

SCHEDULE RC-D – TRADING ASSETS AND LIABILITIES

General Instructions

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

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

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

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

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

General Instructions (cont.)

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

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

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

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

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

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

LIABILITIES

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

Memoranda**Item No. Caption and Instructions**

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

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

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- 3.a Trust preferred securities issued by financial institutions.** Report the total fair value of structured financial products held for trading that are supported predominantly by trust preferred securities issued by financial institutions.
- 3.b Trust preferred securities issued by real estate investment trusts.** Report the total fair value of structured financial products held for trading that are supported predominantly by trust preferred securities issued by real estate investment trusts.
- 3.c Corporate and similar loans.** Report the total fair value of structured financial products held for trading that are supported predominantly by corporate and similar loans.
- Exclude securities backed by loans that are commonly regarded as asset-backed securities rather than collateralized loan obligations in the marketplace (report in Schedule RC-D, item 5.b).
- 3.d 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs).** Report the total fair value of structured financial products held for trading that are supported predominantly by 1-4 family residential mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises.
- 3.e 1-4 family residential MBS not issued or guaranteed by GSEs.** Report the total fair value of structured financial products held for trading that are supported predominantly by 1-4 family residential mortgage-backed securities not issued or guaranteed by U.S. government-sponsored enterprises.
- 3.f Diversified (mixed) pools of structured financial products.** Report the total fair value of structured financial products held for trading that are supported predominantly by diversified (mixed) pools of structured financial products. Include such products as CDOs squared and cubed (also known as “pools of pools”).
- 3.g Other collateral or reference assets.** Report the total fair value of structured financial products held for trading that are supported predominantly by other types of collateral or reference assets not identified above.
- 4 Pledged trading assets:**
- 4.a Pledged securities.** Report the total fair value of all securities held for trading included in Schedule RC-D above that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the securities are pledged); as performance bonds under futures or forward contracts; or for any other purpose. Include as pledged securities any securities held for trading that have been “loaned” in securities borrowing/lending transactions that do not qualify as sales under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” as amended).
- Also include securities held for trading owned by consolidated insurance subsidiaries and held in custodial trusts (that are reported as securities held for trading in Schedule RC-D) that are pledged to insurance companies external to the consolidated bank.

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

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

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

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

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

Exclude from this item deposits of:

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

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

Include in this item:

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

Commercial banks in the U.S. cover:

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

Other depository institutions in the U.S. cover:

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

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

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

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

Item No. Caption and Instructions

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

Memoranda**Item No. Caption and Instructions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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SCHEDULE RC-F – OTHER ASSETS

General Instructions

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

Item Instructions

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

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

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

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

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

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

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

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

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

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

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

Include in this item:

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

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(cont.)Exclude from this item:

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

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

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

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

Include as all other assets:

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

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

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

Item No. Caption and Instructions

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

Exclude from all other assets:

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

SCHEDULE RC-K – QUARTERLY AVERAGES

General Instructions

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

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

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

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

Item Instructions

Item No. Caption and Instructions

ASSETS

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

Item No. Caption and Instructions

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

6 **Loans:**

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Item No. Item No. Caption and Instructions

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

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

General Instructions

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

Item Instructions

Item No. Caption and Instructions

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

For purposes of this item, commitments include:

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

Item No. **Caption and Instructions**1
(cont.)

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

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

Item No. **Caption and Instructions**2
(cont.)Exclude from financial standby letters of credit:

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

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

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

3

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

Exclude from performance standby letters of credit:

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

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

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

Item No. Caption and Instructions

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

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

- 5** Not applicable.

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

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

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

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

Item No. Caption and Instructions

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

Item No. Caption and Instructions

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

Item No. Caption and Instructions

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

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

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

Item No. Caption and Instructions

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

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

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

Include as other off-balance sheet liabilities:

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

Item No. Caption and Instructions

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

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

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

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

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

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

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

(2) Internally developed intangible assets.

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

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

Item No. Caption and Instructions

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

(cont.)

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

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

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

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

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

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

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

Item No. **Caption and Instructions**

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

Column Instructions

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

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

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

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

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

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

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

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

Item No. Caption and Instructions

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

(cont.)

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

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

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

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

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

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

Item No. **Caption and Instructions**

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

(cont.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

Item No. **Caption and Instructions**

5.b
(cont.)

Exclude from other borrowings:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) on bank premises;
- (2) from which the bank receives income at the time of the sale or over the duration of the account (e.g., annual fees, Rule 12b-1 fees or "trailer fees," and redemption fees); or
- (3) through the reporting bank's trust department in transactions that are not executed in a fiduciary capacity (e.g., trustee, executor, administrator, and conservator).

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

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

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

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

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

Item No. Caption and Instructions

- 8** **Primary Internet Web site address of the bank (home page).** If the bank has an Internet Web site or home page, report in this item the primary Web address for this site. If the bank does not have its own Web site or home page, but information on or functions of the bank can be accessed through an affiliate's Web address, that affiliate's primary Web address should be reported. A bank that maintains more than one Web site should provide the Web address that best represents the institution. Web site addresses should not exceed 75 characters in length. Do not provide an e-mail address in the space for the Web address.

A bank's primary Internet Web address is the public Internet site address (also known as the Uniform Resource Locator or URL) that the bank's customers or potential customers enter into Internet browser software in order to find the first page of the bank's Web site. Examples of Web site addresses are www.bank.com, www.isp.com/bank/, and bank.isp.com. When entering a Web address in this item, the Web address should not be prefaced with http:// because this is already included on the form. Because Web addresses reported in this item are publicly available, each bank should ensure that it accurately reports its Web address, if any.

If a bank has no Web site or home page of its own and the bank cannot be accessed through an affiliate's Web address, this item should be left blank.

- 9** **Do any of the bank's Internet Web sites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the Web site?** Indicate whether any of the reporting bank's Internet Web sites have transactional capability. Place an "X" in the box marked "Yes" if the bank or a bank affiliate has any Internet Web sites that allow the bank's customers to execute transactions on their accounts through the Web site. Otherwise, place an "X" in the box marked "No."

The Internet Web address of the Web site (or sites) with transactional capability does not have to be the address of the bank's primary Internet Web site that is reported in Schedule RC-M, item 8, above.

- 10** **Secured liabilities.** Report in the appropriate subitem the carrying amount of federal funds purchased (in domestic offices) and "Other borrowings" that are secured, i.e., the carrying amount of these types of liabilities for which the bank (or a consolidated subsidiary) has pledged securities, loans, or other assets as collateral.

- 10.a** **Amount of "Federal funds purchased (in domestic offices)" that are secured.** Report the carrying amount of federal funds purchased (in domestic offices) (as defined for Schedule RC, item 14.a) that are secured.

- 10.b** **Amount of "Other borrowings" that are secured.** Report the carrying amount of "Other borrowings" (as defined for Schedule RC-M, item 5.b) that are secured. Secured "Other borrowings" include, but are not limited to, transfers of financial assets accounted for as financing transactions because they do not satisfy the criteria for sale accounting under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended), mortgages payable on bank premises and other real estate owned, and obligations under capitalized leases.

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11 Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts? Indicate whether the institution acts as trustee or custodian for Individual Retirement Accounts (IRAs), Health Savings Accounts (HSAs), or other similar accounts. Other similar accounts include Roth IRAs, Coverdell Education Savings Accounts, and Archer Medical Savings Accounts. State-chartered institutions are allowed, under certain circumstances, to act as trustee or custodian for these types of accounts without obtaining trust powers. In addition, national banks can serve as custodian to IRAs, HSAs, and other similar accounts without obtaining trust powers. Place an "X" in the box marked "Yes" if the reporting institution acts as trustee or custodian for these types of accounts, regardless of whether it has trust powers. Otherwise, place an "X" in the box marked "No."

12 Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities? Indicate whether the institution takes orders from customers for the sale or purchase of securities, regardless of whether this activity occurs in a custody or safekeeping account or elsewhere in the institution as an accommodation to the customer. Place an "X" in the box marked "Yes" if the reporting institution takes securities sale or purchase orders from customers. Otherwise, place an "X" in the box marked "No."

For example, if the only persons accepting customers' orders for securities are licensed dual employees (i.e., individuals who are both employees of the bank and licensed representatives of a registered broker-dealer) who take orders under a third-party networking arrangement with a registered broker, the employees would be accepting the orders in their capacity as registered representatives of the broker and not in their capacity as bank employees. In this situation, the bank should place an "X" in the box marked "No."

13 Assets covered by loss-sharing agreements with the FDIC. Under a loss-sharing agreement, the FDIC agrees to absorb a portion of the losses on a specified pool of a failed insured depository institution's assets in order to maximize asset recoveries and minimize the FDIC's losses. In general, for transactions that occurred before April 2010, the FDIC reimburses 80 percent of losses incurred by an acquiring institution on covered assets over a specified period of time up to a stated threshold amount, with the acquirer absorbing 20 percent of the losses on these assets. Any losses above the stated threshold amount are reimbursed by the FDIC at 95 percent of the losses recognized by the acquirer. For more recent transactions, the FDIC generally reimburses 80 percent of the losses incurred by the acquirer on covered assets, with the acquiring institution absorbing 20 percent.

Report in the appropriate subitem the balance sheet carrying amount as of the report date of all assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. These asset amounts should also be included in the balance sheet category appropriate to the asset on Schedule RC, Balance Sheet.

Do not report the "book value" of the covered assets on the failed institution's books, which may be the amount upon which payments from the FDIC to the reporting bank are to be based in accordance with the loss-sharing agreement.

13.a Loans and leases. Report in the appropriate subitem the carrying amount of loans and leases held for sale and the recorded investment in loans held for investment included in Schedule RC-C, part I, items 1 through 10, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Item No. Caption and Instructions**13.a.(1) Loans secured by real estate (in domestic offices):****13.a.(1)(a) Construction, land development, and other land loans:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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- 13.a.(5)** (4) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule RC-C, part I, item 8, column B on the FFIEC 041 and column A on the FFIEC 031;
- (5) Loans to nondepository financial institutions and other loans included in Schedule RC-C, part I, items 9.a and 9.b, column B on the FFIEC 041, and in Schedule RC-C, part I, item 9, column A on the FFIEC 031; and
- (6) On the FFIEC 031 only, loans secured by real estate in foreign offices included in Schedule RC-C, part I, item 1, column A.

Also include all lease financing receivables included in Schedule RC-C, part I, item 10, column B on the FFIEC 041, and in Schedule RC-C, part I, items 10.a and 10.b, column A on the FFIEC 031, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Report in Schedule RC-M, items 13.a.(5)(a) through 13.a.(5)(d) on the FFIEC 041 (items 13.a.(5)(a) through 13.a.(5)(e) on the FFIEC 031), each category of loans and leases within "All other loans and all leases" covered by loss-sharing agreements with the FDIC, and the dollar amount of covered assets in such category, that exceeds 10 percent of total loans and leases covered by loss-sharing agreements with the FDIC (i.e., 10 percent of the sum of Schedule RC-M, items 13.a.(1) through 13.a.(5)). Preprinted captions have been provided in items 13.a.(5)(a) through 13.a.(5)(d) on the FFIEC 041 (items 13.a.(5)(a) through 13.a.(5)(e) on the FFIEC 031) for reporting the amount of covered loans and leases for the following loan and lease categories if the amount for a loan or lease category exceeds the 10 percent reporting threshold: Loans to depository institutions and acceptances of other banks, Loans to foreign governments and official institutions, Other loans (i.e., Obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and, on the FFIEC 041, Loans to finance agricultural production and other loans to farmers); Loans secured by real estate in foreign offices (on the FFIEC 031), and Lease financing receivables.

On the FFIEC 041, for:

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

a preprinted caption has been provided in item 13.a.(5)(c)(1) for reporting the amount of "Loans to finance agricultural production and other loans to farmers" covered by loss-sharing agreements with the FDIC if the amount of such loans included in Schedule RC-M, item 13.a.(5)(c), "All other loans and all leases," exceeds 10 percent of total loans and leases covered by loss-sharing agreements with the FDIC (i.e., 10 percent of the sum of Schedule RC-M, items 13.a.(1) through 13.a.(5)).

- 13.b** **Other real estate owned.** Report in the appropriate subitem the carrying amount of other real estate owned (included in Schedule RC, item 7) acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

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- 13.b.(1) Construction, land development, and other land (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.a, "Construction, land development, and other land (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(2) Farmland (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.b, "Farmland (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(3) 1-4 family residential properties (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.c, "1-4 family residential properties (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(4) Multifamily (5 or more) residential properties (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.d, "Multifamily (5 or more) residential properties (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(5) Nonfarm nonresidential properties (in domestic offices).** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.e, "Nonfarm nonresidential properties (in domestic offices)," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

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

- 13.b.(6) In foreign offices.** Report the carrying amount of all other real estate owned included in Schedule RC-M, item 3.g, "In foreign offices," acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.
- 13.b.(7) Portion of covered other real estate owned included in items 13.b.(1) through (5) [or (6)] above that is protected by FDIC loss-sharing agreements.** Report the maximum amount recoverable from the FDIC under loss-sharing agreements covering the other real estate owned reported in Schedule RC-M, items 13.b.(1) through (5) on the FFIEC 041, and in Schedule RC-M, items 13.b.(1) through (6) on the FFIEC 031, beyond the amount that has already been reflected in the measurement of the reporting bank's indemnification asset, which represents the right to receive payments from the FDIC under the loss-sharing agreement.

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

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

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

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

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

14 **Captive insurance and reinsurance subsidiaries:**

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

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

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

SCHEDULE RC-N – PAST DUE AND NONACCRUAL LOANS, LEASES, AND OTHER ASSETS

General Instructions

Report on a fully consolidated basis all loans, leases, debt securities, and other assets that are past due or are in nonaccrual status, regardless of whether such credits are secured or unsecured and regardless of whether such credits are guaranteed or insured by the U.S. Government or by others. Report the full recorded investment in assets that are past due or in nonaccrual status, as reported for purposes of Schedule RC, Balance Sheet, not simply the delinquent payments. Loan amounts should be reported net of unearned income to the extent that they are reported net of unearned income in Schedule RC-C. All lease, debt security, and other asset amounts must be reported net of unearned income.

For report dates through December 31, 2000, the information reported in column A on assets past due 30 through 89 days and still accruing and in all of Memorandum item 1 on restructured loans and leases included in the past due and nonaccrual totals will be treated as confidential on an individual bank basis by the federal bank supervisory agencies. Beginning with the March 31, 2001, report date, all of the information reported in Schedule RC-N for each bank will be publicly available.

When a bank services residential mortgage loans insured by the Federal Housing Administration (FHA) or the Farmers Home Administration (FmHA) or guaranteed by the Veterans Administration (VA) that back Government National Mortgage Association (GNMA) securities, i.e., "GNMA loans," after it has securitized the loans in a transfer accounted for as a sale, ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended) requires the bank to bring individual delinquent GNMA loans that it previously accounted for as sold back onto its books as loan assets when, under the GNMA Mortgage-Backed Securities Guide, the loan meets GNMA's specified delinquency criteria and is eligible for repurchase. This rebooking of GNMA loans is required regardless of whether the bank, as seller-servicer, intends to exercise the repurchase (buy-back) option. A seller-servicer must report all delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase as past due in Schedule RC-N in accordance with their contractual repayment terms. In addition, if a bank services GNMA loans, but was not the transferor of the loans that were securitized, and purchases individual delinquent loans out of the GNMA securitization, the bank must report the purchased loans as past due in Schedule RC-N in accordance with their contractual repayment terms even though the bank was not required to record the delinquent GNMA loans as assets prior to purchasing the loans. Such delinquent GNMA loans should be reported in items 1.c, 10, and 10.b of Schedule RC-N.

Definitions

Past Due – The past due status of a loan or other asset should be determined in accordance with its contractual repayment terms. For purposes of this schedule, grace periods allowed by the bank after a loan or other asset technically has become past due but before the imposition of late charges are not to be taken into account in determining past due status. Furthermore, loans, leases, debt securities, and other assets are to be reported as past due when either interest or principal is unpaid in the following circumstances:

- (1) Closed-end installment loans, amortizing loans secured by real estate, and any other loans and lease financing receivables with payments scheduled monthly are to be reported as past due when the borrower is in arrears two or more monthly payments. (At a bank's option, loans and leases with payments scheduled monthly may be reported as past due when one scheduled payment is due and unpaid for 30 days or more.) Other multipayment obligations with payments scheduled other than monthly are to be reported as past due when one scheduled payment is due and unpaid for 30 days or more.

Definitions (cont.)

- (2) Open-end credit such as credit cards, check credit, and other revolving credit plans are to be reported as past due when the customer has not made the minimum payment for two or more billing cycles.
- (3) Single payment and demand notes, debt securities, and other assets providing for the payment of interest at stated intervals are to be reported as past due after one interest payment is due and unpaid for 30 days or more.
- (4) Single payment notes, debt securities, and other assets providing for the payment of interest at maturity are to be reported as past due after maturity if interest or principal remains unpaid for 30 days or more.
- (5) Unplanned overdrafts are to be reported as past due if the account remains continuously overdrawn for 30 days or more.

For purposes of this schedule, banks should use one of two methods to recognize partial payments on "retail credit," i.e., open-end and closed-end credit extended to individuals for household, family, and other personal expenditures, including consumer loans and credit cards, and loans to individuals secured by their personal residence, including home equity and home improvement loans. A payment equivalent to 90 percent or more of the contractual payment may be considered a full payment in computing delinquency. Alternatively, a bank may aggregate payments and give credit for any partial payment received. For example, if a regular monthly installment is \$300 and the borrower makes payments of only \$150 per month for a six-month period, the loan would be \$900 (\$150 shortage times six payments), or three monthly payments past due. A bank may use either or both methods for its retail credit, but may not use both methods simultaneously with a single loan.

Nonaccrual – For purposes of this schedule, an asset is to be reported as being in nonaccrual status if:

- (1) It is maintained on a cash basis because of deterioration in the financial condition of the borrower,
- (2) Payment in full of principal or interest is not expected, or
- (3) Principal or interest has been in default for a period of 90 days or more unless the asset is both well secured and in the process of collection.

An asset is "well secured" if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt (including accrued interest) in full, or (2) by the guarantee of a financially responsible party. An asset is "in the process of collection" if collection of the asset is proceeding in due course either (1) through legal action, including judgment enforcement procedures, or, (2) in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status in the near future.

For purposes of applying the third test for nonaccrual status listed above, the date on which an asset reaches nonaccrual status is determined by its contractual terms. If the principal or interest on an asset becomes due and unpaid for 90 days or more on a date that falls between report dates, the asset should be placed in nonaccrual status as of the date it becomes 90 days past due and it should remain in nonaccrual status until it meets the criteria for restoration to accrual status described below.

In the following situations, an asset need not be placed in nonaccrual status:

- (1) The criteria for accrual of income under the interest method specified in ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA

Definitions (cont.)

Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"), are met for a purchased impaired loan or debt security accounted for in accordance with that Subtopic, regardless of whether the loan or debt security had been maintained in nonaccrual status by its seller. For further information, see the Glossary entry for "purchased impaired loans and debt securities."

- (2) The criteria for amortization (i.e., accretion of discount) specified in AICPA Practice Bulletin No. 6, "Amortization of Discounts on Certain Acquired Loans," are met with respect to a loan or other debt instrument accounted for in accordance with that Practice Bulletin that was acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party (such as another institution or the receiver of a failed institution), including those that the seller had maintained in nonaccrual status.
- (3) The asset upon which principal or interest is due and unpaid for 90 days or more is a consumer loan (as defined for Schedule RC-C, part I, item 6, "Loans to individuals for household, family, and other personal expenditures") or a loan secured by a 1-to-4 family residential property (as defined for Schedule RC-C, part I, item 1.c, Loans "Secured by 1-4 family residential properties"). Nevertheless, such loans should be subject to other alternative methods of evaluation to assure that the bank's net income is not materially overstated. To the extent that the bank has elected to carry such a loan in nonaccrual status on its books, the loan must be reported as nonaccrual in this schedule.

As a general rule, a nonaccrual asset may be restored to accrual status when:

- (1) None of its principal and interest is due and unpaid, and the bank expects repayment of the remaining contractual principal and interest, or
- (2) When it otherwise becomes well secured and in the process of collection.

For purposes of meeting the first test for restoration to accrual status, the bank must have received repayment of the past due principal and interest unless, as discussed in the Glossary entry for "nonaccrual status,"

- (1) The asset has been formally restructured and qualifies for accrual status,
- (2) The asset is a purchased impaired loan or debt security accounted for in accordance with ASC Subtopic 310-30 and it meets the criteria for accrual of income under the interest method specified in that Subtopic,
- (3) The asset has been acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party, is accounted for in accordance with AICPA Practice Bulletin No. 6, and meets the criteria for amortization (i.e., accretion of discount) specified in that Practice Bulletin, or
- (4) The borrower has resumed paying the full amount of the scheduled contractual interest and principal payments on a loan that is past due and in nonaccrual status, even though the loan has not been brought fully current, and certain repayment criteria are met.

For further information, see the Glossary entry for "nonaccrual status."

Restructured in Troubled Debt Restructurings – A troubled debt restructuring is a restructuring of a loan in which a bank, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. For purposes of this schedule, the

Definitions (cont.)

concession consists of a modification of terms, such as a reduction of the loan's stated interest rate, principal, or accrued interest or an extension of the loan's maturity date at a stated interest rate lower than the current market rate for new debt with similar risk, regardless of whether the loan is secured or unsecured and regardless of whether the loan is guaranteed by the government or by others.

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

For further information, see the Glossary entry for "troubled debt restructurings."

Column Instructions

The columns of Schedule RC-N are mutually exclusive. Any given loan, lease, debt security, or other asset should be reported in only one of columns A, B, and C. Information reported for any given derivative contract should be reported in only column A or column B.

Report in columns A and B of Schedule RC-N (except for Memorandum item 6) the recorded investments (not just delinquent payments) in loans, leases, debt securities, and other assets that are past due and upon which the bank continues to accrue interest, as follows:

- (1) In column A, report closed-end monthly installment loans, amortizing loans secured by real estate, lease financing receivables, and open-end credit in arrears two or three monthly payments; other multipayment obligations with payments scheduled other than monthly when one scheduled payment is due and unpaid for 30 through 89 days; single payment and demand notes, debt securities, and other assets providing for payment of interest at stated intervals after one interest payment is due and unpaid for 30 through 89 days; single payment notes, debt securities, and other assets providing for payment of interest at maturity, on which interest or principal remains unpaid for 30 through 89 days after maturity; unplanned overdrafts, whether or not the bank is accruing interest on them, if the account remains continuously overdrawn for 30 through 89 days.
- (2) In column B, report the loans, lease financing receivables, debt securities, and other assets as specified above on which payment is due and unpaid for 90 days or more.

Include in columns A and B, as appropriate (except for Memorandum item 6), all loans, leases, debt securities, and other assets which, subsequent to their restructuring by means of a modification of terms, have become 30 days or more past due and upon which the bank continues to accrue interest. Exclude from columns A and B all loans, leases, debt securities, and other assets that are in nonaccrual status.

Report in columns A and B of Memorandum item 6 the fair value, if positive, of all interest rate, foreign exchange rate, equity, and commodity and other derivative contracts on which a required payment by the bank's counterparty is due and unpaid for 30 through 89 days and due and unpaid for 90 days or more, respectively.

Column Instructions (cont.)

Report in column C the recorded investments in loans, leases, debt securities, and other assets that are in nonaccrual status. Include all restructured loans, leases, debt securities, and other assets that are in nonaccrual status. However, restructured loans, leases, debt securities, and other assets with a zero percent effective interest rate are not to be reported in this column as nonaccrual assets.

Item Instructions

The loan and lease category definitions used in Schedule RC-N correspond with the loan and lease category definitions found in Schedule RC-C, part I. Consistent with Schedule RC-C, part I, the category-by-category breakdown of loans and leases in Schedule RC-N includes (1) loans and leases held for sale and (2) loans and leases that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff.

Item No. Caption and Instructions

- 1** **Loans secured by real estate.** Report in the appropriate subitem and column all loans secured by real estate included in Schedule RC-C, part I, item 1, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.a** **Construction, land development, and other land loans (in domestic offices).** Report in the appropriate subitem and column the amount of all construction, land development, and other land loans (in domestic offices) included in Schedule RC-C, part I, item 1.a, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.a.(1)** **1-4 family residential construction loans.** Report in the appropriate column the amount of all 1-4 family residential construction loans (in domestic offices) included in Schedule RC-C, part I, item 1.a.(1), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.a.(2)** **Other construction loans and all land development and other land loans.** Report in the appropriate column the amount of all other construction loans and all land development and other land loans (in domestic offices) included in Schedule RC-C, part I, item 1.a.(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.b** **Secured by farmland (in domestic offices).** Report in the appropriate column the amount of all loans secured by farmland (in domestic offices) included in Schedule RC-C, part I, item 1.b, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c** **Secured by 1-4 family residential properties (in domestic offices).** Report in the appropriate subitem and column the amount of all loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(1)** **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column the amount outstanding under all revolving, open-end loans secured by 1-to-4 family residential properties and extended under lines of credit (in domestic offices) included in Schedule RC-C, part I, item 1.c.(1), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(2)** **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem and column the amount of all closed-end loans secured by 1-to-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. Caption and Instructions

- 1.c.(2)(a) Secured by first liens.** Report in the appropriate column the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(a), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(2)(b) Secured by junior liens.** Report in the appropriate column the amount of all closed-end loans secured by junior liens on 1-to-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(b), column B, that are past due 30 days or more or are in nonaccrual status as of the report date. Include loans secured by junior liens in this item even if the bank also holds a loan secured by a first lien on the same 1-to-4 family residential property and there are no intervening junior liens.
- 1.d Secured by multifamily (5 or more) residential properties (in domestic offices).** Report in the appropriate column the amount of all loans secured by multifamily (5 or more) residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.d, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.e Secured by nonfarm nonresidential properties (in domestic offices).** Report in the appropriate subitem and column the amount of all loans secured by nonfarm residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.e, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.e.(1) Loans secured by owner-occupied nonfarm nonresidential properties.** Report in the appropriate column the amount of loans secured by owner-occupied nonfarm nonresidential properties (in domestic offices) included in Schedule RC-C, part I, item 1.e.(1), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.e.(2) Loans secured by other nonfarm nonresidential properties.** Report in the appropriate column the amount of loans secured by other nonfarm nonresidential properties (in domestic offices) included in Schedule RC-C, part I, item 1.e.(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Item 1.f is not applicable to banks filing the FFIEC 041 report form.

- 1.f In foreign offices.** Report in the appropriate column the amount of all loans secured by real estate in foreign offices included in Schedule RC-C, part I, item 1, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 2 Loans to depository institutions and acceptances of other banks.** Report on the FFIEC 041 in the appropriate column and on the FFIEC 031 in the appropriate subitem and column the amount of all loans to depository institutions and acceptances of other banks included in Schedule RC-C, part I, item 2, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Items 2.a, 2.b, and 3 are not applicable to banks filing the FFIEC 041 report form.

- 2.a To U.S. banks and other U.S. depository institutions.** Report in the appropriate column the amount of loans to and acceptances of U.S. banks and other U.S. depository institutions included in Schedule RC-C, part I, items 2.a.(2), 2.b, and 2.c.(1), column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. **Caption and Instructions**

- 2.b** **To foreign banks.** Report in the appropriate column the amount of all loans to and acceptances of foreign banks included in Schedule RC-C, part I, items 2.a.(1) and 2.c.(2), column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 3** **Loans to finance agricultural production and other loans to farmers.** Report in the appropriate column the amount of all loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 4** **Commercial and industrial loans.** Report on the FFIEC 041 in the appropriate column and on the FFIEC 031 in the appropriate subitem and column the amount of all commercial and industrial loans included in Schedule RC-C, part I, item 4, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Items 4.a and 4.b are not applicable to banks filing the FFIEC 041 report form.

- 4.a** **To U.S. addressees (domicile).** Report in the appropriate column the amount of all commercial and industrial loans to U.S. addressees included in Schedule RC-C, part I, item 4.a, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 4.b** **To non-U.S. addressees (domicile).** Report in the appropriate column the amount of all commercial and industrial loans to non-U.S. addressees included in Schedule RC-C, part I, item 4.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem and column the amount of all loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) included in Schedule RC-C, part I, item 6, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.a** **Credit cards.** Report in the appropriate column the amount of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards included in Schedule RC-C, part I, item 6.a, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b** **Automobile loans.** Report in the appropriate column the amount of loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use included in Schedule RC-C, part I, item 6.c, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.c** **Other consumer loans.** Report in the appropriate column the amount of all other loans to individuals for household, family, and other personal expenditures included in Schedule RC-C, part I, items 6.b and 6.d, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 6** **Loans to foreign governments and official institutions.** Report in the appropriate column the amount of all loans to foreign governments and official institutions included in Schedule RC-C, part I, item 7, that are past due 30 days or more or are in nonaccrual status as of the report date.

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- 7 All other loans.** Report in the appropriate column the amount of all:
- obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule RC-C, part I, item 8;
 - loans to nondepository financial institutions and other loans included in Schedule RC-C, part I, item 9; and
 - on the FFIEC 041 only, all loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3,
- that are past due 30 days or more or are in nonaccrual status as of the report date.
- 8 Lease financing receivables (net of unearned income).** Report on the FFIEC 041 in the appropriate column and on the FFIEC 031 in the appropriate subitem and column the amount of all lease financing receivables (net of unearned income) included in Schedule RC-C, part I, item 10, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Items 8.a and 8.b are not applicable to banks filing the FFIEC 041 report form.

- 8.a Leases to individuals for household, family, and other personal expenditures.** Report in the appropriate column the amount of all leases (net of unearned income) to individuals for household, family, and other personal expenditures included in Schedule RC-C, part I, item 10.a, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 8.b All other leases.** Report in the appropriate column the amount of all other leases (net of unearned income) included in Schedule RC-C, part I, item 10.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 9 Debt securities and other assets.** Report in the appropriate column all assets other than loans and leases reportable in Schedule RC-C that are past due 30 days or more or are in nonaccrual status as of the report date. Include such assets as debt securities and interest-bearing balances due from depository institutions. Also include operating lease payments receivable that have been recorded as assets in Schedule RC, item 11, when the operating lease is past due 30 days or more or in nonaccrual status.
- Exclude other real estate owned reportable in Schedule RC, item 7, and other repossessed assets reportable in Schedule RC, item 11, such as automobiles, boats, equipment, appliances, and similar personal property.
- 10 Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC.** Report in the appropriate column the aggregate recorded investment in all loans and leases reported in Schedule RC-N, items 1 through 8, above for which repayment of principal is wholly or partially guaranteed or insured by the U.S. Government, including its agencies and its government-sponsored agencies, but excluding loans and leases covered by loss-sharing agreements with the FDIC, which are reported in Schedule RC-N, item 11, below. Examples include loans guaranteed by the Small Business Administration and the Federal Housing Administration. Amounts need not be reported in this item and in items 10.a and 10.b below if they are considered immaterial.

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- 10** Exclude from this item loans and leases guaranteed or insured by state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations. Also exclude loans and leases collateralized by securities issued by the U.S. Government, including its agencies and its government-sponsored agencies.
- (cont.)
- 10.a** **Guaranteed portion of loans and leases included in item 10 above, excluding rebooked "GNMA loans."** Report in the appropriate column the maximum amount recoverable from the U.S. Government, including its agencies and its government-sponsored agencies, under the guarantee or insurance provisions applicable to the loans and leases included in Schedule RC-N, item 10, above.
- Seller-servicers of GNMA loans should exclude all delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase from this item (report such rebooked GNMA loans in item 10.b below). Servicers of GNMA loans should exclude individual delinquent loans (for which they were not the transferor) that they have purchased out of GNMA securitizations from this item (report such purchased GNMA loans in item 10.b below).
- 10.b** **Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item 10 above.** Report in the appropriate column the recorded investment in:
- (1) Delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase by seller-servicers of GNMA loans; and
- (2) Delinquent loans that have been purchased out of GNMA securitizations by servicers of GNMA loans that were not the transferors of the loans.
- 11** **Loans and leases reported in items 1 through 8 above that are covered by loss-sharing agreements with the FDIC.** Report in the appropriate subitem and column the aggregate recorded investment in all loans and leases covered by loss-sharing agreements with the FDIC and reported in Schedule RC-M, items 13.a.(1)(a)(1) through 13.a.(5), that have been included in Schedule RC-N, items 1 through 8, because they are past due 30 days or more or are in nonaccrual status as of the report date. Amounts need not be reported in Schedule RC-N, items 11.a.(1)(a) through 11.f, below if they are considered immaterial.
- 11.a** **Loans secured by real estate (in domestic offices):**
- 11.a.(1)** **Construction, land development, and other land loans:**
- 11.a.(1)(a)** **1-4 family residential construction loans.** Report in the appropriate column the amount of all covered 1-4 family residential construction loans reported in Schedule RC-M, item 13.a.(1)(a)(1), that are included in Schedule RC-N, item 1.a.(1), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(1)(b)** **Other construction loans and all land development and other land loans.** Report in the appropriate column the amount of all other covered construction loans and all covered land development and other land loans reported in Schedule RC-M, item 13.a.(1)(a)(2), that are included in Schedule RC-N, item 1.a.(2), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. Caption and Instructions

- 11.a.(2) Secured by farmland.** Report in the appropriate column the amount of all covered loans secured by farmland reported in Schedule RC-M, item 13.a.(1)(b), that are included in Schedule RC-N, item 1.b, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(3) Secured by 1-4 family residential properties:**
- 11.a.(3)(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column the amount of all covered revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit loans held for sale and held for investment reported in Schedule RC-M, item 13.a.(1)(c)(1), that are included in Schedule RC-N, item 1.c.(1), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(3)(b) Closed-end loans secured by 1-4 family residential properties:**
- 11.a.(3)(b)(1) Secured by first liens.** Report in the appropriate column the amount of all covered closed-end loans secured by first liens on 1-4 family residential properties reported in Schedule RC-M, item 13.a.(1)(c)(2)(a), that are included in Schedule RC-N, item 1.c.(2)(a), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(3)(b)(2) Secured by junior liens.** Report in the appropriate column the amount of all covered closed-end loans secured by junior liens on 1-4 family residential properties reported in Schedule RC-M, item 13.a.(1)(c)(2)(b), that are included in Schedule RC-N, item 1.c.(2)(b), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(4) Secured by multifamily (5 or more) residential properties.** Report in the appropriate column the amount of all covered loans secured by multifamily (5 or more) residential properties reported in Schedule RC-M, item 13.a.(1)(d), that are included in Schedule RC-N, item 1.d, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(5) Secured by nonfarm nonresidential properties:**
- 11.a.(5)(a) Loans secured by owner-occupied nonfarm nonresidential properties.** Report in the appropriate column the amount of all covered loans secured by owner-occupied nonfarm nonresidential properties reported in Schedule RC-M, item 13.a.(1)(e)(1), that are included in Schedule RC-N, item 1.e.(1), above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.a.(5)(b) Loans secured by other nonfarm nonresidential properties.** Report in the appropriate column the amount of all covered loans secured by other nonfarm nonresidential properties reported in Schedule RC-M, item 13.a.(1)(e)(2), that are included in Schedule RC-N, item 1.e.(2), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. Caption and Instructions

NOTE: Item 11.b is not applicable to banks filing the FFIEC 041 report form.

- 11.b Loans to finance agricultural production and other loans to farmers.** Report in the appropriate column the amount of all covered loans to finance agricultural production and other loans to farmers reported in Schedule RC-M, item 13.a.(2), that are included in Schedule RC-N, item 3, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.c Commercial and industrial loans.** Report in the appropriate column the amount of all covered commercial and industrial loans reported in Schedule RC-M, item 13.a.(3), that are included in Schedule RC-N, item 4, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.d Loans to individuals for household, family, and other personal expenditures:**
- 11.d.(1) Credit cards.** Report in the appropriate column the amount of all covered extensions of credit arising from credit cards reported in Schedule RC-M, item 13.a.(4)(a), that are included in Schedule RC-N, item 6.a, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.d.(2) Automobile loans.** Report in the appropriate column the amount of all covered automobile loans reported in Schedule RC-M, item 13.a.(4)(b), that are included in Schedule RC-N, item 6.c, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.d.(3) Other consumer loans.** Report in the appropriate column the amount of all covered extensions of credit arising from other revolving credit plans and all other covered consumer loans reported in Schedule RC-M, item 13.a.(4)(c), that are included in Schedule RC-N, items 6.b and 6.d, above because they are past due 30 days or more or are in nonaccrual status as of the report date.
- 11.e All other loans and all leases.** Report in the appropriate column the amount of covered loans and leases reported in Schedule RC-M, item 13.a.(5), "All other loans and all leases," that are past due 30 days or more or are in nonaccrual status as of the report date. Include in the appropriate column of this item covered loans in the following categories that are past due 30 days or more or are in nonaccrual status as of the report date:
- (1) Loans to depository institutions and acceptances of other banks included in Schedule RC-N, item 2;
 - (2) On the FFIEC 041, loans to finance agricultural production and other loans to farmers included in Schedule RC-N, item 7;
 - (3) Loans to foreign governments and official institutions included in Schedule RC-N, item 6;
 - (4) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule RC-N, item 7;
 - (5) Loans to nondepository financial institutions and other loans included in Schedule RC-N, item 7; and
 - (6) On the FFIEC 031, loans secured by real estate in foreign offices included in Schedule RC-N, item 1.f.

Also include in the appropriate column all covered lease financing receivables included in Schedule RC-N, item 8, above that are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. **Caption and Instructions**

11.e
(cont.) For each category of loans and leases within “All other loans and all leases” for which the reporting bank reported the amount of covered loans or leases in Schedule RC-M, items 13.a.(5)(a) through 13.a.(5)(d) on the FFIEC 041 (items 13.a.(5)(a) through 13.a.(5)(e) on the FFIEC 031), report in the appropriate column in Schedule RC-N, items 11.e.(1) through 11.e.(4) on the FFIEC 041 (items 11.e.(1) through 11.e.(5) on the FFIEC 031) the amount of covered loans or leases in that category that are past due 30 days or more or are in nonaccrual status as of the report date.

11.f **Portion of covered loans and leases included in items 11.a through 11.e above that is protected by FDIC loss-sharing agreements.** Report the maximum amount recoverable from the FDIC under loss-sharing agreements covering the past due and nonaccrual loans and leases reported in Schedule RC-N, items 11.a.(1)(a) through 11.e, above beyond the amount that has already been reflected in the measurement of the reporting bank’s indemnification asset, which represents the right to receive payments from the FDIC under the loss-sharing agreement.

In general, the maximum amount recoverable from the FDIC on covered past due and nonaccrual loans and leases is the recorded amount of these loans and leases, as reported in Schedule RC-N, items 11.a.(1)(a) through 11.e, multiplied by the currently applicable loss coverage rate (e.g., 80 percent or 95 percent). This product will normally be the maximum amount recoverable because reimbursements from the FDIC for covered losses related to the amount by which the “book value” of a covered asset on the failed institution’s books (which is the amount upon which payments under an FDIC loss-sharing agreement are based) exceeds the amount at which the reporting bank reports the covered asset on Schedule RC, Balance Sheet, should already have been taken into account in measuring the carrying amount of the reporting bank’s loss-sharing indemnification asset, which is reported in Schedule RC-F, item 6, “All other assets.”

Memoranda**Item No. Caption and Instructions**

- 1 Loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above.** Report in the appropriate subitem and column loans that have been restructured in troubled debt restructurings (as described in "Definitions" above) and are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in one or more of the loan categories in items 1 through 7 of this schedule. Exclude all loans restructured in troubled debt restructurings that are in compliance with their modified terms (report in Schedule RC-C, part I, Memorandum item 1),
- For further information, see the Glossary entry for "troubled debt restructurings."
- 1.a Construction, land development, and other land loans (in domestic offices):**
- 1.a.(1) 1-4 family construction loans.** Report in the appropriate column all loans secured by real estate for the purpose of constructing 1-4 family residential properties included in item 1.a.(1) of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.a.(2) Other construction loans and all land development and other land loans.** Report in the appropriate column all construction loans for purposes other than constructing 1-4 family residential properties, all land development loans, and all other land loans included in item 1.a.(2) of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.b Loans secured by 1-4 family residential properties (in domestic offices).** Report in the appropriate column all loans secured by 1-4 family residential properties (in domestic offices) included in item 1.c of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c Loans secured by multifamily (5 or more) residential properties (in domestic offices).** Report in the appropriate column all loans secured by multifamily (5 or more) residential properties (in domestic offices) included in item 1.d of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.d Secured by nonfarm nonresidential properties (in domestic offices):**
- 1.d.(1) Loans secured by owner-occupied nonfarm nonresidential properties.** Report in the appropriate column all loans secured by owner-occupied nonfarm nonresidential properties included in item 1.e.(1) of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.d.(2) Loans secured by other nonfarm nonresidential properties.** Report in the appropriate column all nonfarm nonresidential real estate loans not secured by owner-occupied nonfarm nonresidential properties included in item 1.e.(2) of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

Memoranda**Item No. Caption and Instructions**

1.e Commercial and industrial loans. Report all commercial and industrial loans included in item 4 of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. On the FFIEC 041, all banks should report the total of these restructured loans in Memorandum item 1.e, and banks with \$300 million or more in total assets should also report in Memorandum items 1.e.(1) and (2) a breakdown of these restructured loans between those loans to U.S. and non-U.S. addressees. On the FFIEC 031, all banks should report a breakdown of these restructured loans between those to U.S. and non-U.S. addressees for the fully consolidated bank in Memorandum items 1.e.(1) and (2).

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

1.e.(1) To U.S. addressees (domicile). On the FFIEC 041, report in the appropriate column all commercial and industrial loans to U.S. addressees included in Memorandum item 1.e of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. On the FFIEC 031, report in the appropriate column all commercial and industrial loans to U.S. addressees included in item 4.a of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

1.e.(2) To non-U.S. addressees (domicile). On the FFIEC 041, report in the appropriate column all commercial and industrial loans to non-U.S. addressees included in Memorandum item 3.c of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. On the FFIEC 031, report in the appropriate column all commercial and industrial loans to non-U.S. addressees included in item 4.b of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

1.f All other loans. Report in the appropriate column all other loans that cannot properly be reported in Memorandum items 1.a through 1.e above that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. Include in the appropriate column of this item all loans in the following categories that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date:

- (1) Loans secured by farmland (in domestic offices) included in Schedule RC-N, item 1.b;
- (2) Loans to depository institutions and acceptances of other banks included in Schedule RC-N, item 2;
- (3) Loans to finance agricultural production and other loans to farmers included in Schedule RC-N, item 7 on the FFIEC 041 and item 3 on the FFIEC 31;
- (4) Consumer credit cards included in Schedule RC-N, item 5.a;
- (5) Consumer automobile loans included in Schedule RC-N, item 5.b;
- (6) Other consumer loans included in Schedule RC-N, items 5.c;
- (7) Loans to foreign governments and official institutions included in Schedule RC-N, item 6;

Memoranda**Item No. Caption and Instructions**

- 1.f** (8) Obligations (other than securities and leases) of states and political subdivisions in the
(cont.) U.S. included in Schedule RC-N, item 7;
- (9) Loans to nondepository financial institutions and other loans included in Schedule RC-N,
 item 7; and
- (10) On the FFIEC 031, loans secured by real estate in foreign offices included in
 Schedule RC-N, item 1.f.

Report in Schedule RC-N, Memorandum items 1.f.(1) through 1.f.(6) on the FFIEC 041 (Memorandum items 1.f.(1) through 1.f.(7) on the FFIEC 031), each category of loans within "All other loans" that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date, and the dollar amount of loans in such category, that exceeds 10 percent of total loans restructured in troubled debt restructurings that are past due 30 days or more or are in nonaccrual status as of the report date (i.e., 10 percent of the sum of Schedule RC-N, Memorandum items 1.a through 1.e plus Memorandum item 1.f, columns A through C). Preprinted captions have been provided in Memorandum items 1.f.(1) through 1.f.(6) on the FFIEC 041 (Memorandum items 1.f.(1) through 1.f.(7) on the FFIEC 031) for reporting the amount of such restructured loans for the following loan categories if the amount for a loan category exceeds this 10 percent reporting threshold: Loans secured by farmland (in domestic offices); Loans to depository institutions and acceptances of other banks; Loans to finance agricultural production and other loans to farmers (on the FFIEC 031); (Consumer) Credit cards; (Consumer) Automobile loans; Other consumer loans; Loans to foreign governments and official institutions; and Other loans (i.e., Obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and, on the FFIEC 041, Loans to finance agricultural production and other loans to farmers); and Loans secured by real estate in foreign offices (on the FFIEC 031 only).

On the FFIEC 041, for:

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

a preprinted caption has been provided in Memorandum item 1.f.(6)(a) for reporting the amount of "Loans to finance agricultural production and other loans to farmers" that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date if the amount of such loans included in Schedule RC-N, Memorandum item 1.f.(6), "Other loans," exceeds 10 percent of total loans restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date (i.e., 10 percent of the sum of Schedule RC-N, Memorandum items 1.a through 1.e plus Memorandum item 1.f).

Memoranda**Item No. Caption and Instructions**

- 2** **Loans to finance commercial real estate, construction, and land development activities included in Schedule RC-N, items 4 and 7, above.** Report in the appropriate column the amount of loans to finance commercial real estate, construction, and land development activities ***not secured by real estate*** included in Schedule RC-C, part I, Memorandum item 3, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in items 4 and 7 of Schedule RC-N above. Exclude from this item all loans secured by real estate included in item 1 of Schedule RC-N above.

NOTE: Memorandum item 3 is not applicable to banks filing the FFIEC 041 report form.

- 3** **Loans secured by real estate to non-U.S. addressees (domicile).** Report in the appropriate column the amount of all loans secured by real estate to non-U.S. addressees that are 30 days or more past due or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, items 1.a through 1.f, above.

NOTE: Memorandum items 3.a through 3.d are not applicable to banks filing the FFIEC 031 report form. On the FFIEC 041 report form, Memorandum items 3.a through 3.d are not applicable to banks that have less than \$300 million in total assets.

- 3.a** **Loans secured by real estate to non-U.S. addressees (domicile).** Report in the appropriate column the amount of all loans secured by real estate to non-U.S. addressees that are 30 days or more past due or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, items 1.a through 1.e, above.
- 3.b** **Loans to and acceptances of foreign banks.** Report in the appropriate column the amount of all loans to and acceptances of foreign banks included in Schedule RC-C, part I, items 2.a.(1) and 2.c.(2), column A, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and acceptances will have been included in Schedule RC-N, item 2, above.
- 3.c** **Commercial and industrial loans to non-U.S. addressees (domicile).** Report in the appropriate column the amount of all commercial and industrial loans to non-U.S. addressees included in Schedule RC-C, part I, item 4.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, item 4, above.
- 3.d** **Leases to individuals for household, family, and other personal expenditures.** Report in the appropriate column the amount of all leases to individuals for household, family, and other personal expenditures (net of unearned income) included in Schedule RC-C, part I, item 10.a, column A, that are past due 30 days or more or are in nonaccrual status as of the report date. Such leases will have been included in Schedule RC-N, item 8, above.

Memoranda**Item No. Caption and Instructions**

NOTE: Memorandum item 4 is not applicable to banks filing the FFIEC 031 report form. On the FFIEC 041 report form, Memorandum item 4 is to be completed by:

- banks with \$300 million or more in total assets, and
- banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers, as defined for Schedule RC-C, part I, item 3, column B, exceeding five percent of total loans.

- 4 Loans to finance agricultural production and other loans to farmers.** Report in the appropriate column the amount of all loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, item 3, column B, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, item 7, above.
- 5 Loans and leases held for sale and loans measured at fair value.** Report in the appropriate subitem and column the amount of all loans and leases held for sale, whether measured at the lower of cost or fair value or at fair value under a fair value option, and all loans held for investment measured at fair value under a fair value option that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan and lease categories in items 1 through 8 of Schedule RC-N above and would, therefore, exclude any loans classified as trading assets and included in Schedule RC, item 5.
- 5.a Loans and leases held for sale.** Report in the appropriate column the carrying amount of all loans and leases classified as held for sale included in Schedule RC, item 4.a, which are reported at the lower of cost or fair value or at fair value under a fair value option, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b Loans measured at fair value.** Report in the appropriate subitem and column the total fair value and unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b.(1) Fair value.** Report in the appropriate column the total fair value of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b.(2) Unpaid principal balance.** Report in the appropriate column the total unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.

Memoranda**Item No. Caption and Instructions**

NOTE: On the FFIEC 041, Memorandum item 6 is not applicable to banks that have less than \$300 million in total assets.

- 6** **Derivative contracts: Fair value of amounts carried as assets.** Report in the appropriate column the fair value of all credit derivative contracts (as defined for Schedule RC-L, item 7) and all interest rate, foreign exchange rate, equity, and commodity and other derivative contracts (as defined for Schedule RC-L, item 12) on which a required payment by the bank's counterparty is past due 30 days or more as of the report date.

- 7** **Additions to nonaccrual assets during the quarter.** Report the aggregate amount of all loans, leases, debt securities, and other assets (net of unearned income) that have been placed in nonaccrual status during the calendar quarter ending on the report date. Include those assets placed in nonaccrual status during the quarter that are included as of the quarter-end report date in Schedule RC-N, column C, items 1 through 9. Also include those assets placed in nonaccrual status during the quarter that, before the current quarter-end, have been sold, paid off, charged-off, settled through foreclosure or concession of collateral (or any other disposition of the nonaccrual asset) or have been returned to accrual status. In other words, the aggregate amount of assets placed in nonaccrual status since the prior quarter-end that should be reported in this item should not be reduced, for example, by any charge-offs or sales of such nonaccrual assets. If a given asset is placed in nonaccrual status more than once during the quarter, report the amount of the asset only once.

- 8** **Nonaccrual assets sold during the quarter.** Report the total of the outstanding balances of all loans, leases, debt securities, and other assets held in nonaccrual status (i.e., reportable in Schedule RC-N, column C, items 1 through 9) that were sold during the calendar quarter ending on the report date. The amount to be included in this item is the outstanding balance (net of unearned income) of each nonaccrual asset at the time of its sale. Do not report the sales price of the nonaccrual assets and do not include any gains or losses from the sale. For purposes of this item, only include those transfers of nonaccrual assets that meet the criteria for a sale as set forth in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended). For further information, see the Glossary entry for "transfers of financial assets."

SCHEDULE RC-O – OTHER DATA FOR DEPOSIT INSURANCE AND FICO ASSESSMENTS

General Instructions

Each bank must complete items 1 and 2 (and, on the FFIEC 031 report, item 3), items 7 through 9, Memorandum items 1 and 5, and, if applicable, Memorandum items 2 and 3 of Schedule RC-O on an unconsolidated single FDIC certificate number basis. Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When an insured bank owns another depository institution as a subsidiary, each institution should report only its own deposit liabilities in Schedule RC-O under its own FDIC certificate number (i.e., the parent bank should not combine the subsidiary institution's deposit liabilities with its own in Schedule RC-O).

In addition, an institution that meets one of the criteria discussed below must complete items 4 and 5 (and, on the FFIEC 031 report, item 6) of Schedule RC-O on an unconsolidated single FDIC certificate number basis each quarter.

Effective March 31, 2008, an institution that (a) reported \$1 billion or more in total assets as of the March 31, 2007, report date (regardless of its asset size in subsequent quarters) or (b) became insured by the FDIC on or after April 1, 2007, but before January 1, 2008, must report both quarter-end balances and daily averages for the quarter in Schedule RC-O. (The calculation of daily averages is discussed below in these General Instructions.) In addition, an institution that meets one of the following criteria must report both quarter-end deposit totals and daily averages in Schedule RC-O:

- (1) If an institution reports \$1 billion or more in total assets in two consecutive Reports of Condition and Income subsequent to its March 31, 2007, report, the institution must begin reporting both quarter-end balances and daily averages for the quarter beginning on the later of the March 31, 2008, report date or the report date six months after the second consecutive quarter in which it reports total assets of \$1 billion or more. For example, if an institution reports \$1 billion or more in total assets in its reports for June 30 and September 30, 2007, it would have to begin reporting daily averages in its report for March 31, 2008. If the institution reports \$1 billion or more in total assets in its reports for December 31, 2008, and March 31, 2009, it would have to begin reporting daily averages in its report for September 30, 2009.
- (2) If an institution becomes newly insured by the FDIC on or after January 1, 2008, the institution must report daily averages in Schedule RC-O beginning in the first quarterly Reports of Condition and Income that it files. The daily averages reported in the first report the institution files after becoming FDIC-insured would include the dollar amounts for the days since the institution began operations and zero for the days prior to the date the institution began operations, effectively pro-rating the first quarter's assessment base.
- (3) If an institution chose to begin reporting both quarter-end deposit totals and daily averages in Schedule RC-O as of any quarter-end report date during the interim period covering the March 31, 2007, through December 31, 2007, report dates, it must continue to report daily averages each quarter in 2008 and thereafter.

The deposit insurance assessment base of an institution that reports daily averages for total deposits and allowable exclusions will be determined using the daily averages rather than the institution's quarter-end balances.

General Instructions (cont.)

Any institution that reported less than \$1 billion in total assets in its March 31, 2007, report may continue to report only quarter-end total deposits and allowable exclusions until it meets the two-consecutive-quarter asset size test for reporting daily averages. Alternatively, the institution may opt permanently at any time to begin reporting daily averages for purposes of determining its assessment base. After an institution begins to report daily averages for its total deposits and allowable exclusions, either voluntarily or because it is required to do so, the institution is not permitted to switch back to reporting only quarter-end balances.

The amounts to be reported as daily averages are the sum of the gross amounts of total deposits (domestic and foreign) and allowable exclusions for each calendar day during the quarter divided by the number of calendar days in the quarter (except as noted above for an institution that becomes insured on or after January 1, 2008, in the first report it files after becoming insured). For an institution that has acquired another institution during the quarter, the acquired deposits for the days prior to the acquisition should not be included in the daily average calculation, regardless of the method used to account for the acquisition. For days that an office of the reporting institution (or any of its subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), the amounts outstanding from the previous business day would be used. An office is considered closed if there are no transactions posted to the general ledger as of that date.

Item Instructions

Item No. Caption and Instructions

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|----------|--|
| 1 | <p><u>Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations.</u> Report on an unconsolidated single FDIC certificate number basis the gross total deposit liabilities as of the calendar quarter-end report date that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. Since the FDIC's amendments to its assessment regulations in 2006 did not substantially change the definition of deposits for assessment purposes, an institution's gross total deposit liabilities are the combination of:</p> <ul style="list-style-type: none"> • All deposits in "domestic offices" reported in Schedule RC, item 13.a; • All deposits in "foreign offices" reported in Schedule RC, item 13.b, on the FFIEC 031 report; • Interest accrued and unpaid on deposits in "domestic offices" reported in Schedule RC-G, item 1.a; • Interest accrued and unpaid on deposits in "foreign offices" included in Schedule RC-G, item 1.b; • Uninvested trust funds held in the institution's own trust department; • Deposits of consolidated subsidiaries and the interest accrued and unpaid on such deposits; • The amount by which demand deposits reported in Schedule RC, item 13, have been reduced from the netting of the reporting institution's reciprocal demand balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions); and • The amount by which any other deposit liabilities reported in Schedule RC, item 13, have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles; |
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Memoranda**Item No. Caption and Instruction**

2
(cont.) Report the estimated amount of the bank's deposits (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) that is not covered by federal deposit insurance. This estimate should reflect the temporary unlimited insurance coverage on noninterest-bearing transaction accounts¹ (as defined in Schedule RC-O, Memorandum item 5) as well as the deposit insurance limits of \$250,000 for "retirement deposit accounts" (as defined in Schedule RC-O, Memorandum item 1) and \$250,000 for other deposit accounts (exclusive of noninterest-bearing transaction accounts). The reporting of this uninsured deposit information is mandated by Section 7(a)(9) of the Federal Deposit Insurance Act.

The estimated amount of uninsured deposits reported in this item should be based on the bank's deposits included in Schedule RC-O, item 1, "Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations," less item 2, "Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits)." In addition to the uninsured portion of deposits in "domestic offices" reported in Schedule RC, item 13.a, the estimate of uninsured deposits should take into account all other items included in Schedule RC-O, item 1 less item 2, including, but not limited to:

- Interest accrued and unpaid on deposits in domestic offices;
- Deposits in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits);
- Deposits of consolidated subsidiaries in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits); and
- Deposit liabilities that have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles.

The bank's estimate of its uninsured deposits should be reported in accordance with the following criteria. Regardless of these criteria, all noninterest-bearing transaction accounts (as defined in Schedule RC-O, Memorandum item 5) must be treated as insured deposits and excluded from the estimate of uninsured deposits. Furthermore, it is recognized that a bank may have multiple automated information systems for different types of deposits and that the capabilities of a bank's information systems to provide an estimate of its uninsured deposits will differ from bank to bank at any point in time and, within an individual institution, may improve over time.

- (1) If the bank has brokered deposits, which must be reported in Schedule RC-E, Memorandum item 1.b, "Total brokered deposits," it must use the information it has developed for completing Schedule RC-E, Memorandum item 1.c, "Fully insured brokered deposits," to determine its best estimate of the uninsured portion of its brokered deposits.
- (2) If the bank has deposit accounts whose ownership is based on a fiduciary relationship, Part 330 of the FDIC's regulations generally states that the titling of the deposit account (together with the underlying records) must indicate the existence of the fiduciary relationship in order for insurance coverage to be available on a "pass-through" basis.

¹ Pursuant to Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, unlimited insurance coverage on noninterest-bearing transaction accounts is in effect from December 31, 2010, through December 31, 2012.

Memoranda**Item No. Caption and Instruction**

2
(cont.)

Fiduciary relationships include, but are not limited to, relationships involving a trustee, agent, nominee, guardian, executor, or custodian.

A bank with fiduciary deposit accounts with balances of more than \$250,000 must diligently use the available data on these deposit accounts, including data indicating the existence of different principal and income beneficiaries and data indicating that some or all of the funds on deposit represent retirement deposit accounts eligible for \$250,000 in deposit insurance coverage, to determine its best estimate of the uninsured portion of these accounts.

- (3) If the bank has deposit accounts of employee benefit plans, Part 330 of the FDIC's regulations states that these accounts are insured on a "pass-through" basis for the non-contingent interest of each plan participant provided that certain prescribed recordkeeping requirements are met. A bank with employee benefit plan deposit accounts with balances of more than \$250,000 must diligently use the available data on these deposit accounts to determine its best estimate of the uninsured portion of these accounts.
- (4) If the bank's deposit accounts include benefit-responsive "Depository Institution Investment Contracts," which must be included in Schedule RC-O, item 2, these deposit liabilities are not eligible for federal deposit insurance pursuant to Section 11(a)(8) of the Federal Deposit Insurance Act. A bank with benefit-responsive "Depository Institution Investment Contracts" must include the entire amount of these contracts in the estimated amount of uninsured deposits it reports in this Memorandum item 2.
- (5) If the bank has deposit accounts with balances in excess of the federal deposit insurance limit that it has collateralized by pledging assets, such as deposits of the U.S. Government and of states and political subdivisions in the U.S. (which must be reported in Schedule RC-E, items 2 and 3, and, on the FFIEC 031 report form, in Schedule RC-E, part II, item 5), the bank should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems.
- (6) If the bank has deposit accounts with balances in excess of the federal deposit insurance limit for which it has acquired private deposit insurance to cover this excess amount, the bank should make a reasonable estimate of the portion of these deposits that is not insured by the FDIC using the data available from its information systems.
- (7) For all other deposit accounts, the bank should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems. In developing this estimate, if the bank has automated information systems in place that enable it to identify jointly owned accounts and estimate the deposit insurance coverage of these deposits, the higher level of insurance afforded these joint accounts should be taken into consideration. Similarly, if the bank has automated information systems in place that enable it to classify accounts by deposit owner and/or ownership capacity, the bank should incorporate this information into its estimate of the amount of uninsured deposits by aggregating accounts held by the same deposit owner in the same ownership capacity before applying the \$250,000 insurance limit. Ownership capacities include, but are not limited to, single ownership, joint ownership, business (excluding sole proprietorships), revocable trusts, irrevocable trusts, and retirement accounts.

Memoranda**Item No. Caption and Instruction**

2 In the absence of automated information systems, a bank may use nonautomated
(cont.) information such as paper files or less formal knowledge of its depositors if such information
provides reasonable estimates of appropriate portions of its uninsured deposits. A bank's
use of such nonautomated sources of information is considered appropriate unless errors
associated with the use of such sources would contribute significantly to an overall error in
the FDIC's estimate of the amount of insured and uninsured deposits in the banking system.

3 **Has the reporting institution been consolidated with a parent bank or savings**
association in that parent bank's or parent savings association's Call Report or
Thrift Financial Report? If the reporting bank is owned by another bank or savings
association and that parent bank or parent savings association is consolidating the reporting
bank as part of the parent institution's Call Report or Thrift Financial Report for this report
date, report the legal title and FDIC Certificate Number of the parent institution in this item.

4 Not applicable.

5 **Noninterest-bearing transaction accounts (as defined in Section 343 of the Dodd-Frank**
Act) of more than \$250,000.

NOTE: Schedule RC-O, Memorandum items 5.a and 5.b, below, for the amount and number
of noninterest-bearing transaction accounts of more than \$250,000 are to be completed –
beginning in the reports for December 31, 2010 – by all FDIC-insured depository institutions,
whether or not they had previously opted to participate in the FDIC's Transaction Account
Guarantee Program. Memorandum items 5.a and 5.b are to be reported as of the quarter-
end report date, not as daily averages for the quarter.

Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act amended
Section 11(a)(1)(B) of the Federal Deposit Insurance Act (FDI Act) with respect to the
insurance coverage of noninterest-bearing transaction accounts. These amendments take
effect December 31, 2010, and require the FDIC to “fully insure the net amount that any
depositor at an insured depository institution maintains in a noninterest-bearing transaction
account.” This unlimited insurance coverage will be in effect only through December 31,
2012.

As defined in Section 11(a)(1)(B) of the FDI Act, as added by Section 343 of the Dodd-Frank
Act and as subsequently amended, a “noninterest-bearing transaction account” is:

- (1) A deposit or an account (in a domestic office or an insured branch in Puerto Rico or a
U.S. territory or possession):
 - (a) “with respect to which interest is neither accrued nor paid;”
 - (b) “on which the depositor or account holder is permitted to make withdrawals by
negotiable or transferable instrument, payment orders of withdrawal, telephone or
other electronic media transfers, or other similar items for the purpose of making
payments or transfers to third parties or others; and”
 - (c) “on which the insured depository institution does not reserve the right to require
advance notice of an intended withdrawal; and”
- (2) “a trust account established by an attorney or law firm on behalf of a client, commonly
known as an ‘Interest on Lawyers Trust Account’, or a functionally equivalent account, as
determined by the Corporation.”

Memoranda**Item No. Caption and Instructions**

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(cont.) Thus, the term “noninterest-bearing transaction account” includes all demand deposits, including certified checks and official checks (such as cashiers’ checks and money orders) drawn on the reporting institution. However, pursuant to Section 627 of the Dodd-Frank Act, as of July 21, 2011, institutions will no longer be restricted from paying interest on demand deposit accounts. At that time, if an institution modifies the terms of its demand deposit account agreement so that the account may earn interest, the account will no longer satisfy the definition of a noninterest-bearing transaction account, will no longer be eligible for full deposit insurance coverage, and should no longer be reported in Memorandum items 5.a and 5.b.

Even if checks may be drawn on the account, a “noninterest-bearing transaction account” does not include, for example, any transaction account that may earn interest, such as a negotiable order of withdrawal (NOW) account, or a money market deposit account (MMDA) as defined in Federal Reserve Regulation D.

Account features such as the waiver of fees or the provision of fee-reducing credits do not prevent an account from qualifying as a noninterest-bearing transaction account as long as the account otherwise satisfies the definition of a noninterest-bearing transaction account.

In determining whether funds are in a noninterest-bearing transaction account for purposes of reporting in Memorandum items 5.a and 5.b, the FDIC will apply its normal rules and procedures under Section 360.8 of the FDIC’s regulations for determining account balances at a failed insured depository institution. Under these procedures, funds may be swept or transferred from a noninterest-bearing transaction account to another type of deposit account or product that is not a noninterest-bearing transaction account. Except as described in the following sentence, unless the funds are in a noninterest-bearing transaction account after the completion of a sweep under Section 360.8, the funds in the resulting account or product will not be eligible for full deposit insurance coverage and they should not be reported in Memorandum items 5.a and 5.b. However, in the case of funds swept from a noninterest-bearing transaction account to a noninterest-bearing savings account as defined in Federal Reserve Regulation D, the FDIC will treat the swept funds as being in a noninterest-bearing transaction account. If the sum of the swept funds in the noninterest-bearing savings account plus any amount remaining in the related noninterest-bearing transaction account is more than \$250,000, this sum should be reported in Memorandum item 5.a and the swept funds and the related noninterest-bearing transaction account should be reported as one account in Memorandum item 5.b.

Include public funds held in “noninterest-bearing transaction accounts” of more than \$250,000 whether or not they are collateralized with pledged securities or other pledged assets.

Report in the appropriate subitem the amount outstanding and the number of noninterest-bearing transaction accounts (as defined above and in the FDIC’s regulations implementing Section 343) with a balance on the report date of more than \$250,000. An institution may exclude noninterest-bearing transaction accounts with a balance of more than \$250,000 if the entire balance in the account is fully insured under the FDIC’s regular deposit insurance rules (i.e., without considering the insurance protection provided under Section 343), such as joint account relationship rules or “pass-through” insurance coverage rules. In noninterest-bearing transaction accounts with a balance of more than \$250,000 where the entire balance

Memoranda**Item No. Caption and Instructions**

- 5**
(cont.) is not fully insured, an institution may exclude any amounts over \$250,000 that are otherwise insured under the FDIC's regular deposit insurance rules. These amounts may be excluded to the extent that they can be determined by the institution and fully supported in the institution's workpapers for this report. An institution is not required to make a determination of amounts otherwise insured but may do so at its option.
- 5.a** **Amount of noninterest-bearing transaction accounts of more than \$250,000.**
Report the aggregate balance of all noninterest-bearing transaction accounts (as defined in Schedule RC-O, Memorandum item 5, above) with a balance on the report date of more than \$250,000. This amount should represent the total of the balances of the noninterest-bearing transaction accounts enumerated in Call Report Schedule RC-O, Memorandum item 5.b, below.
- 5.b** **Number of noninterest-bearing transaction accounts of more than \$250,000.**
Report the total number of noninterest-bearing transaction accounts (as defined in Schedule RC-O, Memorandum item 5, above) with a balance on the report date of more than \$250,000.

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SCHEDULE RC-P – 1-4 FAMILY RESIDENTIAL MORTGAGE BANKING ACTIVITIES

General Instructions

Schedule RC-P is to be completed by (1) all banks with \$1 billion or more in total assets and (2) those banks with less than \$1 billion in total assets where **any** of the following residential mortgage banking activities (in domestic offices) exceeds \$10 million for two consecutive quarters:

- (a) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources during a calendar quarter; or
- (b) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loan sales during a calendar quarter; or
- (c) Closed-end and open-end first lien and junior lien 1-4 family residential mortgage loans held for sale and held for trading at calendar quarter-end.

For purposes of measuring 1-4 family residential mortgage banking activities (at banks with less than \$1 billion in total assets) and reporting on these activities in Schedule RC-P, banks should include those 1-4 family residential mortgage loans that would be reportable as held for sale as well as those that would be reportable as held for trading.

For a bank with less than \$1 billion in total assets, the bank must complete Schedule RC-P beginning the second quarter in which the \$10 million threshold is exceeded and continue to complete the schedule through the end of the calendar year. Open-end mortgage banking activities should be measured using the “total commitment under the lines of credit” as defined below. For example, if the bank’s closed-end and open-end first and junior lien 1-4 family residential mortgage loan originations and purchases for resale from all sources exceeded \$10 million during the quarter ended June 30, 2010, and the bank’s sales of such loans exceeded \$10 million during the quarter ended September 30, 2010, the bank would be required to complete Schedule RC-P in its September 30 and December 31, 2010, Call Reports. If its total assets remain less than \$1 billion, the level of this bank’s mortgage banking activities during the fourth quarter of 2010 and the first quarter of 2011 would determine whether it would need to complete Schedule RC-P each quarter during 2011 beginning March 31, 2011.

For purposes of Schedule RC-P, closed-end 1-4 family residential mortgage loans are defined in Schedule RC-C, part I, item 1.c.(2), “Closed-end loans secured by 1-4 family residential properties.” All closed-end 1-4 family residential mortgage loans secured by junior (i.e., other than first) liens should be reported as junior liens in Schedule RC-P even if the bank has also originated or purchased a loan secured by a first lien on the same 1-4 family residential property and there are no intervening junior liens. Open-end 1-4 family residential mortgage loans are defined in Schedule RC-C, part I, item 1.c.(1), “Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.” These Schedule RC-C definitions also apply to closed-end and open-end 1-4 family residential mortgage loans that would be reportable as held for trading in Schedule RC-D and in Schedule RC, item 5, “Trading assets.”

For purposes of reporting on open-end loans extended under lines of credit in Schedule RC-P, the “total commitment under the lines of credit” is defined as the total amount of the lines of credit granted to customers at the time the open-end credits were originated. For retail and wholesale originations of such open-end loans, the “principal amount funded under the lines of credit” is defined as the initial fundings made to customers on newly established lines of credit. For open-end loans purchased, sold, held for sale or trading, and repurchased or indemnified, the “principal amount funded under the lines of credit” is defined as the principal balance outstanding of loans extended under lines of credit at the transaction date or at quarter-end, as appropriate.

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

- 1 Retail originations during the quarter of 1-4 family residential mortgage loans for sale.**
Report in the appropriate subitem retail originations of closed-end and open-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as retail originations those closed-end and open-end 1-4 family residential mortgage loans for which the origination and underwriting process was handled exclusively by the bank or a consolidated subsidiary of the bank. However, if the reporting bank is acting merely as a broker or agent and forwards loan applications and supporting documentation to another party who closes or funds the loans in its name (even if the reporting bank has some involvement in processing and underwriting the loans), the reporting bank should not report these loans as originations or purchases in this schedule.
- Exclude closed-end and open-end 1-4 family residential mortgage loans originated or purchased for the reporting bank's own loan portfolio.
- 1.a Closed-end first liens.** Report the principal amount of retail originations of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 1.b Closed-end junior liens.** Report the principal amount of retail originations of closed-end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 1.c Open-end loans extended under lines of credit:**
- 1.c.(1) Total commitment under the lines of credit.** Report the total amount of open-end commitments under retail originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter.
- 1.c.(2) Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments arising from the retail originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter reported in item 1.c.(1) above.
- 2 Wholesale originations and purchases during the quarter of 1-4 family residential mortgage loans for sale.** Report in the appropriate subitem wholesale originations and purchases of closed-end and open-end 1-4 family residential mortgage loans for resale during the calendar quarter ending on the report date. Include as wholesale originations and purchases those closed-end and open-end 1-4 family residential mortgage loans for resale for which the origination and underwriting process was handled in whole or in part by another party, such as a correspondent or mortgage broker, even if the loan was closed in the name of the bank or a consolidated subsidiary of the bank (often referred to as "table funding arrangements"). Also include acquisitions of closed-end and open-end 1-4 family residential mortgage loans for resale that were closed in the name of a party other than the bank or a consolidated subsidiary of the bank. However, if the reporting bank is acting merely as a broker or agent and forwards loan applications and supporting documentation to another party who closes or funds the loans in its name (even if the reporting bank has some involvement in processing and underwriting the loans), the reporting bank should not report these loans as originations or purchases in this schedule.
- Exclude closed-end and open-end 1-4 family residential mortgage loans originated or purchased for the reporting bank's own loan portfolio.

- Item No.** **Caption and Instructions**
- 2.a** **Closed-end first liens.** Report the principal amount of wholesale originations and purchases of closed-end first lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 2.b** **Closed-end junior liens.** Report the principal amount of wholesale originations and purchases of closed-end junior lien 1-4 family residential mortgage loans for resale during the calendar quarter.
- 2.c** **Open-end loans extended under lines of credit:**
- 2.c.(1)** **Total commitment under the lines of credit.** Report the total amount of open-end commitments under wholesale originations and purchases of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter.
- 2.c.(2)** **Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments arising from the wholesale originations of revolving, open-end lines of credit secured by 1-4 family residential properties for resale during the calendar quarter reported in item 2.c.(1) above.
- 3** **1-4 family residential mortgage loans sold during the quarter.** Report in the appropriate subitem closed-end and open-end 1-4 family residential mortgage loans sold during the calendar quarter ending on the report date. Include transfers of closed-end and open-end 1-4 family residential mortgage loans originated or purchased for resale from retail or wholesale sources that have been accounted for as sales in accordance with ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended), i.e., those transfers where the loans are no longer included in the bank's consolidated total assets. Also include all sales during the quarter of closed-end and open-end 1-4 family residential mortgage loans directly from the bank's loan portfolio. For further information, see the Glossary entry for "transfers of financial assets."
- 3.a** **Closed-end first liens.** Report the principal amount of closed-end first lien 1-4 family residential mortgage loans sold during the calendar quarter.
- 3.b** **Closed-end junior liens.** Report the principal amount of closed-end junior lien 1-4 family residential mortgage loans sold during the calendar quarter.
- 3.c** **Open-end loans extended under lines of credit:**
- 3.c.(1)** **Total commitment under the lines of credit.** Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties sold during the calendar quarter.
- 3.c.(2)** **Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties sold during the calendar quarter reported in item 3.c.(1) above.

Item No. Caption and Instructions

- 4 1–4 family residential mortgage loans held for sale or trading at quarter-end.** Report in the appropriate subitem closed-end and open-end 1-4 family residential mortgages held for sale or trading as of the quarter-end report date and included in Schedule RC, item 4.a, “Loans and leases held for sale,” and in Schedule RC, item 5, “Trading assets.” Loans held for sale should be reported at the lower of cost or fair value consistent with their presentation in Schedule RC, item 4.a. Loans held for trading should be reported at fair value consistent with their presentation in Schedule RC, item 5. Closed-end and open-end 1-4 family residential mortgage loans held for sale or trading at quarter-end include any mortgage loans transferred at any time from the bank’s loan portfolio to a held-for-sale account or a trading account that have not been sold by quarter-end.
- 4.a Closed-end first liens.** Report the carrying amount of closed-end first lien 1-4 family residential mortgage loans held for sale or trading at quarter-end.
- 4.b Closed-end junior liens.** Report the carrying amount of closed-end junior lien 1-4 family residential mortgage loans held for sale or trading at quarter-end.
- 4.c Open-end loans extended under lines of credit:**
- 4.c.(1) Total commitment under the lines of credit.** Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties held for sale or trading at quarter-end.
- 4.c.(2) Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties held for sale of trading at quarter-end reported in item 4.c.(1) above.
- 5 Noninterest income for the quarter from the sale, securitization, and servicing of 1-4 family residential mortgage loans.** Report in the appropriate subitem the noninterest income earned during the calendar quarter ending on the report date from mortgage banking activities involving closed-end and open-end 1-4 family residential mortgage loans. Include the portion of the consolidated bank’s “Trading revenue,” “Net servicing fees,” “Net securitization income,” and “Net gains (losses) on sales of loans and leases” (items 5.c, 5.f, 5.g, and 5.i of Schedule RI) earned during the quarter that is attributable to closed-end and open-end 1-4 family residential mortgage loans.
- 5.a Closed-end 1-4 family residential mortgage loans.** Report the noninterest income earned during the calendar quarter ending on the report date from the sale, securitization, and servicing of closed-end 1-4 family residential mortgage loans.
- 5.b Open-end 1-4 family residential mortgage loans extended under lines of credit.** Report the noninterest income earned during the calendar quarter ending on the report date from the sale, securitization, and servicing of revolving, open-end lines of credit secured by 1-4 family residential properties.

Item No. Caption and Instructions

- 6 Repurchases and indemnifications of 1-4 family residential mortgage loans during the quarter.** As a result of its 1–4 family residential mortgage banking activities, a bank may be obligated to repurchase mortgage loans that it has sold or otherwise indemnify the loan purchaser against loss because of borrower defaults, loan defects, other breaches of representations and warranties, or for other reasons. Report in the appropriate subitem all 1-4 family residential mortgage loans previously sold by the bank or a consolidated subsidiary subject to an obligation to repurchase or indemnify that have been repurchased or indemnified during the calendar quarter ending on the report date. Do not reduce this amount by any third-party indemnifications or reimbursements that the bank has received.

Repurchased 1-4 family residential mortgage loans include loans that the bank (or a consolidated subsidiary) had sold but subsequently repurchased under repurchase obligation provisions of the sales agreement because of a delinquency, noncompliance with the sellers' representations and warranties, fraud or misrepresentation, or any other contractual requirement. Exclude 1-4 family residential mortgage loans that have been repurchased solely at the discretion of the bank (such as delinquent mortgage loans backing GNMA mortgage-backed securities), i.e., where the sales agreement contains a repurchase option (which may be conditional), but not a repurchase obligation.

Indemnifications of 1-4 family residential mortgage loans are limited to reimbursements to loan purchasers or other third parties for credit losses on loans that the bank (or a consolidated subsidiary) has sold. Include reimbursements made on loans where the bank has agreed with the purchaser or other third party not to repurchase the loan as required under the sales agreement, but rather to guarantee that no credit loss is sustained. Indemnifications also include loans for which payments have been made by the bank (or a consolidated subsidiary) to purchasers or other third parties as reimbursements for deficiency balances arising from sales of real estate collateral (whether or not foreclosed) on loans that the bank (or a consolidated subsidiary) has sold. Exclude indemnification arrangements that are limited to reimbursements of legal fees or administrative costs.

- 6.a Closed-end first liens.** Report the total principal amount outstanding as of the date of repurchase or indemnification of closed-end first lien 1-4 family residential mortgage loans previously sold by the bank or a consolidated subsidiary that have been repurchased or indemnified during the calendar quarter ending on the report date.
- 6.b Closed-end junior liens.** Report the total principal amount outstanding as of the date of repurchase or indemnification of closed-end junior lien 1-4 family residential mortgage loans previously sold by the bank or a consolidated subsidiary that have been repurchased or indemnified during the calendar quarter ending on the report date.
- 6.c Open-end loans extended under lines of credit:**
- 6.c.(1) Total commitment under the lines of credit.** Report the total amount of open-end commitments under revolving, open-end lines of credit secured by 1-4 family residential properties that have been repurchased or indemnified during the calendar quarter ending on the report date.
- 6.c.(2) Principal amount funded under the lines of credit.** Report the total principal amount funded under open-end commitments associated with the revolving, open-end lines of credit secured by 1-4 family residential properties reported in item 6.c.(1) above that have been repurchased or indemnified during the calendar quarter ending on the report date

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SCHEDULE RC-Q – ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

General Instructions

Schedule RC-Q is to be completed by banks that:

- (1) Had total assets of \$500 million or more as of the beginning of their fiscal year; or
- (2) Had total assets of less than \$500 million as of the beginning of their fiscal year and either:
 - (a) Have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or
 - (b) Are required to complete Schedule RC-D, Trading Assets and Liabilities.

Banks should report all assets and liabilities that are measured at fair value in the financial statements on a recurring basis (i.e., annually or more frequently).

Column Instructions

Column A, Total Fair Value Reported on Schedule RC

Report in Column A the total fair value, as defined by ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, “Fair Value Measurements”), of those assets and liabilities reported on Schedule RC, Balance Sheet, that the bank reports at fair value on a recurring basis.

Columns B through E, Fair Value Measurements and Netting Adjustments

For items reported in Column A, report in Columns C, D, and E the fair value amounts which fall in their entirety in Levels 1, 2, and 3, respectively. The level in the fair value hierarchy within which a fair value measurement in its entirety falls should be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Thus, for example, if the fair value of an asset or liability has elements of both Level 2 and Level 3 measurement inputs, report the entire fair value of the asset or liability in Column D or Column E based on the lowest level measurement input with the most significance to the fair value of the asset or liability in its entirety as described in ASC Topic 820. For assets and liabilities that the bank has netted under legally enforceable master netting agreements in accordance with ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, “Offsetting of Amounts Related to Certain Contracts,” and FASB Interpretation No. 41, “Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements”), report the gross amounts in Columns C, D, and E and the related netting adjustment in Column B. For more information on Level 1, 2, and 3 measurement inputs, see the Glossary entry for “fair value.”

Item Instructions

For each item in Schedule RC-Q, the sum of columns C, D, and E less column B must equal column A.

Item No. Caption and Instructions

- | | |
|---|---|
| 1 | <u>Available-for-sale securities.</u> Report in the appropriate column the total fair value of available-for-sale debt and equity securities as reported in Schedule RC, item 2.b; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. |
|---|---|

Item No. Caption and Instructions

- 2** **Federal funds sold and securities purchased under agreements to resell.** Report in the appropriate column the total fair value of those federal funds sold and securities purchased under agreements to resell reported in Schedule RC, items 3.a and 3.b, that the bank has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.
- 3** **Loans and leases held for sale.** Report in the appropriate column the total fair value of those loans held for sale reported in Schedule RC-C, part I, that the bank has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Loans held for sale that the bank has elected to report under the fair value option are included in Schedule RC-C, part I, and Schedule RC, item 4.a. Exclude loans held for sale that are reported at the lower of cost or fair value in Schedule RC, item 4.a, and loans that have been reported as trading assets in Schedule RC, item 5. Leases are generally not eligible for the fair value option.
- 4** **Loans and leases held for investment.** Report in the appropriate column the total fair value of those loans held for investment reported in Schedule RC-C, part I, that the bank has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Loans held for investment that the bank has elected to report under the fair value option are included in Schedule RC-C, part I, and Schedule RC, item 4.b. Leases are generally not eligible for the fair value option.
- 5** **Trading assets:**
- 5.a** **Derivative assets.** Report in the appropriate column the total fair value of derivative assets held for trading purposes as reported in Schedule RC, item 5; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.
- 5.b** **Other trading assets.** Report in the appropriate column the total fair value of all trading assets, except for derivatives, as reported in Schedule RC, item 5; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs, including the fair values of loans that have been reported as trading assets; and any netting adjustments.
- 5.b.(1)** **Nontrading securities at fair value with changes in fair value reported in current earnings.** Report in the appropriate column the total fair value of those securities the bank has elected to report under the fair value option that is included in Schedule RC-Q, item 5.b above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Securities that the bank has elected to report at fair value under the fair value option are reported as trading securities pursuant to ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities”) even though management did not acquire the securities principally for the purpose of trading.
- 6** **All other assets.** Report in the appropriate column the total fair value of all other assets that are required to be measured at fair value on a recurring basis or that the bank has elected to report under the fair value option that is included in Schedule RC, Balance Sheet, and is not reported in Schedule RC-Q, items 1 through 5 above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Include derivative assets held for purposes other than trading, interest-only strips receivable (not in the form of a security) held for purposes other than trading, and other categories of assets required to be measured at fair value on the balance sheet on a recurring basis under applicable accounting standards.

