

FFIEC 051

CALL REPORT

INSTRUCTION BOOK UPDATE

SEPTEMBER 2019

FILING INSTRUCTIONS

NOTE: This update for the instruction book for the FFIEC 051 Call Report 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 for a Bank with Domestic Offices Only and Total Assets Less than \$5 Billion* (FFIEC 051) 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 for the FFIEC 051 Call Report.

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**Instructions for Preparation of
Consolidated Reports of Condition and Income
for a Bank with Domestic Offices Only and
Total Assets Less than \$5 Billion**

FFIEC 051

Updated September 2019

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**Instructions for Preparation of
Consolidated Reports of Condition and Income
for a Bank with Domestic Offices Only and
Total Assets Less than \$5 Billion
(FFIEC 051)**

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GENERAL INSTRUCTIONS

Schedules RC and RC-B through RC-T constitute the [FFIEC 051](#) version of the Consolidated Report of Condition and its supporting schedules. Schedules RI and RI-A through RI-E constitute the Consolidated Report of Income and its supporting schedules. Schedule SU – Supplemental Information collects additional information in the [FFIEC 051](#) on certain complex or specialized activities in which an institution may engage. The Consolidated Reports of Condition and Income are commonly referred to as the Call Report. For purposes of these General Instructions, the [Financial Accounting Standards Board](#) (FASB) [Accounting Standards Codification](#) is referred to as the “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 that have domestic offices only must file quarterly:

- (a) The [Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices \(FFIEC 031\)](#) if the bank has total consolidated assets of \$100 billion or more;
- (b) The [Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only \(FFIEC 041\)](#) if the bank has total consolidated assets less than \$100 billion; or
- (c) The [Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less than \\$5 Billion \(FFIEC 051\)](#),

as appropriate to the reporting institution. An institution eligible to file the [FFIEC 051](#) report (as discussed below) may choose instead to file the [FFIEC 041](#) report.

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.

For those institutions filing the [FFIEC 031](#) or [FFIEC 041](#), a separate instruction book covers both of these report forms. Please refer to this separate instruction book for the General Instructions for the [FFIEC 031](#) and the [FFIEC 041](#) report forms.

Eligibility to File the FFIEC 051

Institutions with domestic offices only and total assets less than \$5 billion, excluding those that are advanced approaches institutions for regulatory capital purposes¹ and those that are large institutions or highly complex institutions for deposit insurance assessment purposes,² are eligible to file the [FFIEC 051](#) Call Report. An institution's total assets are measured as of June 30 each year to determine the institution's eligibility to file the [FFIEC 051](#) beginning in March of the following year.

For an institution otherwise eligible to file the [FFIEC 051](#), the institution's primary federal regulatory agency, jointly with the state chartering authority, if applicable, may require the institution to file the [FFIEC 041](#) instead based on supervisory needs. In making this determination, the appropriate agency may consider criteria including, but not limited to, whether the eligible institution is significantly engaged in one or more complex, specialized, or other higher risk activities, such as those for which limited information is reported in the [FFIEC 051](#) compared to the [FFIEC 041](#) (trading; derivatives; mortgage banking; fair value option usage; servicing, securitization, and asset sales; and variable interest entities). The agencies anticipate making such determinations only in a limited number of cases.

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 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.

¹ In general, an advanced approaches institution, as defined in the regulatory capital rules, has consolidated total assets equal to \$250 billion or more, has consolidated total on-balance sheet foreign exposure equal to \$10 billion or more, is a subsidiary of a depository institution or holding company that uses the advanced approaches to calculate its total risk-weighted assets, or elects to use the advanced approaches to calculate its total risk-weighted assets. The regulatory capital rules are set forth in [12 CFR Part 3](#) for national banks and federal savings associations; [12 CFR Part 217](#) for state member banks; and [12 CFR Part 324](#) for state nonmember banks and state savings associations.

² See [12 CFR § 327.8](#) and [12 CFR § 327.16\(f\)](#).

Frequency of Reporting¹

Each institution is required to submit a Call Report quarterly as of the report date. 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 or semiannually as of the June 30 and December 31 report dates based on the amount of such assets and income. All other banks with fiduciary powers must complete the applicable items of Schedule RC-T annually as of the December 31 report date.

For all institutions filing the [FFIEC 051](#), Schedule RC-C, Part II, Loans to Small Businesses and Small Farms, must be completed semiannually as of the June 30 and December 31 report dates.

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 annually as of the March 31 report date.

In addition, the following items are to be completed annually as of the December 31 report date by all institutions filing the FFIEC 051, as applicable:

- (1) Schedule RI-E, items 1.a through 1.j, on components of other noninterest income;
- (2) Schedule RI-E, items 2.a through 2.p, on components of other noninterest expense;
- (3) Schedule RC-C, Part I, Memorandum items 8.b and 8.c, and Schedule RI, Memorandum item 12, on closed-end 1-4 family residential mortgage loans with negative amortization features;
- (4) Schedule RC-C, Part I, Memorandum items 15.a.(1) through 15.c.(2), on reverse mortgages;
- (5) Schedule RC-E, Memorandum item 1.e, "Preferred deposits;"
- (6) Schedule RC-M, item 6, "Does the reporting bank sell private label or third-party mutual funds and annuities?";
- (7) Schedule RC-M, item 7, "Assets under the reporting bank's management in proprietary mutual funds and annuities";
- (8) Schedule RC-M, item 9, "Do any of the bank's Internet websites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the website?";
- (9) Schedule RC-M, item 11, "Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts?";
- (10) Schedule RC-M, item 12, "Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities?"; and
- (11) Schedule RC-M, items 14.a and 14.b, on assets of captive insurance and reinsurance subsidiaries.

¹ The reporting frequency for particular schedules and data items differs on the three versions of the Call Report. Please see the General Instructions for the [FFIEC 031](#) and the [FFIEC 041](#) for a listing of data items reported less frequently than quarterly on those report forms.

The following items, if applicable, are to be completed annually as of the December 31 report date only by institutions with \$1 billion or more in total assets (measured as of June 30 of the preceding year) filing the FFIEC 051:

- (1) Schedule RI, Memorandum item 15, "Components of service charges on deposit accounts" (if the institution answered "Yes" to Schedule RC-E, Memorandum item 5, which asks whether the institution offers one or more consumer deposit account products);
- (2) 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).

The following items are to be reported semiannually as of the June 30 and December 31 report dates by all institutions filing the FFIEC 051, as applicable:

- (1) Schedule RI, Memorandum item 14, "Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings";
- (2) Schedule RC-B, Memorandum item 3, "Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date";
- (3) Schedule RC-C, Part I, Memorandum items 1.a.(1) through 1.f.(5), on "Loans restructured in troubled debt restructurings that are in compliance with their modified terms" by loan category;
- (4) Schedule RC-C, Part I, Memorandum item 4, "Adjustable-rate closed-end loans secured by first liens on 1-4 family residential properties (included in Schedule RC-C, Part I, item 1.c.(2)(a))";
- (5) Schedule RC-C, Part I, Memorandum items 7.a and 7.b, on purchased credit-impaired loans held for investment;
- (6) Schedule RC-C, Part I, Memorandum item 8.a, on closed-end 1-4 family residential mortgage loans with negative amortization features;
- (7) Schedule RC-C, Part I, Memorandum item 12, columns A through C, "Loans (not subject to the requirements of FASB ASC 310-30 (former AICPA Statement of Position 03-3)) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year";
- (8) Schedule RC-E, Memorandum item 1.a, "Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts";
- (9) Schedule RC-E, Memorandum item 5, "Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?";
- (10) Schedule RC-F, items 6.a through 6.j, on components of all other assets;
- (11) Schedule RC-G, items 4.a through 4.g, on components of all other liabilities;
- (12) Schedule RC-L, items 9.c through 9.f, on components of all other off-balance sheet liabilities;
- (13) Schedule RC-L, items, 10.b through 10.e, on components of all other off-balance sheet assets;
- (14) Schedule RC-L, items 11.a and 11.b, on year-to-date merchant credit card sales volume;

- (15) Schedule RC-M, items 8.a through 8.c, on website addresses and physical office trade names;
- (16) Schedule RC-N, Memorandum items 1.a.(1) through 1.f.(5), columns A through C, on loans restructured in troubled debt restructurings by loan category that are past due 30 days or more and still accruing or are on nonaccrual;
- (17) Schedule RC-N, Memorandum item, 5, columns A through C, on past due and nonaccrual loans and leases held for sale;
- (18) Schedule RC-N, Memorandum items 7 and 8, on additions to and sales of nonaccrual assets during the previous six months;
- (19) Schedule RC-N, Memorandum items 9.a and 9.b, columns A through C, on purchased credit-impaired loans.
- (20) Schedule RC-R, Part II, items 1 through 25, columns A through U, as applicable, on the risk weighting of assets and other exposures for risk-based capital purposes; and
- (21) Schedule RC-R, Part II, Memorandum item 1, on the current credit exposure of all derivatives and Memorandum items 2 and 3, columns A through C, on the notional amounts of derivatives by remaining maturity and underlying risk exposure.

The following items are to be completed semiannually as of the June and December 31 report dates only by institutions with \$1 billion or more in total assets (measured as of June 30 of the preceding year) filing the FFIEC 051:

- (1) Schedule RI-C, items 1 through 6, columns A and B, on disaggregated data on the allowance for loan and lease losses or the allowance for credit losses on loans and leases, as applicable; and
- (2) For institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, Schedule RI-C, items 7 through 11, on disaggregated data on the allowance for credit losses on held-to-maturity debt securities.

In addition, 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 three versions of the Call Report forms, with the report form for banks with foreign offices or with total consolidated assets of \$100 billion or more ([FFIEC 031](#)) having more detail than the report form for banks with domestic offices only and total consolidated assets of less than \$100 billion ([FFIEC 041](#)). The report form for banks with domestic offices only and total assets less than \$5 billion ([FFIEC 051](#)) has the least amount of detail of the three reports.

Furthermore, as discussed below under Shifts in Reporting Status, the amount of detail also varies within each report form, primarily based on the size of the bank. See the General Instructions section of the instruction book for the [FFIEC 031](#) and the [FFIEC 041](#) for information on the differences in the level of detail within the [FFIEC 031](#) and the [FFIEC 041](#) report forms.

Differences in the level of detail within the [FFIEC 051](#) report form are as follows:

- (1) Banks with specified loan categories included in Schedule RC-C, Part I, Memorandum item 1.f, "All other loans" that exceed 10 percent of total loans restructured in troubled debt restructurings (TDRs) that are in compliance with their modified terms must report the amount of such TDRs in Memorandum items 1.f.(1), 1.f.(4)(a), 1.f.(4)(b), and 1.f.(4)(c).
- (2) Banks that reported closed-end loans with negative amortization features secured by 1–4 family residential properties in Schedule RC-C, Part I, Memorandum item 8.a, as of the preceding December 31 that exceeded the lesser of \$100 million or 5 percent of total loans and leases held for investment and held for sale must report certain additional information on these loans in Schedule RC-C, Part I, Memorandum items 8.b and 8.c, and Schedule RI, Memorandum item 12, annually in the December report only.
- (3) Banks that reported construction, land development, and other land loans in Schedule RC-C, Part I, item 1.a, that exceeded 100 percent of total capital as of the preceding December 31 must report certain information on loans in this loan category with interest reserves in Schedule RC-C, Part I, Memorandum items 13.a and 13.b.
- (4) Banks that reported 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.
- (5) Banks with specified loan categories included in Schedule RC-N, Memorandum item 1.f, "All other loans" that exceed 10 percent of total loans restructured in troubled debt restructurings (TDRs) that are past due 30 days or more or are in nonaccrual status must report the amount of such TDRs in Memorandum items 1.f.(1), 1.f.(4)(a), 1.f.(4)(b), and 1.f.(4)(c).
- (6) 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 report information on their fiduciary and related services income and on fiduciary settlements and losses in Schedule RC-T.
- (7) Banks with total fiduciary assets greater than \$100 million but less than or equal to \$250 million (as of the preceding December 31) and with gross fiduciary and related services income less than or equal to 10 percent of revenue (net interest income plus noninterest income) for the preceding calendar year must report information on fiduciary settlements and losses in Schedule RC-T.
- (8) Banks with collective investment funds and common trust funds with a total market value of \$1 billion or more as of the preceding December 31 must report a breakdown of these funds by type of fund in Schedule RC-T, Memorandum items 3.a through 3.g, quarterly or annually, as appropriate.
- (9) Banks that, for each of the two calendar quarters preceding the current calendar quarter, had either (a) more than \$10 million in sales of 1-4 family residential mortgage loans during the calendar quarter, or (b) more than \$10 million in 1-4 family residential mortgage loans held for sale or trading at calendar quarter-end must complete Schedule SU, items 2.a and 2.b.
- (10) Banks servicing either (a) any closed-end 1-4 family residential mortgages or (b) more than \$10 million in financial assets other than closed-end 1-4 family residential mortgages must report the total volume of such servicing in Schedule SU, item 6.a.
- (11) Banks that, together with affiliated institutions, have outstanding credit card receivables that exceed \$500 million as of the report date or are credit card specialty institutions as defined for Uniform Institution Performance Report purposes must report certain information on retail credit card fees and finance charges in Schedule SU, items 8.a through 8.d.

Shifts in Reporting Status

All shifts in reporting status within the [FFIEC 051](#) report form (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, agricultural loans, or credit card lines, as reflected in the Consolidated Report of Condition for June of the previous calendar year, equal or exceed the following criteria:

- (1) When *total assets equal or exceed \$100 million*, a bank must begin to complete Schedule RC-K, item 13, for the quarterly average of "Other borrowed money."
- (2) When *loans to finance agricultural production and other loans to farmers exceed 5 percent of total loans and leases held for investment and held for sale* 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, charge-offs and recoveries, and, if certain additional criteria are met, troubled debt restructurings.
- (3) When *total assets equal or exceed \$300 million*, a bank must begin to complete certain Memorandum items providing the following information on loans to finance agricultural production and other loans to farmers: interest and fee income, quarterly average, past due and nonaccrual loans, charge-offs and recoveries, and, if certain additional criteria are met, troubled debt restructurings.
- (4) When *total assets equal or exceed \$1 billion*, a bank must begin to complete the following items, as applicable:
 - Schedule RI, Memorandum item 15, "Components of service charges on deposit accounts" (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 RI-C, items 1 through 6, columns A and B, on disaggregated data on the allowance for loan and lease losses;
 - For those institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, Schedule RI-C, items 7 through 11, on disaggregated data on the allowance for credit losses for held-to-maturity debt 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); and
 - Schedule RC-O, Memorandum item 2, "Estimated amount of uninsured deposits including related interest accrued and unpaid."

Once a bank reaches the \$100 million, \$300 million, or \$1 billion total asset threshold or exceeds the agricultural loan percentage threshold and begins to report the additional required information described above, it *must* continue to report the applicable additional information in subsequent years unless its total assets or loan percentage subsequently fall to less than the applicable threshold for four consecutive quarters. In this case, the institution may cease reporting the data items to which the threshold applies in the quarter after the four consecutive quarters in which its total assets or agricultural loans have fallen below the applicable threshold. However, if the institution exceeds the threshold as of a subsequent June 30 report date, the data items would again be required to be reported beginning in March of the following year.

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For example, if June 30, 2018, is the first June 30 as of which an institution reports \$300 million or more in total assets, the institution must begin reporting the data items to which the \$300 million total assets threshold applies as of the March 31, 2019, report date. If the institution reports less than \$300 million in total assets each quarter-end from September 30, 2018, through June 30, 2019, it may cease reporting the data items applicable to institutions with \$300 million or more in total assets beginning September 30, 2019. In contrast, if instead the institution reports \$300 million or more in total assets as of September 30 and December 31, 2018, but then reports less than \$300 million in total assets each quarter-end from March 31, 2019, through December 31, 2019, it may cease reporting the data items applicable to institutions with \$300 million or more in total assets beginning March 31, 2020.

For a bank that files the [FFIEC 051](#) report, other shifts in reporting status occur when:

- (1) The bank 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) The institution is involved in a business combination, a transaction between entities under common control, or a branch acquisition that is not a business combination. Beginning with the first quarterly report date following the effective date of a such a transaction involving an institution and one or more other depository institutions, the resulting institution, regardless of its size prior to the transaction, 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 051](#) report form if its total assets or agricultural loans after the consummation of the transaction surpass the \$100 million, \$300 million, or \$1 billion total asset threshold or the agricultural loan percentage.
- (3) The institution becomes an advanced approaches institution for regulatory capital purposes or a large or highly complex institution for deposit insurance assessment purposes. The institution must begin filing the [FFIEC 041](#) report for the first quarterly report date after the date it becomes such an institution (unless it establishes or acquires a "foreign office" in the same quarter that it becomes such an institution, in which case the institution must begin filing the [FFIEC 031](#) report form for that first quarterly report date).

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 institution and is eligible to, and chooses to, file the [FFIEC 051](#), it must report the additional required information described above, based on its total assets and agricultural loans at the time it becomes FDIC-insured.

ORGANIZATION OF THE INSTRUCTION BOOK

This instruction book covers the [FFIEC 051](#) report form.¹ It is divided into the following sections:

- (1) The General Instructions describe overall reporting requirements.
- (2) The Line Item Instructions for each schedule of the Consolidated Report of Income.

¹ A separate instruction book covers both the [FFIEC 031](#) and the [FFIEC 041](#) report forms.

- (3) The Line Item Instructions for each schedule of the Consolidated Report of Condition.
- (4) The Line Item Instructions for Schedule SU – Supplemental Information.

The instructions and definitions in sections (2), (3), and (4) are not necessarily self-contained; reference to more detailed treatments in the Glossary may be needed.

- (5) The Glossary presents, in alphabetical order, definitions and discussions of accounting and reporting issues and other topics that require more extensive treatment than is practical to include in the line item instructions or that are relevant to several line items or to the overall preparation of these reports. The Glossary is not, and is not intended to be, a comprehensive discussion of the principles of bank accounting or reporting.

In determining the required treatment of particular transactions or portfolio items or in determining the definitions and scope of the various items, the General Instructions, the line item instructions, and the Glossary (all of which are extensively cross-referenced) must be used jointly. A single section does not necessarily give the complete instructions for completing all the items of the reports.

The instruction book for the FFIEC 051 report form is available on the Internet on the FFIEC's website (<https://www.ffiec.gov/forms051.htm>) and on the FDIC's website (<https://www.fdic.gov/regulations/resources/call/call.html>).

PREPARATION OF THE REPORT

Banks are required to prepare and file the Call Report in accordance with these instructions. All reports shall be prepared in a consistent manner.

The bank's financial records shall be maintained in such a manner and scope so as to ensure that the Call Report can be prepared and filed in accordance with these instructions and reflect a fair presentation of the bank's financial condition and results of operations.

Questions and requests for interpretations of matters appearing in any part of these instructions should be addressed to the bank's primary federal bank supervisory agency (i.e., the Federal Reserve Banks, the OCC, or the FDIC). Such inquiries will be referred for resolution to the Task Force on Reports of the Federal Financial Institutions Examination Council (FFIEC). Regardless of whether a bank requests an interpretation of a matter appearing in these instructions, when a bank's primary federal bank supervisory agency's interpretation of the instructions differs from the bank's interpretation, the supervisory agency may require the bank to prepare its Call Report in accordance with the agency's interpretation and to amend previously submitted reports.

SIGNATURES

Either the cover (signature) page of any agency-supplied sample set of report forms, a photocopy of this cover page, or a copy of the cover page printed from the bank's report preparation software or from the FFIEC's or the FDIC's website should be used to fulfill the signature and attestation requirement.

Chief Financial Officer Declaration

The chief financial officer of the bank (or the individual performing an equivalent function) shall sign a declaration on the cover (signature) page attesting to the correctness of the Consolidated Reports of Condition and Income that the bank has filed with the appropriate supervisory agency.

RETENTION OF REPORTS

In general, a bank should maintain in its files a signed and attested record of its completed Call Report, including any amended reports, and the related workpapers and supporting documentation¹ for three years after the report date, unless any applicable state requirements mandate a longer retention period. This three-year time period is consistent with the time period specified in [Section 7\(b\)\(4\) of the Federal Deposit Insurance Act](#), which provides that each insured depository institution shall maintain all records that the FDIC may require for verifying the correctness of any deposit insurance assessment on the institution until the later of the end of the three-year period beginning on the due date of the assessment, or in the case of a dispute between the insured depository institution and the FDIC with respect to such assessment, the date of a final determination of any such dispute.

SCOPE OF THE "CONSOLIDATED BANK" REQUIRED TO BE REPORTED IN THE SUBMITTED REPORTS

In their Call Reports submitted to the federal bank supervisory agencies, banks and their subsidiaries shall present their financial condition and results of operations on a consolidated basis in accordance with U.S. generally accepted accounting principles (GAAP). All majority-owned subsidiaries shall be consolidated unless either the subsidiary is not "significant" or control of the subsidiary does not rest with the parent bank (see "Exclusions from the Coverage of the Consolidated Report" below). See the Glossary entry for "subsidiaries" for the definition of "significant subsidiary." Accordingly, in the Call Report for a bank with domestic offices only, the bank shall consolidate the operations of:

- (1) The bank's head office;
- (2) All branches of the bank;
- (3) All domestic majority-owned subsidiaries that are "significant," including domestic subsidiaries that are commercial banks, savings banks, or savings and loan associations that must file separate Call Reports (or separate reports of a comparable nature) with any state or federal financial institutions supervisory authority;
- (4) All nonsignificant domestic majority-owned subsidiaries that the bank has elected to consolidate on a consistent basis in both the Consolidated Report of Condition and the Consolidated Report of Income; and
- (5) All variable interest entities (VIEs) in which the bank, or a consolidated subsidiary of the bank, has a controlling financial interest and, thus, is the primary beneficiary. For further information, refer to the Glossary entry for "variable interest entity."

Each bank shall account for any investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the bank exercises significant influence according to the equity method of accounting. The equity method of accounting is described in the instructions for Schedule RC, item 8. (Refer to the Glossary entry for "subsidiaries" for the definitions of the terms subsidiary, associated company, and corporate joint venture.)

Exclusions from the Coverage of the Consolidated Report

Subsidiaries where control does not rest with the parent – If control of a majority-owned subsidiary does not rest with the parent bank because of legal or other reasons (e.g., the subsidiary is in

¹ Supporting documentation may include, but is not limited to, overdraft reports, trust department records, and records of other material adjustments to deposits.

bankruptcy), the subsidiary is not to be consolidated for purposes of the report.¹ Thus, the bank's investment in such a subsidiary is not eliminated in consolidation but will be reflected in the report in the balance sheet item for "Investments in unconsolidated subsidiaries and associated companies" (Schedule RC, item 8) or "Direct and indirect investments in real estate ventures" (Schedule RC, item 9), as appropriate. Other transactions of the bank with such a subsidiary will be reflected in the appropriate items of the report in the same manner as transactions with unrelated outside parties. Additional guidance on this topic is provided in accounting standards, including ASC Subtopic 810-10, Consolidation – Overall (formerly FASB Statement No. 94, "Consolidation of All Majority-Owned Subsidiaries").

Trust accounts – For purposes of the Call Report, the reporting bank's trust department is not to be consolidated into the reporting bank's balance sheet or income statement. However, information concerning the bank's trust activities must be reported in Schedule RC-T, Fiduciary and Related Services. Assets held in or administered by the bank's trust department and the income earned on such assets are excluded from all of the other schedules of the Call Report except when trust funds are deposited by the trust department of the reporting bank in the commercial or some other department of the reporting bank.

When such trust funds are deposited in the bank, they are to be reported as deposit liabilities in Schedule RC-E in the deposit category appropriate to the beneficiary. Interest paid by the bank on such deposits is to be reported as part of the reporting bank's interest expense.

However, there are two exceptions:

- (1) *Uninvested trust funds (cash)* held in the bank's trust department, which are *not* included on the balance sheet of the reporting bank, *must* be reported in Schedule RC-O, Other Data for Deposit Insurance Assessments; and
- (2) The *fees* earned by the trust department for its fiduciary activities and the *operating expenses* of the trust department are to be reported in the bank's income statement (Schedule RI) on a gross basis as if part of the consolidated bank.

Custody accounts – All custody and safekeeping activities (i.e., the holding of securities, jewelry, coin collections, and other valuables in custody or in safekeeping for customers) are *not* to be reflected on any basis in the balance sheet of the Consolidated Report of Condition unless cash funds held by the bank in safekeeping for customers are commingled with the general assets of the reporting bank. In such cases, the commingled funds would be reported in the Consolidated Report of Condition as deposit liabilities of the bank.

RULES OF CONSOLIDATION

For purposes of these reports, all offices (i.e., branches, subsidiaries, and VIEs) that are within the scope of the consolidated bank as defined above are to be reported on a consolidated basis. Unless the instructions specifically state otherwise, this consolidation shall be on a line-by-line basis, according to the caption shown. As part of the consolidation process, the results of all transactions and all intercompany balances (e.g., outstanding asset/debt relationships) between offices, subsidiaries, and other entities *included* in the scope of the consolidated bank are to be *eliminated* in the consolidation and must be *excluded* from the Call Report. (For example, eliminate in the consolidation (1) loans made by

¹ In contrast, by definition, control of a VIE is deemed to rest with the parent if the parent or its consolidated subsidiary has a controlling financial interest in the VIE and, thus, is the primary beneficiary, in which case the VIE must be consolidated for purposes of the Call Report.

the bank to a consolidated subsidiary and the corresponding liability of the subsidiary to the bank, (2) a consolidated subsidiary's deposits in the bank and the corresponding cash or interest-bearing asset balance of the subsidiary, and (3) the intercompany interest income and expense related to such loans and deposits of the bank and its consolidated subsidiary.)

Exception: For purposes of reporting the total assets of captive insurance and reinsurance subsidiaries in Schedule RC-M, Memoranda, items 14.a and 14.b, only, banks should measure the subsidiaries' total assets before eliminating intercompany transactions between the consolidated subsidiary and other offices or subsidiaries of the consolidated bank. Otherwise, captive insurance and reinsurance subsidiaries should be reported on a consolidated basis as described in the preceding paragraph.

Subsidiaries of subsidiaries – For a subsidiary of a bank which is in turn the parent of one or more subsidiaries:

- (1) Each subsidiary shall consolidate its majority-owned subsidiaries in accordance with the consolidation requirements set forth above.
- (2) Each subsidiary shall account for any investments in unconsolidated subsidiaries, corporate joint ventures over which the bank exercises significant influence, and associated companies according to the equity method of accounting.

Noncontrolling (minority) interests – A noncontrolling interest, sometimes called a minority interest, is the portion of equity in a bank's subsidiary not attributable, directly or indirectly, to the parent bank. Report noncontrolling interests in the reporting bank's consolidated subsidiaries in Schedule RC, item 27.b, "Noncontrolling (minority) interests in consolidated subsidiaries," of the Consolidated Report of Condition. Report the portion of consolidated net income reported in Schedule RI, item 12, that is attributable to noncontrolling interests in consolidated subsidiaries of the bank in Schedule RI, item 13, of the Consolidated Report of Income.

Deposit insurance assessments – When one FDIC-insured institution that files the FFIEC 051 owns another FDIC-insured institution as a subsidiary, the parent institution should complete items 1 through 11 (except item 9.a) and Memorandum items 1 through 3 of Schedule RC-O by accounting for the insured institution subsidiary under the equity method of accounting instead of consolidating it, i.e., on an "unconsolidated single FDIC certificate number basis." (However, an FDIC-insured institution that owns another FDIC-insured institution should complete item 9.a of Schedule RC-O by consolidating its subsidiary institution.) In contrast, when an FDIC-insured institution consolidates entities other than FDIC-insured institutions for purposes of Schedule RC, Balance Sheet, the parent institution should complete items 1 through 11 and Memorandum items 1 through 3 of Schedule RC-O on a consolidated basis with respect to these other entities. However, all deposits of subsidiaries (except an insured depository institution subsidiary) that are consolidated and, therefore, eliminated from reported deposits on the balance sheet (Schedule RC, item 13.a) must be reported in Schedule RC-O, items 1 and 2 and Memorandum items 1 and 2, as appropriate. Similarly, the interest accrued and unpaid on these deposits, which is eliminated in consolidation from reported other liabilities on the balance sheet (Schedule RC, item 20), also must be reported in these Schedule RC-O items.

Cutoff dates for consolidation – All *branches* must be consolidated as of the report date. For purposes of consolidation, the date of the financial statements of a *subsidiary* should, to the extent practicable, match the report date of the parent bank, but in no case differ by more than 93 days from the report date.

PUBLICATION REQUIREMENTS FOR THE CONSOLIDATED REPORT OF CONDITION

There are no federal requirements for a bank to publish the balance sheet of the Consolidated Report of Condition in a newspaper. However, state-chartered banks should consult with their state banking authorities concerning the applicability of any state publication requirements.

RELEASE OF INDIVIDUAL BANK REPORTS

All schedules of the [FFIEC 051](#) Call Report submitted by each reporting bank, including the optional narrative statement at the end of the Call Report, are available to the public from the federal bank supervisory agencies with the exception of any amounts reported in Schedule RI-E, item 2.g, "FDIC deposit insurance assessments." Refer to the discussion of "Release of Individual Bank Reports" in the General Instructions section of the instructions for the FFIEC 031 and [FFIEC 041](#) Call Reports for information on items reported in the [FFIEC 041](#) Call Report before the March 2017 implementation of the [FFIEC 051](#) Call Report that are not publicly disclosed on an individual bank basis.

All publicly available individual institution data are posted on the FFIEC's Central Data Repository (CDR) Public Data Distribution website (<https://cdr.ffiec.gov/public/>) as soon as the data have been submitted, placed in an accepted status, and prepared for publication in the CDR.

A reporting institution may request confidential treatment for some or all of the portions of the Call Report that will be made publicly available if the institution is of the opinion that disclosure of specific commercial or financial information in the report would likely cause substantial harm to its competitive position. In certain limited circumstances, the reporting institution's primary federal supervisor may approve confidential treatment of some or all of the items for which such treatment has been requested if the institution has clearly provided a compelling justification for the request. A request for confidential treatment must be submitted in writing prior to the submission of the report. The written request must identify the specific items for which confidential treatment is requested, provide justification for the confidential treatment requested for the identified items, and demonstrate the specific nature of the harm that would result from public release of the information. Merely stating that competitive harm would result is not sufficient. Information for which confidential treatment is requested may subsequently be released by the reporting institution's primary federal supervisor in accordance with the terms of [12 CFR 4.16](#) (OCC), [12 CFR 261.16](#) (Federal Reserve Board), [12 CFR 309.6](#) (FDIC), or as otherwise provided by law.

APPLICABILITY OF U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO REGULATORY REPORTING REQUIREMENTS

For recognition and measurement purposes, the regulatory reporting requirements applicable to the Call Report shall conform to U.S. generally accepted accounting principles (GAAP) as set forth in the FASB's [Accounting Standards Codification](#). Nevertheless, because the Call Report is an institution-level report, each institution (together with its consolidated subsidiaries) is considered an "accounting entity" for regulatory reporting purposes and normally must prepare its Call Report on a separate entity basis.

A bank or savings association that is a private company, as defined in U.S. GAAP (and discussed in the Glossary entry for "public business entity"), is permitted to use private company accounting alternatives issued by the FASB when preparing its Call Reports, except as provided in [Section 37\(a\) of the Federal Deposit Insurance Act \(12 U.S.C. 1831n\(a\)\)](#) as described in the following sentence. If the banking agencies determine that a particular accounting principle within U.S. GAAP, including a private company accounting alternative, is inconsistent with the statutorily specified supervisory objectives, the banking agencies may prescribe an accounting principle for regulatory reporting purposes that is no less stringent than U.S. GAAP. In such a situation, an institution would not be permitted to use that particular private

LINE ITEM INSTRUCTIONS FOR THE CONSOLIDATED REPORT OF INCOME

The line item instructions should be read in conjunction with the Glossary and other sections of these instructions. See the discussion of the Organization of the Instruction Books in the General Instructions. For purposes of these Consolidated Report of Income instructions, the [Financial Accounting Standards Board](#) (FASB) [Accounting Standards Codification](#) is referred to as the "ASC."

SCHEDULE RI – INCOME STATEMENT

General Instructions

Report in accordance with these instructions all income and expense of the bank for the calendar year-to-date. Include adjustments of accruals and other accounting estimates made shortly after the end of a reporting period which relate to the income and expense of the reporting period.

A bank that began operating during the year-to-date reporting period should report in the appropriate items of Schedule RI all income earned and expenses incurred since commencing operations. The bank should report pre-opening income earned and expenses incurred from inception until the date operations commenced using one of the two methods described in the Glossary entry for "start-up activities."

Business Combinations, Pushdown Accounting Transactions, and Transactions between Entities under Common Control – If the reporting institution entered into a business combination that became effective during the year-to-date reporting period and has been accounted for under the acquisition method, report the income and expense of the acquired institution or business only after its acquisition. If the reporting institution was acquired in a transaction that became effective during the reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income), Schedule RI should only include amounts from the date of the institution's acquisition through the end of the year-to-date reporting period. If the reporting institution was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, report the income and expense of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. For further information on business combinations, pushdown accounting, and transactions between entities under common control, see the Glossary entry for "business combinations."

Assets and Liabilities Accounted for under the Fair Value Option – Under U.S. generally accepted accounting principles (GAAP) (i.e., ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"), ASC Subtopic 815-15, Derivatives and Hedging – Embedded Derivatives (formerly FASB Statement No. 155, "Accounting for Certain Hybrid Financial Instruments"), and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 156, "Accounting for Servicing of Financial Assets")), the bank may elect to report certain assets and liabilities at fair value with changes in fair value recognized in earnings. This election is generally referred to as the fair value option. If the bank has elected to apply the fair value option to interest-bearing financial assets and liabilities, it should report the interest income on these financial assets (except any that are in nonaccrual status) and the interest expense on these financial liabilities for the year-to-date in the appropriate interest income and interest expense items on Schedule RI, not as part of the reported change in fair value of these assets and liabilities for the year-to-date. The bank should measure the interest income or interest expense on a financial asset or liability to which the fair value option has been applied using either the contractual interest rate on the asset or liability or the effective yield method based on the amount at which the asset

General Instructions (cont.)

or liability was first recognized on the balance sheet. Although the use of the contractual interest rate is an acceptable method under GAAP, when a financial asset or liability has a significant premium or discount upon initial recognition, the measurement of interest income or interest expense under the effective yield method more accurately portrays the economic substance of the transaction. In addition, in some cases, GAAP requires a particular method of interest income recognition when the fair value option is elected. For example, when the fair value option has been applied to a beneficial interest in securitized financial assets within the scope of ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force Issue No. 99-20, “Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets”), interest income should be measured in accordance with this Subtopic. Similarly, when the fair value option has been applied to a purchased impaired loan or debt security accounted for under ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, “Accounting for Certain Loans or Debt Securities Acquired in a Transfer”), interest income on the loan or debt security should be measured in accordance with this Subtopic when accrual of income is appropriate. For further information, see the Glossary entry for “Purchased Impaired Loans and Debt Securities.”

Revaluation adjustments, excluding amounts reported as interest income and interest expense, to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule RC, item 10, “Intangible assets,” and Schedule RC, item 20, “Other liabilities,” respectively) resulting from the periodic marking of such assets and liabilities to fair value should be reported as “Other noninterest income” in Schedule RI, item 5.I. However, for an institution that has adopted FASB [Accounting Standards Update No. 2016-01](#) on recognition and measurement of financial assets and financial liabilities (ASU 2016-01), the institution should report in Schedule RI-A, item 10, “Other comprehensive income,” the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk (“own credit risk”) when the institution has elected to measure the liability at fair value in accordance with the fair value option for financial instruments.

Item Instructions**Item No. Caption and Instructions****1 Interest income:**

- 1.a Interest and fee income on loans.** Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all assets reportable as loans in Schedule RC-C, Part I, items 1 through 9.

Deduct interest rebated to customers on loans paid before maturity from gross interest earned on loans; do *not* report as an expense.

Include as interest and fee income on loans:

- (1) Interest on all assets reportable as loans extended directly, purchased from others, sold under agreements to repurchase, or pledged as collateral for any purpose.
- (2) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for investment, all of which should be deferred and recognized over the life of the related loan as an adjustment of yield in accordance with ASC Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs (formerly FASB Statement No. 91, “Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases”) as described in the Glossary entry for “loan fees.” See exclusion (3) below.

Item No. Caption and Instructions

- 5.I**
(cont.)
- (19) Interest income from advances to, or obligations of, and the bank's proportionate share of the income or loss before discontinued operations from its investments in:
- unconsolidated subsidiaries,
 - associated companies,
 - corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank exercises significant influence, and
 - noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting") other than those that are principally engaged in (a) securities brokerage, investment banking, advisory, or securities underwriting activities or (b) insurance and reinsurance underwriting or insurance and annuity sales activities (the income from which should be reported in Schedule RI, items 5.d.(1) and 5.d.(2), respectively). Exclude the bank's proportionate share of the results of discontinued operations of these entities (report in Schedule RI, item 11, "Discontinued operations, net of applicable income taxes").
- (20) Net gains (losses) on derivative instruments held for purposes other than trading that are not designated as hedging instruments in hedging relationships that qualify for hedge accounting in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities"). Institutions should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.d. For further information, see the Glossary entries for "derivative contracts" and "trading account."
- (21) Gross income generated by securities contributed to charitable contribution Clifford Trusts.
- (22) Income from ground rents and air rights.
- (23) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule RC, item 10, "Intangible assets," and Schedule RC, item 20, "Other liabilities," respectively) resulting from the periodic marking of such assets and liabilities to fair value. Exclude interest income earned and interest expense incurred on financial assets and liabilities reported at fair value under a fair value option, which should be reported in the appropriate interest income or interest expense items on Schedule RI. For an institution that has adopted FASB [Accounting Standards Update No. 2016-01](#), also exclude the portion of the total change in the fair value of a fair value option liability resulting from a change in the instrument-specific credit risk ("own credit risk"), which should be reported in Schedule RI-A, item 10, "Other comprehensive income."
- (24) Gains on bargain purchases recognized and measured in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations").
- (25) Revenue from venture capital activities (which may be a net gain or loss), which generally involves the providing of funds, whether in the form of loans or equity, and technical and management assistance, when needed and requested, to start-up or high-risk companies specializing in new technologies, ideas, products, or processes. For further information, see the instructions for Schedule RI, item 5.e, in the instructions for the [FFIEC 031](#) and [FFIEC 041](#) Call Reports.
- (26) Fee income (other than servicing fees and commercial paper placement fees) from the bank's securitization and structured finance transactions. (Report income from servicing securitized assets in Schedule RI, item 5.f, and fee income from the placement of commercial paper in Schedule RI, item 5.d.(1)).

Item No. Caption and Instructions

5.l Exclude from Schedule RI, item 5.l, "Other noninterest income," income from seller's interests and residual interests retained by the bank in the bank's own securitization transactions (report in the appropriate subitem of Schedule RI, item 1, "Interest income").

5.m **Total noninterest income.** Report the sum of items 5.a through 5.l.

6.a **Realized gains (losses) on held-to-maturity securities.** Report the net gain or loss realized during the calendar year to date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule RC, item 2.a, "Held-to-maturity securities." The realized gain or loss on a security is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and its amortized cost. Institutions that have not adopted FASB [Accounting Standards Update No. 2016-13](#) (ASU 2016-13), which governs the accounting for credit losses, should also include in this item other-than-temporary impairment losses on individual held-to-maturity securities that must be recognized in earnings. For further information on the accounting for impairment of held-to-maturity securities, see the Glossary entry for "securities activities."

Institutions that have adopted ASU 2016-13 should adjust the amortized cost of a held-to-maturity debt security for recoveries of any prior charge-offs when calculating the realized gain or loss on the security, such that the recovery of a previously charged-off amount should be recorded as a credit to the allowance for credit losses before recognizing the gain.

If the amount to be reported in this item is a net loss, report it with a minus (-) sign.

Exclude from this item realized gains (losses) on available-for-sale securities (report in Schedule RI, item 6.b, below) and on trading securities (report as trading revenue in Schedule RI, item 5.l, "Other noninterest income").

6.b **Realized gains (losses) on available-for-sale securities.** Report the net gain or loss realized during the calendar year to date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule RC, item 2.b, "Available-for-sale securities." The realized gain or loss on a security is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and its amortized cost. Institutions that have not adopted ASU 2016-13 should also include in this item other-than-temporary impairment losses on individual available-for-sale securities that must be recognized in earnings. For further information on the accounting for impairment of available-for-sale securities, see the Glossary entry for "securities activities."

Institutions that have adopted ASU 2016-13 should adjust the amortized cost of an available-for-sale debt security for recoveries of any prior charge-offs when calculating the realized gain or loss on the security, such that the recovery of a previously charged-off amount should be recorded as a credit to the allowance for credit losses before recognizing the gain. Also include in this item any write-off recorded when the fair value of an available-for-sale debt security is less than its amortized cost basis and (a) the institution intends to sell the security or (b) it is more likely than not that the institution will be required to sell the security before recovery of its amortized cost basis.

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 and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RI, item 8.b), include realized gains (losses) only on available-for-sale debt securities in item 6.b. Report realized and unrealized gains (losses) during the year-to-date reporting period on equity securities with readily determinable fair values not held for trading in Schedule RI, item 8.b.

If the amount to be reported in this item is a net loss, report it with a minus (-) sign.

Item No. **Caption and Instructions**

- 7.d**
(cont.)
- (6) Cost of printing, stationery, and office supplies. (Report the amount of such expenses in Schedule RI-E, item 2.d, if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule RI, item 7.d.)
 - (7) Postage and mailing expenses. (Report the amount of such expenses in Schedule RI-E, item 2.e, if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule RI, item 7.d.)
 - (8) Telecommunications expenses, including any expenses associated with telephone, telegraph, cable, and internet services (including web page maintenance). (Report the amount of such expenses in Schedule RI-E, item 2.k, if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule RI, item 7.d.)
 - (9) Federal deposit insurance assessments. (Report the amount of such assessments in Schedule RI-E, item 2.g, if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule RI, item 7.d.)
 - (10) Premiums on fidelity insurance (blanket bond, excess employee dishonesty bond), directors' and officers' liability insurance, life insurance policies for which the bank is the beneficiary, and other insurance policies for which the premiums are not included in salaries and employee benefits, expenses of premises and fixed assets, and expenses of other real estate owned. (Report the amount of such insurance expenses in Schedule RI-E, item 2.m, if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule RI, item 7.d.)
 - (11) Assessment expense, examination expense, and other fees levied by the Comptroller of the Currency or a state chartering authority, net of any assessment credits during the period.
 - (12) Legal fees and other direct costs incurred to effect foreclosures on real estate and subsequent noninterest expenses related to holdings of real estate owned other than bank premises (including depreciation charges, if appropriate). (Report the amount of such expenses in Schedule RI-E, item 2.l, if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule RI, item 7.d.)
 - (13) Net losses (gains) from the sale or other disposal of branches (i.e., where the reporting bank sells a branch's assets to another depository institution, which assumes the deposit liabilities of the branch). Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.l.
 - (14) Net losses (gains) from all transactions involving foreign currency or foreign exchange other than trading transactions. Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.l.
 - (15) Management fees assessed by the bank's parent holding company, whether for specific services rendered or of a general (prorated) nature.
 - (16) Sales taxes, taxes based on the number of shares of bank stock outstanding, taxes based on the bank's total assets or total deposits, taxes based on the bank's gross revenues or gross receipts, capital stock taxes, and other taxes not included in other categories of expense. Exclude any state and local taxes based on a net amount of revenues less expenses (report as applicable income taxes in Schedule RI, item 9).

Item No. Caption and Instructions

- 7.d**
(cont.)
- (17) Fees levied by deposit brokers that are, in substance, retainer fees or that otherwise do not represent an adjustment to the interest rate paid on deposits the reporting bank acquires through brokers. However, report as interest expense on the appropriate category of deposits those finders' fees and brokers' fees that do represent an adjustment to the interest rate paid on brokered deposits.
- (18) Research and development costs and costs incurred in the internal development of computer software.
- (19) Charges resulting from litigation or other claims.
- (20) Charitable contributions including donations by Clifford Trusts.
- (21) Fees for accounting, auditing, and attestation services; retainer fees; and other fees and expenses paid to accountants and auditors who are not bank officers or employees. (Report the amount of such expenses in Schedule RI-E, item 2.h, if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule RI, item 7.d.)
- (22) Fees for consulting and advisory services, retainer fees, and other fees and expenses paid to management consultants, investment advisors, and other professionals (other than attorneys providing legal services and accountants providing accounting, auditing, and attestation services) who are not bank officers or employees. (Report the amount of such expenses in Schedule RI-E, item 2.i, if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule RI, item 7.d.)
- (23) Net losses (gains) on derivative instruments held for purposes other than trading that are not designated as hedging instruments in hedging relationships that qualify for hedge accounting in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities"). Institutions should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.l. For further information, see the Glossary entries for "derivative contracts" and "trading account."
- (24) Net tellers' shortages (overages), net losses (recoveries) on forged checks, net losses (recoveries) on payment of checks over stop payment orders, and similar recurring operating losses (gains) of this type. Banks should consistently report these losses (gains) either in this item or in Schedule RI, item 5.l.
- (25) Net losses resulting from fiduciary and related services. Net losses are gross losses less recoveries (including those from insurance payments). Gross losses include settlements, surcharges, and other losses arising from errors, misfeasance, or malfeasance on fiduciary accounts and related services and should reflect losses recognized on an accrual basis. Recoveries may be for current or prior years' losses from fiduciary and related services and should be reported when payment is actually realized. If the institution enters into a "fee reduction" or "fee waiver" agreement with a client as the method for reimbursing or compensating the client for a loss on the client's fiduciary or related services account, the full amount of this loss must be recognized on an accrual basis and reported in this item as "Other noninterest expense." An institution should not report such a loss as a reduction of the gross income from fiduciary and related services it reports in Schedule RI, item 5.a, "Income from fiduciary activities," in the current or future periods when the "fee reduction" or "fee waiver" takes place. (See the example after the instructions to Schedule RC-T, Memorandum item 4.e.) For institutions required to complete Schedule RC-T, item 24, the amount of net losses from fiduciary and related services also is reported in that item.

Item No. **Caption and Instructions**

- 7.d**
(cont.)
- (26) Losses from robberies, defalcations, and other criminal acts not covered by the bank's blanket bond.
 - (27) Travel and entertainment expenses, including costs incurred by bank officers and employees for attending meetings and conventions.
 - (28) Dues, fees, and other expenses associated with memberships in country clubs, social or private clubs, civic organizations, and similar clubs and organizations.
 - (29) Civil money penalties and fines.
 - (30) All service charges, commissions, and fees levied by others for the repossession of assets and the collection of the bank's loans or other assets, including charged-off loans or other charged-off assets.
 - (31) Expenses (except salaries) related to handling credit card or charge sales received from merchants when the bank does not carry the related loan accounts on its books. Banks are also permitted to net these expenses against their charges to merchants for the bank's handling of these sales in Schedule RI, item 5.i.
 - (32) Expenses related to the testing and training of officers and employees.
 - (33) The cost of bank newspapers and magazines prepared for distribution to bank officers and employees or to others.
 - (34) Depreciation expense of furniture and equipment rented to others under operating leases.
 - (35) Cost of checks provided to depositors.
 - (36) Amortization expense of purchased computer software and of the costs of computer software to be sold, leased, or otherwise marketed capitalized in accordance with the provisions of ASC Subtopic 985-20, Software – Costs of Software to Be Sold, Leased or Marketed (formerly FASB Statement No. 86, "Accounting for the Cost of Computer Software to Be Sold, Leased, or Otherwise Marketed").
 - (37) Provision for credit losses on off-balance sheet credit exposures.
 - (38) Net losses (gains) from the extinguishment of liabilities (debt), including losses resulting from the payment of prepayment penalties on borrowings such as Federal Home Loan Bank advances. However, if a bank's debt extinguishments normally result in net gains over time, then the bank should consistently report its net gains (losses) in Schedule RI, item 5.i, "Other noninterest income."
 - (39) Automated teller machine (ATM) and interchange expenses from bank card and credit card transactions. (Report the amount of such expenses in Schedule RI-E, item 2.j, if this amount is greater than \$100,000 and exceeds 7 percent of the amount reported in Schedule RI, item 7.d.)

Exclude from other noninterest expense:

- (1) Material expenses incurred in the issuance of subordinated notes and debentures (capitalize such expenses and amortize them over the life of the related notes and debentures using the effective interest method and report the expense in Schedule RI, item 2.c, "Other interest expense"). For further information, see the Glossary entry for "Debt issuance costs."

Item No. Caption and Instructions

- 7.d**
(cont.)
- (2) Expenses incurred in the sale of preferred and common stock (deduct such expenses from the sale proceeds and credit the net amount to the appropriate stock account. For perpetual preferred and common stock only, report the net sales proceeds in Schedule RI-A, item 5, "Sale, conversion, acquisition, or retirement of capital stock, net").
- (3) Depreciation and other expenses related to the use of bank-owned automobiles, airplanes, and other vehicles for bank business (report in Schedule RI, item 7.b, "Expenses of premises and fixed assets").
- (4) For institutions that have not adopted FASB [Accounting Standards Update No. 2016-13](#) (ASU 2016-13), which governs the accounting for credit losses, write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other-than-temporary impairments that must be recognized in earnings (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) For institutions that have adopted ASU 2016-13:
- (a) Charge-offs of the cost basis of individual held-to-maturity and available-for-sale debt securities resulting from credit losses (report as deductions from the applicable allowance for credit losses in columns B and C, respectively, of Schedule RI-B, Part II, item 3, "Charge-offs"); and
- (b) Any write-off recorded when the fair value of an available-for-sale debt security is less than its amortized cost basis and (i) the institution intends to sell the security or (ii) it is more likely than not that the institution will be required to sell the security before recovery of its amortized cost basis (report in Schedule RI, item 6.b, "Realized gains (losses) on available-for-sale securities").
- (6) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option. Except as noted below, institutions should report net decreases (increases) in fair value on such servicing assets and liabilities in Schedule RI, item 5.f. and on such financial assets and liabilities in Schedule RI, item 5.l. Institutions that have adopted FASB [Accounting Standards Update No. 2016-01](#) should report the portion of the total change in the fair value of a fair value option liability resulting from a change in the instrument-specific credit risk ("own credit risk") in Schedule RI-A, item 10, "Other comprehensive income." Interest income earned and interest expense incurred on fair value option 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.a** **Income (loss) before unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations.** Report the institution's pretax income from continuing operations before unrealized holding gains (losses) on equity securities not held for trading. This amount is determined by taking item 3, "Net interest income," minus item 4, "Provision for loan and lease losses,"¹ plus item 5.m, "Total noninterest income," plus item 6.a, "Realized gains (losses) on held-to-maturity securities," plus 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.

¹ Note: Institutions that have adopted ASU 2016-13 should report provisions for credit losses on all assets within the scope of the ASU in Schedule RI, item 4.

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NOTE: Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c, and is to be completed annually as of the December 31 report date.

- 12 Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties.** Report the amount of noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (i.e., interest income accrued and uncollected that has been added to principal) included in interest and fee income on loans secured by real estate (Schedule RI, item 1.a.(1)).

Negative amortization refers to a method in which a loan is structured so that the borrower's minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan's principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan payments are then recast to a fully amortizing schedule. Negative amortization features may be applied to either adjustable rate mortgages or fixed rate mortgages, the latter commonly referred to as graduated payment mortgages (GPMs).

- 13 Not applicable.**

NOTE: Memorandum item 14 is to be completed only by institutions that have not adopted FASB [Accounting Standards Update No. 2016-13](#) (ASU 2016-13), which governs the accounting for credit losses. Institutions that have adopted ASU 2016-13 should leave Memorandum item 14 blank.

- 14 Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings.** Report the amount of other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that have been recognized in earnings during the calendar year to date as discussed in the following paragraphs. This amount is included in the realized gains (losses) on held-to-maturity and available-for-sale securities reported in Schedule RI, items 6.a and 6.b, respectively.

When the fair value of an individual held-to-maturity or available-for-sale debt security is less than its amortized cost basis, the security is impaired and the impairment is either temporary or other-than-temporary. To determine whether the impairment is other-than-temporary, a bank must apply the relevant guidance in ASC Topic 320, Investments-Debt Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," as amended by FASB Staff Position (FSP) FAS 115-1 and FAS 124-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments," and FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments") and ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force (EITF) Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets," as amended by FSP EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20"), as appropriate.

When an other-than-temporary impairment loss has occurred on an individual debt security, the total amount of the loss is the entire difference between the amortized cost of the debt security and its fair value on the measurement date of the other-than-temporary impairment. For an other-than-temporary impairment loss on a debt security that the bank intends to sell

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(cont.) and on a debt security that it is more likely than not that the bank will be required to sell before recovery of its amortized cost basis less any current-period credit loss, the total amount of the other-than-temporary impairment loss must be recognized in earnings and must be reported in this item.

For an other-than-temporary impairment loss on a debt security when the bank does not intend to sell the security and it is not more likely than not that the bank will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, the other-than-temporary impairment loss must be separated into (a) the amount representing the credit loss, which must be recognized in earnings, and (b) the amount related to all other factors, which must be recognized in other comprehensive income. Report in this item the portion of such an other-than-temporary impairment loss that represents the credit loss.

For further information, see the Glossary entry for “securities activities.”

NOTE: Memorandum items 15.a through 15.d are to be completed annually in the December report only by institutions with \$1 billion or more in total assets¹ that answered "Yes" to Schedule RC-E, Memorandum item 5, “Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?”

15 **Components of service charges on deposit accounts.** Report in the appropriate subitem the calendar year-to-date amount of the specified category of service charges on deposit accounts included in Schedule RI, item 5.b, “Service charges on deposit accounts.” Consistent with the instructions for Schedule RI, item 5.b, the amount of service charges on deposit accounts reported in Memorandum items 15.a through 15.d should be net of amounts refunded to depositors.

The specified categories of service charges to be reported in Schedule RI, Memorandum items 15.a through 15.c, are those levied against consumer deposit account products offered by the reporting institution during the calendar year to date that would be reportable in Schedule RC-E, Memorandum items 6.a, 6.b, 7.a.(1), and 7.b.(1).

Once a customer has opened a deposit account with the reporting institution that is a deposit product intended primarily for individuals for personal, household, or family use, the institution is not required thereafter to review the customer’s status or usage of the account to determine whether the transaction account is being used for personal, household, or family purposes. Thus, when reporting the amount of service charges on consumer deposit account products in Schedule RI, Memorandum items 15.a through 15.c, below, the reporting institution is not required to identify those individual accounts within the population of a particular consumer deposit account product that are not being used for personal, household, or family purposes and remove any service charges levied against these accounts from the total amounts of overdraft-related, periodic maintenance, and customer automated teller machine (ATM) fees charged to customer accounts within that consumer deposit product.

Treatment of Transfer Fees – If the reporting institution levies a service charge or fee on a consumer deposit account for a transfer between the account holder’s deposit account and

¹ In general, the determination as to whether an institution has \$1 billion or more in total assets is measured as of June 30 of the previous calendar year. See pages 6a and 7 of the General Instructions for guidance on shifts in reporting status.

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(cont.) another account (including a loan account) regardless of the means by which the transfer is effected (e.g., in person, by telephone, via an ATM, and via online account access), the transfer fee should be reported in Schedule RI, Memorandum item 15.d, "All other service charges on deposit accounts." In contrast, if the reporting institution levies a service charge or fee on a consumer deposit account for the account holder's use of an ATM to effect a transfer between the account holder's deposit account and another account (and not for the transfer itself), the service charge or fee is considered a fee for accessing the ATM and should be reported in Schedule RI, Memorandum item 15.c, "Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use," and is not considered a transfer fee.

The sum of Memorandum items 15.a through 15.d must equal Schedule RI, item 5.b.

15.a **Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.** For deposit account products intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, report the amount of service charges and fees related to the processing of payments and debits against insufficient funds, including "nonsufficient funds (NSF) check charges," that the reporting institution assesses with respect to items that it either pays or returns unpaid, and all subsequent charges levied against overdrawn accounts, but excluding those fees equivalent to interest and reported in Schedule RI, item 1, "Interest and fee income on loans."

15.b **Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.** For deposit account products intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, report the amount of service charges levied on such consumer deposit accounts for account holders' maintenance of their deposit accounts with the reporting institution (often labeled "monthly maintenance charges"). Include recurring fees not subject to waiver, which include fixed monthly or other periodic charges levied against a consumer deposit account for the maintenance of the account that the account holder cannot avoid under any circumstances, including, for example, by maintaining other deposit or loan accounts with the institution, maintaining a minimum deposit balance, or engaging in a specified level of account activity (such as the number of debit card transactions) during a month or other period. Also include maintenance charges subject to waiver during a month or other period that have not been waived, but have been levied against a consumer deposit account because of the account holder's failure to maintain specified minimum deposit balances or meet other requirements (e.g., requirements related to transacting and purchasing other services).

Exclude so-called "per-check fees" levied on consumer deposit accounts regardless of whether such fees are charged, for example, (a) for each check that is paid during a month or other period, (b) if a specified minimum account balance is not maintained during a month or other period, or (c) if the number of checks paid during a month or other period exceeds a specified number. "Per-check fees" should be reported in Schedule RI, Memorandum item 15.d, "All other service charges on deposit accounts." In addition, exclude so-called "per-item fees" that function in a manner similar to "per-check fees" and report such fees in Memorandum item 15.d.

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15.b
(cont.) Also exclude event-based service charges and fees levied on consumer deposit accounts, such as stop payment fees and wire transfer fees. Such service charges and fees should be reported in Schedule RI, Memorandum item 15.d.

15.c **Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.** For deposit account products maintained at the reporting institution and intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, report the amount of service charges and fees levied against such consumer deposit accounts by the reporting institution for the account holder's use of ATMs or remote service units (RSUs) owned, operated, or branded by the institution, other institutions, or other third-party, non-bank ATM operators to access the account holder's consumer deposit accounts at the institution for purposes of conducting transactions and other activities. Such transactions and other activities include deposits to or withdrawals from consumer deposit accounts, account balance inquiries, and transfers between the account holder's consumer deposit account and another account (including a loan account). (See the "Treatment of Transfer Fees" above in the instructions for Schedule RI, Memorandum item 15.)

Exclude service charges levied by the reporting institution against deposit accounts maintained at other institutions for transactions conducted through the use of ATMs or RSUs owned, operated, or branded by the reporting institution. Also exclude debit card interchange fees. Such service charges and interchange fees should be reported in Schedule RI, item 5.I, "Other noninterest income," not in Schedule RI, item 5.b.

15.d **All other service charges on deposit accounts.** Report all other service charges on deposit accounts levied by the reporting institution and not reported in Schedule RI, Memorandum items 15.a, 15.b, and 15.c. Include service charges and fees on the reporting institution's deposit account products intended for use by a broad range of depositors (which may include individuals), rather than being intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. For deposit account products intended for use by a broad range of depositors, the reporting institution need not identify the fees charged to accounts held by individuals for personal, household, or family use and need not report these fees in one of the three categories of consumer deposit account fees above.

Include "per-check fees" and "per-item fees" (as discussed in the instructions to Schedule RI, Memorandum item 15.b, above) and event-based service charges and fees (such as stop payment fees and wire transfer fees) levied on deposit accounts, including consumer deposit accounts. See the instructions for Schedule RI, Memorandum item 15, above for information on the "Treatment of Transfer Fees."

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- 10**
(cont.) other-than-temporary impairment losses) or increases in the fair value of available-for-sale debt securities previously written down as other-than-temporarily impaired, and subsequent accretion (based on the amount and timing of future estimated cash flows) of the portion of other-than-temporary impairment losses on held-to-maturity debt securities not recognized in earnings.
- (5) The change in the institution's accumulated net gains (losses) (effective portion) on derivative instruments that are designated and qualify as cash flow hedges.
- (6) Gains (losses) and transition assets or obligations associated with single-employer defined benefit pension and other postretirement plans not recognized immediately as a component of net periodic benefit cost and prior service costs or credits associated with such plans, which are accounted for in accordance with ASC Subtopic 715-20, Compensation-Retirement Benefits – Defined Benefit Plans-General (formerly FASB Statement No. 87, "Employers' Accounting for Pensions"; FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pension"; and FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans").
- (7) For institutions that have adopted FASB [Accounting Standards Update No. 2016-01](#) on recognition and measurement of financial assets and financial liabilities, the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk ("own credit risk") when the institution has elected to measure the liability at fair value in accordance with the fair value option for financial instruments.

For further guidance on reporting other comprehensive income, see ASC Topic 220, Comprehensive Income (formerly FASB Statement No. 52, "Foreign Currency Translation"; FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," as amended; FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities"; and FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans").

- 11** **Other transactions with stockholders (including a parent holding company).** Report the net aggregate amount of transactions with the institution's stockholders, including its parent holding company, if any, that affect equity capital directly (other than those transactions reported in Schedule RI-A, items 5, 6, 8, and 9, above), such as:

- (1) Capital contributions other than those for which stock has been issued to stockholders (report issuances of perpetual preferred and common stock and sales of treasury stock in Schedule RI-A, items 5 and 6, respectively; issuances of limited-life preferred stock are not reported in Schedule RI-A).
- (2) Dividends distributed to stockholders in the form of property rather than cash (report cash dividends in Schedule RI-A, items 8 or 9, as appropriate). Record such property dividends at the fair value of the transferred asset. Include any gain or loss recognized on the disposition of the asset in the determination of net income for the calendar year-to-date in Schedule RI, Income Statement. Refer to the Glossary entry for "dividends" for additional information on property dividends.
- (3) Return-of-capital transactions in which contributed capital (i.e., surplus) is reduced without retiring stock and cash is distributed to the institution's stockholders.

State the dollar amount of and describe each transaction included in this item in Schedule RI-E, item 5.

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- 12 **Total bank equity capital end of current period.** Report the sum of items 3 through 11.
This item must equal Schedule RC, item 27.a, "Total bank equity capital."

SCHEDULE RI-C – DISAGGREGATED DATA ON THE ALLOWANCE FOR LOAN AND LEASE LOSSES

General Instructions

Schedule RI-C is to be completed semiannually in the June and December reports only by institutions with \$1 billion or more in total assets.¹

Institutions that have not adopted FASB [Accounting Standards Update No. 2016-13](#) (ASU 2016-13), which governs the accounting for credit losses, should complete Schedule RI-C, items 1 through 6, only and leave Schedule RI-C, items 7 through 11, blank.

Institutions that have adopted ASU 2016-13 should complete Schedule RI-C, items 1 through 11.

Loans and Leases Held for Investment

For institutions that have not adopted ASU 2016-13, Schedule RI-C, items 1 through 6, have two columns for the disclosure of disaggregated information by portfolio category on the recorded investment in loans (and, as applicable, leases) held for investment (column A) and the related balance in the allowance for loan and lease losses (column B) as of the report date, excluding loans held for investment that the institution has elected to report at fair value under a fair value option. Loans and leases held for investment are loans and leases that the institution has the intent and ability to hold for the foreseeable future or until maturity or payoff.

Institutions that have adopted ASU 2016-13 should report the amortized cost and related allowances for credit losses by loan category in Schedule RI-C, items 1 through 4, columns A and B, respectively.

The loan and lease portfolio categories for which amounts are to be reported in Schedule RI-C, items 1 through 4, represent general categories rather than the standardized loan categories defined in Schedule RC-C, Part I, Loans and Leases. Based on the manner in which it segments its portfolio for purposes of applying its allowance methodology, each institution should report each component of the overall allowance reported in Schedule RC, item 4.c, and the recorded investment in the related loans and leases in the general loan category in Schedule RI-C, items 1 through 4, that best corresponds to the characteristics of the related loans and leases.²

The total recorded investment amount reported in Schedule RI-C, item 6, column A, plus the fair value of loans held for investment for which the fair value option has been elected, must equal the balance sheet amount of held-for-investment loans and leases reported in Schedule RC, item 4.b, “Loans and leases held for investment.” Thus, the recorded investment amounts reported in column A of Schedule RI-C must be net of unearned income.

¹ In general, the determination as to whether an institution has \$1 billion or more in total assets is measured as of June 30 of the previous calendar year. See pages 6a and 7 of the General Instructions for guidance on shifts in reporting status.

² For example, based on its allowance methodology, one institution’s allowance components for credit cards might relate to both consumer and business credit card receivables, but another institution’s allowance components for credit cards might relate only to consumer credit card receivables.

As another example, based on its allowance methodology, one institution might include its loans secured by farmland in its allowance components for commercial real estate loans, but another institution might include its loans secured by farmland in its allowance components for commercial loans.

Item No.	<u>Caption and Instructions</u>
1	<u>Real estate loans:</u>
1.a	<u>Construction loans.</u> Report in columns A and B the recorded investment in held-for-investment construction loans and the related balance in the allowance for loan and lease losses for such loans, respectively. Exclude loans that the institution has elected to report at fair value under a fair value option.
1.b	<u>Commercial real estate loans.</u> Report in columns A and B the recorded investment in held-for-investment commercial real estate loans and the related balance in the allowance for loan and lease losses for such loans, respectively. Exclude loans that the institution has elected to report at fair value under a fair value option.
1.c	<u>Residential real estate loans.</u> Report in columns A and B the recorded investment in residential real estate loans and the related balance in the allowance for loan and lease losses for such loans, respectively. Exclude loans that the institution has elected to report at fair value under a fair value option.
2	<u>Commercial loans.</u> Report in columns A and B the recorded investment in all held-for-investment commercial loans and the related balance in the allowance for loan and lease losses for such loans, respectively. For purposes of this item, commercial loans include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in Schedule RI-C, items 1, 3, and 4. Exclude loans that the institution has elected to report at fair value under a fair value option.
3	<u>Credit cards.</u> Report in columns A and B the recorded investment in all held-for-investment extensions of credit arising from credit cards and the related balance in the allowance for loan and lease losses for such extensions of credit, respectively. Exclude loans that the institution has elected to report at fair value under a fair value option.
4	<u>Other consumer loans.</u> Report in columns A and B the recorded investment in all held-for-investment consumer loans other than credit cards and the related balance in the allowance for loan and lease losses for such loans, respectively. Exclude loans that the institution has elected to report at fair value under a fair value option.
5	<u>Unallocated, if any.</u> Report in column B the amount of any unallocated portion of the allowance for loan and lease losses. An institution is not required to have an unallocated portion of the allowance.
6	<u>Total.</u> Report in columns A and B the sum of items 1 through 5. The amount reported in column A plus the fair value of any loans held for investment for which the fair value option has been elected must equal Schedule RC, item 4.b, “Loans and leases held for investment.” The amount reported in column B must equal Schedule RC, item 4.c, “Allowance for loan and lease losses.”

Held-to-Maturity Securities

For each of the specified categories of held-to-maturity debt securities in Schedule RI-C, items 7 through 10, which correspond to the securities categories defined in Schedule RC-B, report the related balance of the allowance for credit losses measured in accordance with ASC Subtopic 326-20.

Institutions that have not adopted ASU 2016-13 should leave Schedule RI-C, items 7 through 11, blank.

Item No. Caption and Instructions

- 7** **Securities issued by states and political subdivisions in the U.S.** Report the allowance for credit losses on held-to-maturity debt securities issued by states and political subdivisions in the U.S. (as defined for Schedule RC-B, item 3, column A).
- 8** **Mortgage-backed securities (MBS) (including CMOs, REMICs, and stripped MBS).** Report the allowance for credit losses on held-to-maturity mortgage-backed securities (as defined for Schedule RC-B, items 4.a, 4.b, and 4.c, column A).
- 9** **Asset-backed securities and structured financial products.** Report the allowance for credit losses on held-to-maturity asset-backed securities and structured financial products (as defined for Schedule RC-B, items 5.a and 5.b, column A).
- 10** **Other debt securities.** Report the allowance for credit losses on categories of held-to-maturity debt securities not reported in items 7 through 9, above.
- 11** **Total.** Report the sum of items 7 through 10. The amount reported in item 11, "Total," should equal the amount reported in Schedule RI-B, Part II, item 7, column B, "Balance end of current period," for held-to-maturity debt securities.

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Item No. **Caption and Instructions**

- 26.b**
(cont.)
- (2) The unamortized balance of the unrealized holding gain (loss) that existed at the date of transfer of a debt security transferred into the held-to-maturity category from the available-for-sale category. Consistent with ASC Topic 320, when a debt security is transferred from the available-for-sale category into the held-to-maturity category, the unrealized holding gain (loss) at the date of transfer continues to be reported in the accumulated other comprehensive income account, but must be amortized over the remaining life of the security as an adjustment of yield in a manner consistent with the amortization of any premium or discount.
- (3) (a) For institutions that have not adopted ASU 2016-13, the unaccreted portion of other-than-temporary impairment losses on available-for-sale and held-to-maturity debt securities that was not recognized in earnings in accordance with ASC Topic 320, plus the accumulated amount of subsequent decreases (if not other-than-temporary impairment losses) or increases in the fair value of available-for-sale debt securities previously written down as other-than-temporarily impaired.
- (b) For institutions that have adopted ASU 2016-13, the unaccreted portion of unrealized losses on available-for-sale and held-to-maturity debt securities that was not recognized in earnings in accordance with ASC Topic 320, plus the accumulated amount of subsequent increases or decreases (not attributable to credit impairment) in the fair value of available-for-sale debt securities, and increases in the fair value of available-for-sale debt securities after a write-down that resulted from the intent to sell or a more-likely-than-not requirement to sell.
- (4) Accumulated net gains (losses) on derivative instruments that are designated and qualify as cash flow hedges,² i.e., the effective portion³ of the accumulated change in fair value (gain or loss) on derivative instruments designated and qualifying as cash flow hedges in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended).
- Under ASC Topic 815, an institution that elects to apply hedge accounting must exclude from net income the effective portion of the change in fair value of a derivative designated and qualifying as a cash flow hedge and record it on the balance sheet in the accumulated other comprehensive income component of equity capital. The ineffective portion of the change in fair value of the derivative designated and qualifying as a cash flow hedge must be reported in earnings. The component of accumulated other comprehensive income associated with a transaction hedged in a cash flow hedge should be adjusted each reporting period to a balance that reflects the lesser (in absolute amounts) of:
- (a) The cumulative gain (loss) on the derivative from inception of the hedge, less
(i) amounts excluded consistent with the institution's defined risk management

² Generally, the objective of a cash flow hedge is to link a derivative to an existing recognized asset or liability or a forecasted transaction with exposure to variability in expected future cash flows, e.g., the future interest payments (receipts) on a variable-rate liability (asset) or a forecasted purchase (sale). The changes in cash flows of the derivative are expected to offset changes in cash flows of the hedged item or transaction. To achieve the matching of cash flows, ASC Topic 815 requires that the effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges initially be reported in the accumulated other comprehensive income component of equity capital and subsequently be reclassified into earnings in the same future period or periods that the hedged transaction affects earnings.

³ The effective portion of a cash flow hedge can be described as the change in fair value of the derivative that offsets the change in expected future cash flows being hedged. Refer to ASC Topic 815, for further information.

Item No. **Caption and Instructions**

26.b strategy and (ii) the derivative's gains (losses) previously reclassified from
(cont.) accumulated other comprehensive income into earnings to offset the hedged
 transaction, or

- (b) The portion of the cumulative gain (loss) on the derivative necessary to offset the cumulative change in expected future cash flows on the hedged transaction from inception of the hedge less the derivative's gains (losses) previously reclassified from accumulated other comprehensive income into earnings.

Accordingly, the amount reported in this item should reflect the sum of the adjusted balance (as described above) of the cumulative gain (loss) for each derivative designated and qualifying as a cash flow hedge. These amounts will be reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (for example, when a hedged variable-rate interest receipt on a loan is accrued or when a forecasted sale occurs).

- (5) The accumulated amounts of gains (losses), transition assets or obligations, and prior service costs or credits associated with single-employer defined benefit pension and other postretirement plans that have not yet been recognized as components of net periodic benefit cost in accordance with ASC Subtopic 715-20, Compensation-Retirement Benefits – Defined Benefit Plans-General (formerly FASB Statement No. 87, “Employers’ Accounting for Pensions”; FASB Statement No. 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions”; and FASB Statement No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans”).
- (6) For institutions that have adopted FASB [Accounting Standards Update No. 2016-01](#) on recognition and measurement of financial assets and financial liabilities, the accumulated amount of net gains (losses) resulting from changes in fair value attributable to instrument-specific credit risk (“own credit risk”) of liabilities for which the fair value option for financial instruments has been elected.

26.c **Other equity capital components.** Report in this item as a negative amount the carrying value of any treasury stock and any unearned Employee Stock Ownership Plan (ESOP) shares, which under generally accepted accounting principles are reported in a contra-equity account on the balance sheet. For further information, see the Glossary entry for “treasury stock” and ASC Subtopic 718-40, Compensation-Stock Compensation – Employee Stock Ownership Plans (formerly AICPA Statement of Position 93-6, “Employers’ Accounting for Employee Stock Ownership Plans”).

Report in this item as a negative amount notes receivable that represent a capital contribution and are reported as a deduction from equity capital in accordance with ASC Subtopic 505-10, Equity – Overall (formerly EITF Issue No. 85-1, “Classifying Notes Received for Capital Stock”) and SEC Staff Accounting Bulletin No. 107 (Topic 4.E., Receivables from Sale of Stock, in the Codification of Staff Accounting Bulletins). Also report in this item as a negative amount accrued interest receivable on such notes receivable that are reported as a deduction from equity capital in accordance with ASC Subtopic 505-10. Interest income accrued on such notes receivable should not be reported as interest income in Schedule RI, but as additional paid-in-capital in Schedule RC, item 23 or 25, as appropriate. For further information, see the Glossary entry for “capital contributions of cash and notes receivable” and ASC Subtopic 505-10.

27.a **Total bank equity capital.** Report the sum of items 23 through 26.c. This item must equal Report of Income Schedule RI-A, item 12, “Total bank equity capital end of current period.”

Item No. Caption and Instructions

2 Include, among others, debt securities (but not mortgage-backed securities) of the following
(cont.) U.S. Government agencies:

- (1) Export-Import Bank (Ex-Im Bank)
- (2) Federal Housing Administration (FHA)
- (3) Government National Mortgage Association (GNMA)
- (4) Maritime Administration
- (5) Small Business Administration (SBA)

Include such obligations as:

- (1) Small Business Administration (SBA) "Guaranteed Loan Pool Certificates," which represent an undivided interest in a pool of SBA-guaranteed portions of loans for which the SBA has further guaranteed the timely payment of scheduled principal and interest payments. (Exclude SBA "Guaranteed Interest Certificates," which represent a beneficial interest in the entire SBA-guaranteed portion of an individual loan. SBA "Guaranteed Interest Certificates" should be reported as loans in Schedule RC-C, Part I, or, if held for trading, in Schedule RC, item 5.)
- (2) Participation certificates issued by the Export-Import Bank and the General Services Administration.

Include, among others, debt securities and mortgage-backed bonds (i.e., bonds that are collateralized by mortgages) of the following U.S. Government-sponsored agencies:

- (1) Federal Agricultural Mortgage Corporation (Farmer Mac)
- (2) Federal Farm Credit Banks
- (3) Federal Home Loan Banks (FHLBs)
- (4) Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- (5) Federal Land Banks (FLBs)
- (6) Federal National Mortgage Association (FNMA or Fannie Mae)
- (7) Resolution Funding Corporation (REFCORP)
- (8) Student Loan Marketing Association (SLMA or Sallie Mae)
- (9) Tennessee Valley Authority (TVA)
- (10) U.S. Postal Service

Exclude from U.S. Government agency obligations:

- (1) Loans to the Export-Import Bank and to federally-sponsored lending agencies (report in "Other loans," Schedule RC-C, Part I, item 9). Refer to the Glossary entry for "federally-sponsored lending agency" for the definition of this term.
- (2) All holdings of U.S. Government-issued or -guaranteed mortgage pass-through securities (report in Schedule RC-B, item 4.a.(1) or 4.c.(1)(a), below, as appropriate).
- (3) Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by U.S. Government agencies and corporations (report in Schedule RC-B, item 4.b.(1) or 4.c.(2)(a), below, as appropriate).

Item No. Caption and Instructions

- 2**
(cont.) (4) Participations in pools of Federal Housing Administration (FHA) Title I loans, which generally consist of junior lien home improvement loans (report as loans in Schedule RC-C, generally in item 1.c.(2)(b), Loans "secured by junior liens" on 1-to-4 family residential properties).
- (5) Debt securities issued by SLM Corporation, the private-sector corporation that is the successor to the Student Loan Marketing Association (report in Schedule RC-B, item 6.a, "Other domestic debt securities," below), and securitized student loans issued by SLM Corporation (or its affiliates) (report in Schedule RC-B, item 5.a, "Asset-backed securities," below).

- 3** **Securities issued by states and political subdivisions in the U.S.** Report in the appropriate columns the amortized cost and fair value of all securities issued by states and political subdivisions in the United States not held for trading.

States and political subdivisions in the U.S., for purposes of this report, include:

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

Securities issued by states and political subdivisions in the U.S. include:

- (1) General obligations, which are securities whose principal and interest will be paid from the general tax receipts of the state or political subdivision.
- (2) Revenue obligations, which are securities whose debt service is paid solely from the revenues of the projects financed by the securities rather than from general tax funds.
- (3) Industrial development and similar obligations, which are discussed below.

Treatment of industrial development bonds (IDBs) and similar obligations. Industrial development bonds (IDBs), sometimes referred to as "industrial revenue bonds," and similar obligations are issued under the auspices of states or political subdivisions for the benefit of a private party or enterprise where that party or enterprise, rather than the government entity, is obligated to pay the principal and interest on the obligation. For purposes of these reports, all IDBs and similar obligations should be reported as securities in this item (Schedule RC-B, item 3) or as loans in Schedule RC-C, Part I, item 8, consistent with the asset category in which the bank reports IDBs and similar obligations on its balance sheet for other financial reporting purposes. Regardless of whether they are reported as securities in Schedule RC-B or as loans in Schedule RC-C, Part I, all IDBs and similar obligations that meet the definition of a "security" in ASC Topic 320, Investments-Debt Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities") must be measured in accordance with ASC Topic 320.

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

- 11 LESS: Any unearned income on loans reflected in items 1-9 above.** To the extent possible, the preferred treatment is to report the specific loan categories net of both unearned income and net unamortized loan fees. A reporting bank should enter unearned income and net unamortized loan fees only to the extent that these amounts are included in (i.e., not deducted from) the various loan items of this schedule (Schedule RC-C, Part I, items 1 through 9). If a bank reports each loan item of this schedule net of both unearned income and net unamortized loan fees, enter a zero in this item.

Do not include net unamortized direct loan origination costs in this item; such costs must be added to the related loan balances reported in Schedule RC-C, Part I, items 1 through 9. In addition, do not include unearned income on lease financing receivables in this item. Leases should be reported net of unearned income in Schedule RC-C, Part I, item 10.

- 12 Total loans and leases held for investment and held for sale.** Report the sum of items 1.a.(1) through 10, less item 11.

The amount reported for this item must equal Schedule RC, item 4.a plus item 4.b.

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

NOTE: Schedule RC-C, Part I, Memorandum items 1.a.(1) through 1.f.(5), are to be completed semiannually in the June and December reports only. Memorandum item 1.g is to be completed quarterly.

- 1 Loans restructured in troubled debt restructurings that are in compliance with their modified terms.** Report in the appropriate subitem loans that have been restructured in troubled debt restructurings and are in compliance with their modified terms. As set forth in ASC Subtopic 310-40, Receivables – Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended by FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan"), a troubled debt restructuring is a restructuring of a loan in which a bank, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. For purposes of this Memorandum item, the concession consists of a modification of terms, such as a reduction of the loan's stated interest rate, principal, or accrued interest or an extension of the loan's maturity date at a stated interest rate lower than the current market rate for new debt with similar risk, regardless of whether the loan is secured or unsecured and regardless of whether the loan is guaranteed by the government or by others.

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

Include in the appropriate subitem all loans restructured in troubled debt restructurings as defined above that are in compliance with their modified terms, that is, restructured loans (1) on which all contractual payments of principal or interest scheduled that are due under the modified repayment terms have been paid or (2) on which contractual payments of both principal and interest scheduled under the modified repayment terms are less than 30 days past due.

Exclude from this item (1) those loans restructured in troubled debt restructurings on which under their modified repayment terms either principal or interest is 30 days or more past due and (2) those loans restructured in troubled debt restructurings that are in nonaccrual status under their modified repayment terms. Report such loans restructured in troubled debt restructurings in the category and column appropriate to the loan in Schedule RC-N, items 1 through 7, column A, B, or C, and in Schedule RC-N, Memorandum items 1.a through 1.f, column A, B, or C.

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

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

1.f (cont.) compliance with their modified terms (i.e., 10 percent of the sum of Schedule RC-C, Part I, Memorandum items 1.a through 1.e plus Memorandum item 1.f):

- Memorandum item 1.f.(1), "Loans secured by farmland";
- Memorandum item 1.f.(4)(a), Consumer "Credit cards";
- Memorandum item 1.f.(4)(b), Consumer "Automobile loans";
- Memorandum item 1.f.(4)(c), "Other" consumer loans; and
- Memorandum item 1.f.(5) "Loans to finance agricultural production and other loans to farmers," for banks with \$300 million or more in total assets and banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding five percent of total loans and leases held for investment and held for sale (Schedule RC-C, Part I, item 12).

1.g **Total loans restructured in troubled debt restructurings that are in compliance with their modified terms.** In the reports for March and September, report the total amount of loans restructured in troubled debt restructurings that are in compliance with their modified terms. In the reports for June and December, report the sum of Memorandum items 1.a.(1) through 1.f.

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

The sum of Memorandum items 2.a.(1) through 2.b.(6) plus total nonaccrual loans and leases from Schedule RC-N, item 9, column C, must equal Schedule RC-C, sum of items 1 through 10.

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

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

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

Therefore, the exact rate the loan carries at any subsequent time cannot be known at the time of origination.

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE RC-E – DEPOSIT LIABILITIES

General Instructions

A complete discussion of deposits is included in the Glossary entry entitled "deposits." That discussion addresses the following topics and types of deposits in detail:

- (1) [Federal Deposit Insurance Act definition of deposits](#);
- (2) transaction accounts;
- (3) demand deposits;
- (4) NOW accounts;
- (5) ATS accounts;
- (6) telephone or preauthorized transfer accounts;
- (7) nontransaction accounts;
- (8) savings deposits;
- (9) money market deposit accounts;
- (10) other savings deposits;
- (11) time deposits;
- (12) time certificates of deposit;
- (13) time deposits, open account;
- (14) interest-bearing deposit accounts; and
- (15) noninterest-bearing deposit accounts.

Additional discussions pertaining to deposits will also be found under separate Glossary entries for:

- (1) brokered deposits;
- (2) cash management arrangements;
- (3) dealer reserve accounts;
- (4) hypothecated deposits;
- (5) letter of credit (for letters of credit sold for cash and travelers letters of credit);
- (6) overdraft;
- (7) pass-through reserve balances; and
- (8) reciprocal balances.

NOTE: For information about the reporting of deposits for deposit insurance assessment purposes, refer to Schedule RC-O.

NOTE: For the appropriate treatment of deposits of depository institutions for which the reporting bank is serving as a pass-through agent for balances maintained to satisfy reserve balance requirements, see the Glossary entry for "pass-through reserve balances."

NOTE: For banks that elect to report deposits at fair value under a fair value option, report the fair value of those deposits in the same items and columns as similar deposits to which a fair value option has not been applied. Currently, deposits that include a demand feature (e.g., demand and savings deposits) are not eligible to be reported under a fair value election.

Definitions

The term "deposits" is defined in the Glossary and generally follows the definitions of deposits used in the Federal Deposit Insurance Act and in [Federal Reserve Regulation D](#).

Reciprocal balances between the reporting bank and other depository institutions may be reported on a net basis in accordance with generally accepted accounting principles.

The following are not reported as deposits in Schedule RC-E:

- (1) Deposits received in one office of the bank for deposit in another office of the bank.
- (2) Outstanding drafts (including advices or authorizations to charge the bank's balance in another depository institution) drawn in the regular course of business by the reporting bank on other depository institutions.
- (3) Trust funds held in the bank's own trust department that the bank keeps segregated and apart from its general assets and does not use in the conduct of its business. NOTE: Such uninvested trust funds must be reported as deposit liabilities in Schedule RC-O, item 1.
- (4) Deposits accumulated for the payment of personal loans (i.e., hypothecated deposits), which should be netted against loans in Schedule RC-C, Loans and Lease Financing Receivables.
- (5) All obligations arising from assets sold under agreements to repurchase.
- (6) Overdrafts in deposit accounts. Overdrafts are to be reported as loans in Schedule RC-C and not as negative deposits. Overdrafts in one or more transaction accounts within a group of related transaction accounts of a single type (i.e., demand deposit accounts or NOW accounts, but not a combination thereof) maintained in the same right and capacity by a customer (a single legal entity) that are established under a bona fide cash management arrangement by this customer are not to be classified as loans unless there is a net overdraft position in the group of related transaction accounts taken as a whole. For reporting and deposit insurance assessment purposes, such accounts function as, and are regarded as, one account rather than multiple separate accounts. (NOTE: Affiliates and subsidiaries are considered separate legal entities.) See the Glossary entry for "cash management arrangements" for information on bona fide cash management arrangements.
- (7) Time deposits sold (issued) by the reporting bank that it has subsequently purchased in the secondary market (typically as a result of the bank's trading activities) and has not resold as of the report date. For purposes of these reports, a bank that purchases a time deposit it has issued is regarded as having paid the time deposit prior to maturity. The effect of the transaction is that the bank has canceled a liability as opposed to having acquired an asset for its portfolio.
- (8) Cash payments received in connection with transfers of the reporting institution's other real estate owned that have been financed by the institution and do not qualify for sale accounting, which applicable accounting standards describe as a "liability," a "deposit," or a "deposit liability." Until a transfer qualifies for sale accounting, these cash payments shall be reported in Schedule RC-G, item 4, "All other liabilities." See the Glossary entry for "foreclosed assets" for further information.

The following are reported as deposits:

- (1) Deposits of trust funds standing to the credit of other banks and all trust funds held or deposited in any department of the reporting bank other than the trust department.
- (2) Credit items that could not be posted to the individual deposit accounts but that have been credited to the control accounts of the various deposit categories on the general ledger.

Memoranda

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

NOTE: Schedule RC-E, Memorandum item 1.a, is to be completed semiannually in the June and December reports only.

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

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

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

Brokered deposits include "brokered reciprocal deposits." As defined in [Section 327.8\(q\) of the FDIC's regulations](#), "brokered reciprocal deposits" are "reciprocal deposits as defined in [Section 337.6\(e\)\(2\)\(v\) of the FDIC's regulations](#) that are not excepted from an institution's brokered deposits pursuant to [Section 337.6\(e\)](#)" of the FDIC's regulations.

Limited Exception for Reciprocal Deposits

Pursuant to [Section 337.6\(e\) of the FDIC's regulations](#), and consistent with Section 202 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, an "agent institution" can except reciprocal deposits from being classified (and reported in this Memorandum item 1.b) as brokered deposits up to its applicable statutory caps, described below.

Definitions that apply to the limited exception for reciprocal deposits:

- "Agent institution" means an insured depository institution that places a covered deposit through a deposit placement network at other insured depository institutions in amounts that are less than or equal to the standard maximum deposit insurance amount, specifying the interest rate to be paid for such amounts, if the insured depository institution:
 - When most recently examined under [section 10\(d\) of the Federal Deposit Insurance Act](#) (12 U.S.C. 1820(d)) was found to have a composite condition of outstanding or good, and is well capitalized;
 - Has obtained a waiver pursuant to [Section 337.6\(c\) of the FDIC's regulations](#); or
 - Does not receive an amount of reciprocal deposits that causes the total amount of reciprocal deposits held by the agent institution to be greater than its *special cap*, described below.
- "Covered deposit" means a deposit that (i) is submitted for placement through a deposit placement network by the agent institution; and (ii) does not consist of funds that were obtained for the agent institution, directly or indirectly, by or through a deposit broker before submission for placement through a deposit placement network.
- "Deposit placement network" means a network in which an insured depository institution participates, together with other insured depository institutions, for the processing and receipt of reciprocal deposits.

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- 1.b**
(cont.)
- “Network member bank” means an insured depository institution that is a member of a deposit placement network.
 - “Reciprocal deposits” means deposits received by an agent institution through a deposit placement network with the same maturity (if any) and in the same aggregate amount as covered deposits placed by the agent institution in other network member banks.

All reciprocal deposits, whether they are brokered reciprocal deposits or not, should be reported in Schedule RC-E, Memorandum item 1.g, below.

Deposits placed and received through a “deposit placement network” that are not “covered deposits” under [Section 337.6\(b\)\(2\)\(ii\)\(e\)\(2\)\(ii\) of the FDIC’s regulations](#) must be reported as brokered deposits in this Memorandum item 1.b.

General Cap

Under the *general cap*, an agent institution may except reciprocal deposits from treatment as brokered deposits up to the lesser of \$5 billion or an amount equal to 20 percent of the agent institution’s total liabilities. An agent institution that holds reciprocal deposits in excess of the *general cap* should report such excess deposits as brokered deposits in this Memorandum item 1.b (and as brokered reciprocal deposits in Schedule RC-O, item 9, and, if applicable, item 9.a), and include such excess deposits as part of its total reciprocal deposits in Schedule RC-E, Memorandum item 1.g,

Special Cap

A *special cap* applies if the institution is either not well rated or not well capitalized.¹ The special cap is defined as:

“the average amount of reciprocal deposits held by the agent institution on the last day of each of the 4 calendar quarters preceding the calendar quarter in which the agent institution was found not to have a composite condition of outstanding or good or was determined to be not well capitalized.”

In no event, however, can an institution’s non-brokered reciprocal deposits exceed the *general cap*.

An institution that is not well rated or not well capitalized may qualify as an “agent institution” if:

- (1) The amount of reciprocal deposits that the institution holds as of the first reporting period of being subject to the special cap is below or equal to the special cap and, in any reporting period that it remains subject to the special cap, it does not subsequently receive reciprocal deposits that cause the total amount of reciprocal deposits to exceed the special cap; OR
- (2) The amount of reciprocal deposits that it holds as of the first quarter of being subject to the special cap is above the special cap, if such deposits were received before the institution became subject to the special cap and, in any reporting period that it remains

¹ See generally, [12 CFR Part 324, Subpart H](#) (FDIC); [12 CFR Part 208, Subpart D](#) (Federal Reserve Board); [12 CFR Part 6](#) (OCC). [12 U.S.C. 1831o](#). “Well capitalized” is defined in [12 CFR 337.6\(a\)\(3\)\(i\)](#).

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1.b subject to the special cap, it does not subsequently receive reciprocal deposits that cause
(cont.) the total amount of reciprocal deposits to exceed the special cap and the institution
 satisfies all other qualifications necessary to be an agent institution.

If an institution, subject to the *special cap*, receives reciprocal deposits that cause its total reciprocal deposits to be greater than the *special cap*, the institution will no longer meet the definition of "agent institution" and all of its reciprocal deposits should be reported as brokered deposits in this Memorandum item 1.b (and as brokered reciprocal deposits in Schedule RC-O, item 9, and, if applicable, item 9.a) and as total reciprocal deposits in Schedule RC-E, Memorandum item 1.g.

An institution shall consider the effective date of a CAMELS composite rating to be the date of written notification to the institution by its primary federal regulator, or state authority, of its supervisory rating.

An institution that is not well capitalized or that has composite supervisory rating of other than outstanding (CAMELS "1") or good (CAMELS "2") as of the quarter-end date of the Call Report for which the institution is filing shall calculate the special cap by:

- (1) Determining the most recent calendar quarter in which the institution was both well capitalized and had a composite CAMELS rating of "1" or "2" at quarter-end.
- (2) Calculating the average of the total amount of reciprocal deposits held by the institution on the last day of the calendar quarter determined above (in the preceding step) and on each of the three preceding calendar quarters.

To illustrate how an institution should calculate the special cap, consider the examples after the instructions to Schedule RC-E, Memorandum item 7.

1.c **Brokered deposits of \$250,000 or less (fully insured brokered deposits).** Report in this item all fully insured brokered deposits (as defined in the Glossary entry for "brokered deposits") included in Schedule RC-E, Memorandum item 1.b, above. Include brokered deposits with balances of \$250,000 or less and time deposits issued to deposit brokers in the form of certificates of deposit of more than \$250,000 that have been participated out by the broker in shares with balances of \$250,000 or less.

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

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1.c the amounts in the transaction account or MMDA may be rebuttably presumed to be fully
(cont.) insured brokered deposits and should be reported in this item.

The dollar amount used as the basis for reporting fully insured brokered deposits in this Memorandum item reflects the deposit insurance limit in effect on the report date. At present, this limit is \$250,000.

1.d **Maturity data for brokered deposits.** Report in the appropriate subitem the indicated maturity data for brokered deposits (as defined in the Glossary entry for "brokered deposits") included in Schedule RC-E, Memorandum item 1.b, above.

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

1.d.(2) Not applicable.

1.d.(3) **Brokered deposits of more than \$250,000 with a remaining maturity of one year or less.**
Report in this item those brokered time deposits with balances of more than \$250,000 reported in Schedule RC-E, Memorandum item 1.b, above that have a remaining maturity of one year or less. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. Also report in this item all brokered demand and savings deposits with balances of more than \$250,000 that were reported in Schedule RC-E, Memorandum item 1.b, above.

1.e **Preferred deposits.** (This item is to be reported for the December 31 report only.)
Report in this item all deposits of states and political subdivisions in the U.S. included in Schedule RC-E, item 3, columns A and C above, which are secured or collateralized as required under state law. Exclude deposits of the U.S. Government which are secured or collateralized as required under federal law. Also exclude deposits of trust funds which are secured or collateralized as required under state law unless the beneficiary is a state or political subdivision in the U.S. The amount reported in this memorandum item must be less than the sum of Schedule RC-E, item 3, column A, and item 3, column C, above.

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

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

- the bank's fixed rate time deposits of \$250,000 or less with remaining maturities of over one year through three years, and
- the bank's floating rate time deposits of \$250,000 or less with the next repricing date occurring in over one year through three years.

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

- the bank's fixed rate time deposits of \$250,000 or less with remaining maturities of over three years, and
- the bank's floating rate time deposits of \$250,000 or less with the next repricing date occurring in over three years.

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

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

4 Maturity and repricing data for time deposits of more than \$250,000. Report in the appropriate subitem maturity and repricing data for the bank's time deposits of more than \$250,000, i.e., the bank's time certificates of deposit of more than \$250,000 and the bank's open-account time deposits of more than \$250,000. The time deposits included in this item will have been reported in Schedule RC-E, Memorandum item 2.d, above. Therefore, the sum of the amounts reported in Schedule RC-E, Memorandum items 4.a.(1) through 4.a.(4) must equal Schedule RC-E, Memorandum item 2.d, above. Refer to the definitions and other instructions about time deposits in Schedule RC-E, Memorandum item 3, above.

4.a Time deposits of more than \$250,000 with a remaining maturity or next repricing date of. Report the dollar amount of the bank's fixed rate time deposits of more than \$250,000 in the appropriate subitems according to the amount of time remaining to their final contractual maturities. Report the dollar amount of the bank's floating rate time deposits of more than \$250,000 in the appropriate subitems according to their next repricing dates.

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

- the bank's fixed rate time deposits of more than \$250,000 with remaining maturities of three months or less, and
- the bank's floating rate time deposits of more than \$250,000 with the next repricing date occurring in three months or less.

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

- the bank's fixed rate time deposits of more than \$250,000 with remaining maturities of over three months through 12 months, and
- the bank's floating rate time deposits of more than \$250,000 with the next repricing date occurring in over three months through 12 months.

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

- the bank's fixed rate time deposits of more than \$250,000 with remaining maturities of over one year through three years, and
- the bank's floating rate time deposits of more than \$250,000 with the next repricing date occurring in over one year through three years.

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

- the bank's fixed rate time deposits of more than \$250,000 with remaining maturities of over three years, and
- the bank's floating rate time deposits of more than \$250,000 with the next repricing date occurring in over three years.

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

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

NOTE: Schedule RC-E, Memorandum item 5, is to be completed semiannually in the June and December reports only.

5 Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use? Indicate in the boxes marked "Yes" and "No" whether your institution offers one or more transaction account or nontransaction savings account deposit products intended, marketed, or presented to the public primarily for consumer use, i.e., deposit products offered primarily to individuals for personal, household, and family use. For purposes of this item, consumer deposit account products exclude (1) time deposits, (2) certified and official checks, and (3) pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing. Consumer deposit account products also exclude Health Savings Accounts, Medical Savings Accounts, and Coverdell Education Savings Accounts when such accounts are offered in the form of pooled funds and commercial products.

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(cont.) Your institution should answer “Yes” if it offers one or more transaction account or nontransaction savings account deposit products intended primarily for consumer use even if it also offers other transaction account or nontransaction savings account deposit products intended for use by a broad range of depositors (which may include individuals) rather than being intended, marketed, or presented to the public primarily for individuals for consumer use and regardless of whether the products intended, marketed, or presented to the public primarily for consumer use carry the same terms as other deposit products intended for use by a broad range of depositors (which may include individuals).

Your institution should answer “No” if all of the transaction account and nontransaction savings account deposit products it offers are intended for use by a broad range of depositors (which may include individuals) or by non-consumer depositors and none of these products is intended, marketed, or presented to the public primarily for individuals for personal, household, or family use.

Transaction accounts include demand deposits, negotiable order of withdrawal (NOW) accounts, automatic transfer service (ATS) accounts, and telephone and preauthorized transfer accounts. Nontransaction savings accounts include money market deposit accounts (MMDAs) and other savings deposits. For the definitions of these types of accounts, see the Glossary entry for “deposits.”

NOTE: Memorandum items 6 and 7 are to be completed annually in the December report only by institutions with \$1 billion or more in total assets¹ that answered “Yes” to Schedule RC-E, Memorandum item 5, above.

6 and 7 **General Instructions for Consumer Deposit Account Balances** – Once a customer has opened a deposit account with the reporting institution that is a deposit product intended primarily for individuals for personal, household, or family use, the institution is not required thereafter to review the customer’s status or usage of the account to determine whether the transaction account is being used for personal, household, or family purposes. Thus, when reporting the amount of consumer deposit account balances in Memorandum items 6 and 7 of Schedule RC-E, the reporting institution is not required to identify those individual accounts within the population of a particular consumer deposit account product that are not being used for personal, household, or family purposes and remove the balances of these accounts from the total amount of deposit balances held in that consumer deposit account product.

An institution may have established a retail sweep arrangement for a transaction account deposit product that is offered primarily to individuals for personal, household, and family use. Under the sweep arrangement, the institution transfers funds between a customer’s transaction account and that customer’s nontransaction account. The “Reporting of Retail Sweep Arrangements Affecting Transaction and Nontransaction Accounts” section of the Glossary entry for “deposits” identifies three criteria that must be met in order for a retail sweep program to comply with the Federal Reserve Regulation D definitions of “transaction account” and nontransaction “savings account.” The retail sweeps section of that Glossary entry further provides that if all three criteria are met, an institution must report the transaction account and nontransaction account components of a retail sweep program separately when

¹ In general, the determination as to whether an institution has \$1 billion or more in total assets is measured as of June 30 of the previous calendar year. See pages 6a and 7 of the General Instructions for guidance on shifts in reporting status.

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(cont.) it reports its quarter-end deposit information in Schedule RC-E and certain other schedules. Thus, this separate reporting of the two components of a retail sweep program applies to the reporting of consumer deposit account balances in Memorandum items 6 and 7 of Schedule RC-E.

6 **Components of total transaction account deposits of individuals, partnerships, and corporations.** Report in the appropriate subitem the specified component of total transaction account deposits of individuals, partnerships, and corporations. The sum of Memorandum items 6.a and 6.b plus the total deposits in all other transaction account deposits of individuals, partnerships, and corporations must equal Schedule RC-E, item 1, column A, above.

If an institution offers one or more transaction account deposit products intended, marketed, or presented to the public primarily for individuals for personal, household, or family use, but has other transaction account deposit products intended for a broad range of depositors (which may include individuals who would use the product for personal, household, or family use), the institution should exclude the entire amount of these latter transaction account deposit products from Memorandum items 6.a and 6.b. For example, if an institution has a single negotiable order of withdrawal (NOW) account deposit product that it offers to all depositors eligible to hold such accounts, including individuals, sole proprietorships, certain nonprofit organizations, and certain government units, the institution would exclude the entire amount of its NOW accounts from Memorandum items 6.a and 6.b. The institution should not identify the NOW accounts held by individuals for personal, household, or family use and report the amount of these accounts in Memorandum item 6.b, above.

6.a **Total deposits in those noninterest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use.** Report the amount of deposits reported in Schedule RC-E, item 1, column A, held in noninterest-bearing *transaction* accounts intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. Exclude certified and official checks as well as pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

6.b **Total deposits in those interest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use.** Report the amount of deposits reported in Schedule RC-E, item 1, column A, held in interest-bearing *transaction* accounts intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. Exclude pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.

7 **Components of total nontransaction savings account deposits of individuals, partnerships, and corporations.** Report in the appropriate subitem the specified component of total nontransaction savings account deposits of individuals, partnerships, and corporations. Exclude all time deposits of individuals, partnerships, and corporations reported in Schedule RC-E, item 1, column C. The sum of Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2) plus all time deposits of individuals, partnerships, and corporations must equal Schedule RC-E, item 1, column C, above.

If an institution offers one or more nontransaction savings account deposit products intended, marketed, or presented to the public primarily for individuals for personal, household, or

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(cont.) family use, but has other nontransaction savings account deposit products intended for a broad range of depositors (which may include individuals who would use the product for personal, household, or family use), the institution should report the entire amount of these latter nontransaction savings account deposit products in Memorandum item 7.a.(2) or 7.b.(2), as appropriate.
- 7.a** **Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations.** Report in the appropriate subitem the specified component of MMDA deposits of individuals, partnerships, and corporations reported in Schedule RC-E, item 1, column C, above. The sum of Memorandum items 7.a.(1) and 7.a.(2) must be less than or equal to Schedule RC-E, Memorandum item 2.a.(1), above.
- 7.a.(1)** **Total deposits in those MMDA deposit products intended primarily for individuals for personal, household, or family use.** Report the amount of deposits reported in Schedule RC-E, item 1, column C, held in MMDAs intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. Exclude MMDAs in the form of pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.
- 7.a.(2)** **Deposits in all other MMDAs of individuals, partnerships, and corporations.** Report the amount of all other MMDA deposits of individuals, partnerships, and corporations included in Schedule RC-E, item 1, column C, that were not reported in Memorandum item 7.a.(1).
- 7.b** **Other savings deposit accounts of individuals, partnerships, and corporations.** Report in the appropriate subitem the specified component of other savings deposits of individuals, partnerships, and corporations reported in Schedule RC-E, item 1, column C, above. The sum of Memorandum items 7.b.(1) and 7.b.(2) must be less than or equal to Schedule RC-E, Memorandum item 2.a.(2), above.
- 7.b.(1)** **Total deposits in those other savings deposit account deposit products intended primarily for individuals for personal, household, or family use.** Report the amount of deposits reported in Schedule RC-E, item 1, column C, held in other savings deposit accounts intended, marketed, or presented to the public primarily for individuals for personal, household, or family use. Exclude other savings deposit accounts in the form of pooled funds and commercial products with sub-account structures, such as escrow accounts, that are held for individuals but not eligible for consumer transacting, saving, or investing.
- 7.b.(2)** **Deposits in all other savings deposit accounts of individuals, partnerships, and corporations.** Report the amount of all other savings deposits of individuals, partnerships, and corporations included in Schedule RC-E, item 1, column C, that were not reported in Memorandum item 7.b.(1).

Examples – Calculating the Special Cap

(Note: Amounts shown are in thousands of dollars.)

Example 1 – Well capitalized but not well rated

As of March 31, 2019, an institution has \$9,000,000 in liabilities and \$180,000 in total reciprocal deposits, is well capitalized (and has been well capitalized in every quarter for 10 years), but has a composite supervisory rating of “3”. Therefore, the institution is subject to the special cap.

- (1) Determine the most recent calendar quarter in which the institution was both well capitalized and had a composite CAMELS rating of “1” or “2” at quarter-end.

The effective date of the composite CAMELS rating of not “1” or “2” was March 15, 2018, the day the institution was notified in writing of a downgrade from CAMELS “2” to CAMELS “3”. Thus, December 31, 2017, represents the most recent quarter-end that the bank was rated CAMELS “1” or “2” and was well capitalized

- (2) Calculate the average of the total amount of reciprocal deposits held by the institution on the last day of the calendar quarter determined above (in the preceding bullet) and on each of the three preceding calendar quarters.

To calculate the special cap, the institution must calculate the average amount of total reciprocal deposits that it held as of the end of the four quarters ending December 31, 2017, September 30, 2017, June 30, 2017, and March 31, 2017. In this example, the institution received reciprocal deposits as follows for the last quarter in which it was well capitalized and had a composite CAMELS rating of “1” or “2”, and for the three prior quarters:

• December 31, 2017	= \$180,000
• September 30, 2017	= \$300,000
• June 30, 2017	= \$300,000
• March 31, 2017	= \$350,000
• Average for the four quarters	= <u>\$282,500</u>

The special cap would be \$282,500 and the general cap would be \$1,800,000 (the lesser of \$5,000,000 or \$9,000,000 multiplied by 20 percent). In this example, assuming that the institution satisfies all other qualifications necessary to be an agent institution, the institution would meet the definition of an “agent institution.”

For its March 31, 2019, Call Report, the institution would report \$180,000 in total reciprocal deposits in Schedule RC-E, Memorandum item 1.g. Because the institution holds total reciprocal deposits that are below its special cap, it would not have to report any reciprocal deposits as brokered reciprocal deposits in Schedule RC-O, items 9 and 9.a, and would not have to include the reciprocal deposits in its brokered deposits in Schedule RC-E, Memorandum items 1.b, 1.c, and 1.d.

If the institution receives reciprocal deposits that cause its total reciprocal deposits to be greater than \$282,500, it would no longer meet the definition of “agent institution” and all of the institution’s reciprocal deposits would need to be reported as brokered reciprocal deposits in Schedule RC-O, item 9 (and, if applicable, item 9.a), and as total reciprocal deposits in Schedule RC-E, Memorandum item 1.g, and they also would need to be included as part of the institution’s brokered deposits in Schedule RC-E, Memorandum item 1.b (and, if applicable, in Memorandum items 1.c and 1.d).

Examples – Calculating the Special Cap (cont.)

Example 2 – Well rated but not well capitalized

As of March 31, 2019, an institution has \$5,000,000 in liabilities and \$80,000 in total reciprocal deposits, has a composite CAMELS rating of “2” (and has been “2”-rated in every quarter for 5 years), but is not well capitalized, and has not received a waiver to accept brokered deposits. Therefore, the institution is subject to the special cap.

- (1) Determine the most recent calendar quarter in which the institution was both well capitalized and had a composite CAMELS rating of “1” or “2” at quarter-end.

The bank was last well capitalized as of its September 30, 2017, Call Report. Thus, September 30, 2017, represents the most recent quarter-end that the bank was well capitalized and rated CAMELS “1” or “2”.

- (2) Calculate the average of the total amount of reciprocal deposits held by the institution on the last day of the calendar quarter determined above (in the preceding bullet) and on each of the three preceding calendar quarters.

To calculate the special cap, the institution must calculate the average amount of total reciprocal deposits that it held as of the end of the four quarters ending September 30, 2017, June 30, 2017, March 31, 2017, and December 31, 2016. In the example, the institution held reciprocal deposits as follows for the last quarter in which it was well-capitalized and had a composite CAMELS rating of “1” or “2”, and for the three prior quarters:

• September 30, 2017	= \$100,000
• June 30, 2017	= \$150,000
• March 31, 2017	= \$100,000
• December 31, 2016	= \$0
• Average for the four quarters	= <u>\$87,500</u>

The special cap would be \$87,500 and the general cap would be \$1,000,000 (the lesser of \$5,000,000 or \$5,000,000 multiplied by 20 percent). In this example, assuming that the institution satisfies all other qualifications necessary to be an agent institution, the institution would meet the definition of an “agent institution.”

For its March 31, 2019, Call Report, the institution would report \$80,000 in total reciprocal deposits in Schedule RC-E, Memorandum item 1.g. Because the institution holds total reciprocal deposits that are below its special cap, it would not have to report any reciprocal deposits as brokered reciprocal deposits in Schedule RC-O, items 9 and 9.a, and would not have to include the reciprocal deposits in its brokered deposits in Schedule RC-E, Memorandum items 1.b, 1.c, and 1.d.

The institution may not receive reciprocal deposits that cause its total reciprocal deposits to be greater than \$87,500. Doing so would prevent the institution from meeting the definition of “agent institution” and, as a consequence, all of its reciprocal deposits then would need to be reported as brokered reciprocal deposits in Schedule RC-O, item 9 (and, if applicable, item 9.a), and as total reciprocal deposits in Schedule RC-E, Memorandum item 1.g, and they also would need to be included as part of its brokered deposits in Schedule RC-E, Memorandum item 1.b (and, if applicable, in Memorandum items 1.c and 1.d).¹

¹ Under Section 29 of the Federal Deposit Insurance Act, an insured depository institution that is less than well capitalized is restricted from accepting deposits by or through a deposit broker. The FDIC may waive this restriction if the insured depository institution is adequately capitalized; however, the restriction cannot be waived if the institution is undercapitalized.

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

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

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

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

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

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

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

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

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

NOTE: Schedule RC-M, items 6 and 7, are to be completed annually in the December report only.

6 Does the reporting bank sell private label or third party mutual funds and annuities?

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

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

Otherwise, place an “X” in the box marked “NO”.

Mutual fund is the common name for an open-end investment company whose shares are sold to the investing public. An annuity is an investment product, typically underwritten by an

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

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

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

If neither the bank nor any subsidiary of the bank acts as investment adviser for a mutual fund or annuity, the bank should report a zero in this item.

NOTE: Schedule RC-M, items 8.a, 8.b, and 8.c, are to be completed semiannually in the June and December reports only. If an institution has any changes in its Internet website addresses or physical office trade names in the first or third calendar quarter, the institution may, at its option, report its website addresses or physical office trade names in the March or September report, respectively, rather than waiting to report this information in the June or December report.

8 **Internet website addresses and physical office trade names.** Because the Uniform Resource Locators (URLs) of Internet websites and the physical office trade names reported in items 8.a, 8.b, and 8.c are publicly available, each institution should ensure that it accurately reports its URLs and physical office trade names, if any. This information will assist the FDIC in responding to public inquiries as to whether a particular Internet website or institution operating under a trade name that accepts or solicits deposits from the public is in fact operated by an FDIC-insured depository institution. URLs of Internet websites and physical office trade names should not exceed 75 characters in length.

Examples of URLs are www.bank.com, www.isp.com/bank/, and bank.isp.com. When entering the URL of an Internet website in items 8.a and 8.b, the URL should not be prefaced with http:// because this is already included on the form. Do not provide e-mail addresses in the spaces for URLs of Internet websites.

8.a **Uniform Resource Locator (URL) of the reporting institution's primary Internet website (home page), if any.** The URL of an institution's primary Internet website is the URL of the public-facing website that the institution's customers or potential customers enter into Internet browser software in order to find the first page of the institution's principal website.

If the reporting institution has a primary Internet website or home page, report in this item the URL of this website or home page (e.g., www.examplebank.com). If the reporting institution does not have its own website or home page, but information on or functions of the institution can be accessed through the URL of an affiliate's website, the URL of that affiliate's primary website should be reported in this item.

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8.a
(cont.) An institution that maintains more than one website that prominently displays the institution's legal title should report the URL of the institution's primary Internet website in this item and determine whether it should report the URLs of these other websites in Schedule RC-M, item 8.b, below.

If an institution has no website or home page of its own and the institution cannot be accessed through the URL of an affiliate's website, this item should be left blank.

8.b **URLs of all other public-facing Internet websites that the reporting institution uses to accept or solicit deposits from the public, if any.** If the reporting institution:

- (1) Uses one or more trade names (other than its legal title) to accept or solicit deposits from the public, and directly or indirectly operates one or more public-facing Internet websites – other than its primary Internet website (home page) reported in Schedule RC-M, item 8.a, above – to present such trade names to the public, or
- (2) Uses any other public-facing Internet websites prominently displaying the institution's legal title – other than its primary Internet website (home page) – to accept or solicit deposits from the public,

the institution should report the URLs of each of its other public-facing websites that it uses to accept or solicit deposits from the public in the text fields for items 8.b.(1) through 8.b.(10) and, if necessary, in Schedule RI-E, item 7, "Other explanations."

When reporting the URLs for public-facing websites 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 website is www.xyzbank.com. The institution also solicits deposits using the website 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 website 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 website or to another website 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 website) and "www.safeandsoundbank.com" (reported in this item as the URL of another website 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 websites operated by the reporting institution that do not accept or solicit deposits from the public. For example, if XYZ Bank uses the website address "www.xyzauto loans.com" but does not accept or solicit deposits through this site, its URL should not be reported in this item;

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- 8.b** (2) Internet websites of any non-bank affiliates or subsidiaries that do not accept or solicit
(cont.) 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 public 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 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.

NOTE: Schedule RC-M, item 9, is to be completed annually in the December report only.

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

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

- 10** **Secured liabilities.** Report in the appropriate subitem the carrying amount of federal funds purchased 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.

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NOTE: Schedule RC-N, Memorandum items 1.a.(1) through 1.f.(5), are to be completed semiannually in the June and December reports only. Memorandum item 1.g is to be completed quarterly.

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

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1.e Commercial and industrial loans. Report all commercial and industrial loans included in item 4 of this schedule that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

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

- (1) Loans secured by farmland included in Schedule RC-N, item 1.b;
- (2) Loans to depository institutions and acceptances of other banks included in Schedule RC-N, item 2;
- (3) Consumer credit cards included in Schedule RC-N, item 5.a;
- (4) Consumer automobile loans included in Schedule RC-N, item 5.b;
- (5) Other consumer loans included in Schedule RC-N, items 5.c; and
- (6) All other loans included in Schedule RC-N, item 7, including:
 - (a) loans to finance agricultural production and other loans to farmers included in Schedule RC-C, Part I, item 3;
 - (b) obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule RC-C, Part I, item 8;
 - (c) loans to nondepository financial institutions included in Schedule RC-C, Part I, item 9.a; and
 - (d) other loans included in Schedule RC-C, Part I, item 9.b.

For loans in the following loan categories within "All other loans" that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date, report the amount of such restructured loans in the appropriate subitem of Schedule RC-N, Memorandum item 1.f, if the dollar amount of such restructured loans in that loan category exceeds 10 percent of total loans restructured in troubled debt restructurings that are in compliance with their modified terms (i.e., 10 percent of the sum of Schedule RC-N, Memorandum items 1.a through 1.f):

- Memorandum item 1.f.(1), "Loans secured by farmland";
- Memorandum item 1.f.(4)(a), Consumer "Credit cards";
- Memorandum item 1.f.(4)(b), Consumer "Automobile loans";
- Memorandum item 1.f.(4)(c), "Other" consumer loans; and
- Memorandum item 1.f.(5), "Loans to finance agricultural production and other loans to farmers," for banks with \$300 million or more in total assets and banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding five percent of total loans and leases held for investment and held for sale (Schedule RC-C, Part I, item 12).

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- 1.g Total loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above.** In the reports for March and September, report in columns A, B, and C the total amount of loans restructured in troubled debt restructurings that are included in Schedule RC-N, items 1 through 7, columns A, B, and C, above, respectively. In the reports for June and December, for columns A through C, report the sum of Memorandum items 1.a.(1) through 1.f. Exclude amounts reported in Memorandum items 1.f.(1) through 1.f.(5) when calculating the total in this Memorandum item 1.g.
- 2 Loans to finance commercial real estate, construction, and land development activities included in Schedule RC-N, items 4 and 7, above.** Report in the appropriate column the amount of loans to finance commercial real estate, construction, and land development activities ***not secured by real estate*** included in Schedule RC-C, part I, Memorandum item 3, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in items 4 and 7 of Schedule RC-N above. Exclude from this item all loans secured by real estate included in item 1 of Schedule RC-N above.
- 3 Not applicable.**

NOTE: Memorandum item 4 is to be completed by:

- banks with \$300 million or more in total assets, and
- banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers, as defined for Schedule RC-C, Part I, item 3, exceeding five percent of total loans and leases held for investment and held for sale (Schedule RC-C, Part I, item 12).

- 4 Loans to finance agricultural production and other loans to farmers.** Report in the appropriate column the amount of all loans to finance agricultural production and other loans to farmers included in Schedule RC-C, Part I, item 3, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, item 7, above.

NOTE: Memorandum item 5 is to be completed semiannually in the June and December reports only.

- 5 Loans and leases held for sale.** Report in the appropriate column the carrying amount of all loans and leases classified as held for sale included in Schedule RC, item 4.a, whether measured at the lower of cost or fair value or at fair value under a fair value option, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan and lease categories in items 1 through 8 of Schedule RC-N above and would, therefore, exclude any loans classified as trading assets and included in Schedule RC, item 5.
- 6 Not applicable.**

NOTE: Memorandum items 7 and 8 are to be reported semiannually in the June and December reports only.

- 7 Additions to nonaccrual assets during the previous six months.** Report the aggregate amount of all loans, leases, debt securities, and other assets (net of unearned income) that have been placed in nonaccrual status during the six months ending on the semiannual (i.e., June 30 or December 31) report date for this item. Include those assets placed in nonaccrual status during this six month period that are included as of the current report date in Schedule RC-N, column C, items 1 through 8 and 10. Also include those assets placed in

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(cont.) nonaccrual status during this six month period that, before the current semiannual report date for this item, have been sold, paid off, charged-off, settled through foreclosure or concession of collateral (or any other disposition of the nonaccrual asset) or have been returned to accrual status. In other words, the aggregate amount of assets placed in nonaccrual status since the prior semiannual report date that should be reported in this item should not be reduced, for example, by any charge-offs or sales of such nonaccrual assets. If a given asset status more than once during the six month period ending on the current semiannual report date, report the amount of the asset only once.

8 **Nonaccrual assets sold during the previous six months.** Report the total of the outstanding balances of all loans, leases, debt securities, and other assets held in nonaccrual status (i.e., reportable in Schedule RC-N, column C, items 1 through 8 and 10) that were sold during the six months ending on the semiannual (i.e., June 30 or December 31) report date for this item. The amount to be included in this item is the outstanding balance (net of unearned income) of each nonaccrual asset at the time of its sale. Do not report the sales price of the nonaccrual assets and do not include any gains or losses from the sale. For purposes of this item, only include those transfers of nonaccrual assets that meet the criteria for a sale as set forth in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended). For further information, see the Glossary entry for "transfers of financial assets."

NOTE: Memorandum items 9.a and 9.b are to be completed semiannually in the June and December reports only by institutions that have not adopted ASU 2016-13. Institutions that have adopted ASU 2016-13 should leave Memorandum items 9.a and 9.b blank.

9 **Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).** Report in the appropriate subitem and column the outstanding balance and amount of "purchased credit-impaired loans" reported as held for investment in Schedule RC-C, Part I, Memorandum items 7.a and 7.b, respectively, that are past due 30 days or more or are in nonaccrual status as of the report date. The amount of such loans will have been included by loan category in items 1 through 7 of Schedule RC-N, above. Purchased credit-impaired loans are accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"). Purchased credit-impaired loans are loans that an institution has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the institution will be unable to collect all contractually required payments receivable. Loans held for investment are those that the institution has the intent and ability to hold for the foreseeable future or until maturity or payoff.

For guidance on determining the delinquency and nonaccrual status of purchased credit-impaired loans accounted for individually and purchased credit-impaired loans with common risk characteristics that are aggregated and accounted for as a pool, refer to the "Definitions" section of the Schedule RC-N instructions and the Glossary entry for "purchased credit-impaired loans and debt securities."

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- 9.a** **Outstanding balance.** Report in the appropriate column the outstanding balance of all purchased credit-impaired loans reported as held for investment in Schedule RC-C, Part I, Memorandum item 7.a, that are past due 30 days or more or are in nonaccrual status as of the report date. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the institution at the report date, whether or not currently due and whether or not any such amounts have been charged off by the institution. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.
- 9.b** **Amount included in Schedule RC-N, items 1 through 7, above.** Report in the appropriate column the amount of all purchased credit-impaired loans reported as held for investment in Schedule RC-C, Part I, Memorandum item 7.b, that are past due 30 days or more or are in nonaccrual status as of the report date.

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SCHEDULE RC-O – OTHER DATA FOR DEPOSIT INSURANCE ASSESSMENTS

General Instructions

Each FDIC-insured depository institution that files the FFIEC 051 must complete Schedule RC-O each quarter on an “unconsolidated single FDIC certificate number basis,” unless otherwise indicated below.

Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When one FDIC-insured institution that files the FFIEC 051 owns another FDIC-insured institution as a subsidiary, the parent institution should complete items 1 through 11 (except item 9.a) and Memorandum items 1, 2 (if applicable), and 3 of Schedule RC-O by accounting for the insured institution subsidiary under the equity method of accounting instead of consolidating it, i.e., on an “unconsolidated single FDIC certificate number basis.” Thus, each FDIC-insured institution should report only its own amounts in items 1 through 11 (except item 9.a) and Memorandum items 1, 2 (if applicable), and 3 of Schedule RC-O under its own FDIC certificate number without eliminating the parent and subsidiary institutions’ intercompany balances. (However, an FDIC-insured institution that owns another FDIC-insured institution should complete item 9.a by consolidating its subsidiary institution.) In contrast, when an FDIC-insured institution has entities other than FDIC-insured institutions that must be consolidated for purposes of Schedule RC, Balance Sheet, the parent institution should complete items 1 through 11 and Memorandum items 1, 2 (if applicable), and 3 of Schedule RC-O on a consolidated basis with respect to these other entities.

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- 1** **Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations.** Report on an unconsolidated single FDIC certificate number basis the gross total deposit liabilities as of the calendar quarter-end report date that meet the statutory definition of deposits in [Section 3\(l\) of the Federal Deposit Insurance Act](#) before deducting allowable exclusions from total deposits. An institution’s gross total deposit liabilities are the combination of:
- All deposits reported in Schedule RC, item 13.a;
 - Interest accrued and unpaid on deposits reported in Schedule RC-G, item 1.a;
 - Uninvested trust funds held in the institution’s own trust department;
 - Deposits of consolidated subsidiaries (except any consolidated subsidiary that is an FDIC-insured institution) and the interest accrued and unpaid on such deposits;
 - The amount by which demand deposits reported in Schedule RC, item 13.a, have been reduced from the netting of the reporting institution’s reciprocal demand balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions); and
 - The amount by which any other deposit liabilities reported in Schedule RC, item 13.a, have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles;
 - Less the amount of unamortized premiums included in the amount of deposit liabilities reported in Schedule RC, item 13.a;
 - Plus the amount of unamortized discounts reflected in the amount of deposit liabilities reported in Schedule RC, item 13.a;

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- 1 • Plus other obligations meeting the Section 3(l) statutory definition of a deposit that may be housed in systems of record not normally thought of as deposit systems, such as loan, payroll, and escrow systems and manual records that contain information needed to answer depositors' questions on their deposits.

See the Glossary entry for "deposits" for the statutory definition of deposits.

If unposted debits and unposted credits are included in the gross total deposit liabilities reported in this item, they may be excluded in Schedule RC-O, item 2 below.

- 2 **Total allowable exclusions, including interest accrued and unpaid on allowable exclusions.** Report on an unconsolidated single FDIC certificate number basis the total amount of allowable exclusions from deposits as of the calendar quarter-end report date if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions.

Any accrued and unpaid interest on the allowable exclusions listed below should also be reported in this item as an allowable exclusion.

For an institution that files the FFIEC 051, the allowable exclusions include:

- (1) *Reciprocal balances*: Any demand deposit due from or cash item in the process of collection due from any depository institution up to the total amount of deposit balances due to and cash items in the process of collection due such depository institution.
- (2) *Drafts drawn on other depository institutions*: Any outstanding drafts (including advices and authorization to charge the depository institution's balance in another bank) drawn in the regular course of business by the reporting depository institution.
- (3) *Pass-through reserve balances*: Reserve balances passed through to the Federal Reserve by the reporting institution that are also reflected as deposit liabilities of the reporting institution. This exclusion is not applicable to an institution that does not act as a correspondent bank in any pass-through reserve balance relationship. A state nonmember bank generally cannot act as a pass-through correspondent unless it maintains an account for its own reserve balances directly with the Federal Reserve.
- (4) *Depository institution investment contracts*: Liabilities arising from depository institution investment contracts that are not treated as insured deposits under section 11(a)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(5)). A Depository Institution Investment Contract is a separately negotiated depository agreement between an employee benefit plan and an insured depository institution that guarantees a specified rate for all deposits made over a prescribed period and expressly permits benefit-responsive withdrawals or transfers.
- (5) *Accumulated deposits*: Deposits accumulated for the payment of personal loans that are assigned or pledged to assure payment of the loans at maturity. Deposits that simply serve as collateral for loans are not an allowable exclusion.

- 3 Not applicable.

Memoranda**Item No. Caption and Instruction**

- 1.d.(2) Number of retirement deposit accounts of more than \$250,000.** Report on an unconsolidated single FDIC certificate number basis the total number of retirement deposit accounts (demand, savings, and time) with a balance on the report date of more than \$250,000. Count each certificate, passbook, account, and other evidence of deposit which has a balance of more than \$250,000.

NOTE: Schedule RC-O, Memorandum item 2, is to be completed on an unconsolidated single FDIC certificate number basis by banks with \$1 billion or more in total assets.¹

- 2 Estimated amount of uninsured deposits, including related interest accrued and unpaid.** Report on an unconsolidated single FDIC certificate number basis the estimated amount of the bank's deposits that is not covered by federal deposit insurance. This estimate should reflect the deposit insurance limits of \$250,000 for "retirement deposit accounts" (as defined in Schedule RC-O, Memorandum item 1) and \$250,000 for other deposit accounts. The reporting of this uninsured deposit information is mandated by Section 7(a)(9) of the Federal Deposit Insurance Act.

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

- Interest accrued and unpaid on deposits;
- Deposits of consolidated subsidiaries (including interest accrued and unpaid on these deposits); and
- Deposit liabilities that have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles.

The bank's estimate of its uninsured deposits should be reported in accordance with the following criteria. In this regard, it is recognized that a bank may have multiple automated information systems for different types of deposits and that the capabilities of a bank's information systems to provide an estimate of its uninsured deposits will differ from bank to bank at any point in time and, within an individual institution, may improve over time.

- (1) If the bank has brokered deposits, which must be reported in Schedule RC-E, Memorandum item 1.b, "Total brokered deposits," it must use the information it has developed for completing Schedule RC-E, Memorandum item 1.c, "Brokered deposits of \$250,000 or less (fully insured brokered deposits)," to determine its best estimate of the uninsured portion of its brokered deposits.
- (2) If the bank has deposit accounts whose ownership is based on a fiduciary relationship, Part 330 of the FDIC's regulations generally states that the titling of the deposit account (together with the underlying records) must indicate the existence of the fiduciary relationship in order for insurance coverage to be available on a "pass-through" basis. Fiduciary relationships include, but are not limited to, relationships involving a trustee, agent, nominee, guardian, executor, or custodian.

¹ In general, the determination as to whether an institution has \$1 billion or more in total assets is measured as of June 30 of the previous calendar year. See pages 7 and 8 of the General Instructions for guidance on shifts in reporting status.

Memoranda**Item No. Caption and Instruction**

2
(cont.)

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

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

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

Memoranda**Item No. Caption and Instruction**

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

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Part II. Risk-Weighted Assets**Contents – Part II. Risk-Weighted Assets**

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Part II. (cont.)**General Instructions for Schedule RC-R, Part II.**

NOTE: Schedule RC-R, Part II, items 1 through 25, columns A through U, as applicable, are to be completed semiannually in the June and December reports only. Items 26 through 31 are to be completed quarterly.

The instructions for Schedule RC-R, Part II, items 1 through 22, provide general directions for the allocation of bank balance sheet assets, credit equivalent amounts of derivatives and off-balance sheet items, and unsettled transactions to the risk-weight categories in columns C through Q (and, for items 1 through 10 only, to the adjustments to the totals in Schedule RC-R, Part II, column A, to be reported in column B). In general, the aggregate amount allocated to each risk-weight category is then multiplied by the risk weight associated with that category. The resulting risk-weighted values from each of the risk categories are added together, and generally this sum is the bank's total risk-weighted assets, which comprises the denominator of the risk-based capital ratios.

These instructions should provide sufficient guidance for most banks for risk-weighting their balance sheet assets and credit equivalent amounts. However, these instructions do not address every type of exposure. Banks should review the regulatory capital rules of their primary federal supervisory authority for the complete description of capital requirements.

Exposure Amount Subject to Risk Weighting

In general, banks need to risk weight the exposure amount. The exposure amount is defined in §.2 of the regulatory capital rules as follows:

- (1) For the on-balance sheet component of an exposure,¹ the bank's carrying value of the exposure.
- (2) For a security² classified as AFS or HTM where the bank has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a, the carrying value of the exposure (including net accrued but uncollected interest and fees)³ less any net unrealized gains on the exposure plus any net unrealized losses on the exposure included in AOCI.
- (3) For AFS preferred stock classified as an equity security under GAAP where the bank has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a, the carrying value less any net unrealized gains that are reflected in such carrying value, but are excluded from the bank's regulatory capital components.
- (4) For the off-balance sheet component of an exposure,⁴ the notional amount of the off-balance sheet component multiplied by the appropriate credit conversion factor in §.33 of the regulatory capital rules.
- (5) For an exposure that is an OTC derivative contract, the exposure amount determined under §.34 of the regulatory capital rules.
- (6) For an exposure that is a derivative contract that is a cleared transaction, the exposure amount determined under §.35 of the regulatory capital rules.**

¹ Not including: (1) an available-for-sale (AFS) or held-to-maturity (HTM) security where the bank has made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule RC-R, Part I, item 3.a, (2) an over-the-counter (OTC) derivative contract, (3) a repo-style transaction or an eligible margin loan for which the bank determines the exposure amount under §.37 of the regulatory capital rules, (4) a cleared transaction, (5) a default fund contribution, or (6) a securitization exposure.

² Not including: (1) a securitization exposure, (2) an equity exposure, or (3) preferred stock classified as an equity security under generally accepted accounting principles (GAAP).

³ Where the bank has made the AOCI opt-out election, accrued but uncollected interest and fees reported in Schedule RC, item 11, "Other assets," associated with AFS or (HTM) debt securities that are not securitization exposures should be reported in Schedule RC-R, Part II, item 8, "All other assets."

⁴ Not including: (1) an OTC derivative contract, (2) a repo-style transaction or an eligible margin loan for which the bank calculates the exposure amount under §.37 of the regulatory capital rules, (3) a cleared transaction, (4) a default fund contribution, or (5) a securitization exposure.

Part II. (cont.)**Item Instructions for Schedule RC-R, Part II.****Balance Sheet Asset Categories****Item No. Caption and Instructions**

NOTE: Schedule RC-R, Part II, items 1 through 8.b, columns A through S, as applicable, are to be completed semiannually in the June and December reports only.

- 1 Cash and balances due from depository institutions.** Report in column A the amount of cash and balances due from depository institutions reported in Schedule RC, sum of items 1.a and 1.b, excluding those balances due from depository institutions that qualify as securitization exposures as defined in §.2 of the regulatory capital rules.

The amount of those balances due from depository institutions reported in Schedule RC, items 1.a and 1.b, that qualify as securitization exposures must be reported in Schedule RC-R, Part II, item 9.d, column A.

- *In column C—0% risk weight, include:*
 - The amount of currency and coin reported in Schedule RC, item 1.a;
 - Any balances due from Federal Reserve Banks reported in Schedule RC, item 1.b; and
 - The insured portions of deposits in FDIC-insured depository institutions and NCUA-insured credit unions reported in Schedule RC, items 1.a and 1.b.
- *In column G—20% risk weight, include:*
 - Any balances due from depository institutions and credit unions that are organized under the laws of the United States or a U.S. state reported in Schedule RC, items 1.a and 1.b, in excess of any applicable FDIC or NCUA deposit insurance limits for deposit exposures or where the depository institutions are not insured by either the FDIC or the NCUA;
 - Any balances due from Federal Home Loan Banks reported in Schedule RC, items 1.a and 1.b; and
 - The amount of cash items in the process of collection reported in Schedule RC, item 1.a.
- *In column I—100% risk weight, include all other amounts that are not reported in columns C through H and J.*
- For balances due from foreign banks and foreign central banks that must be risk weighted according to the Country Risk Classification (CRC) methodology, assign these exposures to risk-weight categories based on the CRC methodology described in the General Instructions for Schedule RC-R, Part II, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

If the reporting bank is the correspondent bank in a pass-through reserve balance relationship, report in column C the amount of its own reserves as well as those reserve balances actually passed through to a Federal Reserve Bank on behalf of its respondent depository institutions.

If the reporting bank is the respondent bank in a pass-through reserve balance relationship, report in column C the amount of the bank's reserve balances due from its correspondent bank that its correspondent has actually passed through to a Federal Reserve Bank on the reporting bank's behalf, i.e., for purposes of this item, treat these balances as balances due from a Federal Reserve Bank. This risk-based capital treatment differs from the required reporting described in the Glossary entry for "pass-through reserve balances," which, for

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

1 legal and supervisory purposes, treats pass-through reserve balances held by a bank's
(cont.) correspondent as balances due from a depository institution as opposed to balances due
from the Federal Reserve.

If the reporting bank is a participant in an excess balance account at a Federal Reserve Bank, report in column C the bank's balance in this account.

If the reporting bank accounts for any holdings of certificates of deposit (CDs) like available-for-sale debt securities that do not qualify as securitization exposures, report in column A the fair value of such CDs. If the bank has made the Accumulated Other Comprehensive Income opt-out election in Schedule RC-R, Part I, item 3.a, include in column B the difference between the fair value and amortized cost of these CDs. When fair value exceeds amortized cost, report the difference as a positive number in column B. When amortized cost exceeds fair value, report the difference as a negative number (i.e., with a minus (-) sign) in column B. Risk weight the amortized cost of these CDs in columns C through J, as appropriate.

2 **Securities.** Do not include securities that qualify as securitization exposures in items 2.a and 2.b below; instead, report these securities in Schedule RC-R, Part II, items 9.a and 9.b. In general, under the regulatory capital rules, securitizations are exposures that are "tranching" for credit risk. Refer to the definitions of *securitization*, *traditional securitization*, *synthetic securitization* and *tranche* in §.2 of the regulatory capital rules.

2.a **Held-to-maturity securities.** Report in column A the amount of held-to-maturity (HTM) securities reported in Schedule RC, item 2.a, excluding those HTM securities that qualify as securitization exposures as defined in §.2 of the regulatory capital rules.

The amount of those HTM securities reported in Schedule RC, item 2.a, that qualify as securitization exposures are to be reported in Schedule RC-R, Part II, item 9.a, column A. The sum of Schedule RC-R, Part II, items 2.a and 9.a, column A, must equal Schedule RC, item 2.a.

Exposure amount to be used for purposes of risk weighting – bank has not made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule RC-R, Part I, item 3.a:

For a security classified as HTM where the bank has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount to be risk weighted by the bank is the carrying value of the security, which is the value of the asset reported (a) on the balance sheet of the bank determined in accordance with GAAP and (b) in Schedule RC-R, Part II, item 2.a, column A.

Exposure amount to be used for purposes of risk weighting – bank has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a:

For a security classified as HTM where the bank has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the bank is the carrying value of the security reported (a) on the balance sheet of the bank and (b) in Schedule RC-R, Part II, item 2.a, column A, less any unrealized gain on the exposure or plus any unrealized loss on the exposure included in AOCI. For purposes of determining the exposure amount of an HTM security, an unrealized gain (loss), if any, on such a security that is included in AOCI is (i) the unamortized balance of the unrealized gain (loss) that existed at the date of transfer of a debt security transferred into the held-to-maturity category from the available-for-sale category, or (ii) the unaccreted portion of other-than-temporary impairment losses on an HTM debt security that was not recognized in earnings in accordance with ASC Topic 320, Investments-Debt Securities (formerly FASB

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

- 8** the reporting of default fund contributions to central counterparties in columns R and S, refer to the instructions for Schedule RC-R, Part II, item 8, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.
- (cont.)
- For the portions of those exposures described above in the instructions for Schedule RC-R, Part II, item 8, that are exposures to sovereigns or foreign banks reported in Schedule RC, items 6 through 11, that must be risk-weighted according to the Country Risk Classification (CRC) methodology, assign these exposures to risk-weight categories based on the CRC methodology described in the General Instructions for Schedule RC-R, Part II, and the instructions for Schedule RC-R, Part II, item 8, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

NOTE: Schedule RC-R, Part II, items 9.a through 10, columns A, B, Q, T, and U, are to be completed semiannually in the June and December reports only.

- 9** **On-balance sheet securitization exposures.** When determining the amount of risk-weighted assets for securitization exposures, banks that are not subject to the market risk capital rule may elect to use either the Simplified Supervisory Formula Approach (SSFA) or the Gross-Up Approach, as described above and in §.41 to §.45 of the regulatory capital rules. However, such banks must use the SSFA or Gross-Up Approach consistently across all securitization exposures (items 9.a through 10), but banks may risk weight any individual securitization exposure at 1,250 percent in lieu of applying the SSFA or Gross-Up Approach to that individual exposure.

Banks subject to the market risk capital rule must use the SSFA when determining the amount of risk-weighted assets for securitization exposures.

For further information, refer to the discussion of “Risk-Weighted Assets for Securitization Exposures” in the General Instructions for Schedule RC-R, Part II.

- 9.a** **Held-to-maturity securities.** Report in column A the amount of held-to-maturity (HTM) securities reported in Schedule RC, item 2.a, that qualify as *securitization exposures* as defined in §.2 of the regulatory capital rules. Refer to the instructions for Schedule RC-R, Part II, item 2.a, for a summary of the reporting locations of HTM securitization exposures.

Exposure amount to be used for purposes of risk weighting – bank has not made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule RC-R, Part I, item 3.a:

For a security classified as HTM where the bank has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount to be risk weighted by the bank is the carrying value of the security, which is the value of the asset reported on the balance sheet of the bank determined in accordance with GAAP and in column A.

Exposure amount to be used for purposes of risk weighting – bank has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a:

For a security classified as HTM where the bank has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the bank is the carrying value of the security reported on the balance sheet of the bank and in column A, less any unrealized gain on the exposure or plus any unrealized loss on the exposure included in AOCI.

If an HTM securitization exposure will be risk weighted using either the Simplified Supervisory Formula Approach (SSFA) or the Gross-Up Approach, include as part of the exposure amount to be risk weighted in this item any accrued interest receivable on the HTM security

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

9.a
(cont.) that is reported in Schedule RC, item 11, “Other assets,” and included in Schedule RC-R, Part II, item 9.d, columns A and B. Do not report this accrued interest receivable in column A or B of this item.

- *In column B:*
 - If an HTM securitization exposure will be risk weighted using the 1,250 percent risk weight approach, report any difference between the carrying value of the HTM securitization exposure reported in column A of this item and the exposure amount of the HTM securitization exposure that is to be risk weighted.
 - If an HTM securitization exposure will be risk weighted using either the SSFA or the Gross-Up Approach, report the carrying value of the HTM securitization exposure reported in column A of this item.
 - For an institution that has adopted the current expected credit losses methodology (CECL), include as a negative number:
 - The portion of Schedule RI-B, Part II, item 7, column B, “Balance end of current period” for HTM debt securities that relates to HTM securitization exposures, less
 - The portion of Schedule RC-R, Part II, Memorandum item 4.b, “Amount of allowances for credit losses on purchased credit-deteriorated assets” for HTM debt securities that relates to purchased credit-deteriorated HTM securitization exposures.

For example, if an institution reports \$100 in Schedule RI-B, Part II, item 7, column B, that relates to HTM securitization exposures and \$10 in Schedule RC-R, Part II, Memorandum item 4.b that relates to purchased credit-deteriorated HTM securitization exposures, the institution would report (\$90) in this column B.

- *In column Q*, report the exposure amount of those HTM securitization exposures that are assigned a 1,250 percent risk weight (i.e., those HTM securitization exposures for which the risk-weighted asset amount is not calculated using the SSFA or the Gross-Up Approach).
- *In column T*, report the risk-weighted asset amount (not the exposure amount) of those HTM securitization exposures for which the risk-weighted asset amount is calculated using the SSFA, as described above in the General Instructions for Schedule RC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.
- *In column U*, report the risk-weighted asset amount (not the exposure amount) of HTM securitization exposures for which the risk-weighted asset amount is calculated using the Gross-Up Approach, as described above in the General Instructions for Schedule RC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.

9.b **Available-for-sale securities.** Report in column A the fair value of those available-for-sale (AFS) securities reported in Schedule RC, item 2.b, that qualify as *securitization exposures* as defined in §.2 of the regulatory capital rules. Refer to the instructions for Schedule RC-R, Part II, item 2.b, for a summary of the reporting locations of AFS securitization exposures.

Exposure amount to be used for purposes of risk weighting – bank that has not made the Accumulated Other Comprehensive Income (AOCI) opt-out election in Schedule RC-R, Part I, item 3.a:

For an AFS debt security that is a securitization exposure where the bank has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount of the AFS securitization exposure to be risk weighted by the bank is the carrying value of the debt security, which is the value of the asset reported on the balance sheet of the bank (Schedule RC, item 2.b) determined in accordance with GAAP (i.e., the fair value of the AFS debt security) and in column A of this item.

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

- 10** this item and the exposure amount for those off-balance sheet items that qualify as securitization exposures and will be risk weighted by applying the 1,250 percent risk weight.
(cont.)
- *In column Q*, report the exposure amount of those off-balance sheet securitization exposures that are assigned a 1,250 percent risk weight (i.e., those off-balance sheet securitization exposures for which the risk-weighted asset amount is not calculated using the SSFA or the Gross-Up Approach).
 - *In column T*, report the risk-weighted asset amount (not the exposure amount) of those off-balance sheet securitization exposures for which the risk-weighted asset amount is calculated using the SSFA, as described above in the General Instructions for Schedule RC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.
 - *In column U*, report the risk-weighted asset amount (not the exposure amount) of those off-balance sheet securitization exposures for which the risk-weighted asset amount is calculated using the Gross-Up Approach, as described above in the General Instructions for Schedule RC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.

NOTE: Schedule RC-R, Part II, item 11, columns A through R, are to be completed semiannually in the June and December reports only.

- 11** **Total assets.** For columns A through R, report the sum of items 1 through 9. The sum of columns B through R must equal column A. Schedule RC-R, Part II, item 11, column A, must equal Schedule RC, item 12, "Total assets."

Part II. (cont.)**Derivatives, Off-Balance Sheet Items, and Other Items Subject to Risk Weighting (Excluding Securitization Exposures)**

Treatment of Derivatives and Off-Balance Sheet Items that are Securitization Exposures – Any derivatives or off-balance sheet items reported in Schedule RC-L or Schedule SU that qualify as securitization exposures, including liquidity facilities to asset-backed commercial paper programs, are to be reported in Schedule RC-R, Part II, item 10, column A, and excluded from Schedule RC-R, Part II, items 12 through 21 below.

Repo-style Transactions – The regulatory capital rules permit some repo-style transactions to be risk weighted on a netting set basis. Where netting is permitted, a bank will combine both on-balance and off-balance sheet repo-style transactions in order to determine a capital requirement for a netting set to a single counterparty. In such cases, a bank should combine securities purchased under agreements to resell (i.e., reverse repos) and securities sold under agreements to repurchase (i.e., repos) with off-balance sheet repo-style transactions (i.e., securities borrowing and securities lending transactions) in Schedule RC-R, Part II, item 16, and report the netting set exposure to each counterparty under the appropriate risk weight column.

Credit Conversion Factors for Off-Balance Sheet Items – A summary of the credit conversion factors (CCFs) by which the exposure amount of off-balance sheet items are to be multiplied follows. For further information on these factors, refer to the regulatory capital rules.

Off-balance sheet items subject to a zero percent CCF:

- (1) Unused portions of commitments that are unconditionally cancelable at any time by the bank.

Off-balance sheet items subject to a 20 percent CCF:

- (1) Commercial and similar letters of credit with an original maturity of one year or less, including short-term, self-liquidating, trade-related contingent items that arise from the movement of goods.
- (2) Commitments with an original maturity of one year or less that are not unconditionally cancelable.

Off-balance sheet items subject to a 50 percent CCF:

- (1) Transaction-related contingent items, including performance standby letters of credit, bid bonds, performance bonds, and warranties.
- (2) Commercial and similar letters of credit with an original maturity exceeding one year.
- (3) Commitments with an original maturity exceeding one year that are not unconditionally cancelable by the bank, including underwriting commitments and commercial credit lines.

Off-balance sheet items subject to a 100 CCF:

- (1) Financial standby letters of credit.
- (2) Repo-style transactions, including off-balance sheet securities lending transactions, off-balance sheet securities borrowing transactions, securities purchased under agreements to resell, and securities sold under agreements to repurchase.
- (3) Guarantees, certain credit-enhancing representations and warranties, and forward agreements.

Item No. Caption and Instructions

NOTE: Schedule RC-R, Part II, items 12 through 22, columns A through S, as applicable, are to be completed semiannually in the June and December reports only.

- 12 Financial standby letters of credit.** For financial standby letters of credit reported in Schedule RC-L, item 2, that do not meet the definition of a *securitization exposure* as described in §.2 of the regulatory capital rules, but are credit enhancements for assets, report *in column A*:

- (1) The amount outstanding and unused of those letters of credit for which this amount is less than the effective risk-based capital requirement for the assets that are credit-enhanced by the letter of credit multiplied by 12.5.

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

- 21** • *In column H–50% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with CCPs and other counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 50 percent risk-weight category as described in the instructions for Risk-Weighted Assets and for Schedule RC-R, Part II, items 1 through 8, above.
- (cont.) • *In column I–100% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with CCPs and other counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 100 percent risk-weight category as described in the instructions for Risk-Weighted Assets and for Schedule RC-R, Part II, items 1 through 8, above. Also include the portion of the credit equivalent amount reported in column B that is not included in columns C through H and J.
- *In column J–150% risk weight*, include the credit equivalent amount of centrally cleared derivative contracts with CCPs and other counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 150 percent risk-weight category as described in the instructions for Risk-Weighted Assets and for Schedule RC-R, Part II, items 1 through 8, above.
- 22** **Unsettled transactions (failed trades)**. NOTE: This item includes unsettled transactions in the reporting bank’s trading book and in its banking book. Report as unsettled transactions all on- and off-balance sheet transactions involving securities, foreign exchange instruments, and commodities that have a risk of delayed settlement or delivery, or are already delayed, and against which the reporting bank must hold risk-based capital as described in §.38 of the regulatory capital rules.

For delivery-versus-payment (DvP) transactions²⁵ and payment-versus-payment (PvP) transactions,²⁶ report in column A the positive current exposure of those unsettled transactions with a normal settlement period in which the reporting bank’s counterparty has not made delivery or payment within five business days after the settlement date, which are the DvP and PvP transactions subject to risk weighting under §.38 of the regulatory capital rules. Positive current exposure is equal to the difference between the transaction value at the agreed settlement price and the current market price of the transaction, if the difference results in a credit exposure of the bank to the counterparty.

For delayed non-DvP/non-PvP transactions,²⁷ also include in column A the current fair value of the deliverables owed to the bank by the counterparty in those transactions with a normal settlement period in which the reporting bank has delivered cash, securities, commodities, or currencies to its counterparty, but has not received its corresponding deliverables, which are the non-DvP/non-PvP transactions subject to risk weighting under §.38 of the regulatory capital rules.

For further information on the reporting of unsettled transactions, including assigning these exposures to risk-weight categories, refer to the instructions for Schedule RC-R, Part, II, item 22, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

²⁵ DvP transaction means a securities or commodities transaction in which the buyer is obligated to make payment only if the seller has made delivery of the securities or commodities and the seller is obligated to deliver the securities or commodities only if the buyer has made payment.

²⁶ PvP transaction means a foreign exchange transaction in which each counterparty is obligated to make a final transfer of one or more currencies only if the other counterparty has made a final transfer of one or more currencies.

²⁷ Non-DvP/non-PvP transaction means any other delayed or unsettled transaction that does not meet the definition of a DvP or a PvP transaction.

Part II. (cont.)**Item No. Caption and Instructions****Totals**

NOTE: Schedule RC-R, Part II, items 23 and 25, columns C through Q, as applicable, are to be completed semiannually in the June and December reports only. Items 26 through 31 are to be completed quarterly.

- 23 Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk weight category.** For each of columns C through P, report the sum of items 11 through 22. For column Q, report the sum of items 10 through 22.
- 24 Risk weight factor.**
- 25 Risk-weighted assets by risk weight category.** For each of columns C through Q, multiply the amount in item 23 by the risk weight factor specified for that column in item 24.
- 26 Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold.** In the reports for March and September, report the amount of the risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold. In the reports for June and December, report the sum of:
- Schedule RC-R, Part II:
 - Items 2.b through 20, column S,
 - Items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U, and
 - Item 25, columns C through Q
 - Schedule RC-R, Part I:
 - The portion of item 10.b composed of “Investments in the institution’s own shares to the extent not excluded as part of treasury stock,”
 - The portion of item 10.b composed of “Reciprocal cross-holdings in the capital of financial institutions in the form of common stock,”
 - Items 11 and 13 through 16,
 - Item 24, excluding the portion of item 24 composed of tier 2 capital deductions reported in Part I, item 33, for which the institution does not have a sufficient amount of tier 2 capital before deductions reported in Part I, item 32, to absorb these deductions, and
 - Item 33.

For institutions that have adopted the current expected credit losses methodology (CECL), the risk-weighted assets base reported in this item 26 is for purposes of calculating the adjusted allowances for credit losses (AACL) 1.25 percent threshold.

NOTE: Item 27 is applicable only to banks that are subject to the market risk capital rule.

- 27 Standardized market risk-weighted assets.** Report the amount of the bank's standardized market risk-weighted assets. This item is applicable only to those banks covered by Subpart F of the regulatory capital rules (i.e., the market risk capital rule), as provided in §.201 of the regulatory capital rules and in the discussion of “Banks That Are Subject to the Market Risk Capital Rule” in the General Instructions for Schedule RC-R, Part II.

A bank’s measure for market risk for its covered positions is the sum of its value-at-risk (VaR)-based, stressed VaR-based, incremental risk, and comprehensive risk capital requirements plus its specific risk add-ons and any capital requirement for de minimis exposures. A bank’s standardized market risk-weighted assets equal its measure for market risk multiplied by 12.5 (the reciprocal of the minimum 8.0 percent capital ratio).

For further information on the meaning of the term “covered position,” refer to the discussion of “Banks That Are Subject to the Market Risk Capital Rule” in the General Instructions for Schedule RC-R, Part II.

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

- 28** **Risk-weighted assets before deductions for excess allowance for loan and lease losses and allocated transfer risk reserve.** In the reports for March and September, report the amount of risk-weighted assets before deductions for excess allowance for loan and lease losses and allocated transfer risk reserve. In the reports for June and December, report the sum of items 2.b through 20, column S; items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U; item 25, columns C through Q; and, if applicable, item 27. (Item 27 is applicable only to banks that are subject to the market risk capital rule.)

For institutions that have adopted the current expected credit losses methodology (CECL), the risk-weighted assets reported in this item 28 represents the amount of risk-weighted assets before deductions for excess adjusted allowances for credit losses (AACL) and allocated transfer risk reserve.

- 29** **LESS: Excess allowance for loan and lease losses.** Report the amount, if any, by which the bank's allowance for loan and lease losses (ALLL) or adjusted allowances for credit losses (AACL), as applicable, for regulatory capital purposes exceeds 1.25 percent of the bank's risk-weighted assets base reported in Schedule RC-R, Part II, item 26.

For an institution that has not adopted the current expected credit losses methodology (CECL), the institution's ALLL for regulatory capital purposes equals Schedule RC, item 4.c, "Allowance for loan and lease losses," less any allocated transfer risk reserve included in Schedule RC, item 4.c, plus Schedule RC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures." If an institution's ALLL for regulatory capital purposes, as defined in the preceding sentence, exceeds 1.25 percent of Schedule RC-R, Part II, item 26, the amount to be reported in this item equals the institution's ALLL for regulatory capital purposes less Schedule RC-R, Part I, item 30, "Allowance for loan and lease losses includable in tier 2 capital."

For an institution that has adopted CECL, the institution's AACL for regulatory capital purposes equals Schedule RI-B, Part II, item 7, columns A and B, "Balance end of current period" for loans and leases held for investment and held-to-maturity debt securities, respectively; plus Schedule RI-B, Part II, Memorandum item 6, "Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above)"; less Schedule RC-R, Part II, sum of Memorandum items 4.a, 4.b, and 4.c, "Amount of allowances for credit losses on purchased credit-deteriorated assets" for loans and leases held for investment, held-to-maturity debt securities, and other financial assets measured at amortized cost, respectively; less any allocated transfer risk reserve included in Schedule RI-B, Part II, item 7, columns A and B, and Memorandum item 6; plus Schedule RC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures."

For an institution that has not adopted CECL, the sum of the amounts reported in Schedule RC-R, Part I, item 30, and Schedule RC-R, Part II, item 29, must equal Schedule RC, item 4.c, less any allocated transfer risk reserve included in Schedule RC, item 4.c, plus Schedule RC-G, item 3.

- 30** **LESS: Allocated transfer risk reserve.** Report the entire amount of any allocated transfer risk reserve (ATRR) the reporting bank is required to establish and maintain as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act ([Subpart D of Federal Reserve Regulation K](#), [Part 347 of the FDIC's Rules and Regulations](#), and [12 CFR Part 28, Subpart C \(OCC\)](#)), and in any guidelines, letters, or instructions issued by the agencies. The entire amount of the ATRR equals the ATRR related to loans and leases held for investment (which is included in Schedule RC, item 4.c, "Allowance for loan and lease losses") plus the ATRR for assets other than loans and leases held for investment.

- 31** **Total risk-weighted assets.** Report the amount derived by subtracting items 29 and 30 from item 28.

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

NOTE: Schedule RC-R, Part II, Memorandum items 1 through 3.g, are to be completed semiannually in the June and December reports only.

- 1 Current credit exposure across all derivative contracts covered by the regulatory capital rules.** Report the total current credit exposure amount after considering applicable legally enforceable bilateral netting agreements for all interest rate, foreign exchange rate, gold, credit (investment grade reference assets), credit (non-investment grade reference assets), equity, precious metals (except gold), and other derivative contracts that are over-the-counter derivative contracts (as defined in §.2 of the regulatory capital rules) or derivative contracts that are cleared transactions (as described in §.2 of the regulatory capital rules) and are covered by §.34 and §.35 of the regulatory capital rules, respectively. Banks that are subject to the market risk capital rule should exclude all covered positions subject to that rule, except for foreign exchange derivatives that are outside of the trading account.²⁸ Foreign exchange derivatives that are outside of the trading account and all over-the-counter derivatives continue to have a counterparty credit risk capital charge and, therefore, a current credit exposure amount for these derivatives should be reported in this item.

Include the current credit exposure arising from credit derivative contracts where the bank is the protection purchaser (beneficiary) and the credit derivative contract is either (a) defined as a covered position under the market risk capital rule or (b) not defined as a covered position under the market risk capital rule and not recognized as a guarantee for regulatory capital purposes.

As discussed further below, current credit exposure (sometimes referred to as the replacement cost) is the fair value of a derivative contract when that fair value is positive. The current credit exposure is zero when the fair value is negative or zero.

Exclude the positive fair value of derivative contracts that are neither over-the-counter derivative contracts nor derivative contracts that are cleared transactions under §.2 of the regulatory capital rules. Such derivative contracts include written option contracts, including so-called “derivative loan commitments,” i.e., a lender’s commitment to originate a mortgage loan that will be held for resale. Written option contracts that are, in substance, financial guarantees, are discussed below. For “derivative loan commitments,” which are reported as over-the-counter written option contracts in Schedule RC-L, if the fair value of such a commitment is positive and reported as an asset in Schedule RC, item 11, this positive fair value should be reported in the appropriate risk-weight category in Schedule RC-R, Part II, item 8, and not as a component of the current credit exposure to be reported in this item.

Purchased options held by the reporting bank that are traded on an exchange are covered by the regulatory capital rules unless such options are subject to a daily variation margin. Variation margin is defined as the gain or loss on open positions, calculated by marking to market at the end of each trading day. Such gain or loss is credited or debited by the clearing house to each clearing member's account, and by members to their customers' accounts.

If a written option contract acts as a financial guarantee that does not meet the definition of a *securitization exposure* as described in §.2 of the regulatory capital rules, then for risk-based capital purposes the notional amount of the option should be included in Schedule RC-R, Part II, item 17, column A, as part of "All other off-balance sheet liabilities." An example of such a contract occurs when the reporting bank writes a put option to a second bank that has a loan to a third party. The strike price would be the equivalent of the par value of the loan. If

²⁸ For further information on the market risk capital rule and the meaning of the term “covered position,” refer to the discussion of “Banks That Are Subject to the Market Risk Capital Rule” in the General Instructions for Schedule RC-R, Part II, in the instructions for the FFIEC 031 and FFIEC 041 Call Reports.

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

2.f and 3.f **Precious metals (except gold).** Report the remaining maturities of other precious metals contracts that are subject to the regulatory capital rules. Report all silver, platinum, and palladium contracts.

2.g and 3.g **Other.** Report the remaining maturities of other derivative contracts that are subject to the regulatory capital rules. For contracts with multiple exchanges of principal, notional amount is determined by multiplying the contractual amount by the number of remaining payments (i.e., exchanges of principal) in the derivative contract.

NOTE: Memorandum items 4.a through 4.c should be completed quarterly only by institutions that have adopted FASB Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses.

4 **Amount of allowances for credit losses on purchased credit-deteriorated assets.**
ASU 2016-13 introduces the concept of purchased credit-deteriorated (PCD) assets as a replacement for purchased credit-impaired (PCI) assets. The PCD asset definition covers a broader range of assets than the PCI asset definition. As defined in ASU 2016-13, “purchased credit-deteriorated assets” are acquired individual financial assets (or acquired groups of financial assets with similar risk characteristics) accounted for in accordance with ASC Topic 326, Financial Instruments–Credit Losses, that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination, as determined by the acquiring institution’s assessment.

ASU 2016-13 requires institutions to estimate and record a credit loss allowance for a PCD asset at the time of purchase. The credit loss allowance is then added to the purchase price to determine the amortized cost basis of the asset for financial reporting purposes. Post-acquisition increases in credit loss allowances on PCD assets will be established through a charge to earnings. This accounting treatment for PCD assets is different from the current treatment of PCI assets, for which institutions are not permitted to estimate and recognize credit loss allowances at the time of purchase. Rather, in general, credit loss allowances for PCI assets are estimated subsequent to the purchase only if there is deterioration in the expected cash flows from the assets.

4.a **Loans and leases held for investment.** Report all allowances for credit losses on PCD loans and leases held for investment.

4.b **Held-to-maturity debt securities.** Report all allowances for credit losses on PCD held-to-maturity debt securities.

4.c **Other financial assets measured at amortized cost.** Report all allowances for credit losses on all other PCD financial assets, excluding PCD loans and leases held for investment, held-to-maturity debt securities, and available-for-sale debt securities.

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SCHEDULE RC-T – FIDUCIARY AND RELATED SERVICES

General Instructions

This schedule should be completed on a fully consolidated basis, i.e., including any trust company subsidiary (or subsidiaries) of the reporting institution.

Item No. Caption and Instructions

- 1 **Does the institution have fiduciary powers?** Federally-chartered institutions granted trust powers by the OCC to administer accounts in a fiduciary capacity should answer "Yes." State-chartered institutions should answer "Yes" if (a) the state has granted trust powers to the institution to offer fiduciary services as defined by the state **and** (b) the institution's federal supervisory agency (the FDIC or the Federal Reserve) has granted consent to exercise the trust powers (see Sections [333.2](#) and [333.101](#) of the FDIC's regulations and [Federal Reserve Regulation H](#)). Institutions with trust company subsidiaries should also answer "Yes." Institutions responding "No" should not complete the remainder of this schedule. Fiduciary capacity generally means trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian, assignee, receiver, custodian under a uniform gifts to minors act, investment adviser (if the institution receives a fee for its investment advice), any capacity in which the institution possesses investment discretion on behalf of another, or any other similar capacity.

- 2 **Does the institution exercise the fiduciary powers it has been granted?** Institutions exercising their fiduciary powers should respond "Yes." Exercising fiduciary powers means that an institution, or a trust company subsidiary of the institution, serves in a fiduciary capacity as defined in the instructions for item 1 of this schedule.

- 3 **Does the institution have fiduciary or related activity (in the form of assets or accounts) to report in this schedule?** Institutions (including their trust company subsidiaries) with fiduciary assets, accounts, income, or other reportable fiduciary related services should respond "Yes." Institutions responding "No" should not complete the remainder of this schedule.

Reportable fiduciary and related services include activities that do not require trust powers but are incidental to fiduciary services. Specifically, this includes custodial services for assets held by the institution in a fiduciary capacity. An institution should report custodial activities that are offered through the fiduciary business unit or through another distinct business unit that is devoted to institutional custodial services. Institutions should exclude those custodial and escrow activities related to commercial bank services such as hold-in-custody repurchase assets, escrow assets held for the benefit of third parties, safety deposit box assets, and any other similar commercial arrangement.

Institutions with fiduciary activities that are limited to only land trusts and/or custodial activity for mortgage-backed securities (such as GNMA or FNMA) should respond "No."

If the answer to item 3 is "Yes," complete the applicable items of Schedule RC-T, as follows:

Institutions with total fiduciary assets (item 10, sum of columns A and B) greater than \$1 billion (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:

- Items 4 through 22 quarterly;
- Items 23 through 26 annually with the December report;
- Memorandum item 3 quarterly; and
- Memorandum items 1, 2, and 4 annually with the December report.

Item No. **Caption and Instructions**

- 3**
(cont.)
- Institutions with total fiduciary assets (item 10, sum of columns A and B) greater than \$250 million but less than or equal to \$1 billion (as of the preceding December 31) that do not meet the fiduciary income test for quarterly reporting must complete:
- Items 4 through 22 semiannually with the June and December reports;
 - Items 23 through 26 annually with the December report;
 - Memorandum item 3 semiannually with the June and December reports; and
 - Memorandum items 1, 2, and 4 annually with the December report.
- Institutions with total fiduciary assets (item 10, sum of columns A and B) of less than or equal to \$250 million (as of the preceding December 31) that do not meet the fiduciary income test for quarterly reporting must complete:
- Items 4 through 13 annually with the December report; and
 - Memorandum items 1 through 3 annually with the December report.
- In addition, institutions with total fiduciary assets greater than \$100 million but less than or equal to \$250 million (as of the preceding December 31) that do not meet the fiduciary income test for quarterly reporting must also complete Memorandum item 4 annually with the December report.

Fiduciary and Related Assets

Institutions should generally report fiduciary and related assets using their market value as of the report date. While market value quotations are readily available for marketable securities, many financial and physical assets held in fiduciary accounts are not widely traded or easily valued. If the methodology for determining market values is not set or governed by applicable law (including the terms of the prevailing fiduciary agreement), the institution may use any reasonable method to establish values for fiduciary and related assets for purposes of reporting on this schedule. Reasonable methods include appraised values, book values, or reliable estimates. Valuation methods should be consistent from reporting period to reporting period. This "reasonable method" approach to reporting market values applies both to financial assets that are not marketable and to physical assets. Common physical assets held in fiduciary accounts include real estate, equipment, collectibles, and household goods.

Only those Individual Retirement Accounts, Keogh Plan accounts, Health Savings Accounts, and similar accounts offered through a fiduciary business unit of the reporting institution should be reported in Schedule RC-T. When such accounts are not offered through an institution's fiduciary business unit, they should not be reported in Schedule RC-T. Accounts that consist solely of deposits in the bank itself should not be reported in Schedule RC-T.

If two institutions are named co-fiduciary in the governing instrument, both institutions should report the account. In addition, where one institution contracts with another for fiduciary or related services (i.e., Bank A provides custody services to the trust accounts of Bank B, or Bank A provides investment management services to the trust accounts of Bank B), both institutions should report the accounts in their respective capacities.

Exclude unfunded insurance trusts, testamentary executor appointments, and any other arrangements representing potential future fiduciary accounts.

Asset values reported on this schedule should generally exclude liabilities. For example, an employee benefit account with associated loans against account assets should be reported gross of the outstanding

Foreclosed Assets (cont.):

- Payments by the buyer to third parties;
- Other amounts paid to the selling institution, including current or future contingent payments;
- Transfer of noncustomary consideration (i.e., consideration other than cash and a note receivable);
- Other types of financing involved with the property or transaction;
- Financing terms of the loan (reasonable and customary terms, amortization, any graduated payments, any balloon payment);
- Underwriting inconsistent with the institution's underwriting policies for loans not involving OREO sales; and
- Future subordination of the selling institution's receivable.

Although ASC Subtopic 610-20 does not include the prescriptive minimum down payment requirements in ASC Subtopic 360-20, the amount and character of a buyer's equity (typically the down payment) and recourse provisions remain important factors when evaluating criteria (a) and (e). Specifically, the buyer's initial equity in the property immediately after the sale is an important consideration in determining whether a buyer is committed to perform its obligations under criterion (a). Furthermore, the buyer's initial equity is a factor to consider under criterion (e) when evaluating the collectability of consideration that the institution is entitled to receive from the buyer.

In applying the revenue recognition principles in ASC Topic 606, all relevant factors are to be weighed collectively in evaluating whether the five contract criteria have been met as the first step in determining the appropriate accounting for a seller-financed OREO transaction. However, the agencies consider the down payment and financing terms to be of particular importance when making this determination. A transaction with an insignificant down payment and nonrecourse financing generally would not meet the definition of a contract (within the meaning of Topic 606) unless there is considerable support from other factors. The need for support from other factors recedes in importance for a transaction with a substantial down payment and recourse financing to a buyer with adequate capacity to repay.

If the five contract criteria in ASC Topic 606 have not been met, the institution generally may not derecognize the OREO asset or recognize revenue (gain or loss) as an accounting sale has not occurred. The institution should continue to assess the transaction to determine whether the contract criteria have been met in a later period. Until that time, any consideration the institution has received from the buyer should generally be recorded as a deposit liability. In addition, if the transaction price is less than the carrying amount of the OREO, the institution should consider whether this indicates a decline in fair value of the OREO that should be recognized as a valuation allowance, or an increase in an existing valuation allowance, and through a charge to expense as discussed above in this Glossary entry.

If an institution determines the contract criteria in ASC Topic 606 have been met, it must then determine whether it has satisfied its performance obligations as identified in the contract by transferring control of the asset to the buyer. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. As it relates to an institution's sale of OREO, ASC Topic 606 includes the following indicators of the transfer of control:

- (a) The institution has a present right to payment for the asset;
- (b) The buyer has legal title to the asset;
- (c) The institution has transferred physical possession of the asset;
- (d) The buyer has the significant risks and rewards of ownership of the asset; and
- (e) The buyer has accepted the asset.

For seller-financed sales of OREO, the transfer of control generally occurs on the closing date of the sale when the institution obtains the right to receive payment for the property and transfers legal title to the buyer. However, an institution must consider all relevant facts and circumstances to determine whether control of the OREO has transferred, which may include the selling institution's:

Foreclosed Assets (cont.):

- Involvement with the property following the transaction;
- Obligation to repurchase the property in the future;
- Obligation to provide support for the property following the sale transaction; and
- Retention of an equity interest in the property.

In particular, if an institution has the obligation or right to repurchase the OREO, the buyer does not obtain control of the OREO because the buyer is limited in its ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset even though it may have physical possession. In this situation, an institution should account for the contract as either (1) a lease in accordance with ASC Topic 840, Leases, or ASC Topic 842, Leases, as applicable, or (2) a financing arrangement in accordance with ASC Topic 606. In addition, situations may exist where the selling institution has legal title to the OREO, while the borrower whose property was foreclosed upon under the original loan still has redemption rights to reclaim the property in the future. If such redemption rights exist, the selling institution may not be able to transfer control to the buyer of the OREO and recognize revenue until the redemption period expires.

When a contract exists and an institution has transferred control of the property, the institution should derecognize the OREO asset and recognize a gain or loss for the difference between the transaction price and the carrying amount of the OREO asset. Generally, the transaction price in a sale of OREO will be the contract amount in the purchase/sale agreement, including for a seller-financed sale financed at market terms. However, the transaction price may differ from the amount stated in the contract due to the existence of a significant financing component. Under the new standard, a significant financing component exists if the timing of the buyer's payments explicitly or implicitly provides the selling institution or the buyer with a significant benefit of financing the transfer of the OREO. A seller-financed transaction of OREO at off-market terms generally indicates the existence of a significant financing component. If a significant financing component exists, the contract amount should be adjusted for the time value of money to reflect what the cash selling price of the OREO would have been at the time of its transfer to the buyer. The discount rate used in adjusting for the time value of money should be a market rate of interest considering the credit characteristics of the buyer and the terms of the financing.

Foreign Banks: See "banks, U.S. and foreign."

Foreign Currency Transactions and Translation: Foreign currency transactions are transactions occurring in the ordinary course of business (e.g., purchases, sales, borrowings, and lendings) denominated in a currency other than the office's functional currency (as described below).

Foreign currency translation, on the other hand, is the process of translating financial statements from the foreign office's functional currency into the reporting currency. Such translation normally is performed only at reporting dates.

A functional currency is the currency of the primary economic environment in which an office operates. For banks filing the FFIEC 051, the functional currency is the U.S. dollar.

Accounting for foreign currency transactions – A change in exchange rates between the functional currency and the currency in which a transaction is denominated will increase or decrease the amount of the functional currency expected to be received or paid. These increases or decreases in the expected functional currency cash flow are foreign currency transaction gains and losses and are to be included in the determination of the income of the period in which the transaction takes place, or if the transaction has not yet settled, the period in which the rate change takes place.

Except for foreign currency derivatives and transactions described in the following paragraphs, banks should consistently report net gains (losses) from foreign currency transactions other than trading transactions in Schedule RI, item 5.I, "Other noninterest income," or item 7.d, "Other noninterest expense." Net gains (losses) from foreign currency trading transactions should be reported as trading revenue in Schedule RI, item 5.I, "Other noninterest income."

Participations in Acceptances: See "bankers acceptances."

Participations in Pools of Securities: See "repurchase/resale agreements."

Pass-through Reserve Balances: Under the Monetary Control Act of 1980, and as reflected in [Federal Reserve Regulation D](#), both member and nonmember depository institutions may hold the balances they maintain to satisfy reserve balance requirements (in excess of vault cash) in one of two ways: either (1) directly with a Federal Reserve Bank or (2) indirectly in an account with another institution (referred to here as a "correspondent"), which, in turn, is required to pass the reserves through to a Federal Reserve Bank. This second type of account is called a "pass-through account," and a depository institution passing its reserves to the Federal Reserve through a correspondent is referred to here as a "respondent." This pass-through reserve relationship is legally and for supervisory purposes considered to constitute an asset/debt relationship between the respondent and the correspondent, and an asset/debt relationship between the correspondent and the Federal Reserve. The required reporting of the "pass-through reserve balances" reflects this structure of asset/debt relationships.

In the balance sheet of the respondent bank, the pass-through reserve balances are to be treated as a claim on the correspondent (not as a claim on the Federal Reserve) and, as such, are to be reflected in the balance sheet of the Consolidated Report of Condition, Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin," or item 1.b, "Interest-bearing balances," as appropriate.

In the balance sheet of the correspondent bank, the pass-through reserve balances are to be treated as balances due to respondents and, to the extent that the balances have actually been passed through to the Federal Reserve, as balances due from the Federal Reserve. The balances due to respondents are to be reflected in the balance sheet of the Consolidated Report of Condition, Schedule RC, item 13.a, "Deposits in domestic offices," and in Schedule RC-E, Deposit Liabilities, item 4. The balances due from the Federal Reserve are to be reflected on the balance sheet in Schedule RC, item 1.b, "Interest-bearing balances."

The reporting of pass-through reserve balances by correspondent and respondent banks differs from the required reporting of excess balance accounts by participants and agents, which is described in the Glossary entry for "excess balance accounts."

Perpetual Preferred Stock: See "preferred stock."

Preauthorized Transfer Account: See "deposits."

Preferred Stock: Preferred stock is a form of ownership interest in a bank or other company which entitles its holders to some preference or priority over the owners of common stock, usually with respect to dividends or asset distributions in a liquidation.

Limited-life preferred stock is preferred stock that has a stated maturity date or that can be redeemed at the option of the holder. It excludes those issues of preferred stock that automatically convert into perpetual preferred stock or common stock at a stated date.

Perpetual preferred stock is preferred stock that does not have a stated maturity date or that cannot be redeemed at the option of the holder. It includes those issues of preferred stock that automatically convert into common stock at a stated date.

Premiums and Discounts: A premium arises when an institution purchases a security, loan, or other asset at a price in excess of its par or face value, typically because the current level of interest rates for such assets is less than its contract or stated rate of interest. The difference between the purchase price and par or face value represents the premium, which all institutions are required to amortize.

A discount arises when an institution purchases a debt security, loan, or other asset at a price below its par or face value, typically because the current level of interest rates for such assets is greater than its contract or stated rate of interest. A discount is also present on instruments that do not have a stated rate of interest such as U.S. Treasury bills and commercial paper. The difference between par or face value and the purchase price represents the discount that all institutions are required to accrete.

Except as discussed in the next two paragraphs, premiums and discounts are accounted for as adjustments to the yield on an asset over its remaining life. A premium must be amortized and a discount must be accreted from the date of purchase to maturity, and not to the call or put date. The preferable method for amortizing premiums and accreting discounts involves the use of the interest method for accruing income on the asset. The objective of the interest method is to produce a constant effective yield or rate of return on the carrying value of the asset (par or face value plus unamortized premium or less unaccrued discount) at the beginning of each amortization period over the asset's remaining life. The difference between the periodic interest income that is accrued on the asset and interest at the stated rate is the periodic amortization or accretion. However, a straight-line method of amortization or accretion is acceptable only if the results are not materially different from the interest method.

If an institution holds a large number of similar debt securities, loans, or other assets for which prepayments are probable and the timing and amount of prepayments can be reasonably estimated, the institution may consider estimates of future principal prepayments in the calculation of the constant effective yield necessary to apply the interest method.

For callable debt securities that have explicit, non-contingent call features and are callable at fixed prices and on preset dates, [Accounting Standards Update No. 2017-08](#) (ASU 2017-08) amends ASC Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs (formerly FASB Statement No. 91, “Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases”), to shorten the amortization period for any premiums on such debt securities. Under the ASU, after it has been adopted, the excess of the amortized cost basis of such a callable debt security over the amount repayable by the issuer at the earliest call date (i.e., the premium) must be amortized to the earliest call date (unless the institution applies the guidance that allows estimates of future principal prepayments to be considered in the effective yield calculation). If the call option is not exercised at its earliest call date, the institution must reset the effective yield using the payment terms of the debt security.¹

A premium or discount may also arise when the reporting institution, acting either as a lender or a borrower, is involved in an exchange of a note for assets other than cash and the interest rate is either below the market rate or not stated, or the face amount of the note is materially different from the fair value of the noncash assets exchanged. The noncash assets and the related note shall be recorded at either the fair value of the noncash assets or the market value of the note, whichever is more clearly determinable. The market value of the note would be its present value as determined by discounting all future payments on the note using an appropriate interest rate, i.e., a rate comparable to that on new loans of similar risk. The difference between the face amount and the recorded value of the note is a premium or discount. This discount or premium shall be accounted for as an adjustment of the interest income or expense over the life of the note using the interest method described above. For further information, see ASC Subtopic 835-30, Interest – Imputation of Interest (formerly APB Opinion No. 21, “Interest on Receivables and Payables”).

¹ An institution must continue to amortize premiums over the contractual life of callable debt securities until the effective date of [ASU 2017-08](#) applicable to the institution unless early application of the ASU has been adopted. For information on the ASU's effective dates and transition, refer to ASU 2017-08.

Private Company: A private company is a business entity that is not a public business entity. For further information, see the Glossary entry for “public business entity.”

Public Business Entity: Accounting Standards Update No. 2013-12, “Definition of a Public Business Entity,” added this term to the Master Glossary in the Accounting Standards Codification. The definition states that a business entity, such as bank or savings association, that meets any one of five specified criteria is a public business entity for reporting purposes under U.S. GAAP. This also applies for Call Report purposes. In contrast, a private company is a business entity that is not a public business entity. An institution that is a public business entity is not permitted to apply private company accounting alternatives when preparing its Call Report.

As defined in the ASC Master Glossary, a business entity is a public business entity if it meets any one of the following criteria:

- It is required by the U.S. Securities and Exchange Commission (SEC) to file or furnish financial statements, or does file or furnish financial statements (including voluntary filers), with the SEC (including other entities whose financial statements or financial information are required to be or are included in a filing).

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Revenue from Contracts with Customers (cont.):

sector, such as interest income, fair value adjustments, gains and losses on sales of financial instruments, and loan origination fees, are not within the scope of ASC Topic 606. However, the provisions of ASC Topic 606 may affect the timing for the recognition of, and the presentation of, those revenue streams within the scope of this accounting standard, such as certain fees associated with credit card arrangements, underwriting fees and costs, and deposit-related fees.

To achieve the core principle described above when accounting for transactions within the scope of ASC Topic 606, an institution should apply the following steps as set forth in Topic 606:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the institution satisfies a performance obligation.

For further guidance on applying these steps, refer to ASC Topic 606.

Savings Deposits: See "deposits."

Securities Activities: Institutions should categorize their investments in debt securities as trading, available-for-sale, or held-to-maturity consistent with ASC Topic 320, Investments-Debt Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," as amended). Management should periodically reassess its security categorization decisions to ensure that they remain appropriate.

For purposes of the Consolidated Reports of Condition and Income, debt and equity securities that are intended to be held principally for the purpose of selling them in the near term should be classified as trading assets. Trading activity includes active and frequent buying and selling of securities for the purpose of generating profits on short-term fluctuations in price. Securities held for trading purposes must be reported at fair value, with unrealized gains and losses recognized in current earnings and regulatory capital.

Institutions may also elect to report debt securities within the scope of ASC Topic 320 at fair value in accordance with ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"). For purposes of the Consolidated Reports of Condition and Income, debt securities for which the fair value option is elected should be classified as trading assets with unrealized gains and losses recognized in current earnings and regulatory capital. In general, the fair value option may be elected for an individual security only when it is first recognized; this election is irrevocable.

Held-to-maturity securities are debt securities that an institution has the positive intent and ability to hold to maturity. Held-to-maturity securities are generally reported at amortized cost. Debt securities not categorized as trading or held-to-maturity must be reported as available-for-sale. An institution must report its available-for-sale debt securities at fair value on the balance sheet, but unrealized gains and losses are excluded from earnings and reported in a separate component of equity capital (i.e., in Schedule RC, item 26.b, "Accumulated other comprehensive income").

FASB [Accounting Standards Update No. 2016-01](#), "Recognition and Measurement of Financial Assets and Financial Liabilities" (ASU 2016-01), added Topic 321, Investments – Equity Securities, to the ASC. Once ASU 2016-01 has been adopted, it eliminates the classification of equity securities with readily determinable fair values as available-for-sale equity securities that are measured at fair value with changes in fair value generally recognized in other comprehensive income.¹ Institutions that have

¹ For information on the ASU's effective dates and transition, institutions should refer to [ASU 2016-01](#).

Securities Activities (cont.):

adopted ASU 2016-01 must measure investments in equity securities, except those accounted for under the equity method and those that result in consolidation, at fair value with changes in fair value recognized in net income. However, for an equity security that does not have a readily determinable fair value, ASC Topic 321 permits an institution to elect to measure the security at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. When this measurement alternative is elected for an equity security without a readily determinable fair value, ASC Topic 321 requires the equity security to be written down to its fair value, with a charge to earnings, if a qualitative assessment indicates the security is impaired and the fair value of the security is less than its carrying value. For each equity security accounted for using this measurement alternative, the qualitative assessment must be made each reporting period by qualitatively considering impairment indicators to evaluate whether the security is impaired. Impairment indicators that an institution should consider include, but are not limited to, the indicators identified in ASC Subtopic 321-10.

The measurement guidance for investments in equity securities in ASC Topic 321 described above also applies to investments in other ownership interests, such as interests in partnerships, unincorporated joint ventures, and limited liability companies. However, the measurement guidance does not apply to Federal Home Loan Bank stock or Federal Reserve Bank stock.

Securities Activities (cont.):

Until an institution has adopted FASB [Accounting Standards Update No. 2016-13](#) (ASU 2016-13), which applies to held-to-maturity and available-for-sale debt securities, or [ASU 2016-01](#), which applies to equity securities, when the fair value of a debt or equity security (not held for trading) is less than its (amortized) cost basis, the security is impaired and the impairment is either temporary or other than temporary. Under ASC Topic 320, institutions must determine whether an impairment of an individual available-for-sale or held-to-maturity security is other than temporary. To make this determination, institutions should apply applicable accounting guidance including, but not limited to, ASC Topic 320, ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly EITF Issue No. 99-20, “Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets,” as amended), and [SEC Staff Accounting Bulletin No. 59, Other Than Temporary Impairment of Certain Investments in Equity Securities \(Topic 5.M. in the Codification of Staff Accounting Bulletins\)](#).

Under ASC Topic 320, if an institution intends to sell a debt security, or it is more likely than not that it will be required to sell the debt security before recovery of its amortized cost basis, an other-than-temporary impairment has occurred and the entire difference between the security’s amortized cost basis and its fair value at the balance sheet date must be recognized in earnings. In these cases, the fair value of the debt security would become its new amortized cost basis.

In addition, under ASC Topic 320, if the present value of cash flows expected to be collected on a debt security is less than its amortized cost basis, a credit loss exists. In this situation, if an institution does not intend to sell the security and it is not more likely than not that the institution will be required to sell the debt security before recovery of its amortized cost basis less any current-period credit loss, an other-than-temporary impairment has occurred. The amount of the total other-than-temporary impairment related to the credit loss must be recognized in earnings, but the amount of the total impairment related to other factors must be recognized in other comprehensive income, net of applicable taxes.

Until an institution has adopted [ASU 2016-13](#), other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that must be recognized in earnings should be included in Schedule RI, items 6.a and 6.b, respectively. Other-than-temporary impairment losses that are to be recognized in other comprehensive income, net of applicable taxes, should be reported in item 10 of Schedule RI-A, Changes in Bank Equity Capital, and included on the balance sheet in Schedule RC, item 26.b, “Accumulated other comprehensive income.” The amount of other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings during the current calendar year-to-date reporting period should be reported in Schedule RI, Memorandum item 14. For a held-to-maturity debt security on which the institution has recognized an other-than-temporary impairment loss related to factors other than credit loss in other comprehensive income, the institution should report the carrying value of the debt security in Schedule RC, item 2.a, and in column A of Schedule RC-B, Securities. Under ASC Topic 320, this carrying value should be the fair value of the held-to-maturity debt security as of the date of the most recently recognized other-than-temporary impairment loss adjusted for subsequent accretion of the impairment loss related to factors other than credit loss.

The proper categorization of securities is important to ensure that trading gains and losses are promptly recognized in earnings and regulatory capital. This will not occur when debt securities intended to be held for trading purposes are categorized as held-to-maturity or available-for-sale. The following practices are considered trading activities:

- (1) Gains Trading – Gains trading is characterized by the purchase of a security and the subsequent sale of the same security at a profit after a short holding period, while securities acquired for this purpose that cannot be sold at a profit are typically retained in the available-for-sale or held-to-

Securities Activities (cont.):

maturity portfolio. Gains trading may be intended to defer recognition of losses, as unrealized losses on available-for-sale and held-to-maturity debt securities do not directly affect regulatory capital and generally are not reported in income until the security is sold.

- (2) **When-Issued Securities Trading** – When-issued securities trading is the buying and selling of securities in the period between the announcement of an offering and the issuance and payment date of the securities. A purchase of a "when-issued" security acquires the risks and rewards of owning a security and may sell the when-issued security at a profit before having to take delivery and pay for it. Because such transactions are intended to generate profits from short-term price movements, they should be categorized as trading.
- (3) **Pair-offs** – Pair-offs are security purchase transactions that are closed-out or sold at, or prior to, settlement date. In a pair-off, an institution commits to purchase a security. Then, prior to the predetermined settlement date, the institution will pair-off the purchase with a sale of the same security. Pair-offs are settled net when one party to the transaction remits the difference between the purchase and the sale price to the counterparty. Pair-offs may also involve the same sequence of events using swaps, options on swaps, forward commitments, options on forward commitments, or other off-balance sheet derivative contracts.
- (4) **Extended Settlements** – In the U.S., regular-way settlement for federal government and federal agency securities (except mortgage-backed securities and derivative contracts) is one business day after the trade date. Regular-way settlement for corporate and municipal securities is three business days after the trade date. For mortgage-backed securities, it can be up to 60 days or more after the trade date. The use of extended settlements may be offered by securities dealers in order to facilitate speculation on the part of the purchaser, often in connection with pair-off transactions. Securities acquired through the use of a settlement period in excess of the regular-way settlement periods in order to facilitate speculation should be reported as trading assets.
- (5) **Repositioning Repurchase Agreements** – A repositioning repurchase agreement is a funding technique offered by a dealer in an attempt to enable an institution to avoid recognition of a loss. Specifically, an institution that enters into a "when-issued" trade or a "pair-off" (which may include an extended settlement) that cannot be closed out at a profit on the payment or settlement date will be provided dealer financing in an effort to fund its speculative position until the security can be sold at a gain. The institution purchasing the security typically pays the dealer a small margin that approximates the actual loss in the security. The dealer then agrees to fund the purchase of the security, typically buying it back from the purchaser under a resale agreement. Any securities acquired through a dealer financing technique such as a repositioning repurchase agreement that is used to fund the speculative purchase of securities should be reported as trading assets.
- (6) **Short Sales** – A short sale is the sale of a security that is not owned. The purpose of a short sale generally is to speculate on a fall in the price of the security. (For further information, see the Glossary entry for "short position.")

One other practice, referred to as "adjusted trading," is not acceptable under any circumstances. Adjusted trading involves the sale of a security to a broker or dealer at a price above the prevailing market value and the contemporaneous purchase and booking of a different security, frequently a lower-rated or lower quality issue or one with a longer maturity, at a price above its market value. Thus, the dealer is reimbursed for losses on the purchase from the institution and ensured a profit. Such transactions inappropriately defer the recognition of losses on the security sold and establish an excessive cost basis for the newly acquired security. Consequently, such transactions are prohibited and may be in violation of 18 U.S.C. Sections [1001–Statements or Entries Generally](#) and [1005–Bank Entries, Reports and Transactions](#).

See also "trading account."