

SCHEDULE RC-V – VARIABLE INTEREST ENTITIES

General Instructions

A variable interest entity (VIE), as described in ASC Topic 810, Consolidation (formerly FASB Interpretation No.46 (revised December 2003), "Consolidation of Variable Interest Entities," as amended by FASB Statement No. 167, "Amendments to FASB Interpretation No. 46(R)"), is an entity in which equity investors do not have sufficient equity at risk for that entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack one or more of the following three characteristics: (a) the power, through voting rights or similar rights, to direct the activities of an entity that most significantly impact the entity's economic performance, (b) the obligation to absorb the expected losses of the entity, or (c) the right to receive the expected residual returns of the entity.

Variable interests in a VIE are contractual, ownership, or other pecuniary interests in an entity that change with changes in the fair value of the entity's net assets exclusive of variable interests. When a bank or other company has a variable interest or interests in a VIE, ASC Topic 810 provides guidance for determining whether the bank or other company must consolidate the VIE. If a bank or other company has a controlling financial interest in a VIE, it is deemed to be the primary beneficiary of the VIE and, therefore, must consolidate the VIE. For further information, see the Glossary entry for "variable interest entity."

Schedule RC-V collects information on VIEs that have been consolidated by the reporting bank for purposes of the Consolidated Reports of Condition and Income because the bank or a consolidated subsidiary is the primary beneficiary of the VIE. Schedule RC-V should be completed on a fully consolidated basis, i.e., after eliminating intercompany transactions. The asset and liability amounts to be reported in Schedule RC-V should be the same amounts at which these assets and liabilities are reported on Schedule RC, Balance Sheet, e.g., held-to-maturity securities should be reported at amortized cost and available-for-sale securities should be reported at fair value.

Column Instructions

Column A, Securitization Vehicles: Securitization vehicles include VIEs that have been created to pool and repackage mortgages, other assets, or other credit exposures into securities that can be transferred to investors.

Column B, ABCP Conduits: Asset-backed commercial paper (ABCP) conduits include VIEs that primarily issue externally rated commercial paper backed by assets or other exposures.

Column C, Other VIEs: Other VIEs include VIEs other than securitization vehicles and ABCP conduits.

For purposes of Schedule RC-V, information about each consolidated VIE should be included in only one of the three columns of the schedule. The column selected for a particular consolidated VIE should be based on the purpose and design of the VIE and this column should be used consistently over time.

Item Instructions

Item No. Caption and Instructions

- 1 **Assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of the consolidated VIEs.** Report in the appropriate subitem and column those assets of consolidated VIEs reported in Schedule RC, Balance Sheet, that can be used only to settle obligations of the same consolidated VIEs and any related allowance for loan and

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- 1** (cont.) lease losses. Exclude assets of consolidated VIEs that cannot be used only to settle obligations of the same consolidated VIEs (report such assets in Schedule RC-V, item 3, below).
- 1.a** **Cash and balances due from depository institutions.** Report in the appropriate column the amount of cash and balances due from depository institutions held by consolidated VIEs included in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin," and item 1.b, "Interest-bearing balances," that can be used only to settle obligations of the same consolidated VIEs.
- 1.b** **Held-to-maturity securities.** Report in the appropriate column the amount of held-to-maturity securities held by consolidated VIEs included in Schedule RC, item 2.a, "Held-to-maturity securities," that can be used only to settle obligations of the same consolidated VIEs.
- 1.c** **Available-for-sale securities.** Report in the appropriate column the amount of available-for-sale securities held by consolidated VIEs included in Schedule RC, item 2.b, "Available-for-sale securities," that can be used only to settle obligations of the same consolidated VIEs.
- For institutions that have adopted FASB [Accounting Standards Update No. 2016-01](#) (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RC, item 2.c), also report in the appropriate column of this item the amount of equity securities with readily determinable fair values not held for trading held by consolidated VIEs included in Schedule RC, item 2.c, "Equity securities with readily determinable fair values not held for trading," that can be used only to settle obligations of the same consolidated VIEs.
- 1.d** **Securities purchased under agreements to resell.** Report in the appropriate column the amount of securities purchased under agreements to resell held by consolidated VIEs included in Schedule RC, item 3.b, "Securities purchased under agreements to resell," that can be used only to settle obligations of the same consolidated VIEs.
- 1.e** **Loans and leases held for sale.** Report in the appropriate column the amount of loans and leases held for sale by consolidated VIEs included in Schedule RC, item 4.a, "Loans and leases held for sale," that can be used only to settle obligations of the same consolidated VIEs.
- 1.f** **Loans and leases held for investment.** Report in the appropriate column the amount of loans and leases held for investment by consolidated VIEs included in Schedule RC, item 4.b, "Loans and leases held for investment," that can be used only to settle obligations of the same consolidated VIEs.
- 1.g** **Less: Allowance for loan and lease losses.** Report in the appropriate column the amount of the allowance for loan and lease losses held by consolidated VIEs included in Schedule RC, item 4.c, "LESS: Allowance for loan and lease losses," that is allocated to these consolidated VIEs' loans and leases held for investment that can be used only to settle obligations of the same consolidated VIEs and are reported in Schedule RC-V, item 1.f, above.
- 1.h** **Trading assets (other than derivatives).** Report in the appropriate column the amount of trading assets (other than derivatives) held by consolidated VIEs included in Schedule RC, item 5, "Trading assets," that can be used only to settle obligations of the same consolidated VIEs.

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1.i	<u>Derivative trading assets.</u> Report in the appropriate column the amount of derivative trading assets held by consolidated VIEs included in Schedule RC, item 5, "Trading assets," that can be used only to settle obligations of the same consolidated VIEs.
1.j	<u>Other real estate owned.</u> Report in the appropriate column the amount of other real estate owned held by consolidated VIEs included in Schedule RC, item 7, "Other real estate owned," that can be used only to settle obligations of the same consolidated VIEs.
1.k	<u>Other assets.</u> Report in the appropriate column the amount of all other assets held by consolidated VIEs included in Schedule RC, item 12, "Total assets," and not reported in Schedule RC-V, items 1.a through 1.j, above, that can be used only to settle obligations of the same consolidated VIEs.
2	<u>Liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank.</u> Report in the appropriate subitem and column those liabilities of consolidated VIEs reported in Schedule RC, Balance Sheet, for which creditors do not have recourse to the general credit of the reporting bank. Exclude liabilities of consolidated VIEs for which creditors have recourse to the general credit of the reporting bank (report such liabilities in Schedule RC-V, item 4, below).
2.a	<u>Securities sold under agreements to repurchase.</u> Report in the appropriate column the amount of securities sold under agreements to repurchase by consolidated VIEs reported in Schedule RC, item 14.b, "Securities sold under agreements to repurchase," for which the holders of these repurchase agreements do not have recourse to the general credit of the reporting bank.
2.b	<u>Derivative trading liabilities.</u> Report in the appropriate column the amount of derivative trading liabilities of consolidated VIEs reported in Schedule RC, item 15, "Trading liabilities," for which the derivative counterparties do not have recourse to the general credit of the reporting bank.
2.c	<u>Commercial paper.</u> Report in the appropriate column the amount of commercial paper issued by consolidated VIEs reported in Schedule RC, item 16, "Other borrowed money," for which the holders of this commercial paper do not have recourse to the general credit of the reporting bank.
2.d	<u>Other borrowed money (exclude commercial paper).</u> Report in the appropriate column the amount of other borrowed money (other than commercial paper) of consolidated VIEs reported in Schedule RC, item 16, "Other borrowed money," for which the creditors on these borrowings do not have recourse to the general credit of the reporting bank.
2.e	<u>Other liabilities.</u> Report in the appropriate column the amount of all other liabilities of consolidated VIEs included in Schedule RC, item 21, "Total liabilities," and not reported in Schedule RC-V, items 2.a through 2.d, above, for which the creditors on these liabilities do not have recourse to the general credit of the reporting bank.
3	<u>All other assets of consolidated VIEs.</u> Report in the appropriate column the amount of assets of consolidated VIEs reported in Schedule RC, items 1 through 11, that have not been included in Schedule RC-V, items 1.a through 1.k, above. Loans and leases held for investment that are included in this item should be reported net of any allowance for loan and lease losses allocated to these loans and leases.

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- 4** **All other liabilities of consolidated VIEs.** Report in the appropriate column the amount of liabilities of consolidated VIEs reported in Schedule RC, items 14 through 20, that have not been included in Schedule RC-V, items 2.a through 2.e, above.