

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

### **General Instructions**

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

- (1) 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
- (2) Are required to complete Schedule RC-D, Trading Assets and Liabilities.

Institutions should report in Schedule RC-Q all assets and liabilities that are measured at fair value in the financial statements on a recurring basis. Exclude from Schedule RC-Q those assets and liabilities that are measured at fair value on a nonrecurring basis. Recurring fair value measurements of assets or liabilities are those fair value measurements that applicable accounting standards and these instructions require or permit in the balance sheet at the end of each reporting period. In contrast, nonrecurring fair value measurements of assets or liabilities are those fair value measurements that applicable accounting standards and these instructions require or permit in the balance sheet in particular circumstances (for example, when an institution subsequently measures foreclosed real estate at the lower of cost or fair value less estimated costs to sell).

### **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 Measurement (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.”

ASC Topic 820 permits an institution, as a practical expedient, to measure the fair value of investments in investment companies and real estate funds that meet criteria specified in this topic using the investment’s net asset value (NAV) per share (or its equivalent). When an institution has elected to measure the fair value of such an investment using the NAV per share practical expedient and the fair value is measured on a recurring basis, the institution should report the investment’s fair value in

**Column Instructions (cont.)**

column A of the appropriate asset item of Schedule RC-Q. However, the institution should exclude the investment from the Level 1, 2, and 3 disclosures in columns C, D, and E of Schedule RC-Q.<sup>1</sup> Instead, the institution should report the fair value measured using the NAV per share practical expedient in column B along with the netting adjustments reported in column B. In contrast, for an investment measured at fair value on a recurring basis that meets the criteria specified in Topic 820, if the institution does not elect to measure fair value using the NAV per share practical expedient, it should report the investment's fair value in column A of Schedule RC-Q and disclose this fair value in column C, D, or E, as appropriate, based on the lowest level input that is significant to the fair value measurement in its entirety.

**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        Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading.**

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), report in column A the sum of Schedule RC, items 2.b and 2.c.

For institutions that have not adopted ASU 2016-01, report in column A the amount reported in Schedule RC, item 2.b.

Report in columns B through E, as appropriate, the fair values of the debt and equity securities reported in column A determined using Level 1, Level 2, and Level 3 measurement inputs and any netting adjustments.

**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.

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<sup>1</sup> Refer to Accounting Standards Update (ASU) No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share (or its equivalent) practical expedient described in ASC Topic 820.

**Item No.    Caption and Instructions**

- 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 debt 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. Debt 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 institution 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, servicing assets measured at fair value under a fair value option, and other categories of assets measured at fair value on the balance sheet on a recurring basis under applicable accounting standards and these instructions. Exclude servicing assets initially measured at fair value, but subsequently measured using the amortization method, and other real estate owned (which are subject to fair value measurement on a nonrecurring basis).
- 7**        **Total assets measured at fair value on a recurring basis.** Report the sum of items 1 through 5.b plus item 6.
- 8**        **Deposits.** Report in the appropriate column the total fair value of those deposits reported in Schedule RC, items 13.a and 13.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. Deposits withdrawable on demand (e.g., demand and savings deposits in domestic offices) are generally not eligible for the fair value option.

**Item No.    Caption and Instructions**

- 9**        **Federal funds purchased and securities sold under agreements to repurchase.** Report in the appropriate column the total fair value of those federal funds purchased and securities sold under agreements to repurchase reported in Schedule RC, items 14.a and 14.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.
- 10**        **Trading liabilities:**
- 10.a**      **Derivative liabilities.** Report in the appropriate column the total fair value of derivative liabilities held for trading purposes as reported in Schedule RC, item 15; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.
- 10.b**      **Other trading liabilities.** Report in the appropriate column the total fair value of trading liabilities, except for derivatives, as reported in Schedule RC, item 15; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.
- 11**        **Other borrowed money.** Report in the appropriate column the total fair value of those Federal Home Loan Bank advances and other borrowings reported in Schedule RC, item 16, 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.
- 12**        **Subordinated notes and debentures.** Report in the appropriate column the total fair value of those subordinated notes and debentures (including mandatory convertible debt) reported in Schedule RC, item 19, 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.
- 13**        **All other liabilities.** Report in the appropriate column the total fair value of all other liabilities that are required to be measured at fair value on a recurring basis or that the institution 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 8 through 12 above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.
- Include derivative liabilities held for purposes other than trading, servicing liabilities measured at fair value under a fair value option, and other categories of liabilities measured at fair value on the balance sheet on a recurring basis under applicable accounting standards and these instructions. Exclude servicing liabilities initially measured at fair value, but subsequently measured using the amortization method (which are subject to fair value measurement on a nonrecurring basis).
- 14**        **Total liabilities measured at fair value on a recurring basis.** Report the sum of items 8 through 13.

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

- 1**        **All other assets.** Disclose in Memorandum items 1.a through 1.f each component of all other assets, and the dollar amount of such component, that is greater than \$100,000 and exceeds 25 percent of the amount reported in Schedule RC-Q, item 6, column A. For each component of all other assets that exceeds this disclosure threshold for which a preprinted caption has not been provided in Memorandum items 1.a and 1.b, describe the component with a clear but concise caption in Memorandum items 1.c through 1.f. These descriptions should not exceed 50 characters in length (including spacing between words).

Preprinted captions have been provided for the following categories of all other assets:

- Memorandum item 1.a, “Mortgage servicing assets,” and
- Memorandum item 1.b, “Nontrading derivative assets.”

- 2**        **All other liabilities.** Disclose in Memorandum items 2.a through 2.f each component of all other liabilities, and the dollar amount of such component, that is greater than \$100,000 and exceeds 25 percent of the amount reported in Schedule RC-Q, item 13, column A. For each component of all other liabilities that exceeds this disclosure threshold for which a preprinted caption has not been provided in Memorandum items 2.a and 2.b, describe the component with a clear but concise caption in Memorandum items 2.c through 2.f. These descriptions should not exceed 50 characters in length (including spacing between words).

Preprinted captions have been provided for the following categories of all other liabilities:

- Memorandum item 2.a, “Loan commitments (not accounted for as derivatives),” and
- Memorandum item 2.b, “Nontrading derivative liabilities.”

NOTE: Memorandum items 3 and 4 are to be completed by banks that have elected to measure loans included in Schedule RC-C, Part I, at fair value under a fair value option.

- 3**        **Loans measured at fair value.** Report in the appropriate subitem the total fair value of all loans measured at fair value under a fair value option and included in Schedule RC-C, regardless of whether the loans are held for sale or held for investment.
- 3.a**        **Loans secured by real estate.** Report in the appropriate subitem the total fair value of loans secured by real estate included in Schedule RC-C, Part I, item 1, measured at fair value under a fair value option.
- 3.a.(1)**    **Secured by 1-4 family residential properties.** Report the total fair value of all open-end and closed-end loans secured by 1-4 family residential properties (as defined for Schedule RC-C, Part I, item 1.c) included in Schedule RC-C, Part I, item 1, measured at fair value under a fair value option.
- 3.a.(2)**    **All other loans secured by real estate.** Report the total fair value of all other loans secured by real estate (as defined for Schedule RC-C, Part I, items 1.a, 1.b, 1.d, and 1.e) included in Schedule RC-C, Part I, item 1, measured at fair value under a fair value option.
- 3.b**        **Commercial and industrial loans.** On the FFIEC 041, report the total fair value of commercial and industrial loans included in Schedule RC-C, part I, item 4, measured at fair value under a fair value option. On the FFIEC 031, report the total fair value of commercial and industrial loans included in Schedule RC-C, part I, items 4.a and 4.b, measured at fair value under a fair value option.

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

- 3.c        Loans to individuals for household, family, and other personal expenditures.** Report the total fair value of all loans to individuals for household, family, and other personal expenditures included in Schedule RC-C, Part I, items 6.a through 6.d, measured at fair value under a fair value option.
- 3.d        Other loans.** Report the total fair value of all other loans measured at fair value under a fair value option that cannot properly be reported in one of the preceding subitems of this Memorandum item 3. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “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, 8, and 9) and, on the FFIEC 031, “Loans to foreign governments and official institutions” (as defined for Schedule RC-C, Part I, item 7).
- 4        Unpaid principal balance of loans measured at fair value (reported in Memorandum item 3).** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans measured at fair value reported in Schedule RC-Q, Memorandum item 3.
- 4.a        Loans secured by real estate.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule RC-Q, Memorandum items 3.a.(1) and 3.a.(2).
- 4.a.(1)    Secured by 1-4 family residential properties.** Report the total unpaid principal balance outstanding for all loans secured by 1-4 family residential properties reported in Schedule RC-Q, Memorandum item 3.a.(1).
- 4.a.(2)    All other loans secured by real estate.** Report the total unpaid principal balance outstanding for all other loans secured by real estate reported in Schedule RC-Q, Memorandum Item 3.a.(2).
- 4.b        Commercial and industrial loans.** Report the total unpaid principal balance outstanding for all commercial and industrial loans reported in Schedule RC-Q, Memorandum item 3.b.
- 4.c        Loans to individuals for household, family, and other personal expenditures.** Report the total unpaid principal balance outstanding for all loans to individuals for household, family, and other personal expenditures reported in Schedule RC-Q, Memorandum item 3.c.
- 4.d        Other loans.** Report the total unpaid principal balance outstanding for all loans reported in Schedule RC-Q, Memorandum item 3.d. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “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, 8, and 9) and, on the FFIEC 031, “Loans to foreign governments and official institutions” (as defined for Schedule RC-C, Part I, item 7).