SCHEDULE RC-M – MEMORANDA

Item No. **Caption and Instructions**

1 **Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date.** For purposes of this item, the terms "extension of credit," "executive officer," "director," "principal shareholder," and "related interest" are as defined in Federal Reserve Board Regulation O and 12 U.S.C. 375b(9)(D).

An "extension of credit" is a making or renewal of any loan, a granting of a line of credit, or an extending of credit in any manner whatsoever. Extensions of credit include, among others, loans, overdrafts, cash items, standby letters of credit, and securities purchased under agreements to resell. For lines of credit, the amount to be reported as an extension of credit is normally the total amount of the line of credit extended to the insider, not just the current balance of the funds that have been advanced to the insider under the line of credit. An extension of credit also includes having a credit exposure arising from a derivative transaction, repurchase agreement, reverse repurchase agreement, securities lending transaction, or securities borrowing transaction. *See* Section 215.3 of Regulation O and 12 U.S.C. 375b(9)(D)(i) for further details.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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3 (cont.) Include as 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. (For further information, see the Glossary entries for “foreclosed assets” and “troubled debt restructurings.”)

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

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

(2) Foreclosed real estate backing mortgage loans insured by the Federal Housing Administration (FHA) or the Farmers Home Administration (FmHA) or guaranteed by the Veterans Administration (VA) that back Government National Mortgage Association (GNMA) securities, i.e., "GNMA loans."

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

(4) Foreclosed real estate sold under contract and accounted for under the deposit method of accounting in accordance with ASC Subtopic 360-20, Property, Plant, and Equipment – Real Estate Sales (formerly FASB Statement No. 66, “Accounting for Sales of Real Estate”). Under this method, the seller does not record notes receivable, but continues to report the real estate and any related existing debt on its balance sheet. The deposit method is used when a sale has not been consummated and is commonly used when recovery of the carrying value of the property is not reasonably assured. If the full accrual, installment, cost recovery, reduced profit, or percentage-of-completion method of accounting under ASC Subtopic 360-20 is being used to account for the sale, the receivable resulting from the sale of the foreclosed real estate should be reported as a loan in Schedule RC-C and any gain on the sale should be recognized in accordance

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3 (cont.)	with ASC Subtopic 360-20. 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."

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

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

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

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

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

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

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

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3.d (cont.)	For further information on the meaning of the term "multifamily residential properties," see the instruction to Schedule RC-C, part I, item 1.d. 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, multifamily residential properties, not just real estate acquired through foreclosure on loans that were originally reported as "loans secured by multifamily residential properties" in Schedule RC-C, part I, item 1.d, column B
3.e	**Nonfarm nonresidential 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, nonfarm nonresidential properties. For further information on the meaning of the term "nonfarm nonresidential properties," see the instruction to Schedule RC-C, part I, item 1.e. 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, nonfarm nonresidential properties, not just real estate acquired through foreclosure on loans that were originally reported as "loans secured by nonfarm nonresidential properties" in Schedule RC-C, part I, item 1.e, column B.
3.f	**Foreclosed properties from "GNMA loans."** Report the net book value of all other real estate owned (in domestic offices) resulting from foreclosures on real estate backing delinquent "GNMA loans."

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-	3.g	**In foreign offices.** Report the net book value of all other real estate owned which is held in foreign offices of the reporting bank.
3.g	3.h	**Total.** On the FFIEC 041, report the sum of items 3.a through 3.f. On the FFIEC 031, report the sum of items 3.a through 3.g. This amount must equal Schedule RC, item 7, "Other real estate owned."

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4	Not applicable.
5	**Other borrowed money.** Report in the appropriate subitem the specified information about Federal Home Loan Bank advances to and other borrowings by the consolidated bank.

A fixed interest rate is a rate that is specified at the origination of the advance or other borrowing, is fixed and invariable during the term of the advance or other borrowing, and is known to both the bank and the creditor. Also treated as a fixed interest rate is a predetermined interest rate, which is a rate that changes on a predetermined basis during the term of the advance or other borrowing, with the exact rate of interest over the life of the advance or other borrowing known with certainty to both the bank and the creditor when the advance or other borrowing is originated.

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

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

Remaining maturity is amount of time remaining from the report date until the final contractual maturity of an advance or an other borrowing without regard to the advance's or the borrowing's repayment schedule, if any.

Next repricing date is (a) the date the interest rate on an advance or other borrowing with a floating rate can next change in accordance with the terms of the contract or (b) the contractual maturity date of the advance or other borrowing, whichever is earlier.

Advances and other borrowings with a fixed rate that are callable at the option of the Federal Home Loan Bank or other creditor should be reported according to their remaining maturity without regard to their next call date unless the advance or other borrowing has actually been called. When an advance or other borrowing with a fixed rate has been called, it should be reported based on the time remaining until the call date. Advances and other borrowings with a floating rate that are callable should be reported on the basis of their next repricing date without regard to their next call date unless the advance or other borrowing has actually been called. Advances and other borrowings with a floating rate that have been called should be reported on the basis of their next repricing date or their actual call date, whichever is earlier.

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5 (cont.) Advances and other borrowings with a fixed rate that are puttable at the option of the bank should be reported according to their remaining maturity without regard to put dates if the bank has not exercised the put. If a put on an advance or other borrowing with a fixed rate has been exercised but the advance or other borrowing has not yet been repaid, the advance or other borrowing should be reported based on the amount of time remaining until the actual put date. Advances and other borrowings with a floating rate that are puttable should be reported on the basis of their next repricing date without regard to their next put date unless the put has actually been exercised. If a put on an advance or other borrowing with a floating rate has been exercised but the advance or other borrowing has not yet been repaid, the advance or other borrowing should be reported on the basis of its next repricing date or its actual put date, whichever is earlier.

Convertible advances should be reported based on the amount of time until the Federal Home Loan Bank can next opt to convert the rate on the borrowing to a floating rate or the contractual maturity date, whichever is earlier.

Other borrowings that are noninterest-bearing should be treated as fixed rate and reported according to the amount of time remaining until the final contractual maturity.

For banks filing the FFIEC 031, for a discussion of borrowings in foreign offices, see the Glossary entry for "borrowings and deposits in foreign offices."

5.a **Federal Home Loan Bank advances.** Report in the appropriate subitem the specified information about outstanding advances obtained from a Federal Home Loan Bank. As defined in 12 CFR Section 900.2, an "advance" is "a loan from a [Federal Home Loan] Bank that is:

(1) Provided pursuant to a written agreement;
(2) Supported by a note or other written evidence of the borrower's obligation; and
(3) Fully secured by collateral in accordance with the [Federal Home Loan Bank] Act and" 12 CFR Part 950.

Exclude from advances borrowings from a Federal Home Loan Bank in the form of securities repurchase agreements (report in Schedule RC, item 14.b, "Securities sold under agreements to repurchase") and federal funds purchased (report in Schedule RC, item 14.a).

5.a.(1) **Advances with a remaining maturity or next repricing date of.** Report the amount of the bank's fixed rate advances from a Federal Home Loan Bank in the appropriate subitems according to the amount of time remaining until their final contractual maturities. Report the amount of the bank's floating rate advances from a Federal Home Loan Bank in the appropriate subitems according to their next repricing dates.

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

- fixed rate Federal Home Loan Bank advances with a remaining maturity of one year or less, and
- floating rate Federal Home Loan Bank advances with a next repricing date occurring in one year or less.

Include all overnight advances in this item.

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5.a.(1)(b) **Over one year through three years.** Report the amount of:

- fixed rate Federal Home Loan Bank advances with a remaining maturity of over one year through three years, and
- floating rate Federal Home Loan Bank advances with a next repricing date occurring in over one year through three years.

5.a.(1)(c) **Over three years through five years.** Report the amount of:

- fixed rate Federal Home Loan Bank advances with a remaining maturity of over three years through five years, and
- floating rate Federal Home Loan Bank advances with a next repricing date occurring in over three years through five years.

5.a.(1)(d) **Over five years.** Report the amount of:

- fixed rate Federal Home Loan Bank advances with a remaining maturity of over five years, and
- floating rate Federal Home Loan Bank advances with a next repricing date occurring in over five years.

5.a.(2) **Advances with a remaining maturity of one year or less.** Report all Federal Home Loan Bank advances with a remaining maturity of one year or less. Include both fixed rate and floating rate advances with a remaining maturity of one year or less.

The fixed rate advances that should be included in this item will also have been reported by remaining maturity in Schedule RC-M, item 5.a.(1)(a), above. The floating rate advances that should be included in this item will also have been reported by next repricing date in Schedule RC-M, item 5.a.(1)(a), above. However, exclude those floating rate advances included in Schedule RC-M, item 5.a.(1)(a), with a next repricing date of one year or less that have a remaining maturity of over one year.

5.a.(3) **Structured advances.** Report the amount of structured Federal Home Loan Bank advances outstanding. Structured advances are advances containing options. Structured advances include (1) callable advances, i.e., fixed rate advances that the Federal Home Loan Bank has the option to call after a specified amount of time, (2) convertible advances, i.e., fixed rate advances that the Federal Home Loan Bank has the option to convert to floating rate after a specified amount of time, and (3) puttable advances, i.e., fixed rate advances that the bank has the option to prepay without penalty on a specified date or dates. Any other advances that have caps, floors, or other embedded derivatives should also be reported as structured advances.

5.b **Other borrowings.** Report in the appropriate subitem the specified information about amounts borrowed by the consolidated bank:

(1) on its promissory notes;

(2) on notes and bills rediscounted (including commodity drafts rediscounted):

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5.b (cont.)	(3) on financial assets (other than securities) sold under repurchase agreements that have an original maturity of more than one business day and sales of participations in pools of loans that have an original maturity of more than one business day;
	(4) by transferring financial assets in exchange for cash or other consideration (other than beneficial interests in the transferred assets) in transactions that do not satisfy the criteria for sale treatment under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended) (see the Glossary entry for "transfers of financial assets" for further information);
	(5) by the creation of due bills representing the bank's receipt of payment and similar instruments, whether collateralized or uncollateralized (see the Glossary entry for "due bills");
	(6) from Federal Reserve Banks;
	(7) by overdrawing "due from" balances with depository institutions, except overdrafts arising in connection with checks or drafts drawn by the reporting bank and drawn on, or payable at or through, another depository institution either on a zero-balance account or on an account that is <u>not</u> routinely maintained with sufficient balances to cover checks or drafts drawn in the normal course of business during the period until the amount of the checks or drafts is remitted to the other depository institution (in which case, report the funds received or held in connection with such checks or drafts as deposits in Schedule RC-E until the funds are remitted);
	(8) on purchases of so-called "term federal funds" (as defined in the Glossary entry for "federal funds transactions");
	(9) on notes and debentures issued by consolidated subsidiaries of the reporting bank;
	(10) through mortgages, liens, or other encumbrances on bank premises and other real estate owned and obligations under capitalized leases;
	(11) by borrowing immediately available funds in foreign offices that have an original maturity of one business day or roll over under a continuing contrast that are not securities repurchase agreements; and
	(12) on any other obligation for the purpose of borrowing money not reported elsewhere on Schedule RC, Balance Sheet, or in Schedule RC-M, item 5.a, "Federal Home Loan Bank advances."
	Also include any borrowings by an Employee Stock Ownership Plan (ESOP) that the reporting bank must report as a borrowing on its own balance sheet in accordance with generally accepted accounting principles. For further information, see ASC Subtopic 718-40, Compensation-Stock Compensation – Employee Stock Ownership Plans (formerly AICPA Statement of Position 93-6, Employers' Accounting for Employee Stock Ownership Plans").

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5.b (cont.) Exclude from other borrowings:

(1) federal funds purchased (in domestic offices) and securities sold under agreements to repurchase (report in Schedule RC, items 14.a and 14.b, respectively);

(2) liability for short positions (report in Schedule RC, item 15);

(3) subordinated notes and debentures (report in Schedule RC, item 19).

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

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

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

Include in this item those overdrawn "due from" balances with depository institutions that are reportable as "Other borrowed money," as described in the instructions to Schedule RC-M, item 5.b, above.

5.b.(1)(b) **Over one year through three years.** Report the amount of:

- fixed rate "Other borrowings" with a remaining maturity of over one year through three years, and
- floating rate "Other borrowings" with a next repricing date occurring in over one year through three years.

5.b.(1)(c) **Over three years through five years.** Report the amount of:

- fixed rate "Other borrowings" with a remaining maturity of over three years through five years, and
- floating rate "Other borrowings" with a next repricing date occurring in over three years through five years.

5.b.(1)(d) **Over five years.** Report the amount of:

- fixed rate "Other borrowings" with a remaining maturity of over five years, and
- floating rate "Other borrowings" with a next repricing date occurring in over five years.

5.b.(2) **Other borrowings with a remaining maturity of one year or less.** Report all "Other borrowings" with a remaining maturity of one year or less. Include both fixed rate and floating rate borrowings with a remaining maturity of one year or less.

The fixed rate borrowings that should be included in this item will also have been reported by remaining maturity in Schedule RC-M, item 5.b.(1)(a), above. The floating rate borrowings that should be included in this item will also have been reported by next repricing date in Schedule RC-M, item 5.b.(1)(a), above. However, exclude those floating rate borrowings included in Schedule RC-M, item 5.b.(1)(a), with a next repricing date of one year or less that have a remaining maturity of over one year.

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5.c **Total.** Report the sum of items 5.a.(1)(a) through (d) and items 5.b.(1)(a) through (d). This sum must equal Schedule RC, item 16, "Other borrowed money."

6 **Does the reporting bank sell private label or third party mutual funds and annuities?** Indicate whether the reporting bank currently sells private label or third party mutual funds and annuities. Place an "X" in the box marked "YES" if the bank, a bank subsidiary or other bank affiliate, or an unaffiliated entity sells private label or third party mutual funds and annuities:

(1) on bank premises;

(2) from which the bank receives income at the time of the sale or over the duration of the account (e.g., annual fees, Rule 12b-1 fees or "trailer fees," and redemption fees); or

(3) through the reporting bank's trust department in transactions that are not executed in a fiduciary capacity (e.g., trustee, executor, administrator, and conservator).

Otherwise, place an "X" in the box marked "NO".

Mutual fund is the common name for an open-end investment company whose shares are sold to the investing public. An annuity is an investment product, typically underwritten by an insurance company, that pays either a fixed or variable payment stream over a specified period of time. Both proprietary and private label mutual funds and annuities are established in order to be marketed primarily to a bank's or banking organization's customers. A proprietary product is a product for which the reporting bank or a subsidiary or other affiliate of the reporting bank acts as investment adviser and may perform additional support services. In a private label product, an unaffiliated entity acts as the investment adviser. The identity of the investment adviser is normally disclosed in the prospectus for a mutual fund or annuity. Mutual funds and annuities that are not proprietary or private label products are considered third party products. For example, third party mutual funds and annuities include products that are widely marketed by numerous parties to the investing public and have investment advisers that are not affiliated with the reporting bank.

7 **Assets under the reporting bank's management in proprietary mutual funds and annuities.** Report the amount of assets (stated in U.S. dollars) held by mutual funds and annuities as of the report date for which the reporting bank or a subsidiary of the bank acts as investment adviser.

A general description of a proprietary product is included in the instruction to Schedule RC-M, item 6, above. Proprietary mutual funds and annuities are typically created by large banking organizations and offered to customers of the banking organization's subsidiary banks. Therefore, small, independent banks do not normally act as investment advisers for mutual funds and annuities.

If neither the bank nor any subsidiary of the bank acts as investment adviser for a mutual fund or annuity, the bank should report a zero or the word "none" in this item.

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8	**Internet Web site addresses and physical office trade names.** Because the Uniform Resource Locators (URLs) of Internet Web sites and the physical office trade names reported in items 8.a, 8.b, and 8.c are publicly available, each institution should ensure that it accurately reports its URLs and physical office trade names, if any. This information will assist the FDIC in responding to public inquiries as to whether a particular Internet Web site or institution operating under a trade name that accepts or solicits deposits from the public is in fact operated by an FDIC-insured depository institution. URLs of Internet Web sites and physical office trade names should not exceed 75 characters in length. Examples of URLs are www.bank.com, www.isp.com/bank/, and bank.isp.com. When entering the URL of an Internet Web site in items 8.a and 8.b, the URL should not be prefaced with http:// because this is already included on the form. Do not provide e-mail addresses in the spaces for URLs of Internet Web sites.
8.a	**Uniform Resource Locator (URL) of the reporting institution's primary Internet Web site (home page), if any.** The URL of an institution's primary Internet Web site is the URL of the public-facing Web site that the institution's customers or potential customers enter into Internet browser software in order to find the first page of the institution's principal Web site. If the reporting institution has a primary Internet Web site or home page, report in this item the URL of this Web site or home page (e.g., www.examplebank.com). If the reporting institution does not have its own Web site or home page, but information on or functions of the institution can be accessed through the URL of an affiliate's Web site, the URL of that affiliate's primary Web site should be reported in this item. An institution that maintains more than one Web site that prominently displays the institution's legal title should report the URL of the institution's primary Internet Web site in this item and determine whether it should report the URLs of these other Web sites in Schedule RC-M, item 8.b, below. If an institution has no Web site or home page of its own and the institution cannot be accessed through the URL of an affiliate's Web site, this item should be left blank.
8.b	**URLs of all other public-facing Internet Web sites that the reporting institution uses to accept or solicit deposits from the public, if any.** If the reporting institution: (1) Uses one or more trade names (other than its legal title) to accept or solicit deposits from the public, and directly or indirectly operates one or more public-facing Internet Web sites – other than its primary Internet Web site (home page) reported in Schedule RC-M, item 8.a, above – to present such trade names to the public, or (2) Uses any other public-facing Internet Web sites prominently displaying the institution's legal title – other than its primary Internet Web site (home page) – to accept or solicit deposits from the public, the institution should report the URLs of each of its other public-facing Web sites that it uses to accept or solicit deposits from the public[1] in the text fields for items 8.b.(1) through 8.b.(10) and, if necessary, in Schedule RI-E, item 7, "Other explanations."

[1] Excluding deposits that would be carried on the books and records of an office of the institution located outside the United States, Puerto Rico, and U.S. territories and possessions.

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8.b (cont.) When reporting the URLs for public-facing Web sites used to accept or solicit deposits, report only the highest level URLs. For example, an institution with a legal title of XYZ Bank reports in item 8.a that the URL of its primary Internet Web site is www.xyzbank.com. The institution also solicits deposits using the Web site address www.safeandsoundbank.com and provides more specific deposit information at "www.safeandsoundbank.com/checking" and "www.safeandsoundbank.com/CDs." Only the first of these three URLs (i.e., "www.safeandsoundbank.com") should be reported in this item.

When an institution uses multiple top level domains (e.g., .com, .net, and .biz), it should separately report the URLs that are otherwise the same except for the top level domain name. For example, if XYZ Bank also uses the Web site address "www.xyzbank.biz" in the solicitation of deposits, it should report this URL in this item.

However, if an institution uses one or more URLs that automatically redirect the public to the institution's primary Web site or to another Web site used to accept or solicit deposits that is being reported in this item, the institution should not report these additional URLs. For example, if XYZ Bank uses the URLs "www.xyzbank.net" and "www.safeandsoundbank.net" to automatically redirect the public to "www.xyzbank.com" (reported in item 8.a as its primary Web site) and "www.safeandsoundbank.com" (reported in this item as the URL of another Web site the institution uses), respectively, it should not report the two redirecting URLs in this item.

Do not report the URLs of:

(1) Public-facing Internet Web sites operated by the reporting institution that do not accept or solicit deposits from the public. For example, if XYZ Bank uses the Web site address "www.xyzautoloans.com" but does not accept or solicit deposits through this site, its URL should not be reported in this item;
(2) Internet Web sites of any non-bank affiliates or subsidiaries that do not accept or solicit deposits from the public on behalf of the institution;
(3) Affiliated, separately chartered insured depository institutions;
(4) Foreign affiliates; and
(5) Third-party deposit listing services and deposit brokers.

8.c **Trade names other than the reporting institution's legal title used to identify one or more of the institution's physical offices at which deposits are accepted or solicited from the public, if any.** An institution may use a trade name other than its legal title as reflected in its charter to identify certain of its physical offices, for example, due to a merger and an interest in maintaining the presence of the acquired institution's well recognized name in the community or communities it served.

If the reporting institution operates one or more physical offices to conduct banking activities and uses one or more trade names other than its legal title to identify these physical offices (for example, via signage displayed on the facilities), the institution should report each trade name used by one or more of its physical offices at which it accepts or solicits deposits from the public[1] in the text fields for items 8.c.(1) through 8.c.(6) and, if necessary, in Schedule RI-E, item 7, "Other explanations." Do not report the trade names used by any physical offices of the reporting institution at which the institution does not accept or solicit

[1] Excluding deposits that would be carried on the books and records of an office of the institution located outside the United States, Puerto Rico, and U.S. territories and possessions.

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8.c (cont.)	deposits from the public. In addition, do not report the physical office trade names of any non-bank affiliates or subsidiaries that do not accept or solicit deposits from the public on behalf of the institution. Do not report the physical office trade names of affiliated, separately chartered insured depository institutions. For example, an institution with a legal title of XYZ Bank operates one or more branch offices under the trade name of "Community Bank of ABC" (as identified by the signage displayed on each facility) where it accepts and solicits deposits from the public. XYZ Bank should report this trade name (and any other trade names it uses at other physical office locations where it accepts or solicits deposits) in this item 8.c. XYZ Bank also has a loan production office that operates under the trade name of "XYZ Consumer Loans" and a mortgage lending subsidiary that operates physical offices using the trade name of "XYZ Mortgage Company"; deposits are not accepted nor solicited on behalf of XYZ Bank at these physical offices. Thus, neither of these two trade names should be reported in this item 8.c.
9	**Do any of the bank's Internet Web sites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the Web site?** Indicate whether any of the reporting bank's Internet Web sites have transactional capability. Place an "X" in the box marked "Yes" if the bank or a bank affiliate has any Internet Web sites that allow the bank's customers to execute transactions on their accounts through the Web site. Otherwise, place an "X" in the box marked "No." The Internet Web address of the Web site (or sites) with transactional capability does not have to be the address of the bank's primary Internet Web site that is reported in Schedule RC-M, item 8, above.
10	**Secured liabilities.** Report in the appropriate subitem the carrying amount of federal funds purchased (in domestic offices) and "Other borrowings" that are secured, i.e., the carrying amount of these types of liabilities for which the bank (or a consolidated subsidiary) has pledged securities, loans, or other assets as collateral.
10.a	**Amount of "Federal funds purchased (in domestic offices)" that are secured.** Report the carrying amount of federal funds purchased (in domestic offices) (as defined for Schedule RC, item 14.a) that are secured.
10.b	**Amount of "Other borrowings" that are secured.** Report the carrying amount of "Other borrowings" (as defined for Schedule RC-M, item 5.b) that are secured. Secured "Other borrowings" include, but are not limited to, transfers of financial assets accounted for as financing transactions because they do not satisfy the criteria for sale accounting under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended), mortgages payable on bank premises and other real estate owned, and obligations under capitalized leases.

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11	**Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts?** Indicate whether the institution acts as trustee or custodian for Individual Retirement Accounts (IRAs), Health Savings Accounts (HSAs), or other similar accounts. Other similar accounts include Roth IRAs, Coverdell Education Savings Accounts, and Archer Medical Savings Accounts. State-chartered institutions are allowed, under certain circumstances, to act as trustee or custodian for these types of accounts without obtaining trust powers. In addition, national banks can serve as custodian to IRAs, HSAs, and other similar accounts without obtaining trust powers. Place an "X" in the box marked "Yes" if the reporting institution acts as trustee or custodian for these types of accounts, regardless of whether it has trust powers. Otherwise, place an "X" in the box marked "No."
12	**Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities?** Indicate whether the institution takes orders from customers for the sale or purchase of securities, regardless of whether this activity occurs in a custody or safekeeping account or elsewhere in the institution as an accommodation to the customer. Place an "X" in the box marked "Yes" if the reporting institution takes securities sale or purchase orders from customers. Otherwise, place an "X" in the box marked "No." For example, if the only persons accepting customers' orders for securities are licensed dual employees (i.e., individuals who are both employees of the bank and licensed representatives of a registered broker-dealer) who take orders under a third-party networking arrangement with a registered broker, the employees would be accepting the orders in their capacity as registered representatives of the broker and not in their capacity as bank employees. In this situation, the bank should place an "X" in the box marked "No."
13	**Assets covered by loss-sharing agreements with the FDIC.** Under a loss-sharing agreement, the FDIC agrees to absorb a portion of the losses on a specified pool of a failed insured depository institution's assets in order to maximize asset recoveries and minimize the FDIC's losses. In general, for transactions that occurred before April 2010, the FDIC reimburses 80 percent of losses incurred by an acquiring institution on covered assets over a specified period of time up to a stated threshold amount, with the acquirer absorbing 20 percent of the losses on these assets. Any losses above the stated threshold amount are reimbursed by the FDIC at 95 percent of the losses recognized by the acquirer. For more recent transactions, the FDIC generally reimburses 80 percent of the losses incurred by the acquirer on covered assets, with the acquiring institution absorbing 20 percent. Report in the appropriate subitem the balance sheet carrying amount as of the report date of all assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. These asset amounts should also be included in the balance sheet category appropriate to the asset on Schedule RC, Balance Sheet. Do not report the "book value" of the covered assets on the failed institution's books, which may be the amount upon which payments from the FDIC to the reporting bank are to be based in accordance with the loss-sharing agreement.
13.a	**Loans and leases.** Report in the appropriate subitem the carrying amount of loans and leases held for sale and the recorded investment in loans held for investment included in Schedule RC-C, part I, items 1 through 10, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

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13.a.(1) **Loans secured by real estate (in domestic offices):**

13.a.(1)(a) **Construction, land development, and other land loans:**

13.a.(1)(a)(1) **1-4 family residential construction loans.** Report the amount of 1-4 family residential construction loans included in Schedule RC-C, part I, item 1.a.(1), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(a)(2) **Other construction loans and all land development and other land loans.** Report the amount of other construction loans and all land development and other land loans included in Schedule RC-C, part I, item 1.a.(2), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(b) **Secured by farmland.** Report the amount of loans secured by farmland included in Schedule RC-C, part I, item 1.b, column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(c) **Secured by 1-4 family residential properties:**

13.a.(1)(c)(1) **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the amount of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit loans included in Schedule RC-C, part I, item 1.c.(1), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(c)(2) **Closed-end loans secured by 1-4 family residential properties:**

13.a.(1)(c)(2)(a) **Secured by first liens.** Report the amount of closed-end loans secured by first liens on 1-4 family residential properties included in Schedule RC-C, part I, item 1.c.(2)(a), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(c)(2)(b) **Secured by junior liens.** Report the amount of closed-end loans secured by junior liens on 1-4 family residential properties included in Schedule RC-C, part I, item 1.c.(2)(b), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(d) **Secured by multifamily (5 or more) residential properties.** Report the amount of loans secured by multifamily (5 or more) residential properties included in Schedule RC-C, part I, item 1.d, column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(1)(e) **Secured by nonfarm nonresidential properties:**

13.a.(1)(e)(1) **Loans secured by owner-occupied nonfarm nonresidential properties.** Report the amount of loans secured by owner-occupied nonfarm nonresidential properties included in Schedule RC-C, part I, item 1.e.(1), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

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13.a.(1)(e)(2) **Loans secured by other nonfarm nonresidential properties.** Report the amount of loans secured by other nonfarm nonresidential properties included in Schedule RC-C, part I, item 1.e.(2), column B, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

NOTE: Item 13.a.(2) is not applicable to banks filing the FFIEC 041 report form.

13.a.(2) **Loans to finance agricultural production and other loans to farmers.** Report the amount of loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3, column, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(3) **Commercial and industrial loans.** Report the amount of commercial and industrial loans included in Schedule RC-C, part I, item 4, column B on the FFIEC 041, and in Schedule RC-C, part I, items 4.a and 4.b, column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(4) **Loans to individuals for household, family, and other personal expenditures:**

13.a.(4)(a) **Credit cards.** Report the amount of extensions of credit arising from credit cards included in Schedule RC-C, part I, item 6.a, column B on the FFIEC 041 and column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(4)(b) **Automobile loans.** Report the amount of automobile loans included in Schedule RC-C, part I, item 6.c, column B on the FFIEC 041 and column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(4)(c) **Other.** Report the amount of extensions of credit arising from other revolving credit plans and other consumer loans included in Schedule RC-C, part I, items 6.b and 6.d, column B on the FFIEC 041 and column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.a.(5) **All other loans and all leases.** Report the amount of loans that cannot properly be reported in Schedule RC-C, part I, Memorandum items 13.a.(1) through 13.a.(4), above acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Include in this item covered loans in the following categories:

(1) Loans to depository institutions and acceptances of other banks included in Schedule RC-C, part I, item 2, column B on the FFIEC 041 and in Schedule RC-C, part I, items 2.a.(1) through 2.c.(2), column A on the FFIEC 031;
(2) On the FFIEC 041 only, loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3, column B;
(3) Loans to foreign governments and official institutions included in Schedule RC-C, part I, item 7, column B on the FFIEC 041 and column A on the FFIEC 031;

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13.a.(5) (cont.)	(4) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule RC-C, part I, item 8, column B on the FFIEC 041 and column A on the FFIEC 031; (5) Loans to nondepository financial institutions and other loans included in Schedule RC-C, part I, items 9.a and 9.b, column B on the FFIEC 041, and in Schedule RC-C, part I, item 9, column A on the FFIEC 031; and (6) On the FFIEC 031 only, loans secured by real estate in foreign offices included in Schedule RC-C, part I, item 1, column A. Also include all lease financing receivables included in Schedule RC-C, part I, item 10, column B on the FFIEC 041, and in Schedule RC-C, part I, items 10.a and 10.b, column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Report in Schedule RC-M, items 13.a.(5)(a) through 13.a.(5)(d) on the FFIEC 041 (items 13.a.(5)(a) through 13.a.(5)(e) on the FFIEC 031), each category of loans and leases within "All other loans and all leases" covered by loss-sharing agreements with the FDIC, and the dollar amount of covered assets in such category, that exceeds 10 percent of total loans and leases covered by loss-sharing agreements with the FDIC (i.e., 10 percent of the sum of Schedule RC-M, items 13.a.(1) through 13.a.(5)). Preprinted captions have been provided in items 13.a.(5)(a) through 13.a.(5)(d) on the FFIEC 041 (items 13.a.(5)(a) through 13.a.(5)(e) on the FFIEC 031) for reporting the amount of covered loans and leases for the following loan and lease categories if the amount for a loan or lease category exceeds the 10 percent reporting threshold: Loans to depository institutions and acceptances of other banks, Loans to foreign governments and official institutions, Other loans (i.e., Obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and, on the FFIEC 041, Loans to finance agricultural production and other loans to farmers); Loans secured by real estate in foreign offices (on the FFIEC 031), and Lease financing receivables. On the FFIEC 041, for: • Banks with $300 million or more in total assets and • Banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, part I, item 3) exceeding five percent of total loans, a preprinted caption has been provided in item 13.a.(5)(c)(1) for reporting the amount of "Loans to finance agricultural production and other loans to farmers" covered by loss-sharing agreements with the FDIC if the amount of such loans included in Schedule RC-M, item 13.a.(5)(c), "All other loans and all leases," exceeds 10 percent of total loans and leases covered by loss-sharing agreements with the FDIC (i.e., 10 percent of the sum of Schedule RC-M, items 13.a.(1) through 13.a.(5)).
13.b	**Other real estate owned.** Report in the appropriate subitem the carrying amount of other real estate owned (included in Schedule RC, item 7) acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

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13.b.(1) **Construction, land development, and other land (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.a, "Construction, land development, and other land (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.b.(2) **Farmland (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.b, "Farmland (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.b.(3) **1-4 family residential properties (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.c, "1-4 family residential properties (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.b.(4) **Multifamily (5 or more) residential properties (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.d, "Multifamily (5 or more) residential properties (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.b.(5) **Nonfarm nonresidential properties (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.e, "Nonfarm nonresidential properties (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

NOTE: Item 13.b.(6) is not applicable to banks filing the FFIEC 041 report forms.

13.b.(6) **In foreign offices.** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.g, "In foreign offices," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

13.b.(7) **Portion of covered other real estate owned included in items 13.b.(1) through (5) [or (6)] above that is protected by FDIC loss-sharing agreements.** Report the maximum amount recoverable from the FDIC under loss-sharing agreements covering the other real estate owned reported in Schedule RC-M, items 13.b.(1) through (5) on the FFIEC 041, and in Schedule RC-M, items 13.b.(1) through (6) on the FFIEC 031, beyond the amount that has already been reflected in the measurement of the reporting bank's indemnification asset, which represents the right to receive payments from the FDIC under the loss-sharing agreement.

In general, the maximum amount recoverable from the FDIC on covered other real estate owned is the carrying amount of the other real estate, as reported in the preceding Schedule RC-M items, multiplied by the currently applicable loss coverage rate (e.g., 80 percent or 95 percent). This product will normally be the maximum amount recoverable because reimbursements from the FDIC for covered losses related to the amount by which the "book value" of a covered asset on the failed institution's books (which is the amount

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13.b.(7) (cont.) upon which payments under an FDIC loss-sharing agreement are based) exceeds the amount at which the reporting bank reports the covered asset on Schedule RC, Balance Sheet, should already have been taken into account in measuring the carrying amount of the reporting bank's loss-sharing indemnification asset, which is reported in Schedule RC-F, item 6, "All other assets."

13.c **Debt securities.** Report the amortized cost of held-to-maturity debt securities (included in Schedule RC, item 2.a) and the fair value of available-for-sale debt securities (included in Schedule RC, item 2.b) acquired from failed insured depository institutions or otherwise purchased from the FDIC and covered by loss-sharing agreements with the FDIC.

13.d **Other assets.** Report the balance sheet carrying amount of all assets that cannot properly be reported in Schedule RC-M, items 13.a through 13.c, and have been acquired from failed insured depository institutions or otherwise purchased from the FDIC and are covered by loss-sharing agreements with the FDIC.

Exclude FDIC loss-sharing indemnification assets. These indemnification assets represent the carrying amount of the right to receive payments from the FDIC for losses incurred on specified assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Report FDIC loss-sharing indemnification assets in Schedule RC-F, item 6, "All other assets," and, if the amount of these indemnification assets is greater than $25,000 and exceeds 25 percent of the amount of "All other assets," also report the indemnification assets in Schedule RC-F, item 6.e.

14 **Captive insurance and reinsurance subsidiaries:**

14.a **Total assets of captive insurance subsidiaries.** Report the carrying amount of all assets held by consolidated captive insurance subsidiaries of the reporting bank. A captive insurance company is a limited purpose insurer licensed as a direct writer of insurance. Some common lines of business include credit life, accident, and health insurance; disability insurance; and employee benefits coverage. Report total assets before eliminating intercompany transactions between the consolidated insurance subsidiary and other offices or subsidiaries of the consolidated bank.

14.b **Total assets of captive reinsurance subsidiaries.** Report the carrying amount of all assets held by consolidated captive reinsurance subsidiaries of the reporting bank. Reinsurance is the transfer, with indemnification, of all or part of the underwriting risk from one insurer to another for a portion of the premium or other consideration.

Some common lines of business include credit life, accident, and health reinsurance; disability reinsurance; reinsurance of employee benefits coverage; private mortgage guaranty reinsurance; and terrorism risk reinsurance. Report total assets before eliminating intercompany transactions between the consolidated reinsurance subsidiary and other offices or subsidiaries of the consolidated bank.

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15	**Qualified Thrift Lender (QTL) test.** Items 15.a and 15.b are to be completed by all savings associations and by those state savings banks and cooperative banks that have applied and have been permitted, under Section 10(*l*) of the Home Owners' Loan Act (HOLA) (12 U.S.C. 1467a(*l*)), to be deemed a savings association for purposes of holding company regulation. The QTL test has been in place since it was enacted as part of the Competitive Equality Banking Act of 1987. To be a QTL, a savings association (or a state savings or cooperative bank that has elected to be treated as a QTL) must either meet the HOLA QTL test (12 U.S.C. 1467a(m)) or the Internal Revenue Service (IRS) Domestic Building and Loan Association (DBLA) test (26 CFR 301.7701-13A). Under the HOLA QTL test, an institution must hold "Qualified Thrift Investments" equal to at least 65 percent of its portfolio assets. To be a QTL under the IRS DBLA test, an institution must meet a "business operations test" and a "60 percent of assets test." An institution may use either test to qualify and may switch from one test to the other. However, the institution must meet the time requirements of the respective test, which is: • Nine out of the last 12 months for the HOLA QTL test, and • The taxable year (which may be either a calendar or fiscal year) for the IRS DBLA test. A savings association (or a state savings or cooperative bank that has elected to be treated as a QTL) that fails to meet the QTL requirements is subject to certain restrictions, including limits on activities, branching, and dividends.
15.a	**Does the institution use the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service Domestic Building and Loan Association (IRS DBLA) test to determine its QTL compliance?** Indicate the test that the reporting institution uses to determine its compliance with the QTL requirements. For the HOLA QTL test, enter the number "1"; for the IRS DBLA test, enter the number "2."
15.b	**Has the institution been in compliance with the HOLA QTL test as of each month end during the quarter or the IRS DBLA test for its most recent taxable year, as applicable?** Indicate whether the reporting institution has been in compliance with the HOLA QTL test as of each month end during the quarter ending with the report date or the IRS DBLA test for its most recent taxable year, as applicable. Place an "X" in the box marked "Yes" if the institution has been in compliance with the applicable test for the specified period. Otherwise, place an "X" in the box marked "No."

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16 **International remittance transfers offered to consumers.** Report in Schedule RC-M, items 16.a through 16.d, information about international electronic transfers of funds offered to consumers in the United States that:

(1) Are "remittance transfers" as defined by Subpart B of Regulation E (12 CFR § 1005.30(e)), or
(2) Would qualify as "remittance transfers" under Subpart B of Regulation E (12 CFR § 1005.30(e)), but are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See 12 CFR § 1005.30(f).

For purposes of items 16.a through 16.d, such transfers are referred to as international remittance transfers.

Under Subpart B of Regulation E, which took effect on October 28, 2013, a ''remittance transfer'' is an electronic transfer of funds requested by a sender to a designated recipient that is sent by a remittance transfer provider. The term applies regardless of whether the sender holds an account with the remittance transfer provider, and regardless of whether the transaction is also an "electronic fund transfer," as defined in Regulation E. See 12 CFR § 1005.30(e).

A "sender" is a consumer in a State who primarily for personal, family, or household purposes requests a remittance transfer provider to send a remittance transfer to a designated recipient. See 12 CFR § 1005.30(g).

A "designated recipient" is any person specified by the sender as the authorized recipient of a remittance transfer to be received at a location in a foreign country. See 12 CFR § 1005.30(c).

A "remittance transfer provider" is any person that provides remittance transfers for a consumer in the normal course of its business, regardless of whether the consumer holds an account with such person. See 12 CFR § 1005.30(f).

Examples of "remittance transfers" include the following (see Regulation E, Subpart B, comment 30(e)-3.i):

(1) Transfers where the sender provides cash or another method of payment to a money transmitter or financial institution and requests that funds be sent to a specified location or account in a foreign country.
(2) Consumer wire transfers, where a financial institution executes a payment order upon a sender's request to wire money from the sender's account to a designated recipient.
(3) An addition of funds to a prepaid card by a participant in a prepaid card program, such as a prepaid card issuer or its agent, that is directly engaged with the sender to add these funds, where the prepaid card is sent or was previously sent by a participant in the prepaid card program to a person in a foreign country, even if a person located in a State (including a sender) retains the ability to withdraw such funds.
(4) International automated clearing house (ACH) transactions sent by the sender's financial institution at the sender's request.
(5) Online bill payments and other electronic transfers that a sender schedules in advance, including preauthorized remittance transfers, made by the sender's financial institution at the sender's request to a designated recipient.

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16 (cont.) Under Subpart B of Regulation E, the term "remittance transfer" does not include, for example:

(1) Small value transactions, i.e., transfer amounts, as described in 12 CFR § 1005.31(b)(1)(i), of $15 or less. See 12 CFR § 1005.30(e)(2)(i).
(2) Securities and commodities transfers that are excluded from the definition of electronic fund transfer under 12 CFR § 1005.3(c)(4). See 12 CFR § 1005.30(e)(2)(ii).
(3) A consumer's provision of a debit, credit or prepaid card, directly to a foreign merchant as payment for goods or services because the issuer is not directly engaged with the sender to send an electronic transfer of funds to the foreign merchant when the issuer provides payment to the merchant. See Regulation E, Subpart B, comment 30(e)-3.ii.A.
(4) A consumer's deposit of funds to a checking or savings account located in a State, because there has not been a transfer of funds to a designated recipient. See Regulation E, Subpart B, comment 30(e)-3.ii.B.
(5) Online bill payments and other electronic transfers that senders can schedule in advance, including preauthorized transfers, made through the Web site of a merchant located in a foreign country and via direct provision of a checking account, credit card, debit card or prepaid card number to the merchant, because the financial institution is not directly engaged with the sender to send an electronic transfer of funds to the foreign merchant when the institution provides payment to the merchant. See Regulation E, Subpart B, comment 30(e)-3.ii.C.

NOTE: Item 16.a is to be completed by all institutions semiannually in the June and December reports only.

16.a **As of the report date, did your institution offer to consumers in any state any of the following mechanisms for sending international remittance transfers?** Indicate in the boxes marked "Yes" and "No" whether, as of the report date, your institution offered to consumers in any state any of the specified mechanisms for sending international remittance transfers.

16.a.(1) **International wire transfers.** Indicate in the boxes marked "Yes" and "No" whether, as of the report date, your institution offered international wire transfers to consumers in any state. Mark "Yes" for this item only if your institution offered international wire transfers as the provider to the consumer. For purposes of responding to this question, do not consider (a) services in which your institution sent international wire transfers as a correspondent bank for another institution, or (b) services in which your institution was an agent for another provider of international wire transfers.

16.a.(2) **International ACH transactions.** Indicate in the boxes marked "Yes" and "No" whether, as of the report date, your institution offered international automated clearing house (ACH) transactions to consumers in any state. Mark "Yes" for this item only if your institution offered international ACH transactions as the provider to the consumer. For purposes of responding to this question, do not consider (a) services in which your institution sent international ACH transactions as a correspondent bank for another institution, or (b) services in which your institution was an agent for another provider of international ACH transactions.

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16.a.(3) **Other proprietary services operated by your institution.** Indicate in the boxes marked "Yes" and "No" whether, as of the report date, your institution offered other proprietary services operated by your institution to consumers in any state. Other proprietary services operated by your institution are any international remittance transfer services— other than international wire transfers or international ACH transactions—for which your institution is the provider. These types of services may include cash-based transfers, bill payment services, prepaid card services, or other services that qualify as international remittance transfer services.

Proprietary services operated by your institution also include international remittance transfer services that use international wire transfers or international ACH transactions to assist in clearing and settlement of the remittance transfers if your institution, as the provider, directly or indirectly, exercises a degree of control over the terms of service governing the international remittance transfers that is greater than the degree of control exercised in what your institution considers typical consumer international wires or consumer international ACH transactions. Such services would not be considered "international wire" or "international ACH" services for purposes of this item 16.a.

Mark "Yes" for this item only if your institution offered any such services as the provider to the consumer. For purposes of responding to this question, do not consider (a) services in which your institution sent transfers as a correspondent bank for another institution, or (b) services in which your institution was an agent for another provider of international remittance transfers.

16.a.(4) **Other proprietary services operated by another party.** Indicate in the boxes marked "Yes" and "No" whether, as of the report date, your institution offered other proprietary services operated by another party to consumers in any state. Other proprietary services operated by another party are any international remittance transfer services for which an entity other than your institution was the provider. These types of services may include wire transfers, international ACH transactions, cash-based transfers, bill payment services, prepaid card services, or others that qualify as international remittance transfer services.

Mark "Yes" for this item only if another institution was the provider to the consumer and your institution was acting as an agent or similar type of business partner that offers services to consumers sending international remittance transfers. For purposes of responding to this question, do not consider (a) services in which your institution sent international remittance transfers as a correspondent bank for another institution, (b) services for which your institution was the provider to the consumer.

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NOTE: Item 16.b is to be completed by all institutions annually in the June report only.

16.b **Did your institution provide more than 100 international remittance transfers in the previous calendar year or does your institution estimate that it will provide more than 100 international remittance transfers in the current calendar year?** Indicate your institution's response to this question in the boxes marked "Yes" and "No." Mark "Yes" for this item if your institution satisfies either of the criteria listed in the question. In other words, mark "Yes" if your institution provided more than 100 international remittance transfers in the previous calendar year (regardless of how many transfers your institution estimates that it will provide in the current calendar year). Also mark "Yes" if your institution estimates that it will provide more than 100 international remittance transfers in the current calendar year (regardless of how many transfers your institution provided in the previous calendar year).

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16.b (cont.) Any estimates should be based on a reasonable and supportable estimation methodology. An international remittance transfer should be counted as the date of the transfer. Count only international remittance transfers for which your institution is the provider. Do not count or estimate remittance transfers that your institution sent as an agent or a correspondent bank for another provider.

NOTE: Item 16.c is to be completed by institutions that answered "Yes" to item 16.b in the current report, or, if item 16.b is not required to be completed in the current report, in the most recent prior report in which item 16.b was required to be completed. Item 16.c is to be completed semiannually in the June and December reports only.

16.c **Indicate which of the mechanisms described in items 16.a.(1), (2), and (3) above is the mechanism that your institution estimates accounted for the largest number of international remittance transfers that your institution provided during the two calendar quarters ending on the report date.** Consider whether your institution marked "Yes" in its responses to items 16.a.(1), (2), or (3) above. If you marked "Yes" in response to any of these subitems, estimate which of the three listed mechanisms accounted for the greatest number of international remittance transfers that your institution provided during the two calendar quarters ending on the report date: for international wire transfers, enter the number "1"; for international ACH transactions, enter the number "2"; for other proprietary services operated by your institution, enter the number "3". If your institution did not provide any international remittance transfers using the mechanisms described in items 16.a.(1), (2), or (3) above during the two calendar quarters ending on the report date, enter the number "0."

NOTE: Item 16.d is to be completed by institutions that answered "Yes" to item 16.b in the current report, or, if item 16.b is not required to be completed in the current report, in the most recent prior report in which item 16.b was required to be completed. Item 16.d is to be completed semiannually in the June and December reports only.

16.d **Estimated number and dollar value of international remittance transfers provided by your institution during the two calendar quarters ending on the report date.** Estimates should be based on a reasonable and supportable methodology. Estimated figures should include only international remittance transfers for which your institution was the provider. Do not count transfers for which another entity was the provider and your institution sent the transfer as a correspondent bank or agent for the other provider. An international remittance transfer should be counted as of the date of the transfer. The estimate should cover international remittance transfers provided during the two calendar quarters ending on the report date.

16.d.(1) **Estimated number of international remittance transfers.** Report the estimated number of international remittance transfers that your institution provided during the two calendar quarters ending on the report date.

16.d.(2) **Estimated dollar value of international remittance transfers.** Report the estimated dollar value of international remittance transfers that your institution provided during the two calendar quarters ending on the report date. The dollar value is not required to be estimated in thousands of dollars. In other words, if an estimate is in the millions of dollars, the institution may report zeros for the thousands of dollars.

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16.d.(3)	**Estimated number of international remittance transfers for which your institution applied the temporary exception.** Report the estimated number of international remittance transfers that your institution provided during the two calendar quarters ending on the report date for which your institution applied the temporary exception set forth in 12 CFR § 1005.32(a) under which insured institutions may provide estimates for certain disclosures in some instances.