

LINE ITEM INSTRUCTIONS FOR SCHEDULE SU

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 Supplemental Information instructions, the [Financial Accounting Standards Board](#) (FASB) [Accounting Standards Codification](#) is referred to as the “ASC.”

SCHEDULE SU – SUPPLEMENTAL INFORMATION

General Instructions

Schedule SU should be completed on a fully consolidated basis.

Item Instructions

Derivatives

Item No. Caption and Instructions

1 Does the institution have any derivative contracts?

If your institution has derivative contracts, place an “X” in the box marked “Yes” and complete items 1.a through 1.d, below.

If your institution has no derivative contracts, place an “X” in the box marked “No,” skip items 1.a through 1.d, and go to item 2.

For purposes of this item and items 1.a through 1.d, derivative contracts include 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 those embedded derivatives that have been bifurcated from their host contracts and are accounted for separately under ASC Topic 815. For further information, see the Glossary entry for “Derivative Contracts.”

Exclude spot foreign exchange contracts, which are agreements 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. Report spot foreign exchange contracts as “Other off-balance sheet liabilities” in Schedule RC-L, item 9, subject to the existing reporting threshold for this item.

Also exclude notional amounts for derivative contracts that have matured, but have associated unsettled receivables or payables that are reported as assets or liabilities, respectively, on the balance sheet as of the quarter-end report date.

In items 1.a through 1.d, an institution should report the notional amount (stated in U.S. dollars) of each derivative contract according to *both* its underlying risk exposure – either as “interest rate,” as defined below, or as “other” – *and* its designation as held for trading or for purposes other than trading, also defined below. All notional amounts to be reported in Schedule SU, items 1.a through 1.d, should be based on the notional amount definition in U.S. generally accepted accounting principles, which states that this amount is the number of currency units, shares, bushels, pounds, or other units specified in a derivative contract.

A contract with multiple risk characteristics should be classified based upon its predominant risk characteristic at the origination of the derivative.

Item No. Caption and Instructions

1
(cont.) For purposes of reporting the gross notional amount of derivative contracts in Schedule SU, items 1.a through 1.d:

- (1) For futures and forward contracts, report the aggregate par value of the contracts that have been entered into by the reporting institutions 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, offset (for futures contracts), or settled in cash (for forward contracts). 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. Forward contracts can only be terminated, other than by receipt of the underlying asset, by agreement of both buyer and seller.

- (2) For written and purchased option contracts, report the aggregate par value of the financial instruments or commodities that the option seller (writer) has, for compensation (such as a fee or premium), obligated itself to either purchase from or sell to the option buyer (purchaser) under option contracts that are outstanding as of the report date. Report the aggregate notional amount for written and purchased caps, floors, and swaptions. For collars and corridors, report the aggregate notional amount for the purchased portion of the contract plus the aggregate notional amount for the written portion of the contract.
- (3) For swaps, the notional amount is the underlying principal amount upon which the exchange of interest, foreign exchange, or other income or expense is based. In those cases where the reporting institution is acting as an intermediary, both sides of the transaction are to be reported.

In reporting Schedule SU, items 1.a through 1.d, 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 institution 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 these derivatives items. Therefore, do not net:

- (1) Obligations of the reporting institution to purchase from third parties against the institution's obligations to sell to third parties;
- (2) Written options against purchased options; or
- (3) Contracts subject to bilateral netting agreements.

Definitions

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.

Forward contracts. Forward contracts represent agreements for delayed delivery of financial instruments or commodities in which the buyer agrees to purchase and the seller

Item No. **Caption and Instructions**

1
(cont.) 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.

Forward contracts include contracts for the purchase and sale of when-issued securities that are not excluded from the requirements of ASC Topic 815. 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.

Option contracts. Option contracts convey either the right or the obligation, depending upon whether the reporting institution 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 and are known as exchange-traded options. Other options are 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, OTC options include all option contracts not traded on an organized exchange.

The buyer (purchaser) 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 (writer) of the option 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.

Option contracts also include swaptions, i.e., options to enter into a swap contract, and contracts known as caps, floors, collars, and corridors. In addition, a reporting institution's commitments to lend that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815, Derivatives and Hedging, are considered written options and should be reported in Schedule SU, items 1.a through 1.d. All other commitments to lend should be reported in Schedule RC-L, item 1.

Swaps. Swaps, including forward-starting swap contracts, are transactions in which two parties agree to exchange payment streams based on a specified notional amount for a specified period. For purposes of these reports, a swap that has an embedded early termination option that may be exercised either at a specified date or dates before the maturity date of the swap or during a specified period, which may be until the maturity date of the swap, should be reported as a swap and not as an option contract.

Interest Rate Derivative Contracts. Interest rate derivative contracts are contracts whose predominant risk characteristic is interest rate risk and are 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 institution's interest rate exposure or, if the institution is an intermediary, the interest rate exposure of others. Interest rate derivative contracts include interest rate futures, single currency interest rate swaps, basis swaps, interest rate forwards, forward rate agreements, and interest rate options, including caps, floors, collars, and corridors.

Item No. Caption and Instructions

1
(cont.) Interest rate derivative contracts also include:

- (1) A reporting institution's 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.
- (2) A reporting institution's commitments to lend that meet the definition of a derivative and must be accounted for in accordance with ASC Topic 815 are considered written options for purposes of Schedule SU, items 1.a through 1.d. All other commitments to lend should be reported in Schedule RC-L, item 1.

Interest rate derivative contracts exclude contracts involving the exchange of one or more foreign currencies (e.g., cross-currency swaps and currency options), which are to be reported as foreign exchange contracts in Schedule SU, item 1.b or 1.d, as appropriate. In addition, interest rate derivative contracts exclude contracts not involving the exchange of foreign currency whose predominant risk characteristic is foreign exchange risk, which are also to be reported as foreign exchange contracts in Schedule SU, item 1.b or 1.d, as appropriate.

Examples of interest rate derivative contracts to be reported in Schedule SU, items 1.a and 1.c, include Chicago Board Options Exchange options on the 13-week Treasury bill rate and 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.

Other Derivative Contracts. Other derivative contracts include foreign exchange contracts, equity derivative contracts, commodity contracts, credit derivative contracts, and any other derivative contracts not reportable as interest rate derivative contracts.

The following types of derivative contracts are to be included in Schedule SU, items 1.b and 1.d:

- (1) **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, whose predominant risk characteristic is foreign exchange risk. 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. All amounts are to be reported in U.S. dollar equivalent values.

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 institution enters into a futures contract which obligates the institution to purchase U.S. dollar exchange against which it sells Japanese yen, then the institution would report (in U.S. dollar equivalent values) the amount of Japanese yen sold. In cross-currency 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).

Examples of foreign exchange contracts to be reported in Schedule SU, items 1.b and 1.d, include exchange-traded options on major currencies such as the Euro, Japanese Yen, and British Pound Sterling, options on futures contracts of major currencies, and 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

Item No. Caption and Instructions

1
(cont.) 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.

- (2) **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. Examples of equity derivative contracts to be reported in Schedule SU, items 1.b and 1.d, include futures contracts committing the reporting institution to purchase or sell equity securities or instruments based on equity indexes such as the Standard and Poor's 500 or the Nikkei.

The amount to be reported as the notional amount 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.

- (3) **Commodity 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. Examples of commodity contracts to be reported in Schedule SU, items 1.b and 1.d, include futures and forward contracts committing the reporting institution 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).

The amount to be reported as the notional amount for commodity 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.

- (4) **Credit Derivative Contracts.** 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"). Report credit derivatives for which the reporting institution is the protection seller as well as those for which the institution is the protection purchaser. Do not net the notional amounts of credit derivatives with third parties on which the reporting institution is the protection purchaser against credit derivatives with third parties on which the reporting institution is the protection seller.

Credit linked notes are cash securities and should not be reported as credit derivatives in Schedule SU, items 1.b and 1.d.

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 institution's credit derivative cash flows are based.

Credit derivative contracts to be reported in Schedule SU, items 1.b and 1.d, include:

- (a) Credit default swaps, which are contracts 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

Item No. Caption and Instructions

- 1**
(cont.) 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.
- (b) Total return swaps, which are contracts that transfer 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.
- (c) Credit options, which are 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.
- (d) Any other credit derivatives not considered credit default swaps, total return swaps, or credit options.

Designation as Held for Trading. As noted above, report each derivative contract according to its designation as held for trading or held for purposes other than trading in items 1.a through 1.d. Derivative contracts held for trading purposes include those used in dealing and other trading activities. Derivative contracts used to hedge trading activities should also be reported as held for trading.

Derivative trading activities include (a) regularly dealing in interest rate contracts, foreign exchange contracts, equity derivative contracts, commodity contracts, credit derivative contracts, and any other contract meeting the definition of a “derivative instrument” in, and accounted for in accordance with, ASC Topic 815; (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 accommodations to customers, provided that acquiring or taking such positions meets the definitions of “trading” and “trading purposes” in ASC Topic 815. Derivative positions acquired or taken as accommodations to customers not meeting the definitions of “trading” and “trading purposes” in ASC Topic 815 should be reported as derivatives not held for trading.

The reporting institution's trading department may have entered into a derivative contract with another department or business unit within the consolidated institution. If the trading department has also entered into a matching contract with a counterparty outside the consolidated institution, 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.

- 1.a Total gross notional amount of interest rate derivatives held for trading.** Report the total notional amount or par value of those interest rate derivative contracts that are held for trading purposes.
- 1.b Total gross notional amount of all other derivatives held for trading.** Report the total notional amount or par value of all other derivative contracts that are held for trading purposes.

Item No. **Caption and Instructions**

- 1.c** **Total gross notional amount of interest rate derivatives not held for trading.** Report the total notional amount or par value of those interest rate derivative contracts held for purposes other than trading.
- 1.d** **Total gross notional amount of all other derivatives not held for trading.** Report the total notional amount or par value of all other derivative contracts held for purposes other than trading.

1-4 Family Residential Mortgage Banking Activities

- 2** **For the two calendar quarters preceding the current calendar quarter, have either the institution's sales of 1-4 family residential mortgage loans during the quarter or its 1-4 family residential mortgage loans held for sale or trading as of quarter-end exceeded \$10 million?**

For the two calendar quarters preceding the current calendar quarter, if your institution had either sales of 1-4 family residential mortgage loans during the quarter or 1-4 family residential mortgage loans held for sale or trading as of quarter-end that exceeded \$10 million, place an "X" in the box marked "Yes" and complete items 2.a and 2.b, below.

For the two calendar quarters preceding the current calendar quarter, if your institution did not have either sales of 1-4 family residential mortgage loans during the quarter or 1-4 family residential mortgage loans held for sale or trading as of quarter-end that exceeded \$10 million, place an "X" in the box marked "No," skip items 2.a and 2.b, and go to item 3.

For purposes of measuring and reporting on 1-4 family residential mortgage banking activities, 1-4 family residential mortgage loans are loans that meet the definition of loans "Secured by 1-4 family residential properties" in Schedule RC-C, Part I, item 1.c. Institutions should include those 1-4 family residential mortgage loans that would be reportable as held for sale in Schedule RC, item 4.a, "Loans and leases held for sale," as well as those that would be reportable as held for trading in Schedule RC, item 5, "Trading assets." Open-end 1-4 family residential mortgage banking activities should be measured using the "total commitment under the lines of credit," which is the total amount of the lines of credit granted to customers at the time the open-end credits were originated, not the "principal amount funded under the lines of credit," which is the principal balance outstanding of loans extended under lines of credit at the sale date for loans sold during the quarter or at quarter-end for loans held for sale or trading.

An institution must complete items 2.a and 2.b beginning with the quarter-end report date after the second quarter in which the \$10 million threshold is exceeded. For example, if the institution's sales of closed-end and open-end first and junior lien 1-4 family residential mortgage loans exceeded \$10 million during the quarter ended September 30, 2016, and the institution's closed-end and open-end first and junior lien 1-4 family residential mortgage loans held for sale or trading exceeded \$10 million as of December 31, 2016, the institution would be required to complete items 2.a and 2.b in its March 31, 2017, Call Report.

- 2.a** **1-4 family residential mortgage loans sold during the quarter.** Report 1-4 family residential mortgage loans sold during the calendar quarter ending on the report date. For closed-end first and junior lien mortgage loans, report the principal amount of the 1-4 family residential mortgage loans sold during the quarter. For open-end lines of credit secured by 1-4 family residential properties, report the total amount of open-end commitments under the lines of credit sold during the calendar quarter.

Item No. Caption and Instructions

2.a Include transfers of 1-4 family residential mortgage loans originated or purchased for resale
(cont.) from retail or wholesale sources that have been accounted for as sales in accordance with
ASC Topic 860, Transfers and Servicing, i.e., those transfers where the loans are no longer
included in the institution's consolidated total assets.

Also include all sales during the quarter of 1-4 family residential mortgage loans directly from
the institution's loan portfolio. For further information, see the Glossary entry for "transfers of
financial assets."

2.b **Quarter-end amount of 1-4 family residential mortgage loans held for sale or trading.**
Report 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 (a) at the
lower of cost or fair value or (b) if a fair value option has been elected, at 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. However, for
open-end lines of credit secured by 1-4 family residential properties held for sale or trading as
of quarter-end, report the total amount of open-end commitments under the lines of credit.
1-4 family residential mortgage loans held for sale or trading at quarter-end include any
mortgage loans transferred at any time from the institution's held-for-investment loan portfolio
to a held-for-sale account or a trading account that have not been sold by quarter-end.

Fair Value Option Assets and Liabilities**3 Does the institution use a fair value option to measure any of its assets or liabilities?**

If your institution has elected to report any financial instruments or servicing assets and
liabilities at fair value under a fair value option with changes in fair value recognized in
earnings, place an "X" in the box marked "Yes" and complete items 3.a through 3.d, below.

If your institution has no financial instruments or servicing assets and liabilities that it has
elected to report at fair value under a fair value option with changes in fair value recognized
in earnings, place an "X" in the box marked "No," skip items 3.a through 3.d below, and go to
item 4.

Your institution should answer "No" if the only financial instruments that your institution
measures at fair value in the financial statements on a recurring basis are available-for-sale
securities, equity securities not held for trading and other equity investments, trading assets,
trading liabilities, and derivative contracts because applicable accounting standards and
these instructions require these financial instruments to be measured at fair value in the
balance sheet at the end of each reporting period.

If your institution answered "Yes" to item 3, exclude from the amounts reported in items 3.a
through 3.d, below, the fair value of, and the net gains (losses) recognized in earnings on, the
assets and liabilities described in the preceding paragraph.

3.a **Aggregate amount of fair value option assets.** Report the total fair value, as defined by
ASC Topic 820, Fair Value Measurement, of those financial and servicing assets your
institution has elected to report

Item No. **Caption and Instructions**

- 3.a** on Schedule RC, Balance Sheet, at fair value under a fair value option with changes in fair value recognized in earnings.
(cont.)
- 3.b** **Aggregate amount of fair value option liabilities.** Report the total fair value, as defined by ASC Topic 820, Fair Value Measurement, of those financial and servicing liabilities your institution has elected to report on Schedule RC, Balance Sheet, at fair value under a fair value option with changes in fair value recognized in earnings.
- 3.c** **Year-to-date net gains (losses) recognized in earnings on fair value option 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 your institution has elected to account for at fair value under a fair value option. If the amount to be reported is a net loss, report it with a minus (-) sign. Disclosure of such gains (losses) is also required by ASC Subtopic 825-10, Financial Instruments – Overall and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities.
- 3.d** **Year-to-date net gains (losses) recognized in earnings on fair value option liabilities.** Report the total amount of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all liabilities accounted for at fair value under a fair value option. If the amount to be reported is a net loss, report it with a minus (-) sign. Disclosure of such gains (losses) is also required by ASC Subtopic 825-10, Financial Instruments – Overall and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities.

Servicing, Securitization, and Asset Sale Activities**4 and 5 General Instructions**

For purposes of items 4 and 5 in this schedule, the following definition is applicable.

Recourse or other seller-provided credit enhancement means an arrangement in which the reporting institution 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 institution when it transfers an asset, or assumed by the institution when it services a transferred asset, that obligates the institution to absorb credit losses on the transferred asset. Such an arrangement typically exists when an institution 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 institution provides this protection by retaining:

- (1) 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
- (2) 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 an institution when it securitizes assets expose the institution to more than its pro rata share of loss and thus are considered a form of credit enhancement to the securitization structure.

Item No. Caption and Instructions**4 Does the institution have any assets it has sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements?**

If your institution has any assets currently outstanding that it has sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements, place an “X” in the box marked “Yes” and complete item 4.a, below.

If your institution has no assets currently outstanding that it has sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements, place an “X” in the box marked “No,” skip item 4.a, and go to item 5.

4.a Total outstanding principal balance of assets sold and securitized by the reporting institution with servicing retained or with recourse or other seller-provided credit enhancements. Report the total principal balance outstanding as of the report date of loans, leases, and other assets which the reporting institution 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 the amount outstanding of any credit card fees and finance charges that the reporting institution has securitized and sold in connection with its securitization and sale of credit card receivable balances.

Include the principal balance outstanding of loans the reporting institution has (1) pooled into securities that have been guaranteed by the Government National Mortgage Association (Ginnie Mae) and (2) sold with servicing rights retained.

Also include the principal balance outstanding of securitizations of small business obligations transferred with recourse under Section 208 of the [Riegle Community Development and Regulatory Improvement Act of 1994](#).

Exclude the principal balance of loans underlying seller's interests owned by the reporting institution. Seller's interest means the reporting institution's ownership interest in loans that have been securitized, except an interest that is a form of recourse or other seller-provided credit enhancement.

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. Do **not** report in this item the outstanding balance of 1-4 family residential mortgages sold to a Federal Home Loan Bank (FHLB) through a Mortgage Partnership Finance Program that the FHLB in turn securitizes. Report 1-4 family residential mortgages sold to Fannie Mae, Freddie Mac, or FHLB with recourse or other seller-provided credit enhancements in Schedule SU, item 5.a. If servicing has been retained on closed-end 1-4 family residential mortgages sold to Fannie Mae, Freddie Mac, or FHLB, report the outstanding principal balance of the mortgages in Schedule SU, item 6.a.

Item No. Caption and Instructions

4.a Exclude securitizations that the reporting institution has accounted for as secured borrowings (cont.) 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 institution's balance sheet.

5 Does the institution have any assets it has sold with recourse or other seller-provided credit enhancements but has not securitized?

If your institution has any assets currently outstanding that it has sold with recourse or other seller-provided credit enhancements but has not securitized, place an "X" in the box marked "Yes" and complete item 5.a, below.

If your institution has no assets currently outstanding that it has sold and securitized with recourse or other seller-provided credit enhancements, place an "X" in the box marked "No," skip item 5.a, and go to item 6.

5.a Total outstanding principal balance of assets sold by the reporting institution with recourse or other seller-provided credit enhancements, but not securitized by the reporting institution. Report the unpaid principal balance as of the report date of loans, leases, and other assets, which the reporting institution has sold with recourse or other seller-provided credit enhancements, but which were not securitized by the reporting institution. Include loans, leases, and other assets that the reporting institution 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 reporting institution. Include 1-4 family residential mortgages that the reporting institution 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.

Include the unpaid principal balance of small business obligations the reporting institution has transferred with recourse under Section 208 of the [Riegle Community Development and Regulatory Improvement Act of 1994](#), but which were not securitized by the reporting institution.

6 Does the institution service any closed-end 1-4 family residential mortgage loans for others or does it service more than \$10 million of other financial assets for others?

If your institution either (1) services any closed-end 1-4 family residential mortgage loans for others or (2) services more than \$10 million of other financial assets for others, place an "X" in the box marked "Yes" and complete item 6.a, below.

If your institution (1) does not service any closed-end 1-4 family residential mortgage loans for others and (2) does not service more than \$10 million of other financial assets for others, place an "X" in the box marked "No," skip item 6.a, and go to item 7.

6.a Total outstanding principal balance of closed-end 1-4 family residential mortgage loans serviced for others plus the total outstanding principal balance of other financial assets serviced for others if more than \$10 million. Report the sum of (1) the outstanding principal balance of closed-end 1-to-4 family residential mortgage loans the reporting institution services for others, regardless of amount, plus (2) the outstanding principal balance of all other financial assets the reporting institution services for others, provided this balance is more than \$10 million. For purposes of reporting the outstanding principal balance of loans serviced for others in accordance with the preceding sentence, include the servicing of whole loans and other financial assets or only portions thereof, as is typically the case with

Item No. Caption and Instructions

6.a loan participations. An institution should report the outstanding principal balance of assets for
(cont.) which it is the contractual servicer of record without regard to any subservicing agreements
 applicable to the assets.

Include (1) the principal balance of loans and other financial assets owned by others for which the reporting institution has purchased the servicing (i.e., purchased servicing) and (2) the principal balance of loans and other financial assets that the reporting institution 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 institution 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.

Include the outstanding principal balance of all closed-end 1-to-4 family residential mortgage loans (as defined for Schedule RC-C, Part I, item 1.c.(2)) that the reporting institution services for others regardless of whether the reporting institution provides recourse or other service-provided credit enhancements. For example, the reporting institution should 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.

Other 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.

Variable Interest Entities**7 Does the institution have any consolidated variable interest entities?**

If your institution has any consolidated variable interest entities, place an "X" in the box marked "Yes" and complete items 7.a and 7.b, below.

If your institution does not have any consolidated variable interest entities, place an "X" in the box marked "No," skip item items 7.a and 7.b, and go to item 8.

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 an institution or other company has a variable interest or interests in a VIE, ASC Topic 810 provides guidance for determining whether the institution or other company must consolidate the VIE. If an institution 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

Item No. Caption and Instructions

7 consolidate the VIE. For further information, see the Glossary entry for “Variable Interest Entity.”
(cont.)

VIEs include, but are not limited to, securitization vehicles that have been created to pool and repackage mortgages, other assets, or other credit exposures into securities that can be transferred to investors and asset-backed commercial paper conduits that primarily issue externally rated commercial paper backed by assets or other exposures.

Schedule SU, items 7.a and 7.b, collect aggregate information on VIEs that have been consolidated by the reporting institution for purposes of the Consolidated Reports of Condition and Income because the institution (or a consolidated subsidiary of the institution) is the primary beneficiary of the VIE. Schedule SU, items 7.a and 7.b, should be completed on a fully consolidated basis, i.e., after eliminating intercompany transactions. The asset and liability amounts included in the total assets and total liabilities reported in Schedule SU, items 7.a and 7.b, respectively, 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.

7.a Total assets of consolidated variable interest entities. Report the total amount of assets of consolidated variable interest entities reported in Schedule RC, items 1 through 11. Assets should be reported net of any applicable allowances for credit losses included in the asset amounts reported in Schedule RC.

7.b Total liabilities of consolidated variable interest entities. Report the total amount of liabilities of consolidated variable interest entities reported in Schedule RC, items 14 through 20.

Credit Card Lending Specialized Items

8 Does the institution, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or is the institution a credit card specialty institution as defined for Uniform Institution Performance Report purposes?

If your institution, together with affiliated institutions, has outstanding credit card receivables that exceed \$500 million as of the report date or if it is a credit card specialty institution as defined for Uniform Institution Performance Report purposes, place an “X” in the box marked “Yes” and complete items 8.a through 8.d, below.

If your institution, together with affiliated institutions, does not have outstanding credit card receivables that exceed \$500 million as of the report date and it is not a credit card specialty institution as defined for Uniform Institution Performance Report purposes, place an “X” in the box marked “No,” skip item items 8.a through 8.d, and go to item 9.

Note: To answer item 8 with a “Yes,” an institution must meet the following criteria:

- (1) Either individually or on a combined basis with its affiliated depository institutions, the institution reports 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;

Item No. **Caption and Instructions**

- 8**
(cont.) (b) Credit card receivables sold and securitized by the reporting institution with servicing retained or with recourse or other seller-provided credit enhancements included in Schedule SU, item 4.a; and
- (c) The reporting institution's seller's interests in credit card receivables included as assets in Schedule RC if not reported in Schedule RC-C, Part I, item 6.a.
(Include comparable data on credit card receivables for any affiliated depository institutions.)
- OR
- (2) The institution is a credit card specialty institution as defined for purposes of the Uniform Bank Performance Report (UBPR). According to the UBPR Users Guide, credit card specialty institutions are currently defined as those institutions that exceed 50 percent 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.

8.a **Outstanding credit card fees and finance charges included in credit cards to individuals for household, family, and other personal expenditures (retail credit cards).**

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.

8.b **Separate valuation allowance for uncollectible retail credit card fees and finance charges.** Report the amount of any valuation allowance or contra-asset account that the institution maintains separate from the allowance for credit losses on loans and leases to account for uncollectible fees and finance charges on credit cards (as defined for Schedule RC-C, Part I, item 6.a). This item is only applicable to those institutions that maintain an allowance or contra-asset account separate from the allowance for credit losses on loans and leases. Do not include in this item the amount of any valuation allowance established for impairment in retained interests in accrued interest receivable related to securitized credit cards.

8.c **Amount of allowance for credit losses on loans and leases attributable to retail credit card fees and finance charges.** Report in this item the amount of the allowance for credit losses on loans and leases that is attributable to outstanding fees and finance charges on credit cards (as defined for Schedule RC-C, Part I, item 6.a). This amount is a component of the amount reported in Schedule RC, item 4.c, and Schedule RI-B, Part II, item 7. Do not include in this item the amount of any valuation allowance established for impairment in retained interests in accrued interest receivable related to securitized credit cards.

8.d **Uncollectible retail credit card fees and finance charges reversed against year-to-date income.** Report the amount of fees and finance charges on credit cards (as defined for Schedule RC-C, Part I, item 6.a) that the institution 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.

Institutions should exclude from this item credit card fees and finance charges reported as charge-offs against the allowance for credit losses on loans and leases in Schedule RI-B, Part I, item 5.a, column A.