

CALL REPORT INSTRUCTIONS

UPDATE PAGES

June 30, 1997

TO ALL HOLDERS OF THE FFIEC INSTRUCTIONS -
CONSOLIDATED REPORTS OF CONDITION AND INCOME (CALL REPORT)

The following pages are an update to your instruction book. To the extent possible, these update pages replace pages already in your instruction book, thereby allowing you to remove the superseded pages from your book. When updating your instruction book, please follow the directions at the top of the first page of each related group of update pages for guidance on where to place these pages in your book. Additions and other changes to the instructions are denoted by a vertical line to the right of the new or revised text.

The reporting changes to the Call Report for the first quarter of 1997 included deletions of several items and the combining of some previously separate items in a number of Call Report schedules. For the following Call Report items which represent the combining of previously separate items or other changes which are believed to be self-explanatory, update pages for these revised items have to date not been prepared:

Schedule RC -- Balance Sheet:

- o Item 3, "Federal funds sold and securities purchased under agreements to resell," which combines previous items 3.a and 3.b. (on a fully consolidated basis on the FFIEC 031).
- o Item 14, "Federal funds purchased and securities sold under agreements to repurchase," which combines previous items 14.a and 14.b. (on a fully consolidated basis on the FFIEC 031).

Schedule RC-H -- Selected Balance Sheet Items for Domestic Offices (FFIEC 031 only):

- o Item 16.a, "Investments in mutual funds and other equity securities with readily determinable fair values," which combines previous items 16.a and 16.b.

Schedule RC-R -- Regulatory Capital:

- o Item 4.a, "Assets recorded on the balance sheet" assigned to the zero percent risk category, which combines previous items 4.a.(1) and 4.a.(2).
- o Item 5.a, "Assets recorded on the balance sheet" assigned to the 20 percent risk category, which combines previous items 5.a.(1), 5.a.(2), and 5.a.(3).

Schedule RI -- Income Statement:

- o Items 2.a.(2)(c) and (d) on the FFIEC 032, 033, and 034; items 2.a.(1)(b)(3) and (4) on the FFIEC 031, Interest expense on "Time deposits of \$100,000 or more" and on "Time deposits of less than \$100,000," respectively, which were revised to conform to the revised time deposit categories in Schedule RC-E, Memorandum items 2.c and 2.b, respectively.
- o Item 2.c, "Interest on demand notes issued to the U.S. Treasury, trading liabilities, and other borrowed money," which combines previous items 2.c and 2.d.

In addition, a revised Glossary entry for "Reciprocal Balances" was distributed with the March 31, 1997, update pages, but update pages conforming the discussion of reciprocal balances in the instructions for Schedule RC-E, Schedule RC on the FFIEC 034, and Schedule RC-A on the FFIEC 031, 032, and 033 to the revised Glossary entry are not included at this time. Banks should follow the guidance on reciprocal balances in the revised Glossary entry.

NOTE: Remove pages RC-6a and RC-6b (dated 3-96) and replace them with these revised pages.

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15.a Demand notes issued to the U.S. Treasury. Report the dollar amount outstanding of all interest-bearing demand notes issued by the bank to the U.S. Treasury. If the bank participates in the Treasury Tax and Loan note program, funds received for credit to the U.S. Government are demand deposits on the day received and become note balances on the following business day.

15.b Trading liabilities. Report the amount of liabilities from the reporting bank's trading activities. Include liabilities resulting from sales of assets that the reporting bank does not own (see the Glossary entry for "short position") and revaluation losses from the "marking to market" (or the "lower of cost or market") of interest rate, foreign exchange rate, and other off-balance sheet commodity and equity contracts into which the reporting bank has entered for trading, dealer, customer accommodation, and similar purposes. For those banks that must complete Schedule RC-D, Trading Assets and Liabilities, on the FFIEC 031 and 032, the amount reported in this item must equal Schedule RC-D, item 15.

16 Other borrowed money. Report in the appropriate subitem by remaining maturity the amount borrowed by the consolidated bank:

- (1) on its promissory notes;
- (2) on notes and bills rediscounted (including commodity drafts rediscounted);
- (3) on loans sold under repurchase agreements that mature in more than one business day and sales of participations in pools of loans that mature in more than one business day;
- (4) by transferring financial assets in exchange for cash or other consideration (other than beneficial interests in the transferred assets) in transactions that do not satisfy the criteria for sale treatment under FASB Statement No. 125 (see the Glossary entry for "transfers of financial assets" for further information);
- (5) by the creation of due bills representing the bank's receipt of payment and similar instruments, whether collateralized or uncollateralized (see the Glossary entry for "due bills");
- (6) from Federal Reserve Banks and Federal Home Loan Banks;
- (7) by overdrawing "due from" balances with depository institutions, except overdrafts arising in connection with checks or drafts drawn by the reporting bank and drawn on, or payable at or through, another depository institution either on a zero-balance account or on an account that is not routinely maintained with sufficient balances to cover checks or drafts drawn in the normal course of business during the period until the amount of the checks or drafts is remitted to the other depository institution (in which case, report the funds received or held in connection with such checks or drafts as deposits in Schedule RC-E until the funds are remitted);
- (8) on purchases of so-called "term federal funds" (as defined in the Glossary entry for "federal funds transactions");
- (9) on notes and debentures issued by consolidated subsidiaries of the reporting bank;
- (10) through mortgages, liens, or other encumbrances on bank premises and other real estate owned and obligations under capitalized leases; and
- (11) on any other obligation for the purpose of borrowing money not reported elsewhere.

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

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- 16** Exclude from other borrowed money:
(cont.)
- (1) federal funds purchased and securities sold under agreements to repurchase (report in Schedule RC, item 14);
 - (2) liability for short positions (report in Schedule RC, item 15.b);
 - (3) subordinated notes and debentures (report in Schedule RC, item 19).
- Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a borrowing without regard to the borrowing's repayment schedule, if any.
- For banks filing the FFIEC 031, for a discussion of borrowings in foreign offices, see the Glossary entry for "borrowings and deposits in foreign offices."
- 16.a** **With a remaining maturity of one year or less.** Report the total amount of the reporting bank's "Other borrowed money" with a remaining maturity of one year or less. Include in this item those overdrawn "due from" balances with depository institutions that are reportable as "Other borrowed money," as described in the instructions to Schedule RC, item 16, above.
- 16.b** **With a remaining maturity of more than one year through three years.** Report the total amount of the reporting bank's "Other borrowed money" with a remaining maturity of more than one year through three years.
- 16.c** **With a remaining maturity of more than three years.** Report the total amount of the reporting bank's "Other borrowed money" with a remaining maturity of more than three years.
- 17** Not applicable.
- 18** **Bank's liability on acceptances executed and outstanding.** Report the full amount (except as noted below) of the liability represented by drafts and bills of exchange that have been accepted by the reporting bank, or by others for its account, and that are outstanding.
- The bank's liability on acceptances executed and outstanding should be reduced prior to the maturity of such acceptances only when the reporting bank acquires and holds its own acceptances, i.e., only when the acceptances are not outstanding. See the Glossary entry for "bankers acceptances" for further information.
- 19** **Subordinated notes and debentures.** Report the amount of subordinated notes and debentures (including mandatory convertible debt) (see the Glossary entry for "subordinated notes and debentures"). Also include the amount of outstanding limited-life preferred stock including any amounts received in excess of its par or stated value. (See the Glossary entry for "preferred stock" for the definition of limited-life preferred stock.)
- 20** **Other liabilities.** Report the amount from Schedule RC-G, item 5, "Total."
- 21** **Total liabilities.** Report the sum of items 13 through 20.
- 22** Not applicable.

NOTE: In the FFIEC 034 instruction book, remove pages RC-12a (dated 3-94) through RC-14b (dated 3-95) and replace them with these revised pages. In the FFIEC 031, 032, and 033 instruction books, remove pages RC-16a (dated 3-94) through RC-18b (dated 3-95) and replace them with these revised pages.

Item No. **Caption and Instructions**

6.b All other equity securities. Report all holdings of equity securities that do not have readily determinable fair values. For purposes of this item, report the historical cost (book value) of these equity securities in both columns C and D.

Include in other equity securities:

- (1) Paid-in stock of a Federal Reserve Bank.
- (2) Common and preferred stocks that do not have readily determinable fair values, such as stock of bankers' banks and voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac).
- (3) Stock of a Federal Home Loan Bank.
- (4) "Restricted stock," as defined in FASB Statement No. 115, i.e., equity securities for which sale is restricted by governmental or contractual requirement (other than in connection with being pledged as collateral), except if that requirement terminates within one year or if the holder has the power by contract or otherwise to cause the requirement to be met within one year.
- (5) Participation certificates issued by a Federal Intermediate Credit Bank, which represent nonvoting stock in the bank.
- (6) Minority interests held by the reporting bank in any company not meeting the definition of associated company, except minority holdings that indirectly represent bank premises (report in Schedule RC, item 6) or other real estate owned (report in Schedule RC, item 7), provided that the fair value of any capital stock representing the minority interest is not readily determinable. (See the Glossary entry for "subsidiaries" for the definition of associated company.)
- (7) Equity holdings in those corporate joint ventures over which the reporting bank does not exercise significant influence, except equity holdings that indirectly represent bank premises (report in Schedule RC, item 6) or other real estate owned (report in Schedule RC, item 7). (See the Glossary entry for "subsidiaries" for the definition of corporate joint venture.)

Exclude from other equity securities holdings of capital stock of and investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the reporting bank exercises significant influence (report in Schedule RC, item 8, "Investments in unconsolidated subsidiaries and associated companies").

- 7** **Total.** Report the sum of items 1 through 6. The total of column A for this item must equal Schedule RC, item 2.a, "Held-to-maturity securities." The total of column D for this item must equal Schedule RC, item 2.b, "Available-for-sale securities."

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- 1** **Pledged securities.** Report the amortized cost of all held-to-maturity securities and the fair value of all available-for-sale securities included in Schedule RC-B above that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the securities are pledged), as performance bonds under futures or forward contracts, or for any other purpose.

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- 2** **Maturity and repricing data for debt securities.** Report in the appropriate subitem maturity and repricing data for the bank's holdings of debt securities (reported in Schedule RC-B, items 1 through 5 above). Report the amortized cost of held-to-maturity debt securities and the fair value of available-for-sale debt securities in the appropriate maturity and repricing subitems. Exclude from Memorandum item 2 the bank's holdings of equity securities (reported in Schedule RC-B, item 6 above) (e.g., investments in mutual funds, common stock, preferred stock). Also exclude those debt securities that are reported as "nonaccrual" in Schedule RC-N, column C, item 6 on the FFIEC 033 and 034; item 9 on the FFIEC 031 and 032.

The sum of Memorandum items 2.a.(1) through 2.c.(2) plus the amount of any nonaccrual debt securities included in Schedule RC-N, column C, item 6 on the FFIEC 033 and 034; item 9 on the FFIEC 031 and 032, must equal Schedule RC-B, sum of items 1 through 5, columns A and D.

On the FFIEC 031, banks that have more than one office in foreign countries (including offices of consolidated foreign subsidiaries but excluding "shell" branches, excluding offices in Puerto Rico or U.S. territories and possessions, and excluding IBFs) have the option of excluding the smallest of such non-U.S. offices from Memorandum item 2. Such banks may omit the smallest of their offices in foreign countries (other than "shell" branches) when arrayed by total assets provided that the assets of the excluded offices do not exceed 50 percent of the total assets of the bank's offices (excluding "shells") in foreign countries and do not exceed 10 percent of the total consolidated assets of the reporting bank as of the report date. (Note: In determining the total assets of offices in foreign countries eligible for exclusion from these memorandum items, banks should exclude not only "shell" branches but also offices in Puerto Rico and U.S. territories and possessions, domestic offices of Edge and Agreement subsidiaries, and IBFs even though these are sometimes referred to as "foreign" offices. Also, the asset totals for all offices in foreign countries should be the component of the total consolidated assets, i.e., should exclude all intrabank transactions.)

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 debt security, 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 debt security on a predetermined basis, with the exact rate of interest over the life of the debt security known with certainty to both the borrower and the lender when the debt security is acquired.

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 "prime rate," or to some other variable criterion the exact value of which cannot be known in advance. Therefore, the exact rate the debt security carries at any subsequent time cannot be known at the time of origination.

When the rate on a debt security with a floating rate has reached a contractual floor or ceiling level, the debt security 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 debt security without regard to the security's repayment schedule, if any.

Repricing frequency is how often the contract permits the interest rate on a floating rate debt security to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the date the rate can next change or the maturity date.

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(cont.) For fixed rate debt securities with scheduled contractual payments, banks whose records provide repricing data on the basis of 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 such fixed rate debt securities. For floating rate debt securities, banks whose records provide data on the length of time between the report date and the date the rate can next change (i.e., the earliest possible repricing opportunity) may adjust these data in an appropriate manner to derive reasonable estimates for the repricing frequencies of their floating rate debt securities.

Callable fixed rate debt securities should be reported in Memorandum items 2.a, 2.b, and 2.d without regard to their next call date unless the security has actually been called. When fixed rate debt securities have been called, they should be reported on the basis of the time remaining until the call date. Callable floating rate debt securities should be reported in Memorandum items 2.a and 2.b on the basis of their repricing frequency without regard to their next call date even if the security has actually been called.

Fixed rate mortgage pass-through securities (such as those guaranteed by the Government National Mortgage Association (GNMA) or issued by the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and certain banks, savings associations, and securities dealers) and fixed rate Small Business Administration (SBA) "Guaranteed Loan Pool Certificates" should be reported on the basis of the time remaining until their final contractual maturity without regard to either expected prepayments or scheduled contractual payments. Floating rate mortgage pass-through securities and SBA "Guaranteed Loan Pool Certificates" should be reported in Memorandum items 2.a and 2.b on the basis of their repricing frequency.

Fixed rate debt securities that provide the reporting bank with the option to redeem them at one or more specified dates prior to their contractual maturity date, so-called "put bonds," should be reported on the basis of the time remaining until the next "put" date. Floating rate "put bonds" should be reported in Memorandum items 2.a and 2.b on the basis of their repricing frequency without regard to "put" dates.

Zero coupon debt securities, including U.S. Treasury bills, should be treated as fixed rate debt securities for purposes of this Memorandum item.

2.a Securities issued by the U.S. Treasury, U.S. Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or repricing frequency of. Report the bank's holdings of fixed rate debt securities -- *other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages* -- in the appropriate subitems according to the amount of time remaining to their final contractual maturities (without regard to repayment schedules, if any). Report the bank's holdings of floating rate debt securities -- *other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages* -- in the appropriate subitems according to their repricing frequencies, that is, how often the contract permits the interest rates on the securities to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the dates the rates can next change or maturity dates. Exclude debt securities that are in nonaccrual status.

For held-to-maturity debt securities, report amortized cost. For available-for-sale debt securities, report fair value.

Memoranda**Item No.** **Caption and Instructions****2.a.(1)** **Three months or less.** Report the amount of:

- o the bank's fixed rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- with remaining maturities of three months or less, and
- o the bank's floating rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- which can be repriced quarterly or more frequently (e.g., quarterly, monthly, weekly, daily).

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

- o the bank's fixed rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- with remaining maturities (without regard to repayment schedules, if any) of over three months through 12 months, and
- o the bank's floating rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- which can be repriced annually or more frequently, but less frequently than quarterly (e.g., annually, semiannually)

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

- o the bank's fixed rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- with remaining maturities (without regard to repayment schedules, if any) of over one year through three years, and
- o the bank's floating rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- which can be repriced every three years or more frequently, but less frequently than annually (e.g., every three years, every two years).

2.a.(4) **Over three years through five years.** Report the amount of:

- o the bank's fixed rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- with remaining maturities (without regard to repayment schedules, if any) of over three years through five years, and
- o the bank's floating rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- which can be repriced every five years or more frequently, but less frequently than every three years (e.g., every five years, every four years).

2.a.(5) **Over five years through 15 years.** Report the amount of:

- o the bank's fixed rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- with remaining maturities (without regard to repayment schedules, if any) of over five years through 15 years, and
- o the bank's floating rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- which can be repriced every 15 years or more frequently, but less frequently than every five years (e.g., every 15 years, every ten years).

Memoranda**Item No. Caption and Instructions****2.a.(6) Over 15 years.** Report the amount of:

- o the bank's fixed rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- with remaining maturities (without regard to repayment schedules, if any) of over 15 years, and
- o the bank's floating rate debt securities -- other than mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages -- which can be repriced less frequently than every 15 years (e.g., every 20 years, every 25 years).

2.b Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or repricing frequency of. Report the bank's holdings of fixed rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages in the appropriate subitems according to the amount of time remaining to their final contractual maturities (without regard to repayment schedules, if any). Report the bank's holdings of floating rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages in the appropriate subitems according to their repricing frequencies, that is, how often the contract permits the interest rates on the securities to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the dates the rates can next change or maturity dates. Exclude mortgage pass-through securities that are in nonaccrual status.

For held-to-maturity mortgage pass-through securities, report amortized cost. For available-for-sale mortgage pass-through securities, report fair value.

2.b.(1) Three months or less. Report the amount of:

- o the bank's fixed rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with remaining maturities of three months or less, and
- o the bank's floating rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages which can be repriced quarterly or more frequently (e.g., quarterly, monthly, weekly, daily).

2.b.(2) Over three months through 12 months. Report the amount of:

- o the bank's fixed rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with remaining maturities (without regard to repayment schedules, if any) of over three months through 12 months, and
- o the bank's floating rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages which can be repriced annually or more frequently, but less frequently than quarterly (e.g., annually, semiannually)

2.b.(3) Over one year through three years. Report the amount of:

- o the bank's fixed rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with remaining maturities (without regard to repayment schedules, if any) of over one year through three years, and
- o the bank's floating rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages which can be repriced every three years or more frequently, but less frequently than annually (e.g., every three years, every two years).

Memoranda**Item No. Caption and Instructions****2.b.(4) Over three years through five years.** Report the amount of:

- o the bank's fixed rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with remaining maturities (without regard to repayment schedules, if any) of over three years through five years, and
- o the bank's floating rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages which can be repriced every five years or more frequently, but less frequently than every three years (e.g., every five years, every four years).

2.b.(5) Over five years through 15 years. Report the amount of:

- o the bank's fixed rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with remaining maturities (without regard to repayment schedules, if any) of over five years through 15 years, and
- o the bank's floating rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages which can be repriced every 15 years or more frequently, but less frequently than every five years (e.g., every 15 years, every ten years).

2.b.(6) Over 15 years. Report the amount of:

- o the bank's fixed rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with remaining maturities (without regard to repayment schedules, if any) of over 15 years, and
- o the bank's floating rate mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages which can be repriced less frequently than every 15 years (e.g., every 20 years, every 25 years).

2.c Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS) with an expected average life of. Report the bank's holdings of other mortgage-backed securities (including collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), and stripped mortgage-backed securities (MBS)) in the appropriate subitems by their expected weighted average life as of the report date. Include both fixed rate and floating rate securities. For held-to-maturity securities, report amortized cost. For available-for-sale securities, report fair value. Exclude all mortgage pass-through securities. Also exclude securities that are in nonaccrual status.

Weighted average life is the dollar-weighted average time in which principal is repaid. For a mortgage-backed security, weighted average life should be based on the prepayment assumptions associated with the pool of loans underlying the security as well as scheduled repayments. Weighted average life is computed by (a) multiplying the amount of each principal reduction by the number of years or months from the date of issuance or the testing date to the date of the principal reduction, (b) summing the results, and (c) dividing the sum by the remaining principal balance as of the date of issuance or the testing date. Because weighted average life should consider expected prepayments, it is not equivalent to contractual maturity. Because it is dollar- and time-weighted, it also is not equivalent to expected final maturity.

Under the Federal Financial Institutions Examination Council's Supervisory Policy Statement on Securities Activities, prior to purchase and at subsequent testing dates, banks must test mortgage derivative products to determine whether they are "high-risk" or "nonhigh-risk." These tests include one for expected weighted average life, although certain mortgage derivative products are not subject to this test. For purposes of this Memorandum item 2.c, mortgage derivative products subject to the expected weighted average life test should be

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- 2.c** reported based on the average life determined at their most recent testing date or more current information, if available. For mortgage derivative products not subject to this test, banks should report based on the most recent average life information obtained within the twelve months preceding the report date.
- 2.c.(1)** **Three years or less.** Report the bank's holdings of other mortgage-backed securities with an expected weighted average life of three years or less as of the report date. Include both fixed rate and floating rate securities.
- 2.c.(2)** **Over three years.** Report the bank's holdings of other mortgage-backed securities with an expected weighted average life of over three years as of the report date. Include both fixed rate and floating rate securities.
- 2.d** **Fixed rate and floating rate debt securities with a remaining maturity of one year or less.** Report all debt securities with a remaining maturity of one year or less. Include both fixed rate and floating rate securities. Exclude debt securities that are in nonaccrual status.

For held-to-maturity debt securities, report amortized cost. For available-for-sale debt securities, report fair value.

The fixed rate debt securities (excluding "Other mortgage-backed securities") that should be included in this item will also have been reported by remaining maturity in Schedule RC-B, Memorandum items 2.a.(1), 2.a.(2), 2.b.(1), and 2.b.(2) above. The floating rate debt securities (excluding "Other mortgage-backed securities") that should be included in this item will have been reported by repricing frequency in Memorandum items 2.a.(1) through 2.a.(6) and 2.b.(1) through 2.b.(6) above. However, Memorandum items 2.a.(1), 2.a.(2), 2.b.(1), and 2.b.(2) above include floating rate debt securities with a remaining maturity of more than one year, but with a repricing frequency of one year or less; those debt securities should not be included in this Memorandum item 2.d. The "Other mortgage-backed securities" included in this item will have been reported by expected weighted average life in Memorandum items 2.c.(1) and 2.c.(2) above.

3-6 Not applicable.

- 7** **Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date.** If the reporting bank has sold any held-to-maturity debt securities or has transferred any held-to-maturity debt securities to the available-for-sale or to trading securities during the calendar year-to-date, report the total amortized cost of these held-to-maturity debt securities as of their date of sale or transfer.

Exclude the amortized cost of any held-to-maturity debt security that has been sold near enough to (e.g., within three months of) its maturity date (or call date if exercise of the call is probable) that interest rate risk is substantially eliminated as a pricing factor. Also exclude the amortized cost of any held-to-maturity debt security that has been sold after the collection of a substantial portion (i.e., at least 85 percent) of the principal outstanding at acquisition due to prepayments on the debt security or, if the debt security is a fixed rate security, due to scheduled payments payable in equal installments (both principal and interest) over its term.

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- 8** **High-risk mortgage securities.** Report in this item all high-risk mortgage securities included in the held-to-maturity and available-for-sale accounts and reported in Schedule RC-B, item 4(b). Report those securities which are deemed to be high-risk under the FFIEC's Supervisory Policy Statement on Securities Activities as of their most recent testing date. Under that policy statement, a "high-risk mortgage security" is defined as any mortgage derivative product (i.e., stripped mortgage-backed securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), and CMO and REMIC residuals) that at the time of purchase, or at a subsequent testing date, meets any of the following tests. In general, a mortgage derivative product that does not meet any of the following three tests will be considered a "nonhigh-risk mortgage security."
- (1) Average Life Test: The mortgage derivative product has an expected weighted average life greater than 10.0 years.
 - (2) Average Life Sensitivity Test: The expected weighted average life of the mortgage derivative product:
 - (a) Extends by more than 4.0 years, assuming an immediate and sustained parallel shift in the yield curve of plus 300 basis points, or
 - (b) Shortens by more than 6.0 years, assuming an immediate and sustained parallel shift in the yield curve of minus 300 basis points.
 - (3) Price Sensitivity Test: The estimated change in the price of the mortgage derivative product is more than 17 percent, due to an immediate and sustained parallel shift in the yield curve of plus or minus 300 basis points.

Generally, a CMO floating-rate debt class will not be subject to the average life and average life sensitivity tests if it bears a rate that, at the time of purchase or at a subsequent testing date, is below the contractual cap on the instrument. A CMO floating-rate debt class is a debt class whose rate adjusts at least annually on a one-for-one basis with the debt class's index. The index must be a conventional, widely-used market interest rate index such as LIBOR. Inverse floating rate debt classes are not included in the definition of a floating rate debt class.

For purposes of this Memorandum item, mortgage derivative products should be tested to determine whether they are "high-risk" or "nonhigh-risk" with the frequency set forth in the Supervisory Policy Statement. Thus, institutions must ascertain and document prior to purchase and no less frequently than annually thereafter, that nonhigh-risk mortgage securities remain outside the high-risk category.

8.a Amortized cost (of high-risk mortgage securities). Report the amortized cost of all high-risk mortgage securities included in the held-to-maturity and available-for-sale accounts. The amortized cost of these securities will have been reported in columns A and C of the body of Schedule RC-B.

8.b Fair value (of high-risk mortgage securities). Report the fair (market) value of the high-risk mortgage securities reported in Memorandum item 8.a above. The fair value of these securities will have been reported in columns B and D of the body of Schedule RC-B. Do not combine or otherwise net the fair value of any high-risk mortgage securities with the fair or book value of any related asset, liability, or off-balance sheet derivative instrument.

- 9** **Structured notes.** Report in this item all structured notes included in the held-to-maturity and available-for-sale accounts and reported in Schedule RC-B, items 2, 3, and 5. In general, structured notes are debt securities whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options or are otherwise commonly known as "structured notes." Include as structured notes any asset-backed securities (other than mortgage-backed securities) which possess the aforementioned characteristics.

NOTE: In the FFIEC 034 instruction book, strike the instruction to Memorandum item 2.d on page RC-24g (dated 3-96), remove pages RC-24c through RC-24f (dated 5-89), and replace them with these revised pages. In the FFIEC 033 instruction book, strike the instruction to Memorandum item 3.d on page RC-30e (dated 3-96), remove pages RC-30a through RC-30d (dated 5-89), and replace them with these revised pages. In the FFIEC 032 instruction book, strike the instruction to Memorandum item 3.d on page RC-28e (dated 3-96), remove pages RC-28a through RC-28d (dated 5-89), and replace them with these revised pages. In the FFIEC 031 instruction book, strike the instruction to Memorandum item 3.d on page RC-28g (dated 3-96), remove pages RC-28a through RC-28e (dated 5-89), and replace them with these revised pages.

Memoranda

FFIEC 034 Item No.	FFIEC 031, 032, and 033 Item No.	<u>Caption and Instructions</u>
2	3	<p><u>Maturity and repricing data for loans and leases (excluding those in nonaccrual status).</u> Report in the appropriate subitem maturity and repricing data for the bank's loans and leases. 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, <u>exclude</u> those loans and leases that are reported as "nonaccrual" in Schedule RC-N, column C.</p> <p>On the <u>FFIEC 034</u>, the sum of Memorandum items 2.a.(1) through 2.b.(6) plus total nonaccrual loans and leases from Schedule RC-N, sum of items 1 through 5, column C, must equal Schedule RC-C, sum of items 1 through 9. On the <u>FFIEC 033</u>, the sum of Memorandum items 3.a.(1) through 3.b.(6) plus total nonaccrual loans and leases from Schedule RC-N, sum of items 1 through 5, column C, must equal Schedule RC-C, sum of items 1 through 10. On the <u>FFIEC 031 and 032</u>, the sum of Memorandum items 3.a.(1) through 3.b.(6) plus total nonaccrual loans and leases from Schedule RC-N, sum of items 1 through 8, column C, must equal Schedule RC-C, sum of items 1 through 10 (column A on the FFIEC 031).</p> <p>On the FFIEC 031, banks that have more than one office in foreign countries (including offices of consolidated foreign subsidiaries but excluding "shell" branches, excluding offices in Puerto Rico or U.S. territories and possessions, and excluding IBFs) have the option of excluding the smallest of such non-U.S. offices from Memorandum item 3. Such banks may omit the smallest of their offices in foreign countries (other than "shell" branches) when arrayed by total assets <u>provided</u> that the assets of the excluded offices do not exceed 50 percent of the total assets of the bank's offices (excluding "shells") in foreign countries <u>and</u> do not exceed 10 percent of the total <u>consolidated</u> assets of the reporting bank as of the report date. (Note: In determining the total assets of offices in foreign countries eligible for exclusion from these memorandum items, banks should exclude not only "shell" branches but also offices in Puerto Rico and U.S. territories and possessions, domestic offices of Edge and Agreement subsidiaries, and IBFs even though these are sometimes referred to as "foreign" offices. Also, the asset totals for all offices in foreign countries should be the component of the total consolidated assets, i.e., should exclude all intrabank transactions.)</p> <p>For purposes of this memorandum item, the following definitions apply:</p> <p>A <u>fixed interest rate</u> 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</p>

Memoranda

FFIEC 034 Item No.	FFIEC 031, 032, and 033 Item No.	<u>Caption and Instructions</u>
<p>2 (cont.)</p>	<p>3 (cont.)</p>	<p>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).</p> <p>A <u>floating rate</u> 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.</p> <p>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.</p> <p><u>Remaining maturity</u> 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.</p> <p><u>Repricing frequency</u> is how often the contract permits the interest rate on a floating rate loan to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the date the rate can next change or the final maturity of the loan.</p> <p>For fixed rate loans and leases with scheduled contractual payments, banks whose records provide repricing data on the basis of 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 such fixed rate loans and leases. For floating rate loans, banks whose records provide data on the length of time between the report date and the date the rate can next change (i.e., the earliest possible repricing opportunity) may adjust these data in an appropriate manner to derive reasonable estimates for the repricing frequencies of their floating rate loans.</p> <p>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 8 on the FFIEC 034; items 1 through 9 on the FFIEC 031, 032, and 033. Leases must be reported net of unearned income.</p> <p>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 repricing frequency without regard to delinquency status.</p> <p>Report all unplanned overdrafts as fixed rate loans with a remaining maturity of three months or less in Memorandum item 2.b.(1) on the FFIEC 034 and in Memorandum item 3.b.(1) on the FFIEC 031, 032, and 033.</p>

Memoranda

FFIEC 034 Item No.	FFIEC 031, 032, and 033 Item No.	<u>Caption and Instructions</u>
<p>2 (cont.)</p>	<p>3 (cont.)</p>	<p>Report all leases, net of unearned income, as fixed rate instruments in Memorandum item 2.b on the FFIEC 034 and in Memorandum item 3.b on the FFIEC 031, 032, and 033 according to the amount of time remaining to final contractual maturity without regard to repayment schedules.</p> <p>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 repricing frequency of three months or less in Memorandum items 2.a.(1) and 2.b.(1), as appropriate, on the FFIEC 034 and in Memorandum items 3.a.(1) and 3.b.(1), as appropriate, on the FFIEC 031, 032, and 033.</p> <p>Fixed rate demand loans that have an alternate maturity date or repayment terms are to be reported in this Memorandum item according to the amount of time remaining to the alternate maturity date or final payment due date. Floating rate demand loans that have an alternate maturity date or repayment terms are to be reported according to repricing frequency in Memorandum items 2.a and 2.b, as appropriate, on the FFIEC 034 and in Memorandum items 3.a and 3.b, as appropriate, on the FFIEC 031, 032, and 033.</p> <p>Fixed rate "credit cards and related plans" are considered to have a remaining maturity of over one year through three years and should be reported in Memorandum item 2.b.(3) on the FFIEC 034 and in Memorandum item 3.b.(3) on the FFIEC 031, 032, and 033, regardless of the actual maturity experience or expectation. Floating rate "credit cards and related plans" (e.g., where the rate varies, or can be varied, periodically) are to be reported in Memorandum item 2.b on the FFIEC 034 and in Memorandum item 3.b on the FFIEC 031, 032, and 033 according to repricing frequency. Where the bank in its contract with the borrower simply reserves the right to change the interest rate on the "credit card or related plan," the plan should be considered to have a fixed rate.</p> <p>Student loans whose interest rate is adjusted periodically by the U.S. Government by means of interest payments that include an amount of "additional interest" should be treated as floating rate loans and should be reported in Memorandum item 2.b on the FFIEC 034 and in Memorandum item 3.b on the FFIEC 031, 032, and 033 according to the frequency with which the interest rate is adjusted.</p> <p>Fixed rate loans secured by real estate that are held by the bank for sale and delivery to the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or other secondary market participants under the terms of a binding commitment should be reported in Memorandum item 2.a or 2.b, as appropriate, on the FFIEC 034 and in Memorandum item 3.a or 3.b, as appropriate, on the FFIEC 031, 032, and 033 on the basis of the time remaining until the delivery date specified in the commitment. Floating rate loans secured by real estate that are held by the bank for sale and delivery in the secondary market under the terms of a binding commitment should be reported in Memorandum item 2.a or 2.b, as appropriate, on the FFIEC 034 and in Memorandum item 3.a or 3.b, as appropriate, on the FFIEC 031, 032, and 033 according to their repricing frequency regardless of the delivery date specified in the commitment.</p>

FFIEC 031 and 032
FFIEC 033
FFIEC 034

RC-28a
RC-30a
RC-24d-1
(6-97)

Memoranda

FFIEC 034 Item No.	FFIEC 031, 032, and 033 Item No.	<u>Caption and Instructions</u>
2	3	For floating rate loans on which the borrower has the option at each repricing date to choose the next repricing date, the repricing frequency of a loan should be determined by reference to the repricing option currently in effect as of the report date.
2.a	3.a	<u>Closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with a remaining maturity or repricing frequency of.</u> Report the dollar amount of the bank's <u>fixed rate</u> closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) in the appropriate subitems according to the amount of time remaining to their final contractual maturities (without regard to repayment schedules, if any). Report the dollar amount of the bank's <u>floating rate</u> closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) in the appropriate subitems according to their repricing frequencies, that is, how often the contract permits the interest rates on the loans to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the dates the rates can next change or final maturity dates. Exclude loans that are in nonaccrual status.
2.a.(1)	3.a.(1)	<u>Three months or less.</u> Report the amount of: <ul style="list-style-type: none"> o the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities of three months or less, <u>and</u> o the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) which can be repriced quarterly or more frequently (e.g., quarterly, monthly, weekly, daily).
2.a.(2)	3.a.(2)	<u>Over three months through 12 months.</u> Report the amount of: <ul style="list-style-type: none"> o the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over three months through 12 months, <u>and</u> o the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) which can be repriced annually or more frequently, but less frequently than quarterly (e.g., annually, semiannually)
2.a.(3)	3.a.(3)	<u>Over one year through three years.</u> Report the amount of: <ul style="list-style-type: none"> o the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over one year through three years, <u>and</u> o the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) which can be repriced every three years or more frequently, but less frequently than annually (e.g., every three years, every two years).

Memoranda

FFIEC 034 Item No.	FFIEC 031, 032, and 033 Item No.	<u>Caption and Instructions</u>
2.a.(4)	3.a.(4)	<p><u>Over three years through five years.</u> Report the amount of:</p> <ul style="list-style-type: none"> o the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over three years through five years, <u>and</u> o the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) which can be repriced every five years or more frequently, but less frequently than every three years (e.g., every five years, every four years).
2.a.(5)	3.a.(5)	<p><u>Over five years through 15 years.</u> Report the amount of:</p> <ul style="list-style-type: none"> o the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over five years through 15 years, <u>and</u> o the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) which can be repriced every 15 years or more frequently, but less frequently than every five years (e.g., every 15 years, every ten years).
2.a.(6)	3.a.(6)	<p><u>Over 15 years.</u> Report the amount of:</p> <ul style="list-style-type: none"> o the bank's fixed rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with remaining maturities (without regard to repayment schedules, if any) of over 15 years, <u>and</u> o the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) which can be repriced less frequently than every 15 years (e.g., every 20 years, every 25 years).
2.b	3.b	<p><u>All loans and leases other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with a remaining maturity or repricing frequency of.</u> Report the dollar amount of the bank's <u>fixed rate</u> loans and leases -- <i>other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices)</i> -- in the appropriate subitems according to the amount of time remaining to their final contractual maturities (without regard to repayment schedules, if any). Report the dollar amount of the bank's <u>floating rate</u> loans -- <i>other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices)</i> -- in the appropriate subitems according to their repricing frequencies, that is, how often the contract permits the interest rates on the loans to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the dates the rates can next change or final maturity dates. Exclude loans that are in nonaccrual status.</p>
2.b.(1)	3.b.(1)	<p><u>Three months or less.</u> Report the amount of:</p> <ul style="list-style-type: none"> o the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities of three months or less, <u>and</u>

FFIEC 031
FFIEC 032
FFIEC 033
FFIEC 034

RC-28c
RC-28b-1
RC-30b-1
RC-24d-3
(6-97)

Memoranda

FFIEC 034 Item No.	FFIEC 031, 032, and 033 Item No.	<u>Caption and Instructions</u>
2.b.(1) (cont.)	3.b.(1) (cont.)	o the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- which can be repriced quarterly or more frequently (e.g., quarterly, monthly, weekly, daily).
2.b.(2)	3.b.(2)	<p data-bbox="477 464 1195 489"><u>Over three months through 12 months.</u> Report the amount of:</p> <p data-bbox="477 516 1414 621">o the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over three months through 12 months, <u>and</u></p> <p data-bbox="477 648 1382 747">o the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- which can be repriced annually or more frequently, but less frequently than quarterly (e.g., annually, semiannually).</p>
2.b.(3)	3.b.(3)	<p data-bbox="477 777 1146 802"><u>Over one year through three years.</u> Report the amount of:</p> <p data-bbox="477 829 1414 934">o the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over one year through three years, <u>and</u></p> <p data-bbox="477 961 1406 1060">o the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- which can be repriced every three years or more frequently, but less frequently than annually (e.g., every three years, every two years).</p>
2.b.(4)	3.b.(4)	<p data-bbox="477 1089 1157 1115"><u>Over three years through five years.</u> Report the amount of:</p> <p data-bbox="477 1142 1414 1247">o the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over three years through five years, <u>and</u></p> <p data-bbox="477 1274 1414 1373">o the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- which can be repriced every five years or more frequently, but less frequently than every three years (e.g., every five years, every four years).</p>
2.b.(5)	3.b.(5)	<p data-bbox="477 1402 1125 1428"><u>Over five years through 15 years.</u> Report the amount of:</p> <p data-bbox="477 1455 1414 1560">o the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over five years through 15 years, <u>and</u></p> <p data-bbox="477 1587 1390 1684">o the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- which can be repriced every 15 years or more frequently, but less frequently than every five years (e.g., every 15 years, every ten years).</p>

Memoranda

FFIEC 034 Item No.	FFIEC 031, 032, and 033 Item No.	<u>Caption and Instructions</u>
2.b.(6)	3.b.(6)	<p><u>Over 15 years.</u> Report the amount of:</p> <ul style="list-style-type: none"> o the bank's fixed rate loans and leases -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with remaining maturities (without regard to repayment schedules, if any) of over 15 years, <u>and</u> o the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- which can be repriced less frequently than every 15 years (e.g., every 20 years, every 25 years).
2.c	3.c	<p><u>Fixed rate and floating rate loans and leases with a remaining maturity of one year or less.</u> Report all loans and leases with a remaining maturity of one year or less. Include both fixed rate and floating rate loans and leases.</p> <p>On the <u>FFIEC 034</u>, the fixed rate loans and leases included in this item will also have been reported by remaining maturity in Schedule RC-C, part I, Memorandum items 2.a.(1), 2.a.(2), 2.b.(1), and 2.b.(2) above. The floating rate loans included in this item will have been reported by repricing frequency in Memorandum items 2.a.(1) through 2.a.(6) and 2.b.(1) through 2.b.(6) above. However, Memorandum items 2.a.(1), 2.a.(2), 2.b.(1), and 2.b.(2) above include floating rate loans with a remaining maturity of more than one year, but with a repricing frequency of one year or less; those loans should not be included in this Memorandum item 2.c.</p> <p>On the <u>FFIEC 031, 032, and 033</u>, the fixed rate loans and leases included in this item will also have been reported in Schedule RC-C, part I, Memorandum items 3.a.(1), 3.a.(2), 3.b.(1), and 3.b.(2) above. The floating rate loans included in this item will have been reported by repricing frequency in Memorandum items 3.a.(1) through 3.a.(6) and 3.b.(1) through 3.b.(6) above. However, Memorandum items 3.a.(1), 3.a.(2), 3.b.(1), and 3.b.(2) above include floating rate loans with a remaining maturity of more than one year, but with a repricing frequency of one year or less; those loans should not be included in this Memorandum item 3.c.</p>
2.d	3.d	<p><u>Fixed rate and floating rate loans secured by nonfarm nonresidential properties (in domestic offices) with a remaining maturity of over five years.</u> Report all loans secured by nonfarm nonresidential properties (in domestic offices) (as defined for Schedule RC-C, part I, item 1.e, (column B on the FFIEC 031)) with a remaining maturity of over five years. Include both fixed rate and floating rate loans secured by nonfarm nonresidential properties.</p> <p>On the <u>FFIEC 034</u>, the fixed rate loans secured by nonfarm nonresidential properties included in this item will also have been reported by remaining maturity in Schedule RC-C, part I, Memorandum items 2.b.(5) and 2.b.(6) above. The floating rate loans secured by nonfarm nonresidential properties included in this item will have been reported by repricing frequency in Memorandum items 2.b.(1) through 2.b.(6) above. However, Memorandum items 2.b.(5) and 2.b.(6) above may include floating rate loans with a remaining maturity of five years or less, but with a repricing frequency of over five years; those loans should not be included in this Memorandum item 2.d.</p>

FFIEC 031
FFIEC 032
FFIEC 033
FFIEC 034

RC-28e
RC-28c
RC-30c
RC-24e
(6-97)

Memoranda

FFIEC 034 Item No.	FFIEC 031, 032, and 033 Item No.	Caption and Instructions
2.d (cont.)	3.d (cont.)	<p>On the <u>FFIEC 031, 032, and 033</u>, the fixed rate loans secured by nonfarm nonresidential properties included in this item will also have been reported by remaining maturity in Schedule RC-C, part I, Memorandum items 3.b.(5) and 3.b.(6) above. The floating rate loans secured by nonfarm nonresidential properties included in this item will have been reported by repricing frequency in Memorandum items 3.b.(1) through 3.b.(6) above. However, Memorandum items 3.b.(5) and 3.b.(6) above may include floating rate loans with a remaining maturity of five years or less, but with a repricing frequency of over five years; those loans should not be included in this Memorandum item 3.d.</p>
2.e	3.e	<p><u>Fixed rate and floating rate commercial and industrial loans with a remaining maturity of over three years.</u> Report all commercial and industrial loans (as defined for Schedule RC-C, part I, item 4, (column A on the FFIEC 031)) with a remaining maturity of over three years. Include both fixed rate and floating rate commercial and industrial loans.</p> <p>On the <u>FFIEC 034</u>, the fixed rate commercial and industrial loans included in this item will also have been reported by remaining maturity in Schedule RC-C, part I, Memorandum items 2.b.(4), 2.b.(5), and 2.b.(6) above. The floating rate commercial and industrial loans included in this item will have been reported by repricing frequency in Memorandum items 2.b.(1) through 2.b.(6) above. However, Memorandum items 2.b.(4), 2.b.(5), and 2.b.(6) above may include floating rate loans with a remaining maturity of three years or less, but with a repricing frequency of over three years; those loans should not be included in this Memorandum item 2.e.</p> <p>On the <u>FFIEC 031, 032, and 033</u>, the fixed rate commercial and industrial loans included in this item will also have been reported by remaining maturity in Schedule RC-C, part I, Memorandum items 3.b.(4), 3.b.(5), and 3.b.(6) above. The floating rate commercial and industrial loans included in this item will have been reported by repricing frequency in Memorandum items 3.b.(1) through 3.b.(6) above. However, Memorandum items 3.b.(4), 3.b.(5), and 3.b.(6) above may include floating rate loans with a remaining maturity of three years or less, but with a repricing frequency of over three years; those loans should not be included in this Memorandum item 3.e.</p>

NOTE: In the FFIEC 034 instruction book, remove pages RC-31 (dated 3-93) through RC-34a (dated 3-96) and replace them with these revised pages. In the FFIEC 032 and 033 instruction books, remove pages RC-37 (dated 3-93) through RC-40a (dated 3-96) and replace them with these revised pages. In the FFIEC 031 instruction book, remove pages RC-37 (dated 3-93) through RC-38c (dated 3-96) and replace them with these revised pages.

Memoranda

Item No. Caption and Instructions

2 **Components of total nontransaction accounts.** Memorandum item 2 divides total nontransaction accounts into two major categories, savings deposits (Memorandum items 2.a.(1) and 2.a.(2)) and time deposits (Memorandum items 2.b and 2.c). The sum of Memorandum items 2.a.(1) and 2.a.(2) equals total savings deposits. The sum of Memorandum items 2.b and 2.c equals total time deposits. The sum of Memorandum items 2.a.(1) and 2.a.(2) (savings deposits) and Memorandum items 2.b and 2.c (time deposits) equals total nontransaction deposits reported on the FFIEC 034 in item 8, column C, above, and on the FFIEC 031, 032, and 033 in item 9, column C, above.

Include as time deposits in Memorandum items 2.b and 2.c:

- (1) All time deposits (as defined in the Glossary entry for "deposits") with original maturities of seven days or more that are not classified as transaction accounts.
- (2) Interest paid by crediting time deposit accounts.

2.a Savings deposits. Report in the appropriate subitem all savings deposits included in column C above. See the Glossary entry for "deposits" for the definition of savings deposits.

Include as savings deposits in Memorandum items 2.a.(1) and 2.a.(2) interest paid by crediting savings deposit accounts.

Exclude from Memorandum items 2.a.(1) and 2.a.(2):

- (1) NOW accounts, ATS accounts, and telephone or preauthorized transfer accounts that meet the definition of a transaction account (report in Schedule RC-E, column A as transaction accounts).
- (2) Special passbook or statement accounts, such as "90-day notice accounts," "golden passbook accounts," or deposits labeled as "savings certificates," that have a specified original maturity of seven days or more (report as time deposits in Schedule RC-E, Memorandum item 2.b or 2.c below).
- (3) Interest accrued on savings deposits but not yet paid or credited to a deposit account (exclude from this schedule and report in Schedule RC-G, item 1.a, "Interest accrued and unpaid on deposits (in domestic offices)").

2.a.(1) **Money market deposit accounts (MMDAs).** Report in this item the total amount of all money market deposit accounts (MMDAs) that are included in Schedule RC-E, column C above. See the Glossary entry for "deposits" for the definition of money market deposit accounts.

2.a.(2) **Other savings deposits.** Report in this item the total amount of all other savings deposits that are included in Schedule RC-E, column C above. This item includes those accounts commonly known as passbook savings and statement savings. See the Glossary entry for "deposits" for the definition of other savings deposits.

2.b Total time deposits of less than \$100,000. Report in this item all time deposits included in Schedule RC-E, column C above with balances of less than \$100,000. This item includes both time certificates of deposit and open-account time deposits with balances of less than \$100,000, regardless of negotiability or transferability. Exclude from this item all time deposits with balances of \$100,000 or more (report in Schedule RC-E, Memorandum item 2.c below).

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2.c Total time deposits of \$100,000 or more. Report in this item all time deposits included in Schedule RC-E, column C above with balances of \$100,000 or more. This item includes both time certificates of deposit and open-account time deposits with balances of \$100,000 or more, regardless of negotiability or transferability. Include in this item brokered deposits issued to brokers or dealers in the form of large (\$100,000 or more) certificates of deposit, regardless of whether the underlying depositors' shares are in denominations of less than \$100,000. Exclude from this item time deposits with balances of less than \$100,000 (report in Schedule RC-E, Memorandum item 2.b above).

NOTE: Banks should include as time deposits of \$100,000 or more those time deposits originally issued in denominations of less than \$100,000 but that, because of interest paid or credited, or because of additional deposits, now have a balance of \$100,000 or more.

3 All NOW accounts. Report in this item the outstanding balances of all NOW accounts that are included in column A of Schedule RC-E above. (See the Glossary entry for "deposits" for the definition of NOW accounts.)

4 Not applicable.

5 Maturity and repricing data for time deposits of less than \$100,000. Report in the appropriate subitem maturity and repricing data for the bank's time deposits of less than \$100,000, i.e., the bank's time certificates of deposit of less than \$100,000 and the bank's open-account time deposits of less than \$100,000. The time deposits included in this item will have been reported in Schedule RC-E, Memorandum item 2.b above. Therefore, the sum of the amounts reported in Schedule RC-E, Memorandum items 5.a.(1) through 5.a.(4) must equal Schedule RC-E, Memorandum item 2.b above.

For purposes of this memorandum item and Schedule RC-E, Memorandum item 6, 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 time deposit, and is known to both the bank and the depositor. Also treated as a fixed interest rate is a predetermined interest rate which is a rate that changes during the term of the time deposit on a predetermined basis, with the exact rate of interest over the life of the time deposit known with certainty to both the bank and the depositor when the time deposit is acquired.

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 time deposit carries at any subsequent time cannot be known at the time the time deposit is received by the bank or subsequently renewed.

When the rate on a time deposit with a floating rate has reached a contractual floor or ceiling level, the time deposit 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 time deposit.

Repricing frequency is how often the contract permits the interest rate on a floating rate time deposit to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the date the rate can next change or the maturity date.

Time deposits held in Individual Retirement Accounts (IRAs) and Keogh Plan accounts should be reported without regard to distribution schedules that may be in effect for funds held in certain depositors' accounts. Such time deposits should be reported in this Memorandum item and in Schedule RC-E, Memorandum item 6, in the same manner as time deposits not held in IRAs and Keogh Plan accounts.

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5
(cont.) Noninterest-bearing time deposits should be treated as fixed rate time deposits and reported according to the amount of time remaining to final contractual maturity in this Memorandum item and in Schedule RC-E, Memorandum item 6.

Fixed rate time deposits that are callable at the option of the issuing bank should be reported according to their remaining maturity without regard to their next call date unless the time deposit has actually been called. When fixed rate time deposits have been called, they should be reported on the basis of the time remaining until the call date. Callable floating rate time deposits should be reported on the basis of their repricing frequency without regard to their next call date even if the time deposit has actually been called.

Fixed rate time deposits that provide depositors with the option to redeem them at one or more specified dates prior to their contractual maturity date without penalty should be reported according to their remaining maturity without regard to "put" dates. If the redemption option has been exercised, however, such deposits should be reported on the basis of the time remaining until the date on which the time deposit will be redeemed. Floating rate time deposits that provide depositors with redemption options without penalty should be reported on the basis of their repricing frequency without regard to "put" dates.

5.a Time deposits of less than \$100,000 with a remaining maturity or repricing frequency of. Report the dollar amount of the bank's fixed rate time deposits of less than \$100,000 in the appropriate subitems according to the amount of time remaining to their final contractual maturities. Also report the dollar amount of the bank's floating rate time deposits of less than \$100,000 in the appropriate subitems according to their repricing frequencies, that is, how often the contract permits the interest rates on the certificates of deposit to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the dates the rates can next change or maturity dates.

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

- o the bank's fixed rate time deposits of less than \$100,000 with remaining maturities of three months or less, and
- o the bank's floating rate time deposits of less than \$100,000 which can be repriced quarterly or more frequently (e.g., quarterly, monthly, weekly, daily).

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

- o the bank's fixed rate time deposits of less than \$100,000 with remaining maturities of over three months through 12 months, and
- o the bank's floating rate time deposits of less than \$100,000 which can be repriced annually or more frequently, but less frequently than quarterly (e.g., annually, semiannually).

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

- o the bank's fixed rate time deposits of less than \$100,000 with remaining maturities of over one year through three years, and
- o the bank's floating rate time deposits of less than \$100,000 which can be repriced every three years or more frequently, but less frequently than annually (e.g., every three years, every 2 years).

Memoranda**Item No. Caption and Instructions****5.a.(4) Over three years.** Report the dollar amount of:

- o the bank's fixed rate time deposits of less than \$100,000 with remaining maturities of over three years, and
- o the bank's floating rate time deposits of less than \$100,000 which can be repriced less frequently than every three years (e.g., every five years, every four years).

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

The fixed rate time deposits that should be included in this item will also have been reported by remaining maturity in Schedule RC-E, Memorandum items 5.a.(1) and 5.a.(2) above. The floating rate time deposits that should be included in this item will have been reported by repricing frequency in Memorandum items 5.a.(1) through 5.a.(4) above. However, Memorandum items 5.a.(1) and 5.a.(2) above include floating rate time deposits with a remaining maturity of more than one year, but with a repricing frequency of one year or less; those time deposits should not be included in this Memorandum item 5.b.

6 Maturity and repricing data for time deposits of \$100,000 or more. Report in the appropriate subitem maturity and repricing data for the bank's time deposits of \$100,000 or more, i.e., the bank's time certificates of deposit of \$100,000 or more and the bank's open-account time deposits of \$100,000 or more. The time deposits included in this item will have been reported in Schedule RC-E, Memorandum item 2.c above. Therefore, the sum of the amounts reported in Schedule RC-E, Memorandum items 6.a.(1) through 6.a.(4) must equal Schedule RC-E, Memorandum item 2.c above. Refer to the definitions and other instructions about time deposits in Schedule RC-E, Memorandum item 5 above.**6.a Time deposits of \$100,000 or more with a remaining maturity or repricing frequency of.** Report the dollar amount of the bank's fixed rate time deposits of \$100,000 or more in the appropriate subitems according to the amount of time remaining to their final contractual maturities. Also report the dollar amount of the bank's floating rate time deposits of \$100,000 or more in the appropriate subitems according to their repricing frequencies, that is, how often the contract permits the interest rates on the certificates of deposit to be changed (e.g., daily, monthly, quarterly, semiannually, annually) without regard to the length of time between the report date and the dates the rates can next change or maturity dates.**6.a.(1) Three months or less.** Report the dollar amount of:

- o the bank's fixed rate time deposits of \$100,000 or more with remaining maturities of three months or less, and
- o the bank's floating rate time deposits of \$100,000 or more which can be repriced quarterly or more frequently (e.g., quarterly, monthly, weekly, daily).

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

- o the bank's fixed rate time deposits of \$100,000 or more with remaining maturities of over three months through 12 months, and
- o the bank's floating rate time deposits of \$100,000 or more which can be repriced annually or more frequently, but less frequently than quarterly (e.g., annually, semiannually).

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

- o the bank's fixed rate time deposits of \$100,000 or more with remaining maturities of over one year through three years, and
- o the bank's floating rate time deposits of \$100,000 or more which can be repriced every three years or more frequently, but less frequently than annually (e.g., every three years, every 2 years).

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

- o the bank's fixed rate time deposits of \$100,000 or more with remaining maturities of over three years, and
- o the bank's floating rate time deposits of \$100,000 or more which can be repriced less frequently than every three years (e.g., every five years, every four years).

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

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 6.a.(1) and 6.a.(2) above. The floating rate time deposits that should be included in this item will have been reported by repricing frequency in Memorandum items 6.a.(1) through 6.a.(4) above. However, Memorandum items 6.a.(1) and 6.a.(2) above include floating rate time deposits with a remaining maturity of more than one year, but with a repricing frequency of one year or less; those time deposits should not be included in this Memorandum item 6.b.

NOTE: In the FFIEC 034 instruction book, remove pages RC-41 and RC-42 (dated 3-95) and replace them with these revised pages. In the FFIEC 033 instruction book, remove pages RC-49 and RC-50 (dated 3-95) and replace them with these revised pages. These pages are not to be inserted in the FFIEC 031 and 032 instruction books.

<u>FFIEC 034</u> <u>Item No.</u>	<u>FFIEC 033</u> <u>Item No.</u>	<u>Caption and Instructions</u>
5.a	-	<u>Total loans.</u> (To be reported by banks with total assets of less than \$25 million.) Report in this item the quarterly average for total loans, net of unearned income (as defined for Schedule RC-C, part I, items 1 through 8, less item 10).
5.b	6.a	<u>Real estate loans.</u> (To be reported by banks with total assets of \$25 million or more.) Report in this item the quarterly average for real estate loans. For purposes of this schedule, real estate loans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes.
5.c	6.b	<u>Installment loans.</u> (To be reported by banks with total assets of \$25 million or more.) Report in this item the quarterly average for installment loans. For purposes of this schedule, installment loans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes.
5.d	6.c	<u>Credit cards and related plans.</u> (To be reported by banks with total assets of \$25 million or more.) Report in this item the quarterly average for credit cards and related plans. For purposes of this schedule, credit cards and related plans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes.
5.e	6.d	<u>Commercial (time and demand) and all other loans.</u> (To be reported by banks with total assets of \$25 million or more.) Report in this item the quarterly average for commercial (time and demand) and all other loans. For purposes of this schedule, commercial (time and demand) and all other loans is a residual category and, for each bank, its contents will depend on the contents of the three preceding categories of loans.
-	7	<u>Trading assets.</u> Report the quarterly average for the fully consolidated bank's trading assets (as defined for Schedule RC, item 5).
6	8	<u>Lease financing receivables (net of unearned income).</u> Report the quarterly average for the fully consolidated bank's lease financing receivables, net of unearned income (as defined for Schedule RC-C, part I, item 9 on the FFIEC 034, item 10 on the FFIEC 033).
7	9	<u>Total assets.</u> Report the quarterly average for the bank's total assets, as defined for "Total assets," on Schedule RC, item 12.a on the FFIEC 034, item 12 on the FFIEC 033, except that this quarterly average should reflect all debt securities (not held for trading) at amortized cost, available-for-sale equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost. In addition, to the extent that net deferred tax assets included in the bank's total assets, if any, include the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities, these deferred tax effects may be excluded from the determination of the quarterly average for total assets. If these deferred tax effects are excluded, this treatment must be followed consistently over time.

On the FFIEC 034, this item is not the sum of items 1 through 6 above. On the FFIEC 033, this item is not the sum of items 1 through 8 above.

LIABILITIES

<u>FFIEC 034 Item No.</u>	<u>FFIEC 033 Item No.</u>	<u>Caption and Instructions</u>
8	10	<u>Interest-bearing transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts).</u> Report the quarterly average for the three interest-bearing categories of transaction accounts in domestic offices: NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts (as defined for Schedule RC-E, column A, "Total transaction accounts"). <u>Exclude</u> demand deposits which are noninterest-bearing transaction accounts. See the Glossary entry for "deposits" for the definitions of "NOW accounts," "ATS accounts," and "telephone or preauthorized transfer accounts."
9	11	<u>Nontransaction accounts:</u>
9.a	11.a	<u>Money market deposit accounts (MMDAs).</u> Report the quarterly average for money market deposit accounts (MMDAs) (as defined for Schedule RC-E, Memorandum item 2.a.(1)).
9.b	11.b	<u>Other savings deposits.</u> Report the quarterly average for other savings deposits (as defined for Schedule RC-E, Memorandum item 2.a.(2)).
9.c	11.c	<u>Time deposits of \$100,000 or more.</u> Report the quarterly average for time deposits of \$100,000 or more (as defined for Schedule RC-E, Memorandum item 2.c).
9.d	11.d	<u>Time deposits of less than \$100,000.</u> Report the quarterly average for time deposits of less than \$100,000 (as defined for Schedule RC-E, Memorandum item 2.b).
10	12	<u>Federal funds purchased and securities sold under agreements to repurchase.</u> Report the quarterly average for federal funds purchased and securities sold under agreements to repurchase (as defined for Schedule RC, item 14).
-	13	<u>Other borrowed money.</u> Report the quarterly average for the fully consolidated bank's other borrowed money (as defined for Schedule RC, item 16, "Other borrowed money").

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and 034

<u>Item No.</u>	<u>Caption and Instructions</u>
1	<p><u>Agricultural loans included in items 5.b through 5.e above (on the FFIEC 034); in items 6.a through 6.d above (on the FFIEC 033).</u></p> <p>To be reported by banks with total assets of \$25 million or more and with loans to finance agricultural production and other loans to farmers (as reported in Schedule RC-C, part I, item 3) exceeding five percent of total loans, net of unearned income (on the FFIEC 034, sum of Schedule RC-C, part I, items 1 through 8, less item 10; on the FFIEC 033, sum of Schedule RC-C, part I, items 1 through 9, less item 11). All other banks should report a zero or the word "none" in this item.</p> <p>Report in this item the quarterly average for agricultural loans. On the FFIEC 034, these loans will have been included in one or more of items 5.b through 5.e of Schedule RC-K above. On the FFIEC 033, these loans will have been included in one or more of items 6.a through 6.d of Schedule RC-K above. For purposes of this schedule, agricultural loans include those loans that each reporting bank characterizes as such in its own recordkeeping systems or for its own internal purposes. For further information, refer to the discussion of "Reporting of Loan Detail by Banks with Assets of Less Than \$300 Million and No Foreign Offices" in the General Instructions section of this book.</p>

NOTE: In the FFIEC 032 instruction book, remove pages RC-47b and RC-48 (dated 3-95) and replace them with these revised pages. In the FFIEC 031 instruction book, remove pages RC-51 and RC-52 (dated 3-95) and replace them with these revised pages. These pages are not to be inserted in the FFIEC 033 and 034 instruction books.

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- 9** **Total assets.** Report the quarterly average for the bank's total assets, as defined for Schedule RC, item 12, "Total assets," except that this quarterly average should reflect all debt securities (not held for trading) at amortized cost, available-for-sale equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost. In addition, to the extent that net deferred tax assets included in the bank's total assets, if any, include the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities, these deferred tax effects may be excluded from the determination of the quarterly average for total assets. If these deferred tax effects are excluded, this treatment must be followed consistently over time.

This item is not the sum of items 1 through 8 above.

LIABILITIES

Item No. Caption and Instructions

- 10** **Interest-bearing transaction accounts (in domestic offices) (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts).** Report the quarterly average for the three interest-bearing categories of transaction accounts in domestic offices: NOW accounts, ATS accounts, and telephone and FFIEC 031, 032, FFIEC 034 and 033 preauthorized transfer accounts (as defined for Schedule RC-E, (part I,) column A, "Total transaction accounts"). Exclude demand deposits which are noninterest-bearing transaction accounts. See the Glossary entry for "deposits" for the definitions of "NOW accounts," "ATS accounts," and "telephone or preauthorized transfer accounts."

11 **Nontransaction accounts (in domestic offices):**

- 11.a** **Money market deposit accounts (MMDAs).** Report the quarterly average for money market deposit accounts (MMDAs) (as defined for Schedule RC-E, (part I,) Memorandum item 2.a.(1)).
- 11.b** **Other savings deposits.** Report the quarterly average for other savings deposits (as defined for Schedule RC-E, (part I,) Memorandum item 2.a.(2)).
- 11.c** **Time deposits of \$100,000 or more.** Report the quarterly average for time deposits of \$100,000 or more (as defined for Schedule RC-E, (part I,) Memorandum item 2.c).
- 11.d** **Time deposits of less than \$100,000.** Report the quarterly average for time deposits of less than \$100,000 (as defined for Schedule RC-E, (part I,) Memorandum item 2.b).

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- **12** **Interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs.** Report the quarterly average for interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs (as defined for Schedule RC, item 13.b.(2), "Interest-bearing").
- 12** **13** **Federal funds purchased and securities sold under agreements to repurchase.** Report the quarterly average for federal funds purchased and securities sold under agreements to repurchase (as defined for Schedule RC, item 14).

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13 14 **Other borrowed money.** Report the quarterly average for the fully consolidated bank's other borrowed money (as defined for Schedule RC, item 16, "Other borrowed money").

NOTE: In the FFIEC 034 instruction book, remove pages RC-47 (dated 3-95) through RC-48d (dated 3-91) and replace them with these revised pages. In the FFIEC 033 instruction book, remove pages RC-55 (dated 3-95) through RC-56d (dated 3-91) and replace them with these revised pages. In the FFIEC 032 instruction book, remove pages RC-53 (dated 3-95) through RC-54d (dated 3-91) and replace them with these revised pages. In the FFIEC 031 instruction book, remove pages RC-57 (dated 3-95) through RC-60b (dated 3-91) and replace them with these revised pages.

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14.e
(cont.) *Column C, Equity Swaps:* Report the notional amount of all outstanding equity or equity index swaps, whether the swap is undertaken by the reporting bank to hedge its own equity-based risk, in an intermediary capacity, or to hold in inventory.

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

15 **Total gross notional amount of derivative contracts held for trading.** Report, in the appropriate column, the total notional amount or par value of those off-balance-sheet derivative contracts in Schedule RC-L, item 14 above that are held for trading purposes. Contracts held for trading purposes include those used in dealing and other trading activities accounted for at market value (or at lower of cost or market value) with gains and losses recognized in earnings. Derivative instruments used to hedge trading activities should also be reported in this item.

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

The reporting bank's trading department may have entered into a derivative contract with another department or business unit within the consolidated bank (and which has been reported on a net basis in accordance with the instructions to Schedule RC-L, item 14 above). If the trading department has also entered into a matching contract with a counterparty outside the consolidated bank, the contract with the outside counterparty should be designated as held for trading or as held for purposes other than trading consistent with the contract's designation for other financial reporting purposes.

16 **Gross notional amount of derivative contracts held for purposes other than trading:**

16.a **Contracts marked to market.** Report, in the appropriate column, the total notional amount or par value of those contracts in Schedule RC-L, item 14 above that are held for purposes other than trading and that, for purposes of these reports, are accounted for at market value or lower of cost or market value with gains and losses recognized either in earnings or in equity capital.

Include in this item (a) off-balance-sheet contracts used to hedge debt and equity securities classified as available-for-sale, (b) foreign exchange contracts that are designated as, and are effective as, economic hedges of a net investment in a foreign office, (c) intercompany foreign exchange contracts of a long-term investment nature when the parties to the contract are consolidated, combined or accounted for by the equity method, and (d) off-balance-sheet contracts used to hedge other assets or liabilities not held for trading purposes that are accounted for at market value.

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RC-57
RC-53
RC-55
RC-47
(6-97)

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16.b **Contracts not marked to market.** Report, in the appropriate column, the total notional amount or par value of all contracts in Schedule RC-L, item 14 above that are not accounted for at market value or lower of cost or market value. Include in this item the notional amount or par value of contracts such as swap contracts intended to hedge interest rate risk on commercial loans that are accounted for on the accrual basis.

16.c **Interest rate swaps where the bank has agreed to pay a fixed rate.** Report the notional amount of all outstanding interest rate swaps included in Schedule RC-L, items 16.a and 16.b, column A, above, on which the reporting bank is obligated to pay a fixed rate. The interest rate swaps that are reported in this item will also have been reported in Schedule RC-L, item 14.e, column A. Interest rate swaps that are held for trading should not be reported in this item 16.c.

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

17 **Gross fair values of derivative contracts.** (Item 17 is to be completed only by banks that file the FFIEC 031, 032, or 033 report forms.) Report in the appropriate column and subitem below the fair (or market) value of all off-balance-sheet derivative contracts reported in Schedule RC-L, items 15, 16.a, and 16.b above. For each of the four types of underlying risk exposure in columns A through D, the gross positive and gross negative fair values will be reported separately for (i) contracts held for trading purposes (in item 17.a), (ii) contracts held for purposes other than trading that are marked to market for Call Report purposes (in item 17.b), and (iii) contracts held for purposes other than trading that are not marked to market (in item 17.c). Guidance for reporting by type of underlying risk exposure is provided in the instructions for Schedule RC-L, item 14 above. Guidance for reporting by purpose and accounting methodology is provided in the instructions for Schedule RC-L, items 15, 16.a, and 16.b above.

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

Report as fair value the amount at which a contract could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for a contract, the fair value to be reported for that contract is the product of the number of trading units of the contract multiplied by that market price. If a quoted market price is not available, report the bank's best estimate of fair value based on the quoted market price of a similar contract or on valuation techniques such as discounted cash flows. For purposes of item 17, the reporting bank should determine the fair value of its off-balance sheet derivative contracts in the same manner that it determines the fair value of these contracts for other financial reporting purposes. For example, for interest rate swaps, fair value may include accrued net settlement amounts which have not been paid or received. Otherwise, do not combine, aggregate, or net the reported fair value with the fair or book value of any other derivative or asset or liability.

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

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

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- 17.a.(2) Gross negative fair value.** Report in the appropriate column the total fair value of those contracts in Schedule RC-L, item 15 above with negative fair values. Report the total fair value as an absolute value, do not enclose the total fair value in parentheses or use a minus (-) sign.
- 17.b Contracts held for purposes other than trading that are marked to market.** Report in the appropriate column and subitem the gross positive and gross negative fair values of those contracts held for purposes other than trading that are reported in Schedule RC-L, item 16.a above.
- 17.b.(1) Gross positive fair value.** Report in the appropriate column the total fair value of those contracts in Schedule RC-L, item 16.a above with positive fair values.
- 17.b.(2) Gross negative fair value.** Report in the appropriate column the total fair value of those contracts in Schedule RC-L, item 16.a above with negative fair values. Report the total fair value as an absolute value, do not enclose the total fair value in parentheses or use a minus (-) sign.
- 17.c Contracts held for purposes other than trading that are not marked to market.** Report in the appropriate column and subitem the gross positive and negative fair values of those contracts held for purposes other than trading that are reported in Schedule RC-L, item 16.b above.
- 17.c.(1) Gross positive fair value.** Report in the appropriate column the total fair value of those contracts in Schedule RC-L, item 16.b above with positive fair values.
- 17.c.(2) Gross negative fair value.** Report in the appropriate column the total fair value of those contracts in Schedule RC-L, item 16.b above with negative fair values. Report the total fair value as an absolute value, do not enclose the total fair value in parentheses or use a minus (-) sign.

Memoranda**Item No. Caption and Instructions**

1-2 Not applicable.

3 Unused commitments with an original maturity exceeding one year that are reported in items 1.a through 1.e above. Report in this item all unused commitments that obligate the bank to extend credit in the form of loans or participations in loans, lease financing receivables, or similar transactions that are included in Schedule RC-L, items 1.a through 1.e, and have an original maturity exceeding one year. Original maturity is defined as the length of time between the date the commitment is issued and the date of maturity, or the earliest date on which the bank (1) is scheduled to (and as a normal practice actually does) review the facility to determine whether or not it should be extended and (2) can unconditionally cancel the commitment. Unused commitments with an original maturity exceeding one year are to be reported gross, i.e., include in this item the amounts of commitments acquired from and conveyed to others.

Include only the unused portion of commitments that are fee paid or otherwise legally binding and that have an original maturity exceeding one year. In addition, forward agreements and commitments to issue a commitment at some point in the future that have an original maturity exceeding one year are to be included. For these types of commitments, original maturity is to be measured from the date on which the initial commitment is issued. In other words, the maturities of the commitment to issue a commitment and the commitment itself are viewed on a combined basis when determining original maturity.

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RC-54a
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RC-48a
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RC-L - OFF-BALANCE SHEET ITEMS

Memoranda**Item No. Caption and Instructions**

3
(cont.) Exclude those commitments that are unconditionally cancellable or have a maturity of one year or less. In the case of consumer home equity or mortgage lines of credit secured by liens on 1-4 family residential properties, the bank is deemed able to unconditionally cancel the commitment for the purpose of this criterion if, at its option, it can prohibit additional extensions of credit, reduce the credit line, and terminate the commitment to the full extent permitted by relevant federal law. Retail credit cards and related plans are defined to be short-term commitments excludable from this item if the bank has the unconditional right to cancel the line of credit at any time, in accordance with applicable law.

3.a Participations in commitments with an original maturity exceeding one year conveyed to others.

Memorandum item 3.a is not applicable to banks filing the FFIEC 034 report form.

Report in this item that portion of the reporting bank's commitments to extend credit with an original maturity exceeding one year (that were reported in Memorandum item 3 above) that the bank has conveyed to others.

4 Standby letters of credit (both financial and performance) (and foreign office guarantees -- for FFIEC 031) issued to non-U.S. addressees (domicile).

Memorandum item 4 is to be completed only by those banks filing the FFIEC 031 and 032 report forms that have \$1 billion or more in total assets.

Report the amount of standby letters of credit (and foreign office guarantees) issued to non-U.S. addressees. The distinction between U.S. addressees and non-U.S. addressees is determined by the domicile of the account party, not the domicile of the beneficiary. See the Glossary entry for "domicile."

5 Installment loans to individuals for household, family, and other personal expenditures that have been securitized and sold (with servicing retained), amounts outstanding by type of loan.

Memorandum items 5.a through 5.c are applicable only to banks filing the FFIEC 031 and 032 report forms.

Report in the appropriate subitem the amount outstanding of consumer installment loans, by type of loan, included in packages of asset-backed securities which the bank has transferred in transactions that have been reported as sales in accordance with these instructions and for which the servicing of the loans has been retained ("securitized loans"). The amounts reported should include loans securitized and sold in all prior quarters as well as in the current quarter. Because they have been reported as sold, these securitized consumer installment loans are no longer included as assets on the balance sheet of the reporting bank and thus are not reported in Schedule RC-C, item 6, "Loans to individuals for household, family, and other personal expenditures."

Exclude from Memorandum item 5:

- (1) Consumer installment loans that have been sold in a form other than as a package to collateralize an asset-backed security.
- (2) Securitized single payment (noninstallment) loans to individuals.
- (3) Securitized consumer installment loans that have been sold without servicing retained by either the reporting bank or an affiliate of the reporting bank.

Memoranda**Item No. Caption and Instructions**

- 5** (4) All loans secured by real estate that have been securitized and sold, including loans for the purchase or holding of mobile homes (a) where state laws define the purchase or holding of a mobile home as the purchase or holding of real property and (b) where the loans themselves are secured by the mobile homes as evidenced by mortgages or other instruments on real property.
- (cont.)

5.a Loans to purchase private passenger automobiles. Memorandum item 5.a is to be completed for the September report only.

Report the amount outstanding of securitized installment loans to individuals, both direct loans and indirect loans (purchased paper), arising from the retail sale of private passenger automobiles, regardless of whether the loans are collateralized by the automobiles.

Exclude from this item securitized installment loans to individuals for the purpose of purchasing motorcycles; travel trailers, campers, and similar recreational vehicles; pickup and panel trucks; vans; and other similar vehicles for personal use (report in Memorandum item 5.c below).

5.b Credit cards and related plans. Memorandum item 5.b is to be completed each quarter.

Report the amount outstanding of securitized extensions of credit to individuals for household, family, and other personal expenditures arising from bank credit cards and related plans. (Refer to the instruction for Schedule RC-C, item 6.a, for further information on "Credit cards and related plans.")

5.c All other consumer installment credit. Memorandum item 5.c is to be completed for the September report only.

Report the amount outstanding of all other securitized installment loans to individuals for household, family, and other personal expenditures.

Include in Memorandum item 5.c installment loans not secured by real estate:

- (1) Arising from the sale to individuals of new or used private mobile homes, regardless of whether the loan is collateralized by the mobile home.
- (2) For the purchase of boats; motorcycles; travel trailers, campers, and similar recreational vehicles; pickup and panel trucks; vans; other similar vehicles; household appliances; or furniture.
- (3) For repairs or improvements to the borrower's residence.
- (4) For educational expenses (including all student loans, whether payments are required currently or will begin at a future date, e.g., after graduation), medical expenses, personal taxes, vacations, consolidation of personal (nonbusiness) debts, and other personal expenditures.

NOTE: In the FFIEC 034 instruction book, remove pages RC-51 and RC-52 (dated 3-97) and replace them with these revised pages. In the FFIEC 033 instruction book, remove pages RC-58a and RC-58b (dated 3-97) and replace them with these revised pages. In the FFIEC 032 instruction book, remove pages RC-56a and RC-56b (dated 3-97) and replace them with these revised pages. In the FFIEC 031 instruction book, remove pages RC-62a and RC-62b (dated 3-97) and replace them with these revised pages.

Item No. Caption and Instructions

- 3.b Currency and coin.** (Item 3.b is not applicable to banks filing the FFIEC 031, 032, and 033 report forms.) Report the amount of currency and coin included in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin." Currency and coin include both U.S. and foreign currency and coin owned and held in all offices of the reporting bank, currency and coin in transit to a Federal Reserve Bank or to any other depository institution for which the reporting bank has not yet received credit, and currency and coin in transit from a Federal Reserve Bank or from any other depository institution for which the reporting bank's account has already been charged. Foreign currency and coin should be converted into U.S. dollar equivalents as of the report date.
- 4 Outstanding principal balance of 1-4 family residential mortgage loans serviced for others.**
Report in the appropriate subitem the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others. Include those 1-to-4 family residential mortgage loans for which the reporting bank has purchased the servicing (i.e., purchased servicing) and those 1-to-4 family residential mortgages which the reporting bank has originated and sold (or swapped with FHLMC or FNMA) but for which it has retained the servicing duties and responsibilities (i.e., retained servicing).
- 4.a Mortgages serviced under a GNMA contract.** Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with the Government National Mortgage Association (GNMA). GNMA contracts generally cover residential mortgage loans guaranteed by the Department of Veterans Affairs/Veterans Administration (VA) and insured by the Federal Housing Administration (FHA).
- 4.b Mortgages serviced under a FHLMC contract.** Report in the appropriate subitem the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with the Federal Home Loan Mortgage Corporation (FHLMC). FHLMC contracts cover VA, FHA, and conventional mortgages, i.e., mortgages that have not been guaranteed or insured by a U.S. Government agency. A seller sells (or swaps) mortgages to FHLMC with or without recourse, as elected by the seller, and endorses each mortgage note sold to (or swapped with) FHLMC accordingly. A seller electing to sell to (or swap with) FHLMC with recourse bears all risks and costs of a borrower default, including the costs of foreclosure. If the servicing of mortgages sold to (or swapped with) FHLMC with recourse is transferred, the transferee bears these risks and costs. If a seller elects to sell (or swap) mortgages without recourse, FHLMC assumes the risk of loss from borrower defaults to the extent of FHLMC's percentage of participation in the mortgages.
- 4.b.(1) Serviced with recourse to servicer.** Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with FHLMC in which the mortgages being serviced have been sold to (or swapped with) FHLMC with recourse and the mortgage notes have been endorsed accordingly.
- 4.b.(2) Serviced without recourse to servicer.** Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with FHLMC in which the mortgages being serviced have been sold to (or swapped with) FHLMC without recourse and the mortgage notes have been endorsed accordingly.

FFIEC 031
FFIEC 032
FFIEC 033
FFIEC 034

RC-62a
RC-56a
RC-58a
RC-51
(6-97)

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Item No. Caption and Instructions

- 4.c Mortgages serviced under a FNMA contract.** Report in the appropriate subitem the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under servicing contracts entered into with the Federal National Mortgage Association (FNMA). FNMA contracts cover VA, FHA, and conventional mortgages that have been sold to (or swapped with) FNMA. Residential mortgages are serviced for FNMA under either the regular or special servicing option. Under a regular option contract, the servicer assumes the risk of loss from a mortgagor default. Under a special option contract, FNMA assumes the risk of loss from a mortgagor default.
- 4.c.(1) Serviced under a regular option contract.** Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under regular servicing option contracts entered into with FNMA.
- 4.c.(2) Serviced under a special option contract.** Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under special servicing option contracts entered into with FNMA.
- 4.d Mortgages serviced under other servicing contracts.** Report the outstanding principal balance of 1-to-4 family residential mortgage loans serviced for others under other types of servicing contracts. Include mortgages serviced under all contracts other than GNMA, FHLMC, and FNMA contracts.
- 5 Customers' liability to this bank on acceptances outstanding.** (Items 5.a and 5.b are to be completed only by banks with \$1 billion or more in total assets that file the FFIEC 031 and 032 report forms.) The sum of items 5.a and 5.b must equal Schedule RC, item 9.
- 5.a U.S. addressees (domicile).** Report the portion of Schedule RC, item 9, that represents liabilities of customers who are U.S. addressees, i.e., are domiciled in the United States (see the Glossary entry for "domicile").
- 5.b Non-U.S. addressees (domicile).** Report the portion of Schedule RC, item 9, that represents liabilities of customers who are not U.S. addressees, i.e., are domiciled outside the United States (see the Glossary entry for "domicile").
- 6 Intangible assets.** Report in the appropriate subitem the unamortized amount of intangible assets. Intangible assets primarily result from business combinations accounted for under the purchase method in accordance with Accounting Principles Board Opinion No. 16, as amended, from acquisitions of portions or segments of another institution's business such as branch offices, mortgage servicing portfolios, and credit card portfolios, and from the sale or securitization of financial assets with servicing retained. Consistent with Securities and Exchange Commission guidance, intangible assets should be amortized over their estimated useful lives, generally not to exceed 25 years.
- 6.a Mortgage servicing assets.** Report the carrying value of mortgage servicing assets, i.e., the unamortized cost of acquiring contracts to service loans secured by real estate (as defined for Schedule RC-C, Part I, item 1, in the Glossary entry for "Loans secured by real estate") that have been securitized or are owned by another party, net of any related valuation allowances. Exclude servicing assets resulting from contracts to service financial assets other than loans secured by real estate (report nonmortgage servicing assets in Schedule RC-M, item 6.b.(2)). For further information, see the Glossary entry for "servicing assets and liabilities."
- 6.a.(1) Estimated fair value of mortgage servicing assets.** Report the estimated fair value of the capitalized mortgage servicing assets reported in Schedule RC-M, item 6.a, above.

According to FASB Statement No. 125, the fair value of mortgage servicing assets is the amount at which the assets could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Quoted market prices in active

Item No. **Caption and Instructions**

6.a.(1)
(cont.) markets are the best evidence of the fair value of an asset and should be used to measure fair value if available. If quoted market prices are not available, the estimate of fair value should be based on the best information available in the circumstances, considering prices for similar assets and the results of valuation techniques such as the present value of estimated expected future cash flows using a discount rate commensurate with the risks involved. Valuation techniques for measuring servicing assets should be consistent with the objective of measuring fair value and should incorporate assumptions that market participants would use. Estimates of expected future cash flows, if used to estimate fair value, should be the best estimate based on reasonable and supportable assumptions and projections.

For purposes of this item, the reporting bank should determine the fair value of mortgage servicing assets in the same manner that it determines the fair value of these assets for other financial reporting purposes, consistent with the guidance in FASB Statement No. 125.

6.b Other identifiable intangible assets:

6.b.(1) **Purchased credit card relationships.** Report the unamortized amount (book value) of purchased credit card relationships arising when the reporting bank purchases existing credit card receivables and also has the right to provide credit card services to those customers. Also report any purchased credit card relationships arising in the acquisition of an entire depository institution.

NOTE: In the FFIEC 034 instruction book, remove pages RC-58b-1 and RC-58b-2 (dated 3-97) and replace them with these revised pages. In the FFIEC 033 instruction book, remove pages RC-60d-1 and RC-60d-2 (dated 3-97) and replace them with these revised pages. In the FFIEC 032 instruction book, remove pages RC-58d-1 and RC-58d-2 (dated 3-97) and replace them with these revised pages. In the FFIEC 031 instruction book, remove pages RC-64d-1 and RC-64d-2 (dated 3-97) and replace them with these revised pages.

Item No. **Caption and Instructions**

- 11 **Net unamortized realized deferred gains (losses) on off-balance sheet derivative contracts included in assets and liabilities reported in Schedule RC.** Under generally accepted accounting principles (GAAP), realized gains and losses on derivatives that qualify as hedges of existing assets, liabilities, firm commitments, or anticipated transactions may be deferred from income and are generally recognized as adjustments to the carrying amount of the items hedged. These deferred gains and losses are generally amortized to income over the life of the hedged position.

Report in this item the net amount of unamortized, realized deferred gains and losses on derivatives (e.g., that are incorporated as adjustments to the book value of existing assets or liabilities). (The unrealized gains and losses on derivatives that qualify as hedges are not reported in this item, but are included in the gross positive and negative fair values reported in Schedule RC-L, item 17, on the FFIEC 031, 032, and 033.)

- 12 **Amount of assets netted against nondeposit liabilities on the balance sheet (Schedule RC) in accordance with generally accepted accounting principles.** If the reporting bank offset or netted any recognized assets against recognized nondeposit liabilities (and deposits in foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions) in accordance with generally accepted accounting principles (GAAP) when it prepared its Call Report balance sheet (Schedule RC), report in this item the amount of assets netted against liabilities, except as noted below. The accounting standards for offsetting (netting) are set forth in FASB Interpretations No. 39 and No. 41. For further information, see the Glossary entry for "Offsetting."

Include in this item:

- (1) Borrowings against the cash surrender value of life insurance policies that have been netted against the cash surrender value asset on the balance sheet in accordance with GAAP.
- (2) Securities purchased under agreements to resell that have been netted against securities sold under agreements to repurchase in accordance with GAAP.
- (3) Receivables and payables arising from unsettled trades that have been reported on a net basis in accordance with GAAP.
- (4) On the FFIEC 031, "back-to-back" loans that have been netted against deposits in foreign offices other than insured branches in accordance with GAAP.

Although not a netting of assets against liabilities, also include in this item the outstanding amount of assets removed from the reporting bank's balance sheet in connection with debt defeased prior to January 1, 1997. The amount to be reported for defeased debt should equal the amount of cash or risk-free securities, generally U.S. Government securities, placed in an "irrevocable" trust for the sole purpose of meeting all of the remaining debt service payments associated with the defeased obligations in accordance with FASB Statement No. 76, "Extinguishment of Debt."

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FFIEC 033
FFIEC 034

RC-64d-1
RC-58d-1
RC-60d-1
RC-58b-1
(6-97)

RC-M - MEMORANDA

Item No. **Caption and Instructions**

- 12** Exclude from this item:
(cont.)
- (1) Netted on-balance sheet amounts associated with off-balance sheet derivative contracts.
 - (2) Deferred tax assets netted against deferred tax liabilities.
 - (3) Assets netted against liabilities in accounting for pension plans and other postretirement benefit plans.
 - (4) Assets netted against liabilities in accounting for leveraged leases.
 - (5) Due from deposit balances and other assets netted against deposit liabilities in domestic offices (and in insured branches in Puerto Rico and U.S. territories and possessions) (report certain amounts netted against these deposit liabilities in Schedule RC-O, items 11 and 12).
- 13** **Outstanding principal balance of loans other than 1-to-4 family residential mortgage loans that are serviced for others.** (Item 13 is applicable only to banks filing the FFIEC 031, 032, and 033 report forms.) If the reporting bank services for others loans (other than 1-4 family residential mortgage loans) with an aggregate unpaid principal balance of more than \$10 million and this aggregate unpaid principal balance exceeds 10 percent of the bank's total assets as of the report date, report the aggregate unpaid principal balance of these serviced loans. Include those loans for which the reporting bank has purchased the servicing and those loans which the reporting bank has acquired (through origination or purchase) and sold or securitized with servicing retained. Loans (other than 1-4 family residential mortgage loans) serviced for others may include, but are not limited to, credit cards, automobile loans, and loans guaranteed by the Small Business Administration.

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

- 1** **Reciprocal holdings of banking organizations' capital instruments.** (Memorandum item 1 is to be reported in the December report only.) Report the outstanding amount of reciprocal holdings of capital instruments (i.e., instruments that qualify as Tier 1 or Tier 2 capital under the risk-based capital guidelines) issued by other banking organizations (i.e., banks and bank holding companies). Reciprocal holdings are cross-holdings resulting from formal or informal arrangements in which two or more banking organizations intentionally swap, exchange, or otherwise agree to hold each other's capital instruments.

Exclude nonreciprocal holdings of other banking organizations' capital instruments and reciprocal holdings of capital instruments issued by other banking organizations but taken in satisfaction of debts previously contracted in good faith.

NOTE: Remove pages RI-15 and RI-16 (dated 3-94) and replace them with these revised pages.

Item No. Caption and Instructions

- 10 Income (loss) before extraordinary items and other adjustments.** Report the difference between item 9, "Applicable income taxes (on item 8)," and item 8, "Income (loss) before income taxes and extraordinary items and other adjustments." If the amount is negative, enclose it in parentheses.
- 11 Extraordinary items and other adjustments, net of income taxes.** Report the total of the transactions listed below, if any, net of any applicable income tax effect. If the amount reported in this item is a net loss, enclose it in parentheses. State the dollar amount and provide a description of each transaction included in this item and any applicable income tax effect of the transaction in Schedule RI-E, item 3.

Include as extraordinary items and other adjustments:

- (1) The material effects of any extraordinary items. Extraordinary items are very rare and the criteria which must be satisfied in order for an event or transaction to be reported as an extraordinary item are discussed in the Glossary entry for "extraordinary items."
- (2) Material aggregate gains or losses from extinguishments of the reporting bank's own debt unrelated to sinking fund requirements, as determined in accordance with the provisions of FASB Statement No. 4.
- (3) Material aggregate gains on troubled debt restructurings of the reporting bank's own debt, as determined in accordance with the provisions of FASB Statement No. 15.
- (4) The cumulative effect of all changes in accounting principles except for those required to be reported in Schedule RI-A, item 9, "Cumulative effect of changes in accounting principles from prior years." Refer to the Glossary entry for "accounting changes" for further discussion of changes in accounting principles.
- (5) Material aggregate gains or losses from disposals of segments of the bank's business, as determined in accordance with the provisions of APB Opinion No. 30.
- (6) Material net gains or losses from disposals of significant assets within two years after a pooling of interests business combination.

Exclude from extraordinary items and other adjustments:

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

For each of the above categories, banks should consistently report net gains or losses either as "Other noninterest income" in Schedule RI, item 5.b.(2) on the FFIEC 034; item 5.f.(2) on the FFIEC 031, 032, and 033, or as "Other noninterest expense" in Schedule RI, item 7.c.

- (2) Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in Schedule RI, item 6.a, "Realized gains (losses) on held-to-maturity securities," and item 6.b, "Realized gains (losses) on available-for-sale securities," respectively).

Item No. Caption and Instructions

- 12 Net income (loss).** Report the sum of items 10 and 11. This item must equal Schedule RI-A, item 4, "Net income (loss)." If this amount is a net loss, enclose it in parentheses.

Memoranda

Item No. Caption and Instructions

- 1 Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes.** Report the bank's best estimate of the amount of the year-to-date interest expense included in Schedule RI, item 2.f, "Total interest expense," that is subject to a 100 percent loss of deductibility for federal income tax purposes because it is deemed to have been incurred to carry tax-exempt securities, loans, and leases of states and political subdivisions in the U.S. acquired after August 7, 1986. Tax-exempt securities, loans, and leases are those securities, loans, and leases of states and political subdivisions in the U.S. whose interest is excludable from gross income under the regular tax system for federal income tax purposes, regardless of whether the income must be included in the bank's alternative minimum taxable income.

Exclude from this item interest expense incurred to carry (1) tax-exempt securities, loans, and leases of states and political subdivisions in the U.S. acquired after December 31, 1982, but before August 8, 1986, and (2) so-called "Qualified tax-exempt obligations" acquired after August 7, 1986, 20 percent of which is not deductible for federal income tax purposes.

The general formula that may be used for computing the amount of interest expense that is subject to a 100 percent loss of deductibility is as follows:

$$\begin{array}{r}
 \text{Tax-exempt securities, loans, and leases of} \\
 \text{states and political subdivisions in the U.S.} \\
 \text{acquired after August 7, 1986 (excluding} \\
 \text{"Qualified tax-exempt obligations")} \\
 \hline
 \text{(Year-to-date average)} \\
 \text{Total assets (Year-to-date average)}
 \end{array}
 \times
 \begin{array}{l}
 \text{Year-to-date} \\
 \text{total interest} \\
 \text{expense (Schedule} \\
 \text{RI, item 2.f)}
 \end{array}$$

For the March 31, June 30, and September 30 Call Reports, the amount reported in Memorandum item 1 should not be an estimate of the amount of interest expense that will not be deductible for the entire calendar year.