

SCHEDULE RC-C -- LOANS AND LEASE FINANCING RECEIVABLES

Part I. Loans and Leases

General Instructions for Part I

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

Report all loans and leases that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., loans and leases held for investment, in Schedule RC-C, part I. Also report in Schedule RC-C, part I, all loans and leases held for sale as part of the consolidated bank's mortgage banking activities or activities of a similar nature involving other types of loans. When a loan is acquired (through origination or purchase) with the intent or expectation that it may or will be sold at some indefinite date in the future, the loan should be reported as held for sale or held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles and related supervisory guidance. In addition, a loan acquired and held for securitization purposes should be reported as a loan held for sale. Loans held for sale shall be reported at the lower of cost or fair value as of the report date. The amount by which cost exceeds fair value, if any, shall be accounted for as a valuation allowance. For further information, see FASB Statement No. 65, "Accounting for Certain Mortgage Banking Activities," AICPA Statement of Position 01-6, "Accounting by Certain Entities (Including Entities With Trade Receivables) That Lend to or Finance the Activities of Others," and the March 26, 2001, Interagency Guidance on Certain Loans Held for Sale.

On the FFIEC 041, Schedule RC-C, part I, has two columns for information on loans and leases: column B is to be completed by all banks and column A is to be completed by banks with \$300 million or more in total assets. On the FFIEC 031, this schedule has two columns: column A provides loan and lease detail for the fully consolidated bank and column B provides detail on loans and leases held by the domestic offices of the reporting bank. (See the Glossary entry for "domestic office" for the definition of this term.)

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

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

If, as a result of a change in circumstances, the bank regains control of a loan previously accounted for appropriately as having been sold because one or more of the conditions for sale accounting in

General Instructions for Part I (cont.)

FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," are no longer met, such a change should be accounted for in the same manner as a purchase of the loan from the former transferee (purchaser) in exchange for liabilities assumed. The rebooked loan must be reported as a loan asset in Schedule RC-C, part I, either as a loan held for sale or a loan held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles. This accounting and reporting treatment applies, for example, to U.S. Government-guaranteed or -insured residential mortgage loans backing Government National Mortgage Association (GNMA) mortgage-backed securities that a bank services after it has securitized the loans in a transfer accounted for as a sale. If and when individual loans later meet delinquency criteria specified by GNMA, the loans are eligible for repurchase, the bank is deemed to have regained effective control over these loans, and the delinquent loans must be brought back onto the bank's books as loan assets.

Exclude from Schedule RC-C, part I, all loans and leases held for trading purposes (report in Schedule RC, item 5, "Trading assets," and, in the appropriate items of Schedule RC-D, Trading Assets and Liabilities, if applicable).

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

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

Exclude, for purposes of this schedule, the following:

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

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

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

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

Include as loans secured by real estate:

- (1) Loans secured by residential properties that are guaranteed by the Farmers Home Administration (FmHA) and extended, collected, and serviced by a party other than the FmHA.
- (2) Loans secured by properties and guaranteed by governmental entities in foreign countries.
- (3) Participations in pools of Federal Housing Administration (FHA) Title I home improvement loans that are secured by liens (generally, junior liens) on residential properties.

Exclude from loans secured by real estate:

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

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

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

Also include in this item:

- (1) Loans secured by vacant land, except land known to be used or usable for agricultural purposes, such as crop and livestock production (which should be reported in Schedule RC-C, part I, item 1.b, below, as loans secured by farmland).
- (2) Loans secured by real estate the proceeds of which are to be used to acquire and improve developed and undeveloped property.
- (3) Loans made under Title I or Title X of the National Housing Act that conform to the definition of construction stated above and that are secured by real estate.

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

- 1.b Secured by farmland.** Report in column B loans secured by farmland and improvements thereon, as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pasture land, whether tillable or not and whether wooded or not.

Include loans secured by farmland that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by any party other than FmHA or SBA.

Exclude loans for farm property construction and land development purposes (report in Schedule RC-C, part I, item 1.a).

- 1.c Secured by 1-4 family residential properties.** Report in the appropriate subitem of column B open-end and closed-end loans secured by real estate as evidenced by mortgages (FHA, FmHA, VA, or conventional) or other liens on:

- (1) Nonfarm property containing 1-to-4 dwelling units (including vacation homes) or more than four dwelling units if each is separated from other units by dividing walls that extend from ground to roof (e.g., row houses, townhouses, or the like).
- (2) Mobile homes where (a) state laws define the purchase or holding of a mobile home as the purchase or holding of real property and where (b) the loan to purchase the mobile home is secured by that mobile home as evidenced by a mortgage or other instrument on real property.
- (3) Individual condominium dwelling units and loans secured by an interest in individual cooperative housing units, even if in a building with five or more dwelling units.

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

1.c (4) Housekeeping dwellings with commercial units combined where use is primarily
(cont.) residential and where only 1-to-4 family dwelling units are involved.

Exclude loans for 1-to-4 family residential property construction and land development purposes (report in Schedule RC-C, part I, item 1.a). Also exclude loans secured by vacant lots in established single-family residential sections or in areas set aside primarily for 1-to-4 family homes (report in Schedule RC-C, part I, item 1.a).

1.c.(1) **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in column B the amount outstanding under revolving, open-end lines of credit secured by 1-to-4 family residential properties. These lines of credit, commonly known as home equity lines, are typically secured by a junior lien and are usually accessible by check or credit card.

1.c.(2) **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem of column B the amount of all closed-end loans secured by 1-to-4 family residential properties (i.e., closed-end first mortgages and junior liens).

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

- 1.c.(2)(a) Secured by first liens.** Report in column B the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties.
- 1.c.(2)(b) Secured by junior liens.** Report in column B the amount of all closed-end loans secured by junior (i.e., other than first) liens on 1-to-4 family residential properties. Include loans secured by junior liens in this item even if the bank also holds a loan secured by a first lien on the same 1-to-4 family residential property and there are no intervening junior liens.
- 1.d Secured by multifamily (5 or more) residential properties.** Report in column B all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens that are not reportable in Schedule RC-C, part I, item 1.c. Specifically, include loans on:
- (1) Nonfarm properties with 5 or more dwelling units in structures (including apartment buildings and apartment hotels) used primarily to accommodate households on a more or less permanent basis.
 - (2) 5 or more unit housekeeping dwellings with commercial units combined where use is primarily residential.
 - (3) Cooperative-type apartment buildings containing 5 or more dwelling units.
- Exclude loans for multifamily residential property construction and land development purposes (report in Schedule RC-C, part I, item 1.a). Also exclude loans secured by nonfarm nonresidential properties (report in Schedule RC-C, part I, item 1.e).
- 1.e Secured by nonfarm nonresidential properties.** Report in column B loans secured by real estate as evidenced by mortgages or other liens on business and industrial properties, hotels, motels, churches, hospitals, educational and charitable institutions, dormitories, clubs, lodges, association buildings, "homes" for aged persons and orphans, golf courses, recreational facilities, and similar properties.
- Exclude loans for nonfarm nonresidential property construction and land development purposes (report in Schedule RC-C, part I, item 1.a).
- 2 Loans to depository institutions and acceptances of other banks.** Report all loans (other than those secured by real estate), including overdrafts, to banks, other depository institutions, and other associations, companies, and financial intermediaries whose primary business is to accept deposits and to extend credit for business or for personal expenditure purposes and the bank's holdings of all bankers acceptances accepted by other banks that are not held for trading. Acceptances accepted by other banks may be purchased in the open market or discounted by the reporting bank. For further information, see the Glossary entry for "bankers acceptances."

On the FFIEC 041, all banks should report the total amount of these loans and acceptances in column B, and banks with \$300 million or more in total assets should also report in the appropriate subitems of column A a breakdown of these loans among five categories of depository institutions. On the FFIEC 031, all banks should report a breakdown of loans to

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

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(cont.) depository institutions and acceptances of other banks among five categories of depository institutions for the fully consolidated bank in column A and a breakdown of these loans and acceptances among three categories of depository institutions for domestic offices in column B.

Depository institutions cover:

(1) commercial banks in the U.S., including:

- (a) U.S. branches and agencies of foreign banks, U.S. branches and agencies of foreign official banking institutions, and investment companies that are chartered under Article XII of the New York State banking law and are majority-owned by one or more foreign banks; and
- (b) all other commercial banks in the U.S., i.e., U.S. branches of U.S. banks;

(2) depository institutions in the U.S., other than commercial banks, including:

- (a) credit unions;
- (b) mutual or stock savings banks;
- (c) savings or building and loan associations;
- (d) cooperative banks; and
- (e) other similar depository institutions; and

(3) banks in foreign countries, including:

- (a) foreign-domiciled branches of other U.S. banks; and
- (b) foreign-domiciled branches of foreign banks.

See the Glossary entry for "banks, U.S. and foreign" and "depository institutions in the U.S." for further discussion of these terms.

Include as loans to depository institutions and acceptances of other banks:

- (1) Loans to depository institutions for the purpose of purchasing or carrying securities.
- (2) Loans to depository institutions for which the collateral is a mortgage instrument and not the underlying real property. Report loans to depository institutions where the collateral is the real estate itself, as evidenced by mortgages or similar liens, in Schedule RC-C, part I, item 1.
- (3) Purchases of mortgages and other loans under agreements to resell that do not involve the lending of immediately available funds or that mature in more than one business day, if acquired from depository institutions.
- (4) Loan participations acquired from depository institutions that must be treated as secured borrowings rather than sales in accordance with generally accepted accounting principles. (See the Glossary entry for "transfers of financial assets" for further information.)
- (5) The reporting bank's own acceptances discounted and held in its portfolio when the account party is another depository institution.

Item No. Caption and Instructions**2**
(cont.)Exclude from loans to depository institutions:

- (1) All transactions reportable in Schedule RC, item 3, "Federal funds sold and securities purchased under agreements to resell."
- (2) Loans secured by real estate, even if extended to depository institutions (report in Schedule RC-C, part I, item 1).
- (3) Loans to holding companies of depository institutions (report as all other loans in Schedule RC-C, part I, item 9).
- (4) Loans to real estate investment trusts and to mortgage companies that specialize in mortgage loan originations and warehousing or in mortgage loan servicing (report as all other loans in Schedule RC-C, part I, item 9).
- (5) Loans to finance companies and insurance companies (report as all other loans in Schedule RC-C, part I, item 9).
- (6) Loans to brokers and dealers in securities, investment companies, and mutual funds (report as loans for purchasing or carrying securities in Schedule RC-C, part I, item 9).
- (7) Loans to Small Business Investment Companies (report as all other loans in Schedule RC-C, part I, item 9).
- (8) Loans to lenders other than brokers, dealers, and banks whose principal business is to extend credit for the purpose of purchasing or carrying securities (as described in Federal Reserve Regulation U) and loans to "plan lenders" (as defined in Federal Reserve Regulation G) (report as loans for purchasing or carrying securities in Schedule RC-C, part I, item 9).
- (9) Loans to federally-sponsored lending agencies (report as all other loans in Schedule RC-C, part I, item 9). Refer to the Glossary entry for "federally-sponsored lending agency" for the definition of this term.
- (10) Dollar exchange acceptances created by foreign governments and official institutions (report in Schedule RC-C, part I, item 7).
- (11) Loans to foreign governments and official institutions, including foreign central banks (report in Schedule RC-C, part I, item 7). See the Glossary entry for "foreign governments and official institutions" for the definition of this term.
- (12) Acceptances accepted by the reporting bank, discounted, and held in its portfolio, when the account party is not another depository institution. Report such acceptances are reported in other items of Schedule RC-C, part I, according to the account party.

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

NOTE: Items 2.a through 2.c are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

2.a **To commercial banks in the U.S.** Report all loans to and acceptances of other commercial banks in the U.S. On the FFIEC 041, banks with \$300 million or more in total assets should report in the appropriate subitems of column A a breakdown of these loans and acceptances between those to U.S. branches and agencies of foreign banks and those to other commercial banks in the U.S. On the FFIEC 031, all banks should report the total amount of these loans and acceptances in domestic offices in column B, and a breakdown of these loans and acceptances for the fully consolidated bank between those to U.S. branches and agencies of foreign banks and those to other commercial banks in the U.S. in the appropriate subitems of column A.

Refer to the instruction to Schedule RC-C, part I, item 2, above, and to the Glossary entry for "banks, U.S. and foreign" for further discussion of the term "commercial banks in the U.S."

Exclude from Schedule RC-C, part I, items 2.a, 2.a.(1), and 2.a.(2), loans to other domestic depository institutions such as savings banks, savings and loan associations, and credit unions (report in Schedule RC-C, part I, item 2.b, below).

2.a.(1) **To U.S. branches and agencies of foreign banks.** Report in column A all loans to and acceptances of U.S. branches and agencies of foreign banks.

Exclude loans to U.S. offices of U.S.-chartered banks that are owned by foreign banks or by foreign official banking institutions (report in Schedule RC-C, part I, item 2.a.(2), below).

2.a.(2) **To other commercial banks in the U.S.** Report in column A all loans to and acceptances of commercial banks in the U.S., other than U.S. branches and agencies of foreign banks.

2.b **To other depository institutions in the U.S.** Report (on the FFIEC 041, in column A; on the FFIEC 031, in columns A and B, as appropriate) loans to and acceptances of depository institutions, other than commercial banks, domiciled in the U.S. Refer to the instruction to Schedule RC-C, part I, item 2, above, and to the Glossary entry for "depository institutions in the U.S." for further discussion of the term "depository institutions in the U.S."

Exclude loans to and acceptances of commercial banks in the U.S. (report in Schedule RC-C, part I, item 2.a, above).

2.c **To banks in foreign countries.** Report all loans to and acceptances of banks and their branches domiciled outside the U.S. On the FFIEC 041, banks with \$300 million or more in total assets should report in the appropriate subitems of column A a breakdown of these loans and acceptances between those to foreign branches of other U.S. banks and those to other banks in foreign countries. On the FFIEC 031, all banks should report the total amount of these loans and acceptances in domestic offices in column B and a breakdown of these loans and acceptances for the fully consolidated bank between those to foreign branches of other U.S. banks and those to other banks in foreign countries in the appropriate subitems of column A.

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

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

2.c (cont.) See the instruction to Schedule RC-C, part I, item 2, above, and to the Glossary entry for "banks, U.S. and foreign" for further discussion of the term "banks in foreign countries."

Exclude loans to U.S. branches and agencies of foreign banks (report in Schedule RC-C, part I, item 2.a, above).

2.c.(1) **To foreign branches of other U.S. banks.** Report in column A all loans to and acceptances of foreign branches of other U.S. banks.

2.c.(2) **To other banks in foreign countries.** Report in column A all loans to and acceptances of banks in foreign countries, other than foreign-domiciled branches of other U.S. banks.

3 **Loans to finance agricultural production and other loans to farmers.** On the FFIEC 041, report in column B and, on the FFIEC 031, report in columns A and B, as appropriate, loans for the purpose of financing agricultural production. Include such loans whether secured (other than by real estate) or unsecured and whether made to farm and ranch owners and operators (including tenants) or to nonfarmers. All other loans to farmers, other than those excluded below, should also be reported in this item.

Include as loans to finance agricultural production and other loans to farmers:

- (1) Loans and advances made for the purpose of financing agricultural production, including the growing and storing of crops, the marketing or carrying of agricultural products by the growers thereof, and the breeding, raising, fattening, or marketing of livestock.
- (2) Loans and advances made for the purpose of financing fisheries and forestries, including loans to commercial fishermen.
- (3) Agricultural notes and other notes of farmers that the bank has discounted for, or purchased from, merchants and dealers, either with or without recourse to the seller.
- (4) Loans to farmers that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by a party other than the FmHA or SBA.
- (5) Loans and advances to farmers for purchases of farm machinery, equipment, and implements.
- (6) Loans and advances to farmers for all other purposes associated with the maintenance or operations of the farm, including purchases of private passenger automobiles and other retail consumer goods and provisions for the living expenses of farmers or ranchers and their families.

Loans to farmers for household, family, and other personal expenditures (including credit cards) that are not readily identifiable as being made to farmers need not be broken out of Schedule RC-C, part I, item 6, for inclusion in this item.

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

- 3** (cont.) Exclude from loans to finance agricultural production and other loans to farmers:
- (1) Loans secured by real estate (report in Schedule RC-C, part I, item 1).
 - (2) Loans to farmers for commercial and industrial purposes, e.g., when a farmer is operating a business enterprise as well as a farm (report in Schedule RC-C, part I, item 4).
 - (3) Loans to farmers for the purpose of purchasing or carrying securities (report in Schedule RC-C, part I, item 9).
 - (4) Loans to farmers secured by oil or mining production payments (report in Schedule RC-C, part I, item 4).
- 4** **Commercial and industrial loans.** Report loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment. On the FFIEC 041, all banks should report the total of these loans in column B, and banks with \$300 million or more in total assets should also report in the appropriate subitems of column A a breakdown of these loans between those loans to U.S. and non-U.S. addressees. On the FFIEC 031, all banks should report a breakdown of these loans between those to U.S. and non-U.S. addressees for the fully consolidated bank in the appropriate subitems of column A and for domestic offices in the appropriate subitems of column B.
- Commercial and industrial loans may take the form of direct or purchased loans. Include loans to individuals for commercial, industrial, and professional purposes but not for investment or personal expenditure purposes. Also include the reporting bank's own acceptances that it holds in its portfolio when the account party is a commercial or industrial enterprise. Exclude all commercial and industrial loans held for trading.
- Include loans of the types listed below as commercial and industrial loans. These descriptions may overlap and are not all inclusive.
- (1) Loans for commercial, industrial, and professional purposes to:
 - (a) mining, oil- and gas-producing, and quarrying companies;
 - (b) manufacturing companies of all kinds, including those which process agricultural commodities;
 - (c) construction companies;
 - (d) transportation and communications companies and public utilities;
 - (e) wholesale and retail trade enterprises and other dealers in commodities;
 - (f) cooperative associations including farmers' cooperatives;
 - (g) service enterprises such as hotels, motels, laundries, automotive service stations, and nursing homes and hospitals operated for profit;
 - (h) insurance agents; and
 - (i) practitioners of law, medicine, and public accounting.
 - (2) Loans for the purpose of financing capital expenditures and current operations.
 - (3) Loans to business enterprises guaranteed by the Small Business Administration.

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

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(cont.)
- (4) Loans to farmers for commercial and industrial purposes (when farmers operate a business enterprise as well as a farm).
 - (5) Loans supported by letters of commitment from the Agency for International Development.
 - (6) Loans made to finance construction that are not secured by real estate.
 - (7) Loans to merchants or dealers on their own promissory notes secured by the pledge of their own installment paper.
 - (8) Loans extended under credit cards and related plans that are readily identifiable as being issued in the name of a commercial or industrial enterprise.
 - (9) Dealer flooring or floor-plan loans.
 - (10) Loans collateralized by production payments (e.g., oil or mining production payments). Treat as a loan to the original seller of the production payment rather than to the holder of the production payment. For example, report in this item, as a loan to an oil company, a loan made to a nonprofit organization collateralized by an oil production payment; do not include in Schedule RC-C, part I, item 9, as a loan to the nonprofit organization.
 - (11) Loans and participations in loans secured by conditional sales contracts made to finance the purchase of commercial transportation equipment.
 - (12) Commercial and industrial loans guaranteed by foreign governmental institutions.
 - (13) Overnight lending for commercial and industrial purposes.

Exclude from commercial and industrial loans:

- (1) Loans secured by real estate, even if for commercial and industrial purposes (report in Schedule RC-C, part I, item 1).
- (2) Loans to depository institutions (report in Schedule RC-C, part I, item 2).
- (3) Loans to nondepository financial institutions such as real estate investment trusts, mortgage companies, and insurance companies (report as all other loans in Schedule RC-C, part I, item 9).
- (4) Loans for the purpose of purchasing or carrying securities (report in Schedule RC-C, part I, item 9).
- (5) Loans for the purpose of financing agricultural production, whether made to farmers or to nonagricultural businesses (report in Schedule RC-C, part I, item 3).
- (6) Loans to nonprofit organizations, such as hospitals or educational institutions (report as all other loans in Schedule RC-C, part I, item 9), except those for which oil or mining production payments serve as collateral which are to be reported in this item.

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

- 4 (cont.) (7) Holdings of acceptances accepted by other banks (report in Schedule RC-C, part I, item 2).
- (8) Holdings of the bank's own acceptances when the account party is another bank (report in Schedule RC-C, part I, item 2) or a foreign government or official institution (report in Schedule RC-C, part I, item 7).
- (9) Equipment trust certificates (report in Schedule RC-B, item 6, "Other debt securities").
- (10) Any commercial or industrial loans held by the reporting bank for trading purposes (report in Schedule RC, item 5, "Trading assets").
- (11) Commercial paper (report in Schedule RC-B, item 5, "Asset-backed securities," or item 6, "Other debt securities," or in Schedule RC, item 5, "Trading assets," as appropriate).

NOTE: Items 4.a and 4.b are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

- 4.a **To U.S. addressees (domicile).** Report (on the FFIEC 041, in column A; on the FFIEC 031, in columns A and B, as appropriate) all commercial and industrial loans to U.S. addressees. For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile."
- 4.b **To non-U.S. addressees (domicile).** Report (on the FFIEC 041, in column A; on the FFIEC 031, in columns A and B, as appropriate) all commercial and industrial loans to non-U.S. addressees. For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile."
- 5 Not applicable.
- 6 **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem all credit extended to individuals for household, family, and other personal expenditures that are not secured by real estate, whether direct loans or purchased paper. Exclude loans to individuals for the purpose of purchasing or carrying securities (report in Schedule RC-C, part I, item 9).
- Deposits accumulated by borrowers for the payment of personal loans (i.e., hypothecated deposits) should be netted against the related loans.
- 6.a **Credit cards.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards. Report the total amount outstanding of all funds advanced under these credit cards regardless of whether there is a period before interest charges are made. Report only amounts carried on the books of the reporting bank as loans that are outstanding on the report date, even if the plan is shared with other banks or organizations and even if accounting and billing are done by a correspondent bank or the accounting center of a plan administered by others.

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

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

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

Exclude from credit cards:

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

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

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

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

Exclude from other revolving credit plans:

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

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

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

- (1) purchases of private passenger automobiles, pickup trucks, household appliances, furniture, trailers, and boats;
- (2) repairs or improvements to the borrower's residence (not secured by real estate);
- (3) educational expenses, including student loans;
- (4) medical expenses;
- (5) personal taxes;
- (6) vacations;
- (7) consolidation of personal (nonbusiness) debts;
- (8) purchases of real estate or mobile homes (not secured by real estate) to be used as a residence by the borrower's family; and
- (9) other personal expenditures.

Other consumer loans may take the form of:

- (1) Installment loans, demand loans, single payment time loans, and hire purchase contracts, and should be reported as loans to individuals for household, family, and other personal expenditures regardless of size or maturity and regardless of whether the loans are made by the consumer loan department or by any other department of the bank.
- (2) Retail installment sales paper purchased by the bank from merchants or dealers, finance companies, and others.

Exclude from other consumer loans:

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

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

- 6.c** (6) Loans to merchants, automobile dealers, and finance companies on their own promissory notes, secured by the pledge of installment paper or similar instruments (report in Schedule RC-C, part I, item 4, or as all other loans in Schedule RC-C, part I, item 9, as appropriate).
- (7) Loans to farmers, regardless of purpose, to the extent that can be readily identified as such loans (report in Schedule RC-C, part I, item 3).
- (8) All credit extended to individuals for household, family, and other personal expenditures arising from:
- (a) Credit cards (report in Schedule RC-C, part I, item 6.a), and
 - (b) Prearranged overdraft plans (report in Schedule RC-C, part I, item 6.b).

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

Include:

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

Exclude from loans to foreign governments and official institutions:

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

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

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

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

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

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

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

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

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

- 8** (5) Nonrated obligations of states and political subdivisions in the U.S. that the bank (cont.) considers securities for other financial reporting purposes (report as securities in Schedule RC, item 2, and Schedule RC-B, item 3).
- (6) Lease financing receivables of states and political subdivisions in the U.S. (report as leases in Schedule RC-C, part I, item 10).
- (7) Obligations of states and political subdivisions in the U.S. held by the reporting bank for trading purposes (report in Schedule RC, item 5).

- 9** **Other loans.** Report all loans for purchasing or carrying securities and all other loans that cannot properly be reported in one of the preceding items in this schedule. On the FFIEC 041, all banks should report the total amount of these loans in column B, and banks with \$300 million or more in total assets should also report in the appropriate subitem of column A loans for purchasing or carrying securities (item 9.a) and all other loans (item 9.b). On the FFIEC 031, all banks should report the total amount of these loans for the fully consolidated bank in column A, but with a breakdown between loans for purchasing or carrying securities (item 9.a) and all other loans (item 9.b) for domestic offices in column B.

Loans for purchasing or carrying securities include:

- (1) All loans to brokers and dealers in securities (other than those secured by real estate and those to depository institutions).
- (2) All loans, whether secured (other than by real estate) or unsecured, to any other borrower for the purpose of purchasing or carrying securities, such as:
- (a) Loans made to provide funds to pay for the purchase of securities at settlement date.
 - (b) Loans made to provide funds to repay indebtedness incurred in purchasing securities.
 - (c) Loans that represent the renewal of loans to purchase or carry securities.
 - (d) Loans to investment companies and mutual funds, but excluding loans to Small Business Investment Companies.
 - (e) Loans to "plan lenders" as defined in Section 221.4(a) of Federal Reserve Regulation U .
 - (f) Loans to lenders other than brokers, dealers, and banks whose principal business is to extend credit for the purpose of purchasing or carrying securities as described in Section 221.3(q) of Federal Reserve Regulation U, unless the loan is excepted by that section.
 - (g) Loans to Employee Stock Ownership Plans (ESOPs).

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

9 For purposes of the Report of Condition, the purpose of a loan collateralized by "stock" is (cont.) determined as follows:

- (1) For loans that are collateralized in whole or in part by "margin stock," as defined by Federal Reserve Regulation U, the purpose of the loan is determined by the latest Statement of Purpose (Form FR U-1) on file.
- (2) For loans that are collateralized by "stock" other than "margin stock," the bank may determine the purpose of the loan according to the most current information available.

Exclude from loans for purchasing or carrying securities:

- (1) Loans to banks in foreign countries that act as brokers and dealers in securities (report in Schedule RC-C, part I, item 2).
- (2) Loans to depository institutions for the purpose of purchasing or carrying securities (report Schedule RC-C, part I, item 2).
- (3) Transactions reportable in Schedule RC, item 3, "Federal funds sold and securities purchased under agreements to resell."
- (4) Loans secured by real estate (report in Schedule RC-C, part I, item 1).

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

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

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

- 9** (cont.) (5) Loans to holding companies of other depository institutions.
- (6) Loans to insurance companies.
- (7) Loans to finance companies, mortgage finance companies, factors and other financial intermediaries, short-term business credit institutions that extend credit to finance inventories or carry accounts receivable, and institutions whose functions are predominantly to finance personal expenditures (exclude loans to financial corporations whose sole function is to borrow money and relend it to its affiliated companies or a corporate joint venture in which an affiliated company is a joint venturer).
- (8) Loans to federally-sponsored lending agencies (see the Glossary entry for "federally-sponsored lending agency" for the definition of this term).
- (9) Loans to investment banks.
- (10) Loans and advances made to the bank's own trust department.
- (11) Loans to other domestic and foreign financial intermediaries whose functions are predominantly the extending of credit for business purposes, such as investment companies that hold stock of operating companies for management or development purposes.
- (12) Loans to Small Business Investment Companies.

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

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

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

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

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

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

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

- 10.a** **Of U.S. addressees (domicile).** Report in column A all outstanding receivable balances relating to direct financing and leveraged leases on property acquired by the fully consolidated bank for leasing to U.S. addressees (see the Glossary entry for "domicile").
- 10.b** **Of non-U.S. addressees (domicile).** Report in column A all outstanding receivable balances relating to direct financing and leveraged leases on property acquired by the fully consolidated bank for leasing to non-U.S. addressees (see the Glossary entry for "domicile").
- 11** **LESS: Any unearned income on loans reflected in items 1-9 above.** To the extent possible, the preferred treatment is to report the specific loan categories net of unearned income. A reporting bank should enter (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) unearned income only to the extent that it is included in (i.e., not deducted from) the various loan items of this schedule (Schedule RC-C, part I, items 1 through 9). If a bank reports each loan item of this schedule net of unearned income, enter a zero or the word "none" in this item.
- Do not include unearned income on lease financing receivables in this item. Leases should be reported net of unearned income in Schedule RC-C, part I, item 10.
- 12** **Total loans and leases, net of unearned income.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) the sum of items 1 through 10 less the amount reported in item 11. The amount reported for this item (on the FFIEC 041, in column B; on the FFIEC 031, in column A) must equal Schedule RC, item 4.a plus item 4.b.

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

- 1 **Loans and leases restructured and in compliance with modified terms.** Report loans and leases that have been restructured and are in compliance with their modified terms. However, exclude from this item all restructured loans secured by 1-to-4 family residential properties and all restructured loans to individuals for household, family, and other personal expenditures.

For purposes of this item, restructured loans and leases are those loans and leases whose terms have been modified, because of a deterioration in the financial condition of the borrower, to provide for a reduction of either interest or principal, regardless of whether such loans and leases are secured or unsecured, regardless of whether such credits are guaranteed by the government or by others, and (except as noted in the following paragraph) regardless of the effective interest rate on such credits.

Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full. However, a restructured obligation that is in compliance with its modified terms and yields a market rate (i.e., the recorded amount of the obligation bears an effective interest rate that at the time of the restructuring is greater than or equal to the rate that the bank is willing to accept for a new extension of credit with comparable risk) need not continue to be reported as a troubled debt restructuring in this Memorandum item in calendar years after the year in which the restructuring took place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a restructured loan. Also, a loan to a purchaser of "other real estate owned" by the reporting bank for the purpose of facilitating the disposal of such real estate is not considered a restructured loan. For further information, see the Glossary entry for "troubled debt restructurings."

Include in this item all restructured loans and leases as defined above that are in compliance with their modified terms, that is, restructured loans and leases (1) on which no contractual payments of principal or interest scheduled under the modified repayment terms are due and unpaid or (2) on which contractual payments of both principal and interest scheduled under the modified repayment terms are less than 30 days past due.

Exclude from this item (1) those restructured loans and leases on which under the modified repayment terms either principal or interest is 30 days or more past due (report in Schedule RC-N, column A or B, as appropriate) and (2) those restructured loans and leases that are in nonaccrual status under the modified repayment terms (report in Schedule RC-N, column C).

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

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

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

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

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

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

A fixed interest rate is a rate that is specified at the origination of the transaction, is fixed and invariable during the term of the loan or lease, and is known to both the borrower and the lender. Also treated as a fixed interest rate is a predetermined interest rate which is a rate that changes during the term of the loan on a predetermined basis, with the exact rate of interest over the life of the loan known with certainty to both the borrower and the lender when the loan is acquired. Examples of predetermined-rate transactions are: (1) Loans that carry a specified interest rate, for, say, six months and thereafter carry a rate equal to a specific percentage over the initial rate. (2) Loans that carry a specified interest rate while the loan amount is below a certain threshold amount but carry a different specified rate above that threshold (e.g., a line of credit where the interest rate is 10% when the unpaid balance of amounts advanced is \$100,000 or less, and 8% when the unpaid balance is more than \$100,000).

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

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

2
(cont.) When the rate on a loan with a floating rate has reached a contractual floor or ceiling level, the loan is to be treated as "fixed rate" rather than as "floating rate" until the rate is again free to float.

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

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

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

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

Loan amounts should be reported net of unearned income to the extent that they have been reported net of unearned income in Schedule RC-C, part I, items 1 through 9. Leases must be reported net of unearned income.

Fixed rate loans and leases that are past due (with respect to principal or interest) and still accruing should be reported according to the time remaining to final contractual maturity without regard to delinquency status. Floating rate loans that are past due (with respect to principal or interest) and still accruing should be reported according to their next repricing date without regard to delinquency status.

Report all unplanned overdrafts as fixed rate loans with a remaining maturity of three months or less in Memorandum item 2.b.(1).

Report all leases, net of unearned income, as fixed rate instruments in Memorandum item 2.b according to the amount of time remaining to final contractual maturity without regard to repayment schedules.

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

2
(cont.) Report fixed rate and floating rate loans made solely on a demand basis (i.e., without an alternate maturity date or without repayment terms) as having a remaining maturity or next repricing date of three months or less in Memorandum items 2.a.(1) and 2.b.(1), as appropriate. In addition, report all fixed rate and floating rate loans made solely on a demand basis as having a remaining maturity of one year or less in Memorandum item 2.c.

Fixed rate demand loans that have an alternate maturity date or repayment terms are to be reported in this Memorandum item according to the amount of time remaining to the alternate maturity date or final payment due date. Floating rate demand loans that have an alternate maturity date or repayment terms are to be reported according to their next repricing date in Memorandum items 2.a and 2.b, as appropriate. In addition, fixed rate and floating rate demand loans for which the amount of time remaining to the alternate maturity date or final payment due date is one year or less are to be reported in Memorandum item 2.c.

Fixed rate "Credit cards" and "Other revolving credit plans" are considered to have a remaining maturity of over one year through three years and should be reported in Memorandum item 2.b.(3), regardless of the actual maturity experience or expectation. Floating rate "Credit cards" and "Other revolving credit plans" (e.g., where the rate varies, or can be varied, periodically) are to be reported in Memorandum item 2.b according to their next repricing date. Where the bank in its contract with the borrower simply reserves the right to change the interest rate on the "Credit card" or "Other revolving credit," the plan should be considered to have a fixed rate.

Student loans whose interest rate is adjusted periodically by the U.S. Government by means of interest payments that include an amount of "additional interest" should be treated as floating rate loans and should be reported in Memorandum item 2.b according to their next repricing date.

Fixed rate loans that are held by the bank for sale and delivery in the secondary market under the terms of a binding commitment should be reported in Memorandum item 2.a or 2.b, as appropriate, on the basis of the time remaining until the delivery date specified in the commitment. Floating rate loans that are held by the bank for sale and delivery in the secondary market under the terms of a binding commitment should be reported in Memorandum item 2.a or 2.b, as appropriate, based on the date the interest rates on the loans can next change or the delivery date specified in the commitment, whichever is earlier.

2.a **Closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with a remaining maturity or next repricing date of.** Report the dollar amount of the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) in the appropriate subitems according to the amount of time remaining to their final contractual maturities (without regard to repayment schedules, if any). Report the dollar amount of the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) in the appropriate subitems according to their next repricing date. Exclude loans that are in nonaccrual status.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions****2.a.(1) Three months or less.** Report the amount of:

- the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities of three months or less, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in three months or less.

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

- the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over three months through 12 months, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over three months through 12 months.

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

- the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over one year through three years, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over one year through three years.

2.a.(4) Over three years through five years. Report the amount of:

- the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over three years through five years, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over three years through five years.

2.a.(5) Over five years through 15 years. Report the amount of:

- the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over five years through 15 years, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over five years through 15 years.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions****2.a.(6) Over 15 years.** Report the amount of:

- the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over 15 years, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over 15 years.

2.b All loans and leases other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with a remaining maturity or next repricing date of. Report the dollar amount of the bank's fixed rate loans and leases – *other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices)* -- in the appropriate subitems according to the amount of time remaining to their final contractual maturities (without regard to repayment schedules, if any). Report the dollar amount of the bank's floating rate loans -- *other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices)* -- in the appropriate subitems according to their next repricing date. Exclude loans that are in nonaccrual status.**2.b.(1) Three months or less.** Report the amount of:

- the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities of three months or less, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in three months or less.

2.b.(2) Over three months through 12 months. Report the amount of:

- the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over three months through 12 months, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in over three months through 12 months.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions****2.b.(3) Over one year through three years.** Report the amount of:

- the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over one year through three years, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in over one year through three years.

2.b.(4) Over three years through five years. Report the amount of:

- the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over three years through five years, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in over three years through five years.

2.b.(5) Over five years through 15 years. Report the amount of:

- the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over five years through 15 years, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in over five years through 15 years.

2.b.(6) Over 15 years. Report the amount of:

- the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over 15 years, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in over 15 years.

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

- 2.c** **Loans and leases with a remaining maturity of one year or less.** Report all loans and leases with a remaining maturity of one year or less. Include both fixed rate and floating rate loans and leases.

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

- 3** **Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, part I, items 4 and 9.** Report in this item loans to finance commercial and residential real estate activities, e.g., acquiring, developing, and renovating commercial and residential real estate, that are reported in Schedule RC-C, part I, items 4, "Commercial and industrial loans," and 9, "Other loans" (column B on the FFIEC 041; column A on the FFIEC 031).

Such loans generally may include:

- (1) loans made for the express purpose of financing real estate ventures as evidenced by loan documentation or other circumstances connected with the loan; or
- (2) loans made to organizations or individuals 80 percent of whose revenue or assets are derived from or consist of real estate ventures or holdings.

Exclude from this item all loans secured by real estate that are reported in Schedule RC-C, part I, item 1. Also exclude loans to commercial and industrial firms where the sole purpose for the loan is to construct a factory or office building to house the company's operations or employees.

- 4** **Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties.** Report the amount of closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(a), column B, that have a floating or adjustable interest rate.

A floating or adjustable 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 rate the loan carries at any subsequent time cannot be known at the time of origination. For purposes of this item, even if the rate on a loan with a floating or adjustable rate can no longer float because it has reached a floor or ceiling level, the loan is to be reported in this item as an adjustable rate loan.

Also include in this item amortizing fixed rate loans secured by first liens on 1-4 family residential properties that have original maturities of one year or less and require a balloon payment at maturity.

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

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

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

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

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

OR

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

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

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

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

- 7** **Purchased impaired loans held for investment accounted for in accordance with AICPA Statement of Position 03-3.** Report in the appropriate subitem the outstanding balance and carrying amount of "purchased impaired loans" reported as held for investment in Schedule RC-C, part I, items 1 through 9, and accounted for in accordance with AICPA Statement of Position 03-3. Purchased impaired loans are loans that a bank has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable. Loans held for investment are those that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff.
- 7.a** **Outstanding balance.** Report the outstanding balance of all purchased impaired loans reported as held for investment in Schedule RC-C, part I, items 1 through 9. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the bank at the report date, whether or not currently due and whether or not any such amounts have been charged off by the bank. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.
- 7.b** **Carrying amount included in Schedule RC-C, part I, items 1 through 9.** Report the carrying amount (before any allowances established after acquisition for decreases in cash flows expected to be collected) of, i.e., the recorded investment in all purchased impaired loans reported as held for investment. The recorded investment in these loans will have been included in Schedule RC-C, part I, items 1 through 9.