

CALL REPORT
INSTRUCTION BOOK UPDATE
JUNE 2014

FILING INSTRUCTIONS

NOTE: This instruction book update is designed for two-sided (duplex) printing. The pages listed in the column below headed "Remove Pages" are no longer needed in the *Instructions for Preparation of Consolidated Reports of Condition and Income* and should be removed and discarded. The pages listed in the column headed "Insert Pages" are included in this instruction book update and should be filed promptly in your instruction book.

Remove Pages

1 – 4 (3-14)
RI-23 – RI-24 (6-12)
RC-M-14a – RC-M-14b (3-14)
RC-M-21 – RC-M-27 (3-14)
RC-O-5 – RC-O-6 (3-14)
RC-R-61 – RC-O-62 (3-14)
RC-S-3 – RC-S-4 (3-11)

Insert Pages

1 – 4 (6-14)
RI-23 – RI-24 (6-14)
RC-M-14a – RC-M-14b (6-14)
RC-M-21 – RC-M-26 (6-14)
RC-O-5 – RC-O-6 (6-14)
RC-R-61 – RC-R-62 (6-14)
RC-S-3 – RC-S-4 (6-14)

GENERAL INSTRUCTIONS

Schedules RC and RC-A through RC-V constitute the Report of Condition and its supporting schedules. Schedules RI and RI-A through RI-E constitute the Report of Income and its supporting schedules. The Consolidated Reports of Condition and Income are commonly referred to as the Call Report. For purposes of these General Instructions, the FASB Accounting Standards Codification is referred to as "ASC."

Unless the context indicates otherwise, the term "bank" in the Call Report instructions refers to both banks and savings associations.

WHO MUST REPORT ON WHAT FORMS

Every national bank, state member bank, insured state nonmember bank, and savings association is required to file a consolidated Call Report normally as of the close of business on the last calendar day of each calendar quarter, i.e., the report date. The specific reporting requirements depend upon the size of the bank and whether it has any "foreign" offices. Banks must file the appropriate forms as described below:

(1) **BANKS WITH FOREIGN OFFICES:** Banks of any size that have any "foreign" offices (as defined below) must file quarterly the *Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices* (FFIEC 031). For purposes of these reports, all of the following constitute "foreign" offices:

- (a) An International Banking Facility (IBF);
- (b) A branch or consolidated subsidiary in a foreign country; and
- (c) A majority-owned Edge or Agreement subsidiary.

In addition, for banks chartered and headquartered in the 50 states of the United States and the District of Columbia, a branch or consolidated subsidiary in Puerto Rico or a U.S. territory or possession is a "foreign" office. However, for purposes of these reports, a branch at a U.S. military facility located in a foreign country is a "domestic" office.

(2) **BANKS WITHOUT FOREIGN OFFICES:** Banks of *any* size that have only domestic offices must file quarterly the *Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only* (FFIEC 041). For banks chartered and headquartered in Puerto Rico or a U.S. territory or possession, a branch or consolidated subsidiary in one of the 50 states of the United States, the District of Columbia, Puerto Rico, or a U.S. territory or possession is a "domestic" office.

Close of Business

The term "close of business" refers to the time established by the reporting bank as the cut-off time for receipt of work for posting transactions to its general ledger accounts for that day. The time designated as the close of business should be reasonable and applied consistently. The posting of a transaction to the general ledger means that both debit and credit entries are recorded as of the same date. In addition, entries made to general ledger accounts in the period subsequent to the close of business on the report date that are applicable to the period covered by the Call Report (e.g., adjustments of accruals, posting of items held in suspense on the report date to their proper accounts, and other quarter-end adjusting entries) should be reported in the Call Report as if they had actually been posted to the general ledger at or before the cut-off time on the report date.

With respect to deposits received by the reporting bank after the cut-off time for posting them to individual customer accounts for a report date (i.e., so-called "next day deposits" or "late deposits"), but which are nevertheless posted in any manner to the reporting bank's general ledger accounts for that report date (including, but not limited to, through the use of one or more general ledger contra accounts), such deposits must be reported in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, item 1, and may also be reported in Schedule RC, Balance Sheet, item 13, "Deposits," and Schedule RC-E, Deposit Liabilities. However, the use of memorandum accounts outside the reporting bank's general ledger system for control over "next day" or "late deposits" received on the report date does not in and of itself make such deposits reportable in Schedule RC-O and Schedules RC and RC-E.

Frequency of Reporting

The reports are required to be submitted quarterly by all banks. However, for banks with fiduciary powers, the reporting frequency for Schedule RC-T, Fiduciary and Related Services, depends on their total fiduciary assets and their gross fiduciary and related services income. Banks with total fiduciary assets greater than \$250 million (as of the preceding December 31) or with gross fiduciary and related services income greater than 10 percent of revenue (net interest income plus noninterest income) for the preceding calendar year must complete the applicable items of Schedule RC-T quarterly. All other banks with fiduciary powers must complete the applicable items of Schedule RC-T annually as of the December 31 report date.

In addition, the following items are to be completed annually rather than quarterly:

- (1) Schedule RC, Memorandum item 1, on the level of external auditing work performed for the bank, and Memorandum item 2, on the bank's fiscal year-end date, are to be reported as of the March 31 report date;
- (2) Schedule RC-E, Memorandum item 1.e, "Preferred deposits," is to be reported as of the December 31 report date; and
- (3) Schedule RC-C, Memorandum items 15.a.(1) through 15.c.(2), and Schedule RC-L, items 1.a.(1) and (2), on reverse mortgages are to be reported as of the December 31 report date.

In Schedule RC-M, information on "International remittance transfers offered to consumers," is to be provided in item 16.a and, if appropriate, in items 16.c and 16.d semiannually as of the June 30 and December 31 report dates. Item 16.b is to be completed annually as of the June 30 report date only.

Differences in Detail of Reports

The amount of detail required to be reported varies between the two versions of the report forms, with the report forms for banks with foreign offices (FFIEC 031) having more detail than the report forms for banks with domestic offices only (FFIEC 041). Furthermore, as discussed below under Shifts in Reporting Status, the amount of detail also varies within both report forms, primarily based on the size of the bank. In general, the FFIEC 041 report form requires the least amount of detail from banks with less than \$100 million in total assets.

Differences in the level of detail within both the FFIEC 031 and 041 report forms are as follows:

- (1) Banks that had closed-end loans with negative amortization features secured by 1-4 family residential properties with a carrying amount (before any loan loss allowances) that exceeded the lesser of \$100 million or 5 percent of total loans and leases, net of unearned income, in domestic offices as of the previous December 31 report date must report certain information about these loans in Schedule RC-C, part I, Memorandum items 8.b and 8.c, and Schedule RI, Memorandum item 12.

- (2) Banks that had construction, land development, and other land loans (in domestic offices) that exceeded 100 percent of total risk-based capital as of the previous December 31 report date must report certain information about such loans with interest reserves in Schedule RC-C, part I, Memorandum item 13.
- (3) Banks reporting average trading assets of \$2 million or more for any of the four preceding quarters must complete Schedule RC-D, Trading Assets and Liabilities, items 1 through 15 and Memorandum items 1 through 4. In addition, banks reporting average trading assets of \$1 billion or more for any of the four preceding quarters must complete Memorandum items 5 through 10 of Schedule RC-D.
- (4) Banks reporting average trading assets of \$2 million or more for any quarter of the preceding calendar year must provide a breakdown of their trading revenue by risk exposure in Schedule RI, Memorandum items 8.a through 8.e. In addition, banks with \$100 billion or more in total assets that are required to complete Memorandum items 8.a through 8.e must report the impact on trading revenue of certain changes in creditworthiness in Schedule RI, Memorandum items 8.f and 8.g.
- (5) Banks with \$1 billion or more in total assets that answered “Yes” to Schedule RC-E, Memorandum item 5, which asks whether the reporting institution offers one or more consumer deposit account products, must complete Schedule RC-E, Memorandum items 6 and 7, on the amount of deposits in transaction and nontransaction savings consumer deposit account products.
- (6) Banks reporting in Schedule RC-M, item 16.b, that they provided more than 100 international remittance transfers in the previous calendar year or that they estimate that they will provide more than 100 international remittance transfers in the current calendar year must report certain additional information on their international remittance transfer activities during specified periods in Schedule RC-M, items 16.c and 16.d.
- (7) Banks with less than \$1 billion in total assets at which (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 at calendar quarter-end exceed \$10 million for two consecutive quarters must complete Schedule RC-P, 1-4 Family Residential Mortgage Banking Activities, beginning the second quarter and continue to complete the schedule through the end of the calendar year.

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- (8) Banks that (a) had \$500 million or more in total assets as of the beginning of their fiscal year or (b) had less than \$500 million in total assets as of the beginning of their fiscal year and either 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 are required to complete Schedule RC-D, Trading Assets and Liabilities, must complete Schedule RC-Q, Assets and Liabilities Measured at Fair Value on a Recurring Basis.
- (9) Banks with financial subsidiaries must complete certain additional items in Schedule RC-R, Regulatory Capital.
- (10) Banks servicing more than \$10 million in financial assets other than 1-4 family residential mortgages must report the volume of such servicing in Schedule RC-S, Memorandum item 2.c.
- (11) Banks with total fiduciary assets greater than \$100 million (as of the preceding December 31) or with gross fiduciary and related services income greater than 10 percent of revenue (net interest income plus noninterest income) for the preceding calendar year must report information on their fiduciary and related services income and on fiduciary settlements and losses in Schedule RC-T.

In addition, within the FFIEC 031 report form, banks whose foreign office assets, revenues, or net income account for more than 10 percent of the bank's consolidated total assets, total revenues, or net income must complete Schedule RI-D, Income from Foreign Offices.

Shifts in Reporting Status

All shifts in reporting status within the FFIEC 031 and the FFIEC 041 report forms (except as noted below) are to begin with the March Call Report. Such a shift will take place only if the reporting bank's total assets (or, in one case, loans) as reflected in the Report of Condition for June of the previous calendar year equal or exceed the following criteria:

- (1) On the FFIEC 041 report form, *when total assets equal or exceed \$100 million*, a bank must begin to complete Schedule RC-K, items 7 and 13, for the quarterly averages of "Trading assets" and "Other borrowed money."
- (2) On the FFIEC 041 report form, *when loans to finance agricultural production and other loans to farmers exceed 5 percent of total loans, net of unearned income*, at a bank with less than \$300 million in total assets, the bank must begin to report the following information for these agricultural loans: interest and fee income, quarterly average, past due and nonaccrual loans, and charge-offs and recoveries.
- (3) On the FFIEC 041 report form, *when total assets equal or exceed \$300 million*, a bank must begin to complete:
 - Certain items providing additional detail on the composition of the loan and lease portfolio in Schedule RC-C, part I, Loans and Leases; past due and nonaccrual loans and leases in Schedule RC-N; and loan and lease charge-offs and recoveries in Schedule RI-B, part I;
 - Schedule RC-A, Cash and Balances Due From Depository Institutions;
 - Schedule RC-L, items 1.b.(1) and (2), on credit card lines by type of customer;¹
 - Schedule RC-N, Memorandum item 6, on past due derivative contracts; and
 - Schedule RI, Memorandum item 10, "Credit losses on derivatives."

¹ In addition, a bank with less than \$300 million in total assets must begin to complete these items when credit card lines equal or exceed \$300 million. These total asset and credit card line thresholds also apply to the FFIEC 031 report form.

- (4) On both the FFIEC 031 and FFIEC 041 report forms, *when total assets equal or exceed \$1 billion*, a bank must begin to complete:
- Schedule RI, Memorandum item 2, "Income from the sale and servicing of mutual funds and annuities (in domestic offices)";
 - Schedule RI-C, Disaggregated Data on the Allowance for Loan and Lease Losses;
 - Schedule RC-B, Memorandum items 5.a through 5.f, which provide a breakdown of the bank's holdings of asset-backed securities;
 - Schedule RC-E, Memorandum items 6 and 7, on the amount of deposits in transaction and nontransaction savings consumer deposit account products (if the bank answered "Yes" to Schedule RC-E, Memorandum item 5, which asks whether the bank offers one or more consumer deposit account products);
 - Schedule RC-L, items 2.a and 3.a, on financial and performance standby letters of credit conveyed to others;
 - Schedule RC-O, Memorandum item 2, "Estimated amount of uninsured deposits (in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions), including related interest accrued and unpaid"; and
 - Schedule RC-P, 1-4 Family Residential Mortgage Banking Activities.
- (5) On both the FFIEC 031 and FFIEC 041 report forms, *when total assets equal or exceed \$10 billion*, a bank must begin to complete Schedule RC-L, item 16, "Over-the-counter derivatives."

Once a bank reaches the \$100 million, \$300 million, \$1 billion, or \$10 billion total asset threshold or exceeds the agricultural loan percentage or credit card lines threshold and begins to report the additional required information described above, it *must* continue to report the additional information in subsequent years without regard to whether it later falls below the total asset, loan percentage, or credit card lines threshold.

Other shifts in reporting status occur when:

- (1) A bank with domestic offices only establishes or acquires any "foreign" office. The bank must begin filing the FFIEC 031 report form (Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices) for the first quarterly report date following the commencement of operations by the "foreign" office. However, a bank with "foreign" offices that divests itself of *all* its "foreign" offices must continue filing the FFIEC 031 report form through the end of the calendar year in which the cessation of all operations of its "foreign" offices was completed.
- (2) A bank is involved in a business combination (poolings of interests, purchase acquisitions), a reorganization, or a branch acquisition that is not a business combination. Beginning with the first quarterly report date following the effective date of a business combination involving a bank and one or more other depository institutions, the resulting bank, regardless of its size prior to the business combination, must (a) file the FFIEC 031 report form if it acquires any "foreign" office, or (b) report the additional required information described above on the FFIEC 041 report form if its total assets or agricultural loans after the consummation of the transaction surpass the \$100 million, \$300 million, \$1 billion, or \$10 billion total asset threshold or the agricultural loan percentage.

In addition, beginning with the first quarterly report date after an operating depository institution that was not previously a member of the Federal Deposit Insurance Corporation (FDIC) becomes an FDIC-insured bank, it must (a) file the FFIEC 031 report form if it has any "foreign" office, or (b) report the additional required information described above on the FFIEC 041 report form based on its total assets and agricultural loans at the time it becomes an FDIC-insured bank.

Item No. **Caption and Instructions**

- 7.d** (cont.) (4) Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in Schedule RI, item 6.a, "Realized gains (losses) on held-to-maturity securities," and item 6.b, "Realized gains (losses) on available-for-sale securities," respectively).
- (5) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option. Banks should report these net decreases (increases) in fair value on trading assets and liabilities in Schedule RI, item 5.c; on servicing assets and liabilities in Schedule RI, item 5.f; and on other financial assets and liabilities in Schedule RI, item 5.l. Interest income earned and interest expense incurred on these financial assets and liabilities should be excluded from the net decreases (increases) in fair value and reported in the appropriate interest income or interest expense items on Schedule RI.
- 7.e** **Total noninterest expense.** Report the sum of items 7.a through 7.d.
- 8** **Income (loss) before income taxes and extraordinary items and other adjustments.**
Report the bank's pretax operating income. This amount will generally be determined by taking item 3, "Net interest income," minus item 4, "Provision for loan and lease losses," plus item 5.m, "Total noninterest income," plus or minus item 6.a, "Realized gains (losses) on held-to-maturity securities," plus or minus item 6.b, "Realized gains (losses) on available-for-sale securities," minus item 7.e, "Total noninterest expense." If the result is negative, report it with a minus (-) sign.
- 9** **Applicable income taxes on item 8.** Report the total estimated federal, state and local, and foreign income tax expense applicable to item 8, "Income (loss) before income taxes and extraordinary items and other adjustments." Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than tax expense, report it with a minus (-) sign.
- Include as applicable income taxes all taxes based on a net amount of taxable revenues less deductible expenses. Exclude from applicable income taxes all taxes based on gross revenues or gross receipts (report such taxes in Schedule RI, item 7.d, "Other noninterest expense").
- Include income tax effects of changes in tax laws or rates. Also include the effect of changes in the valuation allowance related to deferred tax assets resulting from a change in estimate of the realizability of deferred tax assets, excluding the effect of any valuation allowance changes related to unrealized holding gains (losses) on available-for-sale securities that are charged or credited directly to the separate component of equity capital for "Accumulated other comprehensive income" (Schedule RC, item 26.b).
- Include the tax benefit of an operating loss carryforward or carryback for which the source of the income or loss in the current year is reported in Schedule RI, item 8, "Income (loss) before income taxes and extraordinary items and other adjustments."
- Also include the dollar amount of any material adjustments or settlements reached with a taxing authority (whether negotiated or adjudicated) relating to disputed income taxes of prior years.
- Exclude the estimated federal, state and local, and foreign income taxes applicable to:
- (1) Schedule RI, item 11, "Extraordinary items and other adjustments, net of income taxes."

Item No. Caption and Instructions

9 (cont.) (2) Schedule RI-A, item 2, "Cumulative effect of changes in accounting principles and corrections of material accounting errors."

(3) Schedule RI-A, item 10, "Other comprehensive income."

Refer to the Glossary entry for "income taxes" for additional information.

10 **Income (loss) before extraordinary items and other adjustments.** Report the difference between item 9, "Applicable income taxes (on item 8)," and item 8, "Income (loss) before income taxes and extraordinary items and other adjustments." If the amount is negative, report it with a minus (-) sign.

11 **Extraordinary items and other adjustments, net of income taxes.** Report the total of the transactions listed below, if any, net of any applicable income tax effect. If the amount reported in this item is a net loss, report it with a minus (-) sign. State the dollar amount and provide a description of each transaction included in this item and any applicable income tax effect of the transaction in Schedule RI-E, item 3.

Include as extraordinary items and other adjustments:

- (1) The material effects of any extraordinary items. Extraordinary items are very rare and the criteria which must be satisfied in order for an event or transaction to be reported as an extraordinary item are discussed in the Glossary entry for "extraordinary items."
- (2) Material aggregate gains on troubled debt restructurings of the reporting bank's own debt, as determined in accordance with the provisions of ASC Subtopic 470-60, Debt – Troubled Debt Restructurings by Debtors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings").
- (3) The cumulative effect of all changes in accounting principles except for those required to be reported in Schedule RI-A, item 2, "Restatements due to corrections of material accounting errors and changes in accounting principles." Refer to the Glossary entry for "accounting changes" for further discussion of changes in accounting principles.
- (4) The results of discontinued operations as determined in accordance with the provisions of ASC Subtopic 205-20, Presentation of Financial Statements – Discontinued Operations (formerly FASB Statement No. 144, "Accounting for the Impairment of Long-Lived Assets").

Exclude from extraordinary items and other adjustments:

- (1) Net gains (losses) from the sale or other disposal of:
 - (a) All assets reportable as loans and leases in Schedule RC-C.
 - (b) Premises and fixed assets.
 - (c) Other real estate owned.
 - (d) Personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances).
 - (e) Coins, art, and other similar assets.
 - (f) Branches (i.e., where the reporting bank sells a branch's assets to another depository institution which assumes the deposit liabilities of the branch).

For the first five categories above, banks should report net gains (losses) in the appropriate category of "Noninterest income" in Schedule RI, item 5. For the final category above, banks should consistently report net gains (losses) from branch sales as "Other noninterest income" in Schedule RI, item 5.I, or as "Other noninterest expense" in Schedule RI, item 7.d.

Item No. Caption and Instructions

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

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

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

Do not report the URLs of:

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

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

If the reporting institution operates one or more physical offices to conduct banking activities and uses one or more trade names other than its legal title to identify these physical offices (for example, via signage displayed on the facilities), the institution should report each trade name used by one or more of its physical offices at which it accepts or solicits deposits from the public¹ in the text fields for items 8.c.(1) through 8.c.(6) and, if necessary, in Schedule RI-E, item 7, “Other explanations.” Do not report the trade names used by any physical offices of the reporting institution at which the institution does not accept or solicit

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

Item No. **Caption and Instructions**

8.c (cont.) deposits from the public. In addition, do not report the physical office trade names of any non-bank affiliates or subsidiaries that do not accept or solicit deposits from the public on behalf of the institution. Do not report the physical office trade names of affiliated, separately chartered insured depository institutions.

For example, an institution with a legal title of XYZ Bank operates one or more branch offices under the trade name of "Community Bank of ABC" (as identified by the signage displayed on each facility) where it accepts and solicits deposits from the public. XYZ Bank should report this trade name (and any other trade names it uses at other physical office locations where it accepts or solicits deposits) in this item 8.c. XYZ Bank also has a loan production office that operates under the trade name of "XYZ Consumer Loans" and a mortgage lending subsidiary that operates physical offices using the trade name of "XYZ Mortgage Company"; deposits are not accepted nor solicited on behalf of XYZ Bank at these physical offices. Thus, neither of these two trade names should be reported in this item 8.c.

9 **Do any of the bank's Internet Web sites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the Web site?**

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

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

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

10.a **Amount of "Federal funds purchased (in domestic offices)" that are secured.**

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

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

Item No. Caption and Instructions

- 15** **Qualified Thrift Lender (QTL) test.** Items 15.a and 15.b are to be completed by all savings associations and by those state savings banks and cooperative banks that have applied and have been permitted, under Section 10(l) of the Home Owners' Loan Act (HOLA) (12 U.S.C. 1467a(l)), to be deemed a savings association for purposes of holding company regulation.

The QTL test has been in place since it was enacted as part of the Competitive Equality Banking Act of 1987. To be a QTL, a savings association (or a state savings or cooperative bank that has elected to be treated as a QTL) must either meet the HOLA QTL test (12 U.S.C. 1467a(m)) or the Internal Revenue Service (IRS) Domestic Building and Loan Association (DBLA) test (26 CFR 301.7701-13A). Under the HOLA QTL test, an institution must hold "Qualified Thrift Investments" equal to at least 65 percent of its portfolio assets. To be a QTL under the IRS DBLA test, an institution must meet a "business operations test" and a "60 percent of assets test." An institution may use either test to qualify and may switch from one test to the other. However, the institution must meet the time requirements of the respective test, which is:

- Nine out of the last 12 months for the HOLA QTL test, and
- The taxable year (which may be either a calendar or fiscal year) for the IRS DBLA test.

A savings association (or a state savings or cooperative bank that has elected to be treated as a QTL) that fails to meet the QTL requirements is subject to certain restrictions, including limits on activities, branching, and dividends.

- 15.a** **Does the institution use the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service Domestic Building and Loan Association (IRS DBLA) test to determine its QTL compliance?** Indicate the test that the reporting institution uses to determine its compliance with the QTL requirements. For the HOLA QTL test, enter the number "1"; for the IRS DBLA test, enter the number "2."
- 15.b** **Has the institution been in compliance with the HOLA QTL test as of each month end during the quarter or the IRS DBLA test for its most recent taxable year, as applicable?** Indicate whether the reporting institution has been in compliance with the HOLA QTL test as of each month end during the quarter ending with the report date or the IRS DBLA test for its most recent taxable year, as applicable. Place an "X" in the box marked "Yes" if the institution has been in compliance with the applicable test for the specified period. Otherwise, place an "X" in the box marked "No."

Item No. Caption and Instructions

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

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

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

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

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

Item No. Caption and Instructions

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

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

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

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

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

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

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

Item No. **Caption and Instructions**

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

Item No. Caption and Instructions

4 the calendar quarter preceding the acquisition date include using either (a) the acquisition date fair value of the reporting institution's consolidated total assets for all days (or all Wednesdays) during the calendar quarter preceding the acquisition date or (b) the reporting institution's consolidated total assets, as defined for Schedule RC-K, item 9, average "Total assets," for each day (or each Wednesday) during the calendar quarter preceding the acquisition date.

4.a **Averaging method used.** Indicate the averaging method that the reporting institution used to report its average consolidated total assets in Schedule RC-O, item 4, above. For daily averaging, enter the number "1"; for weekly averaging, enter the number "2."

5 **Average tangible equity for the calendar quarter.** Report average tangible equity for the calendar quarter on an unconsolidated single FDIC certificate number basis in accordance with the guidance on "Averaging methods" and "Measuring tangible equity" below. For purposes of this item, tangible equity is defined as Tier 1 capital as set forth in the banking agencies' regulatory capital standards and reported in Schedule RC-R, Part I.B, item 26, by advanced approaches institutions and in Schedule RC-R, Part I.A, item 11, by all other institutions, except as described below under "Measuring tangible equity."

NOTE: In accordance with Section 327.5(a)(2) of the FDIC's regulations, daily averaging of tangible equity for purposes of reporting in this item is not permitted. As described below under "Averaging methods," the amount to be reported in this item should only be either: (1) quarter-end tangible equity as of the last day of the quarter; or (2) the average of the three month-end Tier 1 capital balances for the quarter.

Averaging methods – An institution that reported \$1 billion or more in quarter-end consolidated total assets in its Consolidated Reports of Condition and Income (Schedule RC, item 12, "Total assets") or Thrift Financial Report (Schedule SC, line item SC60, "Total assets") for March 31, 2011, and any institution that becomes FDIC-insured after March 31, 2011, must report average tangible equity on a monthly average basis. Monthly averaging means the average of the three month-end balances within the quarter. An institution that reported less than \$1 billion in quarter-end consolidated total assets in its Consolidated Reports of Condition and Income (Schedule RC, item 12, "Total assets") or Thrift Financial Report (Schedule SC, line item SC60, "Total assets") for March 31, 2011, may report its quarter-end tangible equity rather than an average amount, or it may at any time opt permanently to report average tangible equity on a monthly average basis. Once an institution that reports average consolidated total assets using a daily or weekly average reports average consolidated total assets of \$1 billion or more in Schedule RC-O, item 4, for two consecutive quarters, it must permanently report average tangible equity using monthly averaging beginning the next quarter.

Monthly average tangible equity should be calculated by adding Tier 1 capital as of each month-end date during the calendar quarter (measured as described below under "Measuring tangible equity") and dividing by three. For example, monthly average tangible equity for June 30, 2014, would be the sum of Tier 1 capital as of April 30, May 31, and June 30, 2014, divided by three. However, institutions required or electing to report average tangible equity on a monthly average basis normally are not required to perform monthly loan loss provision or deferred tax calculations in accordance with generally accepted accounting principles for the first two months of a quarter. Accordingly, such institutions may use one third of the amount of the provision for loan and lease losses and deferred tax expense (benefit) reported for the calendar quarter for purposes of estimating the retained earnings component of Tier 1 capital in each of the first two months of the quarter.

Item No. Caption and Instructions

5 (cont.) An institution that becomes newly insured and begins operating during the calendar quarter should report average tangible equity on a monthly average basis. Monthly average tangible equity for such an institution should be calculated by adding the institution's Tier 1 capital as of each month-end date during the quarter since it became insured and operational, and dividing by the number of month-end dates since it became insured and operational.

Measuring tangible equity – Advanced approaches institutions should measure tangible equity in accordance with the instructions for Schedule RC-R, Part I.B, item 26, "Tier 1 capital," and all other institutions should measure tangible equity capital in accordance with the instructions for Schedule RC-R, Part I.A, item 11, "Tier 1 capital," except as follows:

- (1) If the reporting institution has an FDIC-insured depository institution subsidiary, the subsidiary should not be consolidated. Instead, the reporting institution should measure its equity capital and its Tier 1 capital by accounting for this subsidiary using the equity method of accounting.
- (2) If the reporting institution is the surviving or resulting institution in a merger or consolidation that occurred after the end of the first month of the calendar quarter and it reports its average tangible equity on a monthly average basis, the reporting institution should calculate its average tangible equity as if the merger or consolidation occurred on the first day of the calendar quarter. An acceptable method for measuring tangible equity for month-end dates during the calendar quarter preceding the merger or consolidation date would be to use the amount of Tier 1 capital for the month-end date immediately following the merger or consolidation date as the amount of Tier 1 capital for the month-end date or dates preceding the merger or consolidation date.
- (3) If the reporting institution was acquired in a transaction that became effective after the end of the first month of the calendar quarter, push down accounting was used to account for the acquisition, and the institution reports its average tangible equity on a monthly average basis, the reporting institution should calculate its average tangible equity as if the acquisition occurred on the first day of the calendar quarter. An acceptable method for measuring tangible equity for month-end dates during the calendar quarter preceding the acquisition date would be to use the amount of Tier 1 capital for the month-end date immediately following the acquisition date as the amount of Tier 1 capital for the month-end date or dates preceding the acquisition date.

6 **Holdings of long-term unsecured debt issued by other FDIC-insured depository institutions.** Report on an unconsolidated single FDIC certificate number basis the balance sheet amount of the reporting institution's holdings of long-term unsecured debt issued by other FDIC-insured depository institutions. Long-term unsecured debt includes senior unsecured debt, subordinated debt, and limited-life preferred stock with a remaining maturity of at least one year that has been issued by another depository institution. Any debt for which the reporting institution has the option to redeem the debt within the next 12 months is not considered long-term and may be excluded from this item.

Depending on the form of the debt and the intent for which it is held, holdings of long-term unsecured debt issued by other insured depository institutions are included in Schedule RC-B, item 6.a, "Other domestic debt securities"; Schedule RC-C, part I, item 2, "Loans to depository institutions and acceptances of other banks"; Schedule RC-D, item 5.b, "All other debt securities"; and Schedule RC-D, item 6.d, "Other loans." For an institution that does not complete Schedule RC-D – Trading Assets and Liabilities, long-term unsecured debt issued by other insured depository institutions that is held for trading is included in Schedule RC, item 5, "Trading assets."

Exclude holdings of long-term unsecured debt issued by bank and thrift holding companies.

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

- 33** **(3) Non-significant investments in tier 2 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments.**
(cont.)

Calculate this amount as follows (similar to Schedule RC-R, item 11):

- (1) Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock, additional tier 1, and tier 2 capital.
- (2) Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital.
- (3) If (1) is greater than the ten percent threshold for non-significant investments (Schedule RC-R, item 11, step (4)), then multiply the difference by the ratio of (2) over (1). Report this product in this item.
- (4) If (1) is less than the ten percent threshold for non-significant investments, enter zero.

For example, assume an institution has a total of \$200 in non-significant investments (step 1), including \$40 in the form of tier 2 capital (step 2), and its ten percent threshold for non-significant investments is \$100 (as calculated in Schedule RC-R, item 11, step 4). Since the aggregate amount of non-significant investments exceed the ten percent threshold for non-significant investments by \$100 (\$200-\$100), the institution would multiply \$100 by the ratio of 40/200 (step 3). Thus, the institution would need to deduct \$20 from its tier 2 capital.

Transition provisions: Follow the transition provisions in the instructions for Schedule RC-R, item 11.

- (4) Significant investments in the capital of unconsolidated financial institutions not in the form of common stock to be deducted from tier 2 capital.** Report the total amount of significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital.

Transition provisions: Follow the transition provisions in the instructions for Schedule RC-R, item 11.

- (5) Other adjustments and deductions.** Include any other applicable adjustments and deductions applied to tier 2 capital in accordance with the revised regulatory capital rules of the primary federal supervisor.

34.a Tier 2 capital. Report the greater of Schedule RC-R, item 32.a less item 33, or zero.

34.b Advanced approaches institutions that exit parallel run only: Tier 2 capital. Report the greater of Schedule RC-R, item 32.b minus item 33, or zero.

35.a Total capital. Report the sum of Schedule RC-R, items 26 and 34.a.

35.b Advanced approaches institutions that exit parallel run only: Total capital. Report the sum of Schedule RC-R, items 26 and 34.b.

Total assets for the leverage ratio

36 Average total consolidated assets. All banks and savings associations must report the amount of average total consolidated assets as reported in Schedule RC-K, item 9.

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

37 LESS: Deductions from common equity tier 1 capital and additional tier 1 capital.
Report the sum of the amounts deducted from common equity tier 1 capital and additional tier 1 capital in Schedule RC-R, items 6, 7, 8, 10.b, 11, 13 through 17, and item 24, except any adjustments to additional tier 1 capital related to changes in the fair value of liabilities that are reported in item 24 during the transition period.

38 LESS: Other deductions from (additions to) assets for leverage ratio purposes. Based on the revised regulatory capital rules of the primary federal supervisor, report the amount of any deductions from (additions to) total assets for leverage capital purposes that are not included in Schedule RC-R, item 37, as well as the items below, if applicable. If the amount is a net deduction, report it as a positive value in this item. If the amount is a net addition, report it as a negative value in this item.

Institutions that do not make an AOCI opt-out election and all advanced approaches institutions:

Available-for-sale debt securities and available-for-sale equity securities are reflected at amortized cost and at the lower of cost or fair value, respectively, when calculating average total consolidated assets for Schedule RC-K, item 9. Therefore, include in this item as deductions from (additions to) assets for leverage ratio purposes the amounts needed to adjust (i) the quarterly average for available-for-sale debt securities included in Schedule RC-K, item 9, from an average based on amortized cost to an average based on fair value, and (ii) the quarterly average for available-for-sale equity securities included in Schedule RC-K, item 9, from an average based on the lower of cost or fair value to an average based on fair value. If the deferred tax effects of any net unrealized gains (losses) on available-for-sale debt securities were excluded from the determination of average total consolidated assets for Schedule RC-K, item 9, also include in this item as a deduction from (addition to) assets for leverage ratio purposes the quarterly average amount necessary to reverse the effect of this exclusion on the quarterly average amount of net deferred tax assets included in Schedule RC-K, item 9.

Transition provisions for institutions that do not make an AOCI opt-out election and all advanced approaches institutions:

Include in this item 38 the amount of deductions from (additions to) assets for leverage ratio purposes for available-for-sale debt and equity securities and deferred tax effects as determined above reduced by the appropriate percentage in Table 1 in the instructions for Schedule RC-R, item 3.a. For example, in 2015, if the amount of these deductions (additions) is a \$10,000 deduction, include \$4,000 in this item 38 [$\$10,000 - (\$10,000 \times 60\%) = \$4,000$].

39 Total assets for the leverage ratio. Report Schedule RC-R, item 36 less items 37 and 38.

Total risk-weighted assets

40.a Total risk-weighted assets. Report the amount of total risk-weighted assets using the general risk-based capital rules (as reported in Schedule RC-R, Part II, item 62), until January 1, 2015. Starting on January 1, 2015, report total risk-weighted assets calculated under the standardized approach in the revised regulatory capital rules.

Advanced approaches institutions only: In 2014, adjust the reported amount of risk-weighted assets by the corresponding risk-weighted amount of the item deducted from regulatory capital. For example, if the institution deducts \$20 of an item subject to a 100 percent risk weight, the institution would reduce its risk-weighted assets by \$20 ($\$20 \times 100\%$).

Item Instructions**Bank Securitization Activities**

NOTE: After the effective date of the amendments to ASC Topic 860, Transfers and Servicing, and ASC Subtopic 810-10, Consolidation – Overall, resulting from Accounting Standards Update (ASU) No. 2009-16 (formerly FASB Statement No. 166, “Accounting for Transfers of Financial Assets”) and ASU No. 2009-17 (formerly FASB Statement No. 167, “Amendments to FASB Interpretation No. 46(R)”), respectively, a bank should report information in Schedule RC-S, items 1 through 8, only for those securitizations for which the transferred assets qualify for sale accounting or are otherwise not carried as assets on the bank’s consolidated balance sheet. Thus, if a securitization transaction that qualified for sale accounting prior to the effective date of the amendments to ASC Topic 860 and ASC Subtopic 810-10 must be brought back onto the reporting bank’s consolidated balance sheet upon adoption of these statements, the bank would no longer report information about the securitization in Schedule RC-S, items 1 through 8.

Item No. Caption and Instructions

1 Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements.

Report in the appropriate column the principal balance outstanding as of the report date of loans, leases, and other assets which the reporting bank has sold and securitized while:

- (1) retaining the right to service these assets, or
- (2) when servicing has not been retained, retaining recourse or providing other seller-provided credit enhancements to the securitization structure.

Include in column C the amount outstanding of any credit card fees and finance charges that the reporting bank has securitized and sold in connection with its securitization and sale of credit card receivable balances.

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

Exclude the principal balance of loans underlying seller's interests owned by the reporting bank; report the amount of seller's interests in Schedule RC-S, item 6. Also exclude small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994, which are to be reported in Schedule RC-S, Memorandum item 1, below.

Do **not** report in this item the outstanding balance of 1-4 family residential mortgages sold to the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) that the government-sponsored agency in turn securitizes. Report 1-4 family residential mortgages sold to Fannie Mae or Freddie Mac with recourse or other seller-provided credit enhancements in Schedule RC-S, item 11, column A, and report the maximum credit exposure arising from the enhancements in item 12, column A. If servicing has been retained on the 1-4 family residential mortgages, report the outstanding principal balance of the mortgages in Schedule RC-S, Memorandum item 2.a or 2.b depending on whether the servicing is performed with or without recourse or other servicer-provided credit enhancements. If the bank has both retained the servicing and provided credit enhancements, report the principal balance of the 1-4 family residential mortgages in Schedule RC-S, item 11, column A, and in Memorandum item 2.a.

- | <u>Item No.</u> | <u>Caption and Instructions</u> |
|-----------------|--|
| 1
(cont.) | <u>Exclude</u> securitizations that the reporting bank has accounted for as secured borrowings because the transactions do not meet the criteria for sale accounting under generally accepted accounting principles. The securitized loans, leases, and other assets should continue to be carried as assets on the reporting bank's balance sheet. |
| 2 | <p><u>Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to structures reported in item 1.</u> Report in the appropriate subitem the maximum contractual credit exposure remaining as of the report date under recourse arrangements and other seller-provided credit enhancements provided by the reporting bank to securitization structures reported in Schedule RC-S, item 1, above. Do not report as the remaining maximum contractual exposure a reasonable estimate of the probable loss under the recourse arrangements or credit enhancement provisions or the fair value of any liability incurred under such provisions. Furthermore, do not reduce the remaining maximum contractual exposure by the amount of any associated recourse liability account. Report exposure amounts gross rather than net of any tax effects, e.g., any associated deferred tax liability.</p> <p>Do not include unused portions of commitments that function as liquidity facilities (report such unused commitments in Schedule RC-S, item 3).</p> |
| 2.a | <u>Credit-enhancing interest-only strips.</u> Report in the appropriate column the carrying value of credit-enhancing interest-only strips included as securities in Schedules RC-B, as other assets in Schedule RC-F, or as trading assets in Schedule RC, item 5, that the reporting bank has retained as credit enhancements in connection with the securitization structures reported in Schedule RC-S, item 1, above. |
| 2.b | <u>Subordinated securities and other residual interests.</u> Report in the appropriate column the carrying value of subordinated securities and other residual interests carried as on-balance sheet assets that the reporting bank has retained in connection with the securitization structures reported in Schedule RC-S, item 1, above. <u>Exclude</u> retained credit-enhancing interest-only strips, which are to be reported in Schedule RC-S, item 2.a, above. |
| 2.c | <u>Standby letters of credit and other enhancements.</u> Report in the appropriate column the unused portion of standby letters of credit and the maximum contractual amount of recourse or other credit exposure not in the form of an on-balance sheet asset that the reporting bank has provided or retained in connection with the securitization structures reported in Schedule RC-S, item 1, above. |
| 3 | <u>Reporting bank's unused commitments to provide liquidity to structures reported in item 1.</u> Report in the appropriate column the unused portions of commitments provided by the reporting bank to the securitization structures reported in Schedule RC-S, item 1, above that function as liquidity facilities. |
| 4 | <u>Past due loan amounts included in item 1.</u> Report in the appropriate subitem the outstanding principal balance of loans, leases, and other assets reported in Schedule RC-S, item 1, above that are 30 days or more past due as of the report date. For purposes of determining whether a loan, lease, or other asset reported in item 1 above is past due, the reporting criteria to be used are the same as those for columns A and B of Schedule RC-N. |
| 4.a | <u>30-89 days past due.</u> Report in the appropriate column the outstanding principal balance of loans, leases, and other assets reported in Schedule RC-S, item 1, above that are 30 to 89 days past due as of the report date. |
| 4.b | <u>90 days or more past due.</u> Report in the appropriate column the outstanding principal balance of loans, leases, and other assets reported in Schedule RC-S, item 1, above that are 90 days or more past due as of the report date. |