obligations of state and local governments that are guaranteed by the United States Government (excluding mortgage-backed securities).

Item No. Caption and Instructions

4.b Other residential mortgage-backed securities. Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all 1-4 family residential mortgage-backed securities other than pass-through securities that are not held for trading.

Other residential mortgage-backed securities include:

- (1) All classes of collateralized mortgage obligations (CMOs) and real estate mortgage investments conduits (REMICs) backed by loans secured by 1-4 family residential properties.
- (2) CMO and REMIC residuals and similar interests backed by loans secured by 1-4 family residential properties.
- (3) Stripped 1-4 family residential mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).
- (4) Commercial paper backed by loans secured by 1-4 family residential properties.

4.b.(1) Issued or guaranteed by FNMA, FHLMC, or GNMA. Report in the appropriate columns the amortized cost and fair value of all classes of CMOs and REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA) that are backed by loans secured by 1-4 family residential properties. For purposes of these reports, also include REMICs issued by the U.S. Department of Veterans Affairs (VA) that are backed by 1-4 family residential mortgages in this item.

4.b.(2) Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA. Report in the appropriate columns the amortized cost and fair value of all classes of CMOs, REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral consists of GNMA (Ginnie Mae) residential pass-through securities, FNMA (Fannie Mae) residential pass-through securities, FHLMC (Freddie Mac) residential participation certificates, or other residential mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.

4.b.(3) All other residential MBS. Report in the appropriate columns the amortized cost and fair value of all CMOs, REMICs, CMO and REMIC residuals, stripped mortgage-backed securities, and commercial paper backed by loans secured by 1-4 family residential properties (or by securities collateralized by such loans) that have been issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral does not consist of GNMA (Ginnie Mae) residential pass-through securities, FNMA (Fannie Mae) residential pass-through securities, FHLMC (Freddie Mac) residential participation certificates, or other residential mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.

Item No. Caption and Instructions

- 4.c Commercial MBS.** Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all holdings of commercial mortgage-backed securities issued by U.S. Government-sponsored agencies or by others that are not held for trading. In general, a commercial mortgage-backed security represents an interest in a pool of loans secured by properties other than 1-4 family residential properties.
- 4.c.(1) Commercial mortgage pass-through securities.** Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all holdings of commercial mortgage pass-through securities. In general, a commercial mortgage pass-through security represents an undivided interest in a pool of loans secured by properties other than 1-4 family residential properties that provides the holder with a pro rata share of all principal and interest payments on the mortgages in the pool.
- 4.c.(1)(a) Issued or guaranteed by FNMA, FHLMC, or GNMA.** Report in the appropriate columns the amortized cost and fair value of all holdings of commercial mortgage pass-through securities issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA). Also include commercial mortgage pass-through securities guaranteed by the Small Business Administration.
- 4.c.(1)(b) Other pass-through securities.** Report in the appropriate columns the amortized cost and fair value of all holdings of commercial mortgage pass-through securities issued or guaranteed by non-U.S. Government issuers.
- 4.c.(2) Other commercial mortgage-backed securities.** Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all CMOs, REMICs, CMO and REMIC residuals, stripped mortgage-backed securities, and commercial paper backed by loans secured by properties other than 1-4 family residential properties. Exclude commercial mortgage pass-through securities (report in Schedule RC-B, item 4.c.(1), above).
- 4.c.(2)(a) Issued or guaranteed by FNMA, FHLMC, or GNMA.** Report in the appropriate columns the amortized cost and fair value of all CMOs, REMICs, CMO and REMIC residuals, stripped mortgage-backed securities, and commercial paper backed by loans secured by properties other than 1-4 family residential properties that have been issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA).
- 4.c.(2)(b) All other commercial MBS.** Report in the appropriate columns the amortized cost and fair value of all CMOs, REMICs, CMO and REMIC residuals, stripped mortgage-backed securities, and commercial paper backed by loans secured by properties other than 1-4 family residential properties that have been issued or guaranteed by non-U.S. Government issuers.
- 5 Asset-backed securities and structured financial products:**
- 5.a Asset-backed securities.** Report in the appropriate columns the amortized cost and fair value of all asset-backed securities (other than mortgage-backed securities), including asset-backed commercial paper, not held for trading. For banks with \$1 billion or more in total assets, this item must equal Schedule RC-B, sum of Memorandum items 5.a through 5.f.

Item No. Caption and Instructions

5.b Structured financial products. Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all structured financial products not held for trading according to whether the product is a cash, synthetic, or hybrid instrument. Structured financial products generally convert a pool of assets (such as whole loans, securitized assets, and bonds) and other exposures (such as derivatives) into products that are tradable capital market debt instruments. Some of the more complex financial product structures mix asset classes in order to create investment products that diversify risk. One of the more common structured financial products is referred to as a collateralized debt obligation (CDO). Other products include synthetic structured financial products (such as synthetic CDOs) that use credit derivatives and a reference pool of assets, hybrid structured products that mix cash and synthetic instruments, collateralized bond obligations (CBOs), resecuritizations such as CDOs squared or cubed (which are CDOs backed primarily by the tranches of other CDOs), and other similar structured financial products. For each column, the sum of items 5.b.(1) through 5.b.(3) must equal the sum of Memorandum items 6.a through 6.g.

Exclude from structured financial products:

- (1) Mortgage-backed pass-through securities (report in Schedule RC-B, item 4, above).
- (2) Collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, stripped mortgage-backed securities, and mortgage-backed commercial paper (report in Schedule RC-B, item 4, above).
- (3) Asset-backed commercial paper not held for trading (report in Schedule RC-B, item 5.a, above).
- (4) Asset-backed securities that are primarily secured by one type of asset (report in Schedule RC-B, item 5.a, above).
- (5) Securities backed by loans that are commonly regarded as asset-backed securities rather than collateralized loan obligations in the marketplace (report in Schedule RC-B, item 5.a, above).

5.b.(1) Cash instruments. Report in the appropriate columns the amortized cost and fair value of structured financial products (as defined in Schedule RC-B, item 5.b, above) that are cash instruments. A cash instrument means that the instrument represents a claim against a reference pool of assets. For example, include investments in collateralized debt obligations for which the underlying collateral is a pool of trust preferred securities issued by U.S. business trusts organized by financial institutions or real estate investment trusts. However, exclude investments in trust preferred securities issued by a single U.S. business trust (report in Schedule RC-B, item 6.a, "Other domestic debt securities").

5.b.(2) Synthetic instruments. Report in the appropriate columns the amortized cost and fair value of structured financial products (as defined in Schedule RC-B, item 5.b, above) that are synthetic instruments. A synthetic instrument means that the investors do not have a claim against a reference pool of assets; rather, the originating bank merely transfers the inherent credit risk of the reference pool of assets by such means as a credit default swap, a total return swap, or another arrangement in which the counterparty agrees upon specific contractual covenants to cover a predetermined amount of losses in the loan pool.

Item No. Caption and Instructions

5.b.(3) Hybrid instruments. Report in the appropriate columns the amortized cost and fair value of structured financial products (as defined in Schedule RC-B, item 5.b, above) that are hybrid instruments. A hybrid instrument means that the instrument is a mix of both cash and synthetic instruments.

6 Other debt securities. Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all debt securities not held for trading that cannot properly be reported in Schedule RC-B, items 1 through 5, above.

Exclude from other debt securities:

- (1) All holdings of certificates of participation in pools of residential mortgages, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) (report in Schedule RC-B, item 4, above).
- (2) Holdings of bankers acceptances and certificates of deposit, which are not categorized as securities for purposes of this report.
- (3) All securities that meet the definition of an "equity security" in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"), for example, common and perpetual preferred stock. (See also the instructions to Schedule RC-B, item 7, and Schedule RC-F, item 4.)

6.a Other domestic debt securities. Report in the appropriate columns the amortized cost and fair value of all other domestic debt securities not held for trading.

Other domestic debt securities include:

- (1) Bonds, notes, debentures, equipment trust certificates, and commercial paper (except asset-backed commercial paper) issued by U.S.-chartered corporations and other U.S. issuers and not reportable elsewhere in Schedule RC-B.
- (2) Preferred stock of U.S.-chartered corporations and business trusts that by its terms either must be redeemed by the issuing corporation or trust or is redeemable at the option of the investor (i.e., redeemable or limited-life preferred stock), including trust preferred securities issued by a single U.S. business trust that are subject to mandatory redemption.
- (3) Detached U.S. Government security coupons and ex-coupon U.S. Government securities held as the result of either their purchase or the bank's stripping of such securities and Treasury receipts such as CATS, TIGRs, COUGARs, LIONs, and ETRs. Refer to the Glossary entry for "coupon stripping, Treasury receipts, and STRIPS" for additional information.

Exclude from other domestic debt securities investments in collateralized debt obligations for which the underlying collateral is a pool of trust preferred securities issued by U.S. business trusts (report as structured financial products in Schedule RC-B, item 5.b.(1), "Cash instruments").

Item No. Caption and Instructions

- 6.b Foreign debt securities.** Report in the appropriate columns the amortized cost and fair value of all foreign debt securities not held for trading.

Foreign debt securities include:

- (1) Bonds, notes, debentures, equipment trust certificates, and commercial paper (except asset-backed commercial paper) issued by non-U.S.-chartered corporations.
- (2) Debt securities issued by foreign governmental units.
- (3) Debt securities issued by international organizations such as the International Bank for Reconstruction and Development (World Bank), Inter-American Development Bank, and Asian Development Bank.
- (4) Preferred stock of non-U.S.-chartered corporations that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor (i.e., redeemable or limited-life preferred stock).

- 7 Investments in mutual funds and other equity securities with readily determinable fair values.** Report in columns C and D the historical cost and fair value, respectively, of all investments in mutual funds and other equity securities (as defined in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities")) with readily determinable fair values. Such securities include, but are not limited to, money market mutual funds, mutual funds that invest solely in U.S. Government securities, common stock, and perpetual preferred stock. Perpetual preferred stock does not have a stated maturity date and cannot be redeemed at the option of the investor, although it may be redeemable at the option of the issuer.

According to ASC Topic 320, the fair value of an equity security is readily determinable if sales prices or bid-and-asked quotations are currently available on a securities exchange registered with the Securities and Exchange Commission (SEC) or in the over-the-counter market, provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by Pink Sheets LLC. ("Restricted stock" meets that definition if the restriction terminates within one year.) The fair value of an equity security traded only in a foreign market is readily determinable if that foreign market is of a breadth and scope comparable to one of the U.S. markets referred to above. The fair value of an investment in a mutual fund is readily determinable if the fair value per share (unit) is determined and published and is the basis for current transactions.

Investments in mutual funds and other equity securities with readily determinable fair values may have been purchased by the reporting bank or acquired for debts previously contracted.

Include in this item common stock and perpetual preferred stock of the Federal National Mortgage Association (Fannie Mae), common stock and perpetual preferred stock of the Federal Home Loan Mortgage Corporation (Freddie Mac), Class A voting and Class C non-voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac), and common and preferred stock of SLM Corporation (the private-sector successor to the Student Loan Marketing Association).

Item No. Caption and Instructions

- 7** Exclude from investments in mutual funds and other equity securities with readily determinable fair values:
- (cont.)
- (1) Paid-in stock of a Federal Reserve Bank (report as an equity security that does not have a readily determinable fair value in Schedule RC-F, item 4).
 - (2) Stock of a Federal Home Loan Bank (report as an equity security that does not have a readily determinable fair value in Schedule RC-F, item 4).
 - (3) Common and preferred stocks that do not have readily determinable fair values, such as stock of bankers' banks and Class B voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac) (report in Schedule RC-F, item 4).
 - (4) Preferred stock that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor (i.e., redeemable or limited-life preferred stock), including trust preferred securities subject to mandatory redemption (report such preferred stock as an other debt security in Schedule RC-B, item 6, above).
 - (5) "Restricted stock," i.e., equity securities for which sale is restricted by governmental or contractual requirement (other than in connection with being pledged as collateral), except if that requirement terminates within one year or if the holder has the power by contract or otherwise to cause the requirement to be met within one year (if the restriction does not terminate within one year, report "restricted stock" as an equity security that does not have a readily determinable fair value in Schedule RC-F, item 4).
 - (6) Participation certificates issued by a Federal Intermediate Credit Bank, which represent nonvoting stock in the bank (report as an equity security that does not have a readily determinable fair value in Schedule RC-F, item 4).
 - (7) Minority interests held by the reporting bank in any companies not meeting the definition of associated company (report as equity securities that do not have a readily determinable fair value in Schedule RC-F, item 4), except minority holdings that indirectly represent bank premises (report in Schedule RC, item 6) or other real estate owned (report in Schedule RC, item 7), provided that the fair value of any capital stock representing the minority interest is not readily determinable. (See the Glossary entry for "subsidiaries" for the definition of associated company.)
 - (8) Equity holdings in those corporate joint ventures over which the reporting bank does not exercise significant influence (report as equity securities that do not have a readily determinable fair value in Schedule RC-F, item 4), except equity holdings that indirectly represent bank premises (report in Schedule RC, item 6) or other real estate owned (report in Schedule RC, item 7). (See the Glossary entry for "subsidiaries" for the definition of corporate joint venture.)
 - (9) Holdings of capital stock of and investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the reporting bank exercises significant influence (report in Schedule RC, item 8, "Investments in unconsolidated subsidiaries and associated companies").
- 8** Total. Report the sum of items 1 through 7. The total of column A for this item must equal Schedule RC, item 2.a, "Held-to-maturity securities." The total of column D for this item must equal Schedule RC, item 2.b, "Available-for-sale securities."

Memoranda**Item No. Caption and Instructions**

- 1 Pledged securities.** Report the amortized cost of all held-to-maturity securities and the fair value of all available-for-sale securities included in Schedule RC-B above that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the securities are pledged); as performance bonds under futures or forward contracts; or for any other purpose. Include as pledged securities any held-to-maturity and available-for-sale securities that have been "loaned" in securities borrowing/lending transactions that do not qualify as sales under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended).

Also include securities owned by consolidated insurance subsidiaries and held in custodial trusts (that are reported as held-to-maturity securities or available-for-sale securities in Schedule RC-B) that are pledged to insurance companies external to the consolidated bank.

- 2 Maturity and repricing data for debt securities.** Report in the appropriate subitem maturity and repricing data for the bank's holdings of debt securities (reported in Schedule RC-B, items 1 through 6 above). Report the amortized cost of held-to-maturity debt securities and the fair value of available-for-sale debt securities in the appropriate maturity and repricing subitems. Exclude from Memorandum item 2 the bank's holdings of equity securities with readily determinable fair values (reported in Schedule RC-B, item 7, above) (e.g., investments in mutual funds, common stock, preferred stock). Also exclude those debt securities that are reported as "nonaccrual" in Schedule RC-N, item 9, column C.

The sum of Memorandum items 2.a.(1) through 2.c.(2) plus the amount of any nonaccrual debt securities included in Schedule RC-N, item 9, column C, must equal Schedule RC-B, sum of items 1 through 6, columns A and D.

On the FFIEC 031, banks that have more than one office in foreign countries (including offices of consolidated foreign subsidiaries but excluding "shell" branches, offices in Puerto Rico or U.S. territories and possessions, and IBFs) have the option of excluding the smallest of such non-U.S. offices from Memorandum item 2. Such banks may omit the smallest of their offices in foreign countries (other than "shell" branches) when arrayed by total assets provided that the assets of the excluded offices do not exceed 50 percent of the total assets of the bank's offices (excluding "shells") in foreign countries and do not exceed 10 percent of the total consolidated assets of the reporting bank as of the report date. (Note: In determining the total assets of offices in foreign countries eligible for exclusion from these memorandum items, banks should exclude not only "shell" branches but also offices in Puerto Rico and U.S. territories and possessions, domestic offices of Edge and Agreement subsidiaries, and IBFs even though these are sometimes referred to as "foreign" offices. Also, the asset totals for all offices in foreign countries should be the component of the total consolidated assets, i.e., should exclude all intrabank transactions.)

For purposes of this memorandum item, the following definitions apply:

A fixed interest rate is a rate that is specified at the origination of the transaction, is fixed and invariable during the term of the debt security, and is known to both the borrower and the lender. Also treated as a fixed interest rate is a predetermined interest rate which is a rate that changes during the term of the debt security on a predetermined basis, with the exact rate of interest over the life of the debt security known with certainty to both the borrower and the lender when the debt security is acquired.

Memoranda**Item No. Caption and Instructions**

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(cont.)

A floating rate is a rate that varies, or can vary, in relation to an index, to some other interest rate such as the rate on certain U.S. Government securities or the "prime rate," or to some other variable criterion the exact value of which cannot be known in advance. Therefore, the exact rate the debt security carries at any subsequent time cannot be known at the time of origination.

When the rate on a debt security with a floating rate has reached a contractual floor or ceiling level, the debt security is to be treated as "fixed rate" rather than as "floating rate" until the rate is again free to float.

Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a debt security without regard to the security's repayment schedule, if any.

Next repricing date is the date the interest rate on a floating rate debt security can next change in accordance with the terms of the contract (without regard to the security's repayment schedule, if any, or expected prepayments) or the contractual maturity date of the security, whichever is earlier.

Banks whose records or information systems provide data on the final contractual maturities, next repricing dates, and expected average lives of their debt securities for time periods that closely approximate the maturity and repricing periods specified in Memorandum items 2.a through 2.d (e.g., 89 or 90 days rather than three months, 359 or 360 days rather than 12 months) may use these data to complete Memorandum items 2.a through 2.d.

For debt securities with scheduled contractual payments, banks whose records or information systems provide repricing data that take into account these scheduled contractual payments, with or without the effect of anticipated prepayments, may adjust these data in an appropriate manner to derive reasonable estimates for the final contractual maturities of fixed rate debt securities (and floating rate debt securities for purposes of Memorandum item 2.c) and the next repricing dates of floating rate debt securities.

Callable fixed rate debt securities should be reported in Memorandum items 2.a, 2.b, and 2.d without regard to their next call date unless the security has actually been called. When fixed rate debt securities have been called, they should be reported on the basis of the time remaining until the call date. Callable floating rate debt securities should be reported in Memorandum items 2.a and 2.b on the basis of their next repricing date without regard to their next call date if the security has not been called. Those that have been called should be reported based on the earlier of their next repricing date or their actual call date.

Fixed rate mortgage pass-through securities (such as those guaranteed by the Government National Mortgage Association (GNMA) or issued by the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and certain banks, savings associations, and securities dealers) and fixed rate Small Business Administration (SBA) "Guaranteed Loan Pool Certificates" should be reported on the basis of the time remaining until their final contractual maturity without regard to either expected prepayments or scheduled contractual payments. Floating rate mortgage pass-through securities and SBA "Guaranteed Loan Pool Certificates" should be reported in Memorandum items 2.a and 2.b on the basis of their next repricing date.

Memoranda**Item No. Caption and Instructions**

4
(cont.) Generally, municipal and corporate securities that have periodic call options should **not** be reported as structured notes. Although many of these securities have features similar to those found in some structured notes (e.g., step-ups, which generally remain callable after a step-up date), they are **not commonly known** as structured notes. Examples of such callable securities that should **not** be reported as structured notes include:

- (1) Callable municipal and corporate bonds which have single (or multiple) explicit call dates and then can be called on any interest payment date after the last explicit call date (i.e., they are continuously callable).
- (2) Callable federal agency securities that have continuous call features after an explicit call date, except step-up bonds (which are structured notes).

The mere existence of simple caps and floors does not necessarily make a security a structured note. Securities with **adjusting** caps or floors (i.e., caps or floors that change over time), however, are structured notes. Therefore, the following types of securities should **not** be reported as structured notes:

- (1) Variable rate securities, including Small Business Administration "Guaranteed Loan Pool Certificates," **unless** they have features of securities which are commonly known as structured notes (i.e., they are inverse, range, or de-leveraged floaters, index amortizing notes, dual index or variable principal redemption or step-up bonds), or have adjusting caps or floors.
- (2) Mortgage-backed securities.

4.a **Amortized cost (of structured notes).** Report the amortized cost of all structured notes included in the held-to-maturity and available-for-sale accounts. The amortized cost of these securities will have been reported in columns A and C of the body of Schedule RC-B.

4.b **Fair value (of structured notes).** Report the fair (market) value of structured notes reported in Memorandum item 4.a above. The fair value of these securities will have been reported in columns B and D of the body of Schedule RC-B. Do not combine or otherwise net the fair value of any structured note with the fair or book value of any related asset, liability, or off-balance sheet derivative instrument.

5 **Asset-backed securities.** Memorandum items 5.a through 5.f are to be completed by banks with \$1 billion or more in total assets.

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all asset-backed securities (other than mortgage-backed securities), including asset-backed commercial paper, not held for trading. For each column, the sum of Memorandum items 5.a through 5.f must equal Schedule RC-B, item 5.

For purposes of categorizing asset-backed securities in Schedule RC-B, Memorandum items 5.a through 5.f, below, each individual asset-backed security should be included in the item that most closely describes the predominant type of asset that collateralizes the security

Memoranda**Item No. Caption and Instructions**

- 5** (cont.) and this categorization should be used consistently over time. For example, an asset-backed security may be collateralized by automobile loans to both individuals and business enterprises. If the prospectus for this asset-backed security or other available information indicates that these automobile loans are predominantly loans to individuals, the security should be reported in Schedule RC-B, Memorandum item 5.c, as being collateralized by automobile loans.
- 5.a** **Credit card receivables.** Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by credit card receivables, i.e., extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards as defined for Schedule RC-C, part I, item 6.a.
- 5.b** **Home equity lines.** Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by home equity lines of credit, i.e., revolving, open-end lines of credit secured by 1-to-4 family residential properties as defined for Schedule RC-C, part I, item 1.c.(1).
- 5.c** **Automobile loans.** Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by automobile loans, i.e., loans to individuals for the purpose of purchasing private passenger vehicles, including minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use, as defined for Schedule RC-C, part I, item 6.c.
- 5.d** **Other consumer loans.** Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by other consumer loans, i.e., loans to individuals for household, family, and other personal expenditures as defined for Schedule RC-C, part I, items 6.b and 6.d.
- 5.e** **Commercial and industrial loans.** Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by commercial and industrial loans, i.e., loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment, as defined for Schedule RC-C, part I, item 4.
- 5.f** **Other.** Report in the appropriate columns the amortized cost and fair value of all asset-backed securities collateralized by non-mortgage loans other than those described in Schedule RC-B, Memorandum items 5.a through 5.e, above, i.e., loans as defined for Schedule RC-C, part I, items 2, 3, and 7 through 9; lease financing receivables as defined for Schedule RC-C, part I, item 10; and all other assets.

SCHEDULE RC-C – LOANS AND LEASE FINANCING RECEIVABLES

Part I. Loans and Leases

General Instructions for Part I

Loans and lease financing receivables are extensions of credit resulting from either direct negotiation between the bank and its customers or the purchase of such assets from others. See the Glossary entries for "loan" and for "lease accounting" for further information.

Report all loans and leases that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., loans and leases held for investment, in Schedule RC-C, part I. Also report in Schedule RC-C, part I, all loans and leases held for sale as part of the consolidated bank's mortgage banking activities or activities of a similar nature involving other types of loans. Include the fair value of all loans held for investment and all loans held for sale that the bank has elected to report at fair value under a fair value option. Loans reported at fair value in Schedule RC-C, part I, should include only the fair value of the funded portion of the loan. If the unfunded portion of the loan, if any, is reported at fair value, this fair value should be reported as an "Other asset" or an "Other liability," as appropriate, in Schedule RC, item 11 or item 20, respectively.

Exclude from Schedule RC-C, part I, all loans and leases classified as trading (report in Schedule RC, item 5, "Trading assets," and, in the appropriate items of Schedule RC-D, Trading Assets and Liabilities, and Schedule RC-Q, Financial Assets and Liabilities Measured at Fair Value, if applicable).

When a loan is acquired (through origination or purchase) with the intent or expectation that it may or will be sold at some indefinite date in the future, the loan should be reported as held for sale or held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles and related supervisory guidance. In addition, a loan acquired and held for securitization purposes should be reported as a loan held for sale, provided the securitization transaction will be accounted for as a sale under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended). Notwithstanding the above, banks may classify loans as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a bank would generally not classify a loan that meets these criteria as a trading asset unless the bank holds the loan for one of the following purposes: (a) for market making activities, including such activities as accumulating loans for sale or securitization; (b) to benefit from actual or expected price movements; or (c) to lock in arbitrage profits.

Loans held for sale (not classified as trading in accordance with the preceding instruction) shall be reported in Schedule RC-C, part I, at the lower of cost or fair value as of the report date, except for those that the bank has elected to account for at fair value under a fair value option. For loans held for sale that are reported at the lower of cost or fair value, the amount by which cost exceeds fair value, if any, shall be accounted for as a valuation allowance. For further information, see ASC Subtopic 948-310, Financial Services-Mortgage Banking – Receivables (formerly FASB Statement No. 65, "Accounting for Certain Mortgage Banking Activities," as amended), ASC Subtopic 310-10, Receivables – Overall (formerly AICPA Statement of Position 01-6, "Accounting by Certain Entities (Including Entities With Trade Receivables) That Lend to or Finance the Activities of Others"), and the March 26, 2001, Interagency Guidance on Certain Loans Held for Sale.

On the FFIEC 041, Schedule RC-C, part I, has two columns for information on loans and leases: column B is to be completed by all banks and column A is to be completed by banks with \$300 million or

General Instructions for Part I (cont.)

more in total assets. On the FFIEC 031, this schedule has two columns: column A provides loan and lease detail for the fully consolidated bank and column B provides detail on loans and leases held by the domestic offices of the reporting bank. (See the Glossary entry for "domestic office" for the definition of this term.)

Report loans and leases held for investment in this schedule without any deduction for loss allowances for loans and leases or allocated transfer risk reserves related to loans and leases, which are to be reported in Schedule RC, item 4.c, "Allowance for loan and lease losses." Each item in this schedule should be reported net of (1) unearned income (to the extent possible) and (2) deposits accumulated for the payment of personal loans (hypothecated deposits). Net unamortized loan fees represent an adjustment of the loan yield, and shall be reported in this schedule in the same manner as unearned income on loans, i.e., deducted from the related loan balances (to the extent possible) or deducted from total loans in Schedule RC-C, part I, item 11, "LESS: Any unearned income on loans reflected in items 1-9 above." Net unamortized direct loan origination costs shall be added to the related loan balances in each item in this schedule. (See the Glossary entry for "loan fees" for further information.)

"Purchased impaired loans" are loans accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"), that a bank has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable. Neither the accretable yield nor the nonaccretable difference associated with purchased impaired loans should be reported as unearned income in Schedule RC-C, part I, item 11. In addition, the nonaccretable difference, must not be recognized as an adjustment of yield, loss accrual, or valuation allowance.

If, as a result of a change in circumstances, the bank regains control of a loan previously accounted for appropriately as having been sold because one or more of the conditions for sale accounting in ASC Topic 860 are no longer met, such a change should be accounted for in the same manner as a purchase of the loan from the former transferee (purchaser) in exchange for liabilities assumed. The rebooked loan must be reported as a loan asset in Schedule RC-C, part I, either as a loan held for sale or a loan held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles. This accounting and reporting treatment applies, for example, to U.S. Government-guaranteed or -insured residential mortgage loans backing Government National Mortgage Association (GNMA) mortgage-backed securities that a bank services after it has securitized the loans in a transfer accounted for as a sale. If and when individual loans later meet delinquency criteria specified by GNMA, the loans are eligible for repurchase, the bank is deemed to have regained effective control over these loans, and the delinquent loans must be brought back onto the bank's books as loan assets.

All loans should be categorized in Schedule RC-C, part I, according to security, borrower, or purpose. Loans covering two or more categories are sometimes difficult to categorize. In such instances, categorize the entire loan according to the major criterion.

Report in Schedule RC-C, part I, all loans and leases on the books of the reporting bank even if on the report date they are past due and collection is doubtful. Exclude any loans or leases the bank has sold or charged off. Also exclude assets received in full or partial satisfaction of a loan or lease (unless the asset received is itself reportable as a loan or lease) and any loans for which the bank has obtained physical possession of the underlying collateral, regardless of whether formal foreclosure or repossession proceedings have been instituted against the borrower. Refer to the Glossary entries for "troubled debt restructurings" and "foreclosed assets" for further discussion of these topics.

General Instructions for Part I (cont.)

Exclude, for purposes of this schedule, the following:

- (1) Federal funds sold (in domestic offices), i.e., all loans of immediately available funds (in domestic offices) that mature in one business day or roll over under a continuing contract, excluding funds lent in the form of securities purchased under agreements to resell. Report federal funds sold (in domestic offices) in Schedule RC, item 3.a. However, report overnight lending for commercial and industrial purposes as loans in this schedule. On the FFIEC 031, also report lending transactions in foreign offices involving immediately available funds with an original maturity of one business day or under a continuing contract that are not securities resale agreements as loans in this schedule.
- (2) Lending transactions in the form of securities purchased under agreements to resell (report in Schedule RC, item 3.b, "Securities purchased under agreements to resell").
- (3) All holdings of commercial paper (report in Schedule RC, item 5, if held for trading; report in Schedule RC-B, item 4.b, "Other mortgage-backed securities," item 5, "Asset-backed securities," or item 6, "Other debt securities," as appropriate, if held for purposes other than trading).
- (4) Contracts of sale or other loans indirectly representing other real estate (report in Schedule RC, item 7, "Other real estate owned").
- (5) Undisbursed loan funds, sometimes referred to as incomplete loans or loans in process, unless the borrower is liable for and pays the interest thereon. If interest is being paid by the borrower on the undisbursed proceeds, the amount of such undisbursed funds should be included in both loans and deposits. (Do not include loan commitments that have not yet been taken down, even if fees have been paid; see Schedule RC-L, item 1.)

Item Instructions for Part I**Item No. Caption and Instructions**

- 1 Loans secured by real estate.** Report all loans that meet the definition of a "loan secured by real estate." See the Glossary entry for "loan secured by real estate" for the definition of this term. On the FFIEC 041, all banks should report in the appropriate subitems of column B a breakdown of these loans into seven categories. On the FFIEC 031, all banks should report the total amount of these loans for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

Include all loans (other than those to states and political subdivisions in the U.S.), regardless of purpose and regardless of whether originated by the bank or purchased from others, that are secured by real estate at origination as evidenced by mortgages, deeds of trust, land contracts, or other instruments, whether first or junior liens (e.g., equity loans, second mortgages) on real estate.

Include as loans secured by real estate:

- (1) Loans secured by residential properties that are guaranteed by the Farmers Home Administration (FmHA) and extended, collected, and serviced by a party other than the FmHA.

Part I. (cont.)**Item No. Caption and Instructions**

- 1**
(cont.) (2) Loans secured by properties and guaranteed by governmental entities in foreign countries.
- (3) Participations in pools of Federal Housing Administration (FHA) Title I home improvement loans that are secured by liens (generally, junior liens) on residential properties.

Exclude from loans secured by real estate:

- (1) Obligations (other than securities and leases) of states and political subdivisions in the U.S. that are secured by real estate (report in Schedule RC-C, part I, item 8).
- (2) All loans and sales contracts indirectly representing other real estate (report in Schedule RC, item 7, "Other real estate owned").
- (3) Loans to real estate companies, real estate investment trusts, mortgage lenders, and foreign non-governmental entities that specialize in mortgage loan originations and that service mortgages for other lending institutions when the real estate mortgages or similar liens on real estate are not sold to the bank but are merely pledged as collateral (report in Schedule RC-C, part I, item 2, "Loans to depository institutions and acceptances of other banks," or item 9.a, "Loans to nondepository financial institutions," as appropriate).
- (4) Bonds issued by the Federal National Mortgage Association or by the Federal Home Loan Mortgage Corporation that are collateralized by residential mortgages (report in Schedule RC-B, item 2.b, Securities "Issued by U.S. Government-sponsored agencies").
- (5) Pooled residential mortgages for which participation certificates have been issued or guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation (report in Schedule RC-B, item 4.a). However, if the reporting bank is the seller-servicer of the residential mortgages backing such securities and, as a result of a change in circumstances, it must rebook any of these mortgages because one or more of the conditions for sale accounting in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended by FASB Statement No. 166, "Accounting for Transfers of Financial Assets"), are no longer met, the rebooked mortgages should be included in Schedule RC-C, part I, as loans secured by real estate.

- 1.a** **Construction, land development, and other land loans.** Report in the appropriate subitem of column B loans secured by real estate made to finance (a) land development (i.e., the process of improving land – laying sewers, water pipes, etc.) preparatory to erecting new structures or (b) the on-site construction of industrial, commercial, residential, or farm buildings. For purposes of this item, "construction" includes not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures.

Also include in this item:

- (1) Loans secured by vacant land, except land known to be used or usable for agricultural purposes, such as crop and livestock production (which should be reported in Schedule RC-C, part I, item 1.b, below, as loans secured by farmland).

Part I. (cont.)**Item No. Caption and Instructions**

- 1.a**
(cont.)
- (2) Loans secured by real estate the proceeds of which are to be used to acquire and improve developed and undeveloped property.
- (3) Loans made under Title I or Title X of the National Housing Act that conform to the definition of construction stated above and that are secured by real estate.

Loans written as combination construction-permanent loans secured by real estate should be reported in this item until construction is completed or principal amortization payments begin, whichever comes first. When the first of these events occurs, the loans should begin to be reported in the real estate loan category in Schedule RC-C, part I, item 1, appropriate to the real estate collateral. For purposes of these reports, a combination construction-permanent loan arises when the lender enters into a contractual agreement with the original borrower at the time the construction loan is originated to also provide the original borrower with permanent financing that amortizes principal after construction is completed and a certificate of occupancy is obtained (if applicable). This construction-permanent loan structure is intended to apply to situations where, at the time the construction loan is originated, the original borrower:

- Is expected to be the owner-occupant of the property upon completion of construction and receipt of a certificate of occupancy (if applicable), for example, where the financing is being provided to the original borrower for the construction and permanent financing of the borrower's residence or place of business, or
- Is not expected to be the owner-occupant of the property, but repayment of the permanent loan will be derived from rental income associated with the property being constructed after receipt of a certificate of occupancy (if applicable) rather than from the sale of the property being constructed.

All construction loans secured by real estate, other than combination construction-permanent loans as described above, should continue to be reported in this item after construction is completed unless and until (1) the loan is refinanced into a new permanent loan by the reporting bank or is otherwise repaid, (2) the bank acquires or otherwise obtains physical possession of the underlying collateral in full satisfaction of the debt, or (3) the loan is charged off. For purposes of these reports, a construction loan is deemed to be refinanced into a new permanent loan only if the bank originates:

- An amortizing permanent loan to a new borrower (unrelated to the original borrower) who has purchased the real property, or
- A prudently underwritten new amortizing permanent loan at market terms to the original borrower – including an appropriate interest rate, maturity, and loan-to-value ratio – that is no longer dependent on the sale of the property for repayment. The loan should have a clearly identified ongoing source of repayment sufficient to service the required principal and interest payments over a reasonable and customary period relative to the type of property securing the new loan. A new loan to the original borrower not meeting these criteria (including a new loan on interest-only terms or a new loan with a short-term balloon maturity that is inconsistent with the ongoing source of repayment criterion) should continue to be reported as a "Construction, land development, and other land loan" in the appropriate subitem of Schedule RC-C, part I, item 1.a.

Exclude loans to finance construction and land development that are not secured by real estate (report in other items of Schedule RC-C, part I, as appropriate).

Part I. (cont.)**Item No. Caption and Instructions**

- 1.a.(1) 1-4 family residential construction loans.** Report in column B the amount outstanding of 1-4 family residential construction loans, i.e., loans for the purpose of constructing 1-4 family residential properties, which will secure the loan. The term “1-4 family residential properties” is defined in Schedule RC-C, part I, item 1.c, below. “1-4 family residential construction loans” include:
- Construction loans to developers secured by tracts of land on which 1-4 family residential properties, including townhouses, are being constructed.
 - Construction loans secured by individual parcels of land on which single 1-4 family residential properties are being constructed.
 - Construction loans secured by single-family dwelling units in detached or semidetached structures, including manufactured housing.
 - Construction loans secured by duplex units and townhouses, excluding garden apartment projects where the total number of units that will secure the permanent mortgage is greater than four.
 - Combination land and construction loans on 1-4 family residential properties, regardless of the current stage of construction or development.
 - Combination construction-permanent loans on 1-4 family residential properties until construction is completed or principal amortization payments begin, whichever comes first.
 - Loans secured by apartment buildings undergoing conversion to condominiums, regardless of the extent of planned construction or renovation, where repayment will come from sales of individual condominium dwelling units, which are 1-4 family residential properties.
 - Bridge loans to developers on 1-4 family residential properties where the buyer will not assume the same loan, even if construction is completed or principal amortization payments have begun.
- 1.a.(2) Other construction loans and all land development and other land loans.** Report in column B the amount outstanding of all construction loans for purposes other than constructing 1-4 family residential properties, all land development loans, and all other land loans. Include loans for the development of building lots and loans secured by vacant land, unless the same loan finances the construction of 1-4 family residential properties on the property.
- 1.b Secured by farmland.** Report in column B loans secured by farmland and improvements thereon, as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pasture land, whether tillable or not and whether wooded or not.
- Include loans secured by farmland that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by any party other than FmHA or SBA.
- Exclude loans for farm property construction and land development purposes (report in Schedule RC-C, part I, item 1.a).

Part I. (cont.)**Item No. Caption and Instructions**

- 1.c Secured by 1-4 family residential properties.** Report in the appropriate subitem of column B open-end and closed-end loans secured by real estate as evidenced by mortgages (FHA, FmHA, VA, or conventional) or other liens on:
- (1) Nonfarm property containing 1-to-4 dwelling units (including vacation homes) or more than four dwelling units if each is separated from other units by dividing walls that extend from ground to roof (e.g., row houses, townhouses, or the like).
 - (2) Mobile homes where (a) state laws define the purchase or holding of a mobile home as the purchase or holding of real property and where (b) the loan to purchase the mobile home is secured by that mobile home as evidenced by a mortgage or other instrument on real property.
 - (3) Individual condominium dwelling units and loans secured by an interest in individual cooperative housing units, even if in a building with five or more dwelling units.
 - (4) Housekeeping dwellings with commercial units combined where use is primarily residential and where only 1-to-4 family dwelling units are involved.

Reverse 1-4 family residential mortgages should be reported in the appropriate subitem based on whether they are closed-end or open-end mortgages. A reverse mortgage is an arrangement in which a homeowner borrows against the equity in his/her home and receives cash either in a lump sum or through periodic payments. However, unlike a traditional mortgage loan, no payment is required until the borrower no longer uses the home as his or her principal residence. Cash payments to the borrower after closing, if any, and accrued interest are added to the principal balance. These loans may have caps on their maximum principal balance or they may have clauses that permit the cap on the maximum principal balance to be increased under certain circumstances. Homeowners generally have one of the following options for receiving tax free loan proceeds from a reverse mortgage: (1) one lump sum payment; (2) a line of credit; (3) fixed monthly payments to homeowner either for a specified term or for as long as the homeowner lives in the home; or (4) a combination of the above.

Reverse mortgages that provide for a lump sum payment to the borrower at closing, with no ability for the borrower to receive additional funds under the mortgage at a later date, should be reported as closed-end loans in Schedule RC-C, part I, item 1.c.(2). Normally, closed-end reverse mortgages are first liens and would be reported in Schedule RC-C, part I, item 1.c.(2)(a). Reverse mortgages that are structured like home equity lines of credit in

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Part I. (cont.)**Item No. Caption and Instructions**

6.a
(cont.) If the reporting bank has securitized credit cards and has retained a seller's interest that is not in the form of a security, the carrying value of the seller's interest should be reported as credit card loans in this item. For purposes of these reports, the term "seller's interest" means the reporting bank's ownership interest in loans that have been securitized, except an interest that is a form of recourse or other seller-provided credit enhancement. Seller's interests differ from the securities issued to investors by the securitization structure. The principal amount of a seller's interest is generally equal to the total principal amount of the pool of assets included in the securitization structure less the principal amount of those assets attributable to investors, i.e., in the form of securities issued to investors.

Do not net credit balances resulting from overpayments of account balances on credit card accounts against the debit balances of other credit card accounts. Report credit balances (in domestic offices) in Schedule RC-E, (part I,) item 1, column A, and item 7, column B. On the FFIEC 031, report credit balances in foreign offices in Schedule RC-E, part II, item 1.

Exclude from credit cards:

- (1) Credit extended under credit card plans to business enterprises (report in Schedule RC-C, part I, item 4, "Commercial and industrial loans").
- (2) All credit extended to individuals through credit cards that meets the definition of a "loan secured by real estate" (report in Schedule RC-C, part I, item 1).
- (3) All credit extended to individuals for household, family, and other personal expenditures under prearranged overdraft plans (report in Schedule RC-C, part I, item 6.b).

If the bank acts only as agent or correspondent for other banks or nonbank corporations and carries no credit card plan assets on its books, enter a "zero" or the word "none." Banks that do not participate in any credit card plan should also enter a zero or the word "none."

6.b **Other revolving credit plans.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards. Report the total amount outstanding of all funds advanced under these revolving credit plans regardless of whether there is a period before interest charges are made.

Do not net credit balances resulting from overpayments of account balances on other revolving credit plan accounts against the debit balances of other revolving credit plan accounts. Report credit balances (in domestic offices) in Schedule RC-E, (part I,) item 1, column A, and item 7, column B. On the FFIEC 031, report credit balances in foreign offices in Schedule RC-E, part II, item 1.

Exclude from other revolving credit plans:

- (1) All ordinary (unplanned) overdrafts on transaction accounts not associated with revolving credit plans (report in other items of Schedule RC-C, part I, as appropriate).
- (2) Credit extended to individuals for household, family, and other personal expenditures arising from credit cards (report in Schedule RC-C, part I, item 6.a).

Part I. (cont.)**Item No. Caption and Instructions**

6.c Automobile loans. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all consumer loans arising from retail sales of new and used passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use. Include both direct and indirect consumer automobile loans as well as retail installment sales paper purchased by the bank from automobile dealers.

Exclude from automobile loans:

- (1) Consumer loans for purchases of, or otherwise secured by, motorcycles, recreational vehicles, golf carts, boats, and airplanes (report in Schedule RC-C, part I, item 6.d).
- (2) Personal cash loans secured by automobiles already paid for (report in Schedule RC-C, part I, item 6.d).
- (3) Vehicle flooring or floor-plan loans (report in Schedule RC-C, part I, item 4).
- (4) Loans to finance purchases of passenger cars and other vehicles for commercial, industrial, state or local government, or other nonpersonal nonagricultural use (report in Schedule RC-C, part I, item 4, item 8, or item 9, as appropriate).
- (5) Loans to finance vehicle fleet sales (report in Schedule RC-C, part I, item 4).
- (6) Loans to farmers for purchases of passenger cars and other vehicles used in association with the maintenance or operations of the farm, and loans for purchases of farm equipment (report in Schedule RC-C, part I, item 3).
- (7) Consumer automobile lease financing receivables (report in Schedule RC-C, part I, item 10.a).

All loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) originated or purchased before April 1, 2011, that are collateralized by automobiles, regardless of the purpose of the loan, may be classified as automobile loans for purposes of this schedule and other schedules in which information on automobile loans is to be reported. For consumer loans originated or purchased on or after April 1, 2011, banks should exclude from automobile loans any personal cash loans secured by automobiles already paid for and consumer loans where some of the proceeds are used to purchase an automobile and the remainder of the proceeds are used for other purposes (report in Schedule RC-C, part I, item 6.d).

6.d Other consumer loans. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all other loans to individuals for household, family, and other personal expenditures (other than those that meet the definition of a "loan secured by real estate" and other than those for purchasing or carrying securities). Include loans for such purposes as:

- (1) purchases of household appliances, furniture, trailers, and boats;
- (2) repairs or improvements to the borrower's residence (that do not meet the definition of a "loan secured by real estate");

Part I. (cont.)**Item No. Caption and Instructions**

- 6.d**
(cont.)
- (3) educational expenses, including student loans;
 - (4) medical expenses;
 - (5) personal taxes;
 - (6) vacations;
 - (7) consolidation of personal (nonbusiness) debts;
 - (8) purchases of real estate or mobile homes to be used as a residence by the borrower's family (that do not meet the definition of a "loan secured by real estate"); and
 - (9) other personal expenditures.

Other consumer loans may take the form of:

- (1) Installment loans, demand loans, single payment time loans, and hire purchase contracts (for purposes other than retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use), and should be reported as loans to individuals for household, family, and other personal expenditures regardless of size or maturity and regardless of whether the loans are made by the consumer loan department or by any other department of the bank.
- (2) Retail installment sales paper purchased by the bank from merchants or dealers (other than dealers of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks), finance companies, and others.

Exclude from other consumer loans:

- (1) All direct and purchased loans, regardless of purpose, that meet the definition of a loan secured by real estate" as evidenced by mortgages, deeds of trust, land contracts, or other instruments, whether first or junior liens (e.g., equity loans, second mortgages), on real estate (report in Schedule RC-C, part I, item 1).
- (2) Loans to individuals that do not meet the definition of a "loan secured by real estate" for the purpose of investing in real estate when the real estate is not to be used as a residence or vacation home by the borrower or by members of the borrower's family (report as all other loans in Schedule RC-C, part I, item 9.b).
- (3) Loans to individuals for commercial, industrial, and professional purposes and for "floor plan" or other wholesale financing (report in Schedule RC-C, part I, item 4).
- (4) Loans to individuals for the purpose of purchasing or carrying securities (report in Schedule RC-C, part I, item 9.b).
- (5) Loans to individuals for investment (as distinct from commercial, industrial, or professional) purposes other than those for purchasing or carrying securities (report as all other loans in Schedule RC-C, part I, item 9.b).

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Part I. (cont.)**Item No. Caption and Instructions**

- 6.d**
(cont.)
- (6) Loans to merchants, automobile dealers, and finance companies on their own promissory notes, secured by the pledge of installment paper or similar instruments (report in Schedule RC-C, part I, item 4, or as loans to nondepository financial institutions in Schedule RC-C, part I, item 9.a, as appropriate).
- (7) Loans to farmers, regardless of purpose, to the extent that can be readily identified as such loans (report in Schedule RC-C, part I, item 3).
- (8) All credit extended to individuals for household, family, and other personal expenditures arising from:
- (a) Credit cards (report in Schedule RC-C, part I, item 6.a);
 - (b) Prearranged overdraft plans (report in Schedule RC-C, part I, item 6.b); and
 - (c) Retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use (report in Schedule RC-C, part I, item 6.c).

- 7** **Loans to foreign governments and official institutions.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all loans (other than those that meet the definition of a "loan secured by real estate"), including planned and unplanned overdrafts, to governments in foreign countries, to their official institutions, and to international and regional institutions. See the Glossary entry for "foreign governments and official institutions" for the definition of this term.

Include:

- (1) Bankers acceptances accepted by the reporting bank and held in its portfolio when the account party is a foreign government or official institution, including such acceptances for the purpose of financing dollar exchange. Exclude acceptances that are held for trading.
- (2) Loans to foreign governments, their official institutions, and international and regional institutions (other than those that meet the definition of a "loan secured by real estate"), including planned and unplanned overdrafts.

Exclude from loans to foreign governments and official institutions:

- (1) Loans to nationalized banks and other banking institutions owned by foreign governments and not functioning as central banks, banks of issue, or development banks (report in Schedule RC-C, part I, item 2, "Loans to depository institutions and acceptances of other banks").
- (2) Loans to U.S. branches and agencies of foreign official banking institutions (report in Schedule RC-C, part I, item 2).
- (3) Loans to foreign-government-owned nonbank corporations and enterprises (report in Schedule RC-C, part I, item 4 or 9, as appropriate).

Part I. (cont.)**Item No. Caption and Instructions**

- 8 Obligations (other than securities and leases) of states and political subdivisions in the U.S.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all obligations of states and political subdivisions in the United States (including overdrafts and obligations secured by real estate), other than leases and obligations reported as securities. (Report leases to states and political subdivisions in the U.S. in Schedule RC-C, part I, item 10, and securities issued by such entities in Schedule RC-B, item 3, "Securities issued by states and political subdivisions in the U.S.," or item 4, "Mortgage-backed securities," as appropriate.) Exclude all such obligations held for trading.

States and political subdivisions in the U.S. include:

- (1) the fifty States of the United States and the District of Columbia and their counties, municipalities, school districts, irrigation districts, and drainage and sewer districts;
- (2) the governments of Puerto Rico and of the U.S. territories and possessions and their political subdivisions; and
- (3) Indian tribes in the U.S.

Treatment of industrial development bonds (IDBs). Industrial development bonds (IDBs), sometimes referred to as "industrial revenue bonds," are issued under the auspices of states or political subdivisions for the benefit of a private party or enterprise where that party or enterprise, rather than the government entity, is obligated to pay the principal and interest on the obligation. For purposes of these reports, all IDBs should be reported as securities in Schedule RC-B, item 3, or as loans in this item (Schedule RC-C, part I, item 8), consistent with the asset category in which the bank reports IDBs on its balance sheet for other financial reporting purposes. Regardless of whether they are reported as securities in Schedule RC-B or as loans in Schedule RC-C, part I, all IDBs that meet the definition of a "security" in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities") must be measured in accordance with ASC Topic 320.

Treatment of other obligations of states and political subdivisions in the U.S. In addition to those IDBs that are reported in this item in accordance with the preceding paragraph, also include in this item all obligations (other than securities) of states and political subdivisions in the U.S. except those that meet any of the following criteria:

- (1) Industrial development bonds (IDBs) that are reported as securities in accordance with the reporting treatment described above (report as securities in Schedule RC, item 2, and Schedule RC-B, item 3).
- (2) Notes, bonds, and debentures (including tax warrants and tax-anticipation notes) which are rated by a nationally-recognized rating service (report as securities in Schedule RC, item 2, and Schedule RC-B, item 3).
- (3) Mortgage-backed securities issued by state and local housing authorities (report as securities in Schedule RC, item 2, and Schedule RC-B, item 4).
- (4) Obligations of state and local governments that are guaranteed by the United States Government (report as securities in Schedule RC, item 2, and Schedule RC-B, item 3).

Part I. (cont.)**Item No. Caption and Instructions**

9 All other loans include all loans and discounts (other than loans to nondepository financial institutions and loans for purchasing or carrying securities) that cannot properly be reported (cont.) in one of the preceding items in Schedule RC-C, part I, such as:

- (1) Unplanned overdrafts to deposit accounts (except overdrafts of depository institutions, which are to be reported in Schedule RC-C, part I, item 2; overdrafts of foreign governments and official institutions, which are to be reported in Schedule RC-C, part I, item 7; and overdrafts of states and political subdivisions in the U.S., which are to be reported in Schedule RC-C, part I, item 8).
- (2) Loans (other than those that meet the definition of a "loan secured by real estate") to nonprofit organizations (e.g., churches, hospitals, educational and charitable institutions, clubs, and similar associations) except those collateralized by production payments where the proceeds ultimately go to a commercial or industrial organization (which are to be reported in Schedule RC-C, part I, item 4).
- (3) Loans to individuals for investment purposes (as distinct from commercial, industrial, or professional purposes), other than those that meet the definition of a "loan secured by real estate."

Exclude from all other loans extensions of credit initially made in the form of planned or "advance agreement" overdrafts other than those made to borrowers of the types whose obligations are specifically reportable in this item (report such planned overdrafts in other items of Schedule RC-C, part I, as appropriate). For example, report advances to banks in foreign countries in the form of "advance agreement" overdrafts as loans to depository institutions in Schedule RC-C, part I, item 2, and overdrafts under consumer check-credit plans as "Other revolving credit plans" to individuals in Schedule RC-C, part I, item 6.b. Report both planned and unplanned overdrafts on "due to" deposit accounts of depository institutions in Schedule RC-C, part I, item 2.

9.a Loans to nondepository financial institutions. Report in column B all loans to nondepository financial institutions (on the FFIEC 031, in domestic offices) as described above.

NOTE: Item 9.b is not applicable to banks filing the FFIEC 031 report forms.

9.b Other loans. On the FFIEC 041, report in column B other loans as described above.

NOTE: Items 9.b.(1) and 9.b.(2) are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

9.b.(1) Loans for purchasing or carrying securities. Report (on the FFIEC 041, in column A; on the FFIEC 031, in column B) all loans for purchasing or carrying securities (on the FFIEC 031, in domestic offices) as described above.

9.b.(2) All other loans. Report (on the FFIEC 041, in column A; on the FFIEC 031, in column B) all other loans (on the FFIEC 031, in domestic offices) as described above.

Part I. (cont.)**Item No. Caption and Instructions**

- 10 Lease financing receivables (net of unearned income).** Report all outstanding balances relating to direct financing and leveraged leases on property acquired by the bank for leasing purposes. On the FFIEC 041, all banks should report the total amount of these leases in column B, and banks with \$300 million or more in total assets should also report in the appropriate subitems of column A a breakdown of these leases between leases to individuals for household, family, and other personal expenditures and all other leases. On the FFIEC 031, all banks should report the total amount of these leases in domestic offices in column B and a breakdown of these leases for the fully consolidated bank between leases to individuals for household, family, and other personal expenditures and all other leases. These balances should include the estimated residual value of leased property and must be net of unearned income. For further discussion of leases where the bank is the lessor, refer to the Glossary entry for "lease accounting."

Include all leases to states and political subdivisions in the U.S. in this item.

NOTE: Items 10.a and 10.b are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million total assets.

- 10.a Leases to individuals for household, family, and other personal expenditures.** Report in column A all outstanding balances relating to direct financing and leveraged leases on property acquired by the fully consolidated bank for leasing to individuals for household, family, and other personal expenditures (i.e., consumer leases). For further information on extending credit to individuals for consumer purposes, refer to the instructions for Schedule RC-C, part I, item 6.d, "Other consumer loans."
- 10.b All other leases.** Report in column A all outstanding balances relating to all other direct financing and leveraged leases on property acquired by the fully consolidated bank for leasing to lessees other than for household, family, and other personal expenditure purposes.
- 11 LESS: Any unearned income on loans reflected in items 1-9 above.** To the extent possible, the preferred treatment is to report the specific loan categories net of unearned income. A reporting bank should enter (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) unearned income only to the extent that it is included in (i.e., not deducted from) the various loan items of this schedule (Schedule RC-C, part I, items 1 through 9). If a bank reports each loan item of this schedule net of unearned income, enter a zero or the word "none" in this item.
- Do not include unearned income on lease financing receivables in this item. Leases should be reported net of unearned income in Schedule RC-C, part I, item 10.
- 12 Total loans and leases, net of unearned income.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) the sum of items 1 through 10 less the amount reported in item 11. The amount reported for this item (on the FFIEC 041, in column B; on the FFIEC 031, in column A) must equal Schedule RC, item 4.a plus item 4.b.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

- 1 Loans restructured in troubled debt restructurings that are in compliance with their modified terms.** Report in the appropriate subitem loans that have been restructured in troubled debt restructurings and are in compliance with their modified terms. As set forth in ASC Subtopic 310-40, Receivables – Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended by FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan"), a troubled debt restructuring is a restructuring of a loan in which a bank, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. For purposes of this Memorandum item, the concession consists of a modification of terms, such as a reduction of the loan's stated interest rate, principal, or accrued interest or an extension of the loan's maturity date at a stated interest rate lower than the current market rate for new debt with similar risk, regardless of whether the loan is secured or unsecured and regardless of whether the loan is guaranteed by the government or by others.

Once an obligation has been restructured in a troubled debt restructuring, it continues to be considered a troubled debt restructuring until paid in full or otherwise settled, sold, or charged off. However, if a restructured obligation is in compliance with its modified terms and the restructuring agreement specifies an interest rate that at the time of the restructuring is greater than or equal to the rate that the bank was willing to accept for a new extension of credit with comparable risk, the loan need not continue to be reported as a troubled debt restructuring in this Memorandum item in calendar years after the year in which the restructuring took place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a troubled debt restructuring. Also, a loan to a third party purchaser of "other real estate owned" by the reporting bank for the purpose of facilitating the disposal of such real estate is not considered a troubled debt restructuring. For further information, see the Glossary entry for "troubled debt restructurings."

Include in the appropriate subitem all loans restructured in troubled debt restructurings as defined above that are in compliance with their modified terms, that is, restructured loans (1) on which all contractual payments of principal or interest scheduled that are due under the modified repayment terms have been paid or (2) on which contractual payments of both principal and interest scheduled under the modified repayment terms are less than 30 days past due.

Exclude from this item (1) those loans restructured in troubled debt restructurings on which under their modified repayment terms either principal or interest is 30 days or more past due and (2) those loans restructured in troubled debt restructurings that are in nonaccrual status under their modified repayment terms. Report such loans restructured in troubled debt restructurings in the category and column appropriate to the loan in Schedule RC-N, items 1 through 7, column A, B, or C, and in Schedule RC-N, Memoranda items 1.a through 1.f, column A, B, or C.

Loan amounts should be reported net of unearned income to the extent that they are reported net of unearned income in Schedule RC-C, part I.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

- 1.a Construction, land development, and other land loans (in domestic offices):**
- 1.a.(1) 1-4 family construction loans.** Report all loans secured by real estate for the purpose of constructing 1-4 family residential properties (as defined for Schedule RC-C, part I, item 1.a.(1), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item 1-4 family construction loans restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N, item 1.a.(1) and Memorandum item 1.a.(1)).
- 1.a.(2) Other construction loans and all land development and other land loans.** Report all construction loans for purposes other than constructing 1-4 family residential properties, all land development loans, and all other land loans (as defined for Schedule RC-C, part I, item 1.a.(2), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item other construction loans and all land development and other land loans restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N, item 1.a.(2) and Memorandum item 1.a.(2)).
- 1.b Loans secured by 1-4 family residential properties (in domestic offices).** Report all loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule RC-C, part I, item 1.c, column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item loans secured by 1-4 family residential properties restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N, item 1.c and Memorandum item 1.b). Also exclude from this item all 1-4 family construction loans that have been restructured in troubled debt restructurings and are in compliance with their modified terms (report in Schedule RC-C, part I, Memorandum item 1.a.(1), above).
- 1.c Loans secured by multifamily (5 or more) residential properties (in domestic offices).** Report all loans secured by multifamily (5 or more) residential properties (in domestic offices) (as defined for Schedule RC-C, part I, item 1.d, column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item loans secured by multifamily residential properties restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N, item 1.d and Memorandum item 1.c).
- 1.d Secured by nonfarm nonresidential properties (in domestic offices):**
- 1.d.(1) Loans secured by owner-occupied nonfarm nonresidential properties.** Report all loans secured by owner-occupied nonfarm nonresidential properties (as defined for Schedule RC-C, part I, item 1.e.(1), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item loans secured by owner-occupied nonfarm nonresidential properties restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N, item 1.e.(1) and Memorandum item 1.d.(1)).

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

- 1.d.(2) Loans secured by other nonfarm nonresidential properties.** Report all loans secured by other nonfarm nonresidential properties (as defined for Schedule RC-C, part I, item 1.e.(2), column B) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item loans secured by other nonfarm nonresidential properties restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N, item 1.e.(2) and Memorandum item 1.d.(2)).
- 1.e Commercial and industrial loans.** Report all commercial and industrial loans (as defined for Schedule RC-C, part I, item 4) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. On the FFIEC 041, all banks should report the total of these restructured loans in Memorandum item 1.e, and banks with \$300 million or more in total assets should also report in Memorandum items 1.e.(1) and (2) a breakdown of these restructured loans between those loans to U.S. and non-U.S. addressees. On the FFIEC 031, all banks should report a breakdown of these restructured loans between those to U.S. and non-U.S. addressees for the fully consolidated bank in Memorandum items 1.e.(1) and (2). Exclude commercial and industrial loans restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N, item 4 and Memorandum item 1.e).
- NOTE: Memorandum items 1.e.(1) and 1.e.(2) are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.
- 1.e.(1) To U.S. addressees (domicile).** Report all commercial and industrial loans to U.S. addressees (as defined for Schedule RC-C, part I, item 4.a) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item commercial and industrial loans to U.S. addressees restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (on the FFIEC 041, report in Schedule RC-N, item 4 and Memorandum items 1.e and 1.e.(1); on the FFIEC 031, report in Schedule RC-N, item 4.a and Memorandum item 1.e.(1)).
- 1.e.(2) To non-U.S. addressees (domicile).** Report all commercial and industrial loans to non-U.S. addressees (as defined for Schedule RC-C, part I, item 4.b) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item commercial and industrial loans to non-U.S. addressees restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (on the FFIEC 041, report in Schedule RC-N, item 4 and Memorandum items 1.e.(2) and 3.c)).
- 1.f All other loans.** Report all other loans that cannot properly be reported in Memorandum items 1.a through 1.e above that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item all other loans restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N).

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

1.f Include in this item loans in the following categories that have been restructured in troubled debt restructurings and are in compliance with their modified terms:
(cont.)

- (1) Loans secured by farmland (in domestic offices) (as defined for Schedule RC-C, part I, item 1.b, column B);
- (2) Loans to depository institutions and acceptances of other banks (as defined for Schedule RC-C, part I, item 2);
- (3) Loans to finance agricultural production and other loans to farmers (as defined for Schedule RC-C, part I, item 3);
- (4) Loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C part I, item 6);
- (5) Loans to foreign governments and official institutions (as defined for Schedule RC-C, part I, item 7);
- (6) Obligations (other than securities and leases) of states and political subdivisions in the U.S. (as defined for Schedule RC-C, part I, item 8);
- (7) Loans to nondepository financial institutions and other loans (as defined for Schedule RC-C, part I, item 9); and
- (8) On the FFIEC 031, loans secured by real estate in foreign offices (as defined for Schedule RC-C, part I, item 1, column A).

Report in Schedule RC-C, part I, Memorandum items 1.f.(1) through 1.f.(6) on the FFIEC 041 (Memorandum items 1.f.(1) through 1.f.(7) on the FFIEC 031), each category of loans within "All other loans" that have been restructured in troubled debt restructurings and are in compliance with their modified terms, and the dollar amount of loans in such category, that exceeds 10 percent of total loans restructured in troubled debt restructurings that are in compliance with their modified terms (i.e., 10 percent of the sum of Schedule RC-C, part I, Memorandum items 1.a through 1.e plus Memorandum item 1.f). Preprinted captions have been provided in Memorandum items 1.f.(1) through 1.f.(6) on the FFIEC 041 (Memorandum items 1.f.(1) through 1.f.(7) on the FFIEC 031) for reporting the amount of such restructured loans for the following loan categories if the amount for a loan category exceeds the 10 percent reporting threshold: Loans secured by farmland (in domestic offices); Loans to depository institutions and acceptances of other banks; Loans to finance agricultural production and other loans to farmers (on the FFIEC 031); (Consumer) Credit cards; (Consumer) Automobile loans; Other consumer loans; Loans to foreign governments and official institutions; and Other loans (i.e., Obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and, on the FFIEC 041, Loans to finance agricultural production and other loans to farmers); and Loans secured by real estate in foreign offices (on the FFIEC 031).

On the FFIEC 041, for:

- Banks with \$300 million or more in total assets and
- Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, part I, item 3) exceeding five percent of total loans,

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

1.f a preprinted caption has been provided in Memorandum item 1.f.(6)(a) for reporting the amount of "Loans to finance agricultural production and other loans to farmers" that have been restructured in troubled debt restructurings and are in compliance with their modified terms if the amount of such loans included in Schedule RC-C, part I, Memorandum item 1.f.(6), "Other loans," exceeds 10 percent of total loans restructured in troubled debt restructurings that are in compliance with their modified terms (i.e., 10 percent of the sum of Schedule RC-C, part I, Memorandum items 1.a through 1.e plus Memorandum item 1.f).
(cont.)

2 **Maturity and repricing data for loans and leases (excluding those in nonaccrual status).** Report in the appropriate subitem maturity and repricing data for the bank's loans and leases. Loans and leases are to be reported in this Memorandum item regardless of whether they are current or are reported as "past due and still accruing" in Schedule RC-N, columns A and B. However, exclude those loans and leases that are reported as "nonaccrual" in Schedule RC-N, column C.

The sum of Memorandum items 2.a.(1) through 2.b.(6) plus total nonaccrual loans and leases from Schedule RC-N, sum of items 1 through 8, column C, must equal Schedule RC-C, sum of items 1 through 10.

On the FFIEC 031, banks that have more than one office in foreign countries (including offices of consolidated foreign subsidiaries but excluding "shell" branches, excluding offices in Puerto Rico or U.S. territories and possessions, and excluding IBFs) have the option of excluding the smallest of such non-U.S. offices from Memorandum item 2. Such banks may omit the smallest of their offices in foreign countries (other than "shell" branches) when arrayed by total assets *provided* that the assets of the excluded offices do not exceed 50 percent of the total assets of the bank's offices (excluding "shells") in foreign countries *and* do not exceed 10 percent of the total *consolidated* assets of the reporting bank as of the report date. (Note: In determining the total assets of offices in foreign countries eligible for exclusion from these memorandum items, banks should exclude not only "shell" branches but also offices in Puerto Rico and U.S. territories and possessions, domestic offices of Edge and Agreement subsidiaries, and IBFs even though these are sometimes referred to as "foreign" offices. Also, the asset totals for all offices in foreign countries should be the component of the total consolidated assets, i.e., should exclude all intrabank transactions.)

For purposes of this memorandum item, the following definitions apply:

A fixed interest rate is a rate that is specified at the origination of the transaction, is fixed and invariable during the term of the loan or lease, and is known to both the borrower and the lender. Also treated as a fixed interest rate is a predetermined interest rate which is a rate that changes during the term of the loan on a predetermined basis, with the exact rate of interest over the life of the loan known with certainty to both the borrower and the lender when the loan is acquired. Examples of predetermined-rate transactions are: (1) Loans that carry a specified interest rate, for, say, six months and thereafter carry a rate equal to a specific percentage over the initial rate. (2) Loans that carry a specified interest rate while the loan amount is below a certain threshold amount but carry a different specified rate above that

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

- 2 threshold (e.g., a line of credit where the interest rate is 10% when the unpaid balance of amounts advanced is \$100,000 or less, and 8% when the unpaid balance is more than \$100,000).

A floating rate is a rate that varies, or can vary, in relation to an index, to some other interest rate such as the rate on certain U.S. Government securities or the bank's "prime rate," or to some other variable criterion the exact value of which cannot be known in advance. Therefore, the exact rate the loan carries at any subsequent time cannot be known at the time of origination.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

NOTE: Memorandum item 5 is not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

- 5 Loans secured by real estate to non-U.S. addressees (domicile).** Report the amount of loans secured by real estate to non-U.S. addressees that are included in Schedule RC-C, part I, items 1.a through 1.e, column B, on the FFIEC 041; item 1, column A, on the FFIEC 031. For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile."

NOTE: Memorandum item 6 is to be completed only by those banks that:

- (1) either individually or on a combined basis with their affiliated depository institutions, report outstanding credit card receivables that exceed, in the aggregate, \$500 million as of the report date. Outstanding credit card receivables are the sum of:
- (a) Schedule RC-C, part I, item 6.a (column B on the FFIEC 041, column A on the FFIEC 031);
 - (b) Schedule RC-S, item 1, column C; and
 - (c) Schedule RC-S, item 6.a, column C.
- (Include comparable data on managed credit card receivables for any affiliated savings association.)
- OR
- (2) are credit card specialty banks as defined for purposes of the Uniform Bank Performance Report (UBPR). According to the UBPR Users Guide, credit card specialty banks are currently defined as those banks that exceed 50% for the following two criteria:
- (a) Credit Cards plus Securitized and Sold Credit Cards divided by Total Loans plus Securitized and Sold Credit Cards.
 - (b) Total Loans plus Securitized and Sold Credit Cards divided by Total Assets plus Securitized and Sold Credit Cards.

- 6 Outstanding credit card fees and finance charges.** Report the amount of fees and finance charges included in the amount of credit card receivables reported in Schedule RC-C, part I, item 6.a (column A on the FFIEC 031; column B on the FFIEC 041).

NOTE: Memorandum items 7.a and 7.b are to be completed by all banks.

- 7 Purchased impaired loans held for investment accounted for in accordance with FASB ASC Subtopic 310-30.** Report in the appropriate subitem the outstanding balance and carrying amount of "purchased impaired loans" reported as held for investment in Schedule RC-C, part I, items 1 through 9, and accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"). Purchased impaired loans are loans that a bank has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable. Loans held for investment are those that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

- 7.a Outstanding balance.** Report the outstanding balance of all purchased impaired loans reported as held for investment in Schedule RC-C, part I, items 1 through 9. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the bank at the report date, whether or not currently due and whether or not any such amounts have been charged off by the bank. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.
- 7.b Carrying amount included in Schedule RC-C, part I, items 1 through 9.** Report the carrying amount (before any allowances established after acquisition for decreases in cash flows expected to be collected) of, i.e., the recorded investment in all purchased impaired loans reported as held for investment. The recorded investment in these loans will have been included in Schedule RC-C, part I, items 1 through 9.
- 8 Closed-end loans with negative amortization features secured by 1-4 family residential properties in domestic offices.** Report in the appropriate subitem the carrying amount of closed-end loans with negative amortization features secured by 1-4 family residential properties and, if certain criteria are met, the maximum remaining amount of negative amortization contractually permitted on these loans and the total amount of negative amortization included in the carrying amount of these loans. Negative amortization refers to a method in which a loan is structured so that the borrower's minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan's principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan payments are then recast to a fully amortizing schedule. Negative amortization features may be applied to either adjustable rate mortgages or fixed rate mortgages, the latter commonly referred to as graduated payment mortgages (GPMs).

Exclude reverse 1-4 family residential mortgage loans as described in the instructions for Schedule RC-C, part I, item 1.c.

NOTE: Memorandum item 8.a is to be completed by all banks.

- 8.a Total carrying amount of closed-end loans with negative amortization features secured by 1-4 family residential properties (included in Schedule RC-C, part I, items 1.c.(2)(a) and (b)).** Report the total carrying amount (before any loan loss allowances) of, i.e., the recorded investment in, closed-end loans secured by 1-4 family residential properties whose terms allow for negative amortization. The carrying amounts included in this item will also have been reported in Schedule RC-C, part I, items 1.c.(2)(a) and (b).

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

- 10.a.(5) Secured by nonfarm nonresidential properties.** Report the total fair value of loans secured by nonfarm nonresidential properties (in domestic offices) included in Schedule RC-C, part I, items 1.e.(1) and (2), column B, measured at fair value under a fair value option.
- 10.b Commercial and industrial loans.** Report the total fair value of commercial and industrial loans included in Schedule RC-C, part I, item 4, measured at fair value under a fair value option.
- 10.c Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total fair value of all loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6) measured at fair value under a fair value option.
- 10.c.(1) Credit cards.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards included in Schedule RC-C, part I, item 6.a, measured at fair value under a fair value option.
- 10.c.(2) Other revolving credit plans.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards included in Schedule RC-C, part I, item 6.b, measured at fair value under a fair value option.
- 10.c.(3) Automobile loans.** Report the total fair value of loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use included in Schedule RC-C, part I, item 6.c, measured at fair value under a fair value option.
- 10.c.(4) Other consumer loans.** Report the total fair value of all other loans to individuals for household, family, and other personal expenditures included in Schedule RC-C, item 6.d, measured at fair value under a fair value option.
- 10.d Other loans.** Report the total fair value of all other loans measured at fair value under a fair value option that cannot properly be reported in one of the preceding subitems of this Memorandum item 10. Such loans include "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Loans to foreign governments and official institutions," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Other loans" (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).
- 11 Unpaid principal balance of loans measured at fair value (reported in Memorandum item 10).** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans measured at fair value reported in Schedule RC-C, part I, Memorandum item 10.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

- 11.a Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule RC-C, part I, Memorandum items 10.a.(1) through 10.a.(5). On the FFIEC 031, report the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule RC-C, part I, Memorandum item 10.a, for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.
- 11.a.(1) Construction, land development, and other land loans.** Report the total unpaid principal balance outstanding for all construction, land development, and other loans reported in Schedule RC-C, part I, Memorandum item 10.a.(1).
- 11.a.(2) Secured by farmland.** Report the total unpaid principal balance outstanding for all loans secured by farmland reported in Schedule RC-C, part I, Memorandum item 10.a.(2).
- 11.a.(3) Secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3).
- 11.a.(3)(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total unpaid principal balance outstanding for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(a).
- 11.a.(3)(b) Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all closed-end loans secured by 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b).
- 11.a.(3)(b)(1) Secured by first liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by first liens on 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b)(1).
- 11.a.(3)(b)(2) Secured by junior liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by junior liens on 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b)(2).
- 11.a.(4) Secured by multifamily (5 or more) residential properties.** Report the total unpaid principal balance outstanding for all loans secured by multifamily (5 or more) residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(4).
- 11.a.(5) Secured by nonfarm nonresidential properties.** Report the total unpaid principal balance outstanding for all loans secured by nonfarm nonresidential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(5).
- 11.b Commercial and industrial loans.** Report the total unpaid principal balance outstanding for all commercial and industrial loans reported in Schedule RC-C, part I, Memorandum item 10.b.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

- 11.c Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans to individuals for household, family, and other personal expenditures reported in Schedule RC-C, part I, Memorandum item 10.c.
- 11.c.(1) Credit cards.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards reported in Schedule RC-C, part I, Memorandum item 10.c.(1).
- 11.c.(2) Other revolving credit plans.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards reported in Schedule RC-C, part I, Memorandum item 10.c.(2).
- 11.c.(3) Automobile loans.** Report the total unpaid principal balance outstanding for loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use reported in Schedule RC-C, part I, Memorandum item 10.c.(3).
- 11.c.(4) Other consumer loans.** Report the total unpaid principal balance outstanding for all other loans to individuals for household, family, and other personal expenditures reported in Schedule RC-C, part I, Memorandum item 10.c.(4).
- 11.d Other loans.** Report the total unpaid principal balance outstanding for all loans reported in Schedule RC-C, part I, Memorandum item 10.d. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).
- 12 Loans (not subject to the requirements of FASB ASC 310-30) 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 ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), “Business Combinations”), with an acquisition date in the current calendar year. The acquisition date is the date on which the bank obtains control¹ of the acquiree. If the reporting bank was acquired in a transaction during the calendar year pursuant to ASC Topic 805 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. Acquired loans and leases should be reported in this item each quarter after their acquisition date through the end of the calendar year of acquisition regardless of whether the bank still holds the loans and leases.

¹ Control has the meaning of “controlling financial interest” in ASC Subtopic 810-10, Consolidation – Overall (formerly Accounting Research Bulletin No. 51, “Consolidated Financial Statements,” as amended).

Part I. (cont.)**Memoranda****Item No. Caption and Instructions**

12 Exclude purchased impaired loans held for investment that are accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, “Accounting for Certain Loans or Debt Securities Acquired in a Transfer”) (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.”)
(cont.)

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.

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-D – TRADING ASSETS AND LIABILITIES

General Instructions

Schedule RC-D is to be completed by banks that reported a quarterly average for trading assets of \$2 million or more in Schedule RC-K, item 7, for any of the four preceding quarterly reports. However, because banks with domestic offices only and with less than \$100 million in total assets do not report a quarterly average for trading assets in Schedule RC-K, item 7, on the FFIEC 041, Schedule RC-D is not applicable to such banks. Memorandum items 5 through 10 are to be completed by banks that reported a quarterly average for trading assets of \$1 billion or more in Schedule RC-K, item 7, for any of the four preceding quarterly reports.

Trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale, (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements, and (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes.

Pursuant to ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities”), all securities within the scope of ASC Topic 320, Investments – Debt and Equity Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”), that a bank has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of these reports, banks may classify assets (other than securities within the scope of ASC Topic 320) and liabilities as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a bank would generally not classify a loan to which it has applied the fair value option as a trading asset unless the bank holds the loan, which it manages as a trading position, for one of the following purposes: (a) for market making activities, including such activities as accumulating loans for sale or securitization; (b) to benefit from actual or expected price movements; or (c) to lock in arbitrage profits. When reporting loans classified as trading in Schedule RC-D, banks should include only the fair value of the funded portion of the loan in item 6 of this schedule. If the unfunded portion of the loan, if any, is classified as trading (and does not meet the definition of a derivative), the fair value of the commitment to lend should be reported as an “Other trading asset” or an “Other trading liability,” as appropriate, in Schedule RC-D, item 9 or item 13.b, respectively.

Assets, liabilities, and other financial instruments classified as trading shall be consistently valued at fair value.

Exclude from this schedule all available-for-sale securities and all loans and leases that do not satisfy the criteria for classification as trading as described above. (Also see the Glossary entry for “trading account.”) Available-for-sale securities are generally reported in Schedule RC, item 2.b, and in Schedule RC-B, columns C and D. However, a bank may have certain assets that fall within the definition of “securities” in ASC Topic 320 (e.g., nonrated industrial development obligations) that the bank has designated as “available-for-sale” which are reported for purposes of the Report of Condition in a balance sheet category other than “Securities” (e.g., “Loans and lease financing receivables”). Loans and leases that do not satisfy the criteria for the trading account should be reported in Schedule RC, item 4.a or item 4.b, and in Schedule RC-C.

General Instructions (cont.)

On the FFIEC 031, this schedule has two columns: column A provides trading asset and liability detail for the fully consolidated bank and column B provides detail on trading assets and liabilities held by the domestic offices of the reporting bank. (See the Glossary entry for "domestic office" for the definition of this term.)

Item Instructions**Item No. Caption and Instructions****ASSETS**

- 1** **U.S. Treasury securities.** Report the total fair value of securities issued by the U.S. Treasury (as defined for Schedule RC-B, item 1, "U.S. Treasury securities") held for trading.
- 2** **U.S. Government agency obligations.** Report the total fair value of all obligations of U.S. Government agencies (as defined for Schedule RC-B, item 2, U.S. Government agency obligations") held for trading. Exclude mortgage-backed securities.
- 3** **Securities issued by states and political subdivisions in the U.S.** Report the total fair value of all securities issued by states and political subdivisions in the United States (as defined for Schedule RC-B, item 3, "Securities issued by states and political subdivisions in the U.S.") held for trading.
- 4** **Mortgage-backed securities.** Report in the appropriate subitem the total fair value of all mortgage-backed securities held for trading.
- 4.a** **Residential mortgage pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA.** Report the total fair value of all residential mortgage pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA (as defined for Schedule RC-B, item 4.a.(1), Residential mortgage pass-through securities "Guaranteed by GNMA," and item 4.a.(2), Residential pass-through securities "Issued by FNMA and FHLMC") held for trading.
- 4.b** **Other residential MBS issued or guaranteed by FNMA, FHLMC, or GNMA.** Report the total fair value of all other residential mortgage-backed securities issued by FNMA, FHLMC, or GNMA (as defined for Schedule RC-B, item 4.b.(1), Other residential mortgage-backed securities "Issued or guaranteed by FNMA, FHLMC, or GNMA") held for trading.
- 4.c** **All other residential MBS.** Report the total fair value of all other residential mortgage-backed securities (as defined for Schedule RC-B, item 4.a.(3), "Other [residential mortgage] pass-through securities," item 4.b.(2), Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA," and item 4.b.(3), "All other residential MBS") held for trading.
- 4.d** **Commercial MBS issued or guaranteed by FNMA, FHLMC, or GNMA.** Report the total fair value of all commercial mortgage-backed securities (as defined for Schedule RC-B, item 4.c, "Commercial MBS") issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA) that are held for trading. Also include commercial mortgage pass-through securities guaranteed by the Small Business Administration.

Item No. Caption and Instructions

- 4.e All other commercial MBS.** Report the total fair value of all commercial mortgage-backed securities (as defined for Schedule RC-B, item 4.c, "Commercial MBS") issued or guaranteed by non-U.S. Government issuers that are held for trading.
- 5 Other debt securities:**
- 5.a Structured financial products.** Report in the appropriate subitem the total fair value of all structured financial products (as defined for Schedule RC-B, item 5.b, "Structured financial products") held for trading according to whether the product is a cash, synthetic, or hybrid instrument.
- 5.a.(1) Cash instruments.** Report the total fair value of structured financial products that are cash instruments (as defined for Schedule RC-B, item 5.b.(1)) held for trading.
- 5.a.(2) Synthetic instruments.** Report the total fair value of structured financial products that are synthetic instruments (as defined for Schedule RC-B, item 5.b.(2)) held for trading.
- 5.a.(3) Hybrid instruments.** Report the total fair value of structured financial products that are hybrid instruments (as defined for Schedule RC-B, item 5.b.(3)) held for trading.
- 5.b All other debt securities.** Report the total fair value of all other debt securities (as defined for Schedule RC-B, item 5.a, "Asset-backed securities," and item 6, "Other debt securities") held for trading.
- 6 Loans.** Report in the appropriate subitem the total fair value of all loans held for trading. See the Glossary entry for "loan" for further information.
- 6.a Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the total fair value of loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for trading. On the FFIEC 031, report the total fair value of loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for trading for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.
- 6.a.(1) Construction, land development, and other land loans.** Report the total fair value of construction, land development, and other land loans (as defined for Schedule RC-C, item 1.a) held for trading.
- 6.a.(2) Secured by farmland.** Report the total fair value of loans secured by farmland (as defined for Schedule RC-C, item 1.b) held for trading.
- 6.a.(3) Secured by 1-4 family residential properties.** Report in the appropriate subitem the total fair value of all open-end and closed-end loans secured by real estate (as defined for Schedule RC-C, item 1.c) held for trading.
- 6.a.(3)(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total fair value of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit (as defined for Schedule RC-C, item 1.c.(1)) held for trading.

Item No. Caption and Instructions

- 6.a.(3)(b) Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total fair value of all closed-end loans secured by real estate (as defined for Schedule RC-C, item 1.c.(2)) held for trading.
- 6.a.(3)(b)(1) Secured by first liens.** Report the total fair value of closed-end loans secured by first liens on 1-4 family residential properties (as defined for Schedule RC-C, item 1.c.(2)(a)) held for trading.
- 6.a.(3)(b)(2) Secured by junior liens.** Report the total fair value of closed-end loans secured by junior liens on 1-4 family residential properties (as defined for Schedule RC-C, item 1.c.(2)(b)) held for trading.
- 6.a.(4) Secured by multifamily (5 or more) residential properties.** Report the total fair value of loans secured by multifamily (5 or more) residential properties (as defined for Schedule RC-C, item 1.d) held for trading.
- 6.a.(5) Secured by nonfarm nonresidential properties.** Report the total fair value of loans secured by nonfarm nonresidential properties (as defined for Schedule RC-C, item 1.e) held for trading.
- 6.b Commercial and industrial loans.** Report the total fair value of commercial and industrial loans (as defined for Schedule RC-C, item 4) held for trading.
- 6.c Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total fair value of all loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, item 6) held for trading.
- 6.c.(1) Credit cards.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (as defined for Schedule RC-C, item 6.a) held for trading.
- 6.c.(2) Other revolving credit plans.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards (as defined for Schedule RC-C, item 6.b) held for trading.
- 6.c.(3) Automobile loans.** Report the total fair value of loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use (as defined for Schedule RC-C, part I, item 6.c) held for trading.
- 6.c.(4) Other consumer loans.** Report the total fair value of all other loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, item 6.d) held for trading.
- 6.d Other loans.** Report the total fair value of all other loans held for trading that cannot properly be reported in one of the preceding subitems of this item 6. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).

Item No. Caption and Instructions

- 7-8 Not applicable.
- 9 **Other trading assets.** Report the total fair value of all trading assets that cannot properly be reported in items 1 through 6. Exclude revaluation gains on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts (report in item 11 below).
- 10 Not applicable.
- 11 **Derivatives with a positive fair value.** Report the amount of revaluation gains (i.e., assets) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the "marking to market" of the reporting bank's derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts") (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis using this item and item 14 below, as appropriate. (For further information, see the Glossary entry for "offsetting.")
- 12 **Total trading assets.** Report the sum of items 1 through 11. On the FFIEC 041, this item must equal Schedule RC, item 5, "Trading assets." On the FFIEC 031, the amount in column A for this item must equal Schedule RC, item 5, "Trading assets."

LIABILITIES

- 13.a **Liability for short positions.** Report the total fair value of the reporting bank's liabilities resulting from sales of assets that the reporting bank does not own (see the Glossary entry for "short position").
- 13.b **Other trading liabilities.** Report the total fair value of all trading liabilities other than the reporting bank's liability for short positions. Exclude revaluation losses on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts (report in item 14 below).
- 14 **Derivatives with a negative fair value.** Report the amount of revaluation losses (i.e., liabilities) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the "marking to market" of the reporting bank's interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts") (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis using this item and item 11 above, as appropriate. (For further information, see the Glossary entry for "offsetting.")
- 15 **Total trading liabilities.** Report the sum of items 13.a, 13.b, and 14. On the FFIEC 041, this item must equal Schedule RC, item 15, "Trading liabilities." On the FFIEC 031, the amount in column A for this item must equal Schedule RC, item 15, "Trading liabilities."

Memoranda**Item No. Caption and Instructions**

- 1** **Unpaid principal balance of loans measured at fair value.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans held for trading reported in Schedule RC-D, item 6.
- 1.a** **Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by real estate held for trading reported in Schedule RC-D, item 6. On the FFIEC 031, report the total unpaid principal balance outstanding for all loans secured by real estate held for trading reported in Schedule RC-D, item 6.a, for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.
- 1.a.(1)** **Construction, land development, and other land loans.** Report the total unpaid principal balance outstanding for all construction, land development, and other land loans held for trading reported in Schedule RC-D, item 6.a.(1).
- 1.a.(2)** **Secured by farmland.** Report the total unpaid principal balance outstanding for all loans secured by farmland held for trading reported in Schedule RC-D, item 6.a.(2).
- 1.a.(3)** **Secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3).
- 1.a.(3)(a)** **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total unpaid principal balance outstanding for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit held for trading reported in Schedule RC-D, item 6.a.(3)(a).
- 1.a.(3)(b)** **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all closed-end loans secured by 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3)(b).
- 1.a.(3)(b)(1)** **Secured by first liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by first liens on 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3)(b)(1).
- 1.a.(3)(b)(2)** **Secured by junior liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by junior liens on 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3)(b)(2).
- 1.a.(4)** **Secured by multifamily (5 or more) residential properties.** Report the total unpaid principal balance outstanding for all loans secured by multifamily (5 or more) residential properties held for trading reported in Schedule RC-D, item 6.a.(4).
- 1.a.(5)** **Secured by nonfarm nonresidential properties.** Report the total unpaid principal balance outstanding for all loans secured by nonfarm nonresidential properties held for trading reported in Schedule RC-D, item 6.a.(5).
- 1.b** **Commercial and industrial loans.** Report the total unpaid principal balance outstanding for all commercial and industrial loans held for trading reported in Schedule RC-D, item 6.b.

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- 1.c Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans to individuals for household, family, and other personal expenditures held for trading reported in Schedule RC-D, item 6.c.
- 1.c.(1) Credit cards.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards held for trading reported in Schedule RC-D, item 6.c.(1).
- 1.c.(2) Other revolving credit plans.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards held for trading reported in Schedule RC-D, item 6.c.(2).
- 1.c.(3) Automobile loans.** Report the total unpaid principal balance outstanding for all loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use held for trading reported in Schedule RC-D, item 6.c.(3).
- 1.c.(4) Other consumer loans.** Report the total unpaid principal balance outstanding for all other loans to individuals for household, family, and other personal expenditures held for trading reported in Schedule RC-D, item 6.c.(4).
- 1.d Other loans.** Report the total unpaid principal balance outstanding for all loans held for trading reported in Schedule RC-D, item 6.d. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).
- 2 Loans measured at fair value that are past due 90 days or more.** Report in the appropriate subitem the total fair value and unpaid principal balance of all loans held for trading included in Schedule RC-D, items 6.a through 6.d, that are past due 90 days or more as of the report date.
- 2.a Fair value.** Report the total fair value of all loans held for trading included in Schedule RC-D, items 6.a through 6.d, that are past due 90 days or more as of the report date.
- 2.b Unpaid principal balance.** Report in the appropriate column the total unpaid principal balance of all loans held for trading included in Schedule RC-D, items 6.a through 6.d, that are past due 90 days or more as of the report date.
- 3 Structured financial products by underlying collateral or reference assets.** Report in the appropriate subitem the total fair value of all structured financial products held for trading by the predominant type of collateral or reference assets supporting the product. The sum of Memorandum items 3.a through 3.g must equal the sum of Schedule RC-D, items 5.a.(1) through 5.a.(3).

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- 3.a Trust preferred securities issued by financial institutions.** Report the total fair value of structured financial products held for trading that are supported predominantly by trust preferred securities issued by financial institutions.
- 3.b Trust preferred securities issued by real estate investment trusts.** Report the total fair value of structured financial products held for trading that are supported predominantly by trust preferred securities issued by real estate investment trusts.
- 3.c Corporate and similar loans.** Report the total fair value of structured financial products held for trading that are supported predominantly by corporate and similar loans.

Exclude securities backed by loans that are commonly regarded as asset-backed securities rather than collateralized loan obligations in the marketplace (report in Schedule RC-D, item 5.b).

- 3.d 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs).** Report the total fair value of structured financial products held for trading that are supported predominantly by 1-4 family residential mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises.
- 3.e 1-4 family residential MBS not issued or guaranteed by GSEs.** Report the total fair value of structured financial products held for trading that are supported predominantly by 1-4 family residential mortgage-backed securities not issued or guaranteed by U.S. government-sponsored enterprises.
- 3.f Diversified (mixed) pools of structured financial products.** Report the total fair value of structured financial products held for trading that are supported predominantly by diversified (mixed) pools of structured financial products. Include such products as CDOs squared and cubed (also known as “pools of pools”).
- 3.g Other collateral or reference assets.** Report the total fair value of structured financial products held for trading that are supported predominantly by other types of collateral or reference assets not identified above.

4 Pledged trading assets:

- 4.a Pledged securities.** Report the total fair value of all securities held for trading included in Schedule RC-D above that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the securities are pledged); as performance bonds under futures or forward contracts; or for any other purpose. Include as pledged securities any securities held for trading that have been “loaned” in securities borrowing/lending transactions that do not qualify as sales under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” as amended).

Also include securities held for trading owned by consolidated insurance subsidiaries and held in custodial trusts (that are reported as securities held for trading in Schedule RC-D) that are pledged to insurance companies external to the consolidated bank.

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4.b Pledged loans. Report the total fair value of all loans held for trading included in Schedule RC-D above that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the loans are pledged) or for any other purpose. Include loans held for trading that have been transferred in transactions that are accounted for as secured borrowings with a pledge of collateral because they do not qualify as sales under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended). In general, the pledging of loans is the act of setting aside certain loans to secure or collateralize bank transactions with the bank continuing to own the loans unless the bank defaults on the transaction.

NOTE: Memorandum items 5 through 10 are applicable only to banks that reported a quarterly average for trading assets of \$1 billion or more in Schedule RC-K, item 7, for any of the four preceding quarterly reports.

- 5 Asset-backed securities.** Report in the appropriate subitem the total fair value of all asset-backed securities (other than mortgage-backed securities), including asset-backed commercial paper, held for trading that are included in Schedule RC-D, item 5.b, above.
- 5.a Credit card receivables.** Report the total fair value of all asset-backed securities collateralized by credit card receivables, i.e., extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards as defined for Schedule RC-C, part I, item 6.a.
- 5.b Home equity lines.** Report the total fair value of all asset-backed securities collateralized by home equity lines of credit, i.e., revolving, open-end lines of credit secured by 1-to-4 family residential properties as defined for Schedule RC-C, part I, item 1.c.(1).
- 5.c Automobile loans.** Report the total fair value of all asset-backed securities collateralized by automobile loans, i.e., loans to individuals for the purpose of purchasing private passenger vehicles, including minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use as defined for Schedule RC-C, part I, item 6.c.
- 5.d Other consumer loans.** Report the total fair value of all asset-backed securities collateralized by other consumer loans, i.e., loans to individuals for household, family, and other personal expenditures as defined for Schedule RC-C, part I, items 6.b and 6.d.
- 5.e Commercial and industrial loans.** Report the total fair value of all asset-backed securities collateralized by commercial and industrial loans, i.e., loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment, as defined for Schedule RC-C, part I, item 4.
- 5.f Other.** Report the total fair value of all asset-backed securities collateralized by loans other than those included in Schedule RC-D, Memorandum items 4.a through 4.g, above, i.e., loans as defined for Schedule RC-C, part I, items 2, 3, and 7 through 9 and lease financing receivables as defined for Schedule RC-C, part I, item 10.

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- 6** **Retained beneficial interests in securitizations (first-loss or equity tranches).** Report the total fair value of assets held for trading that represent interests that continue to be held by the bank following a securitization (as defined by ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” as amended)) to the extent that such interests will absorb losses resulting from the underlying assets before those losses affect outside investors. Examples of such items include credit-enhancing interest-only strips (as defined in the instructions for Schedule RC-R, item 10) and residual interests in securitization trusts (as defined in the instructions for Schedule RC-R, item 50).
- 7** **Equity securities.** Report in the appropriate subitem the total fair value of all equity securities held for trading that are included in Schedule RC-D, item 9, above. Include equity securities classified as trading with readily determinable fair values as defined by ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”), and those equity securities that are outside the scope of ASC Topic 320.
- 7.a** **Readily determinable fair values.** Report the total fair value of all equity securities held for trading that are within the scope of ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”).
- 7.b** **Other.** Report the total fair value of all equity securities held for trading other than those included in Schedule RC-D, Memorandum item 7.a, above.
- 8** **Loans pending securitization.** Report the total fair value of all loans included in Schedule RC-D, items 6.a through 6.d, that are held for securitization purposes. Report such loans in this item only if the bank expects the securitization transaction to be accounted for as a sale under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” as amended).
- 9** **Other trading assets.** Disclose in Memorandum items 9.a through 9.c each component of Schedule RC-D, item 9, “Other trading assets,” and the fair value of such component, that is greater than \$25,000 and exceeds 25 percent of the amount reported for this item. Exclude equity securities reported in Schedule RC-D, Memorandum items 7.a and 7.b. For each component of other trading assets that exceeds the disclosure threshold for this Memorandum item, describe the component with a clear but concise caption in Memorandum items 9.a through 9.c. These descriptions should not exceed 50 characters in length (including spacing between words).
- 10** **Other trading liabilities.** Disclose in Memorandum items 10.a through 10.c each component of Schedule RC-D, item 13.b, “Other trading liabilities,” and the fair value of such component, that is greater than \$25,000 and exceeds 25 percent of the amount reported for this item. For each component of other trading liabilities that exceeds this disclosure threshold, describe the component with a clear but concise caption in Memorandum items 10.a through 10.c. These descriptions should not exceed 50 characters in length (including spacing between words).

Item No. **Caption and Instructions**

- 1**
(cont.)
- (f) Outstanding travelers' checks, travelers' letters of credit and other letters of credit (less any outstanding drafts accepted thereunder) sold for cash or its equivalent by the reporting bank or its agents.
 - (g) Outstanding drafts and bills of exchange accepted by the reporting bank or its agents for money or its equivalent, including drafts accepted against a letter of credit issued for money or its equivalent.
 - (h) On the FFIEC 031, checks or drafts drawn by, or on behalf of, a non-U.S. office of the reporting bank on an account maintained at a U.S. office of the reporting bank. Such drafts are, for Report of Condition and federal deposit insurance assessment purposes, the same as officers' checks. This would include "London checks," "Eurodollar bills payable checks," and any other credit items that the domestic bank issues in connection with such transactions.

Exclude from this item deposits of:

- (1) The U.S. Government (report in Schedule RC-E, item 2).
- (2) States and political subdivisions in the U.S. (report in Schedule RC-E, item 3).
- (3) Commercial banks in the U.S. (report in Schedule RC-E, item 4).
- (4) Other depository institutions in the U.S. (report in Schedule RC-E, item 4).
- (5) Banks in foreign countries (report in Schedule RC-E, item 5).

- 2** **Deposits of U.S. Government.** Report in the appropriate column all deposits of federal public funds made by or for the account of the United States or some department, bureau, or official thereof.

Include in this item:

- (1) U.S. Treasury Tax and Loan Accounts, including deposits of federal income tax withheld from employee salaries, from interest and dividend payments, and from distributions or payments from pensions, annuities, and other deferred income including IRAs; social security tax deposits and other federal tax payments; and the proceeds from sales of U.S. Savings Bonds.

NOTE: Only deposits credited to the U.S. Treasury Tax and Loan demand deposit accounts that represent funds received as of the close of business of the "current" day should be reported as Treasury Tax and Loan Demand Deposits. (The "current" day's deposits should reflect those deposits on the bank's books standing to the credit of the U.S. Treasury's Tax and Loan Account as of the report date.) Funds credited to Tax and Loan Demand Deposit Accounts as of the close of business on previous days should already have been remitted to the Federal Reserve Bank (and thus excluded from this report) or automatically converted into open-ended interest-bearing notes (to be reported as "Other borrowings" in Schedule RC-M, item 5.b), depending on the option selected by the reporting institution.

Item No. Caption and Instructions

1 (2) Deposits standing to the credit of certain quasi-governmental institutions when the
(cont.) reporting bank has been designated by the U.S. Treasury as a depository for such funds.

(3) Deposits of the U.S. Postal Service and local post offices.

Exclude from this item deposits of U.S. Government agencies and instrumentalities. (Such deposits are to be reported in Schedule RC-E, item 1, above.)

3 **Deposits of states and political subdivisions in the U.S.** Report in the appropriate column all deposits standing to the credit of states, counties, municipalities, and local housing authorities; school, irrigation, drainage, and reclamation districts; other instrumentalities of one or more states of the United States, the District of Columbia, Puerto Rico, and U.S. territories and possessions; and Indian tribes in the U.S.

Also include deposits of funds advanced to states and political subdivisions by U.S. Government agencies and corporations and deposits of withheld income taxes of states and political subdivisions.

4 **Deposits of commercial banks and other depository institutions in the U.S.** Report in the appropriate column all deposits of commercial banks and other depository institutions located in the U.S.

Commercial banks in the U.S. cover:

- (1) U.S. branches and agencies of foreign banks; and
- (2) all other commercial banks in the U.S., i.e., U.S. branches of U.S. banks.

Other depository institutions in the U.S. cover:

- (1) Building or savings and loan associations, homestead associations, and cooperative banks;
- (2) credit unions; and
- (3) mutual and stock savings banks.

For purposes of these reports, U.S. branches and agencies of foreign banks include U.S. branches and agencies of foreign official banking institutions and investment companies that are chartered under Article XII of the New York State banking law and that are majority-owned by one or more foreign banks.

For the appropriate treatment of deposits of depository institutions for which the reporting bank is serving as a pass-through agent for federal required reserves, see the Glossary entry for "pass-through reserve balances."

Refer to the Glossary entries for "banks, U.S. and foreign" and "depository institutions in the U.S." for further discussion of these terms.

Item No. Caption and Instructions

- 4** Exclude from this item deposits of the following depository institutions:
(cont.)
- (1) Banks in foreign countries (report in Schedule RC-E, item 5, below). (See the Glossary entry for "banks, U.S. and foreign" for the definition of this term.)
 - (2) On the FFIEC 031, IBFs (report in part II of Schedule RC-E).
- 5** **Deposits of banks in foreign countries.** Report in the appropriate column all deposits of banks located in foreign countries.
- Banks in foreign countries cover:
- (1) foreign-domiciled branches of other U.S. banks; and
 - (2) foreign-domiciled branches of foreign banks.
- See the Glossary entry for "banks, U.S. and foreign" for further discussion of these terms.
- Exclude from this item deposits of foreign official institutions and foreign central banks (to be reported in Schedule RC-E, item 6 below) and deposits of U.S. branches and agencies of foreign banks and New York State investment companies (to be reported in Schedule RC-E, item 4 above).
- For the appropriate treatment of deposits of depository institutions for which the reporting bank is serving as a pass-through agent for federal required reserves, see the Glossary entry for "pass-through reserve balances."
- 6** **Deposits of foreign governments and official institutions.** Report in the appropriate column all deposits of foreign governments and official institutions. (See the Glossary entry for "foreign governments and official institutions" for the definition of this term.)
- Exclude from this item deposits of:
- (1) U.S. branches and agencies of foreign official banking institutions (report in Schedule RC-E, item 4, above).
 - (2) Nationalized banks and other banking institutions that are owned by foreign governments and that do not function as central banks, banks of issue, or development banks (report in Schedule RC-E, item 5, above).
 - (3) Foreign government-owned nonbank commercial and industrial enterprises (report in Schedule RC-E, item 1, above).
- 7** **Total.** Report in column B the total of all demand deposits. Report in columns A and C the sum of items 1 through 6. The sum of columns A and C of this item must equal Schedule RC, item 13.a, "Deposits in domestic offices."

Memoranda**Item No. Caption and Instructions**

1 **Selected components of total deposits.** The amounts to be reported in Memorandum items 1.a through 1.f below are included as components of total deposits (in domestic offices) (Schedule RC-E, sum of item 7, columns A and C).

1.a **Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts.** Report in this Memorandum item the total of all IRA and Keogh Plan deposits included in total deposits (in domestic offices) (Schedule RC-E, sum of item 7, columns A and C). IRAs include traditional IRAs, Roth IRAs, Simplified Employee Pension (SEP) IRAs, and SIMPLE IRAs.

Exclude deposits in "Section 457" deferred compensation plans and self-directed defined contribution plans, which are primarily 401(k) plan accounts. Also exclude deposits in Health Savings Accounts, Medical Savings Accounts, and Coverdell Education Savings Accounts (formerly known as Education IRAs).

1.b **Total brokered deposits.** Report in this Memorandum item the total of all brokered deposits included in total deposits (in domestic offices) (Schedule RC-E, sum of item 7, columns A and C), regardless of size or type of deposit instrument. (See the Glossary entry for "brokered deposits" for the definition of this term.)

Brokered deposits include "reciprocal deposits." As defined in Section 327.8(s) of the FDIC's regulations, "reciprocal deposits" are deposits that an "institution receives through a deposit placement network on a reciprocal basis, such that: (1) for any deposit received, the institution (as agent for depositors) places the same amount with other insured depository institutions through the network; and (2) each member of the network sets the interest rate to be paid on the entire amount of funds it places with other network members."

1.c **Fully insured brokered deposits.** Report in the appropriate subitem all fully insured brokered deposits (as defined in the Glossary entry for "brokered deposits") included in Schedule RC-E, Memorandum item 1.b above.

In some cases, brokered certificates of deposit are issued in \$1,000 amounts under a master certificate of deposit issued by a bank to a deposit broker in an amount that exceeds \$250,000. For these so-called "retail brokered deposits," multiple purchases by individual depositors from an individual bank normally do not exceed the applicable deposit insurance limit (currently \$250,000), but under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers and their account ownership capacity to the bank issuing the deposits. If this information is not readily available to the issuing bank, these brokered certificates of deposit in \$1,000 amounts may be rebuttably presumed to be fully insured brokered deposits and should be reported in Schedule RC-E, Memorandum item 1.c.(1), below. In addition, some brokered deposits are transaction accounts or money market deposit accounts (MMDAs) that are denominated in amounts of \$0.01 and established and maintained by the deposit broker (or its agent) as agent, custodian, or other fiduciary for the broker's customers. An individual depositor's deposits within the brokered transaction account or MMDA normally do not exceed the applicable deposit insurance limit. As with retail brokered deposits, if information on these depositors and their account ownership capacity is not readily available to the bank establishing the transaction account or MMDA, the amounts in the transaction account or MMDA may be rebuttably presumed to be fully insured brokered deposits and should be reported in Schedule RC-E, Memorandum item 1.c.(1), below.

Memoranda**Item No. Caption and Instructions**

- 1.c** (cont.) The dollar amounts used as the basis for reporting fully insured brokered deposits in Memorandum items 1.c.(1) and 1.c.(2) reflect the deposit insurance limits in effect on the report date. At present, these limits are \$250,000 for "retirement deposit accounts" and \$250,000 for other deposit accounts, which takes into account the temporary increase in deposit insurance for other deposit accounts that is in effect through December 31, 2013.
- 1.c.(1)** **Brokered deposits of less than \$100,000.** Report in this item brokered deposits with balances of less than \$100,000. Also report in this item time deposits issued to deposit brokers in the form of certificates of deposit of \$100,000 or more that have been participated out by the broker in shares with balances of less than \$100,000.
- For brokered deposits that represent retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1) eligible for \$250,000 in deposit insurance coverage, report such brokered deposits in this item only if their balances are less than \$100,000.
- 1.c.(2)** **Brokered deposits of \$100,000 through \$250,000 and certain brokered retirement deposit accounts.** Report in this item those brokered deposits (including brokered retirement deposit accounts) with balances of \$100,000 through \$250,000. Also report in this item time deposits issued to deposit brokers in the form of certificates of deposit of more than \$250,000 that have been participated out by the broker in shares with balances of \$100,000 through \$250,000.
- For brokered deposits that represent retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1) eligible for \$250,000 in deposit insurance coverage, report such brokered deposits in this item only if their balances are \$100,000 through \$250,000 or if they have been issued by the bank in denominations of more than \$250,000 and have been participated out by the broker in shares of \$100,000 through exactly \$250,000.
- 1.d** **Maturity data for brokered deposits.** Report in the appropriate subitem the indicated maturity data for brokered deposits (as defined in the Glossary entry for "brokered deposits").
- 1.d.(1)** **Brokered deposits of less than \$100,000 with a remaining maturity of one year or less.** Report in this item those brokered time deposits with balances of less than \$100,000 reported in Schedule RC-E, Memorandum item 1.c.(1), above that have a remaining maturity of one year or less. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. Also report in this item all brokered demand and savings deposits with balances of less than \$100,000 that were reported in Schedule RC-E, Memorandum item 1.c.(1), above.
- 1.d.(2)** **Brokered deposits of \$100,000 through \$250,000 with a remaining maturity of one year or less.** Report in this item those brokered time deposits with balances of \$100,000 through \$250,000 reported in Schedule RC-E, Memorandum item 1.c.(2) above that have a remaining maturity of one year or less. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. Also report in this item all brokered demand and savings deposits with balances of \$100,000 through \$250,000 that were reported in Schedule RC-E, Memorandum item 1.c.(2) above.

Memoranda**Item No. Caption and Instructions****1.d.(3) Brokered deposits of more than \$250,000 with a remaining maturity of one year or less.**

Report in this item those brokered time deposits with balances of more than \$250,000 reported in Schedule RC-E, Memorandum item 1.b above that have a remaining maturity of one year or less. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. Also report in this item all brokered demand and savings deposits with balances of more than \$250,000 that were reported in Schedule RC-E, Memorandum item 1.b above.

1.e Preferred deposits. (This item is to be reported for the December 31 report only.)

Report in this item all deposits of states and political subdivisions in the U.S. included in Schedule RC-E, item 3, columns A and C above, which are secured or collateralized as required under state law. Exclude deposits of the U.S. Government which are secured or collateralized as required under federal law. Also exclude deposits of trust funds which are secured or collateralized as required under state law unless the beneficiary is a state or political subdivision in the U.S. The amount reported in this memorandum item must be less than the sum of Schedule RC-E, item 3, column A, and item 3, column C, above.

State law may require a bank to pledge securities (or other readily marketable assets) to cover the uninsured portion of the deposits of a state or political subdivision. If the bank has pledged securities with a value that exceeds the amount of the uninsured portion of the state or political subdivision's deposits, only the uninsured amount (and none of the insured portion of the deposits) should be reported as a "preferred deposit." For example, a political subdivision has \$450,000 in deposits at a bank which, under state law, is required to pledge securities to cover only the uninsured portion of such deposits (\$200,000 in this example). The bank has pledged securities with a value of \$300,000 to secure these deposits. Only the \$200,000 uninsured amount of the political subdivision's \$450,000 in deposits, given the currently applicable \$250,000 deposit insurance limit, would be considered "preferred deposits."

In other states, banks must participate in a state public deposits program in order to receive deposits from the state or from political subdivisions within the state in amounts that would not be covered by federal deposit insurance. Under state law in such states, the value of the securities a bank must pledge to the state is calculated annually, but represents only a percentage of the uninsured portion of its public deposits. Institutions participating in the state program may potentially be required to share in any loss to public depositors incurred in the failure of another participating institution. As long as the value of the securities pledged to the state exceeds the calculated requirement, all of the bank's uninsured public deposits are protected from loss under the operation of the state program if the bank fails and, therefore, all of the uninsured public deposits are considered "preferred deposits." For example, a bank participating in a state public deposits program has \$1,600,000 in public deposits under the program from four political subdivisions and \$700,000 of this amount is uninsured, given the currently applicable \$250,000 deposit insurance limit. The bank's most recent calculation indicates that it must pledge securities with a value of at least \$77,000 to the state in order to participate in the state program. The bank has pledged securities with an actual value of \$80,000. The bank should report the \$700,000 in uninsured public deposits as "preferred deposits."

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- 1.f Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits.** Report in this Memorandum item the estimated amount of all nonbrokered deposits obtained through the use of deposit listing services included in total deposits (in domestic offices) (Schedule RC-E, sum of item 7, columns A and C), regardless of size or type of deposit instrument.

The objective of this Memorandum item is not to capture all deposits obtained through the Internet, such as deposits that a bank receives because a person or entity has seen the rates the bank has posted on its own Web site or on a rate-advertising Web site that has picked up and posted the bank's rates on its site without the bank's authorization. Rather, the objective of this Memorandum item is to collect the estimated amount of deposits obtained as a result of action taken by the bank to have its deposit rates listed by a listing service, and the listing service is compensated for this listing either by the bank whose rates are being listed or by the persons or entities who view the listed rates. A bank should establish a reasonable and supportable estimation process for identifying listing service deposits that meet these reporting parameters and apply this process consistently over time. However, for those nonbrokered deposits acquired through the use of a deposit listing service that offers deposit tracking, the actual amount of listing service deposits, rather than an estimate, should be reported.

Exclude from this item all brokered deposits reported in Schedule RC-E, Memorandum item 1.b.

A deposit listing service is a company that compiles information about the interest rates offered on deposits, such as certificates of deposit, by insured depository institutions. A particular company could be a deposit listing service (compiling information about certificates of deposits) as well as a deposit broker (facilitating the placement of certificates of deposit). A deposit listing service is not a deposit broker if all of the following four criteria are met:

- (1) The listing service is not involved in placing deposits. Any funds to be invested in deposit accounts are remitted directly by the depositor to the insured depository institution and not, directly or indirectly, by or through the listing service.
- (2) The person or entity providing the listing service is compensated solely by means of subscription fees (i.e., the fees paid by subscribers as payment for their opportunity to see the rates gathered by the listing service) and/or listing fees (i.e., the fees paid by depository institutions as payment for their opportunity to list or "post" their rates). The listing service does not require a depository institution to pay for other services offered by the listing service or its affiliates as a condition precedent to being listed.
- (3) The fees paid by depository institutions are flat fees: they are not calculated on the basis of the number or dollar amount of deposits accepted by the depository institution as a result of the listing or "posting" of the depository institution's rates.
- (4) In exchange for these fees, the listing service performs no services except (A) the gathering and transmission of information concerning the availability of deposits; and/or (B) the transmission of messages between depositors and depository institutions (including purchase orders and trade confirmations). In publishing or displaying

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- 1.f** information about depository institutions, the listing service must not attempt to steer funds toward particular institutions (except that the listing service may rank institutions according to interest rates and also may exclude institutions that do not pay the listing fee). Similarly, in any communications with depositors or potential depositors, the listing service must not attempt to steer funds toward particular institutions.
- (cont.)
- 2** **Components of total nontransaction accounts.** Memorandum item 2 divides total nontransaction accounts into two major categories: savings deposits (Memorandum items 2.a.(1) and 2.a.(2)) and time deposits (Memorandum items 2.b, 2.c, and 2.d). The sum of Memorandum items 2.a.(1) and 2.a.(2) equals total savings deposits. The sum of Memorandum items 2.b, 2.c, and 2.d equals total time deposits. The sum of Memorandum items 2.a.(1) and 2.a.(2) (savings deposits) and Memorandum items 2.b, 2.c, and 2.d (time deposits) equals total nontransaction deposits reported in item 7, column C, above.

Memoranda**Item No. Caption and Instructions**

3.a.(2) Over three months through 12 months. Report the dollar amount of:

- the bank's fixed rate time deposits of less than \$100,000 with remaining maturities of over three months through 12 months, and
- the bank's floating rate time deposits of less than \$100,000 with the next repricing date occurring in over three months through 12 months.

3.a.(3) Over one year through three years. Report the dollar amount of:

- the bank's fixed rate time deposits of less than \$100,000 with remaining maturities of over one year through three years, and
- the bank's floating rate time deposits of less than \$100,000 with the next repricing date occurring in over one year through three years.

3.a.(4) Over three years. Report the dollar amount of:

- the bank's fixed rate time deposits of less than \$100,000 with remaining maturities of over three years, and
- the bank's floating rate time deposits of less than \$100,000 with the next repricing date occurring in over three years.

3.b Time deposits of less than \$100,000 with a remaining maturity of one year or less.

Report all time deposits of less than \$100,000 with a remaining maturity of one year or less. Include both fixed rate and floating rate time deposits of less than \$100,000.

The fixed rate time deposits that should be included in this item will also have been reported by remaining maturity in Schedule RC-E, Memorandum items 3.a.(1) and 3.a.(2), above. The floating rate time deposits that should be included in this item will have been reported by next repricing date in Memorandum items 3.a.(1) and 3.a.(2), above. However, these two Memorandum items may include floating rate time deposits with a remaining maturity of more than one year, but on which the interest rate can next change in one year or less; those time deposits should not be included in this Memorandum item 3.b.

4 Maturity and repricing data for time deposits of \$100,000 or more. Report in the appropriate subitem maturity and repricing data for the bank's time deposits of \$100,000 or more, i.e., the bank's time certificates of deposit of \$100,000 or more and the bank's open-account time deposits of \$100,000 or more. The time deposits included in this item will have been reported in Schedule RC-E, Memorandum items 2.c and 2.d, above. Therefore, the sum of the amounts reported in Schedule RC-E, Memorandum items 4.a.(1) through 4.a.(4) must equal the sum of Schedule RC-E, Memorandum items 2.c and 2.d, above. Refer to the definitions and other instructions about time deposits in Schedule RC-E, Memorandum item 3, above.

Memoranda**Item No. Caption and Instructions****4.a Time deposits of \$100,000 or more with a remaining maturity or next repricing date of.**

Report the dollar amount of the bank's fixed rate time deposits of \$100,000 or more in the appropriate subitems according to the amount of time remaining to their final contractual maturities. Report the dollar amount of the bank's floating rate time deposits of \$100,000 or more in the appropriate subitems according to their next repricing dates.

4.a.(1) Three months or less. Report the dollar amount of:

- the bank's fixed rate time deposits of \$100,000 or more with remaining maturities of three months or less, and
- the bank's floating rate time deposits of \$100,000 or more with the next repricing date occurring in three months or less.

4.a.(2) Over three months through 12 months. Report the dollar amount of:

- the bank's fixed rate time deposits of \$100,000 or more with remaining maturities of over three months through 12 months, and
- the bank's floating rate time deposits of \$100,000 or more with the next repricing date occurring in over three months through 12 months.

4.a.(3) Over one year through three years. Report the dollar amount of:

- the bank's fixed rate time deposits of \$100,000 or more with remaining maturities of over one year through three years, and
- the bank's floating rate time deposits of \$100,000 or more with the next repricing date occurring in over one year through three years.

4.a.(4) Over three years. Report the dollar amount of:

- the bank's fixed rate time deposits of \$100,000 or more with remaining maturities of over three years, and
- the bank's floating rate time deposits of \$100,000 or more with the next repricing date occurring in over three years.

4.b Time deposits of \$100,000 through \$250,000 with a remaining maturity of one year or less. Report all time deposits of \$100,000 through \$250,000 with a remaining maturity of one year or less. Include both fixed rate and floating rate time deposits of \$100,000 through \$250,000.

The fixed rate time deposits that should be included in this item will also have been reported by remaining maturity in Schedule RC-E, Memorandum items 4.a.(1) and 4.a.(2), above. The floating rate time deposits that should be included in this item will have been reported by next repricing date in Memorandum items 4.a.(1) and 4.a.(2), above. However, Memorandum items 4.a.(1) and 4.a.(2) may include floating rate time deposits with a remaining maturity of more than one year, but on which the interest rate can next change in one year or less; those time deposits should not be included in this Memorandum item 4.b.

Memoranda**Item No. Caption and Instructions**

- 4.c Time deposits of more than \$250,000 with a remaining maturity of one year or less.**
Report all time deposits of more than \$250,000 with a remaining maturity of one year or less.
Include both fixed rate and floating rate time deposits of more than \$250,000.

The fixed rate time deposits that should be included in this item will also have been reported by remaining maturity in Schedule RC-E, Memorandum items 4.a.(1) and 4.a.(2), above. The floating rate time deposits that should be included in this item will have been reported by next repricing date in Memorandum items 4.a.(1) and 4.a.(2), above. However, Memorandum items 4.a.(1) and 4.a.(2) may include floating rate time deposits with a remaining maturity of more than one year, but on which the interest rate can next change in one year or less; those time deposits should not be included in this Memorandum item 4.c.

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SCHEDULE RC-F – OTHER ASSETS

General Instructions

Complete this schedule for the fully consolidated bank. Eliminate all intrabank transactions between offices of the consolidated bank.

Item Instructions

Item No. Caption and Instructions

- 1** **Accrued interest receivable.** Report the amount of interest earned or accrued on earning assets and applicable to current or prior periods that has not yet been collected.

Exclude retained interests in accrued interest receivable related to securitized credit cards (report in Schedule RC-F, item 6, "All other assets").

- 2** **Net deferred tax assets.** Report the net amount after offsetting deferred tax assets (net of valuation allowance) and deferred tax liabilities measured at the report date for a particular tax jurisdiction if the net result is a debit balance. If the result for a particular tax jurisdiction is a net credit balance, report the amount in Schedule RC-G, item 2, "Net deferred tax liabilities." If the result for each tax jurisdiction is a net credit balance, enter a zero or the word "none" in this item. (A bank may report a net deferred tax debit, or asset, for one tax jurisdiction, such as for federal income tax purposes, and also report at the same time a net deferred tax credit, or liability, for another tax jurisdiction, such as for state or local income tax purposes.)

For further information on calculating deferred taxes for different tax jurisdictions, see the Glossary entry for "income taxes."

- 3** **Interest-only strips receivable (not in the form of a security) on.** As defined in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended), an interest-only strip receivable is the contractual right to receive some or all of the interest due on a bond, mortgage loan, collateralized mortgage obligation, or other interest-bearing financial asset. This includes, for example, contractual rights to future interest cash flows that exceed contractually specified servicing fees on financial assets that have been sold. Report in the appropriate subitem interest-only strips receivable not in the form of a security that are measured at fair value like available-for-sale securities.¹ Report unrealized gains (losses) on these interest-only strips receivable in Schedule RC, item 26.b, "Accumulated other comprehensive income."

Exclude from this item interest-only strips receivable in the form of a security, which should be reported as available-for-sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate. Also exclude interest-only strips not in the form of a security that are held for trading, which should be reported in Schedule RC, item 5.

- 3.a** **Mortgage loans.** Report the fair value of interest-only strips receivable (not in the form of a security) on mortgage loans.

¹ An interest-only strip receivable is not in the form of a security if the strip does not meet the definition of a security in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities").

Item No. Caption and Instructions

3.b Other financial assets. Report the fair value of interest-only strips receivable (not in the form of a security) on financial assets other than mortgage loans.

4 Equity securities that do not have readily determinable fair values. Report the historical cost of equity securities without readily determinable fair values. These equity securities are outside the scope of ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"). An equity security does not have a readily determinable fair value if sales or bid-and-asked quotations are not currently available on a securities exchange registered with the Securities and Exchange Commission (SEC) and are not publicly reported by the National Association of Securities Dealers Automated Quotations systems or the National Quotation Bureau. The fair value of an equity security traded only in a foreign market is not readily determinable if that foreign market is not of a breadth and scope comparable to one of the U.S. markets referenced above.

Equity securities that do not have readily determinable fair values may have been purchased by the reporting bank or acquired for debts previously contracted.

Include in this item:

- (1) Paid-in stock of a Federal Reserve Bank.
- (2) Stock of a Federal Home Loan Bank.
- (3) Common and preferred stocks that do not have readily determinable fair values, such as stock of bankers' banks and Class B voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac).
- (4) "Restricted stock," as defined in ASC Topic 320, i.e., equity securities for which sale is restricted by governmental or contractual requirement (other than in connection with being pledged as collateral), except if that requirement terminates within one year or if the holder has the power by contract or otherwise to cause the requirement to be met within one year.
- (5) Participation certificates issued by a Federal Intermediate Credit Bank, which represent nonvoting stock of the bank.
- (6) Minority interests held by the reporting bank in any company not meeting the definition of associated company, except minority holdings that indirectly represent bank premises (report in Schedule RC, item 6), other real estate owned (report in Schedule RC, item 7), or investments in real estate ventures (report in Schedule RC, item 9), provided that the fair value of any capital stock representing the minority interest is not readily determinable. (See the Glossary entry for "subsidiaries" for the definition of associated company.)
- (7) Equity holdings in those corporate ventures over which the reporting bank does not exercise significant influence, except equity holdings that indirectly represent bank premises (report in Schedule RC, item 6), other real estate owned (report in Schedule RC, item 7), or investments in real estate ventures (report in Schedule RC, item 9). (See the Glossary entry for "subsidiaries" for the definition of corporate joint venture.)

Item No. Caption and Instructions4
(cont.)Exclude from this item:

- (1) Investments in subsidiaries that have not been consolidated; associated companies; corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank exercises significant influence; and noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting") (report in Schedule RC, item 8, "Investments in unconsolidated subsidiaries and associated companies," or item 9, "Direct and indirect investments in real estate ventures," as appropriate).
- (2) Preferred stock that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor (report in Schedule RC-B, item 6, "Other debt securities").

- 5 Life insurance assets.** Report in the appropriate subitem the amount of the bank's general account, separate account, and hybrid account holdings of life insurance that could be realized under the insurance contracts as of the report date. In general, this amount is the cash surrender value reported to the bank by the insurance carrier, less any applicable surrender charges not reflected by the carrier in the reported cash surrender value, on all forms of permanent life insurance policies owned by the bank, its consolidated subsidiaries, and grantor (rabbi) trusts established by the bank or its consolidated subsidiaries, regardless of the purposes for acquiring the insurance. A bank should also consider any additional amounts included in the contractual terms of the insurance policy in determining the amount that could be realized under the insurance contract. For further information, see the Glossary entry for "bank-owned life insurance."

Permanent life insurance refers to whole and universal life insurance, including variable universal life insurance. Purposes for which insurance may be acquired include offsetting pre- and post-retirement costs for employee compensation and benefit plans, protecting against the loss of key persons, and providing retirement and death benefits to employees.

Include as life insurance assets the bank's interest in insurance policies under split-dollar life insurance arrangements with directors, officers, and employees under both the endorsement and collateral assignment methods.

- 5.a General account life insurance assets.** Report the amount of the bank's holdings of life insurance assets associated with general account insurance policies. In a general account life insurance policy, the general assets of the insurance company issuing the policy support the policy's cash surrender value.

Also include the portion of the carrying value of separate account policies that represents general account claims on the insurance company, such as realizable deferred acquisition costs and mortality reserves.

- 5.b Separate account life insurance assets.** Report the amount of the bank's holdings of life insurance assets associated with separate account insurance policies. In a separate account policy, the policy's cash surrender value is supported by assets segregated from the general assets of the insurance carrier. Under such an arrangement, the policyholder neither owns the underlying separate account created by the insurance carrier on its behalf nor controls investment decisions in the underlying account, but does assume all investment and price risk.

Item No. Caption and Instructions

5.b
(cont.) Separate accounts are employed by life insurers to meet specific investment objectives of policyholders. The accounts are often maintained as separate accounting and reporting entities for pension plans as well as fixed benefit, variable annuity, and other products. Investment income and investment gains and losses generally accrue directly to such policyholders and are not accounted for on the general accounts of the insurer. On the books of the insurer, the carrying values of separate account assets and liabilities usually approximate each other with little associated capital. Because they are legally segregated, the assets of each separate account are not subject to claims on the insurer that arise out of any other business of the insurance company.

5.c **Hybrid account life insurance assets.** Report the amount of the bank's holdings of life insurance assets associated with hybrid account insurance policies. A hybrid account insurance policy combines features of both general and separate account insurance products. Similar to a general account life insurance policy, the general assets of the insurance company issuing the policy support the policy's cash surrender value. However, like a separate account policy, the assets of a hybrid account assets are protected from claims on the insurer. Additionally, the bank holding the hybrid account life insurance policy is able to select the investment strategy in which the insurance premiums are invested. Hybrid policies do not offer stable value protection, but generally offer a guaranteed minimum crediting rate.

6 **All other assets.** Report the amount of all other assets (other than those reported in Schedule RC-F, items 1, 2, 3, 4, and 5, above) that cannot properly be reported in Schedule RC, items 1 through 10.

Report in Schedule RC-F, items 6.a through 6.i, each component of all other assets, and the dollar amount of such component, that is greater than \$25,000 and exceeds 25 percent of the amount of all other assets reported in this item. Preprinted captions have been provided in Schedule RC-F, items 6.a through 6.f, for reporting the following components of all other assets if the component exceeds this reporting threshold: prepaid expenses (excluding prepaid assessments), prepaid deposit insurance assessments, repossessed personal property (including vehicles), derivatives with a positive fair value held for purposes other than trading, retained interests in accrued interest receivable related to securitized credit cards, and FDIC loss-sharing indemnification assets. For each component of all other assets that exceeds the reporting threshold for which a preprinted caption has not been provided, describe the component with a clear but concise caption in Schedule RC-F, items 6.g through 6.i. These descriptions should not exceed 50 characters in length (including spacing between words). Any amounts reported in Schedule RC-F, item 6.f, "Prepaid deposit insurance assessments," for report dates beginning December 31, 2009, will not be made available to the public on an individual institution basis.

Include as all other assets:

- (1) Prepaid expenses, i.e., those applicable as a charge against earnings in future periods, including prepaid deposit insurance assessments.¹
- (2) Automobiles, boats, equipment, appliances, and similar personal property repossessed or otherwise acquired for debts previously contracted.

¹ For banks involved in insurance activities, examples of prepaid expenses include ceding fees and acquisition fees paid to insurance carriers external to the consolidated bank.

Item No. Caption and Instructions

- 6
(cont.)
- (3) Derivative instruments that have a positive fair value that the bank holds for purposes other than trading. For further information, see the Glossary entry for "derivative contracts."
 - (4) Retained interests in accrued interest receivable related to securitized credit cards. For further information, see the Glossary entry for "accrued interest receivable related to credit card securitizations."
 - (5) Accrued interest on securities purchased (if accounted for separately from "accrued interest receivable" in the bank's records).
 - (6) Cash items not conforming to the definition of "Cash items in process of collection" found in the instruction to Schedule RC, item 1.a.
 - (7) The *full* amount (with the exceptions noted below) of customers' liability to the reporting bank on drafts and bills of exchange that have been accepted by the reporting bank, or by others for its account, and are outstanding. The amount of customers' liability to the reporting bank on its acceptances that have not yet matured should be reduced *only* when: (a) the customer anticipates its liability to the reporting bank on an outstanding acceptance by making a payment to the bank in advance of the acceptance's maturity that immediately reduces the customer's indebtedness to the bank on such an acceptance; or (b) the reporting bank acquires and holds its own acceptance. See the Glossary entry for "bankers acceptances" for further information.
 - (8) Credit or debit card sales slips in process of collection until the reporting bank has been notified that it has been given credit (report thereafter in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin," and, if applicable, in Schedule RC-A, item 2, "Balances due from depository institutions in the U.S.," or item 3, "Balances due from banks in foreign countries and foreign central banks," as appropriate).
 - (9) Purchased computer software, net of accumulated amortization, and unamortized costs of computer software to be sold, leased, or otherwise marketed capitalized in accordance with the provisions of ASC Subtopic 985-20, Software – Costs of Software to Be Sold, Leased or Marketed (formerly FASB Statement No. 86, "Accounting for the Cost of Computer Software to be Sold, Leased, or Otherwise Marketed").
 - (10) Bullion (e.g., gold or silver) not held for trading purposes.
 - (11) Original art objects, including paintings, antique objects, and similar valuable decorative articles (report at cost unless there has been a decline in value, judged to be other than temporary, in which case the object should be written down to its fair value).
 - (12) Securities or other assets held in charitable trusts (e.g., Clifford Trusts).
 - (13) Cost of issuing subordinated notes and debentures, net of accumulated amortization.
 - (14) Furniture and equipment rented to others under operating leases, net of accumulated depreciation.
 - (15) Ground rents.

Item No. Caption and Instructions

- 6** (16) Customers' liability for deferred payment letters of credit.
(cont.)
- (17) Reinsurance recoverables from reinsurers external to the consolidated bank.
- (18) "Separate account assets" of the reporting bank's insurance subsidiaries.
- (19) The positive fair value of unused loan commitments (not accounted for as derivatives) that the bank has elected to report at fair value under a fair value option.
- (20) FDIC loss-sharing indemnification assets. These indemnification assets represent the carrying amount of the right to receive payments from the FDIC for losses incurred on specified assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. (Exclude the assets covered by the FDIC loss-sharing agreements from this component of "All other assets." Instead, report each covered asset in the balance sheet category appropriate to the asset on Schedule RC, e.g., report covered held-for-investment loans in Schedule RC, item 4.b, "Loans and leases, net of unearned income.")

Exclude from all other assets:

- (1) Redeemed U.S. savings bonds and food stamps (report in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin," and, if applicable, in Schedule RC-A, item 1, "Cash items in process of collection, unposted debits, and currency and coin").
- (2) Real estate owned or leasehold improvements to property intended for future use as banking premises (report in Schedule RC, item 6, "Premises and fixed assets").
- (3) Accounts identified as "building accounts," "construction accounts," or "remodeling accounts" (report in Schedule RC, item 6, "Premises and fixed assets").
- (4) Real estate acquired in any manner for debts previously contracted (including, but not limited to, real estate acquired through foreclosure and real estate acquired by deed in lieu of foreclosure), even if the bank has not yet received title to the property, and real estate collateral underlying a loan when the bank has obtained physical possession of the collateral, regardless of whether formal foreclosure proceedings have been instituted against the borrower (report as "Other real estate owned" in Schedule RC, item 7).
- (5) Due bills representing purchases of securities or other assets by the reporting bank that have not yet been delivered (report as loans in Schedule RC-C).
- (6) Factored accounts receivable (report as loans in Schedule RC-C).
- 7** **Total.** Report the sum of items 1 through 6. This amount must equal Schedule RC, item 11, "Other assets."

SCHEDULE RC-K – QUARTERLY AVERAGES

General Instructions

Report for the items on this schedule the average of the balances as of the close of business for each day for the calendar quarter or an average of the balances as of the close of business on each Wednesday during the calendar quarter. For days that an office of the bank (or any of its consolidated subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), use the amount outstanding from the previous business day. An office is considered closed if there are no transactions posted to the general ledger as of that date.

If the bank entered into a business combination that became effective during the calendar quarter and was accounted for under the acquisition method, the quarterly averages should include amounts for the acquired bank or business from the date of its acquisition through the end of the quarter only. If the bank was acquired in a transaction that became effective during the calendar quarter and push down accounting was used to account for the acquisition, the quarterly averages for the bank should include only the dollar amounts for the days (or Wednesdays) since the bank's acquisition in the numerator and the number of days (or Wednesdays) since the acquisition in the denominator. If the bank entered into a reorganization that became effective during the calendar quarter and has been accounted for at historical cost in a manner similar to a pooling of interests, the quarterly averages should include amounts for the bank or business that was combined in the reorganization from the beginning of the calendar quarter. For further information on business combinations, push down accounting, and reorganizations, see the Glossary entry for "business combinations."

If the bank began operating during the calendar quarter, the quarterly averages for the bank should include only the dollar amounts for the days (or Wednesdays) since the bank began operating in the numerator and the number of days (or Wednesdays) since the bank began operating in the denominator.

For all banks, the loan categories specified in item 6 of this schedule correspond to the loan category definitions for Schedule RC-C, part I, Loans and Leases.

Item Instructions

Item No. Caption and Instructions

ASSETS

- 1 **Interest-bearing balances due from depository institutions.** Report the quarterly average for the fully consolidated bank's interest-bearing balances due from depository institutions (as defined for Schedule RC, item 1.b, "Interest-bearing balances").
- 2 **U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).** Report the quarterly average of the amortized cost of the bank's held-to-maturity and available-for-sale U.S. Treasury and Government agency obligations (as defined for Schedule RC-B, items 1 and 2, columns A and C).
- 3 **Mortgage-backed securities.** Report the quarterly average of the amortized cost of the bank's held-to-maturity and available-for-sale mortgage-backed securities (as defined for Schedule RC-B, item 4, columns A and C).

Item No. Caption and Instructions

- 4** **All other securities.** Report the quarterly average of the amortized cost of the bank's held-to-maturity and available-for-sale securities issued by states and political subdivisions in the U.S., asset-backed securities and structured financial products, and other debt securities (as defined for Schedule RC-B, items 3, 5, and 6, columns A and C) plus the quarterly average of the historical cost of investments in mutual funds and other equity securities with readily determinable fair values (as defined for Schedule RC-B, item 7, column C).
- 5** **Federal funds sold and securities purchased under agreements to resell.** Report the quarterly average for federal funds sold and securities purchased under agreements to resell (as defined for Schedule RC, item 3).

6 Loans:

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Item No. Item No. Caption and Instructions

- **6.a** **Loans in domestic offices:**
- 6.a** **6.a.(1)** **Total loans (in domestic offices).** Report the quarterly average for total loans, net of unearned income (as defined for Schedule RC-C, part I, items 1 through 9, less item 11, column B).
- 6.b** **6.a.(2)** **Loans secured by real estate:**
- 6.b.(1)** **6.a.(2)(a)** **Loans secured by 1-4 family residential properties.** Report the quarterly average for loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule RC-C, part I, item 1.c, column B).
- 6.b.(2)** **6.a.(2)(b)** **All other loans secured by real estate.** Report the quarterly average for all loans secured by real estate, excluding those secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule RC-C, part 1, items 1.a, 1.b, 1.d, and 1.e, column B).
- **6.a.(3)** **Loans to finance agricultural production and other loans to farmers.** Report the quarterly average for loans to finance agricultural production and other loans to farmers in domestic offices (as defined for Schedule RC-C, part I, item 3, column B).
- 6.c** **6.a.(4)** **Commercial and industrial loans.** Report the quarterly average for commercial and industrial loans (in domestic offices) (as defined for Schedule RC-C, part I, item 4, column B).
- 6.d** **6.a.(5)** **Loans to individuals for household, family, and other personal expenditures:**
- 6.d.(1)** **6.a.(5)(a)** **Credit cards.** Report the quarterly average for credit cards. For purposes of this schedule, credit cards (in domestic offices) (as defined for Schedule RC-C, part I, item 6.a, column B).
- 6.d.(2)** **6.a.(5)(b)** **Other.** Report the quarterly average for loans (in domestic offices) to individuals for household, family, and other personal expenditures other than credit cards (as defined for Schedule RC-C, part I, items 6.b, 6.c, and 6.d, column B).

SCHEDULE RC-L – DERIVATIVES AND OFF-BALANCE SHEET ITEMS

General Instructions

Schedule RC-L should be completed on a fully consolidated basis. In addition to information about derivatives, Schedule RC-L includes the following selected commitments, contingencies, and other off-balance sheet items that are not reportable as part of the balance sheet of the Report of Condition (Schedule RC). Among the items not to be reported in Schedule RC-L are contingencies arising in connection with litigation. For those asset-backed commercial paper program conduits that the reporting bank consolidates onto its balance sheet (Schedule RC) in accordance with ASC Subtopic 810-10, Consolidation – Overall (formerly FASB Interpretation No. 46 (Revised), “Consolidation of Variable Interest Entities,” as amended by FASB Statement No. 167, “Amendments to FASB Interpretation No. 46(R)”), any credit enhancements and liquidity facilities the bank provides to the programs should not be reported in Schedule RC-L. In contrast, for conduits that the reporting bank does not consolidate, the bank should report the credit enhancements and liquidity facilities it provides to the programs in the appropriate items of Schedule RC-L.

Item Instructions

Item No. Caption and Instructions

- 1 **Unused commitments.** Report in the appropriate subitem the unused portions of commitments. Unused commitments are to be reported gross, i.e., include in the appropriate subitem the unused amount of commitments acquired from and conveyed or participated to others. However, exclude commitments conveyed or participated to others that the bank is not legally obligated to fund even if the party to whom the commitment has been conveyed or participated fails to perform in accordance with the terms of the commitment.

For purposes of this item, commitments include:

- (1) Commitments to make or purchase extensions of credit in the form of loans or participations in loans, lease financing receivables, or similar transactions.
- (2) Commitments for which the bank has charged a commitment fee or other consideration.
- (3) Commitments that are legally binding.
- (4) Loan proceeds that the bank is obligated to advance, such as:
 - (a) Loan draws;
 - (b) Construction progress payments; and
 - (c) Seasonal or living advances to farmers under prearranged lines of credit.
- (5) Rotating, revolving, and open-end credit arrangements, including, but not limited to, retail credit card lines and home equity lines of credit.
- (6) Commitments to issue a commitment at some point in the future, where the bank has extended terms, the borrower has accepted the offered terms, and the extension and acceptance of the terms are in writing or, if not in writing, are legally binding on the bank and the borrower, even though the related loan agreement has not yet been signed.

Item No. Caption and Instructions

- 1**
(cont.)
- (7) Overdraft protection on depositors' accounts offered under a program where the bank advises account holders of the available amount of overdraft protection, for example, when accounts are opened or on depositors' account statements or ATM receipts.
- (8) The bank's own takedown in securities underwriting transactions.
- (9) Revolving underwriting facilities (RUFs), note issuance facilities (NIFs), and other similar arrangements, which are facilities under which a borrower can issue on a revolving basis short-term paper in its own name, but for which the underwriting banks have a legally binding commitment either to purchase any notes the borrower is unable to sell by the rollover date or to advance funds to the borrower.

Exclude forward contracts and other commitments that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended), which should be reported in Schedule RC-L, item 12. Include the amount (not the fair value) of the unused portions of loan commitments that do not meet the definition of a derivative that the bank has elected to report at fair value under a fair value option. Also include forward contracts that do not meet the definition of a derivative.

The unused portions of commitments are to be reported in the appropriate subitem regardless of whether they contain "material adverse change" clauses or other provisions that are intended to relieve the issuer of its funding obligations under certain conditions and regardless of whether they are unconditionally cancelable at any time.

In the case of commitments for syndicated loans, report only the bank's proportional share of the commitment.

For purposes of reporting the unused portions of revolving asset-based lending commitments, the commitment is defined as the amount a bank is obligated to fund – as of the report date – based on the contractually agreed upon terms. In the case of revolving asset-based lending, the unused portions of such commitments should be measured as the difference between (a) the lesser of the contractual borrowing base (i.e., eligible collateral times the advance rate) or the note commitment limit, and (b) the sum of outstanding loans and letters of credit under the commitment. The note commitment limit is the overall maximum loan amount beyond which the bank will not advance funds regardless of the amount of collateral posted. This definition of "commitment" is applicable only to revolving asset-based lending, which is a specialized form of secured lending in which a borrower uses current assets (e.g., accounts receivable and inventory) as collateral for a loan. The loan is structured so that the amount of credit is limited by the value of the collateral.

- 1.a** **Revolving, open-end lines secured by 1-4 family residential properties.** Report the unused portions of commitments to extend credit under revolving, open-end lines of credit secured by 1-4 family residential properties. These lines, commonly known as home equity lines, are typically secured by a junior lien and are usually accessible by check or credit card.

Item No. Caption and Instructions

1.e.(3) **All other unused commitments.** Report the unused portions of commitments not reportable in Schedule RC-L, items 1.a through 1.e.(2), above.

Include commitments to extend credit secured by 1-4 family residential properties, except (a) revolving, open-end lines of credit secured by 1-4 family residential properties (e.g., home equity lines), which should be reported in Schedule RC-L, item 1.a, above, (b) commitments for 1-4 family residential construction and land development loans (that are secured by such properties), which should be reported in Schedule RC-L, item 1.c.(1), above, and (c) commitments that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended), which should be reported in Schedule RC-L, item 12.

2 and 3 **General Instructions for Standby Letters of Credit** – Originating banks must report in items 2 and 3 the full amount outstanding and unused of financial and performance standby letters of credit, respectively. Include those standby letters of credit that are collateralized by cash on deposit, that have been acquired from others, and in which participations have been conveyed to others where (a) the originating and issuing bank is obligated to pay the full amount of any draft drawn under the terms of the standby letter of credit and (b) the participating banks have an obligation to partially or wholly reimburse the originating bank, either directly in cash or through a participation in a loan to the account party.

For syndicated standby letters of credit where each bank has a direct obligation to the beneficiary, each bank must report only its share in the syndication. Similarly, if several banks participate in the issuance of a standby letter of credit under a bona fide binding agreement which provides that (a) regardless of any event, each participant shall be liable only up to a certain percentage or to a certain amount and (b) the beneficiary is advised and has agreed that each participating bank is only liable for a certain portion of the entire amount, each bank shall report only its proportional share of the total standby letter of credit.

For a financial or performance standby letter of credit that is in turn backed by a financial standby letter of credit issued by another bank, each bank must report the entire amount of the standby letter of credit it has issued in either item 2 or item 3 below, as appropriate. The amount of the reporting bank's financial or performance standby letter of credit that is backed by the other bank's financial standby letter of credit must also be reported in either item 2.a or 3.a, as appropriate, since the backing of standby letters of credit has substantially the same effect as the conveying of participations in standby letters of credit.

On the FFIEC 031, also include all financial and performance guarantees issued by foreign offices of the reporting bank pursuant to Federal Reserve Regulation K or Section 347.103(a)(1) of the FDIC Rules and Regulations.

2 **Financial standby letters of credit (and foreign office guarantees – for the FFIEC 031).**
Report the amount outstanding and unused as of the report date of all financial standby letters of credit (and all legally binding commitments to issue financial standby letters of credit) issued by any office of the bank. A financial standby letter of credit irrevocably obligates the bank to pay a third-party beneficiary when a customer (account party) fails to repay an outstanding loan or debt instrument. (See the Glossary entry for "letter of credit" for further information.)

Item No. Caption and Instructions

2 Exclude from financial standby letters of credit:
(cont.)

- (1) Financial standby letters of credit where the beneficiary is a consolidated subsidiary of the reporting bank.
- (2) Performance standby letters of credit.
- (3) Signature or endorsement guarantees of the type associated with the clearing of negotiable instruments or securities in the normal course of business.

2.a **Amount of financial standby letters of credit conveyed to others.** Item 2.a is to be completed by banks with \$1 billion or more in total assets.

Report that portion of the bank's total contingent liability for financial standby letters of credit reported in Schedule RC-L, item 2, above, that the bank has conveyed to others. Also include that portion of the reporting bank's financial standby letters of credit that are backed by other banks' financial standby letters of credit, as well as the portion that participating banks have reparticipated to others. Participations and backings may be for any part or all of a given obligation.

3 **Performance standby letters of credit (and foreign office guarantees – for the FFIEC 031).** Report the amount outstanding and unused as of the report date of all performance standby letters of credit (and all legally binding commitments to issue performance standby letters of credit) issued by any office of the bank. A performance standby letter of credit irrevocably obligates the bank to pay a third-party beneficiary when a customer (account party) fails to perform some contractual non-financial obligation. (See the Glossary entry for "letter of credit" for further information.)

Exclude from performance standby letters of credit:

- (1) Performance standby letters of credit where the beneficiary is a consolidated subsidiary of the reporting bank.
- (2) Financial standby letters of credit.
- (3) Signature or endorsement guarantees of the type associated with the clearing of negotiable instruments or securities in the normal course of business.

3.a **Amount of performance standby letters of credit conveyed to others.** Item 3.a is to be completed by banks with \$1 billion or more in total assets.

Report that portion of the bank's total contingent liability for performance standby letters of credit reported in Schedule RC-L, item 3, above, that the bank has conveyed to others. Also include that portion of the reporting bank's performance standby letters of credit that are backed by other banks' financial standby letters of credit, as well as the portion that participating banks have reparticipated to others. Participations and backings may be for any part or all of a given obligation.

Item No. Caption and Instructions

- 4 Commercial and similar letters of credit.** Report the amount outstanding and unused as of the report date of issued or confirmed commercial letters of credit, travelers' letters of credit not issued for money or its equivalent, and all similar letters of credit, but excluding standby letters of credit (which are to be reported in Schedule RC-L, items 2 and 3, above). (See the Glossary entry for "letter of credit.") Legally binding commitments to issue commercial letters of credit are to be reported in this item.

Travelers' letters of credit and other letters of credit issued for money or its equivalent by the reporting bank or its agents should be reported as demand deposit liabilities in Schedule RC-E.

- 5** Not applicable.

- 6 Securities lent.** Report the appropriate amount of all securities lent against collateral or on an uncollateralized basis. Report the book value of bank-owned securities that have been lent. In addition, for customers who have been indemnified against any losses by the reporting bank, report the market value as of the report date of such customers' securities, including customers' securities held in the reporting bank's trust department, that have been lent. If the reporting bank has indemnified its customers against any losses on their securities that have been lent by the bank, the commitment to indemnify -- either through a standby letter of credit or other means -- should not be reported in any other item on Schedule RC-L.

- 7 Credit derivatives.** In general, credit derivatives are arrangements that allow one party (the "protection purchaser" or "beneficiary") to transfer the credit risk of a "reference asset" or "reference entity" to another party (the "protection seller" or "guarantor"). Banks should report the notional amounts of credit derivatives by type of instrument in Schedule RC-L, items 7.a.(1) through 7.a.(4). Banks should report the gross positive and negative fair values of all credit derivatives in Schedule RC-L, items 7.b.(1) and 7.b.(2). For both the notional amounts and gross fair values, report credit derivatives for which the bank is the protection seller in column A, "Sold Protection," and those on which the bank is the protection purchaser in column B, "Purchased Protection." Banks should report the notional amounts of credit derivatives by regulatory capital treatment in Schedule RC-L, items 7.c.(1)(a) through 7.c.(2)(c). Banks should report the notional amounts of credit derivatives by remaining maturity in Schedule RC-L, items 7.d.(1)(a) through 7.d.(2)(b).

All credit derivative transactions within the consolidated bank should be reported on a net basis, i.e., intrabank transactions should not be reported in this item. No other netting of contracts is permitted for purposes of this item. Therefore, do not net the notional amounts or fair values of: (1) credit derivatives with third parties on which the reporting bank is the protection purchaser against credit derivatives with third parties on which the reporting bank is the protection seller, or (2) contracts subject to bilateral netting agreements. The notional amounts of credit derivatives should not be included in Schedule RC-L, items 12 through 14, and the fair values of credit derivatives should not be included in Schedule RC-L, item 15.

- 7.a Notional amounts.** Report in the appropriate subitem and column the notional amount (stated in U.S. dollars) of all credit derivatives. For tranching credit derivative transactions that relate to an index, e.g., the Dow Jones CDX NA index, report as the notional amount the dollar amount of the tranche upon which the reporting bank's credit derivative cash flows are based.

Item No. Caption and Instructions

- 7.a.(1) Credit default swaps.** Report in the appropriate column the notional amount of all credit default swaps. A credit default swap is a contract in which a protection seller or guarantor (risk taker), for a fee, agrees to reimburse a protection purchaser or beneficiary (risk hedger) for any losses that occur due to a credit event on a particular entity, called the “reference entity.” If there is no credit default event (as defined by the derivative contract), then the protection seller makes no payments to the protection purchaser and receives only the contractually specified fee. Under standard industry definitions, a credit event is normally defined to include bankruptcy, failure to pay, and restructuring. Other potential credit events include obligation acceleration, obligation default, and repudiation/moratorium.
- 7.a.(2) Total return swaps.** Report in the appropriate column the notional amount of all total return swaps. A total return swap transfers the total economic performance of a reference asset, which includes all associated cash flows, as well as capital appreciation or depreciation. The protection purchaser (beneficiary) receives a floating rate of interest and any depreciation on the reference asset from the protection seller. The protection seller (guarantor) has the opposite profile. The protection seller receives cash flows on the reference asset, plus any appreciation, and it pays any depreciation to the protection purchaser, plus a floating interest rate. A total return swap may terminate upon a default of the reference asset.
- 7.a.(3) Credit options.** Report in the appropriate column the notional amount of all credit options. A credit option is a structure that allows investors to trade or hedge changes in the credit quality of the reference asset. For example, in a credit spread option, the option writer (protection seller or guarantor) assumes the obligation to purchase or sell the reference asset at a specified “strike” spread level. The option purchaser (protection purchaser or beneficiary) buys the right to sell the reference asset to, or purchase it from, the option writer at the strike spread level.
- 7.a.(4) Other credit derivatives.** Report in the appropriate column the notional amount of all other credit derivatives. Other credit derivatives consist of any credit derivatives not reportable as a credit default swap, a total return swap, or a credit option. Credit linked notes are cash securities and should not be reported as other credit derivatives.
- 7.b Gross fair values.** Report in the appropriate subitem and column the gross fair values of all credit derivatives.
- As defined in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, “Fair Value Measurements”), fair value for an asset or liability is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants (not a forced liquidation or distressed sale) in the asset’s or liability’s principal (or most advantageous) market at the measurement date. For further information, see the Glossary entry for “fair value.” For purposes of this item, the reporting bank should determine the fair value of its credit derivative contracts in the same manner that it determines the fair value of these contracts for other financial reporting purposes.
- 7.b.(1) Gross positive fair value.** Report in the appropriate column the total fair value of those credit derivatives reported in Schedule RC-L, items 7.a.(1) through 7.a.(4), above, with positive fair values.
- 7.b.(2) Gross negative fair value.** Report in the appropriate column the total fair value of those credit derivatives reported in Schedule RC-L, items 7.a.(1) through 7.a.(4), above, with negative fair values. Report the total fair value as an absolute value; do not enclose the total fair value in parentheses or use a minus (-) sign.

Item No. Caption and Instructions

- 7.c** **Notional amount of all credit derivatives by regulatory capital treatment.** Report in the appropriate subitem the notional amount of all credit derivative contracts according to the reporting bank's treatment of the derivative for regulatory capital purposes. Because each subitem under item 7.c is mutually exclusive, each credit derivative contract should be reported in only one subitem. The sum of Schedule RC-L, items 7.c.(1)(a) and 7.c.(2)(a), must equal sum of Schedule RC-L, items 7.a.(1) through (4), column A. The sum of Schedule RC-L, items 7.c.(1)(b), 7.c.(2)(b), and 7.c.(2)(c), must equal sum of Schedule RC-L, items 7.a.(1) through (4), column B.
- 7.c.(1)** **Positions covered under the Market Risk Rule.** For banks subject to the Market Risk Rule, report in the appropriate subitem the notional amount of covered positions.
- 7.c.(1)(a)** **Sold protection.** For those credit derivatives that are covered positions under the Market Risk Rule, report the notional amount of credit derivative contracts where the bank is the protection seller (guarantor).
- 7.c.(1)(b)** **Purchased protection.** For those credit derivatives that are covered positions under the Market Risk Rule, report the notional amount of credit derivative contracts where the bank is the protection purchaser (beneficiary).
- 7.c.(2)(a)** **Sold protection.** Report the notional amount of credit derivative contracts where the reporting bank is the protection seller (guarantor).
- 7.c.(2)(b)** **Purchased protection that is recognized as a guarantee for regulatory capital purposes.** Report the notional amount of credit derivative contracts where the bank is the protection purchaser (beneficiary) and the protection is recognized as a guarantee for regulatory capital purposes. The credit derivative contracts to be reported in this item are limited to those providing purchased protection where an underlying position (usually an asset of the bank) is being hedged by the protection and credit derivative contract meets the criteria for recognition as a guarantee under the regulatory capital standards of the bank's primary federal regulator.
- 7.c.(2)(c)** **Purchased protection that is not recognized as a guarantee for regulatory capital purposes.** Report the notional amount of credit derivative contracts where the bank is the protection purchaser (beneficiary) and the protection is not recognized as a guarantee for regulatory capital purposes. The credit derivative contracts to be reported in this item are limited to those providing purchased protection where the protection is not being used to hedge an underlying position or where the "hedging" credit derivative contract does not meet the criteria for recognition as a guarantee under the regulatory capital standards of the bank's primary federal regulator. These "naked" purchased protection positions sometimes arise when a bank has sold the asset that was being hedged by the credit derivative contract while retaining the credit derivative contract.
- 7.d** **Notional amounts by remaining maturity.** Report in the appropriate subitem and column the notional amount of all credit derivative contracts. Report notional amounts in the column corresponding to the contract's remaining term to maturity from the report date. Remaining maturities are to be reported as (1) one year or less in column A, (2) over one year through five years in column B, or (3) over five years in column C.

Item No. Caption and Instructions

- 7.d.(1)** **Sold credit protection.** Report the notional amount of all credit derivative contracts where the bank is the protection seller (guarantor). The sum of Schedule RC-L, items 7.d.(1)(a) and (b), columns A through C, must equal sum of Schedule RC-L, items 7.a.(1) through (4), column A.
- 7.d.(1)(a)** **Investment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated investment grade or, if not rated, is the equivalent of investment grade under the bank's internal credit rating system.
- 7.d.(1)(b)** **Subinvestment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated below investment grade, i.e., subinvestment grade, or, if not rated, is the equivalent of below investment grade under the bank's internal credit rating system.
- 7.d.(2)** **Purchased protection.** Report the notional amount of all credit derivative contracts where the bank is the protection purchaser (beneficiary). The sum of Schedule RC-L, items 7.d.(2)(a) and (b), columns A through C, must equal sum of Schedule RC-L, items 7.a.(1) through (4), column B.
- 7.d.(2)(a)** **Investment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated investment grade or, if not rated, is the equivalent of investment grade under the bank's internal credit rating system.
- 7.d.(2)(b)** **Subinvestment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated below investment grade, i.e., subinvestment grade, or, if not rated, is the equivalent of below investment grade under the bank's internal credit rating system.
- 8** **Spot foreign exchange contracts.** Report the gross amount (stated in U.S. dollars) of all spot contracts committing the reporting bank to purchase foreign (non-U.S.) currencies and U.S. dollar exchange that are outstanding as of the report date. All transactions within the consolidated bank should be reported on a net basis.

A spot contract is an agreement for the immediate delivery, usually within two business days or less (depending on market convention), of a foreign currency at the prevailing cash market rate. Contracts where market convention is for delivery of a foreign currency in less than two days, e.g., T+1 day (for example, Canadian dollar-U.S. dollar contracts), should be reported as spot contracts. Any contract exceeding the market convention should be reported as a foreign exchange forward contract in Schedule RC-L, item 12.b, column B. Spot contracts are considered outstanding (i.e., open) until they have been cancelled by acquisition or delivery of the underlying currencies.

Only one side of a spot foreign exchange contract is to be reported. In those transactions where foreign (non-U.S.) currencies are bought or sold against U.S. dollars, report only that side of the transaction that involves the foreign (non-U.S.) currency. For example, if the reporting bank enters into a spot contract which obligates the bank to purchase U.S. dollar exchange against which it sells Japanese yen, then the bank would report (in U.S. dollar equivalent values) the amount of Japanese yen sold in this item. In cross-currency spot foreign exchange transactions, which involve the purchase and sale of two non-U.S. currencies, only the purchase side is to be reported (in U.S. dollar equivalent values).

Item No. Caption and Instructions

- 9 All other off-balance sheet liabilities.** Report all significant types of off-balance sheet liabilities not covered in other items of this schedule. Exclude all items which are required to be reported as liabilities on the balance sheet of the Report of Condition (Schedule RC), contingent liabilities arising in connection with litigation in which the reporting bank is involved, commitments to purchase property being acquired for lease to others (report in Schedule RC-L, item 1.e, above), and signature and endorsement guarantees of the type associated with the regular clearing of negotiable instruments or securities in the normal course of business.

Report only the aggregate amount of those types of "other off-balance sheet liabilities" that individually exceed 10 percent of the bank's total equity capital reported in Schedule RC, item 27.a. If the bank has no types of "other off-balance sheet liabilities" that individually exceed 10 percent of total equity capital, report a zero.

Disclose in items 9.a through 9.f each type of "other off-balance sheet liabilities" reportable in this item, and the dollar amount of the off-balance sheet liability, that individually exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a. For each type of off-balance sheet liability that exceeds this disclosure threshold for which a preprinted caption has not been provided, describe the liability with a clear but concise caption in items 9.d through 9.f. These descriptions should not exceed 50 characters in length (including spacing between words).

Include as other off-balance sheet liabilities:

- (1) Securities borrowed against collateral (other than cash), or on an uncollateralized basis, for such purposes as a pledge against deposit liabilities or delivery against short sales. Report borrowed securities that are fully collateralized by similar securities of equivalent value at market value at the time they are borrowed. Report other borrowed securities at market value as of the report date. (Report the amount of securities borrowed in Schedule RC-L, item 9.a, if this amount exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a.)
- (2) Contracts for the purchase of when-issued securities that are excluded from the requirements of ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended) (and therefore not reported as forward contracts in Schedule RC-L, item 12.b, below), and accounted for on a settlement-date basis. (Report the amount of these commitments in Schedule RC-L, item 9.b, if this amount exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a.)
- (3) Standby letters of credit issued by a Federal Home Loan Bank on behalf of the reporting bank, which is the account party on the letters of credit and therefore is obligated to reimburse the issuing Federal Home Loan Bank for all payments made under the standby letters of credit. (Report the amount of these standby letters of credit in Schedule RC-L, item 9.c, if this amount exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a.)
- (4) Financial guarantee insurance which insures the timely payment of principal and interest on bond issues.

Item No. Caption and Instructions

9 (5) Letters of indemnity other than those issued in connection with the replacement of lost or
(cont.) stolen or official checks.

(6) Shipment or dockside guarantees or similar guarantees relating to missing bills of lading or title documents and other document guarantees that facilitate the replacement of lost or stolen official checks.

10 **All other off-balance sheet assets.** Report to the extent feasible and practicable all significant types of off-balance sheet assets not covered in other items of this schedule. Exclude all items which are required to be reported as assets on the balance sheet of the Report of Condition (Schedule RC), contingent assets arising in connection with litigation in which the reporting bank is involved, and assets held in or administered by the reporting bank's trust department.

Report only the aggregate amount of those types of "other off-balance sheet assets" that individually exceed 10 percent of the bank's total equity capital reported in Schedule RC, item 27.a. If the bank has no types of "other off-balance sheet assets" that individually exceed 10 percent of total equity capital for which the reporting is feasible and practicable, report a zero.

Disclose in items 10.a through 10.e each type of "other off-balance sheet assets" reportable in this item, and dollar amount of the off-balance sheet asset, that individually exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a. For each type of off-balance sheet asset that exceeds this disclosure threshold for which a preprinted caption has not been provided, describe the asset with a clear and concise caption in items 10.b through 10.e. These descriptions should not exceed 50 characters in length (including space between words).

Include as "other off-balance sheet assets" such items as:

(1) Contracts for the sale of when-issued securities that are excluded from the requirements of ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended), (and therefore not reported as forward contracts in Schedule RC-L, item 12.b, below), and accounted for on a settlement-date basis. (Report the amount of these commitments in Schedule RC-L, item 10.a, if this amount exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a.)

(2) Internally developed intangible assets.

11 **Year-to-date merchant credit card sales volume.** Merchant processing is the settlement of credit card transactions for merchants. It is a separate and distinct business line from credit card issuing. Merchant processing activity involves obtaining authorization for credit card sales transactions, gathering sales information from the merchant, collecting funds from the card-issuing bank or business, and crediting the merchants' accounts for their sales.

An acquiring bank is a bank that initiates and maintains contractual agreements with merchants, agent banks, and third parties (e.g., independent sales organizations and member service providers) for the purpose of accepting and processing credit card transactions. An acquiring bank has liability for chargebacks for the merchants' sales activity.

Item No. Caption and Instructions

11 An agent bank with risk is a bank that, by agreement, participates in another bank's merchant credit card acceptance program. An agent bank with risk assumes liability for chargebacks for all or a portion of the loss for the merchants' sales activity.

(cont.)

For purposes of items 11.a and 11.b, banks should include credit card sales transactions involving bank credit cards, e.g., MasterCard and Visa.

For banks with total assets of \$10 billion or more, the year-to-date sales volume may be reported to the nearest million, with zeros reported in the thousands column, rather than to the nearest thousand.

11.a **Sales for which the reporting bank is the acquiring bank.** Report the year-to-date volume of sales (in U.S. dollars) generated through the bank's merchant processing activities where the reporting bank is the acquiring bank. This will include amounts processed for merchants contracted directly by the acquiring bank, amounts processed for agent banks with risk, and amounts processed for third parties (e.g., independent sales organizations and member service providers). Banks that are required to report sales data to the credit card associations of which they are members (e.g., MasterCard and Visa) should measure sales volume in the same manner for purposes of this item.

11.b **Sales for which the reporting bank is the agent bank with risk.** Report the year-to-date volume of sales (in U.S. dollars) generated through the bank's merchant processing activities where the reporting bank is acting as an agent bank with risk. Include all sales transactions for which the acquiring bank with whom the reporting bank contracted may hold the bank responsible.

12 **Gross amounts (e.g., notional amounts) of derivatives.** Report in the appropriate column and subitem the gross par value (stated in U.S. dollars) (e.g., for futures, forwards, and option contracts) or the notional amount (stated in U.S. dollars) (e.g., for forward rate agreements and swaps), as appropriate, of all contracts that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended). Include both freestanding derivative contracts and embedded derivatives that must be accounted for separately from their host contract under ASC Topic 815. Report each contract according to its underlying risk exposure: (a) interest rate, (b) foreign exchange, (c) equity, or (d) commodity and other. Contracts with multiple risk characteristics should be classified based upon the predominant risk characteristics at the origination of the derivative. However, exclude from Schedule RC-L, items 12 through 15, all credit derivatives, which should be reported in Schedule RC-L, item 7, above.

The notional amount or par value to be reported for a derivative contract with a multiplier component is the contract's effective notional amount or par value. For example, a swap contract with a stated notional amount of \$1,000,000 whose terms called for quarterly settlement of the difference between 5% and LIBOR multiplied by 10 has an effective notional amount of \$10,000,000.

All transactions within the consolidated bank should be reported on a net basis. No other netting of contracts is permitted for purposes of this item. Therefore, do not net: (1) obligations of the reporting bank to purchase from third parties against the bank's obligations to sell to third parties, (2) written options against purchased options, or (3) contracts subject to bilateral netting agreements.

Item No. **Caption and Instructions**

12 For each column, the sum of items 12.a through 12.e must equal the sum of items 13 and 14.
(cont.)

Column Instructions

Column A, Interest Rate Contracts: Interest rate contracts are contracts related to an interest-bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract (e.g., an option on a futures contract to purchase a Treasury bill). These contracts are generally used to adjust the bank's interest rate exposure or, if the bank is an intermediary, the interest rate exposure of others. Interest rate contracts include interest rate futures, single currency interest rate swaps, basis swaps, forward rate agreements, and interest rate options, including caps, floors, collars, and corridors.

Exclude contracts involving the exchange of one or more foreign currencies (e.g., cross-currency swaps and currency options) and other contracts whose predominant risk characteristic is foreign exchange risk, which are to be reported in column B as foreign exchange contracts.

Unsettled securities transactions that exceed the regular way settlement time limit that is customary in each relevant market must be reported as forward contracts in Schedule RC-L, item 12.b.

Column B, Foreign Exchange Contracts: Foreign exchange contracts are contracts to purchase foreign (non-U.S.) currencies and U.S. dollar exchange in the forward market, i.e., on an organized exchange or in an over-the-counter market. A purchase of U.S. dollar exchange is equivalent to a sale of foreign currency. Foreign exchange contracts include cross-currency interest rate swaps where there is an exchange of principal, forward foreign exchange contracts (usually settling three or more business days from trade date), and currency futures and currency options. Exclude spot foreign exchange contracts, which are to be reported in Schedule RC-L, item 8.

Only one side of a foreign currency transaction is to be reported. In those transactions where foreign (non-U.S.) currencies are bought or sold against U.S. dollars, report only that side of the transaction that involves the foreign (non-U.S.) currency. For example, if the reporting bank enters into a futures contract which obligates the bank to purchase U.S. dollar exchange against which it sells Japanese yen, then the bank would report (in U.S. dollar equivalent values) the amount of Japanese yen sold in Schedule RC-L, item 12.a. In cross-currency transactions, which involve the purchase and sale of two non-U.S. currencies, only the purchase side is to be reported.

All amounts in column B are to be reported in U.S. dollar equivalent values.

Column C, Equity Derivative Contracts: Equity derivative contracts are contracts that have a return, or a portion of their return, linked to the price of a particular equity or to an index of equity prices, such as the Standard and Poor's 500.

The contract amount to be reported for equity derivative contracts is the quantity, e.g., number of units, of the equity instrument or equity index contracted for purchase or sale multiplied by the contract price of a unit.

Item No. Caption and Instructions

12 *Column D, Commodity and Other Contracts:* Commodity contracts are contracts that have a return, or a portion of their return, linked to the price of or to an index of precious metals, petroleum, lumber, agricultural products, etc. Commodity and other contracts also include any other contracts that are not reportable as interest rate, foreign exchange, or equity derivative contracts.

(cont.)

The contract amount to be reported for commodity and other contracts is the quantity, e.g., number of units, of the commodity or product contracted for purchase or sale multiplied by the contract price of a unit.

The notional amount to be reported for commodity contracts with multiple exchanges of principal is the contractual amount multiplied by the number of remaining payments (i.e., exchanges of principal) in the contract.

12.a **Futures contracts.** Futures contracts represent agreements for delayed delivery of financial instruments or commodities in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument at a specified price or yield. Futures contracts are standardized and are traded on organized exchanges that act as the counterparty to each contract.

Report, in the appropriate column, the aggregate par value of futures contracts that have been entered into by the reporting bank and are outstanding (i.e., open contracts) as of the report date. Do not report the par value of financial instruments intended to be delivered under such contracts if this par value differs from the par value of the contracts themselves.

Contracts are outstanding (i.e., open) until they have been cancelled by acquisition or delivery of the underlying financial instruments or by offset. Offset is the liquidating of a purchase of futures through the sale of an equal number of contracts of the same delivery month on the same underlying instrument on the same exchange, or the covering of a short sale of futures through the purchase of an equal number of contracts of the same delivery month on the same underlying instrument on the same exchange.

Column A, Interest Rate Futures: Report futures contracts committing the reporting bank to purchase or sell financial instruments and whose predominant risk characteristic is interest rate risk. Some of the more common interest rate futures include futures on 90-day U.S. Treasury bills; 12-year GNMA pass-through securities; and 2-, 4-, 6-, and 10-year U.S. Treasury notes.

Column B, Foreign Exchange Futures: Report the gross amount (stated in U.S. dollars) of all futures contracts committing the reporting bank to purchase foreign (non-U.S.) currencies and U.S. dollar exchange and whose predominant risk characteristic is foreign exchange risk.

A currency futures contract is a standardized agreement for delayed delivery of a foreign (non-U.S.) currency or U.S. dollar exchange in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified amount at a specified exchange rate.

Column C, Equity Derivative Futures: Report futures contracts committing the reporting bank to purchase or sell equity securities or instruments based on equity indexes such as the Standard and Poor's 500 or the Nikkei.

Item No. Caption and Instructions

12.a *Column D, Commodity and Other Futures:* Report the contract amount for all futures contracts committing the reporting bank to purchase or sell commodities such as agricultural products (e.g., wheat, coffee), precious metals (e.g., gold, platinum), and non-ferrous metals (e.g., copper, zinc). Include any other futures contract that is not reportable as an interest rate, foreign exchange, or equity derivative contract in column A, B, or C.

12.b **Forward contracts.** Forward contracts represent agreements for delayed delivery of financial instruments or commodities in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument or commodity at a specified price or yield. Forward contracts are not traded on organized exchanges and their contractual terms are not standardized.

Report the aggregate par value of forward contracts that have been entered into by the reporting bank and are outstanding (i.e., open contracts) as of the report date. Do not report the par value of financial instruments intended to be delivered under such contracts if this par value differs from the par value of the contracts themselves.

Contracts are outstanding (i.e., open) until they have been cancelled by acquisition or delivery of the underlying financial instruments or settled in cash. Such contracts can only be terminated, other than by receipt of the underlying asset, by agreement of both buyer and seller.

Include as forward contracts in this item contracts for the purchase and sale of when-issued securities that are not excluded from the requirements of ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended). Report contracts for the purchase of when-issued securities that are excluded from the requirements of ASC Topic 815 and accounted for on a settlement-date basis as "Other off-balance sheet liabilities" in Schedule RC-L, item 9, and contracts for the sale of when-issued securities that are excluded from the requirements of ASC Topic 815 and accounted for on a settlement-date basis as "Other off-balance sheet assets" in Schedule RC-L, item 10, subject to the existing reporting thresholds for these two items.

Column A, Interest Rate Forwards: Report forward contracts committing the reporting bank to purchase or sell financial instruments and whose predominant risk characteristic is interest rate risk. Include in this item firm commitments (i.e., commitments that have a specific interest rate or price, selling date, and dollar amount) to sell loans secured by 1-to-4 family residential properties that meet the definition of a derivative contract under ASC Topic 815.

Column B, Foreign Exchange Forwards: Report the gross amount (stated in U.S. dollars) of all forward contracts committing the reporting bank to purchase foreign (non-U.S.) currencies and U.S. dollar exchange and whose predominant risk characteristic is foreign exchange risk.

A forward foreign exchange contract is an agreement for delayed delivery of a foreign (non-U.S.) currency or U.S. dollar exchange in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified amount at a specified exchange rate.

Column C, Equity Derivative Forwards: Report forward contracts committing the reporting bank to purchase or sell equity instruments.

Item No. Caption and Instructions

12.b *Column D, Commodity and Other Forwards:* Report the contract amount for all forward contracts committing the reporting bank to purchase or sell commodities such as agricultural products (e.g., wheat, coffee), precious metals (e.g., gold, platinum), and non-ferrous metals (e.g., copper, zinc). Include any other forward contract that is not reportable as an interest rate, foreign exchange, or equity derivative contract in column A, B, or C.

12.c **Exchange-traded option contracts.** Option contracts convey either the right or the obligation, depending upon whether the reporting bank is the purchaser or the writer, respectively, to buy or sell a financial instrument or commodity at a specified price by a specified future date. Some options are traded on organized exchanges.

The buyer of an option contract has, for compensation (such as a fee or premium), acquired the right (or option) to sell to, or purchase from, another party some financial instrument or commodity at a stated price on a specified future date. The seller of the contract has, for such compensation, become obligated to purchase or sell the financial instrument or commodity at the option of the buyer of the contract. A put option contract obligates the seller of the contract to purchase some financial instrument or commodity at the option of the buyer of the contract. A call option contract obligates the seller of the contract to sell some financial instrument or commodity at the option of the buyer of the contract.

12.c.(1) **Written options.** Report in this item the aggregate par value of the financial instruments or commodities that the reporting bank has, for compensation (such as a fee or premium), obligated itself to either purchase or sell under exchange-traded option contracts that are outstanding as of the report date.

Column A, Written Exchange-Traded Interest Rate Options: For exchange-traded option contracts obligating the reporting bank to either purchase or sell an interest rate futures contract and whose predominant risk characteristic is interest rate risk, report the par value of the financial instrument underlying the futures contract. An example of such a contract is a Chicago Board Options Exchange option on the 13-week Treasury bill rate.

Column B, Written Exchange-Traded Foreign Exchange Options: Report in this item the gross amount (stated in U.S. dollars) of foreign (non-U.S.) currency and U.S. dollar exchange that the reporting bank has, for compensation, obligated itself to either purchase or sell under exchange-traded option contracts whose predominant risk characteristic is foreign exchange risk. In the case of option contracts obligating the reporting bank to either purchase or sell a foreign exchange futures contract, report the gross amount (stated in U.S. dollars) of the foreign (non-U.S.) currency underlying the futures contract. Exchange-traded options on major currencies such as the Japanese Yen and British Pound Sterling and options on futures contracts of major currencies are examples of such contracts.

Column C, Written Exchange-Traded Equity Derivative Options: Report the contract amount for those exchange-traded option contracts where the reporting bank has obligated itself, for compensation, to purchase or sell an equity instrument or equity index.

Column D, Written Exchange-Traded Commodity and Other Exchange-Traded Options: Report the contract amount for those exchange-traded option contracts where the reporting bank has obligated itself, for compensation, to purchase or sell a commodity or product. Include any other written, exchange-traded option that is not reportable as an interest rate, foreign exchange, or equity derivative contract in column A, B, or C.

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- 12.c.(2) Purchased options.** Report in this item the aggregate par value of the financial instruments or commodities that the reporting bank has, for a fee or premium, purchased the right to either purchase or sell under exchange-traded option contracts that are outstanding as of the report date.

Column A, Purchased Exchange-Traded Interest Rate Options: For exchange-traded option contracts giving the reporting bank the right to either purchase or sell an interest rate futures contract and whose predominant risk characteristic is interest rate risk, report the par value of the financial instrument underlying the futures contract. An example of such a contract is a Chicago Board Options Exchange option on the 13-week Treasury bill rate.

Column B, Purchased Exchange-Traded Foreign Exchange Options: Report in this item the gross amount (stated in U.S. dollars) of foreign (non-U.S.) currency and U.S. dollar exchange that the reporting bank has, for a fee, purchased the right to either purchase or sell under exchange-traded option contracts whose predominant risk characteristic is foreign exchange risk. In the case of option contracts giving the reporting bank the right to either purchase or sell a currency futures contract, report the gross amount (stated in U.S. dollars) of the foreign (non-U.S.) currency underlying the futures contract. Exchange-traded options on major currencies such as the Japanese Yen and British Pound Sterling and options on futures contracts of major currencies are examples of such contracts.

Column C, Purchased Exchange-Traded Equity Derivative Options: Report the contract amount of those exchange-traded option contracts where the reporting bank has, for a fee, purchased the right to purchase or sell an equity instrument or equity index.

Column D, Purchased Exchange-Traded Commodity and Other Exchange-Traded Options: Report the contract amount for those exchange-traded option contracts where the reporting bank has, for a fee, purchased the right to purchase or sell a commodity or product. Include any other purchased, exchange-traded option that is not reportable as an interest rate, foreign exchange, or equity derivative contract in column A, B, or C.

- 12.d Over-the-counter option contracts.** Option contracts convey either the right or the obligation, depending upon whether the reporting bank is the purchaser or the writer, respectively, to buy or sell a financial instrument or commodity at a specified price by a specified future date. Options can be written to meet the specialized needs of the counterparties to the transaction. These customized option contracts are known as over-the-counter (OTC) options. Thus, over-the-counter option contracts include all option contracts not traded on an organized exchange.

The buyer of an option contract has, for compensation (such as a fee or premium), acquired the right (or option) to sell to, or purchase from, another party some financial instrument or commodity at a stated price on a specified future date. The seller of the contract has, for such compensation, become obligated to purchase or sell the financial instrument or commodity at the option of the buyer of the contract. A put option contract obligates the seller of the contract to purchase some financial instrument or commodity at the option of the buyer of the contract. A call option contract obligates the seller of the contract to some financial instrument or commodity at the option of the buyer of the contract.

In addition, swaptions, i.e., options to enter into a swap contract, and contracts known as caps, floors, collars, and corridors should be reported as options.

Item No. Caption and Instructions

12.d
(cont.) Commitments to lend that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended) are considered options for purposes of Schedule RC-L, item 12. All other commitments to lend should be reported in Schedule RC-L, item 1.

12.d.(1) **Written options.** Report in this item the aggregate par value of the financial instruments or commodities that the reporting bank has, for compensation (such as a fee or premium), obligated itself to either purchase or sell under OTC option contracts that are outstanding as of the report date. Also report an aggregate notional amount for written caps, floors, and swaptions and for the written portion of collars and corridors.

Column A, Written OTC Interest Rate Options: Interest rate options include options to purchase and sell interest-bearing financial instruments and whose predominant risk characteristic is interest rate risk as well as contracts known as caps, floors, collars, corridors, and swaptions. Include in this item the notional principal amount for interest rate caps and floors that the reporting bank sells. For interest rate collars and corridors, report a notional amount for the written portion of the contract in Schedule RC-L, item 12.d.(1), column A, and for the purchased portion of the contract in Schedule RC-L, item 12.d.(2), column A.

Column B, Written OTC Foreign Exchange Options: A written currency option contract conveys the obligation to exchange two different currencies at a specified exchange rate. Report in this item the gross amount (stated in U.S. dollars) of foreign (non-U.S.) currency and U.S. dollar exchange that the reporting bank has, for compensation, obligated itself to either purchase or sell under OTC option contracts whose predominant risk characteristic is foreign exchange risk.

Column C, Written OTC Equity Derivative Options: Report the contract amount for those OTC option contracts where the reporting bank has obligated itself, for compensation, to purchase or sell an equity instrument or equity index.

Column D, Written OTC Commodity and Other OTC Options: Report the contract amount for those OTC option contracts where the reporting bank has obligated itself, for compensation, to purchase or sell a commodity or product. Include any other written, OTC option that is not reportable as an interest rate, foreign exchange, or equity derivative contract in column A, B, or C.

12.d.(2) **Purchased options.** Report in this item the aggregate par value of the financial instruments or commodities that the reporting bank has, for a fee or premium, purchased the right to either purchase or sell under OTC option contracts that are outstanding as of the report date. Also report an aggregate notional amount for purchased caps, floors, and swaptions and for the purchased portion of collars and corridors.

Column A, Purchased OTC Interest Rate Options: Interest rate options include options to purchase and sell interest-bearing financial instruments and whose predominant risk characteristic is interest rate risk as well as contracts known as caps, floors, collars, corridors, and swaptions. Include in this item the notional principal amount for interest rate caps and floors that the reporting bank purchases. For interest rate collars and corridors, report a notional amount for the written portion of the contract in Schedule RC-L, item 12.d.(1), column A, and for the purchased portion of the contract in Schedule RC-L, item 12.d.(2), column A.

Item No. **Caption and Instructions**

12.d.(2) *Column B, Purchased OTC Foreign Exchange Options:* Report in this item the gross amount (stated in U.S. dollars) of foreign (non-U.S.) currency and U.S. dollar exchange that the reporting bank has, for a fee, purchased the right to either purchase or sell under option contracts whose predominant risk characteristic is foreign exchange risk.

(cont.)

Column C, Purchased OTC Equity Derivative Options: Report the contract amount of those OTC option contracts where the reporting bank has, for a fee, purchased the right to purchase or sell an equity instrument or equity index.

Column D, Purchased OTC Commodity and Other OTC Options: Report the contract amount for those option contracts where the reporting bank has, for a fee, purchased the right to purchase or sell a commodity or product. Include any other purchased OTC option that is not reportable as an interest rate, foreign exchange or equity derivative contract in column A, B, or C.

12.e **Swaps.** Swaps are transactions in which two parties agree to exchange payment streams based on a specified notional amount for a specified period. Forward starting swap contracts should be reported as swaps. The notional amount of a swap is the underlying principal amount upon which the exchange of interest, foreign exchange or other income or expense is based. The notional amount to be reported for a swap contract with a multiplier component is the contract's effective notional amount. In those cases where the reporting bank is acting as an intermediary, both sides of the transaction are to be reported.

Column A, Interest Rate Swaps: Report the notional amount of all outstanding interest rate and basis swaps whose predominant risk characteristic is interest rate risk.

Column B, Foreign Exchange Swaps: Report the notional principal amount (stated in U.S. dollars) of all outstanding cross-currency interest rate swaps. A cross-currency interest rate swap is a transaction in which two parties agree to exchange principal amounts of different currencies, usually at the prevailing spot rate, at the inception of an agreement that lasts for a certain number of years. At defined intervals over the life of the swap, the counterparties exchange payments in the different currencies based on specified rates of interest. When the agreement matures, the principal amounts will be re-exchanged at the same spot rate. The notional amount of a cross-currency interest rate swap is generally the underlying principal amount upon which the exchange is based.

Column C, Equity Swaps: Report the notional amount of all outstanding equity or equity index swaps.

Column D, Commodity and Other Swaps: Report the notional principal amount of all other swap agreements that are not reportable as either interest rate, foreign exchange, or equity derivative contracts in column A, B, or C. The notional amount to be reported for commodity contracts with multiple exchanges of principal is the contractual amount multiplied by the number of remaining payments (or exchanges of principal) in the contract.

Item No. Caption and Instructions

- 13** **Total gross notional amount of derivative contracts held for trading.** Report, in the appropriate column, the total notional amount or par value of those derivative contracts reported in Schedule RC-L, item 12, above that are held for trading purposes. Contracts held for trading purposes include those used in dealing and other trading activities. Derivative instruments used to hedge trading activities should also be reported in this item.

Derivative trading activities include (a) regularly dealing in interest rate contracts, foreign exchange contracts, equity derivative contracts, and other off-balance sheet commodity contracts, (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell (or repurchase) in order to profit from short-term price movements, and (c) acquiring or taking positions in such items as an accommodation to customers.

The reporting bank's trading department may have entered into a derivative contract with another department or business unit within the consolidated bank (and which has been reported on a net basis in accordance with the instructions to Schedule RC-L, item 12 above). If the trading department has also entered into a matching contract with a counterparty outside the consolidated bank, the contract with the outside counterparty should be designated as held for trading or as held for purposes other than trading consistent with the contract's designation for other financial reporting purposes.

- 14** **Total gross notional amount of derivative contracts held for purposes other than trading.** Report, in the appropriate column, the total notional amount or par value of those contracts reported in Schedule RC-L, item 12, above, that are held for purposes other than trading.

- 14.a** **Interest rate swaps where the bank has agreed to pay a fixed rate.** Report the notional amount of all outstanding interest rate swaps included in Schedule RC-L, item 14, column A, above, on which the reporting bank is obligated to pay a fixed rate. The interest rate swaps that are reported in this item will also have been reported in Schedule RC-L, item 12.e, column A. Interest rate swaps that are held for trading should not be reported in this item 14.a.

A fixed interest rate is a rate that is specified at the origination of the transaction, is fixed and invariable during the term of the interest rate swap, and is known to both the bank and the swap counterparty. Also treated as a fixed interest rate is a predetermined interest rate which is a rate that changes during the term of the interest rate swap on a predetermined basis, with the exact rate of interest over the life of the swap known with certainty to both the bank and the swap counterparty at the origination of the transaction.

- 15** **Gross fair values of derivative contracts.** Report in the appropriate column and subitem the fair value of all derivative contracts reported in Schedule RC-L, items 13 and 14, above. For each of the four types of underlying risk exposure in columns A through D, the gross positive and gross negative fair values will be reported separately for (i) contracts held for trading purposes (in item 15.a) and (ii) contracts held for purposes other than trading (in item 15.b). Guidance for reporting by type of underlying risk exposure is provided in the instructions for Schedule RC-L, item 12, above. Guidance for reporting by purpose is provided in the instructions for Schedule RC-L, items 13 and 14, above.

Item No. **Caption and Instructions**

15 All transactions within the consolidated bank should be reported on a net basis. No other
(cont.) netting of contracts is permitted for purposes of this item. Therefore, do not net
 (1) obligations of the reporting bank to buy against the bank's obligations to sell, (2) written
 options against purchased options, (3) positive fair values against negative fair values, or
 (4) contracts subject to bilateral netting agreements.

According to ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, "Fair Value Measurements"), fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the asset's or liability's principal (or most advantageous) market at the measurement date. For purposes of item 15, the reporting bank should determine the fair value of its derivative contracts in the same manner that it determines the fair value of these contracts for other financial reporting purposes, consistent with the guidance in ASC Topic 820.

15.a **Contracts held for trading.** Report in the appropriate column and subitem the gross positive and gross negative fair values of those contracts held for trading that are reported in Schedule RC-L, item 13, above.

15.a.(1) **Gross positive fair value.** Report in the appropriate column the total fair value of those contracts reported in Schedule RC-L, item 13, above, with positive fair values.

15.a.(2) **Gross negative fair value.** Report in the appropriate column the total fair value of those contracts reported in Schedule RC-L, item 13, above, with negative fair values. Report the total fair value as an absolute value, do not enclose the total fair value in parentheses or use a minus (-) sign.

15.b **Contracts held for purposes other than trading.** Report in the appropriate column and subitem the gross positive and gross negative fair values of those contracts held for purposes other than trading that are reported in Schedule RC-L, item 14, above.

15.b.(1) **Gross positive fair value.** Report in the appropriate column the total fair value of those contracts reported in Schedule RC-L, item 14, above, with positive fair values.

15.b.(2) **Gross negative fair value.** Report in the appropriate column the total fair value of those contracts reported in Schedule RC-L, item 14, above, with negative fair values. Report the total fair value as an absolute value, do not enclose the total fair value in parentheses or use a minus (-) sign.

SCHEDULE RC-M – MEMORANDA

Item No. Caption and Instructions

- 1** **Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date.** For purposes of this item, the terms "extension of credit," "executive officer," "director," "principal shareholder," and "related interest," are as defined in Federal Reserve Board Regulation O.

An "extension of credit" is a making or renewal of any loan, a granting of a line of credit, or an extending of credit in any manner whatsoever. Extensions of credit include, among others, loans, overdrafts, cash items, standby letters of credit, and securities purchased under agreements to resell. For lines of credit, the amount to be reported as an extension of credit is normally the total amount of the line of credit extended to the insider, not just the current balance of the funds that have been advanced to the insider under the line of credit. See Section 215.3 of Regulation O for further details.

An "executive officer" of the reporting bank generally means a person who participates or has authority to participate (other than in the capacity of a director) in major policymaking functions of the reporting bank, an executive officer of a bank holding company of which the bank is a subsidiary, and (unless properly excluded by the bank's board of directors or bylaws) an executive officer of any other subsidiary of that bank holding company. See Section 215.2(e) of Regulation O for further details.

A "director" of the reporting bank generally means a person who is a director of a bank, whether or not receiving compensation, a director of a bank holding company of which the bank is a subsidiary, and (unless properly excluded by the bank's board of directors or bylaws) a director of any other subsidiary of that bank holding company. See Section 215.2(d) of Regulation O for further details.

A "principal shareholder" of the reporting bank generally means an individual or a company (other than an insured bank or foreign bank) that directly or indirectly owns, controls, or has the power to vote more than ten percent of any class of voting securities of the reporting bank. See Section 215.11(a)(1) of Regulation O for further details.

A "related interest" means (1) a company (other than an insured bank or a foreign bank) that is controlled by an executive officer, director, or principal shareholder or (2) a political or campaign committee that is controlled by or the funds or services of which will benefit an executive officer, director, or principal shareholder. See Section 215.11(a)(2) of Regulation O.

- 1.a** **Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests.** Report the aggregate amount outstanding as of the report date of all extensions of credit by the reporting bank to all of its executive officers, directors, and principal shareholders, and to all of the related interests of its executive officers, directors, and principal shareholders.

Include each extension of credit by the reporting bank in the aggregate amount only *one* time, regardless of the number of executive officers, directors, principal shareholders, and related interests thereof to whom the extension of credit has been made.

Item No. Caption and Instructions

- 1.b Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of \$500,000 or 5 percent of total capital as defined for this purpose in agency regulations.** Report the number of executive officers, directors, and principal shareholders of the reporting bank to whom the amount of all extensions of credit by the reporting bank outstanding as of the report date equals or exceeds the lesser of \$500,000 or five percent of total capital as defined for this purpose in regulations issued by the bank's primary federal bank supervisory authority.

For purposes of this item, the amount of all extensions of credit by the reporting bank to an executive officer, director, or principal shareholder includes all extensions of credit by the reporting bank to the related interests of the executive officer, director, or principal shareholder. Furthermore, an extension of credit made by the reporting bank to *more than one* of its executive officers, directors, principal shareholders, or related interests thereof must be included in full in the amount of all extensions of credit for *each* such executive officer, director, or principal shareholder.

- 2 Intangible assets other than goodwill.** Report in the appropriate subitem the carrying amount of intangible assets other than goodwill. Intangible assets primarily result from business combinations accounted for under the acquisition method in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"), from acquisitions of portions or segments of another institution's business such as mortgage servicing portfolios and credit card portfolios, and from the sale or securitization of financial assets with servicing retained.

An intangible asset with a finite life (other than a servicing asset) should be amortized over its estimated useful life and should be reviewed at least quarterly to determine whether events or changes in circumstances indicate that its carrying amount may not be recoverable. If this review indicates that the carrying amount may not be recoverable, the intangible asset should be tested for recoverability (impairment) in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"). An impairment loss shall be recognized if the carrying amount of the intangible asset is not recoverable and this amount exceeds the asset's fair value. The carrying amount is not recoverable if it exceeds the sum of the undiscounted expected future cash flows from the intangible asset. An impairment loss is recognized by writing the intangible asset down to its fair value (which becomes the new accounting basis of the intangible asset), with a corresponding charge to expense (which should be reported in Schedule RI, item 7.c.(2)). Subsequent reversal of a previously recognized impairment loss is prohibited.

An intangible asset with an indefinite useful life should not be amortized, but should be tested for impairment at least annually in accordance with ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets").

- 2.a Mortgage servicing assets.** Report the carrying amount of mortgage servicing assets, i.e., contracts to service loans secured by real estate (as defined for Schedule RC-C, part I, item 1, in the Glossary entry for "Loans secured by real estate") under which the estimated future revenues from contractually specified servicing fees, late charges, and other ancillary revenues are expected to more than adequately compensate the servicer for performing the servicing. A mortgage servicing contract is either (a) undertaken in conjunction with selling or securitizing the mortgages being serviced or (b) purchased or assumed separately. For mortgage servicing assets accounted for under the amortization method, the carrying amount is the unamortized cost of acquiring the mortgage servicing contracts, net of any

Item No. **Caption and Instructions**

2.a related valuation allowances. For mortgage servicing assets accounted for under the fair value method, the carrying amount is the fair value of the mortgage servicing contracts. (cont.) Exclude servicing assets resulting from contracts to service financial assets other than loans secured by real estate (report nonmortgage servicing assets in Schedule RC-M, item 2.b). For further information, see the Glossary entry for "servicing assets and liabilities."

2.a.(1) **Estimated fair value of mortgage servicing assets.** Report the estimated fair value of the capitalized mortgage servicing assets reported in Schedule RC-M, item 2.a.

According to ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, "Fair Value Measurements"), fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants in the asset's principal (or most advantageous) market at the measurement date. For purposes of this item, the reporting bank should determine the fair value of mortgage servicing assets in the same manner that it determines the fair value of these assets for other financial reporting purposes, consistent with the guidance in ASC Topic 820.

2.b **Purchased credit card relationships and nonmortgage servicing assets.** Report the carrying amount of purchased credit card relationships plus the carrying amount of nonmortgage servicing assets.

Purchased credit card relationships represent the right to conduct ongoing credit card business dealings with the cardholders. In general, purchased credit card relationships are an amount paid in excess of the value of the purchased credit card receivables. Such relationships arise when the reporting bank purchases existing credit card receivables and also has the right to provide credit card services to those customers. Purchased credit card relationships may also be acquired when the reporting bank purchases an entire depository institution.

Purchased credit card relationships shall be carried at amortized cost. Management of the institution shall review the carrying amount at least quarterly, adequately document this review, and adjust the carrying amount as necessary. This review should determine whether unanticipated acceleration or deceleration of cardholder payments, account attrition, changes in fees or finance charges, or other events or changes in circumstances indicate that the carrying amount of the purchased credit card relationships may not be recoverable. If this review indicates that the carrying amount may not be recoverable, the intangible asset should be tested for recoverability, and any impairment loss should be recognized, as described in the instruction for Schedule RC-M, item 2.

Nonmortgage servicing assets are contracts to service financial assets, other than loans secured by real estate (as defined for Schedule RC-C, part I, item 1) under which the estimated future revenues from contractually specified servicing fees, late charges, and other ancillary revenues are expected to more than adequately compensate the servicer for performing the servicing. A nonmortgage servicing contract is either (a) undertaken in conjunction with selling or securitizing the nonmortgage financial assets being serviced or (b) purchased or assumed separately. For nonmortgage servicing assets accounted for under the amortization method, the carrying amount is the unamortized cost of acquiring the nonmortgage servicing contracts, net of any related valuation allowances. For nonmortgage servicing assets accounted for under the fair value method, the carrying amount is the fair value of the nonmortgage servicing contracts. For further information, see the Glossary entry for "servicing assets and liabilities."

Item No. **Caption and Instructions**

- 2.c** **All other identifiable intangibles.** Report the carrying amount of all other specifically identifiable intangible assets such as core deposit intangibles and favorable leasehold rights. Exclude goodwill, which should be reported in Schedule RC, item 10.a.
- 2.d** **Total.** Report the sum of items 2.a, 2.b, and 2.c. This amount must equal Schedule RC, item 10.b, "Other intangible assets."
- 3** **Other real estate owned.** Report in the appropriate subitem the net book value of all real estate other than (1) bank premises owned or controlled by the bank and its consolidated subsidiaries (which should be reported in Schedule RC, item 6) and (2) direct and indirect investments in real estate ventures (which should be reported in Schedule RC, item 9). Do not deduct mortgages or other liens on such property (report mortgages or other liens in Schedule RC, item 16, "Other borrowed money"). Amounts should be reported net of any applicable valuation allowances.

Item No. **Caption and Instructions**

3 Include as other real estate owned:
(cont.)

- (1) Foreclosed real estate, i.e.,
 - (a) Real estate acquired in any manner for debts previously contracted (including, but not limited to, real estate acquired through foreclosure and real estate acquired by deed in lieu of foreclosure), even if the bank has not yet received title to the property.
 - (b) Real estate collateral underlying a loan when the bank has obtained physical possession of the collateral, regardless of whether formal foreclosure proceedings have been instituted against the borrower.

Foreclosed real estate received in full or partial satisfaction of a loan should be recorded at the fair value less cost to sell of the property at the time of foreclosure. This amount becomes the "cost" of the foreclosed real estate. When foreclosed real estate is received in full satisfaction of a loan, the amount, if any, by which the recorded amount of the loan exceeds the fair value less cost to sell of the property is a loss which must be charged to the allowance for loan and lease losses at the time of foreclosure. The amount of any senior debt (principal and accrued interest) to which foreclosed real estate is subject at the time of foreclosure must be reported as a liability in Schedule RC, item 16, "Other borrowed money."

After foreclosure, each foreclosed real estate asset must be carried at the lower of (1) the fair value of the asset minus the estimated costs to sell the asset or (2) the cost of the asset (as defined in the preceding paragraph). This determination must be made on an asset-by-asset basis. If the fair value of a foreclosed real estate asset minus the estimated costs to sell the asset is less than the asset's cost, the deficiency must be recognized as a valuation allowance against the asset which is created through a charge to expense. The valuation allowance should thereafter be increased or decreased (but not below zero) through charges or credits to expense for changes in the asset's fair value or estimated selling costs. (For further information, see the Glossary entries for "foreclosed assets" and "troubled debt restructurings.")

- (2) Foreclosed real estate backing mortgage loans insured by the Federal Housing Administration (FHA) or the Farmers Home Administration (FmHA) or guaranteed by the Veterans Administration (VA) that back Government National Mortgage Association (GNMA) securities, i.e., "GNMA loans."
- (3) Property originally acquired for future expansion but no longer intended to be used for that purpose.
- (4) Foreclosed real estate sold under contract and accounted for under the deposit method of accounting in accordance with ASC Subtopic 360-20, Property, Plant, and Equipment – Real Estate Sales (formerly FASB Statement No. 66, "Accounting for Sales of Real Estate"). Under this method, the seller does not record notes receivable, but continues to report the real estate and any related existing debt on its balance sheet. The deposit method is used when a sale has not been consummated and is commonly used when recovery of the carrying value of the property is not reasonably assured. If the full accrual, installment, cost recovery, reduced profit, or percentage-of-completion method of accounting under ASC Subtopic 360-20 is being used to account for the sale, the receivable resulting from the sale of the foreclosed real estate should be reported as a loan in Schedule RC-C and any gain on the sale should be recognized in accordance

Item No. Caption and Instructions

- 3** with ASC Subtopic 360-20. For further information, see the Glossary entry for
(cont.) "foreclosed assets."

Property formerly but no longer used for banking may be reported either in this item as "All other real estate owned" or in Schedule RC, item 6, as "Premises and fixed assets."

- 3.a** **Construction, land development, and other land (in domestic offices).** Report the net book value of all other real estate owned (in domestic offices) in the form of, or for which the underlying real estate consists of, vacant land (but not farmland), land under development, or structures or facilities under construction, whether or not development or construction is continuing or has ceased prior to completion. When construction is substantially completed and the structure or facility is available for occupancy or use, report the net book value in the subitem below appropriate to the completed structure or facility.

For further information on the meaning of the term "construction, land development, and other land" see the instruction to Schedule RC-C, part I, item 1.a. However, the amount to be reported in this item should include all other real estate owned in the form of, or for which the underlying real estate consists of, vacant land, land under development, or structures or facilities under construction, not just real estate acquired through foreclosure on loans that were originally reported as "construction, land development, and other land loans" in Schedule RC-C, part I, item 1.a, column B.

- 3.b** **Farmland (in domestic offices).** Report the net book value of all other real estate owned (in domestic offices) in the form of, or for which the underlying real estate consists of, farmland.

For further information on the meaning of the term "farmland," see the instruction to Schedule RC-C, part I, item 1.b. However, the amount to be reported in this item should include all other real estate owned in the form of, or for which the underlying real estate consists of, farmland, not just real estate acquired through foreclosure on loans that were originally reported as "loans secured by farmland" in Schedule RC-C, part I, item 1.b, column B.

- 3.c** **1-4 family residential properties (in domestic offices).** Report the net book value of all other real estate owned (in domestic offices) in the form of, or for which the underlying real estate consists of, 1-to-4 family residential properties. Exclude 1-to-4 family residential properties resulting from foreclosures on real estate backing delinquent "GNMA loans" (report in Schedule RC-M, item 3.f).

For further information on the meaning of the term "1-4 family residential properties," see the instruction to Schedule RC-C, part I, item 1.c. However, the amount to be reported in this item should include all other real estate owned in the form of, or for which the underlying real estate consists of, 1-to-4 family residential properties, not just real estate acquired through foreclosure on loans that were originally reported as "loans secured by 1-4 family residential properties" in Schedule RC-C, part I, item 1.c, column B.

- 3.d** **Multifamily (5 or more) residential properties (in domestic offices).** Report the net book value of all other real estate owned (in domestic offices) in the form of, or for which the underlying real estate consists of, multifamily residential properties.

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- 5.b**
(cont.)
- (3) on notes and bills rediscounted (including commodity drafts rediscounted);
 - (4) on financial assets (other than securities) sold under repurchase agreements that have an original maturity of more than one business day and sales of participations in pools of loans that have an original maturity of more than one business day;
 - (5) by transferring financial assets in exchange for cash or other consideration (other than beneficial interests in the transferred assets) in transactions that do not satisfy the criteria for sale treatment under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended) (see the Glossary entry for "transfers of financial assets" for further information);
 - (6) by the creation of due bills representing the bank's receipt of payment and similar instruments, whether collateralized or uncollateralized (see the Glossary entry for "due bills");
 - (7) from Federal Reserve Banks;
 - (8) by overdrawing "due from" balances with depository institutions, except overdrafts arising in connection with checks or drafts drawn by the reporting bank and drawn on, or payable at or through, another depository institution either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks or drafts drawn in the normal course of business during the period until the amount of the checks or drafts is remitted to the other depository institution (in which case, report the funds received or held in connection with such checks or drafts as deposits in Schedule RC-E until the funds are remitted);
 - (9) on purchases of so-called "term federal funds" (as defined in the Glossary entry for "federal funds transactions");
 - (10) on notes and debentures issued by consolidated subsidiaries of the reporting bank;
 - (11) through mortgages, liens, or other encumbrances on bank premises and other real estate owned and obligations under capitalized leases;
 - (12) by borrowing immediately available funds in foreign offices that have an original maturity of one business day or roll over under a continuing contract that are not securities repurchase agreements; and
 - (13) on any other obligation for the purpose of borrowing money not reported elsewhere on Schedule RC, Balance Sheet, or in Schedule RC-M, item 5.a, "Federal Home Loan Bank advances."

Also include any borrowings by an Employee Stock Ownership Plan (ESOP) that the reporting bank must report as a borrowing on its own balance sheet in accordance with generally accepted accounting principles. For further information, see ASC Subtopic 718-40, Compensation-Stock Compensation – Employee Stock Ownership Plans (formerly AICPA Statement of Position 93-6, Employers' Accounting for Employee Stock Ownership Plans”).

Item No. **Caption and Instructions**5.b
(cont.)

Exclude from other borrowings:

- (1) federal funds purchased (in domestic offices) and securities sold under agreements to repurchase (report in Schedule RC, items 14.a and 14.b, respectively);
- (2) liability for short positions (report in Schedule RC, item 15);
- (3) subordinated notes and debentures (report in Schedule RC, item 19).

5.b.(1) **Other borrowings with a remaining maturity or next repricing date of.** Report the amount of the bank's fixed rate other borrowings in the appropriate subitems according to the amount of time remaining until their final contractual maturities. Report the amount of the bank's floating rate other borrowings in the appropriate subitems according to their next repricing dates.

5.b.(1)(a) **One year or less.** Report the amount of:

- fixed rate "Other borrowings" with a remaining maturity of one year or less, and
- floating rate "Other borrowings" with a next repricing date occurring in one year or less.

Include in this item those overdrawn "due from" balances with depository institutions that are reportable as "Other borrowed money," as described in the instructions to Schedule RC-M, item 5.b, above.

5.b.(1)(b) **Over one year through three years.** Report the amount of:

- fixed rate "Other borrowings" with a remaining maturity of over one year through three years, and
- floating rate "Other borrowings" with a next repricing date occurring in over one year through three years.

5.b.(1)(c) **Over three years through five years.** Report the amount of:

- fixed rate "Other borrowings" with a remaining maturity of over three years through five years, and
- floating rate "Other borrowings" with a next repricing date occurring in over three years through five years.

5.b.(1)(d) **Over five years.** Report the amount of:

- fixed rate "Other borrowings" with a remaining maturity of over five years, and
- floating rate "Other borrowings" with a next repricing date occurring in over five years.

5.b.(2) **Other borrowings with a remaining maturity of one year or less.** Report all "Other borrowings" with a remaining maturity of one year or less. Include both fixed rate and floating rate borrowings with a remaining maturity of one year or less.

The fixed rate borrowings that should be included in this item will also have been reported by remaining maturity in Schedule RC-M, item 5.b.(1)(a), above. The floating rate borrowings that should be included in this item will also have been reported by next repricing date in Schedule RC-M, item 5.b.(1)(a), above. However, exclude those floating rate borrowings included in Schedule RC-M, item 5.b.(1)(a), with a next repricing date of one year or less that have a remaining maturity of over one year.

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5.c **Total.** Report the sum of items 5.a.(1)(a) through (d) and items 5.b.(1)(a) through (d). This sum must equal Schedule RC, item 16, "Other borrowed money."

6 **Does the reporting bank sell private label or third party mutual funds and annuities?**
Indicate whether the reporting bank currently sells private label or third party mutual funds and annuities. Place an "X" in the box marked "YES" if the bank, a bank subsidiary or other bank affiliate, or an unaffiliated entity sells private label or third party mutual funds and annuities:

- (1) on bank premises;
- (2) from which the bank receives income at the time of the sale or over the duration of the account (e.g., annual fees, Rule 12b-1 fees or "trailer fees," and redemption fees); or
- (3) through the reporting bank's trust department in transactions that are not executed in a fiduciary capacity (e.g., trustee, executor, administrator, and conservator).

Otherwise, place an "X" in the box marked "NO".

Mutual fund is the common name for an open-end investment company whose shares are sold to the investing public. An annuity is an investment product, typically underwritten by an insurance company, that pays either a fixed or variable payment stream over a specified period of time. Both proprietary and private label mutual funds and annuities are established in order to be marketed primarily to a bank's or banking organization's customers. A proprietary product is a product for which the reporting bank or a subsidiary or other affiliate of the reporting bank acts as investment adviser and may perform additional support services. In a private label product, an unaffiliated entity acts as the investment adviser. The identity of the investment adviser is normally disclosed in the prospectus for a mutual fund or annuity. Mutual funds and annuities that are not proprietary or private label products are considered third party products. For example, third party mutual funds and annuities include products that are widely marketed by numerous parties to the investing public and have investment advisers that are not affiliated with the reporting bank.

7 **Assets under the reporting bank's management in proprietary mutual funds and annuities.** Report the amount of assets (stated in U.S. dollars) held by mutual funds and annuities as of the report date for which the reporting bank or a subsidiary of the bank acts as investment adviser.

A general description of a proprietary product is included in the instruction to Schedule RC-M, item 6, above. Proprietary mutual funds and annuities are typically created by large banking organizations and offered to customers of the banking organization's subsidiary banks. Therefore, small, independent banks do not normally act as investment advisers for mutual funds and annuities.

If neither the bank nor any subsidiary of the bank acts as investment adviser for a mutual fund or annuity, the bank should report a zero or the word "none" in this item.

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- 8 Primary Internet Web site address of the bank (home page).** If the bank has an Internet Web site or home page, report in this item the primary Web address for this site. If the bank does not have its own Web site or home page, but information on or functions of the bank can be accessed through an affiliate's Web address, that affiliate's primary Web address should be reported. A bank that maintains more than one Web site should provide the Web address that best represents the institution. Web site addresses should not exceed 75 characters in length. Do not provide an e-mail address in the space for the Web address.

A bank's primary Internet Web address is the public Internet site address (also known as the Uniform Resource Locator or URL) that the bank's customers or potential customers enter into Internet browser software in order to find the first page of the bank's Web site. Examples of Web site addresses are www.bank.com, www.isp.com/bank/, and bank.isp.com. When entering a Web address in this item, the Web address should not be prefaced with http:// because this is already included on the form. Because Web addresses reported in this item are publicly available, each bank should ensure that it accurately reports its Web address, if any.

If a bank has no Web site or home page of its own and the bank cannot be accessed through an affiliate's Web address, this item should be left blank.

- 9 Do any of the bank's Internet Web sites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the Web site?** Indicate whether any of the reporting bank's Internet Web sites have transactional capability. Place an "X" in the box marked "Yes" if the bank or a bank affiliate has any Internet Web sites that allow the bank's customers to execute transactions on their accounts through the Web site. Otherwise, place an "X" in the box marked "No."

The Internet Web address of the Web site (or sites) with transactional capability does not have to be the address of the bank's primary Internet Web site that is reported in Schedule RC-M, item 8, above.

- 10 Secured liabilities.** Report in the appropriate subitem the carrying amount of federal funds purchased (in domestic offices) and "Other borrowings" that are secured, i.e., the carrying amount of these types of liabilities for which the bank (or a consolidated subsidiary) has pledged securities, loans, or other assets as collateral.

- 10.a Amount of "Federal funds purchased (in domestic offices)" that are secured.** Report the carrying amount of federal funds purchased (in domestic offices) (as defined for Schedule RC, item 14.a) that are secured.

- 10.b Amount of "Other borrowings" that are secured.** Report the carrying amount of "Other borrowings" (as defined for Schedule RC-M, item 5.b) that are secured. Secured "Other borrowings" include, but are not limited to, transfers of financial assets accounted for as financing transactions because they do not satisfy the criteria for sale accounting under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended), mortgages payable on bank premises and other real estate owned, and obligations under capitalized leases.

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11 Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts? Indicate whether the institution acts as trustee or custodian for Individual Retirement Accounts (IRAs), Health Savings Accounts (HSAs), or other similar accounts. Other similar accounts include Roth IRAs, Coverdell Education Savings Accounts, and Archer Medical Savings Accounts. State-chartered institutions are allowed, under certain circumstances, to act as trustee or custodian for these types of accounts without obtaining trust powers. In addition, national banks can serve as custodian to IRAs, HSAs, and other similar accounts without obtaining trust powers. Place an "X" in the box marked "Yes" if the reporting institution acts as trustee or custodian for these types of accounts, regardless of whether it has trust powers. Otherwise, place an "X" in the box marked "No."

12 Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities? Indicate whether the institution takes orders from customers for the sale or purchase of securities, regardless of whether this activity occurs in a custody or safekeeping account or elsewhere in the institution as an accommodation to the customer. Place an "X" in the box marked "Yes" if the reporting institution takes securities sale or purchase orders from customers. Otherwise, place an "X" in the box marked "No."

For example, if the only persons accepting customers' orders for securities are licensed dual employees (i.e., individuals who are both employees of the bank and licensed representatives of a registered broker-dealer) who take orders under a third-party networking arrangement with a registered broker, the employees would be accepting the orders in their capacity as registered representatives of the broker and not in their capacity as bank employees. In this situation, the bank should place an "X" in the box marked "No."

13 Assets covered by loss-sharing agreements with the FDIC. Under a loss-sharing agreement, the FDIC agrees to absorb a portion of the losses on a specified pool of a failed insured depository institution's assets in order to maximize asset recoveries and minimize the FDIC's losses. In general, for transactions that occurred before April 2010, the FDIC reimburses 80 percent of losses incurred by an acquiring institution on covered assets over a specified period of time up to a stated threshold amount, with the acquirer absorbing 20 percent of the losses on these assets. Any losses above the stated threshold amount are reimbursed by the FDIC at 95 percent of the losses recognized by the acquirer. For more recent transactions, the FDIC generally reimburses 80 percent of the losses incurred by the acquirer on covered assets, with the acquiring institution absorbing 20 percent.

Report in the appropriate subitem the balance sheet carrying amount as of the report date of all assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. These asset amounts should also be included in the balance sheet category appropriate to the asset on Schedule RC, Balance Sheet.

Do not report the "book value" of the covered assets on the failed institution's books, which may be the amount upon which payments from the FDIC to the reporting bank are to be based in accordance with the loss-sharing agreement.

13.a Loans and leases. Report in the appropriate subitem the carrying amount of loans and leases held for sale and the recorded investment in loans held for investment included in Schedule RC-C, part I, items 1 through 10, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Item No. Caption and Instructions**13.a.(1) Loans secured by real estate (in domestic offices):****13.a.(1)(a) Construction, land development, and other land loans:**

13.a.(1)(a)(1) 1-4 family residential construction loans. Report the amount of 1-4 family residential construction loans included in Schedule RC-C, part I, item 1.a.(1), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(a)(2) Other construction loans and all land development and other land loans. Report the amount of other construction loans and all land development and other land loans included in Schedule RC-C, part I, item 1.a.(2), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(b) Secured by farmland. Report the amount of loans secured by farmland included in Schedule RC-C, part I, item 1.b, column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(c) Secured by 1-4 family residential properties:

13.a.(1)(c)(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit. Report the amount of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit loans included in Schedule RC-C, part I, item 1.c.(1), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(c)(2) Closed-end loans secured by 1-4 family residential properties:

13.a.(1)(c)(2)(a) Secured by first liens. Report the amount of closed-end loans secured by first liens on 1-4 family residential properties included in Schedule RC-C, part I, item 1.c.(2)(a), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(c)(2)(b) Secured by junior liens. Report the amount of closed-end loans secured by junior liens on 1-4 family residential properties included in Schedule RC-C, part I, item 1.c.(2)(b), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(d) Secured by multifamily (5 or more) residential properties. Report the amount of loans secured by multifamily (5 or more) residential properties included in Schedule RC-C, part I, item 1.d, column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(e) Secured by nonfarm nonresidential properties:

13.a.(1)(e)(1) Loans secured by owner-occupied nonfarm nonresidential properties. Report the amount of loans secured by owner-occupied nonfarm nonresidential properties included in Schedule RC-C, part I, item 1.e.(1), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

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13.a.(1)(e)(2) Loans secured by other nonfarm nonresidential properties. Report the amount of loans secured by other nonfarm nonresidential properties included in Schedule RC-C, part I, item 1.e.(2), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

NOTE: Item 13.a.(2) is not applicable to banks filing the FFIEC 041 report form.

13.a.(2) Loans to finance agricultural production and other loans to farmers. Report the amount of loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3, column, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(3) Commercial and industrial loans. Report the amount of commercial and industrial loans included in Schedule RC-C, part I, item 4, column B on the FFIEC 041, and in Schedule RC-C, part I, items 4.a and 4.b, column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(4) Loans to individuals for household, family, and other personal expenditures:

13.a.(4)(a) Credit cards. Report the amount of extensions of credit arising from credit cards included in Schedule RC-C, part I, item 6.a, column B on the FFIEC 041 and column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(4)(b) Automobile loans. Report the amount of automobile loans included in Schedule RC-C, part I, item 6.c, column B on the FFIEC 041 and column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(4)(c) Other consumer loans. Report the amount of extensions of credit arising from other revolving credit plans and other consumer loans included in Schedule RC-C, part I, items 6.b and 6.d, column B on the FFIEC 041 and column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(5) All other loans and all leases. Report the amount of loans that cannot properly be reported in Schedule RC-C, part I, Memorandum items 13.a.(1) through 13.a.(4), above acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Include in this item covered loans in the following categories:

- (1) Loans to depository institutions and acceptances of other banks included in Schedule RC-C, part I, item 2, column B on the FFIEC 041 and in Schedule RC-C, part I, items 2.a.(1) through 2.c.(2), column A on the FFIEC 031;
- (2) On the FFIEC 041 only, loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3, column B;
- (3) Loans to foreign governments and official institutions included in Schedule RC-C, part I, item 7, column B on the FFIEC 041 and column A on the FFIEC 031;

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- 13.a.(5)** (4) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule RC-C, part I, item 8, column B on the FFIEC 041 and column A on the FFIEC 031;
- (5) Loans to nondepository financial institutions and other loans included in Schedule RC-C, part I, items 9.a and 9.b, column B on the FFIEC 041, and in Schedule RC-C, part I, item 9, column A on the FFIEC 031; and
- (6) On the FFIEC 031 only, loans secured by real estate in foreign offices included in Schedule RC-C, part I, item 1, column A.

Also include all lease financing receivables included in Schedule RC-C, part I, item 10, column B on the FFIEC 041, and in Schedule RC-C, part I, items 10.a and 10.b, column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Report in Schedule RC-M, items 13.a.(5)(a) through 13.a.(5)(d) on the FFIEC 041 (items 13.a.(5)(a) through 13.a.(5)(e) on the FFIEC 031), each category of loans and leases within "All other loans and all leases" covered by loss-sharing agreements with the FDIC, and the dollar amount of covered assets in such category, that exceeds 10 percent of total loans and leases covered by loss-sharing agreements with the FDIC (i.e., 10 percent of the sum of Schedule RC-M, items 13.a.(1) through 13.a.(5)). Preprinted captions have been provided in items 13.a.(5)(a) through 13.a.(5)(d) on the FFIEC 041 (items 13.a.(5)(a) through 13.a.(5)(e) on the FFIEC 031) for reporting the amount of covered loans and leases for the following loan and lease categories if the amount for a loan or lease category exceeds the 10 percent reporting threshold: Loans to depository institutions and acceptances of other banks, Loans to foreign governments and official institutions, Other loans (i.e., Obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and, on the FFIEC 041, Loans to finance agricultural production and other loans to farmers); Loans secured by real estate in foreign offices (on the FFIEC 031), and Lease financing receivables.

On the FFIEC 041, for:

- Banks with \$300 million or more in total assets and
- Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, part I, item 3) exceeding five percent of total loans,

a preprinted caption has been provided in item 13.a.(5)(c)(1) for reporting the amount of "Loans to finance agricultural production and other loans to farmers" covered by loss-sharing agreements with the FDIC if the amount of such loans included in Schedule RC-M, item 13.a.(5)(c), "All other loans and all leases," exceeds 10 percent of total loans and leases covered by loss-sharing agreements with the FDIC (i.e., 10 percent of the sum of Schedule RC-M, items 13.a.(1) through 13.a.(5)).

- 13.b** **Other real estate owned.** Report in the appropriate subitem the carrying amount of other real estate owned (included in Schedule RC, item 7) acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

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- 13.b.(1) Construction, land development, and other land (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.a, "Construction, land development, and other land (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(2) Farmland (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.b, "Farmland (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(3) 1-4 family residential properties (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.c, "1-4 family residential properties (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(4) Multifamily (5 or more) residential properties (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.d, "Multifamily (5 or more) residential properties (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(5) Nonfarm nonresidential properties (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.e, "Nonfarm nonresidential properties (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

NOTE: Item 13.b.(6) is not applicable to banks filing the FFIEC 041 report forms.

- 13.b.(6) In foreign offices.** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.g, "In foreign offices," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(7) Portion of covered other real estate owned included in items 13.b.(1) through (5) [or (6)] above that is protected by FDIC loss-sharing agreements.** Report the maximum amount recoverable from the FDIC under loss-sharing agreements covering the other real estate owned reported in Schedule RC-M, items 13.b.(1) through (5) on the FFIEC 041, and in Schedule RC-M, items 13.b.(1) through (6) on the FFIEC 031, beyond the amount that has already been reflected in the measurement of the reporting bank's indemnification asset, which represents the right to receive payments from the FDIC under the loss-sharing agreement.

In general, the maximum amount recoverable from the FDIC on covered other real estate owned is the carrying amount of the other real estate, as reported in the preceding Schedule RC-M items, multiplied by the currently applicable loss coverage rate (e.g., 80 percent or 95 percent). This product will normally be the maximum amount recoverable because reimbursements from the FDIC for covered losses related to the amount by which the "book value" of a covered asset on the failed institution's books (which is the amount upon

Item No. **Caption and Instructions**

13.b.(7) (cont.) which payments under an FDIC loss-sharing agreement are based) exceeds the amount at which the reporting bank reports the covered asset on Schedule RC, Balance Sheet, should already have been taken into account in measuring the carrying amount of the reporting bank's loss-sharing indemnification asset, which is reported in Schedule RC-F, item 6, "All other assets."

13.c **Debt securities.** Report the amortized cost of held-to-maturity debt securities (included in Schedule RC, item 2.a) and the fair value of available-for-sale debt securities (included in Schedule RC, item 2.b) acquired from failed insured depository institutions or otherwise purchased from the FDIC and covered by loss-sharing agreements with the FDIC.

13.d **Other assets.** Report the balance sheet carrying amount of all assets that cannot properly be reported in Schedule RC-M, items 13.a through 13.c, and have been acquired from failed insured depository institutions or otherwise purchased from the FDIC and are covered by loss-sharing agreements with the FDIC.

Exclude FDIC loss-sharing indemnification assets. These indemnification assets represent the carrying amount of the right to receive payments from the FDIC for losses incurred on specified assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Report FDIC loss-sharing indemnification assets in Schedule RC-F, item 6, "All other assets," and, if the amount of these indemnification assets is greater than \$25,000 and exceeds 25 percent of the amount of "All other assets," also report the indemnification assets in Schedule RC-F, item 6.e.

14 **Captive insurance and reinsurance subsidiaries:**

14.a **Total assets of captive insurance subsidiaries.** Report the carrying amount of all assets held by captive insurance subsidiaries of the reporting bank. A captive insurance company is a limited purpose insurer licensed as a direct writer of insurance. Some common lines of business include credit life, accident, and health insurance; disability insurance; and employee benefits coverage. Report total assets before eliminating intercompany transactions between the consolidated insurance subsidiary and other offices or subsidiaries of the consolidated bank.

14.b **Total assets of captive reinsurance subsidiaries.** Report the carrying amount of all assets held by captive reinsurance subsidiaries of the reporting bank. Reinsurance is the transfer, with indemnification, of all or part of the underwriting risk from one insurer to another for a portion of the premium or other consideration. For further information, see the Glossary entry for "reinsurance."

Some common lines of business include credit life, accident, and health reinsurance; disability reinsurance; reinsurance of employee benefits coverage; private mortgage guaranty reinsurance; and terrorism risk reinsurance. Report total assets before eliminating intercompany transactions between the consolidated reinsurance subsidiary and other offices or subsidiaries of the consolidated bank.

SCHEDULE RC-N – PAST DUE AND NONACCRUAL LOANS, LEASES, AND OTHER ASSETS

General Instructions

Report on a fully consolidated basis all loans, leases, debt securities, and other assets that are past due or are in nonaccrual status, regardless of whether such credits are secured or unsecured and regardless of whether such credits are guaranteed or insured by the U.S. Government or by others. Report the full recorded investment in assets that are past due or in nonaccrual status, as reported for purposes of Schedule RC, Balance Sheet, not simply the delinquent payments. Loan amounts should be reported net of unearned income to the extent that they are reported net of unearned income in Schedule RC-C. All lease, debt security, and other asset amounts must be reported net of unearned income.

For report dates through December 31, 2000, the information reported in column A on assets past due 30 through 89 days and still accruing and in all of Memorandum item 1 on restructured loans and leases included in the past due and nonaccrual totals will be treated as confidential on an individual bank basis by the federal bank supervisory agencies. Beginning with the March 31, 2001, report date, all of the information reported in Schedule RC-N for each bank will be publicly available.

When a bank services residential mortgage loans insured by the Federal Housing Administration (FHA) or the Farmers Home Administration (FmHA) or guaranteed by the Veterans Administration (VA) that back Government National Mortgage Association (GNMA) securities, i.e., "GNMA loans," after it has securitized the loans in a transfer accounted for as a sale, ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended) requires the bank to bring individual delinquent GNMA loans that it previously accounted for as sold back onto its books as loan assets when, under the GNMA Mortgage-Backed Securities Guide, the loan meets GNMA's specified delinquency criteria and is eligible for repurchase. This rebooking of GNMA loans is required regardless of whether the bank, as seller-servicer, intends to exercise the repurchase (buy-back) option. A seller-servicer must report all delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase as past due in Schedule RC-N in accordance with their contractual repayment terms. In addition, if a bank services GNMA loans, but was not the transferor of the loans that were securitized, and purchases individual delinquent loans out of the GNMA securitization, the bank must report the purchased loans as past due in Schedule RC-N in accordance with their contractual repayment terms even though the bank was not required to record the delinquent GNMA loans as assets prior to purchasing the loans. Such delinquent GNMA loans should be reported in items 1.c, 10, and 10.b of Schedule RC-N.

Definitions

Past Due – The past due status of a loan or other asset should be determined in accordance with its contractual repayment terms. For purposes of this schedule, grace periods allowed by the bank after a loan or other asset technically has become past due but before the imposition of late charges are not to be taken into account in determining past due status. Furthermore, loans, leases, debt securities, and other assets are to be reported as past due when either interest or principal is unpaid in the following circumstances:

- (1) Closed-end installment loans, amortizing loans secured by real estate, and any other loans and lease financing receivables with payments scheduled monthly are to be reported as past due when the borrower is in arrears two or more monthly payments. (At a bank's option, loans and leases with payments scheduled monthly may be reported as past due when one scheduled payment is due and unpaid for 30 days or more.) Other multipayment obligations with payments scheduled other than monthly are to be reported as past due when one scheduled payment is due and unpaid for 30 days or more.

Definitions (cont.)

- (2) Open-end credit such as credit cards, check credit, and other revolving credit plans are to be reported as past due when the customer has not made the minimum payment for two or more billing cycles.
- (3) Single payment and demand notes, debt securities, and other assets providing for the payment of interest at stated intervals are to be reported as past due after one interest payment is due and unpaid for 30 days or more.
- (4) Single payment notes, debt securities, and other assets providing for the payment of interest at maturity are to be reported as past due after maturity if interest or principal remains unpaid for 30 days or more.
- (5) Unplanned overdrafts are to be reported as past due if the account remains continuously overdrawn for 30 days or more.

For purposes of this schedule, banks should use one of two methods to recognize partial payments on "retail credit," i.e., open-end and closed-end credit extended to individuals for household, family, and other personal expenditures, including consumer loans and credit cards, and loans to individuals secured by their personal residence, including home equity and home improvement loans. A payment equivalent to 90 percent or more of the contractual payment may be considered a full payment in computing delinquency. Alternatively, a bank may aggregate payments and give credit for any partial payment received. For example, if a regular monthly installment is \$300 and the borrower makes payments of only \$150 per month for a six-month period, the loan would be \$900 (\$150 shortage times six payments), or three monthly payments past due. A bank may use either or both methods for its retail credit, but may not use both methods simultaneously with a single loan.

Nonaccrual – For purposes of this schedule, an asset is to be reported as being in nonaccrual status if:

- (1) It is maintained on a cash basis because of deterioration in the financial condition of the borrower,
- (2) Payment in full of principal or interest is not expected, or
- (3) Principal or interest has been in default for a period of 90 days or more unless the asset is both well secured and in the process of collection.

An asset is "well secured" if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt (including accrued interest) in full, or (2) by the guarantee of a financially responsible party. An asset is "in the process of collection" if collection of the asset is proceeding in due course either (1) through legal action, including judgment enforcement procedures, or, (2) in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status in the near future.

For purposes of applying the third test for nonaccrual status listed above, the date on which an asset reaches nonaccrual status is determined by its contractual terms. If the principal or interest on an asset becomes due and unpaid for 90 days or more on a date that falls between report dates, the asset should be placed in nonaccrual status as of the date it becomes 90 days past due and it should remain in nonaccrual status until it meets the criteria for restoration to accrual status described below.

In the following situations, an asset need not be placed in nonaccrual status:

- (1) The criteria for accrual of income under the interest method specified in ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA

Definitions (cont.)

Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"), are met for a purchased impaired loan or debt security accounted for in accordance with that Subtopic, regardless of whether the loan or debt security had been maintained in nonaccrual status by its seller. For further information, see the Glossary entry for "purchased impaired loans and debt securities."

- (2) The criteria for amortization (i.e., accretion of discount) specified in AICPA Practice Bulletin No. 6, "Amortization of Discounts on Certain Acquired Loans," are met with respect to a loan or other debt instrument accounted for in accordance with that Practice Bulletin that was acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party (such as another institution or the receiver of a failed institution), including those that the seller had maintained in nonaccrual status.
- (3) The asset upon which principal or interest is due and unpaid for 90 days or more is a consumer loan (as defined for Schedule RC-C, part I, item 6, "Loans to individuals for household, family, and other personal expenditures") or a loan secured by a 1-to-4 family residential property (as defined for Schedule RC-C, part I, item 1.c, Loans "Secured by 1-4 family residential properties"). Nevertheless, such loans should be subject to other alternative methods of evaluation to assure that the bank's net income is not materially overstated. To the extent that the bank has elected to carry such a loan in nonaccrual status on its books, the loan must be reported as nonaccrual in this schedule.

As a general rule, a nonaccrual asset may be restored to accrual status when:

- (1) None of its principal and interest is due and unpaid, and the bank expects repayment of the remaining contractual principal and interest, or
- (2) When it otherwise becomes well secured and in the process of collection.

For purposes of meeting the first test for restoration to accrual status, the bank must have received repayment of the past due principal and interest unless, as discussed in the Glossary entry for "nonaccrual status,"

- (1) The asset has been formally restructured and qualifies for accrual status,
- (2) The asset is a purchased impaired loan or debt security accounted for in accordance with ASC Subtopic 310-30 and it meets the criteria for accrual of income under the interest method specified in that Subtopic,
- (3) The asset has been acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party, is accounted for in accordance with AICPA Practice Bulletin No. 6, and meets the criteria for amortization (i.e., accretion of discount) specified in that Practice Bulletin, or
- (4) The borrower has resumed paying the full amount of the scheduled contractual interest and principal payments on a loan that is past due and in nonaccrual status, even though the loan has not been brought fully current, and certain repayment criteria are met.

For further information, see the Glossary entry for "nonaccrual status."

Restructured in Troubled Debt Restructurings – A troubled debt restructuring is a restructuring of a loan in which a bank, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. For purposes of this schedule, the

Definitions (cont.)

concession consists of a modification of terms, such as a reduction of the loan's stated interest rate, principal, or accrued interest or an extension of the loan's maturity date at a stated interest rate lower than the current market rate for new debt with similar risk, regardless of whether the loan is secured or unsecured and regardless of whether the loan is guaranteed by the government or by others.

Once an obligation has been restructured in a troubled debt restructuring, it continues to be considered a troubled debt restructuring until paid in full or otherwise settled, sold, or charged off. However, if a restructured obligation is in compliance with its modified terms and the restructuring agreement specifies an interest rate that at the time of the restructuring is greater than or equal to the rate that the bank was willing to accept for a new extension of credit with comparable risk, the loan need not continue to be reported as a troubled debt restructuring in calendar years after the year in which the restructuring took place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a troubled debt restructuring. Also, a loan to a third party purchaser of "other real estate owned" by the reporting bank for the purpose of facilitating the disposal of such real estate is not considered a troubled debt restructuring.

For further information, see the Glossary entry for "troubled debt restructurings."

Column Instructions

The columns of Schedule RC-N are mutually exclusive. Any given loan, lease, debt security, or other asset should be reported in only one of columns A, B, and C. Information reported for any given derivative contract should be reported in only column A or column B.

Report in columns A and B of Schedule RC-N (except for Memorandum item 6) the recorded investments (not just delinquent payments) in loans, leases, debt securities, and other assets that are past due and upon which the bank continues to accrue interest, as follows:

- (1) In column A, report closed-end monthly installment loans, amortizing loans secured by real estate, lease financing receivables, and open-end credit in arrears two or three monthly payments; other multipayment obligations with payments scheduled other than monthly when one scheduled payment is due and unpaid for 30 through 89 days; single payment and demand notes, debt securities, and other assets providing for payment of interest at stated intervals after one interest payment is due and unpaid for 30 through 89 days; single payment notes, debt securities, and other assets providing for payment of interest at maturity, on which interest or principal remains unpaid for 30 through 89 days after maturity; unplanned overdrafts, whether or not the bank is accruing interest on them, if the account remains continuously overdrawn for 30 through 89 days.
- (2) In column B, report the loans, lease financing receivables, debt securities, and other assets as specified above on which payment is due and unpaid for 90 days or more.

Include in columns A and B, as appropriate (except for Memorandum item 6), all loans, leases, debt securities, and other assets which, subsequent to their restructuring by means of a modification of terms, have become 30 days or more past due and upon which the bank continues to accrue interest. Exclude from columns A and B all loans, leases, debt securities, and other assets that are in nonaccrual status.

Report in columns A and B of Memorandum item 6 the fair value, if positive, of all interest rate, foreign exchange rate, equity, and commodity and other derivative contracts on which a required payment by the bank's counterparty is due and unpaid for 30 through 89 days and due and unpaid for 90 days or more, respectively.

Column Instructions (cont.)

Report in column C the recorded investments in loans, leases, debt securities, and other assets that are in nonaccrual status. Include all restructured loans, leases, debt securities, and other assets that are in nonaccrual status. However, restructured loans, leases, debt securities, and other assets with a zero percent effective interest rate are not to be reported in this column as nonaccrual assets.

Item Instructions

The loan and lease category definitions used in Schedule RC-N correspond with the loan and lease category definitions found in Schedule RC-C, part I. Consistent with Schedule RC-C, part I, the category-by-category breakdown of loans and leases in Schedule RC-N includes (1) loans and leases held for sale and (2) loans and leases that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff.

Item No. Caption and Instructions

- 1** **Loans secured by real estate.** Report in the appropriate subitem and column all loans secured by real estate included in Schedule RC-C, part I, item 1, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.a** **Construction, land development, and other land loans (in domestic offices).** Report in the appropriate subitem and column the amount of all construction, land development, and other land loans (in domestic offices) included in Schedule RC-C, part I, item 1.a, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.a.(1)** **1-4 family residential construction loans.** Report in the appropriate column the amount of all 1-4 family residential construction loans (in domestic offices) included in Schedule RC-C, part I, item 1.a.(1), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.a.(2)** **Other construction loans and all land development and other land loans.** Report in the appropriate column the amount of all other construction loans and all land development and other land loans (in domestic offices) included in Schedule RC-C, part I, item 1.a.(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.b** **Secured by farmland (in domestic offices).** Report in the appropriate column the amount of all loans secured by farmland (in domestic offices) included in Schedule RC-C, part I, item 1.b, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c** **Secured by 1-4 family residential properties (in domestic offices).** Report in the appropriate subitem and column the amount of all loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(1)** **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column the amount outstanding under all revolving, open-end loans secured by 1-to-4 family residential properties and extended under lines of credit (in domestic offices) included in Schedule RC-C, part I, item 1.c.(1), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(2)** **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem and column the amount of all closed-end loans secured by 1-to-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. Caption and Instructions

- 1.c.(2)(a) Secured by first liens.** Report in the appropriate column the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(a), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(2)(b) Secured by junior liens.** Report in the appropriate column the amount of all closed-end loans secured by junior liens on 1-to-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(b), column B, that are past due 30 days or more or are in nonaccrual status as of the report date. Include loans secured by junior liens in this item even if the bank also holds a loan secured by a first lien on the same 1-to-4 family residential property and there are no intervening junior liens.
- 1.d Secured by multifamily (5 or more) residential properties (in domestic offices).** Report in the appropriate column the amount of all loans secured by multifamily (5 or more) residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.d, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.e Secured by nonfarm nonresidential properties (in domestic offices).** Report in the appropriate subitem and column the amount of all loans secured by nonfarm residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.e, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.e.(1) Loans secured by owner-occupied nonfarm nonresidential properties.** Report in the appropriate column the amount of loans secured by owner-occupied nonfarm nonresidential properties (in domestic offices) included in Schedule RC-C, part I, item 1.e.(1), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.e.(2) Loans secured by other nonfarm nonresidential properties.** Report in the appropriate column the amount of loans secured by other nonfarm nonresidential properties (in domestic offices) included in Schedule RC-C, part I, item 1.e.(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Item 1.f is not applicable to banks filing the FFIEC 041 report form.

- 1.f In foreign offices.** Report in the appropriate column the amount of all loans secured by real estate in foreign offices included in Schedule RC-C, part I, item 1, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 2 Loans to depository institutions and acceptances of other banks.** Report on the FFIEC 041 in the appropriate column and on the FFIEC 031 in the appropriate subitem and column the amount of all loans to depository institutions and acceptances of other banks included in Schedule RC-C, part I, item 2, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Items 2.a, 2.b, and 3 are not applicable to banks filing the FFIEC 041 report form.

- 2.a To U.S. banks and other U.S. depository institutions.** Report in the appropriate column the amount of loans to and acceptances of U.S. banks and other U.S. depository institutions included in Schedule RC-C, part I, items 2.a.(2), 2.b, and 2.c.(1), column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. **Caption and Instructions**

- 2.b** **To foreign banks.** Report in the appropriate column the amount of all loans to and acceptances of foreign banks included in Schedule RC-C, part I, items 2.a.(1) and 2.c.(2), column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 3** **Loans to finance agricultural production and other loans to farmers.** Report in the appropriate column the amount of all loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 4** **Commercial and industrial loans.** Report on the FFIEC 041 in the appropriate column and on the FFIEC 031 in the appropriate subitem and column the amount of all commercial and industrial loans included in Schedule RC-C, part I, item 4, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Items 4.a and 4.b are not applicable to banks filing the FFIEC 041 report form.

- 4.a** **To U.S. addressees (domicile).** Report in the appropriate column the amount of all commercial and industrial loans to U.S. addressees included in Schedule RC-C, part I, item 4.a, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 4.b** **To non-U.S. addressees (domicile).** Report in the appropriate column the amount of all commercial and industrial loans to non-U.S. addressees included in Schedule RC-C, part I, item 4.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem and column the amount of all loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) included in Schedule RC-C, part I, item 6, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.a** **Credit cards.** Report in the appropriate column the amount of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards included in Schedule RC-C, part I, item 6.a, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b** **Automobile loans.** Report in the appropriate column the amount of loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use included in Schedule RC-C, part I, item 6.c, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.c** **Other consumer loans.** Report in the appropriate column the amount of all other loans to individuals for household, family, and other personal expenditures included in Schedule RC-C, part I, items 6.b and 6.d, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 6** **Loans to foreign governments and official institutions.** Report in the appropriate column the amount of all loans to foreign governments and official institutions included in Schedule RC-C, part I, item 7, that are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. Caption and Instructions

- 7 All other loans.** Report in the appropriate column the amount of all:
- obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule RC-C, part I, item 8;
 - loans to nondepository financial institutions and other loans included in Schedule RC-C, part I, item 9; and
 - on the FFIEC 041 only, all loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3,
- that are past due 30 days or more or are in nonaccrual status as of the report date.
- 8 Lease financing receivables (net of unearned income).** Report on the FFIEC 041 in the appropriate column and on the FFIEC 031 in the appropriate subitem and column the amount of all lease financing receivables (net of unearned income) included in Schedule RC-C, part I, item 10, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Items 8.a and 8.b are not applicable to banks filing the FFIEC 041 report form.

- 8.a Leases to individuals for household, family, and other personal expenditures.** Report in the appropriate column the amount of all leases (net of unearned income) to individuals for household, family, and other personal expenditures included in Schedule RC-C, part I, item 10.a, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 8.b All other leases.** Report in the appropriate column the amount of all other leases (net of unearned income) included in Schedule RC-C, part I, item 10.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 9 Debt securities and other assets.** Report in the appropriate column all assets other than loans and leases reportable in Schedule RC-C that are past due 30 days or more or are in nonaccrual status as of the report date. Include such assets as debt securities and interest-bearing balances due from depository institutions. Also include operating lease payments receivable that have been recorded as assets in Schedule RC, item 11, when the operating lease is past due 30 days or more or in nonaccrual status.
- Exclude other real estate owned reportable in Schedule RC, item 7, and other repossessed assets reportable in Schedule RC, item 11, such as automobiles, boats, equipment, appliances, and similar personal property.
- 10 Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC.** Report in the appropriate column the aggregate recorded investment in all loans and leases reported in Schedule RC-N, items 1 through 8, above for which repayment of principal is wholly or partially guaranteed or insured by the U.S. Government, including its agencies and its government-sponsored agencies, but excluding loans and leases covered by loss-sharing agreements with the FDIC, which are reported in Schedule RC-N, item 11, below. Examples include loans guaranteed by the Small Business Administration and the Federal Housing Administration. Amounts need not be reported in this item and in items 10.a and 10.b below if they are considered immaterial.

Item No. **Caption and Instructions**

- 10** Exclude from this item loans and leases guaranteed or insured by state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations. Also exclude loans and leases collateralized by securities issued by the U.S. Government, including its agencies and its government-sponsored agencies.
- (cont.)
- 10.a** **Guaranteed portion of loans and leases included in item 10 above, excluding rebooked "GNMA loans."** Report in the appropriate column the maximum amount recoverable from the U.S. Government, including its agencies and its government-sponsored agencies, under the guarantee or insurance provisions applicable to the loans and leases included in Schedule RC-N, item 10, above.
- Seller-servicers of GNMA loans should exclude all delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase from this item (report such rebooked GNMA loans in item 10.b below). Servicers of GNMA loans should exclude individual delinquent loans (for which they were not the transferor) that they have purchased out of GNMA securitizations from this item (report such purchased GNMA loans in item 10.b below).
- 10.b** **Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item 10 above.** Report in the appropriate column the recorded investment in:
- (1) Delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase by seller-servicers of GNMA loans; and
- (2) Delinquent loans that have been purchased out of GNMA securitizations by servicers of GNMA loans that were not the transferors of the loans.
- 11** **Loans and leases reported in items 1 through 8 above that are covered by loss-sharing agreements with the FDIC.** Report in the appropriate subitem and column the aggregate recorded investment in all loans and leases covered by loss-sharing agreements with the FDIC and reported in Schedule RC-M, items 13.a.(1)(a)(1) through 13.a.(5), that have been included in Schedule RC-N, items 1 through 8, because they are past due 30 days or more or are in nonaccrual status as of the report date. Amounts need not be reported in Schedule RC-N, items 11.a.(1)(a) through 11.f, below if they are considered immaterial.
- 11.a** **Loans secured by real estate (in domestic offices):**
- 11.a.(1)** **Construction, land development, and other land loans:**
- 11.a.(1)(a)** **1-4 family residential construction loans.** Report in the appropriate column the amount of all covered 1-4 family residential construction loans reported in Schedule RC-M, item 13.a.(1)(a)(1), that are included in Schedule RC-N, item 1.a.(1), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(1)(b)** **Other construction loans and all land development and other land loans.** Report in the appropriate column the amount of all other covered construction loans and all covered land development and other land loans reported in Schedule RC-M, item 13.a.(1)(a)(2), that are included in Schedule RC-N, item 1.a.(2), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. Caption and Instructions

- 11.a.(2) Secured by farmland.** Report in the appropriate column the amount of all covered loans secured by farmland reported in Schedule RC-M, item 13.a.(1)(b), that are included in Schedule RC-N, item 1.b, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(3) Secured by 1-4 family residential properties:**
- 11.a.(3)(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column the amount of all covered revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit loans held for sale and held for investment reported in Schedule RC-M, item 13.a.(1)(c)(1), that are included in Schedule RC-N, item 1.c.(1), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(3)(b) Closed-end loans secured by 1-4 family residential properties:**
- 11.a.(3)(b)(1) Secured by first liens.** Report in the appropriate column the amount of all covered closed-end loans secured by first liens on 1-4 family residential properties reported in Schedule RC-M, item 13.a.(1)(c)(2)(a), that are included in Schedule RC-N, item 1.c.(2)(a), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(3)(b)(2) Secured by junior liens.** Report in the appropriate column the amount of all covered closed-end loans secured by junior liens on 1-4 family residential properties reported in Schedule RC-M, item 13.a.(1)(c)(2)(b), that are included in Schedule RC-N, item 1.c.(2)(b), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(4) Secured by multifamily (5 or more) residential properties.** Report in the appropriate column the amount of all covered loans secured by multifamily (5 or more) residential properties reported in Schedule RC-M, item 13.a.(1)(d), that are included in Schedule RC-N, item 1.d, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(5) Secured by nonfarm nonresidential properties:**
- 11.a.(5)(a) Loans secured by owner-occupied nonfarm nonresidential properties.** Report in the appropriate column the amount of all covered loans secured by owner-occupied nonfarm nonresidential properties reported in Schedule RC-M, item 13.a.(1)(e)(1), that are included in Schedule RC-N, item 1.e.(1), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(5)(b) Loans secured by other nonfarm nonresidential properties.** Report in the appropriate column the amount of all covered loans secured by other nonfarm nonresidential properties reported in Schedule RC-M, item 13.a.(1)(e)(2), that are included in Schedule RC-N, item 1.e.(2), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. Caption and Instructions

NOTE: Item 11.b is not applicable to banks filing the FFIEC 041 report form.

- 11.b Loans to finance agricultural production and other loans to farmers.** Report in the appropriate column the amount of all covered loans to finance agricultural production and other loans to farmers reported in Schedule RC-M, item 13.a.(2), that are included in Schedule RC-N, item 3, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.c Commercial and industrial loans.** Report in the appropriate column the amount of all covered commercial and industrial loans reported in Schedule RC-M, item 13.a.(3), that are included in Schedule RC-N, item 4, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.d Loans to individuals for household, family, and other personal expenditures:**
- 11.d.(1) Credit cards.** Report in the appropriate column the amount of all covered extensions of credit arising from credit cards reported in Schedule RC-M, item 13.a.(4)(a), that are included in Schedule RC-N, item 6.a, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.d.(2) Automobile loans.** Report in the appropriate column the amount of all covered automobile loans reported in Schedule RC-M, item 13.a.(4)(b), that are included in Schedule RC-N, item 6.c, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.d.(3) Other consumer loans.** Report in the appropriate column the amount of all covered extensions of credit arising from other revolving credit plans and all other covered consumer loans reported in Schedule RC-M, item 13.a.(4)(c), that are included in Schedule RC-N, items 6.b and 6.d, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.e All other loans and all leases.** Report in the appropriate column the amount of covered loans and leases reported in Schedule RC-M, item 13.a.(5), "All other loans and all leases," that are past due 30 days or more or are in nonaccrual status as of the report date. Include in the appropriate column of this item covered loans in the following categories that are past due 30 days or more or are in nonaccrual status as of the report date:
- (1) Loans to depository institutions and acceptances of other banks included in Schedule RC-N, item 2;
 - (2) On the FFIEC 041, loans to finance agricultural production and other loans to farmers included in Schedule RC-N, item 7;
 - (3) Loans to foreign governments and official institutions included in Schedule RC-N, item 6;
 - (4) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule RC-N, item 7;
 - (5) Loans to nondepository financial institutions and other loans included in Schedule RC-N, item 7; and
 - (6) On the FFIEC 031, loans secured by real estate in foreign offices included in Schedule RC-N, item 1.f.

Also include in the appropriate column all covered lease financing receivables included in Schedule RC-N, item 8, above that are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. **Caption and Instructions**

11.e
(cont.) For each category of loans and leases within “All other loans and all leases” for which the reporting bank reported the amount of covered loans or leases in Schedule RC-M, items 13.a.(5)(a) through 13.a.(5)(d) on the FFIEC 041 (items 13.a.(5)(a) through 13.a.(5)(e) on the FFIEC 031), report in the appropriate column in Schedule RC-N, items 11.e.(1) through 11.e.(4) on the FFIEC 041 (items 11.e.(1) through 11.e.(5) on the FFIEC 031) the amount of covered loans or leases in that category that are past due 30 days or more or are in nonaccrual status as of the report date.

11.f **Portion of covered loans and leases included in items 11.a through 11.e above that is protected by FDIC loss-sharing agreements.** Report the maximum amount recoverable from the FDIC under loss-sharing agreements covering the past due and nonaccrual loans and leases reported in Schedule RC-N, items 11.a.(1)(a) through 11.e, above beyond the amount that has already been reflected in the measurement of the reporting bank’s indemnification asset, which represents the right to receive payments from the FDIC under the loss-sharing agreement.

In general, the maximum amount recoverable from the FDIC on covered past due and nonaccrual loans and leases is the recorded amount of these loans and leases, as reported in Schedule RC-N, items 11.a.(1)(a) through 11.e, multiplied by the currently applicable loss coverage rate (e.g., 80 percent or 95 percent). This product will normally be the maximum amount recoverable because reimbursements from the FDIC for covered losses related to the amount by which the “book value” of a covered asset on the failed institution’s books (which is the amount upon which payments under an FDIC loss-sharing agreement are based) exceeds the amount at which the reporting bank reports the covered asset on Schedule RC, Balance Sheet, should already have been taken into account in measuring the carrying amount of the reporting bank’s loss-sharing indemnification asset, which is reported in Schedule RC-F, item 6, “All other assets.”

Memoranda**Item No. Caption and Instructions**

- 1 Loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above.** Report in the appropriate subitem and column loans that have been restructured in troubled debt restructurings (as described in "Definitions" above) and are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in one or more of the loan categories in items 1 through 7 of this schedule. Exclude all loans restructured in troubled debt restructurings that are in compliance with their modified terms (report in Schedule RC-C, part I, Memorandum item 1),
- For further information, see the Glossary entry for "troubled debt restructurings."
- 1.a Construction, land development, and other land loans (in domestic offices):**
- 1.a.(1) 1-4 family construction loans.** Report in the appropriate column all loans secured by real estate for the purpose of constructing 1-4 family residential properties included in item 1.a.(1) of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.a.(2) Other construction loans and all land development and other land loans.** Report in the appropriate column all construction loans for purposes other than constructing 1-4 family residential properties, all land development loans, and all other land loans included in item 1.a.(2) of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.b Loans secured by 1-4 family residential properties (in domestic offices).** Report in the appropriate column all loans secured by 1-4 family residential properties (in domestic offices) included in item 1.c of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c Loans secured by multifamily (5 or more) residential properties (in domestic offices).** Report in the appropriate column all loans secured by multifamily (5 or more) residential properties (in domestic offices) included in item 1.d of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.d Secured by nonfarm nonresidential properties (in domestic offices):**
- 1.d.(1) Loans secured by owner-occupied nonfarm nonresidential properties.** Report in the appropriate column all loans secured by owner-occupied nonfarm nonresidential properties included in item 1.e.(1) of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.d.(2) Loans secured by other nonfarm nonresidential properties.** Report in the appropriate column all nonfarm nonresidential real estate loans not secured by owner-occupied nonfarm nonresidential properties included in item 1.e.(2) of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

Memoranda**Item No. Caption and Instructions**

1.e Commercial and industrial loans. Report all commercial and industrial loans included in item 4 of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. On the FFIEC 041, all banks should report the total of these restructured loans in Memorandum item 1.e, and banks with \$300 million or more in total assets should also report in Memorandum items 1.e.(1) and (2) a breakdown of these restructured loans between those loans to U.S. and non-U.S. addressees. On the FFIEC 031, all banks should report a breakdown of these restructured loans between those to U.S. and non-U.S. addressees for the fully consolidated bank in Memorandum items 1.e.(1) and (2).

NOTE: Memorandum items 1.e.(1) and 1.e.(2) are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

1.e.(1) To U.S. addressees (domicile). On the FFIEC 041, report in the appropriate column all commercial and industrial loans to U.S. addressees included in Memorandum item 1.e of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. On the FFIEC 031, report in the appropriate column all commercial and industrial loans to U.S. addressees included in item 4.a of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

1.e.(2) To non-U.S. addressees (domicile). On the FFIEC 041, report in the appropriate column all commercial and industrial loans to non-U.S. addressees included in Memorandum item 3.c of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. On the FFIEC 031, report in the appropriate column all commercial and industrial loans to non-U.S. addressees included in item 4.b of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

1.f All other loans. Report in the appropriate column all other loans that cannot properly be reported in Memorandum items 1.a through 1.e above that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. Include in the appropriate column of this item all loans in the following categories that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date:

- (1) Loans secured by farmland (in domestic offices) included in Schedule RC-N, item 1.b;
- (2) Loans to depository institutions and acceptances of other banks included in Schedule RC-N, item 2;
- (3) Loans to finance agricultural production and other loans to farmers included in Schedule RC-N, item 7 on the FFIEC 041 and item 3 on the FFIEC 31;
- (4) Consumer credit cards included in Schedule RC-N, item 5.a;
- (5) Consumer automobile loans included in Schedule RC-N, item 5.b;
- (6) Other consumer loans included in Schedule RC-N, items 5.c;
- (7) Loans to foreign governments and official institutions included in Schedule RC-N, item 6;

Memoranda**Item No. Caption and Instructions**

- 1.f** (8) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule RC-N, item 7;
- (cont.) (9) Loans to nondepository financial institutions and other loans included in Schedule RC-N, item 7; and
- (10) On the FFIEC 031, loans secured by real estate in foreign offices included in Schedule RC-N, item 1.f.

Report in Schedule RC-N, Memorandum items 1.f.(1) through 1.f.(6) on the FFIEC 041 (Memorandum items 1.f.(1) through 1.f.(7) on the FFIEC 031), each category of loans within "All other loans" that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date, and the dollar amount of loans in such category, that exceeds 10 percent of total loans restructured in troubled debt restructurings that are past due 30 days or more or are in nonaccrual status as of the report date (i.e., 10 percent of the sum of Schedule RC-N, Memorandum items 1.a through 1.e plus Memorandum item 1.f, columns A through C). Preprinted captions have been provided in Memorandum items 1.f.(1) through 1.f.(6) on the FFIEC 041 (Memorandum items 1.f.(1) through 1.f.(7) on the FFIEC 031) for reporting the amount of such restructured loans for the following loan categories if the amount for a loan category exceeds this 10 percent reporting threshold: Loans secured by farmland (in domestic offices); Loans to depository institutions and acceptances of other banks; Loans to finance agricultural production and other loans to farmers (on the FFIEC 031); (Consumer) Credit cards; (Consumer) Automobile loans; Other consumer loans; Loans to foreign governments and official institutions; and Other loans (i.e., Obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and, on the FFIEC 041, Loans to finance agricultural production and other loans to farmers); and Loans secured by real estate in foreign offices (on the FFIEC 031 only).

On the FFIEC 041, for:

- Banks with \$300 million or more in total assets and
- Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, part I, item 3) exceeding five percent of total loans,

a preprinted caption has been provided in Memorandum item 1.f.(6)(a) for reporting the amount of "Loans to finance agricultural production and other loans to farmers" that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date if the amount of such loans included in Schedule RC-N, Memorandum item 1.f.(6), "Other loans," exceeds 10 percent of total loans restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date (i.e., 10 percent of the sum of Schedule RC-N, Memorandum items 1.a through 1.e plus Memorandum item 1.f).

Memoranda**Item No. Caption and Instructions**

- 2** **Loans to finance commercial real estate, construction, and land development activities included in Schedule RC-N, items 4 and 7, above.** Report in the appropriate column the amount of loans to finance commercial real estate, construction, and land development activities ***not secured by real estate*** included in Schedule RC-C, part I, Memorandum item 3, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in items 4 and 7 of Schedule RC-N above. Exclude from this item all loans secured by real estate included in item 1 of Schedule RC-N above.

NOTE: Memorandum item 3 is not applicable to banks filing the FFIEC 041 report form.

- 3** **Loans secured by real estate to non-U.S. addressees (domicile).** Report in the appropriate column the amount of all loans secured by real estate to non-U.S. addressees that are 30 days or more past due or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, items 1.a through 1.f, above.

NOTE: Memorandum items 3.a through 3.d are not applicable to banks filing the FFIEC 031 report form. On the FFIEC 041 report form, Memorandum items 3.a through 3.d are not applicable to banks that have less than \$300 million in total assets.

- 3.a** **Loans secured by real estate to non-U.S. addressees (domicile).** Report in the appropriate column the amount of all loans secured by real estate to non-U.S. addressees that are 30 days or more past due or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, items 1.a through 1.e, above.
- 3.b** **Loans to and acceptances of foreign banks.** Report in the appropriate column the amount of all loans to and acceptances of foreign banks included in Schedule RC-C, part I, items 2.a.(1) and 2.c.(2), column A, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and acceptances will have been included in Schedule RC-N, item 2, above.
- 3.c** **Commercial and industrial loans to non-U.S. addressees (domicile).** Report in the appropriate column the amount of all commercial and industrial loans to non-U.S. addressees included in Schedule RC-C, part I, item 4.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, item 4, above.
- 3.d** **Leases to individuals for household, family, and other personal expenditures.** Report in the appropriate column the amount of all leases to individuals for household, family, and other personal expenditures (net of unearned income) included in Schedule RC-C, part I, item 10.a, column A, that are past due 30 days or more or are in nonaccrual status as of the report date. Such leases will have been included in Schedule RC-N, item 8, above.

Memoranda**Item No. Caption and Instructions**

NOTE: Memorandum item 4 is not applicable to banks filing the FFIEC 031 report form. On the FFIEC 041 report form, Memorandum item 4 is to be completed by:

- banks with \$300 million or more in total assets, and
- banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers, as defined for Schedule RC-C, part I, item 3, column B, exceeding five percent of total loans.

- 4** **Loans to finance agricultural production and other loans to farmers.** Report in the appropriate column the amount of all loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3, column B, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, item 7, above.
- 5** **Loans and leases held for sale and loans measured at fair value.** Report in the appropriate subitem and column the amount of all loans and leases held for sale, whether measured at the lower of cost or fair value or at fair value under a fair value option, and all loans held for investment measured at fair value under a fair value option that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan and lease categories in items 1 through 8 of Schedule RC-N above and would, therefore, exclude any loans classified as trading assets and included in Schedule RC, item 5.
- 5.a** **Loans and leases held for sale.** Report in the appropriate column the carrying amount of all loans and leases classified as held for sale included in Schedule RC, item 4.a, which are reported at the lower of cost or fair value or at fair value under a fair value option, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b** **Loans measured at fair value.** Report in the appropriate subitem and column the total fair value and unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b.(1)** **Fair value.** Report in the appropriate column the total fair value of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b.(2)** **Unpaid principal balance.** Report in the appropriate column the total unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.

Memoranda**Item No. Caption and Instructions**

NOTE: On the FFIEC 041, Memorandum item 6 is not applicable to banks that have less than \$300 million in total assets.

- 6** **Derivative contracts: Fair value of amounts carried as assets.** Report in the appropriate column the fair value of all credit derivative contracts (as defined for Schedule RC-L, item 7) and all interest rate, foreign exchange rate, equity, and commodity and other derivative contracts (as defined for Schedule RC-L, item 12) on which a required payment by the bank's counterparty is past due 30 days or more as of the report date.

- 7** **Additions to nonaccrual assets during the quarter.** Report the aggregate amount of all loans, leases, debt securities, and other assets (net of unearned income) that have been placed in nonaccrual status during the calendar quarter ending on the report date. Include those assets placed in nonaccrual status during the quarter that are included as of the quarter-end report date in Schedule RC-N, column C, items 1 through 9. Also include those assets placed in nonaccrual status during the quarter that, before the current quarter-end, have been sold, paid off, charged-off, settled through foreclosure or concession of collateral (or any other disposition of the nonaccrual asset) or have been returned to accrual status. In other words, the aggregate amount of assets placed in nonaccrual status since the prior quarter-end that should be reported in this item should not be reduced, for example, by any charge-offs or sales of such nonaccrual assets. If a given asset is placed in nonaccrual status more than once during the quarter, report the amount of the asset only once.

- 8** **Nonaccrual assets sold during the quarter.** Report the total of the outstanding balances of all loans, leases, debt securities, and other assets held in nonaccrual status (i.e., reportable in Schedule RC-N, column C, items 1 through 9) that were sold during the calendar quarter ending on the report date. The amount to be included in this item is the outstanding balance (net of unearned income) of each nonaccrual asset at the time of its sale. Do not report the sales price of the nonaccrual assets and do not include any gains or losses from the sale. For purposes of this item, only include those transfers of nonaccrual assets that meet the criteria for a sale as set forth in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended). For further information, see the Glossary entry for "transfers of financial assets."

SCHEDULE RC-O – OTHER DATA FOR DEPOSIT INSURANCE AND FICO ASSESSMENTS

General Instructions

Each bank must complete items 1 and 2 (and, on the FFIEC 031 report, item 3), items 7 through 9, Memorandum items 1 and 5, and, if applicable, Memorandum items 2 and 3 of Schedule RC-O on an unconsolidated single FDIC certificate number basis. Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When an insured bank owns another depository institution as a subsidiary, each institution should report only its own deposit liabilities in Schedule RC-O under its own FDIC certificate number (i.e., the parent bank should not combine the subsidiary institution's deposit liabilities with its own in Schedule RC-O).

In addition, an institution that meets one of the criteria discussed below must complete items 4 and 5 (and, on the FFIEC 031 report, item 6) of Schedule RC-O on an unconsolidated single FDIC certificate number basis each quarter.

Effective March 31, 2008, an institution that (a) reported \$1 billion or more in total assets as of the March 31, 2007, report date (regardless of its asset size in subsequent quarters) or (b) became insured by the FDIC on or after April 1, 2007, but before January 1, 2008, must report both quarter-end balances and daily averages for the quarter in Schedule RC-O. (The calculation of daily averages is discussed below in these General Instructions.) In addition, an institution that meets one of the following criteria must report both quarter-end deposit totals and daily averages in Schedule RC-O:

- (1) If an institution reports \$1 billion or more in total assets in two consecutive Reports of Condition and Income subsequent to its March 31, 2007, report, the institution must begin reporting both quarter-end balances and daily averages for the quarter beginning on the later of the March 31, 2008, report date or the report date six months after the second consecutive quarter in which it reports total assets of \$1 billion or more. For example, if an institution reports \$1 billion or more in total assets in its reports for June 30 and September 30, 2007, it would have to begin reporting daily averages in its report for March 31, 2008. If the institution reports \$1 billion or more in total assets in its reports for December 31, 2008, and March 31, 2009, it would have to begin reporting daily averages in its report for September 30, 2009.
- (2) If an institution becomes newly insured by the FDIC on or after January 1, 2008, the institution must report daily averages in Schedule RC-O beginning in the first quarterly Reports of Condition and Income that it files. The daily averages reported in the first report the institution files after becoming FDIC-insured would include the dollar amounts for the days since the institution began operations and zero for the days prior to the date the institution began operations, effectively pro-rating the first quarter's assessment base.
- (3) If an institution chose to begin reporting both quarter-end deposit totals and daily averages in Schedule RC-O as of any quarter-end report date during the interim period covering the March 31, 2007, through December 31, 2007, report dates, it must continue to report daily averages each quarter in 2008 and thereafter.

The deposit insurance assessment base of an institution that reports daily averages for total deposits and allowable exclusions will be determined using the daily averages rather than the institution's quarter-end balances.

General Instructions (cont.)

Any institution that reported less than \$1 billion in total assets in its March 31, 2007, report may continue to report only quarter-end total deposits and allowable exclusions until it meets the two-consecutive-quarter asset size test for reporting daily averages. Alternatively, the institution may opt permanently at any time to begin reporting daily averages for purposes of determining its assessment base. After an institution begins to report daily averages for its total deposits and allowable exclusions, either voluntarily or because it is required to do so, the institution is not permitted to switch back to reporting only quarter-end balances.

The amounts to be reported as daily averages are the sum of the gross amounts of total deposits (domestic and foreign) and allowable exclusions for each calendar day during the quarter divided by the number of calendar days in the quarter (except as noted above for an institution that becomes insured on or after January 1, 2008, in the first report it files after becoming insured). For an institution that has acquired another institution during the quarter, the acquired deposits for the days prior to the acquisition should not be included in the daily average calculation, regardless of the method used to account for the acquisition. For days that an office of the reporting institution (or any of its subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), the amounts outstanding from the previous business day would be used. An office is considered closed if there are no transactions posted to the general ledger as of that date.

Item Instructions

Item No. Caption and Instructions

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|----------|--|
| 1 | <p><u>Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations.</u> Report on an unconsolidated single FDIC certificate number basis the gross total deposit liabilities as of the calendar quarter-end report date that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. Since the FDIC's amendments to its assessment regulations in 2006 did not substantially change the definition of deposits for assessment purposes, an institution's gross total deposit liabilities are the combination of:</p> <ul style="list-style-type: none"> • All deposits in "domestic offices" reported in Schedule RC, item 13.a; • All deposits in "foreign offices" reported in Schedule RC, item 13.b, on the FFIEC 031 report; • Interest accrued and unpaid on deposits in "domestic offices" reported in Schedule RC-G, item 1.a; • Interest accrued and unpaid on deposits in "foreign offices" included in Schedule RC-G, item 1.b; • Uninvested trust funds held in the institution's own trust department; • Deposits of consolidated subsidiaries and the interest accrued and unpaid on such deposits; • The amount by which demand deposits reported in Schedule RC, item 13, have been reduced from the netting of the reporting institution's reciprocal demand balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions); and • The amount by which any other deposit liabilities reported in Schedule RC, item 13, have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles; |
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Memoranda**Item No. Caption and Instruction**

2
(cont.) Report the estimated amount of the bank's deposits (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) that is not covered by federal deposit insurance. This estimate should reflect the temporary unlimited insurance coverage on noninterest-bearing transaction accounts¹ (as defined in Schedule RC-O, Memorandum item 5) as well as the deposit insurance limits of \$250,000 for "retirement deposit accounts" (as defined in Schedule RC-O, Memorandum item 1) and \$250,000 for other deposit accounts (exclusive of noninterest-bearing transaction accounts). The reporting of this uninsured deposit information is mandated by Section 7(a)(9) of the Federal Deposit Insurance Act.

The estimated amount of uninsured deposits reported in this item should be based on the bank's deposits included in Schedule RC-O, item 1, "Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations," less item 2, "Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits)." In addition to the uninsured portion of deposits in "domestic offices" reported in Schedule RC, item 13.a, the estimate of uninsured deposits should take into account all other items included in Schedule RC-O, item 1 less item 2, including, but not limited to:

- Interest accrued and unpaid on deposits in domestic offices;
- Deposits in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits);
- Deposits of consolidated subsidiaries in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits); and
- Deposit liabilities that have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles.

The bank's estimate of its uninsured deposits should be reported in accordance with the following criteria. Regardless of these criteria, all noninterest-bearing transaction accounts (as defined in Schedule RC-O, Memorandum item 5) must be treated as insured deposits and excluded from the estimate of uninsured deposits. Furthermore, it is recognized that a bank may have multiple automated information systems for different types of deposits and that the capabilities of a bank's information systems to provide an estimate of its uninsured deposits will differ from bank to bank at any point in time and, within an individual institution, may improve over time.

- (1) If the bank has brokered deposits, which must be reported in Schedule RC-E, Memorandum item 1.b, "Total brokered deposits," it must use the information it has developed for completing Schedule RC-E, Memorandum item 1.c, "Fully insured brokered deposits," to determine its best estimate of the uninsured portion of its brokered deposits.
- (2) If the bank has deposit accounts whose ownership is based on a fiduciary relationship, Part 330 of the FDIC's regulations generally states that the titling of the deposit account (together with the underlying records) must indicate the existence of the fiduciary relationship in order for insurance coverage to be available on a "pass-through" basis.

¹ Pursuant to Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, unlimited insurance coverage on noninterest-bearing transaction accounts is in effect from December 31, 2010, through December 31, 2012.

Memoranda**Item No. Caption and Instruction**

2
(cont.)

Fiduciary relationships include, but are not limited to, relationships involving a trustee, agent, nominee, guardian, executor, or custodian.

A bank with fiduciary deposit accounts with balances of more than \$250,000 must diligently use the available data on these deposit accounts, including data indicating the existence of different principal and income beneficiaries and data indicating that some or all of the funds on deposit represent retirement deposit accounts eligible for \$250,000 in deposit insurance coverage, to determine its best estimate of the uninsured portion of these accounts.

- (3) If the bank has deposit accounts of employee benefit plans, Part 330 of the FDIC's regulations states that these accounts are insured on a "pass-through" basis for the non-contingent interest of each plan participant provided that certain prescribed recordkeeping requirements are met. A bank with employee benefit plan deposit accounts with balances of more than \$250,000 must diligently use the available data on these deposit accounts to determine its best estimate of the uninsured portion of these accounts.
- (4) If the bank's deposit accounts include benefit-responsive "Depository Institution Investment Contracts," which must be included in Schedule RC-O, item 2, these deposit liabilities are not eligible for federal deposit insurance pursuant to Section 11(a)(8) of the Federal Deposit Insurance Act. A bank with benefit-responsive "Depository Institution Investment Contracts" must include the entire amount of these contracts in the estimated amount of uninsured deposits it reports in this Memorandum item 2.
- (5) If the bank has deposit accounts with balances in excess of the federal deposit insurance limit that it has collateralized by pledging assets, such as deposits of the U.S. Government and of states and political subdivisions in the U.S. (which must be reported in Schedule RC-E, items 2 and 3, and, on the FFIEC 031 report form, in Schedule RC-E, part II, item 5), the bank should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems.
- (6) If the bank has deposit accounts with balances in excess of the federal deposit insurance limit for which it has acquired private deposit insurance to cover this excess amount, the bank should make a reasonable estimate of the portion of these deposits that is not insured by the FDIC using the data available from its information systems.
- (7) For all other deposit accounts, the bank should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems. In developing this estimate, if the bank has automated information systems in place that enable it to identify jointly owned accounts and estimate the deposit insurance coverage of these deposits, the higher level of insurance afforded these joint accounts should be taken into consideration. Similarly, if the bank has automated information systems in place that enable it to classify accounts by deposit owner and/or ownership capacity, the bank should incorporate this information into its estimate of the amount of uninsured deposits by aggregating accounts held by the same deposit owner in the same ownership capacity before applying the \$250,000 insurance limit. Ownership capacities include, but are not limited to, single ownership, joint ownership, business (excluding sole proprietorships), revocable trusts, irrevocable trusts, and retirement accounts.

Memoranda**Item No. Caption and Instruction**

2 (cont.) In the absence of automated information systems, a bank may use nonautomated information such as paper files or less formal knowledge of its depositors if such information provides reasonable estimates of appropriate portions of its uninsured deposits. A bank's use of such nonautomated sources of information is considered appropriate unless errors associated with the use of such sources would contribute significantly to an overall error in the FDIC's estimate of the amount of insured and uninsured deposits in the banking system.

3 **Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report or Thrift Financial Report?** If the reporting bank is owned by another bank or savings association and that parent bank or parent savings association is consolidating the reporting bank as part of the parent institution's Call Report or Thrift Financial Report for this report date, report the legal title and FDIC Certificate Number of the parent institution in this item.

4 Not applicable.

5 **Noninterest-bearing transaction accounts (as defined in Section 343 of the Dodd-Frank Act) of more than \$250,000.**

NOTE: Schedule RC-O, Memorandum items 5.a and 5.b, below, for the amount and number of noninterest-bearing transaction accounts of more than \$250,000 are to be completed – beginning in the reports for December 31, 2010 – by all FDIC-insured depository institutions, whether or not they had previously opted to participate in the FDIC's Transaction Account Guarantee Program. Memorandum items 5.a and 5.b are to be reported as of the quarter-end report date, not as daily averages for the quarter.

Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act amended Section 11(a)(1)(B) of the Federal Deposit Insurance Act (FDI Act) with respect to the insurance coverage of noninterest-bearing transaction accounts. These amendments take effect December 31, 2010, and require the FDIC to “fully insure the net amount that any depositor at an insured depository institution maintains in a noninterest-bearing transaction account.” This unlimited insurance coverage will be in effect only through December 31, 2012.

As defined in Section 11(a)(1)(B) of the FDI Act, as added by Section 343 of the Dodd-Frank Act and as subsequently amended, a “noninterest-bearing transaction account” is:

- (1) A deposit or an account (in a domestic office or an insured branch in Puerto Rico or a U.S. territory or possession):
 - (a) “with respect to which interest is neither accrued nor paid;”
 - (b) “on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and”
 - (c) “on which the insured depository institution does not reserve the right to require advance notice of an intended withdrawal; and”
- (2) “a trust account established by an attorney or law firm on behalf of a client, commonly known as an ‘Interest on Lawyers Trust Account’, or a functionally equivalent account, as determined by the Corporation.”

Memoranda**Item No. Caption and Instructions**

5
(cont.) Thus, the term “noninterest-bearing transaction account” includes all demand deposits, including certified checks and official checks (such as cashiers’ checks and money orders) drawn on the reporting institution. However, pursuant to Section 627 of the Dodd-Frank Act, as of July 21, 2011, institutions will no longer be restricted from paying interest on demand deposit accounts. At that time, if an institution modifies the terms of its demand deposit account agreement so that the account may earn interest, the account will no longer satisfy the definition of a noninterest-bearing transaction account, will no longer be eligible for full deposit insurance coverage, and should no longer be reported in Memorandum items 5.a and 5.b.

Even if checks may be drawn on the account, a “noninterest-bearing transaction account” does not include, for example, any transaction account that may earn interest, such as a negotiable order of withdrawal (NOW) account, or a money market deposit account (MMDA) as defined in Federal Reserve Regulation D.

Account features such as the waiver of fees or the provision of fee-reducing credits do not prevent an account from qualifying as a noninterest-bearing transaction account as long as the account otherwise satisfies the definition of a noninterest-bearing transaction account.

In determining whether funds are in a noninterest-bearing transaction account for purposes of reporting in Memorandum items 5.a and 5.b, the FDIC will apply its normal rules and procedures under Section 360.8 of the FDIC’s regulations for determining account balances at a failed insured depository institution. Under these procedures, funds may be swept or transferred from a noninterest-bearing transaction account to another type of deposit account or product that is not a noninterest-bearing transaction account. Except as described in the following sentence, unless the funds are in a noninterest-bearing transaction account after the completion of a sweep under Section 360.8, the funds in the resulting account or product will not be eligible for full deposit insurance coverage and they should not be reported in Memorandum items 5.a and 5.b. However, in the case of funds swept from a noninterest-bearing transaction account to a noninterest-bearing savings account as defined in Federal Reserve Regulation D, the FDIC will treat the swept funds as being in a noninterest-bearing transaction account. If the sum of the swept funds in the noninterest-bearing savings account plus any amount remaining in the related noninterest-bearing transaction account is more than \$250,000, this sum should be reported in Memorandum item 5.a and the swept funds and the related noninterest-bearing transaction account should be reported as one account in Memorandum item 5.b.

Include public funds held in “noninterest-bearing transaction accounts” of more than \$250,000 whether or not they are collateralized with pledged securities or other pledged assets.

Report in the appropriate subitem the amount outstanding and the number of noninterest-bearing transaction accounts (as defined above and in the FDIC’s regulations implementing Section 343) with a balance on the report date of more than \$250,000. An institution may exclude noninterest-bearing transaction accounts with a balance of more than \$250,000 if the entire balance in the account is fully insured under the FDIC’s regular deposit insurance rules (i.e., without considering the insurance protection provided under Section 343), such as joint account relationship rules or “pass-through” insurance coverage rules. In noninterest-bearing transaction accounts with a balance of more than \$250,000 where the entire balance

Memoranda**Item No. Caption and Instructions**

- 5** (cont.) is not fully insured, an institution may exclude any amounts over \$250,000 that are otherwise insured under the FDIC's regular deposit insurance rules. These amounts may be excluded to the extent that they can be determined by the institution and fully supported in the institution's workpapers for this report. An institution is not required to make a determination of amounts otherwise insured but may do so at its option.
- 5.a** **Amount of noninterest-bearing transaction accounts of more than \$250,000.**
Report the aggregate balance of all noninterest-bearing transaction accounts (as defined in Schedule RC-O, Memorandum item 5, above) with a balance on the report date of more than \$250,000. This amount should represent the total of the balances of the noninterest-bearing transaction accounts enumerated in Call Report Schedule RC-O, Memorandum item 5.b, below.
- 5.b** **Number of noninterest-bearing transaction accounts of more than \$250,000.**
Report the total number of noninterest-bearing transaction accounts (as defined in Schedule RC-O, Memorandum item 5, above) with a balance on the report date of more than \$250,000.

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SCHEDULE RC-P – 1-4 FAMILY RESIDENTIAL MORTGAGE BANKING ACTIVITIES

General Instructions

Schedule RC-P is to be completed by (1) all banks with \$1 billion or more in total assets and (2) those banks with less than \$1 billion in total assets where **any** of the following residential mortgage banking activities (in domestic offices) exceeds \$10 million for two consecutive quarters:

- (a) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources during a calendar quarter; or
- (b) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan sales during a calendar quarter; or
- (c) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loans held for sale and held for trading at calendar quarter-end.

For purposes of measuring 1-4 family residential mortgage banking activities (at banks with less than \$1 billion in total assets) and reporting on these activities in Schedule RC-P, banks should include those 1-4 family residential mortgage loans that would be reportable as held for sale as well as those that would be reportable as held for trading.

For a bank with less than \$1 billion in total assets, the bank must complete Schedule RC-P beginning the second quarter in which the \$10 million threshold is exceeded and continue to complete the schedule through the end of the calendar year. Open-end mortgage banking activities should be measured using the “total commitment under the lines of credit” as defined below. For example, if the bank’s closed-end and open-end first and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources exceeded \$10 million during the quarter ended June 30, 2010, and the bank’s sales of such loans exceeded \$10 million during the quarter ended September 30, 2010, the bank would be required to complete Schedule RC-P in its September 30 and December 31, 2010, Call Reports. If its total assets remain less than \$1 billion, the level of this bank’s mortgage banking activities during the fourth quarter of 2010 and the first quarter of 2011 would determine whether it would need to complete Schedule RC-P each quarter during 2011 beginning March 31, 2011.

For purposes of Schedule RC-P, closed-end 1-4 family residential mortgage loans are defined in Schedule RC-C, part I, item 1.c.(2), “Closed-end loans secured by 1-4 family residential properties.” All closed-end 1-4 family residential mortgage loans secured by junior (i.e., other than first) liens should be reported as junior liens in Schedule RC-P even if the bank has also originated or purchased a loan secured by a first lien on the same 1-4 family residential property and there are no intervening junior liens. Open-end 1-4 family residential mortgage loans are defined in Schedule RC-C, part I, item 1.c.(1), “Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.” These Schedule RC-C definitions also apply to closed-end and open-end 1-4 family residential mortgage loans that would be reportable as held for trading in Schedule RC-D and in Schedule RC, item 5, “Trading assets.”

For purposes of reporting on open-end loans extended under lines of credit in Schedule RC-P, the “total commitment under the lines of credit” is defined as the total amount of the lines of credit granted to customers at the time the open-end credits were originated. For retail and wholesale originations of such open-end loans, the “principal amount funded under the lines of credit” is defined as the initial fundings made to customers on newly established lines of credit. For open-end loans purchased, sold, held for sale or trading, and repurchased or indemnified, the “principal amount funded under the lines of credit” is defined as the principal balance outstanding of loans extended under lines of credit at the transaction date or at quarter-end, as appropriate.

Item Instructions**Item No. Caption and Instructions**

- 1 Retail originations during the quarter of 1-4 family residential mortgage loans for sale.**
Report in the appropriate subitem retail originations of closed-end and open-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as retail originations those closed-end and open-end 1-4 family residential mortgage loans for which the origination and underwriting process was handled exclusively by the bank or a consolidated subsidiary of the bank. However, if the reporting bank is acting merely as a broker or agent and forwards loan applications and supporting documentation to another party who closes or funds the loans in its name (even if the reporting bank has some involvement in processing and underwriting the loans), the reporting bank should not report these loans as originations or purchases in this schedule.
- Exclude closed-end and open-end 1-4 family residential mortgage loans originated or purchased for the reporting bank's own loan portfolio.
- 1.a Closed-end first liens.** Report the principal amount of retail originations of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 1.b Closed-end junior liens.** Report the principal amount of retail originations of closed-end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 1.c Open-end loans extended under lines of credit:**
- 1.c.(1) Total commitment under the lines of credit.** Report the total amount of open-end commitments under retail originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter.
- 1.c.(2) Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments arising from the retail originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter reported in item 1.c.(1) above.
- 2 Wholesale originations and purchases during the quarter of 1-4 family residential mortgage loans for sale.** Report in the appropriate subitem wholesale originations and purchases of closed-end and open-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as wholesale originations and purchases those closed-end and open-end 1-4 family residential mortgage loans for resale for which the origination and underwriting process was handled in whole or in part by another party, such as a correspondent or mortgage broker, even if the loan was closed in the name of the bank or a consolidated subsidiary of the bank (often referred to as "table funding arrangements"). Also include acquisitions of closed-end and open-end 1-4 family residential mortgage loans for resale that were closed in the name of a party other than the bank or a consolidated subsidiary of the bank. However, if the reporting bank is acting merely as a broker or agent and forwards loan applications and supporting documentation to another party who closes or funds the loans in its name (even if the reporting bank has some involvement in processing and underwriting the loans), the reporting bank should not report these loans as originations or purchases in this schedule.
- Exclude closed-end and open-end 1-4 family residential mortgage loans originated or purchased for the reporting bank's own loan portfolio.

- Item No.** **Caption and Instructions**
- 2.a** **Closed-end first liens.** Report the principal amount of wholesale originations and purchases of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 2.b** **Closed-end junior liens.** Report the principal amount of wholesale originations and purchases of closed-end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 2.c** **Open-end loans extended under lines of credit:**
- 2.c.(1)** **Total commitment under the lines of credit.** Report the total amount of open-end commitments under wholesale originations and purchases of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter.
- 2.c.(2)** **Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments arising from the wholesale originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter reported in item 2.c.(1) above.
- 3** **1-4 family residential mortgage loans sold during the quarter.** Report in the appropriate subitem closed-end and open-end 1-4 family residential mortgage loans sold during the calendar quarter ending on the report date. Include transfers of closed-end and open-end 1-4 family residential mortgage loans originated or purchased for resale from retail or wholesale sources that have been accounted for as sales in accordance with ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended), i.e., those transfers where the loans are no longer included in the bank's consolidated total assets. Also include all sales during the quarter of closed-end and open-end 1-4 family residential mortgage loans directly from the bank's loan portfolio. For further information, see the Glossary entry for "transfers of financial assets."
- 3.a** **Closed-end first liens.** Report the principal amount of closed-end first lien 1-4 family residential mortgage loans sold during the calendar quarter.
- 3.b** **Closed-end junior liens.** Report the principal amount of closed-end junior lien 1-4 family residential mortgage loans sold during the calendar quarter.
- 3.c** **Open-end loans extended under lines of credit:**
- 3.c.(1)** **Total commitment under the lines of credit.** Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties sold during the calendar quarter.
- 3.c.(2)** **Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties sold during the calendar quarter reported in item 3.c.(1) above.

Item No. Caption and Instructions

- 4** **1–4 family residential mortgage loans held for sale or trading at quarter-end.** Report in the appropriate subitem closed-end and open-end 1-4 family residential mortgages held for sale or trading as of the quarter-end report date and included in Schedule RC, item 4.a, “Loans and leases held for sale,” and in Schedule RC, item 5, “Trading assets.” Loans held for sale should be reported at the lower of cost or fair value consistent with their presentation in Schedule RC, item 4.a. Loans held for trading should be reported at fair value consistent with their presentation in Schedule RC, item 5. Closed-end and open-end 1-4 family residential mortgage loans held for sale or trading at quarter-end include any mortgage loans transferred at any time from the bank’s loan portfolio to a held-for-sale account or a trading account that have not been sold by quarter-end.
- 4.a** **Closed-end first liens.** Report the carrying amount of closed-end first lien 1-4 family residential mortgage loans held for sale or trading at quarter-end.
- 4.b** **Closed-end junior liens.** Report the carrying amount of closed-end junior lien 1-4 family residential mortgage loans held for sale or trading at quarter-end.
- 4.c** **Open-end loans extended under lines of credit:**
- 4.c.(1)** **Total commitment under the lines of credit.** Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties held for sale or trading at quarter-end.
- 4.c.(2)** **Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties held for sale of trading at quarter-end reported in item 4.c.(1) above.
- 5** **Noninterest income for the quarter from the sale, securitization, and servicing of 1-4 family residential mortgage loans.** Report in the appropriate subitem the noninterest income earned during the calendar quarter ending on the report date from mortgage banking activities involving closed-end and open-end 1-4 family residential mortgage loans. Include the portion of the consolidated bank’s “Trading revenue,” “Net servicing fees,” “Net securitization income,” and “Net gains (losses) on sales of loans and leases” (items 5.c, 5.f, 5.g, and 5.i of Schedule RI) earned during the quarter that is attributable to closed-end and open-end 1-4 family residential mortgage loans.
- 5.a** **Closed-end 1-4 family residential mortgage loans.** Report the noninterest income earned during the calendar quarter ending on the report date from the sale, securitization, and servicing of closed-end 1-4 family residential mortgage loans.
- 5.b** **Open-end 1-4 family residential mortgage loans extended under lines of credit.** Report the noninterest income earned during the calendar quarter ending on the report date from the sale, securitization, and servicing of revolving, open-end lines of credit secured by 1-4 family residential properties.

Item No. Caption and Instructions

- 6** **Repurchases and indemnifications of 1-4 family residential mortgage loans during the quarter.** As a result of its 1–4 family residential mortgage banking activities, a bank may be obligated to repurchase mortgage loans that it has sold or otherwise indemnify the loan purchaser against loss because of borrower defaults, loan defects, other breaches of representations and warranties, or for other reasons. Report in the appropriate subitem all 1-4 family residential mortgage loans previously sold by the bank or a consolidated subsidiary subject to an obligation to repurchase or indemnify that have been repurchased or indemnified during the calendar quarter ending on the report date. Do not reduce this amount by any third-party indemnifications or reimbursements that the bank has received.

Repurchased 1-4 family residential mortgage loans include loans that the bank (or a consolidated subsidiary) had sold but subsequently repurchased under repurchase obligation provisions of the sales agreement because of a delinquency, noncompliance with the sellers' representations and warranties, fraud or misrepresentation, or any other contractual requirement. Exclude 1-4 family residential mortgage loans that have been repurchased solely at the discretion of the bank (such as delinquent mortgage loans backing GNMA mortgage-backed securities), i.e., where the sales agreement contains a repurchase option (which may be conditional), but not a repurchase obligation.

Indemnifications of 1-4 family residential mortgage loans are limited to reimbursements to loan purchasers or other third parties for credit losses on loans that the bank (or a consolidated subsidiary) has sold. Include reimbursements made on loans where the bank has agreed with the purchaser or other third party not to repurchase the loan as required under the sales agreement, but rather to guarantee that no credit loss is sustained. Indemnifications also include loans for which payments have been made by the bank (or a consolidated subsidiary) to purchasers or other third parties as reimbursements for deficiency balances arising from sales of real estate collateral (whether or not foreclosed) on loans that the bank (or a consolidated subsidiary) has sold. Exclude indemnification arrangements that are limited to reimbursements of legal fees or administrative costs.

- 6.a** **Closed-end first liens.** Report the total principal amount outstanding as of the date of repurchase or indemnification of closed-end first lien 1-4 family residential mortgage loans previously sold by the bank or a consolidated subsidiary that have been repurchased or indemnified during the calendar quarter ending on the report date.
- 6.b** **Closed-end junior liens.** Report the total principal amount outstanding as of the date of repurchase or indemnification of closed-end junior lien 1-4 family residential mortgage loans previously sold by the bank or a consolidated subsidiary that have been repurchased or indemnified during the calendar quarter ending on the report date.
- 6.c** **Open-end loans extended under lines of credit:**
- 6.c.(1)** **Total commitment under the lines of credit.** Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties that have been repurchased or indemnified during the calendar quarter ending on the report date.
- 6.c.(2)** **Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties reported in item 6.c.(1) above that have been repurchased or indemnified during the calendar quarter ending on the report date

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SCHEDULE RC-Q – ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

General Instructions

Schedule RC-Q is to be completed by banks that:

- (1) Had total assets of \$500 million or more as of the beginning of their fiscal year; or
- (2) Had total assets of less than \$500 million as of the beginning of their fiscal year and either:
 - (a) Have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or
 - (b) Are required to complete Schedule RC-D, Trading Assets and Liabilities.

Banks should report all assets and liabilities that are measured at fair value in the financial statements on a recurring basis (i.e., annually or more frequently).

Column Instructions

Column A, Total Fair Value Reported on Schedule RC

Report in Column A the total fair value, as defined by ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, “Fair Value Measurements”), of those assets and liabilities reported on Schedule RC, Balance Sheet, that the bank reports at fair value on a recurring basis.

Columns B through E, Fair Value Measurements and Netting Adjustments

For items reported in Column A, report in Columns C, D, and E the fair value amounts which fall in their entirety in Levels 1, 2, and 3, respectively. The level in the fair value hierarchy within which a fair value measurement in its entirety falls should be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Thus, for example, if the fair value of an asset or liability has elements of both Level 2 and Level 3 measurement inputs, report the entire fair value of the asset or liability in Column D or Column E based on the lowest level measurement input with the most significance to the fair value of the asset or liability in its entirety as described in ASC Topic 820. For assets and liabilities that the bank has netted under legally enforceable master netting agreements in accordance with ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, “Offsetting of Amounts Related to Certain Contracts,” and FASB Interpretation No. 41, “Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements”), report the gross amounts in Columns C, D, and E and the related netting adjustment in Column B. For more information on Level 1, 2, and 3 measurement inputs, see the Glossary entry for “fair value.”

Item Instructions

For each item in Schedule RC-Q, the sum of columns C, D, and E less column B must equal column A.

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- 1 **Available-for-sale securities.** Report in the appropriate column the total fair value of available-for-sale debt and equity securities as reported in Schedule RC, item 2.b; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

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- 2** **Federal funds sold and securities purchased under agreements to resell.** Report in the appropriate column the total fair value of those federal funds sold and securities purchased under agreements to resell reported in Schedule RC, items 3.a and 3.b, that the bank has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.
- 3** **Loans and leases held for sale.** Report in the appropriate column the total fair value of those loans held for sale reported in Schedule RC-C, part I, that the bank has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Loans held for sale that the bank has elected to report under the fair value option are included in Schedule RC-C, part I, and Schedule RC, item 4.a. Exclude loans held for sale that are reported at the lower of cost or fair value in Schedule RC, item 4.a, and loans that have been reported as trading assets in Schedule RC, item 5. Leases are generally not eligible for the fair value option.
- 4** **Loans and leases held for investment.** Report in the appropriate column the total fair value of those loans held for investment reported in Schedule RC-C, part I, that the bank has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Loans held for investment that the bank has elected to report under the fair value option are included in Schedule RC-C, part I, and Schedule RC, item 4.b. Leases are generally not eligible for the fair value option.
- 5** **Trading assets:**
- 5.a** **Derivative assets.** Report in the appropriate column the total fair value of derivative assets held for trading purposes as reported in Schedule RC, item 5; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.
- 5.b** **Other trading assets.** Report in the appropriate column the total fair value of all trading assets, except for derivatives, as reported in Schedule RC, item 5; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs, including the fair values of loans that have been reported as trading assets; and any netting adjustments.
- 5.b.(1)** **Nontrading securities at fair value with changes in fair value reported in current earnings.** Report in the appropriate column the total fair value of those securities the bank has elected to report under the fair value option that is included in Schedule RC-Q, item 5.b above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Securities that the bank has elected to report at fair value under the fair value option are reported as trading securities pursuant to ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities”) even though management did not acquire the securities principally for the purpose of trading.
- 6** **All other assets.** Report in the appropriate column the total fair value of all other assets that are required to be measured at fair value on a recurring basis or that the bank has elected to report under the fair value option that is included in Schedule RC, Balance Sheet, and is not reported in Schedule RC-Q, items 1 through 5 above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Include derivative assets held for purposes other than trading, interest-only strips receivable (not in the form of a security) held for purposes other than trading, and other categories of assets required to be measured at fair value on the balance sheet on a recurring basis under applicable accounting standards.

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9.a Banks are permitted, but not required, to deduct disallowed servicing assets on a basis that is net of a proportional amount of any associated deferred tax liability recorded on the balance sheet. Any deferred tax liability used in this manner would not be available for the bank to use in determining the amount of disallowed deferred tax assets in Schedule RC-R, item 9.b, below.

9.b **LESS: Disallowed deferred tax assets.** Report the portion of net deferred tax assets included in Schedule RC-F, item 2, that **does not** qualify for inclusion in Tier 1 capital based on the capital guidelines of the reporting bank's primary federal supervisory authority. Generally, deferred tax assets that are dependent upon future taxable income are limited to the lesser of: (i) the amount of such deferred tax assets that the bank expects to realize within one year of the calendar quarter-end date, based on its projected future taxable income for that year or (ii) 10% of the amount of the bank's Tier 1 capital. A bank may calculate one overall limit on deferred tax assets that covers all tax jurisdictions in which the bank operates.

Deferred tax assets that are dependent upon future taxable income are (a) deferred tax assets arising from deductible temporary differences that exceed the amount of taxes previously paid that a bank could recover through loss carrybacks if the bank's temporary differences (both deductible and taxable) fully reverse at the report date and (b) deferred tax assets arising from operating loss and tax credit carryforwards. Therefore, for purposes of this item, all temporary differences should be assumed to fully reverse at the report date.

A bank may use its future taxable income projection for its current fiscal year (adjusted for any significant changes that have occurred or are expected to occur) when determining the regulatory capital limit for its deferred tax assets at an interim calendar quarter-end date rather than preparing a new projection each quarter. Projected future taxable income should not include net operating loss carryforwards expected to be used within one year of the quarter-end report date or the amount of existing temporary differences expected to reverse within that year, but should include the estimated effect of tax planning strategies that are expected to be implemented to realize carryforwards that will otherwise expire during that year.

When determining the amount to be reported in this item, each reporting bank's calculations should be made on a separate entity basis. Under the separate entity method, a bank (together with its consolidated subsidiaries) that is a subsidiary of a holding company is treated as a separate taxpayer rather than as part of the consolidated group of which it is a member.

Deferred tax assets which can be realized from taxes paid in prior carryback years and from future reversals of existing taxable temporary differences should generally not be reported in this item. However, for a bank that is a subsidiary of a holding company, the parent holding company may not have the financial capability to reimburse the reporting bank for tax benefits derived from the bank's carryback of net operating losses or tax credits. In such a situation, when determining the amount of deferred tax assets that are dependent upon future taxable income, the amount of carryback potential the bank may consider as being available for the realization of its deferred tax assets shall be limited to the amount which the bank could reasonably expect to have refunded by its parent.

Treatment of deferred tax assets relating to available-for-sale securities – In accordance with ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"), available-for-sale securities are reported in the Reports of Condition and Income at fair value, with unrealized holding gains and losses on such securities, net of tax effects, included in a separate

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9.b
(cont.) component of equity capital. These tax effects may increase or decrease the reported amount of a bank's deferred tax assets. The federal banking agencies exclude from regulatory capital the amount of net unrealized holding gains and losses on available-for-sale securities (except net unrealized holding losses on available-for-sale equity securities with readily determinable fair values). When determining the regulatory capital limit for deferred tax assets, a bank may, but is not required to, adjust the amount of its deferred tax assets for any deferred tax assets and liabilities arising from marking-to-market available-for-sale debt securities for purposes of these reports. A bank must follow a consistent approach with respect to such adjustments.

Banks may use the following approach to determine the amount of disallowed deferred tax assets.

Disallowed Deferred Tax Assets Calculation

- (a) Enter the amount from Schedule RC-R, item 8 _____
- (b) Enter 10% of the amount in (a) above _____
- (c) Enter the amount of deferred tax assets reported in Schedule RC-F, item 2 _____
- (d) Enter the amount of taxes previously paid that the bank could recover through loss carrybacks if the bank's temporary differences (both deductible and taxable) fully reverse at the report date _____
- (e) Amount of deferred tax assets that is dependent upon future taxable income: subtract (d) from (c); enter 0 if the result is a negative amount _____
- (f) Enter the portion of (e) that the bank could realize within the next 12 months based on its projected future taxable income. Future taxable income should not include net operating loss carryforwards to be used during the next 12 months or existing temporary differences that are expected to reverse over the next 12 months. _____
- (g) Enter the lesser of (b) and (f) _____
- (h) Disallowed net deferred tax assets - subtract (g) from (e); enter 0 if the result is a negative amount _____

10 **Other additions to (deductions from) Tier 1 capital.** Report the amount of any additions to or deductions from Tier 1 capital based on the capital guidelines of the reporting bank's primary federal supervisory authority that are not included in Schedule RC-R, items 1 through 9.b, above. If the amount to be reported in this item is a net deduction, enclose the amount in parentheses.

For example, include the portion of credit-enhancing interest-only strips included in the bank's total assets that **does not** qualify for inclusion in Tier 1 capital based on the capital guidelines

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10 of the bank's primary federal supervisory authority. A credit-enhancing interest-only strip is (cont.) defined in the capital guidelines as "an on-balance sheet asset that, in form or in substance: (i) represents the contractual right to receive some or all of the interest due on transferred assets; and (ii) exposes the bank to credit risk directly or indirectly associated with the transferred assets that exceeds a pro rata share of the bank's claim on the assets, whether through subordination provisions or other credit enhancement techniques." Credit-enhancing interest-only strips include other similar "spread" assets and can be either retained or purchased. In general, credit-enhancing interest-only strips are limited to 25 percent of Tier 1 capital. Banks may use the following approach to determine the amount of disallowed credit-enhancing interest-only strips.

Disallowed Credit-Enhancing Interest-Only Strips Calculation

- (a) Enter the amount from Schedule RC-R, item 8 _____
- (b) Enter 25% of the amount in (a) above _____
- (c) Retained credit-enhancing interest-only strips from Schedule RC-S, items 2.a and 12: enter the fair value of those strips included in Schedule RC, item 5, "Trading assets," and the amortized cost of those strips not held for trading¹ _____
- (d) Purchased credit-enhancing interest-only strips included in Schedule RC-S, item 9:² enter the fair value of those strips included in Schedule RC, item 5, "Trading assets," and the amortized cost of those strips not held for trading³ _____
- (e) Total credit-enhancing interest-only strips: enter the sum of (c) and (d) _____
- (f) Enter the lesser of (b) and (e) _____
- (g) Disallowed credit-enhancing interest-only strips: subtract (f) from (e); enter 0 if the result is a negative amount _____

If the bank has disallowed credit-enhancing interest-only strips, i.e., line (g) in the preceding calculation is a positive amount, include this amount as a deduction from Tier 1 capital in this item. Banks are permitted, but not required, to deduct disallowed credit-enhancing interest-only strips, i.e., the amount from line (g) above, on a basis that is net of a proportional amount of any associated deferred tax liability recorded on the balance sheet. Any deferred tax liability used in this manner would not be available for the bank to use in determining the amount of disallowed deferred tax assets in Schedule RC-R, item 9.b, above.

¹ While credit-enhancing interest-only strips not held for trading are reported at fair value in Schedule RC-S, the amortized cost of these strips should be used in this calculation.

² Also include any purchased interest-only strips that act as credit enhancements for assets that have not been securitized because these strips are not reported in Schedule RC-S, item 9.

³ See footnote 1 above.

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10 (cont.) If a bank has **nonfinancial equity investments** that are subject to Tier 1 capital deductions, these deductions should be reported in this item. Under the banking agencies' capital rules on nonfinancial equity investments, which were published on January 25, 2002, a nonfinancial equity investment is any equity investment that a bank holds in a nonfinancial company:¹

- through a small business investment company (SBIC) under section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)),²
- under the portfolio investment provisions of Federal Reserve Regulation K (12 CFR 211.8(c)(3)), or
- under section 24 of the Federal Deposit Insurance Act (12 U.S.C. 1831a). However, investments made by state banks under section 24(f) of the Federal Deposit Insurance Act are exempt from these capital rules and are not subject to any Tier 1 capital deductions.

The banking agencies' capital rules impose Tier 1 capital deductions on nonfinancial equity investments that increase as the aggregate amount of nonfinancial equity investments held by a bank increases. These marginal capital charges are based on the adjusted carrying value of the investments as a percent of the bank's Tier 1 capital as calculated in item 8 of Schedule RC-R. The total adjusted carrying value of a nonfinancial equity investment that is subject to the Tier 1 deduction is excluded from the bank's risk-weighted assets for purposes of computing the bank's risk-based capital ratio and from average assets for purposes of computing the bank's Tier 1 leverage ratio. The adjusted carrying value is the value at which the investment is recorded on the balance sheet of the banking organization, reduced by (i) any net unrealized gains that are included in the carrying value but that have not been included in Tier 1 capital and (ii) any associated deferred tax liabilities.

The following table details the marginal capital charges for nonfinancial equity investments:

Deduction for Nonfinancial Equity Investments	
Aggregate adjusted carrying value of all nonfinancial equity investments held directly or indirectly by the bank (as a percentage of the bank's Tier 1 capital as reported in Schedule RC-R, item 8)	Deduction from Tier 1 capital as a percentage of the adjusted carrying value of the investment
Less than 15%	8%
Greater than or equal to 15% but less than 25%	12%
Greater than or equal to 25%	25%

Note: "High concentrations" (generally more than 50% of Tier 1 capital) of nonfinancial equity investments will be monitored and may be subject to heightened supervision and a higher minimum capital requirement.

¹ Generally, this capital calculation does not apply to investments in nonconvertible senior or subordinated debt, equity investments in a company that engages only in activities that are permissible for a bank to conduct, equity investments in community development corporations under 12 U.S.C. 24(Eleventh) that promote the public welfare, equity securities acquired in satisfaction of a debt previously contracted that are held and divested in accordance with applicable law, unexercised warrants acquired by a bank as additional consideration for making a loan that are not held under the legal authorities covered by this rule, equity investments made by an insurance underwriting affiliate, equity investments held by a securities broker or dealer as part of an underwriting/market making/dealing activity, or equity instruments held as a hedge of an equity derivative transaction.

² An equity investment made under section 302(b) of the Small Business Investment Act of 1958 in an SBIC that is not consolidated with the bank is treated as a nonfinancial equity investment.

Balance Sheet Asset Categories (cont.)

If the bank's purchased subordinated security is a trading security, the fair value of this security is included on the Report of Condition balance sheet in Schedule RC, item 5, "Trading assets," and on the regulatory capital schedule in column A of Schedule RC-R, item 41, "Trading assets." A trading security is risk-weighted using its fair value if the bank is not subject to the market risk rule. Because the bank's security is subject to the pro rata gross-up treatment for risk-based capital purposes, the bank's pro rata share of the more senior positions supported by its purchased subordinated security is also subject to risk-weighting, which is the amount from line (c) in the low-level exposure rule calculation above. Therefore, the bank must report the amount from line (c) as a negative number in column B of Schedule RC-R, item 41, "Trading assets." The bank must then report the sum of the face amount of its purchased subordinated security and the pro rata share of the more senior positions currently outstanding that are supported by the bank's purchased subordinated security from line (e) in the low-level exposure rule calculation above in the appropriate risk weight category column of item 41 (e.g., column F, "100%") based on the risk weight applicable to the assets underlying the securitization (from line (f) in the low-level exposure rule calculation above). This will ensure that the amount reported in item 41, column A, for the bank's available-for-sale purchased subordinated security equals the sum of item 41, columns B through F.

Reporting in Schedule RC-R When the Low-Level Exposure Rule Applies:

When the low-level exposure rule applies to the bank's investment in a purchased subordinated security, a dollar-for-dollar capital charge applies to the security. Regardless of whether the security is categorized as an available-for-sale security, a held-to-maturity security, or a trading security on the Report of Condition balance sheet (Schedule RC), it will not be risk-weighted as an on-balance sheet asset in Schedule RC-R. Instead, as discussed in the following paragraphs, the security will be risk weighted as an off-balance sheet item and the face amount of the bank's security must be reported in column A of Schedule RC-R, item 50, "Recourse and direct credit substitutes (other than financial standby letters of credit) subject to the low-level exposure rule and residual interests subject to a dollar-for-dollar capital requirement." The face amount of an available-for-sale security and a held-to-maturity security is its amortized cost; the face amount of a trading security is its fair value.

If the bank's purchased subordinated security is an available-for-sale security, the fair value of this security is included on the Report of Condition balance sheet in Schedule RC, item 2.b, "Available-for-sale securities," and on the regulatory capital schedule in column A of Schedule RC-R, item 36, "Available-for-sale securities." Because the low-level exposure rule applies to the bank's purchased subordinated security and the security must be risk weighted as an off-balance sheet item, the fair value of the security must first be reported as a positive number in column B of Schedule RC-R, item 36, "Available-for-sale securities," and no amount should be reported for this security in columns C through F of item 36. This will ensure that the amount reported in item 36, column A, for the bank's available-for-sale purchased subordinated security equals the sum of item 36, columns B through F. Next, because available-for-sale securities are risk-weighted using their amortized cost rather than their fair value, the face amount (i.e., amortized cost) of the bank's purchased subordinated security (from line (d) in the low-level exposure rule calculation above) must be reported in column A of Schedule RC-R, item 50. The bank must then apply either the "direct reduction method" or the "gross-up method" described in the instructions for item 50 in order to determine the credit equivalent amount of its purchased subordinated security that should be reported in column B of item 50. This credit equivalent amount must also be assigned to the 100 percent risk weight category (regardless of the risk weight that applies to the assets underlying the securitization) and reported in Schedule RC-R, item 50, column F, "100%."

If the bank's purchased subordinated security is a held-to-maturity security, the amortized cost of this security is included on the Report of Condition balance sheet in Schedule RC, item 2.a, "Held-to-maturity securities," and on the regulatory capital schedule in column A of Schedule RC-R, item 35, "Held-to-

Balance Sheet Asset Categories (cont.)

maturity securities.” Because the low-level exposure rule applies to the bank’s purchased subordinated security and the security must be risk weighted as an off-balance sheet item, the amortized cost of the security must first be reported as a positive number in column B of Schedule RC-R, item 35, “Held-to-maturity securities,” and no amount should be reported for this security in columns C through F of item 35. This will ensure that the amount reported in item 35, column A, for the bank’s held-to-maturity purchased subordinated security equals the sum of item 35, columns B through F. Next, because held-to-maturity securities are risk-weighted using their amortized cost, the face amount (i.e., amortized cost) of the bank’s purchased subordinated security (from line (d) in the low-level exposure rule calculation above) must be reported in column A of Schedule RC-R, item 50. The bank must then apply either the “direct reduction method” or the “gross-up method” described in the instructions for item 50 in order to determine the credit equivalent amount of its purchased subordinated security that should be reported in column B of item 50. This credit equivalent amount must also be assigned to the 100 percent risk weight category (regardless of the risk weight that applies to the assets underlying the securitization) and reported in Schedule RC-R, item 50, column F, “100%.”

If the bank’s purchased subordinated security is a trading security, the fair value of this security is included on the Report of Condition balance sheet in Schedule RC, item 5, “Trading assets,” and on the regulatory capital schedule in column A of Schedule RC-R, item 41, “Trading assets.” A trading security is risk-weighted using its fair value if the bank is not subject to the market risk rule. Because the low-level exposure rule applies to the bank’s purchased subordinated security and the security must be risk weighted as an off-balance sheet item, the fair value of the security must first be reported as a positive number in column B of Schedule RC-R, item 41, “Trading assets,” and no amount should be reported for this security in columns C through F of item 41. This will ensure that the amount reported in item 41, column A, for the bank’s trading purchased subordinated security equals the sum of item 41, columns B through F. Next, because trading securities are risk-weighted using their fair value, the face amount (i.e., fair value) of the bank’s purchased subordinated security (from line (d) in the low-level exposure rule calculation above) must be reported in column A of Schedule RC-R, item 50. It must then apply either the “direct reduction method” or the “gross-up method” described in the instructions for item 50 in order to determine the credit equivalent amount of its purchased subordinated security that should be reported in column B of item 50. This credit equivalent amount must also be assigned to the 100 percent risk weight category (regardless of the risk weight that applies to the assets underlying the securitization) and reported in Schedule RC-R, item 50, column F, “100%.”

Treatment of Embedded Derivatives – If a bank has a hybrid contract containing an embedded derivative that must be separated from the host contract and accounted for as a derivative instrument under ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended), then the host contract and embedded derivative should be treated separately for risk-based capital purposes. When the fair value of the embedded derivative has been reported as part of the bank’s assets on Schedule RC – Balance Sheet, that fair value (whether positive or negative) should be reported (as a positive or negative number) in column B of the corresponding asset category item in Schedule RC-R (items 34 to 42). The host contract, if an asset, should be risk weighted according to the obligor or, if relevant, the guarantor or the nature of the collateral.

Treatment of FDIC Loss-Sharing Agreements – Loss-sharing agreements entered into by the FDIC with acquirers of assets from failed institutions are considered conditional guarantees for risk-based capital purposes due to contractual conditions that acquirers must meet. The guaranteed portion of assets subject to a loss-sharing agreement may be assigned a 20 percent risk weight. Because the structural arrangements for these agreements vary depending on the specific terms of each agreement, institutions should consult with their primary federal regulator to determine the appropriate risk-based capital treatment for specific loss-sharing agreements.

Balance Sheet Asset Categories (cont.)

Allocated Transfer Risk Reserve (ATRR) – If the reporting bank is required to establish and maintain an ATRR as specified in Section 905(a) of the International Lending Supervision Act of 1983, the ATRR should be reported in Schedule RC-R, item 61. The ATRR is not eligible for inclusion in either Tier 1 or Tier 2 capital.

Any ATRR related to loans and leases held for investment is included on the balance sheet in Schedule RC, item 4.c., "Allowance for loan and lease losses," and separately disclosed in Schedule RI-B, part II, Memorandum item 1. However, if the bank must maintain an ATRR for any asset other than a loan or lease held for investment, the balance sheet category for that asset should be reported net of the ATRR on Schedule RC. In this situation, the ATRR should be reported as a negative number (i.e., in parentheses) in column B, "Items Not Subject to Risk-Weighting," of the corresponding asset category in Schedule RC-R, items 34 through 38, 41, and 42. The amount to be risk-weighted for this asset in column C, D, E, or F, as appropriate, would be its net carrying value plus the ATRR. For example, a bank has a held-to-maturity security issued by a foreign commercial company against which it has established an ATRR of \$20. The security, net of the ATRR, is included in Schedule RC, item 2.a, "Held-to-maturity securities," at \$80. The security should be included in Schedule RC-R, item 35, column A, at \$80. The bank should include \$(20) in Schedule RC-R, item 35, column B, and \$100 in item 35, column F.

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34 **Cash and balances due from depository institutions.** Report in column A the amount of cash and balances due from depository institutions reported in Schedule RC, sum of items 1.a and 1.b.

- *In column C—0% risk weight*, include the amount of currency and coin reported in Schedule RC, item 1.a; any balances due from Federal Reserve Banks reported in Schedule RC, item 1.b; any balances due from central banks in other OECD countries reported in Schedule RC, items 1.a and 1.b; and the insured portion of deposits in FDIC-insured depository institutions reported in Schedule RC, items 1.a and 1.b.
- *In column F—100% risk weight*, include balances due from non-OECD depository institutions with remaining maturities of over one year, all non-local currency claims on non-OECD central banks, and local currency claims on non-OECD central banks that exceed the local currency liability held by the bank.
- *In column D—20% risk weight*, include all other amounts that are not reported in column C or F.

If the reporting bank is the correspondent bank in a pass-through reserve balance relationship, report in column C the amount of its own reserves as well as those reserve balances actually passed through to a Federal Reserve Bank on behalf of its respondent depository institutions.

If the reporting bank is the respondent bank in a pass-through reserve balance relationship, report in column C the amount of the bank's reserve balances due from its correspondent

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(cont.)

bank that its correspondent has actually passed through to a Federal Reserve Bank on the reporting bank's behalf, i.e., for purposes of this item, treat these balances as balances due from a Federal Reserve Bank. This treatment differs from that required in Schedule RC-A, item 2, "Balances due from depository institutions in the U.S.," which treats pass-through reserve balances held by a bank's correspondent as balances due from a depository institution as opposed to balances due from the Federal Reserve.

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Held-to-maturity securities. Report in column A the amortized cost of held-to-maturity (HTM) securities reported in Schedule RC, item 2.a.

- *In column B*, include as a negative number the amortized cost of those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule RC-B, item 4.a.(3), column A, "Other [residential mortgage] pass-through securities"; item 4.b.(2), column A, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA"; item 4.b.(3), column A, "All other residential MBS"; item 4.c.(1)(b), column A, "Other [commercial mortgage] pass-through securities"; item 4.c.(2)(b), column A, "All other commercial MBS"; item 5.a, column A, "Asset-backed securities"; and items 5.b.(1) through (3), column A, "Structured financial products," that are rated one category below investment grade, e.g., BB, and to which the bank applies the ratings-based approach.
- *In column C—0% risk weight*, include the amounts reported in Schedule RC-B, column A, for item 1, "U.S. Treasury securities," item 2.a, Securities "Issued by U.S. Government agencies," and item 4.a.(1), Residential mortgage pass-through securities "Guaranteed by GNMA." Also include the portions of Schedule RC-B, item 4.b.(1), column A, Other residential mortgage-backed securities "Issued or guaranteed by FNMA, FHLMC, or GNMA," and items 4.c.(1)(a) and (2)(a), column A, "Commercial MBS," that represent the amortized cost of GNMA securities.
- *In column D—20% risk weight*, include the amounts reported in Schedule RC-B, column A, for item 2.b, Securities "Issued by U.S. Government-sponsored agencies," and item 4.a.(2), Residential mortgage pass-through securities "Issued by FNMA and FHLMC." Include the portion of Schedule RC-B, item 3, column A, "Securities issued by states and political subdivisions in the U.S.," that represents the amortized cost of general obligation securities, and the portions of Schedule RC-B, item 4.b.(1), column A, Other residential mortgage-backed securities "Issued or guaranteed by FNMA, FHLMC, or GNMA," and items 4.c.(1)(a) and (2)(a), column A, "Commercial MBS," that represent the amortized cost of FHLMC and FNMA securities (excluding principal-only strips, which must be assigned a 100 percent risk weight). Also include the portion of Schedule RC-B, item 4.b.(2), column A, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA," that represents the amortized cost of senior interests in such securities (excluding principal-only strips, which must be assigned a 100 percent risk weight). Also include the portions of Schedule RC-B, item 4.a.(3), column A, "Other [residential mortgage] pass-through securities," item 4.b.(2), column A, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA," item 4.b.(3), column A, "All other residential MBS"; item 4.c.(1)(b), column A, "Other [commercial mortgage] pass-through securities"; item 4.c.(2)(b), column A, "All other commercial MBS"; item 5.a, column A, "Asset-backed securities"; and items 5.b.(1) through (3), column A, "Structured financial products," that represents the amortized cost of securities that are rated in the highest or second highest investment grade, e.g., AAA or AA, in the case of long-term ratings, or in the highest rating category, e.g., A-1 or P-1, in the case of short-term ratings (excluding principal-only strips, which must be assigned a 100 percent risk weight).

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- 35** (cont.)
- *In column E—50% risk weight*, include the portion of Schedule RC-B, item 3, column A, "Securities issued by states and political subdivisions in the U.S.," that represents the amortized cost of revenue obligation securities. Also include the portions of Schedule RC-B, item 4.a.(3), column A, "Other [residential mortgage] pass-through securities"; item 4.b.(2), column A, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA," item 4.b.(3), column A, "All other residential MBS"; item 4.c.(1)(b), column A, "Other [commercial mortgage] pass-through securities"; item 4.c.(2)(b), column A, "All other commercial MBS"; item 5.a, column A, "Asset-backed securities"; and items 5.b.(1) through (3), column A, "Structured financial products," that represents the amortized cost of securities that are rated in the third highest investment grade, e.g., A, in the case of long-term ratings, or in the second highest rating category, e.g., A-2 or P-2, in the case of short-term ratings (excluding principal-only strips, which must be assigned a 100 percent risk weight).
 - *In column F—100% risk weight*, include the amortized cost of all other HTM securities reported in Schedule RC, item 2.a, that are not included in columns C through E. However, for those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule RC-B, item 4.a.(3), column A, "Other [residential mortgage] pass-through securities"; item 4.b.(2), column A, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA"; item 4.b.(3), column A, "All other residential MBS"; item 4.c.(1)(b), column A, "Other [commercial mortgage] pass-through securities"; item 4.c.(2)(b), column A, "All other commercial MBS"; item 5.a, column A, "Asset-backed securities"; and items 5.b.(1) through (3), column A, "Structured financial products," that are rated one category below investment grade, e.g., BB, and to which the bank applies the ratings-based approach, include in column F the amortized cost of these securities multiplied by 2.
- 36** **Available-for-sale securities.** Report in column A the fair value of available-for-sale (AFS) securities reported in Schedule RC, item 2.b. For regulatory capital purposes, however, AFS debt securities are risk weighted at their amortized cost. In addition, when AFS equity securities with readily determinable fair values have a net unrealized loss, they are risk weighted at their fair value. When such equity securities have a net unrealized gain, they are risk weighted at their historical cost plus the portion of the unrealized gain (up to 45 percent) included in Tier 2 capital. This unrealized gain is reported in Schedule RC-R, item 15.
- *In column B*, include the difference between the fair value and amortized cost of AFS debt securities. This difference equals Schedule RC-B, items 1 through 6, column D, minus items 1 through 6, column C. When fair value exceeds cost, report the difference as a positive number in Schedule RC-R, item 36, column B. When cost exceeds fair value, report the difference as a negative number (i.e., in parentheses) in Schedule RC-R, item 36, column B. If AFS equity securities with readily determinable fair values have a net unrealized gain (i.e., Schedule RC-B, item 7, column D, exceeds item 7, column C), the portion of the net unrealized gain (55 percent or more) not included in Tier 2 capital should be included in Schedule RC-R, item 36, column B. The portion that is not included in Tier 2 capital equals Schedule RC-B, item 7, column D minus column C, minus Schedule RC-R, item 15.
 - Also include *in column B* as a negative number the amortized cost of those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule RC-B, item 4.a.(3), column C, "Other [residential mortgage] pass-through securities"; item 4.b.(2), column C, Other residential mortgage-backed securities

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"Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA"; item 4.b.(3), column C, "All other residential MBS"; item 4.c.(1)(b), column C, "Other [commercial mortgage] pass-through securities"; item 4.c.(2)(b), column C, "All other commercial MBS"; item 5.a, column C, "Asset-backed securities"; and items 5.b.(1) through (3), column C, "Structured financial products," that are rated one category below investment grade, e.g., BB, and to which the bank applies the ratings-based approach.

- *In column C—0% risk weight*, include the amounts reported in Schedule RC-B, column C, for item 1, "U.S. Treasury securities," item 2.a, Securities "Issued by U.S. Government agencies," and item 4.a.(1), Residential mortgage pass-through securities "Guaranteed by GNMA. Also include the portions of Schedule RC-B, item 4.b.(1), column C, Other residential mortgage-backed securities "Issued or guaranteed by FNMA, FHLMC, or GNMA," and items 4.c.(1)(a) and (2)(a), column C, "Commercial MBS," that represent the amortized cost of GNMA securities.
- *In column D—20% risk weight*, include the amounts reported in Schedule RC-B, column C, for item 2.b, Securities "Issued by U.S. Government-sponsored agencies," and item 4.a.(2), Residential mortgage pass-through securities "Issued by FNMA and FHLMC." Include the portion of Schedule RC-B, item 3, column C, "Securities issued by states and political subdivisions in the U.S.," that represents the amortized cost of general obligation securities, and the portions of Schedule RC-B, item 4.b.(1), column C, Other residential mortgage-backed securities "Issued or guaranteed by FNMA, FHLMC, or GNMA," and items 4.c.(1)(a) and (2)(a), column C, "Commercial MBS," that represent the amortized cost of FHLMC and FNMA securities (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight). Also include the portion of Schedule RC-B, item 4.b.(2), column C, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA," that represents the amortized cost of senior interests in such securities (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight). Also include the portions of Schedule RC-B, item 4.a.(3), column C, "Other [residential mortgage] pass-through securities"; item 4.b.(2), column C, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA"; item 4.b.(3), column C, "All other residential MBS"; item 4.c.(1)(b), column C, "Other [commercial mortgage] pass-through securities"; item 4.c.(2)(b), column C, "All other commercial MBS"; item 5.a, column C, "Asset-backed securities"; and items 5.b.(1) through (3), column C, "Structured financial products," that represents the amortized cost of securities that are rated in the highest or second highest investment grade, e.g., AAA or AA, in the case of long-term ratings, or in the highest rating category, e.g., A-1 or P-1, in the case of short-term ratings (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight).
- *In column E—50% risk weight*, include the portion of Schedule RC-B, item 3, column C, "Securities issued by states and political subdivisions in the U.S.," that represents the amortized cost of revenue obligation securities. Also include the portions of Schedule RC-B, item 4.a.(3), column C, "Other [residential mortgage] pass-through securities"; item 4.b.(2), column C, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA," item 4.b.(3), column C, "All other residential MBS"; item 4.c.(1)(b), column C, "Other [commercial mortgage] pass-through securities"; item 4.c.(2)(b), column C, "All other commercial MBS"; item 5.a, column C, "Asset-backed securities"; and items 5.b.(1) through (3), column C, "Structured financial products," that represents the amortized cost of securities that are rated in the third highest investment grade, e.g., A, in the case of long-term

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ratings, or in the second highest rating category, e.g., A-2 or P-2, in the case of short-term ratings (excluding interest-only strips that are not credit-enhancing and principal-only strips, which must be assigned a 100 percent risk weight).

- *In column F—100% risk weight*, include the amortized cost of all other AFS debt securities reported in Schedule RC-B, column C, that are not included in columns B through E. However, for those mortgage-backed securities, asset-backed securities, and structured financial products reported in Schedule RC-B, item 4.a.(3), column C, "Other [residential mortgage] pass-through securities"; item 4.b.(2), column C, Other residential mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA"; item 4.b.(3), column C, "All other residential MBS"; item 4.c.(1)(b), column C, "Other [commercial mortgage] pass-through securities"; item 4.c.(2)(b), column C, "All other commercial MBS"; item 5.a, column C, "Asset-backed securities"; and items 5.b.(1) through (3), column C, "Structured financial products," that are rated one category below investment grade, e.g., BB, and to which the bank applies the ratings-based approach, include in column F the amortized cost of these securities multiplied by 2.

In addition, for AFS equity securities with readily determinable fair values reported in Schedule RC-B, item 7, include the fair value of these equity securities (as reported in Schedule RC-B, item 7, column D) if they have a net unrealized loss. If these equity securities have a net unrealized gain, include their historical cost (as reported in Schedule RC-B, item 7, column C) plus the portion of the unrealized gain (up to 45 percent) included in Tier 2 capital (as reported in Schedule RC-R, item 15). (NOTE: Certain investments in mutual funds reported in Schedule RC-B, item 7, may qualify for less than a 100 percent risk weight. For further information, refer to the risk-based capital standards of the bank's primary federal supervisory authority.)

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Federal funds sold and securities purchased under agreements to resell. Report in column A the amount of federal funds sold and securities purchased under agreements to resell reported in Schedule RC, sum of items 3.a and 3.b.

- *In column C—0% risk weight*, include the portion of Schedule RC, item 3, that is directly and unconditionally guaranteed by U.S. Government agencies or OECD central governments.
- *In column F—100% risk weight*, include claims on nondepository institution counterparties that lack qualifying collateral (refer to the risk based capital guidelines for specific criteria) and claims on non-OECD depository institutions with maturities of over one year
- *In column D—20% risk weight*, include the amount of federal funds sold and securities resale agreements reported in Schedule RC, item 3, that are not included in columns C and F.

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Loans and leases held for sale. Report in column A the carrying value of loans and leases held for sale (HFS) reported in Schedule RC, item 4.a.

- *In column C—0% risk weight*, include the carrying value of the guaranteed portion of HFS SBA loans purchased in the secondary market that are included in Schedule RC-C, part I, items 3, "Loans to finance agricultural production and other loans to farmers," and 4, "Commercial and industrial loans."

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- *In column D—20% risk weight*, include the carrying value of HFS loans to and acceptances of other depository institutions that are reported in Schedule RC-C, part I, item 2, (excluding the carrying value of any long-term claims on non-OECD banks that are HFS), plus the carrying value of the guaranteed portion of HFS FHA and VA mortgage loans included in Schedule RC-C, part I, item 1.c.(2)(a), the carrying value of the guaranteed portion of HFS SBA loans originated and held by the reporting bank included in Schedule RC-C, part I, items 3 and 4, and the carrying value of the portion of HFS student loans reinsured by the U.S. Department of Education included in Schedule RC-C, part I, item 6.d, "Other consumer loans."
 - *In column E—50% risk weight*, include the carrying value of HFS loans secured by 1-4 family residential properties and by multifamily residential properties included in Schedule RC-C, part I, items 1.c.(2)(a) and 1.d, respectively, that are prudently underwritten, are fully secured by first liens on 1-4 family or multifamily residential properties, are not 90 days or more past due or in nonaccrual status, and meet other requirements specified in the risk-based capital guidelines.
 - *In column F—100% risk weight*, include the carrying value of HFS loans reported in Schedule RC, item 4.a, that is not included in columns B through E.
- 39** **Loans and leases, net of unearned income.** Report in column A the amount of loans and leases, net of unearned income, reported in Schedule RC, item 4.b.
- *In column C—0% risk weight*, include the carrying value of the guaranteed portion of SBA loans purchased in the secondary market that are included in Schedule RC-C, part I, items 3, "Loans to finance agricultural production and other loans to farmers," and 4, "Commercial and industrial loans."
 - *In column D—20% risk weight*, include the carrying value of loans to and acceptances of other depository institutions that are reported in Schedule RC-C, part I, item 2, (excluding the carrying value of any long-term claims on non-OECD banks), plus the carrying value of the guaranteed portion of FHA and VA mortgage loans included in Schedule RC-C, part I, item 1.c.(2)(a), the carrying value of the guaranteed portion of SBA loans originated and held by the reporting bank included in Schedule RC-C, part I, items 3 and 4, and the carrying value of the portion of student loans reinsured by the U.S. Department of Education included in Schedule RC-C, part I, item 6.d, "Other consumer loans."
 - *In column E—50% risk weight*, include the carrying value of loans secured by 1-4 family residential properties and by multifamily residential properties included in Schedule RC-C, part I, items 1.c.(2)(a) and 1.d, respectively, that are prudently underwritten, are fully secured by first liens on 1-4 family or multifamily residential properties, are not 90 days or more past due or in nonaccrual status, and meet other requirements specified in the risk-based capital guidelines.
 - *In column F—100% risk weight*, include the carrying value of loans reported in Schedule RC, item 4.b, that is not included in columns B through E.
- 40** **LESS: Allowance for loan and lease losses.** Report in columns A and B the balance of the allowance for loan and lease losses reported in Schedule RC, item 4.c.
- 41** **Trading assets.** Report in column A the fair value of trading assets reported in Schedule RC, item 5.

SCHEDULE RC-S – SERVICING, SECURITIZATION, AND ASSET SALE ACTIVITIES

General Instructions

Schedule RC-S should be completed on a fully consolidated basis. Schedule RC-S includes information on 1-4 family residential mortgages and other financial assets serviced for others (in Memorandum items 2.a, 2.b, and 2.c). Schedule RC-S also includes information on assets that have been securitized or sold and are not reportable on the balance sheet of the Report of Condition, except for credit-enhancing interest-only strips (which are reported in item 2.a of this schedule), subordinated securities and other enhancements (which are reported in items 2.b, 2.c, and 9 and Memorandum items 3.a.(1) and (2)), and seller's interests (which are reported in items 6.a and 6.b).

Column Instructions

Column A, 1-4 Family Residential Loans: 1-4 family residential loans are permanent closed-end loans secured by first or junior liens on 1-to-4 family residential properties as defined for Schedule RC-C, part I, items 1.c.(2)(a) and 1.c.(2)(b).

Column B, Home Equity Lines: Home equity lines are revolving, open-end lines of credit secured by 1-to-4 family residential properties as defined for Schedule RC-C, part I, item 1.c.(1).

Column C, Credit Card Receivables: Credit card receivables are extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards as defined for Schedule RC-C, part I, item 6.a.

Column D, Auto Loans: Auto loans are loans to individuals for the purpose of purchasing private passenger vehicles, including minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use as defined for Schedule RC-C, part I, item 6.c.

Column E, Other Consumer Loans: Other consumer loans are loans to individuals for household, family, and other personal expenditures as defined for Schedule RC-C, part I, items 6.b and 6.d.

Column F, Commercial and Industrial Loans: Commercial and industrial loans are loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment, as defined for Schedule RC-C, part I, item 4.

Column G, All Other Loans, All Leases, and All Other Assets: All other loans are loans that cannot properly be reported in Columns A through F of this schedule as defined for Schedule RC-C, part I, items 1.a, 1.b, 1.d, 1.e, 2, 3, and 7 through 9. All leases are all lease financing receivables as defined for Schedule RC-C, part I, item 10. All other assets are all assets other than loans and leases, e.g., securities.

For purposes of items 1 through 10 of Schedule RC-S on bank securitization activities and other securitization facilities, information about each separate securitization should be included in only one of the seven columns of this schedule. The appropriate column for a particular securitization should be based on the predominant type of loan, lease, or other asset included in the securitization and this column should be used consistently over time. For example, a securitization may include auto loans to individuals and to business enterprises. If these auto loans are predominantly loans to individuals, all of the requested information about this securitization should be included in Column D, Auto Loans.

Definitions

For purposes of this schedule, the following definitions of terms are applicable.

Recourse or other seller-provided credit enhancement means an arrangement in which the reporting bank retains, in form or in substance, any risk of credit loss directly or indirectly associated with a transferred (sold) asset that exceeds its pro rata claim on the asset. It also includes a representation or warranty extended by the reporting bank when it transfers an asset, or assumed by the bank when it services a transferred asset, that obligates the bank to absorb credit losses on the transferred asset. Such an arrangement typically exists when a bank transfers assets and agrees to protect purchasers or some other party, e.g., investors in securitized assets, from losses due to default by or nonperformance of the obligor on the transferred assets or some other party. The bank provides this protection by retaining:

- (a) an interest in the transferred assets, e.g., credit-enhancing interest-only strips, "spread" accounts, subordinated interests or securities, collateral invested amounts, and cash collateral accounts, that absorbs losses, or
- (b) an obligation to repurchase the transferred assets

in the event of a default of principal or interest on the transferred assets or any other deficiency in the performance of the underlying obligor or some other party. *Subordinated interests and subordinated securities* retained by a bank when it securitizes assets expose the bank to more than its pro rata share of loss and thus are considered a form of credit enhancement to the securitization structure.

Credit-enhancing interest-only strip, as defined in the banking agencies' regulatory capital standards, means an on-balance sheet asset that, in form or in substance: (i) represents the contractual right to receive some or all of the interest due on transferred assets; and (ii) exposes the bank to credit risk directly or indirectly associated with the transferred assets that exceeds a pro rata share of the bank's claim on the assets, whether through subordination provisions or other credit enhancement techniques. Credit-enhancing interest-only strips include other similar "spread" assets and can be either retained or purchased.

Liquidity facility means any arrangement, including servicer cash advances, in which the reporting bank is obligated to provide funding to a securitization structure to ensure investors of timely payments on issued securities, e.g., by smoothing timing differences in the receipt of interest and principal payments on the underlying securitized assets, or to ensure investors of payments in the event of market disruptions. Advances under such a facility are typically reimbursed from subsequent collections by the securitization structure and are not subordinated to other claims on the cash flows from the underlying assets and, therefore, should generally not be construed to be a form of credit enhancement. However, if the advances under such a facility are subordinated to other claims on the cash flows, the facility should be treated as a credit enhancement for purposes of this schedule.

Seller's interest means the reporting bank's ownership interest in loans that have been securitized, except an interest that is a form of recourse or other seller-provided credit enhancement. Seller's interests should be reported on Schedule RC – Balance Sheet – as securities or as loans depending on the form in which the interest is held. However, seller's interests differ from the securities issued to investors by the securitization structure. The principal amount of a seller's interest is generally equal to the total principal amount of the pool of assets included in the securitization structure less the principal amount of those assets attributable to investors, i.e., in the form of securities issued to investors.

Item Instructions**Bank Securitization Activities**

NOTE: After the effective date of the amendments to ASC Topic 860, Transfers and Servicing, and ASC Subtopic 810-10, Consolidation – Overall, resulting from Accounting Standards Update (ASU) No. 2009-16 (formerly FASB Statement No. 166, “Accounting for Transfers of Financial Assets”) and ASU No. 2009-17 (formerly FASB Statement No. 167, “Amendments to FASB Interpretation No. 46(R)”), respectively, a bank should report information in Schedule RC-S, items 1 through 8, only for those securitizations for which the transferred assets qualify for sale accounting or are otherwise not carried as assets on the bank’s consolidated balance sheet. Thus, if a securitization transaction that qualified for sale accounting prior to the effective date of the amendments to ASC Topic 860 and ASC Subtopic 810-10 must be brought back onto the reporting bank’s consolidated balance sheet upon adoption of these statements, the bank would no longer report information about the securitization in Schedule RC-S, items 1 through 8.

Item No. Caption and Instructions

1 Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements.

Report in the appropriate column the principal balance outstanding as of the report date of loans, leases, and other assets which the reporting bank has sold and securitized while:

- (1) retaining the right to service these assets or
- (2) when servicing has not been retained, retaining recourse or providing other seller-provided credit enhancements to the securitization structure.

Include in column C the amount outstanding of any credit card fees and finance charges that the reporting bank has securitized and sold in connection with its securitization and sale of credit card receivable balances.

Exclude the principal balance of loans underlying seller's interests owned by the reporting bank; report the amount of seller's interests in Schedule RC-S, item 6. Also exclude small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, which are to be reported in Schedule RC-S, Memorandum item 1, below.

Do **not** report in this item the outstanding balance of 1-4 family residential mortgages sold to the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) that the government-sponsored agency in turn securitizes. Report 1-4 family residential mortgages sold to Fannie Mae or Freddie Mac with recourse or other seller-provided credit enhancements in Schedule RC-S, item 11, column A, and report the maximum credit exposure arising from the enhancements in item 12, column A. If servicing has been retained on the 1-4 family residential mortgages, report the outstanding principal balance of the mortgages in Schedule RC-S, Memorandum item 2.a or 2.b depending on whether the servicing is performed with or without recourse or other servicer-provided credit enhancements. If the bank has both retained the servicing and provided credit enhancements, report the principal balance of the 1-4 family residential mortgages in Schedule RC-S, item 11, column A, and in Memorandum item 2.a.

Exclude securitizations that the reporting bank has accounted for as secured borrowings because the transactions do not meet the criteria for sale accounting under generally accepted accounting principles. The securitized loans, leases, and other assets should continue to be carried as assets on the reporting bank's balance sheet.

Item No. **Caption and Instructions**

- 2** **Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to structures reported in item 1.** Report in the appropriate subitem the maximum contractual credit exposure remaining as of the report date under recourse arrangements and other seller-provided credit enhancements provided by the reporting bank to securitization structures reported in Schedule RC-S, item 1, above. Do not report as the remaining maximum contractual exposure a reasonable estimate of the probable loss under the recourse arrangements or credit enhancement provisions or the fair value of any liability incurred under such provisions. Furthermore, do not reduce the remaining maximum contractual exposure by the amount of any associated recourse liability account. Report exposure amounts gross rather than net of any tax effects, e.g., any associated deferred tax liability.
- Do not include unused portions of commitments that function as liquidity facilities (report such unused commitments in Schedule RC-S, item 3).
- 2.a** **Credit-enhancing interest-only strips.** Report in the appropriate column the carrying value of credit-enhancing interest-only strips included as securities in Schedules RC-B, as other assets in Schedule RC-F, or as trading assets in Schedule RC, item 5, that the reporting bank has retained as credit enhancements in connection with the securitization structures reported in Schedule RC-S, item 1, above.
- 2.b** **Subordinated securities and other residual interests.** Report in the appropriate column the carrying value of subordinated securities and other residual interests carried as on-balance sheet assets that the reporting bank has retained in connection with the securitization structures reported in Schedule RC-S, item 1, above. Exclude retained credit-enhancing interest-only strips, which are to be reported in Schedule RC-S, item 2.a, above.
- 2.c** **Standby letters of credit and other enhancements.** Report in the appropriate column the unused portion of standby letters of credit and the maximum contractual amount of recourse or other credit exposure not in the form of an on-balance sheet asset that the reporting bank has provided or retained in connection with the securitization structures reported in Schedule RC-S, item 1, above.
- 3** **Reporting bank's unused commitments to provide liquidity to structures reported in item 1.** Report in the appropriate column the unused portions of commitments provided by the reporting bank to the securitization structures reported in Schedule RC-S, item 1, above that function as liquidity facilities.
- 4** **Past due loan amounts included in item 1.** Report in the appropriate subitem the outstanding principal balance of loans, leases, and other assets reported in Schedule RC-S, item 1, above that are 30 days or more past due as of the report date. For purposes of determining whether a loan, lease, or other asset reported in item 1 above is past due, the reporting criteria to be used are the same as those for columns A and B of Schedule RC-N.
- 4.a** **30-89 days past due.** Report in the appropriate column the outstanding principal balance of loans, leases, and other assets reported in Schedule RC-S, item 1, above that are 30 to 89 days past due as of the report date.
- 4.b** **90 days or more past due.** Report in the appropriate column the outstanding principal balance of loans, leases, and other assets reported in Schedule RC-S, item 1, above that are 90 days or more past due as of the report date.

Item No. Caption and Instructions

- 5 Charge-offs and recoveries on assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements (calendar year-to-date).**
Report in the appropriate subitem the amount of charge-offs and recoveries during the calendar year to date on loans, leases, and other assets that have been sold and securitized in the securitization structures reported in Schedule RC-S, item 1, above. If a securitization is no longer outstanding as of the report date, i.e., no amount is reported for the securitization in Schedule RC-S, item 1, do not report any year-to-date charge-offs and recoveries for the securitization in Schedule RC-S, items 5.a and 5.b.
- 5.a Charge-offs.** Report in the appropriate column the amount of loans, leases, and other assets that have been sold and securitized by the reporting bank in the securitization structures reported in Schedule RC-S, item 1, above that have been charged off or otherwise designated as losses by the trustees of the securitizations, or other designated parties, during the calendar year-to-date.
- Include in column C charge-offs or reversals of uncollectible credit card fees and finance charges that had been capitalized into the credit card receivable balances that had been securitized and sold.
- 5.b Recoveries.** Report in the appropriate column the amount of recoveries of previously charged-off loans, leases, and other assets in the securitization structures reported in Schedule RC-S, item 1, above during the calendar year-to-date.
- Include in column C recoveries of previously charged-off or reversed credit card fees and finance charges that had been capitalized into the credit card receivable balances that had been securitized and sold.
- 6 Amount of ownership (or seller's) interests carried as.** Report in the appropriate subitem the carrying value of the reporting bank's ownership (or seller's) interests associated with the securitization structures reported in Schedule RC-S, item 1, above.
- 6.a Securities.** Report in the appropriate column the carrying value of seller's interests in the form of a security that are included as available-for-sale or held-to-maturity securities in Schedule RC-B – Securities – or as trading securities in Schedule RC, item 5, "Trading assets." A seller's interest is in the form of a security only if the seller's interest meets the definition of a security in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities").
- 6.b Loans.** Report in the appropriate column the carrying value of seller's interests not in the form of a security. Such seller's interests are to be reported as loans and included in Schedule RC-C – Loans and Lease Financing Receivables.
- 7 Past due loan amounts included in interests reported in item 6.a.** Report in the appropriate subitem the outstanding principal balance of loans underlying the reporting bank's seller's interests reported in Schedule RC-S, item 6.a, above that are 30 days or more past due as of the report date. For purposes of determining whether a loan underlying a seller's interest reported in item 6.a is past due, the reporting criteria to be used are the same as those for columns A and B of Schedule RC-N.
- 7.a 30-89 days past due.** Report in the appropriate column the outstanding principal balance of loans underlying the seller's interests reported in Schedule RC-S, item 6.a, above that are 30-89 days past due as of the report date.

Item No. **Caption and Instructions**

7.b **90 days or more past due.** Report in the appropriate column the outstanding principal balance of loans underlying the seller's interests reported in Schedule RC-S, item 6.a, above that are 90 or more days past due as of the report date.

8 **Charge-offs and recoveries on loan amounts included in interests reported in item 6.a (calendar year-to-date).** Report in the appropriate subitem the amount of charge-offs and recoveries during the calendar year to date on loans that had been underlying the seller's interests reported in Schedule RC-S, item 6.a, above.

8.a **Charge-offs.** Report in the appropriate column the amount of loans that had been underlying the seller's interests reported in Schedule RC-S, item 6.a, above that have been charged off or otherwise designated as losses by the trustees of the securitizations, or other designated parties, during the calendar year-to-date.

Include in column C the amount of credit card fees and finance charges written off as uncollectible that were attributable to the credit card receivables included in ownership interests reported as securities in item 6.a, column C.

8.b **Recoveries.** Report in the appropriate column the amount of recoveries of previously charged-off loans that had been underlying the seller's interests reported in Schedule RC-S, item 6.a, above during the calendar year-to-date.

Include in column C recoveries of previously charged-off or reversed credit card fees and finance charges that had been capitalized into the credit card receivable balances that had been securitized and sold.

For Securitization Facilities Sponsored By or Otherwise Established By Other Institutions

9 **Maximum amount of credit exposure arising from credit enhancements provided by the reporting bank to other institutions' securitization structures in the form of standby letters of credit, purchased subordinated securities, and other enhancements.**

Report in the appropriate column the maximum contractual credit exposure remaining as of the report date under credit enhancements provided by the reporting bank to securitization structures sponsored by or otherwise established by other institutions or entities, i.e., securitizations not reported in Schedule RC-S, item 1, above. Report the unused portion of standby letters of credit, the carrying value of purchased subordinated securities and purchased credit-enhancing interest-only strips, and the maximum contractual amount of credit exposure arising from other on- and off-balance sheet credit enhancements that provide credit support to these securitization structures. Do not report as the remaining maximum contractual exposure a reasonable estimate of the probable loss under credit enhancement provisions or the fair value of any liability incurred under such provisions.

Furthermore, do not reduce the remaining maximum contractual exposure by the amount of any associated recourse liability account. Report exposure amounts gross rather than net of any tax effects, e.g., any associated deferred tax liability.

Exclude the amount of credit exposure arising from loans, leases, and other assets that the reporting bank has sold with recourse or other seller-provided credit enhancements to other institutions or entities, which then securitized the loans, leases, and other assets purchased from the bank (report this exposure in Schedule RC-S, item 12, below). Also exclude the amount of credit exposure arising from credit enhancements provided to asset-backed commercial paper conduits (report this exposure in Schedule RC-S, Memorandum item 3.a).

Item No. **Caption and Instructions**

- 10** **Reporting bank’s unused commitments to provide liquidity to other institutions’ securitization structures.** Report in the appropriate column the unused portions of commitments provided by the reporting bank that function as liquidity facilities to securitization structures sponsored by or otherwise established by other institutions or entities, i.e., securitizations not reported in Schedule RC-S, item 1, above. Exclude the amount of unused commitments to provide liquidity to asset-backed commercial paper conduits (report this amount in Schedule RC-S, Memorandum item 3.b).

Bank Asset Sales

- 11** **Assets sold with recourse or other seller-provided credit enhancements and not securitized by the reporting bank.** Report in the appropriate column the unpaid principal balance as of the report date of loans, leases, and other assets, which the reporting bank has sold with recourse or other seller-provided credit enhancements, but which were not securitized by the reporting bank. Include loans, leases, and other assets that the reporting bank has sold with recourse or other seller-provided credit enhancements to other institutions or entities, whether or not the purchaser has securitized the loans and leases purchased from the bank. Include 1-4 family residential mortgages that the reporting bank has sold to the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) with recourse or other seller-provided credit enhancements.

Exclude small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, which are to be reported in Schedule RC-S, Memorandum item 1, below.

- 12** **Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to assets reported in item 11.** Report in the appropriate column the maximum contractual credit exposure remaining as of the report date under recourse arrangements or other seller-provided credit enhancements provided by the reporting bank in connection with its sales of the loans, leases, and other assets reported in Schedule RC-S, item 11, above. Report the unused portion of standby letters of credit, the carrying value of retained interests, and the maximum contractual amount of recourse or other credit exposure arising from other on- and off-balance sheet credit enhancements that the reporting bank has provided. Do not report as the remaining maximum contractual exposure a reasonable estimate of the probable loss under the recourse arrangements or credit enhancement provisions or the fair value of any liability incurred under such provisions. Furthermore, do not reduce the remaining maximum contractual exposure by the amount of any associated recourse liability account. Report exposure amounts gross rather than net of any tax effects, e.g., any associated deferred tax liability.

Memoranda**Item No. Caption and Instructions**

- 1** **Small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994.** Report in the appropriate subitem the outstanding principal balance of and recourse exposure on small business loans and leases on personal property (small business obligations) which the bank has transferred with recourse during the time the bank was a "qualifying institution" and did not exceed the retained recourse limit set forth in banking agency regulations implementing Section 208. Transfers of small business obligations with recourse that were consummated during such a time should be reported as sales for Call Report purposes if the transactions are treated as sales under generally accepted accounting principles (GAAP) and the institution establishes a recourse liability account that is sufficient under GAAP.
- 1.a** **Outstanding principal balance.** Report the principal balance outstanding as of the report date for small business obligations which the bank has transferred with recourse while it was a "qualifying institution" and did not exceed the retained recourse limit.
- 1.b** **Amount of retained recourse on these obligations as of the report date.** Report the maximum contractual amount of recourse the bank has retained on the small business obligations whose outstanding principal balance was reported in Schedule RC-S, Memorandum item 1.a, above, not a reasonable estimate of the probable loss under the recourse provision and not the fair value of the liability incurred under this provision. Furthermore, the remaining maximum contractual exposure should not be reduced by the amount of any associated recourse liability account. The amount of recourse exposure to be reported should not include interest payments the bank has advanced on delinquent obligations. For small business obligations transferred with full (unlimited) recourse, the amount of recourse exposure to be reported is the outstanding principal balance of the obligations as of the report date. For small business obligations transferred with limited recourse, the amount of recourse exposure to be reported is the maximum amount of principal the transferring bank would be obligated to pay the holder of the obligations in the event the entire outstanding principal balance of the obligations transferred becomes uncollectible.
- 2** **Outstanding principal balance of assets serviced for others.** Report in the appropriate subitem the outstanding principal balance of loans and other financial assets the bank services for others, regardless of whether the servicing involves whole loans and other financial assets or only portions thereof, as is typically the case with loan participations. Include (1) the principal balance of loans and other financial assets owned by others for which the reporting bank has purchased the servicing (i.e., purchased servicing) and (2) the principal balance of loans and other financial assets that the reporting bank has either originated or purchased and subsequently sold, whether or not securitized, but for which it has retained the servicing duties and responsibilities (i.e., retained servicing). If the bank services a portion of a loan or other financial asset for one or more other parties and owns the remaining portion of the loan or other financial asset, report only the principal balance of the portion of the asset serviced for others.

NOTE: After the effective date of the amendments to ASC Topic 860, Transfers and Servicing, and ASC Subtopic 810-10, Consolidation – Overall, resulting from Accounting Standards Update (ASU) No. 2009-16 (formerly FASB Statement No. 166, "Accounting for Transfers of Financial Assets") and ASU No. 2009-17 (formerly FASB Statement No. 167, "Amendments to FASB Interpretation No. 46(R)"), respectively, a bank should report in Memorandum items 2.a through 2.d retained servicing only for those transferred assets or portions of transferred assets properly reported as sold in accordance with applicable generally accepted accounting principles as well as purchased servicing.

Memoranda**Item No. Caption and Instructions**

2.a Closed-end 1–4 family residential mortgages serviced with recourse or other servicer-provided credit enhancements. Report the outstanding principal balance of closed-end 1-to-4 family residential mortgage loans (as defined for Schedule RC-C, part I, item 1.c.(2)) that the reporting bank services for others under servicing arrangements in which the reporting bank also provides recourse or other servicer-provided credit enhancements. Include closed-end 1-to-4 family residential mortgages serviced under regular option contracts (i.e., with recourse) with the Federal National Mortgage Association, serviced with recourse for the Federal Home Loan Mortgage Corporation, and serviced with recourse under other servicing contracts.

2.b Closed-end 1–4 family residential mortgages serviced with no recourse or other servicer-provided credit enhancements. Report the outstanding principal balance of closed-end 1-to-4 family residential mortgage loans (as defined for Schedule RC-C, part I, item 1.c.(2)) that the reporting bank services for others under servicing arrangements in which the reporting bank does not provide recourse or other servicer-provided credit enhancements.

2.c Other financial assets. *NOTE: Memorandum item 2.c is to be completed if the principal balance of loans and other financial assets serviced for others is more than \$10 million.*

Report the outstanding principal balance of loans and other financial assets, other than closed-end 1-to-4 family residential mortgage loans, that the reporting bank services for others. These serviced financial assets may include, but are not limited to, home equity lines, credit cards, automobile loans, and loans guaranteed by the Small Business Administration.

2.d 1-4 family residential mortgages serviced for others that are in process of foreclosure at quarter-end. Report the total unpaid principal balance of loans secured by 1-4 family residential properties (as defined for Schedule RC-C, part I, item 1.c) serviced for others for which formal foreclosure proceedings to seize the real estate collateral have started and are ongoing as of quarter-end, regardless of the date the foreclosure procedure was initiated. Loans should be classified as in process of foreclosure according to the investor's or local requirements. Include loans where the servicing has been suspended in accordance with any of the investor's foreclosure requirements. If a loan is already in process of foreclosure and the mortgagor files a bankruptcy petition, the loan should continue to be reported as in process of foreclosure until the bankruptcy is resolved. Exclude loans where the foreclosure process has been completed to the extent that (a) the investor has acquired title to the real estate, an entitling certificate, title subject to redemption, or title awaiting transfer to the Federal Housing Administration or the Veterans Administration or (b) the bank reports the real estate as "Other real estate owned" in Schedule RC, item 7.

This item should include both closed-end and open-end 1-4 family residential mortgage loans that are in process of foreclosure. The closed-end 1-4 family residential mortgage loans serviced for others that are in process of foreclosure and reported in this item will have also been included in Schedule RC-S, Memorandum items 2.a and 2.b. The open-end 1-4 family residential mortgage loans serviced for others that are in process of foreclosure and reported in this item will also have been included in Schedule RC-S, Memorandum item 2.c, if the principal balance of such open-end mortgages and other financial assets serviced for others is more than \$10 million.

Memoranda**Item No. Caption and Instructions**

- 3** **Asset-backed commercial paper conduits.** Report the requested information on credit enhancements and liquidity facilities provided to asset-backed commercial paper conduits in Memorandum items 3.a and 3.b, respectively, regardless of whether the reporting bank must consolidate the conduit for reporting purposes in accordance with ASC Subtopic 810-10, Consolidation – Overall (formerly FASB Statement No. 167, “Amendments to FASB Interpretation No.46(R)”).
- 3.a** **Maximum amount of credit exposure arising from credit enhancements provided to conduit structures in the form of standby letters of credit, subordinated securities, and other enhancements.** Report in the appropriate subitem the maximum contractual credit exposure remaining as of the report date under standby letters of credit, subordinated securities, and other credit enhancements provided by the reporting bank to asset-backed commercial paper conduit structures. Do not report in these subitems a reasonable estimate of the probable loss under the credit enhancement provisions or the fair value of any liability incurred under such provisions.
- 3.a.(1)** **Conduits sponsored by the bank, a bank affiliate, or the bank’s holding company.** Report the unused portion of standby letters of credit, the carrying value of subordinated securities, and the maximum contractual amount of credit exposure arising from other credit enhancements that the reporting bank has provided to asset-backed commercial paper conduit structures sponsored by the reporting bank, an affiliate of the reporting bank, or the reporting bank’s holding company.
- 3.a.(2)** **Conduits sponsored by other unrelated institutions.** Report the unused portion of standby letters of credit, the carrying value of subordinated securities, and the maximum contractual amount of credit exposure arising from other credit enhancements that the reporting bank has provided to asset-backed commercial paper conduit structures *other than those* sponsored by the reporting bank, an affiliate of the reporting bank, or the reporting bank’s holding company.
- 3.b** **Unused commitments to provide liquidity to conduit structures.** Report in the appropriate subitem the unused portions of commitments provided by the reporting bank that function as liquidity facilities to asset-backed commercial paper conduit structures. Typically, these facilities take the form of a *Backstop Line (Loan Agreement)* or an *Asset Purchase Agreement*. Under a backstop line, the reporting bank advances funds to the conduit when a draw is required under the liquidity facility. The advance is secured by the cash flow of the underlying asset pools. Under an asset purchase agreement, the reporting bank purchases a specific pool of assets from the conduit when a draw is required under the liquidity facility. Typically, the reporting bank is repaid from the cash flow on the purchased assets or from the sale of the purchased pool of assets.
- 3.b.(1)** **Conduits sponsored by the bank, a bank affiliate, or the bank’s holding company.** Report the unused portions of commitments provided by the reporting bank that function as liquidity facilities to asset-backed commercial paper conduit structures sponsored by the reporting bank, an affiliate of the reporting bank, or the reporting bank’s holding company.
- 3.b.(2)** **Conduits sponsored by other unrelated institutions.** Report the unused portions of commitments provided by the reporting bank that function as liquidity facilities to asset-backed commercial paper conduit structures *other than those* sponsored by the reporting bank, an affiliate of the reporting bank, or the reporting bank’s holding company.

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 on fiduciary and related services income (except total gross fiduciary and related services income) and 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.

Item No. Caption and Instructions

- 1 **Does the institution have fiduciary powers?** Federally-chartered institutions granted trust powers by the OCC to administer accounts in a fiduciary capacity should answer "Yes." State-chartered institutions should answer "Yes" if (a) the state has granted trust powers to the institution to offer fiduciary services as defined by the state **and** (b) the institution's federal supervisory agency (the FDIC or the Federal Reserve) has granted consent to exercise the trust powers (see Sections 333.2 and 333.101 of the FDIC's regulations and Federal Reserve Regulation H). Institutions with trust company subsidiaries should also answer "Yes." Institutions responding "No" should not complete the remainder of this schedule. Fiduciary capacity generally means trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian, assignee, receiver, custodian under a uniform gifts to minors act, investment adviser (if the institution receives a fee for its investment advice), any capacity in which the institution possesses investment discretion on behalf of another, or any other similar capacity.

- 2 **Does the institution exercise the fiduciary powers it has been granted?** Institutions exercising their fiduciary powers should respond "Yes." Exercising fiduciary powers means that an institution, or a trust company subsidiary of the institution, serves in a fiduciary capacity as defined in the instructions for item 1 of this schedule.

- 3 **Does the institution have fiduciary or related activity (in the form of assets or accounts) to report in this schedule?** Institutions (including their trust company subsidiaries) with fiduciary assets, accounts, income, or other reportable fiduciary related services should respond "Yes." Institutions responding "No" should not complete the remainder of this schedule.

Reportable fiduciary and related services include activities that do not require trust powers but are incidental to fiduciary services. Specifically, this includes custodial services for assets held by the institution in a fiduciary capacity. An institution should report custodial activities that are offered through the fiduciary business unit or through another distinct business unit that is devoted to institutional custodial services. Institutions should exclude those custodial and escrow activities related to commercial bank services such as hold-in-custody repurchase assets, escrow assets held for the benefit of third parties, safety deposit box assets, and any other similar commercial arrangement.

Institutions with fiduciary activities that are limited to only land trusts and/or custodial activity for mortgage-backed securities (such as GNMA or FNMA) should respond "No."

If the answer to item 3 is "Yes," complete the applicable items of Schedule RC-T, as follows:

Institutions with total fiduciary assets (item 10, sum of columns A and B) greater than \$250 million (as of the preceding December 31) or with gross fiduciary and related services

Item No. Caption and Instructions

3 income greater than 10 percent of revenue (net interest income plus noninterest income) for
(cont.) the preceding calendar year must complete:

- Items 4 through 22 on the FFIEC 041 quarterly; items 4 through 22.a on the FFIEC 031 quarterly;
- Items 23 through 26 annually with the December report;
- Memorandum item 3 quarterly; and
- Memorandum items 1, 2, and 4 annually with the December report.

Institutions with total fiduciary assets (item 10, sum of columns A and B) greater than \$100 million but less than \$250 million (as of the preceding December 31) that do not meet the fiduciary income test for quarterly reporting must complete:

- Items 4 through 26 annually with the December report; and
- Memorandum items 1 through 4 annually with the December report.

Institutions with total fiduciary assets (item 10, sum of columns A and B) of \$100 million or less (as of the preceding December 31) that do not meet the fiduciary income test for quarterly reporting must complete:

- Items 4 through 13 annually with the December report; and
- Memorandum items 1 through 3 annually with the December report.

Fiduciary and Related Assets

Institutions should generally report fiduciary and related assets using their market value as of the report date. While market value quotations are readily available for marketable securities, many financial and physical assets held in fiduciary accounts are not widely traded or easily valued. If the methodology for determining market values is not set or governed by applicable law (including the terms of the prevailing fiduciary agreement), the institution may use any reasonable method to establish values for fiduciary and related assets for purposes of reporting on this schedule. Reasonable methods include appraised values, book values, or reliable estimates. Valuation methods should be consistent from reporting period to reporting period. This "reasonable method" approach to reporting market values applies both to financial assets that are not marketable and to physical assets. Common physical assets held in fiduciary accounts include real estate, equipment, collectibles, and household goods.

Only those Individual Retirement Accounts, Keogh Plan accounts, Health Savings Accounts, and similar accounts offered through a fiduciary business unit of the reporting institution should be reported in Schedule RC-T. When such accounts are not offered through an institution's fiduciary business unit, they should not be reported in Schedule RC-T. Accounts that consist solely of deposits in the bank itself should not be reported in Schedule RC-T.

If two institutions are named co-fiduciary in the governing instrument, both institutions should report the account. In addition, where one institution contracts with another for fiduciary or related services (i.e., Bank A provides custody services to the trust accounts of Bank B, or Bank A provides investment management services to the trust accounts of Bank B), both institutions should report the accounts in their respective capacities.

Exclude unfunded insurance trusts, testamentary executor appointments, and any other arrangements representing potential future fiduciary accounts.

Asset values reported on this schedule should generally exclude liabilities. For example, an employee benefit account with associated loans against account assets should be reported gross of the outstanding

Fiduciary and Related Assets (cont.)

loan balances. As another example, an account with a real estate asset and corresponding mortgage loan should be reported gross of the mortgage liability. However, there are two exceptions. First, for purposes of this schedule, overdrafts should be netted against gross fiduciary assets. Second, the fair value of derivative instruments, as defined in ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended), should be included in (i.e., netted against) gross assets even if the fair value is negative.

Securities borrowing/lending transactions should be reflected as sales or as secured borrowings according to ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended). A transferee ("borrower") of securities generally is required to provide "collateral" to the transferor ("lender") of securities. When such transactions do not qualify as sales, securities "lenders" and "borrowers" should account for the transactions as secured borrowings in which cash (or securities that the holder is permitted by contract or custom to sell or repledge) received as "collateral" by the securities "lender" is considered the amount borrowed and the securities "loaned" are considered pledged against the amount borrowed. For purposes of this schedule, securities held in fiduciary accounts that are "loaned" in securities lending transactions (that are accounted for as secured borrowings) should be reported as an asset of the fiduciary account that "loaned" the securities, but the "collateral" received should not also be reported as an asset of this fiduciary account.

In the Fiduciary and Related Assets section, the market value of Collective Investment Fund (CIF) units should be reported along with individual participant accounts in the Column and Item that corresponds to each participant. The aggregate amount of a CIF that is operated by an institution should NOT also be reported as a separate, additional account in the Fiduciary and Related Assets section of this schedule.

Managed Assets – Column A

Report the total market value of assets held in managed fiduciary accounts. An account should be categorized as managed if the institution has investment discretion over the assets of the account. Investment discretion is defined as the sole or shared authority (whether or not that authority is exercised) to determine what securities or other assets to purchase or sell on behalf of the fiduciary related account. An institution that delegates its authority over investments and an institution that receives delegated authority over investments are BOTH deemed to have investment discretion.

Therefore, whether an account where investment discretion has been delegated to a registered investment adviser, whether affiliated or unaffiliated with the reporting institution, should be reported as a managed account depends on whether the delegation of investment authority to the registered investment adviser was made pursuant to the exercise of investment discretion by the reporting institution. If so, the account is deemed to be a managed account by the reporting institution. Otherwise, the account would be a non-managed account for purposes of Schedule RC-T.

An entire account should be reported as either managed or non-managed based on the predominant responsibility of the reporting institution.

Non-Managed Assets – Column B

Report the total market value of assets held in non-managed fiduciary accounts. An account should be categorized as non-managed if the institution does not have investment discretion. Those accounts for which the institution provides a menu of investment options but the ultimate selection authority remains with the account holder or an external manager should be categorized as non-managed. For example, an institution that offers a choice of sweep vehicles is not necessarily exercising investment discretion. The process of narrowing investment options from a range of alternatives does not create a managed fiduciary account for the purposes of this schedule. For example, a 401(k) employee benefit plan where the participants select investments from a list of investment options should be reported as non-managed for the purposes of this schedule.

Fiduciary and Related Assets (cont.)**Number of Managed Accounts – Column C**

Report the total number of managed fiduciary accounts.

Number of Non-Managed Accounts – Column D

Report the total number of non-managed fiduciary accounts.

Item No. Caption and Instructions

- 4 Personal trust and agency accounts.** Report the market value and number of accounts for all testamentary trusts, revocable and irrevocable living trusts, other personal trusts, and non-managed personal agency accounts. Include accounts in which the institution serves as executor, administrator, guardian, or conservator. Exclude personal investment management and investment advisory agency accounts, which should be reported in Schedule RC-T, item 7. Also exclude Keogh Plan accounts, Individual Retirement Accounts (IRAs), Health Savings Accounts, and other pension or profit-sharing plans for self-employed individuals, which should be reported in Schedule RC-T, item 5. Personal accounts that are solely custody or safekeeping should be reported in item 11 of this schedule.
- 5 Employee benefit and retirement-related trust and agency accounts:**
- 5.a Employee benefit – defined contribution.** Report the market value and number of accounts for all employee benefit defined contribution accounts in which the institution serves as either trustee or agent. Include 401(k) plans, 403(b) plans, profit-sharing plans, money purchase plans, target benefit plans, stock bonus plans, employee stock ownership plans, and thrift savings plans. Employee benefit accounts for which the institution serves as a directed trustee should be reported as non-managed. The number of accounts reported should reflect the total number of plans administered rather than the number of plan participants. Employee benefit accounts that are solely custody and safekeeping accounts should be reported in Schedule RC-T, item 11.
- 5.b Employee benefit – defined benefit.** Report the market value and number of accounts for all employee benefit defined benefit plans in which the institution serves as either trustee or agent. Employee benefit accounts for which the institution serves as a directed trustee should be reported as non-managed. The number of accounts reported should reflect the total number of plans administered rather than the number of plan participants. Employee benefit accounts that are solely custody and safekeeping accounts should be reported in Schedule RC-T, item 11.
- 5.c Other employee benefit and retirement-related accounts.** Report the market value and number of accounts for all other employee benefit and retirement-related fiduciary accounts in which the institution serves as trustee or agent. Include Keogh Plan accounts, Individual Retirement Accounts, Health Savings Accounts, Medical Savings Accounts, and other pension or profit-sharing plans for self-employed individuals. Also report the market value of assets and the number of accounts for employee welfare benefit trusts and agencies. Employee welfare benefit plans include plans, funds, or programs that provide medical, surgical, or hospital care benefits; benefits in the event of sickness, accident, disability, death, or unemployment; vacation benefits; apprenticeship or other training programs; day care centers; scholarship funds; or prepaid legal services. Employee benefit accounts for which the institution serves as a directed trustee should be reported as non-managed. Exclude accounts, originated by fiduciary or non-fiduciary personnel, that are only permitted

Memoranda**Item No. Caption and Instructions**

- 2.b Transfer agent, registrar, paying agent, and other corporate agency.** Report in column A the total number of issues for which the institution acts in a corporate agency capacity. Include the total number of equity, debt, and mutual fund issues for which the institution acts as transfer agent or registrar, regardless of whether the transfer agent is registered with its appropriate regulatory agency. Separate classes of a mutual fund should be consolidated and reflected as a single issue. Include the total number of stock or bond issues for which the institution disburses dividend or interest payments. Also include the total number of issues of any other corporate appointments that are performed by the institution through its fiduciary capacity. Issues for which the institution serves in a dual capacity should be reported once. Corporate and municipal trusteeships reported in Schedule RC-T, Memorandum item 2.a, above, in which the institution also serves as transfer agent, registrar, paying agent, or other corporate agency capacity should not be included in Memorandum item 2.b. Include only those agency appointments that do not relate to issues reported in Schedule RC-T, Memorandum item 2.a, above.
- 3 Collective investment funds and common trust funds.** Report in the appropriate subitem the number of funds and the market value of the assets held in Collective Investment Funds (CIFs) and Common Trust Funds (CTFs) administered by the reporting institution. CIFs and CTFs are funds that banks are authorized to administer by Section 9.18 of the Office of the Comptroller of the Currency's regulations or comparable state regulations. If an institution operates a CIF that is used by more than one institution, the entire CIF should be reported in this section only by the institution that operates the CIF. Exclude mutual funds from this section. Each CIF and CTF should be reported in the subitem that best fits the fund type.
- 3.a Domestic equity.** Report funds investing primarily in U.S. equities. Include funds seeking growth, income, growth and income; U.S. index funds; and funds concentrating on small, mid, or large cap domestic stocks. Exclude funds specializing in a particular sector (e.g., technology, health care, financial, and real estate), which should be reported in Schedule RC-T, Memorandum item 3.g, "Specialty/Other."
- 3.b International/Global equity.** Report funds investing exclusively in equities of issuers located outside the U.S. and those funds representing a combination of U.S. and foreign issuers. Include funds that specialize in a particular country, region, or emerging market.
- 3.c Stock/Bond blend.** Report funds investing in a combination of equity and bond investments. Include funds with a fixed allocation along with those having the flexibility to shift assets between stocks, bonds, and cash.
- 3.d Taxable bond.** Report funds investing in taxable debt securities. Include funds that specialize in U.S. Treasury and U.S. Government agency debt, investment grade corporate bonds, high-yield debt securities, mortgage-related securities, and global, international, and emerging market debt funds. Exclude funds that invest in municipal bonds, which should be reported in Schedule RC-T, Memorandum item 3.e, and funds that qualify as short-term investments, which should be reported in Schedule RC-T, Memorandum item 3.f.
- 3.e Municipal bond.** Report funds investing in debt securities issued by states and political subdivisions in the U.S. Such securities may be taxable or tax-exempt. Include funds that invest in municipal debt issues from a single state. Exclude funds that qualify as short-term investments, which should be reported in Schedule RC-T, Memorandum item 3.f.

Memoranda**Item No. Caption and Instructions**

- 3.f Short-term investments/Money market.** Report funds subject to the provisions of Section 9.18(b)(4)(ii)(B) of the Office of the Comptroller of the Currency's regulations or comparable state regulations that invest in short-term money market instruments. Money market instruments may include U.S. Treasury bills, commercial paper, bankers acceptances, and repurchase agreements. Include taxable and nontaxable funds.
- 3.g Specialty/Other.** Include funds that specialize in equity securities of particular sectors (e.g., technology, health care, financial, and real estate). Also include funds that do not fit into any of the above categories.
- 3.h Total collective investment funds.** Report the sum of Memorandum items 3.a. through 3.g.
- 4 Fiduciary settlements, surcharges, and other losses.** Report aggregate gross settlements, surcharges, and other losses arising from errors, misfeasance, or malfeasance on managed accounts in column A and on non-managed accounts in column B. For the definitions of managed and non-managed accounts, refer to the instructions for the Fiduciary and Related Assets section of this schedule. Gross losses should reflect losses recognized on an accrual basis before recoveries or insurance payments. Exclude contingent liabilities for fiduciary-related loss contingencies, including pending or threatened litigation, for which a loss has not yet been recognized in accordance with ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, "Accounting for Contingencies").
- Report recoveries in column C. Recoveries may be for current or prior years' losses and should be reported when payment is actually realized. The filing of an insurance claim does not serve as support for a recovery.
- For report dates through December 31, 2008, the information reported 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.
- 4.a Personal trust and agency accounts.** Report gross losses and recoveries for personal trust and agency accounts as defined for item 4 of this schedule.
- 4.b Employee benefit and retirement-related trust and agency accounts.** Report gross losses and recoveries for employee benefit and retirement-related trust and agency accounts as defined for item 5 of this schedule.
- 4.c Investment management and investment advisory agency accounts.** Report gross losses and recoveries for investment management and investment advisory agency accounts as defined for item 7 of this schedule.
- 4.d Other fiduciary accounts and related services.** Report gross losses and recoveries for all other fiduciary accounts and related services that are not included in Schedule RC-T, Memorandum items 4.a, 4.b, and 4.c, above. Include losses and recoveries from corporate trust and agency accounts, foundation and endowment trust and agency accounts, other fiduciary accounts, custody and safekeeping accounts, and other fiduciary related services.
- 4.e Total fiduciary settlements, surcharges, and other losses.** Report the sum of Memorandum items 4.a through 4.d. The sum of columns A and B minus column C must equal Schedule RC-T, item 24, above.

SCHEDULE RC-V – VARIABLE INTEREST ENTITIES

General Instructions

A variable interest entity (VIE), as described in ASC Topic 810, Consolidation (formerly FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities," as amended by FASB Statement No. 167, "Amendments to FASB Interpretation No. 46(R)"), is an entity in which equity investors do not have sufficient equity at risk for that entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack one or more of the following three characteristics: (a) the power, through voting rights or similar rights, to direct the activities of an entity that most significantly impact the entity's economic performance, (b) the obligation to absorb the expected losses of the entity, or (c) the right to receive the expected residual returns of the entity.

Variable interests in a VIE are contractual, ownership, or other pecuniary interests in an entity that change with changes in the fair value of the entity's net assets exclusive of variable interests. When a bank or other company has a variable interest or interests in a VIE, ASC Topic 810 provides guidance for determining whether the bank or other company must consolidate the VIE. If a bank or other company has a controlling financial interest in a VIE, it is deemed to be the primary beneficiary of the VIE and, therefore, must consolidate the VIE. For further information, see the Glossary entry for "variable interest entity."

Schedule RC-V collects information on VIEs that have been consolidated by the reporting bank for purposes of the Consolidated Reports of Condition and Income because the bank or a consolidated subsidiary is the primary beneficiary of the VIE. Schedule RC-V should be completed on a fully consolidated basis, i.e., after eliminating intercompany transactions. The asset and liability amounts to be reported in Schedule RC-V should be the same amounts at which these assets and liabilities are reported on Schedule RC, Balance Sheet, e.g., held-to-maturity securities should be reported at amortized cost and available-for-sale securities should be reported at fair value.

Column Instructions

Column A, Securitization Vehicles: Securitization vehicles include VIEs that have been created to pool and repackage mortgages, other assets, or other credit exposures into securities that can be transferred to investors.

Column B, ABCP Conduits: Asset-backed commercial paper (ABCP) conduits include VIEs that primarily issue externally rated commercial paper backed by assets or other exposures.

Column C, Other VIEs: Other VIEs include VIEs other than securitization vehicles and ABCP conduits.

For purposes of Schedule RC-V, information about each consolidated VIE should be included in only one of the three columns of the schedule. The column selected for a particular consolidated VIE should be based on the purpose and design of the VIE and this column should be used consistently over time.

Item Instructions**Item No. Caption and Instructions**

- 1** **Assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of the consolidated VIEs.** Report in the appropriate subitem and column those assets of consolidated VIEs reported in Schedule RC, Balance Sheet, that can be used only to settle obligations of the same consolidated VIEs and any related allowance for loan and lease losses. Exclude assets of consolidated VIEs that cannot be used only to settle obligations of the same consolidated VIEs (report such assets in Schedule RC-V, item 3, below).
- 1.a** **Cash and balances due from depository institutions.** Report in the appropriate column the amount of cash and balances due from depository institutions held by consolidated VIEs included in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin," and item 1.b, "Interest-bearing balances," that can be used only to settle obligations of the same consolidated VIEs.
- 1.b** **Held-to-maturity securities.** Report in the appropriate column the amount of held-to-maturity securities held by consolidated VIEs included in Schedule RC, item 2.a, "Held-to-maturity securities," that can be used only to settle obligations of the same consolidated VIEs.
- 1.c.** **Available-for-sale securities.** Report in the appropriate column the amount of available-for-sale securities held by consolidated VIEs included in Schedule RC, item 2.b, "Available-for-sale securities," that can be used only to settle obligations of the same consolidated VIEs.
- 1.d** **Securities purchased under agreements to resell.** Report in the appropriate column the amount of securities purchased under agreements to resell held by consolidated VIEs included in Schedule RC, item 3.b, "Securities purchased under agreements to resell," that can be used only to settle obligations of the same consolidated VIEs.
- 1.e** **Loans and leases held for sale.** Report in the appropriate column the amount of loans and leases held for sale by consolidated VIEs included in Schedule RC, item 4.a, "Loans and leases held for sale," that can be used only to settle obligations of the same consolidated VIEs.
- 1.f.** **Loans and leases, net of unearned income.** Report in the appropriate column the amount of loans and leases held for investment by consolidated VIEs included in Schedule RC, item 4.b, "Loans and leases, net of unearned income," that can be used only to settle obligations of the same consolidated VIEs.
- 1.g** **Less: Allowance for loan and lease losses.** Report in the appropriate column the amount of the allowance for loan and lease losses held by consolidated VIEs included in Schedule RC, item 4.c, "LESS: Allowance for loan and lease losses," that is allocated to these consolidated VIEs' loans and leases held for investment that can be used only to settle obligations of the same consolidated VIEs and are reported in Schedule RC-V, item 1.f, above.
- 1.h** **Trading assets (other than derivatives).** Report in the appropriate column the amount of trading assets (other than derivatives) held by consolidated VIEs included in Schedule RC, item 5, "Trading assets," that can be used only to settle obligations of the same consolidated VIEs.

Item No. Caption and Instructions

- 1.i Derivative trading assets.** Report in the appropriate column the amount of derivative trading assets held by consolidated VIEs included in Schedule RC, item 5, "Trading assets," that can be used only to settle obligations of the same consolidated VIEs.
- 1.j Other real estate owned.** Report in the appropriate column the amount of other real estate owned held by consolidated VIEs included in Schedule RC, item 7, "Other real estate owned," that can be used only to settle obligations of the same consolidated VIEs.
- 1.k Other assets.** Report in the appropriate column the amount of all other assets held by consolidated VIEs included in Schedule RC, item 12, "Total assets," and not reported in Schedule RC-V, items 1.a through 1.j, above, that can be used only to settle obligations of the same consolidated VIEs.
- 2 Liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank.** Report in the appropriate subitem and column those liabilities of consolidated VIEs reported in Schedule RC, Balance Sheet, for which creditors do not have recourse to the general credit of the reporting bank. Exclude liabilities of consolidated VIEs for which creditors have recourse to the general credit of the reporting bank (report such liabilities in Schedule RC-V, item 4, below).
- 2.a Securities sold under agreements to repurchase.** Report in the appropriate column the amount of securities sold under agreements to repurchase by consolidated VIEs reported in Schedule RC, item 14.b, "Securities sold under agreements to repurchase," for which the holders of these repurchase agreements do not have recourse to the general credit of the reporting bank.
- 2.b Derivative trading liabilities.** Report in the appropriate column the amount of derivative trading liabilities of consolidated VIEs reported in Schedule RC, item 15, "Trading liabilities," for which the derivative counterparties do not have recourse to the general credit of the reporting bank.
- 2.c Commercial paper.** Report in the appropriate column the amount of commercial paper issued by consolidated VIEs reported in Schedule RC, item 16, "Other borrowed money," for which the holders of this commercial paper do not have recourse to the general credit of the reporting bank.
- 2.d Other borrowed money (exclude commercial paper).** Report in the appropriate column the amount of other borrowed money (other than commercial paper) of consolidated VIEs reported in Schedule RC, item 16, "Other borrowed money," for which the creditors on these borrowings do not have recourse to the general credit of the reporting bank.
- 2.e Other liabilities.** Report in the appropriate column the amount of all other liabilities of consolidated VIEs included in Schedule RC, item 21, "Total liabilities," and not reported in Schedule RC-V, items 2.a through 2.d, above, for which the creditors on these liabilities do not have recourse to the general credit of the reporting bank.
- 3 All other assets of consolidated VIEs.** Report in the appropriate column the amount of assets of consolidated VIEs reported in Schedule RC, items 1 through 11, that have not been included in Schedule RC-V, items 1.a through 1.k, above. Loans and leases held for investment that are included in this item should be reported net of any allowance for loan and lease losses allocated to these loans and leases.

Item No. **Caption and Instructions**

- 4 **All other liabilities of consolidated VIEs.** Report in the appropriate column the amount of liabilities of consolidated VIEs reported in Schedule RC, items 14 through 20, that have not been included in Schedule RC-V, items 2.a through 2.e, above.