NOTE: In the <u>FFIEC 034</u> instruction book, remove pages RC-51 and RC-52 (dated 6-96) and replace them with these revised pages. In the <u>FFIEC 033</u> instruction book, remove pages RC-58a and RC-58b (dated 6-96) and replace them with these revised pages. In the <u>FFIEC 032</u> instruction book, remove pages RC-56a and RC-56b (dated 6-96) and replace them with these revised pages. In the <u>FFIEC 031</u> instruction book, remove pages RC-62a and RC-62b (dated 6-96) and replace them with these revised pages.

<u>Item No.</u> <u>Caption and Instructions</u>

3.b <u>Currency and coin</u>. (Item 3.b is not applicable to banks filing the FFIEC 031, 032, and 033 report forms.) Report the amount of currency and coin included in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin." Currency and coin include both U.S. and foreign currency and coin owned and held in all offices of the reporting bank, currency and coin in transit to a Federal Reserve Bank or to any other depository institution for which the reporting bank has not yet received credit, and currency and coin in transit from a Federal Reserve Bank or from any other depository institution for which the reporting bank's account has already been charged. Foreign currency and coin should be converted into U.S. dollar equivalents as of the report date.

4 <u>Outstanding principal balance of 1-4 family residential mortgage loans serviced for others</u>. Report in the appropriate subitem the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others. Include those 1-to-4 family residential mortgage loans for which the reporting bank has purchased the servicing (i.e., purchased servicing) and those 1-to-4 family residential mortgages which the reporting bank has originated and sold (or swapped with FHLMC or FNMA) but for which it has retained the servicing duties and responsibilities (i.e., retained servicing).

4.a <u>Mortgages serviced under a GNMA contract</u>. Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with the Government National Mortgage Association (GNMA). GNMA contracts generally cover residential mortgage loans guaranteed by the Department of Veterans Affairs/Veterans Administration (VA) and insured by the Federal Housing Administration (FHA).

4.b <u>Mortgages serviced under a FHLMC contract</u>. Report in the appropriate subitem the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with the Federal Home Loan Mortgage Corporation (FHLMC). FHLMC contracts cover VA, FHA, and conventional mortgages, i.e., mortgages that have not been guaranteed or insured by a U.S. Government agency. A seller sells (or swaps) mortgages to FHLMC with or without recourse, as elected by the seller, and endorses each mortgage note sold to (or swapped with) FHLMC accordingly. A seller electing to sell to (or swap with) FHLMC with recourse bears all risks and costs of a borrower default, including the costs of foreclosure. If the servicing of mortgages sold to (or swapped with) FHLMC with recourse is transferred, the transferee bears these risks and costs. If a seller elects to sell (or swap) mortgages without recourse, FHLMC assumes the risk of loss from borrower defaults to the extent of FHLMC's percentage of participation in the mortgages.

4.b.(1) <u>Serviced with recourse to servicer</u>. Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with FHLMC in which the mortgages being serviced have been sold to (or swapped with) FHLMC with recourse and the mortgage notes have been endorsed accordingly.

4.b.(2) <u>Serviced without recourse to servicer</u>. Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with FHLMC in which the mortgages being serviced have been sold to (or swapped with) FHLMC without recourse and the mortgage notes have been endorsed accordingly.

<u>Item No.</u> <u>Caption and Instructions</u>

4.c <u>Mortgages serviced under a FNMA contract</u>. Report in the appropriate subitem the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with the Federal National Mortgage Association (FNMA). FNMA contracts cover VA, FHA, and conventional mortgages that have been sold to (or swapped with) FNMA. Residential mortgages are serviced for FNMA under either the regular or special servicing option. Under a regular option contract, the servicer assumes the risk of loss from a mortgagor default. Under a special option contract, FNMA assumes the risk of loss from a mortgagor default.

4.c.(1) <u>Serviced under a regular option contract</u>. Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under regular servicing option contracts entered into with FNMA.

4.c.(2) <u>Serviced under a special option contract</u>. Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under special servicing option contracts entered into with FNMA.

4.d <u>Mortgages serviced under other servicing contracts</u>. Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under other types of servicing contracts. Include mortgages serviced under all contracts other than GNMA, FHLMC, and FNMA contracts.

5 <u>Customers' liability to this bank on acceptances outstanding</u>. (Items 5.a and 5.b are to be completed only by banks with $1 billion or more in total assets that file the FFIEC 031 and 032 report forms.) The sum of items 5.a and 5.b must equal Schedule RC, item 9.

5.a <u>U.S. addressees (domicile)</u>. Report the portion of Schedule RC, item 9, that represents liabilities of customers who are U.S. addressees, i.e., are domiciled in the United States (see the Glossary entry for "domicile").

5.b <u>Non-U.S. addressees (domicile)</u>. Report the portion of Schedule RC, item 9, that represents liabilities of customers who are not U.S. addressees, i.e., are domiciled outside the United States (see the Glossary entry for "domicile").

6 <u>Intangible assets</u>. Report in the appropriate subitem the unamortized amount of intangible assets. Intangible assets primarily result from business combinations accounted for under the purchase method in accordance with Accounting Principles Board Opinion No. 16, as amended, from acquisitions of portions or segments of another institution's business such as branch offices, mortgage servicing portfolios, and credit card portfolios, and from the sale or securitization of financial assets with servicing retained. Consistent with Securities and Exchange Commission guidance, intangible assets should be amortized over their estimated useful lives, generally not to exceed 25 years.

6.a <u>Mortgage servicing assets</u>. Report the carrying value of mortgage servicing assets, i.e., the unamortized cost of acquiring 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") that have been securitized or are owned by another party, net of any related valuation allowances. 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 6.b.(2).) For further information, see the Glossary entry for "servicing assets and liabilities."

6.b <u>Other identifiable intangible assets</u>:

6.b.(1) <u>Purchased credit card relationships</u>. Report the unamortized amount (book value) of purchased credit card relationships arising when the reporting bank purchases existing credit card receivables and also has the right to provide credit card services to those customers. Also report any purchased credit card relationships arising in the acquisition of an entire depository institution.

NOTE: In the FFIEC 034 instruction book, remove pages RC-55 and RC-56 (dated 6-96) and replace them with these revised pages. In the FFIEC 033 instruction book, remove pages RC-59 and RC-60 (dated 6-96) and replace them with these revised pages. In the FFIEC 032 instruction book, remove pages RC-57 and RC-58 (dated 6-96) and replace them with these revised pages. In the FFIEC 031 instruction book, remove pages RC-63 and RC-64 (dated 6-96) and replace them with these revised pages.

Item No. Caption and Instructions

8.a.(1) (cont.) 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 FASB Statement No. 66.

(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 corporate joint ventures, unincorporated joint ventures, and general or limited partnerships that are primarily engaged in the holding of real estate for development, resale, or other investment purposes and over which the bank does not exercise significant influence.

8.a.(2) All other real estate owned. Report the net book value of all other real estate owned. Include as all other real estate owned:

(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) Property originally acquired for future expansion but no longer intended to be used for that purpose.

Item No.	Caption and Instructions

8.a.(2) (cont.) **(3)** **Foreclosed real estate sold under contract and accounted for under the deposit method of accounting in accordance with 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 FASB Statement No. 66 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 with FASB Statement No. 66. For further information, see the Glossary entry for "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."

8.a.(2)(a) **Construction and land development (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, either 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 and land development," 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, either land under development or structures or facilities under construction, not just real estate acquired through foreclosure on loans that were originally reported as "construction and land development loans" in Schedule RC-C, part I, item 1.a, (column B on the FFIEC 031).

8.a.(2)(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 on the FFIEC 031).

8.a.(2)(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.**

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 on the FFIEC 031).

8.a.(2)(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.**

NOTE: In the FFIEC 034 instruction book, strike the instructions to Memorandum items 1, 1.a, and 1.b on page RC-58b (dated 3-95) and insert this page after page RC-58b. In the FFIEC 033 instruction book, strike the instructions to Memorandum items 1, 1.a, and 1.b on page RC-60d (dated 3-95) and insert this page after page RC-60d. In the FFIEC 032 instruction book, strike the instructions to Memorandum items 1, 1.a, and 1.b on page RC-58d (dated 3-95) and insert this page after page RC-58d. In the FFIEC 031 instruction book, strike the instructions to Memorandum items 1, 1.a, and 1.b on page RC-64d (dated 3-95) and insert this page after page RC-64d.

Item No.	Caption and Instructions
11	Net unamortized realized deferred gains (losses) on off-balance sheet derivative contracts included in assets and liabilities reported in Schedule RC. Under generally accepted accounting principles (GAAP), realized gains and losses on derivatives that qualify as hedges of existing assets, liabilities, firm commitments, or anticipated transactions may be deferred from income and are generally recognized as adjustments to the carrying amount of the items hedged. These deferred gains and losses are generally amortized to income over the life of the hedged position. Report in this item the net amount of unamortized, realized deferred gains and losses on derivatives (e.g., that are incorporated as adjustments to the book value of existing assets or liabilities). (The unrealized gains and losses on derivatives that qualify as hedges are not reported in this item, but are included in the gross positive and negative fair values reported in Schedule RC-L, item 17, on the FFIEC 031, 032, and 033.)
12	Amount of assets netted against nondeposit liabilities on the balance sheet (Schedule RC) in accordance with generally accepted accounting principles. If the reporting bank offset or netted any recognized assets against recognized nondeposit liabilities (and deposits in foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions) in accordance with generally accepted accounting principles (GAAP) when it prepared its Call Report balance sheet (Schedule RC), report in this item the amount of assets netted against liabilities, except as noted below. The accounting standards for offsetting (netting) are set forth in FASB Interpretations No. 39 and No. 41. For further information, see the Glossary entry for "Offsetting." Include in this item: (1) Borrowings against the cash surrender value of life insurance policies that have been netted against the cash surrender value asset on the balance sheet in accordance with GAAP. (2) Securities purchased under agreements to resell that have been netted against securities sold under agreements to repurchase in accordance with GAAP. (3) Receivables and payables arising from unsettled trades that have been reported on a net basis in accordance with GAAP. (4) On the FFIEC 031, "back-to-back" loans that have been netted against deposits in foreign offices other than insured branches in accordance with GAAP. Although not a netting of assets against liabilities, also include in this item the outstanding amount of assets removed from the reporting bank's balance sheet in connection with debt defeased prior to January 1, 1997. The amount to be reported for defeased debt should equal the amount of cash or risk-free securities, generally U.S. Government securities, placed in an "irrevocable" trust for the sole purpose of meeting all of the remaining debt service payments associated with the defeased obligations in accordance with FASB Statement No. 76, "Extinguishment of Debt."

Item No. **Caption and Instructions**

12 (cont.) **Exclude from this item:**

(1) Netted on-balance sheet amounts associated with off-balance sheet derivative contracts.

(2) Deferred tax assets netted against deferred tax liabilities.

(3) Assets netted against liabilities in accounting for pension plans and other postretirement benefit plans.

(4) Assets netted against liabilities in accounting for leveraged leases.

(5) Due from deposit balances and other assets netted against deposit liabilities in domestic offices (and in insured branches in Puerto Rico and U.S. territories and possessions) (report certain amounts netted against these deposit liabilities in Schedule RC-O, items 11 and 12).

Memorandum

Item No. **Caption and Instructions**

1 Reciprocal holdings of banking organizations' capital instruments. (Memorandum item 1 is to be reported in the December report only.) Report the outstanding amount of reciprocal holdings of capital instruments (i.e., instruments that qualify as Tier 1 or Tier 2 capital under the risk-based capital guidelines) issued by other banking organizations (i.e., banks and bank holding companies). Reciprocal holdings are cross-holdings resulting from formal or informal arrangements in which two or more banking organizations intentionally swap, exchange, or otherwise agree to hold each other's capital instruments.

Exclude nonreciprocal holdings of other banking organizations' capital instruments and reciprocal holdings of capital instruments issued by other banking organizations but taken in satisfaction of debts previously contracted in good faith.

NOTE: **In the FFIEC 032 and 034 instruction books, strike the instruction to item 8 on the bottom of page RC-66, remove pages RC-67 through RC-70 (dated 3-95), and replace them with these revised pages. In the FFIEC 033 instruction book, strike the instruction to item 8 on the bottom of page RC-68, remove pages RC-69 through RC-72 (dated 3-95), and replace them with these revised pages. In the FFIEC 031 instruction book, strike the instruction to item 8 on the bottom of page RC-72, remove pages RC-72a through RC-72d (dated 3-95) and replace them with these revised pages.**

Item No. **Caption and Instructions**

8 To be completed by banks with "Oakar deposits."

8.a Deposits purchased or acquired from other FDIC-insured institutions during the quarter. Exclude from items 8.a.(1) and 8.a.(2) below the amount of deposits purchased or acquired from foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions.

8.a.(1) Total deposits purchased or acquired from other FDIC-insured institutions during the quarter. Report the total amount of deposits purchased or acquired from other FDIC-insured banks and savings associations during the quarter ending with the report date without regard to the insurance fund to which these deposits are attributable. Exclude deposits purchased or acquired from foreign offices of other FDIC-insured institutions other than insured branches in Puerto Rico and U.S. territories and possessions.

8.a.(2) Amount of purchased or acquired deposits reported in item 8.a.(1) above attributable to a secondary fund. For banks that are members of the Bank Insurance Fund (BIF), report the amount of purchased or acquired deposits reported in item 8.a.(1) above that are attributable to the Savings Association Insurance Fund (SAIF), if any. For banks that are members of the SAIF, report the amount of purchased or acquired deposits reported in item 8.a.(1) above that are attributable to the BIF, if any.

8.b Total deposits sold or transferred to other FDIC-insured institutions during the quarter. Report the total amount of deposits sold or transferred to other FDIC-insured banks and savings associations during the quarter ending with the report date. Exclude sales and transfers of deposits in the reporting bank's foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions.

9 Deposits in lifeline accounts. Report the amount of deposits in lifeline accounts (in domestic offices) for which the reporting bank seeks a reduced deposit insurance assessment rate. Lifeline accounts are transaction accounts which meet certain minimum requirements established by the Federal Reserve Board pursuant to Section 232 of the Federal Deposit Insurance Corporation Improvement Act of 1991.

NOTE: The minimum requirements for lifeline accounts will be established by the Federal Reserve Board. Banks will not be required to submit information on such accounts in this Schedule RC-O item until these requirements are established.

10 Benefit-responsive "Depository Institution Investment Contracts." Report the amount of liabilities arising under "investment contracts not treated as insured deposits" (as defined in Section 11(a)(8) of the Federal Deposit Insurance Act) that is included on the balance sheet, Schedule RC, in item 13.a, "Deposits in domestic offices."

For purposes of this item, "investment contracts not treated as insured deposits" are those in the form of deposits between the reporting insured depository institution and any "employee benefit plan" (as defined in Section 11(a)(8) of the Federal Deposit Insurance Act) which expressly permit "benefit-responsive withdrawals or transfers." A "Depository Institution Investment Contract" is generally a separately negotiated depository agreement between an employee benefit plan and an insured depository institution which guarantees a specified rate for all deposits made over a prescribed period.

Item No.	Caption and Instructions
10 (cont.)	"Benefit-responsive withdrawals or transfers" is defined by Section 11(a)(8) of the Federal Deposit Insurance Act to mean "any withdrawal or transfer of funds (consisting of any portion of the principal and any interest credited at a rate guaranteed by the insured depository institution investment contract) during the period in which any guaranteed rate is in effect, without substantial penalty or adjustment, to pay benefits provided by the employee benefit plan or to permit a plan participant or beneficiary to redirect the investment of his or her account balance."
11	Adjustments to demand deposits in domestic offices (and in insured branches in Puerto Rico and U.S. territories and possessions) reported in Schedule RC-E for certain reciprocal demand balances. Reciprocal balances arise when two depository institutions maintain deposit accounts with each other; that is, when a depository institution has both a due to and a due from balance with another depository institution. When reporting deposit liabilities in Schedule RC-E, reciprocal balances may be reported on a net basis when a right of setoff exists. However, the Federal Deposit Insurance Act (FDI Act) limits the extent to which reciprocal balances may be netted for deposit insurance and FICO assessment purposes. Thus, the reporting bank may have reported its reciprocal balances, if any, in Schedule RC-E differently than required for assessment purposes. The following three items capture these differences.
11.a	Amount by which demand deposits would be reduced if the reporting bank's reciprocal demand balances with the domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions) that were reported on a gross basis in Schedule RC-E had been reported on a net basis. For assessment purposes under the FDI Act, reciprocal demand balances with the domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions) are to be reported on a net basis. If the reporting bank reported any reciprocal demand balances with these domestic offices and insured branches on a gross basis in Schedule RC-E, report in this item the amount by which demand deposits would be reduced if these reciprocal demand balances had instead been reported on a net basis in Schedule RC-E, column B, Demand deposits. For each reciprocal demand balance relationship with one of these domestic offices or insured branches that was reported on a gross basis, the amount of this reduction is equal to the lesser of the demand balances "due from" or "due to" that domestic office or insured branch. Overdrawn balances cannot be included in this calculation.
11.b	Amount by which demand deposits would be increased if the reporting bank'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) that were reported on a net basis in Schedule RC-E had been reported on a gross basis. For assessment purposes under the FDI Act, reciprocal demand balances between the reporting bank and foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions) are to be reported on a gross basis. If the reporting bank reported any reciprocal demand balances with these foreign banks and foreign offices on a net basis in Schedule RC-E, report in this item the amount by which demand deposits would be increased if these reciprocal demand balances had instead been reported on a gross basis in Schedule RC-E, column B, Demand deposits. For each reciprocal demand balance relationship with one of these foreign banks or foreign offices that was reported on a net basis, the amount of this increase is equal to the amount by which the gross "due to" demand balance for that bank or office was reduced before it was reported on Schedule RC-E, column B, i.e., the lesser of the demand balances "due from" or "due to" that foreign bank or foreign office.
11.c	Amount by which demand deposits would be reduced if cash items in process of collection were included in the calculation of the reporting bank's net reciprocal demand balances with the domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions) in Schedule RC-E. For purposes of the Report of Condition, balances due from other depository institutions reflect only those funds on

Item No.	Caption and Instructions
11.c (cont.)	deposit for which the reporting bank has already received credit and which are subject to immediate withdrawal. Therefore, "due from" balances and calculations of net reciprocal demand balances for purposes of Schedule RC-E exclude cash items in process of collection. However, for deposit insurance assessment purposes under the FDI Act, cash items in process of collection should be included in the net reciprocal calculation. Report in this item the amount by which demand deposits would be reduced if cash items in process of collection were included in the calculation of net reciprocal demand balances between the reporting bank and the domestic offices of U.S. banks and savings associations (and insured branches in Puerto Rico and U.S. territories and possessions) in Schedule RC-E, column B, Demand deposits.

12 Amount of assets netted against deposit liabilities (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) on the balance sheet (Schedule RC) in accordance with generally accepted accounting principles. Under generally accepted accounting principles, banks are permitted to offset or net assets and liabilities when a right of setoff exists. However, under the Federal Deposit Insurance Act (FDI Act), only certain specified assets may be netted against deposit liabilities for deposit insurance and FICO assessment purposes. Thus, the reporting bank may have reported its deposits on the balance sheet (Schedule RC) and in Schedule RC-E differently than required for assessment purposes. The following items capture these differences, but exclude information for assessment purposes on the netting of reciprocal demand balances which is covered in Schedule RC-O, item 11, above.

The following examples illustrate the amounts to be reported in items 12.a and 12.b:

Example: Bank A has a $200,000 asset and a $500,000 deposit liability for which a right of setoff exists under generally accepted accounting principles. Bank A nets the asset and liability on its balance sheet (Schedule RC) and reports a (net) $300,000 deposit liability. Bank A should report $200,000 in item 12.a or 12.b, depending on the type of deposit involved in the netting.

Example: Bank B has a $400,000 asset and a $250,000 deposit liability for which a right of setoff exists under generally accepted accounting principles. Bank B nets the asset and liability on its balance sheet (Schedule RC) and reports a (net) $150,000 asset. Bank B should report $250,000 in item 12.a or 12.b, depending on the type of deposit involved in the netting.

12.a	Amount of assets netted against demand deposits. If the reporting bank has netted any assets and demand deposit liabilities (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) on the balance sheet (Schedule RC) and in Schedule RC-E in accordance with generally accepted accounting principles, report in this item the amount by which this netting reduced the bank's reported demand deposits. Exclude hypothecated demand deposits (see the Glossary entry for "hypothecated deposit" for the definition of this term). Also exclude reciprocal demand balances that have been reported on a net basis.
12.b	Amount of assets netted against time and savings deposits. If the reporting bank has netted any assets and time and savings deposit liabilities (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) on the balance sheet (Schedule RC) and in Schedule RC-E in accordance with generally accepted accounting principles, report in this item the amount by which this netting reduced the bank's reported time and savings deposits. Exclude hypothecated time and savings deposits (see the Glossary entry for "hypothecated deposit" for the definition of this term).

Memoranda

Item No. Caption and Instruction

1 **Total deposits (in domestic offices) of the bank.** Memorandum items 1.a.(1), 1.b.(1), and 1.b.(2) are to be completed each quarter. Memorandum item 1.a.(2) is to be completed for the June report only.

When determining the number and size of deposit accounts, each individual certificate, passbook, account, and other evidence of deposit is to be treated as a separate account. For purposes of completing this Memorandum item, multiple accounts of the same depositor should not be aggregated. In situations where a bank assigns a single account number to each depositor so that one account number may represent multiple deposit contracts between the bank and the depositor (e.g., one demand deposit account, one money market deposit account, and three certificates of deposit), each deposit contract is a separate account.

The sum of Memorandum items 1.a.(1) and 1.b.(1) must equal Schedule RC, item 13.a, "Deposits in domestic offices."

1.a **Deposit accounts of $100,000 or less.** Report in the appropriate subitem the amount outstanding and the number of accounts with a balance of $100,000 or less as of the report date.

1.a.(1) **Amount of deposit accounts of $100,000 or less.** Report the aggregate balance of all deposit accounts, certificates, or other evidences of deposit (demand, savings, and time) with balances on the report date of $100,000 or less. This amount should represent the total of the balances of the accounts enumerated in Memorandum item 1.a.(2) below.

1.a.(2) **Number of deposit accounts of $100,000 or less.** (To be completed for the June report only.) Report the total number of deposit accounts (demand, savings, and time) with balances on the report date of $100,000 or less. Count each certificate, passbook, account, and other evidence of deposit which has a balance of $100,000 or less.

1.b **Deposit accounts of more than $100,000.** Report in the appropriate subitem the amount outstanding and the number of accounts with a balance of more than $100,000 as of the report date.

1.b.(1) **Amount of deposit accounts of more than $100,000.** Report the aggregate balance of each deposit account, certificate, or other evidence of deposit (demand, savings, and time) with a balance on the report date of more than $100,000. This amount should represent the total of the balances of the accounts enumerated in Memorandum item 1.b.(2) below.

1.b.(2) **Number of deposit accounts of more than $100,000.** Report the total number of deposit accounts (demand, savings, and time) with balances on the report date of more than $100,000. Count each certificate, passbook, account, and other evidence of deposit which has a balance of more than $100,000.

2 **Estimated amount of uninsured deposits (in domestic offices) of the bank.** The information in this Memorandum item is requested pursuant to Section 141(c) of the Federal Deposit Insurance Corporation Improvement Act of 1991.

An estimate of your bank's uninsured deposits (in domestic offices) can be determined by multiplying the number of deposit accounts of more than $100,000 reported in Schedule RC-O, Memorandum item 1.b.(2) above, by $100,000 and subtracting the result from the amount of deposit accounts of more than $100,000 reported in Schedule RC-O, Memorandum item 1.b.(1) above. For example, a bank reports in Memorandum item 1.b.(1)

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Item No.	Caption and Instruction
2 (cont.)	that it has $12,345,000 of deposit accounts of more than $100,000. The bank also reports in Memorandum item 1.b.(2) that it has 76 deposit accounts of more than $100,000. Based on these data, an estimate of the bank's uninsured deposits as determined by this simple method is:

$12,345,000

- 7,600,000 (76 x $100,000)

$ 4,745,000

NOTE: When a deposit account of more than $100,000 has securities or other assets pledged against it, the portion of the deposit account that is over $100,000 remains uninsured even though it is secured.

2.a Indicate in the appropriate box at the right whether your bank has a method or procedure for determining a better estimate of uninsured deposits than the estimate described above. If your bank has an internal method or procedure that it uses for management information purposes to obtain an estimate of the amount of uninsured deposits that is better (i.e., believed to be more accurate) than an estimate that simply considers the number and amount of deposit accounts of more than $100,000 (as described above), place an "X" in the box marked "YES" and complete Memorandum item 2.b below. Otherwise, place an "X" in the box marked "NO" and do not complete Memorandum item 2.b.

2.b If the box marked YES has been checked, report the estimate of uninsured deposits determined by using your bank's method or procedure. If the response to Memorandum item 2.a above is "YES," apply the internal method or procedure that your bank uses for management information purposes and determine the estimated amount of uninsured deposits at your bank as of the report date. Report this estimated amount in this Memorandum item.

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.

[The page following this is page RC-73.]

NOTE: Remove pages RC-75 through RC-80 (dated 3-96) and replace them with these revised pages.

General Instructions (cont.)

For information on the treatment of credit derivatives for risk-based capital and supervisory purposes, banks should refer to the supervisory guidance issued by their primary federal bank regulatory agency.

Credit conversion process for off-balance sheet interest rate, foreign exchange, equity derivative, and commodity and other contracts -- In general, to calculate the credit equivalent amount for such contracts, a bank should, for each contract, add (1) the mark-to-market value (only if a positive value) of the contract (i.e., the contract's current credit exposure or replacement cost), and (2) an estimate of the potential future increase in credit exposure over the remaining life of the instrument. For risk-based capital purposes, potential future credit exposure of a contract is determined by multiplying the notional principal amount of the contract (even if the contract had a negative mark-to-market value) by the appropriate credit conversion factor from the chart presented below. However, under the banking agencies' risk-based capital standards and for purposes of Schedule RC-R, the existence of a legally enforceable bilateral netting agreement between the reporting bank and a counterparty may be taken into consideration when determining both the current credit exposure and the potential future exposure of off-balance sheet derivative contracts. For further information on the treatment of bilateral netting agreements covering off-balance sheet derivative contracts, refer to the risk-based capital standards issued by the reporting bank's primary federal supervisory authority.

Remaining maturity	Interest rate contracts	Foreign exchange and gold contracts	Equity derivative contracts	Precious metals contracts (except gold)	Other commodity contracts
One year or less	0.0%	1.0%	6.0%	7.0%	10.0%
More than one year through five years	0.5%	5.0%	8.0%	7.0%	12.0%
More than five years	1.5%	7.5%	10.0%	8.0%	15.0%

The types of off-balance sheet derivative contracts that are excluded in whole or in part from the credit conversion process are discussed below in the section on "Treatment of Off-Balance Sheet Interest Rate, Foreign Exchange, Equity Derivative, and Commodity and Other Contracts."

Treatment of Commitments -- Under the risk-based capital guidelines, the unused portion of commitments (facilities) with an original maturity of one year or less or which are unconditionally cancellable (without cause) at any time by the bank, provided a separate credit decision is made before each drawing, have a zero percent conversion factor. The unused portion of such commitments should be excluded from items 4 through 7 of Schedule RC-R. "Original maturity" is defined as the length of time between the date a commitment is issued and the date of maturity, or the earliest date on which the bank (1) is scheduled to (and as a normal practice actually does) review the facility to determine whether or not it should be extended and (2) can unconditionally cancel the commitment.

For commitments providing for increases in the dollar amount of the commitment, the amount to be converted to an on-balance sheet credit equivalent amount and risk weighted is the maximum dollar amount that the bank is obligated to advance at anytime during the life of the commitment. This includes seasonal commitments where the dollar amount of the commitment increases during the customer's peak business period. In addition, this risk-based capital treatment applies to long-term commitments that contain short-term options which, for a fee, allow the customer to increase the dollar amount of the commitment. Until the short-term option has expired, the reporting bank must convert and risk weight the amount which it is obligated to lend if the option is exercised. After the expiration of a short-term option which has not been exercised, the unused portion of the original amount of the commitment is to be used in the credit conversion process.

In the case of consumer home equity or mortgage lines of credit secured by liens on 1-4 family residential properties, a bank is deemed able to unconditionally cancel the commitment if, at its option, it can prohibit additional extensions of credit, reduce the credit line, and terminate the commitment to the full extent permitted by relevant federal law. Retail credit cards and related plans are defined to be short-term commitments that should be converted at zero percent and excluded from items 4 through 7 of Schedule RC-R if the bank has the unconditional right to cancel the line of credit at any time, in accordance with applicable law.

Treatment of Off-Balance Sheet Interest Rate, Foreign Exchange, Equity Derivative, and Commodity and Other Contracts -- In general, only the credit equivalent amounts of those off-balance sheet interest rate, foreign exchange, equity derivative, and commodity and other contracts covered under the risk-based capital

General Instructions (cont.)

guidelines are to be reported in Schedule RC-R. The maximum risk weight to be applied to the credit equivalent amount of such contracts is 50 percent. The credit equivalent amounts calculated for interest rate, foreign exchange, equity derivative, and commodity and other swaps, forwards, purchased option contracts, when-issued securities, and forward deposits accepted as outlined in the risk-based capital guidelines, and any margin accounts associated with such contracts, are to be included in items 4 through 6 depending upon the risk weights accorded the transactions due to the counterparty, or, if relevant, the nature of any collateral or guarantees.

Purchased options held by the reporting bank that are traded on an exchange are to be included in the calculation of the risk-based capital ratio unless such options are subject to a daily variation margin. Variation margin is defined as the gain or loss on open positions, calculated by marking to market at the end of each trading day. Such gain or loss is credited or debited by the clearing house to each clearing member's account, and by members to their customers' accounts.

Exclude from the credit conversion process and from items 4 through 6 of Schedule RC-R: (1) interest rate, foreign exchange, equity derivative, and commodity and other contracts traded on exchanges that require daily payment of variation margin, (2) foreign exchange contracts with an original maturity of fourteen calendar days or less, and (3) all written option contracts except for those that are, in substance, financial guarantees. (However, see the instructions to Schedule RC-R, Memorandum item 1, concerning bilateral netting agreements.) In general, also exclude from items 4 through 6 the on-balance sheet asset values (or portions thereof) of all interest rate, foreign exchange, equity derivative, and commodity and other contracts subject to risk-based capital; these amounts are to be reported in item 8 of this schedule. For further information, see the instructions to Schedule RC-R, item 8.

If a written option contract acts as a financial guarantee, then it will be treated as a direct credit substitute for purposes of risk-based capital and Schedule RC-R. An example of such a contract occurs when the reporting bank writes a put option to a second bank which has a loan to a third party. The strike price would be the equivalent of the par value of the loan. If the credit quality of the loan deteriorates, thereby reducing the value of the loan to the second bank, the reporting bank would be required by the second bank to take the loan onto its books.

Treatment of Low Level Recourse Transactions -- The banking agencies' risk-based capital standards provide that the amount of risk-based capital that must be maintained for assets transferred with recourse should not exceed the maximum amount of recourse for which a bank is contractually liable under the recourse agreement. This rule applies to transactions in which a bank contractually limits its risk of loss or recourse exposure to less than the full effective minimum risk-based capital requirement for the assets transferred -- generally, four percent for qualifying first lien 1-to-4 family residential mortgages and eight percent for most other assets. Banks that have entered into low level recourse transactions should report these transactions in Schedule RC-R in accordance with the following guidance.

For low level recourse transactions that qualify for sale treatment in accordance with generally accepted accounting principles (GAAP), the transferred assets will have been removed from the Call Report balance sheet. In this situation, the maximum contractual dollar amount of the bank's off-balance sheet recourse exposure as of the report date, less the balance of any associated recourse liability account established in accordance with GAAP and reported in Schedule RC, item 20, "Other liabilities," should be multiplied by factors of 12.5, 25, and 62.5 for assets transferred in the 100 percent, 50 percent, and 20 percent risk weight categories, respectively. The resulting dollar amount should be reported as a credit equivalent amount in the item in column B of Schedule RC-R appropriate to the risk weight category of the off-balance sheet transferred assets.

For example, a bank has transferred $2 million in first lien residential mortgages subject to two percent recourse under a U.S. Government program and properly reports the transaction as a sale in accordance with the applicable Call Report instructions. The bank has removed the $2 million in mortgages from its Call Report balance sheet and, in accordance with GAAP, has also established a recourse liability account with a balance of $10,000. The maximum amount for which the bank is liable is $40,000. The mortgages are accorded a 50 percent risk weight and the bank's recourse exposure is less than the $80,000 minimum risk-based capital requirement for the off-balance sheet assets transferred with recourse. The bank would report $750,000 as the credit equivalent amount in Schedule RC-R, item 6.b (its $30,000 maximum exposure, net of the recourse liability account balance, multiplied by 25). Because the $2 million in transferred mortgages is off the balance sheet, the difference between the $750,000 credit equivalent amount and the $2 million is not reported in Schedule RC-R.

General Instructions (cont.)

For sales and securitizations of assets which use contractual cash flows (e.g., interest-only strips receivable and so-called "spread accounts"), retained subordinated interests, or retained securities (e.g., collateral invested amounts or cash collateral accounts) as credit enhancements to which the low level recourse rule applies, the assets supported by these credit enhancements will have been removed from the Call Report balance sheet. In this situation, when the maximum contractual dollar amount of the bank's recourse exposure is limited to the contractual cash flows, subordinated interest, or securities, the amount at which this credit enhancement is carried as an asset on the balance sheet in accordance with GAAP should be reported in Schedule RC-R, item 8. In addition, this on-balance sheet asset amount, on a net of tax basis, should be multiplied by factors of 12.5, 25, and 62.5 for assets sold and securitized in the 100 percent, 50 percent, and 20 percent risk weight categories, respectively. The resulting dollar amount should be reported as a credit equivalent amount in the item in column B of Schedule RC-R appropriate to the risk weight category of the assets sold and securitized.

Treatment of Small Business Obligations Transferred with Recourse Under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994 -- A "qualifying institution" that transfers small business loans and leases on personal property (small business obligations) with recourse in a transaction that qualifies as a sale under generally accepted accounting principles (GAAP) must maintain risk-based capital only against the amount of recourse retained, provided the institution establishes a recourse liability account that is sufficient under GAAP. Only loans and leases to businesses to businesses that meet the criteria for a small business concern established by the Small Business Administration under Section 3(c) of the Small Business Act (12 U.S.C. 631) are eligible for this favorable risk-based capital treatment.

In general, a "qualifying institution" is one that is well capitalized without regard to the Section 208 provisions. If a bank ceases to be a qualifying institution or exceeds the retained recourse limit set forth in banking agency regulations implementing Section 208, all new transfers of small business obligations with recourse would not be treated as sales. However, the reporting and risk-based capital treatment described above will continue to apply to any transfers of small business obligations with recourse that were consummated during the time the bank was a "qualifying institution" and did not exceed the limit.

When reporting eligible transfers with recourse in Schedule RC-R, only the amount of retained recourse should be reported as a credit equivalent amount in column B. This amount, which is reported in Schedule RC-L, item 9.c.(2), will normally be accorded a 100 percent risk weight and be included in Schedule RC-R, item 7.b.

Item Instructions

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1 Test for determining the extent to which Schedule RC-R must be completed.

Item 1 is to be completed only by banks with total assets of less than $1 billion. Indicate in the appropriate box at the right whether the bank has total capital greater than or equal to eight percent of adjusted total assets.

If "total risk-based capital," as reported in item 3.c below, divided by "adjusted total assets" (on an unrounded basis) is greater than or equal to 8.00 percent and the bank has less than $1 billion in total assets, the reporting bank should place an "X" in the box marked "YES." If "total capital" divided by "adjusted total assets" (on an unrounded basis) is less than 8.00 percent, the reporting bank should place an "X" in the box marked "NO." If the box marked "YES" is checked, then the bank must complete only items 2 and 3 of this schedule. If the box marked "NO" is checked, then the bank must complete items 2 through 9 and Memorandum items 1 and 2. In addition, checking the box marked "NO" does not necessarily mean that the bank's actual risk-based capital ratio is less than eight percent or that the bank is not in compliance with the risk-based capital guidelines.

"Adjusted total assets" is defined as total assets (after adjusting available-for-sale securities from fair value to amortized cost) LESS cash, U.S. Treasury securities, U.S. Government agency obligations, and 80 percent of U.S. Government-sponsored agency obligations not held for trading PLUS the allowance for loan and lease losses and selected off-balance sheet items. "Adjusted total assets" should be measured by using amounts reported elsewhere in the Report of Condition according to the following formula:

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1 (cont.)

Total assets	Schedule RC, item 12(c), on the FFIEC 034; Schedule RC, item 12, on the FFIEC 031, 032, and 033
Adjustment to Available-for-Sale Securities	- Schedule RC-B, item 7, column D, + Schedule RC-B, item 7, column C
LESS:	
Cash (currency and coin)	- Schedule RC-M, item 3(b), on the FFIEC 034; - Schedule RC-A, item 1(b), on the FFIEC 031, 032, and 033

U.S. Treasuries (not

- Schedule RC-B, item 1, sum of columns A and C
held for trading)

U.S. Government agencies (not held for trading)	- Schedule RC-B, item 2(a), sum of columns A and C, plus item 4(a)(1), sum of columns A and C
80% of U.S. Government-sponsored agencies (not held for trading)	- 0.8 x (Schedule RC-B, item 2(b), sum of columns A and C, plus item 4(a)(2), sum of columns A and C, plus item 4(b)(1), sum of columns A and C)
PLUS:	
Allowance for Loan and Lease Losses	+ Schedule RC, item 4(b)
Unused Commitments	+ Schedule RC-L, sum of items 1(a) through 1(e)
Financial Standby Letters of Credit, Net	+ Schedule RC-L, item 2 minus item 2(a)
Performance Standby Letters of Credit, Net	+ Schedule RC-L, item 3 minus item 3(a)
Commercial Letters of Credit	+ Schedule RC-L, item 4
Participations Acquired in Acceptances	+ Schedule RC-L, item 6
Securities Lent	+ Schedule RC-L, item 8
Financial Assets Transferred with Recourse	+ Schedule RC-L, sum of items 9(a)(1), 9(b)(1), and 9(c)(2)
Credit Derivatives	+ Schedule RC-L, sum of items 10(a) and 10(b)
Forward Contracts	+ Schedule RC-L, item 14(b), sum of columns A through D

Exchange-Traded Purchased
+ Schedule RC-L, item 14(c)(2), sum of
Options columns A through D

Over-the-Counter Purchased Options	+ Schedule RC-L, item 14(d)(2), sum of columns A through D

Swaps

+ Schedule RC-L, item 14(e), sum of
columns A through D

Other Off-Balance Sheet Liabilities	+ Schedule RC-L, item 12
EQUALS:	= Adjusted Total Assets

Item No. Caption and Instructions

2 **Portion of qualifying limited-life capital instruments (original weighted average maturity of at least five years) that is includible in Tier 2 capital.** The portion of a bank's qualifying limited-life capital instruments that is includible in Tier 2 capital is the amount that remains after discounting those instruments, if any, with five years or less until maturity and then applying any applicable percentage of Tier 1 capital limit. For limited-life capital instruments with serial maturities or with sinking fund provisions, the amount associated with each maturity date is to be treated as a separate issue and discounted on an individual basis. If the holder of the reporting bank's subordinated debt or intermediate-term or long-term preferred stock has the right to require the bank to redeem, repay, or repurchase the instrument prior to the original stated maturity, then maturity would be defined as the earliest possible date on which the holder can put the instrument back to the issuing bank.

2.a **Subordinated debt and intermediate-term preferred stock.** Report the portion of the reporting bank's qualifying term subordinated debt and intermediate-term preferred stock (including any related surplus) that is includible in Tier 2 capital. These capital instruments must have an original weighted average maturity of at least five years. Include as intermediate-term preferred stock those issues of preferred stock with an original maturity of less than 20 years.

Include as subordinated debt the amount of any mandatory convertible debt that has common or perpetual preferred stock dedicated (in accordance with guidelines issued or established by the bank's primary federal bank supervisory authority) to redeem, in whole or in part, such outstanding issues. Otherwise, mandatory convertible debt should be excluded from this item.

Qualifying term subordinated debt and intermediate-term preferred stock is the amount that remains after discounting any instruments with five years or less until maturity. The portion of this qualifying amount that is includible in Tier 2 capital is limited to 50 percent of Tier 1 capital. This portion is calculated as follows:

(1)	Amount of subordinated debt and intermediate-term preferred stock with a remaining maturity of more than five years	_____ x 100% = _____
(2)	Amount of subordinated debt and intermediate-term preferred stock with a remaining maturity of more than four years, but less than five years	_____ x 80% = _____
(3)	Amount of subordinated debt and intermediate-term preferred stock with a remaining maturity of more than three years, but less than four years	_____ x 60% = _____
(4)	Amount of subordinated debt and intermediate-term preferred stock with a remaining maturity of more than two years, but less than three years	_____ x 40% = _____
(5)	Amount of subordinated debt and intermediate-term preferred stock with a remaining maturity of more than one year, but less than two years	_____ x 20% = _____
(6)	Amount of subordinated debt and intermediate-term preferred stock with a remaining maturity of one year or less	_____ x 0% = _____
(7)	Qualifying subordinated debt and intermediate-term preferred stock (sum of discounted amounts of lines (1) through (6))	_____
(8)	Tier 1 capital (from Schedule RC-R, item 3.a)	_____
(9)	Multiplied by 50 percent	x 50%
(10)	Limit for qualifying subordinated debt and intermediate-term preferred stock (line (8) multiplied by 50 percent)	_____
(11)	Portion of qualifying subordinated debt and intermediate-term preferred stock includible in Tier 2 capital (lesser of lines (7) and (10))	_____

Report the amount from line (11) in Schedule RC-R, item 2.a.

2.b **Other limited-life capital instruments.** Report the portion of the reporting bank's qualifying other limited-life capital instruments, such as long-term preferred stock with an original maturity of 20 years or more, that is includible in Tier 2 capital.

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2.b (cont.) Qualifying other limited-life capital instruments is the amount that remains after discounting any instruments with five years or less until maturity. The entire amount of this qualifying amount is the portion that is includible in Tier 2 capital. This portion is calculated as follows:

(1)	Amount of other limited-life capital instruments with a remaining maturity of more than five years	_____ x 100% = _____
(2)	Amount of other limited-life capital instruments with a remaining maturity of more than four years, but less than five years	_____ x 80% = _____
(3)	Amount of other limited-life capital instruments with a remaining maturity of more than three years, but less than four years	_____ x 60% = _____
(4)	Amount of other limited-life capital instruments with a remaining maturity of more than two year, but less than three years	_____ x 40% = _____
(5)	Amount of other limited-life capital instruments with a remaining maturity of more than one year, but less than two years	_____ x 20% = _____
(6)	Amount of other limited-life capital instruments with a remaining maturity of one year or less	_____ x 0% = _____
(7)	Portion of qualifying other limited-life capital instruments (sum of discounted amounts of lines (1) through (6))	_____

Report the amount from line (7) in Schedule RC-R, item 2.b.

3 Amounts used in calculating regulatory capital ratios. Report in the appropriate subitem the indicated amounts used in calculating the bank's risk-based and leverage capital ratios.[1] Some of these amounts are also used in calculating other regulatory limitations, such as limits on loans to insiders. The amounts to be reported in these subitems should be those determined by the bank for its own internal regulatory capital analyses and they are subject to examiner review.

3.a Tier 1 capital. Report the amount of the bank's Tier 1 capital. The amount reported in this item is the numerator of the bank's Tier 1 risk-based capital ratio and its Tier 1 leverage ratio.

Tier 1 (core) capital consists of:
(1) common stockholders' equity capital,
(2) noncumulative perpetual preferred stock and any related surplus, and
(3) minority interests in equity capital accounts of consolidated subsidiaries,
less goodwill, other disallowed intangible assets, and disallowed deferred tax assets, and any other amounts that are deducted in determining Tier 1 capital in accordance with the capital standards issued by the reporting bank's primary federal supervisory authority. NOTE: For risk-based capital purposes, common stockholders' equity capital includes any net unrealized holding losses on available-for-sale equity securities with readily determinable fair values, but excludes other net unrealized holding gains (losses) on available-for-sale securities.

For most banks, Tier 1 capital will equal common stockholders' equity capital (Schedule RC, the sum of items 24, 25, 26.a, and 27, less any net unrealized holding losses on available-for-sale equity securities with readily determinable fair values) less goodwill and other disallowed intangible assets and less disallowed deferred tax assets. (Net unrealized holding losses on available-for-sale equity securities with readily determinable fair values can be determined from Schedule RC-B, item 6.a. In general, if item 6.a, column C, is greater than item 6.a, column D, the excess should be deducted from Tier 1 capital. Intangible assets are reported in Schedule RC, item 10, and in Schedule RC-M, item 6. Disallowed deferred tax assets are reported in Schedule RC-F, Memorandum item 1.)

[1] For purposes of Schedule RC-R, items 3.a, 3.e, and 3.f, insured state banks with real estate subsidiaries whose continued operations have been approved by the FDIC pursuant to Section 362.4 of the FDIC's Rules and Regulations should deduct from the parent bank's Tier 1 capital and assets, as appropriate: (a) any equity investment in the subsidiary, (b) any debt issued by the subsidiary that is held by the insured state bank or guarantees of any debt issued by the subsidiary by the insured state bank, and (c) any extensions of credit from the insured state bank to the subsidiary. Insured state banks with FDIC-approved phase-out plans for real estate subsidiaries need not make these deductions.

NOTE: Remove pages RC-87 and RC-88 (dated 3-96) and replace them with these revised pages.

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7.a **Assets recorded on the balance sheet. Report all assets that are not reportable in items 4 through 6 above or in item 8 below. Include:**

(1) Stripped mortgage-backed securities (e.g., interest-only and principal-only strips);
(2) Residual and subordinated interests in asset-backed securities;
(3) Mortgage servicing assets and purchased credit card relationships (excluding any portion that is disallowed for regulatory capital purposes);
(4) Premises and fixed assets;
(5) Industrial development bonds;
(6) Loans, debt securities, and other claims where the counterparty is a private obligor;
(7) Margin accounts on futures contracts;
(8) Other real estate owned;
(9) Net deferred tax assets (excluding any portion that is disallowed for regulatory capital purposes); and
(10) All other assets not already reported above (excluding those reportable in Schedule RC-R, item 8 below).

For purposes of this schedule, the amount to be reported in this item should be reduced by the amount of any valuation allowances the reporting bank maintains against assets other than loans and available-for-sale securities (e.g., valuation allowances for other real estate owned).

7.b **Credit equivalent amounts of off-balance sheet items. Report the credit equivalent amount, as determined under the risk-based capital guidelines, for those off-balance sheet items that are risk weighted at 100 percent in accordance with the guidelines. Include those off-balance sheet items where the counterparty is a private obligor and which are not accorded a lower risk weight as a result of collateral or a guarantee.**

8 **On-balance sheet asset values excluded from and deducted in the calculation of the risk-based capital ratio. Report in this item the difference between the fair value and the amortized cost of the reporting bank's available-for-sale debt securities (and report the amortized cost of these debt securities in Schedule RC-R, items 4 through 7 above). Furthermore, to the extent that the amount of net deferred tax assets carried on the balance sheet (Schedule RC) and reported in Schedule RC-F, item 2, includes the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities, these deferred tax effects may be excluded from the net deferred tax asset amount reported as a 100 percent risk weight asset in Schedule RC-R, item 7.a. If these deferred tax assets are excluded, they should be reported in this item and this reporting treatment must be followed consistently over time. For available-for-sale equity securities, if fair value exceeds cost, include the difference between the fair value and the cost in this item and report the cost of these equity securities in items 5 through 7 above; if cost exceeds fair value, report the fair value of these equity securities in items 5 through 7 above and include no amount in this item.**

Include in this item any portion of the bank's mortgage servicing assets, purchased credit card relationships, and net deferred tax assets that is disallowed for regulatory capital purposes as well as all other intangible assets (including servicing assets related to financial assets other than mortgages) and other assets that are required to be deducted from regulatory capital in accordance with the capital standards issued by the bank's primary federal regulatory agency.

Also report in this item the on-balance sheet asset values (or portions thereof) of off-balance sheet interest rate, foreign exchange, equity derivative, and commodity and other contracts that are treated for risk-based capital purposes as off-balance sheet items even though they may have on-balance sheet amounts included on Schedule RC. In addition, include in this item the on-balance sheet asset values related to (1) foreign exchange contracts with an original maturity of fourteen calendar days or less, (2) instruments traded on organized exchanges that require daily payment and receipt of variation margin (e.g., futures contracts), and (3) other interest rate, foreign exchange, equity derivative, and commodity and other contracts not covered under the risk-based capital guidelines such as over-the-counter written options. These on-balance sheet asset values may have been reported on Schedule RC on a net basis in accordance with the FASB Interpretation No. 39, as described in the Glossary entry for "Offsetting." (Purchased options that are traded on an organized exchange are to be included in the calculation of the risk-based capital ratio because such option contracts are not subject to a daily variation margin.)

For those off-balance sheet interest rate, foreign exchange, equity derivative, and commodity and other contracts subject to risk-based capital, banks should report the on-balance sheet asset

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8 (cont.)	values (or portions thereof) in this item to avoid a capital charge against the on-balance sheet amounts in addition to the capital charge against the credit equivalent amounts calculated under the risk-based capital guidelines. The amount to be reported in this item for each off-balance sheet interest rate, foreign exchange, equity derivative, and commodity and other contract should equal the lower of the contract's positive on-balance sheet asset amount included in Schedule RC or its positive market value included in computing the credit equivalent amount of the transaction. (For purposes of this comparison, if the amount of any accrued receivable is included in the calculation of the credit equivalent amount of an off-balance sheet derivative contract, this amount should be treated as part of the contract's positive on-balance sheet asset amount.) If either amount is zero or negative, then report for that contract in this item the amount, if any, which has been included in the on-balance sheet asset amount reported for such contract on Schedule RC. For example, a forward contract that is marked to market for reporting purposes will have its on-balance sheet market value, if positive, reported in this item and, as a result, this on-balance sheet asset amount will be excluded from the risk-based capital ratio computation. The positive market value, however, will be included in the credit equivalent amount of this off-balance sheet item for risk-based capital purposes.
	If the on-balance sheet asset value of a purchased option exceeds the market value of the purchased option, then the excess is not to be included in this item; rather, the excess is to be included in the appropriate risk weight category in Schedule RC-R, items 4 through 6 above. However, if the market value equals or exceeds the on-balance sheet asset value, the full on-balance sheet amount would be included in this item.
	Exclude from this item any accrued receivables associated with off-balance sheet derivative contracts that are not included in the calculation of the credit equivalent amounts of these contracts and margin accounts related to derivative contracts. Margin accounts must be assigned to the 100 percent risk category while accrued receivables not reported in this item are to be included in the appropriate risk-weight category.
9	Total assets recorded on the balance sheet. Report in column A the sum of items 4.a, 5.a, 6.a, 7.a, and 8, column A. On the FFIEC 034, this amount must equal Schedule RC, item 12.c plus items 4.b and 4.c. On the FFIEC 031, 032, and 033, this amount must equal Schedule RC, item 12 plus items 4.b and 4.c.

Memoranda

Item No.	Caption and Instructions
1	Current credit exposure across all off-balance-sheet derivative contracts covered by the risk-based capital standards. Report a single current credit exposure amount for off-balance-sheet derivative contracts covered by the risk-based capital standards after considering applicable legally enforceable bilateral netting agreements. For purposes of this item, include the current credit exposure for off-balance sheet interest rate, foreign exchange, equity derivative, and commodity and other contracts. For descriptions of these contracts, refer to the instructions for Schedule RC-L, item 14.
	Current credit exposure (sometimes referred to as the replacement cost) is the fair value of a contract when that fair value is positive. The current credit exposure is zero when the fair value is negative or zero. Current credit exposure should be derived as follows: Determine whether a legally enforceable bilateral netting agreement is in place between the reporting bank and a counterparty. If such an agreement is in place, the fair values of all applicable interest rate and foreign exchange contracts with that counterparty that are included in the netting agreement are netted to a single amount. Next, for all other contracts covered by the risk-based capital standards that have positive fair values, the total of the positive fair values is determined. Then, report in this item the sum of (i) the net positive fair values of applicable interest rate and foreign exchange contracts subject to legally enforceable bilateral netting agreements and (ii) the total positive fair values of all other contracts covered by the risk-based capital standards.
	Consistent with the risk-based capital guidelines, if a bilateral netting agreement covers off-balance sheet derivative contracts that are normally not covered by the risk-based capital standards (e.g., foreign exchange contracts with an original maturity of 14 calendar days or less and contracts traded on exchanges that require daily payment of variation margin), the reporting bank may elect to consistently either include or exclude the fair values of all such derivative contracts when determining the net current credit exposure for that agreement.