

SCHEDULE RC-C – LOANS AND LEASE FINANCING RECEIVABLES

Part I. Loans and Leases

General Instructions for Part I

Loans and lease financing receivables are extensions of credit resulting from either direct negotiation between the bank and its customers or the purchase of such assets from others. See the Glossary entries for "loan" and for "lease accounting" for further information.

Report all loans and leases that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., loans and leases held for investment, in Schedule RC-C, part I. Also report in Schedule RC-C, part I, all loans and leases held for sale as part of the consolidated bank's mortgage banking activities or activities of a similar nature involving other types of loans. Include the fair value of all loans held for investment and all loans held for sale that the bank has elected to report at fair value under a fair value option. Loans reported at fair value in Schedule RC-C, part I, should include only the fair value of the funded portion of the loan. If the unfunded portion of the loan, if any, is reported at fair value, this fair value should be reported as an "Other asset" or an "Other liability," as appropriate, in Schedule RC, item 11 or item 20, respectively.

Exclude from Schedule RC-C, part I, all loans and leases classified as trading (report in Schedule RC, item 5, "Trading assets," and, in the appropriate items of Schedule RC-D, Trading Assets and Liabilities, and Schedule RC-Q, Financial Assets and Liabilities Measured at Fair Value, if applicable).

When a loan is acquired (through origination or purchase) with the intent or expectation that it may or will be sold at some indefinite date in the future, the loan should be reported as held for sale or held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles and related supervisory guidance. In addition, a loan acquired and held for securitization purposes should be reported as a loan held for sale, provided the securitization transaction will be accounted for as a sale under FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Notwithstanding the above, banks may classify loans as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a bank would generally not classify a loan that meets these criteria as a trading asset unless the bank holds the loan for one of the following purposes: (a) for market making activities, including such activities as accumulating loans for sale or securitization; (b) to benefit from actual or expected price movements; or (c) to lock in arbitrage profits.

Loans held for sale (not classified as trading in accordance with the preceding instruction) shall be reported in Schedule RC-C, part I, at the lower of cost or fair value as of the report date, except for those that the bank has elected to account for at fair value under a fair value option. For loans held for sale that are reported at the lower of cost or fair value, the amount by which cost exceeds fair value, if any, shall be accounted for as a valuation allowance. For further information, see FASB Statement No. 65, "Accounting for Certain Mortgage Banking Activities," AICPA Statement of Position 01-6, "Accounting by Certain Entities (Including Entities With Trade Receivables) That Lend to or Finance the Activities of Others," and the March 26, 2001, Interagency Guidance on Certain Loans Held for Sale.

On the FFIEC 041, Schedule RC-C, part I, has two columns for information on loans and leases: column B is to be completed by all banks and column A is to be completed by banks with \$300 million or

General Instructions for Part I (cont.)

more in total assets. On the FFIEC 031, this schedule has two columns: column A provides loan and lease detail for the fully consolidated bank and column B provides detail on loans and leases held by the domestic offices of the reporting bank. (See the Glossary entry for "domestic office" for the definition of this term.)

Report loans and leases held for investment in this schedule without any deduction for loss allowances for loans and leases or allocated transfer risk reserves related to loans and leases, which are to be reported in Schedule RC, item 4.c, "Allowance for loan and lease losses." Each item in this schedule should be reported net of (1) unearned income (to the extent possible) and (2) deposits accumulated for the payment of personal loans (hypothecated deposits). Net unamortized loan fees represent an adjustment of the loan yield, and shall be reported in this schedule in the same manner as unearned income on loans, i.e., deducted from the related loan balances (to the extent possible) or deducted from total loans in Schedule RC-C, part I, item 11, "LESS: Any unearned income on loans reflected in items 1-9 above." Net unamortized direct loan origination costs shall be added to the related loan balances in each item in this schedule. (See the Glossary entry for "loan fees" for further information.) "Purchased impaired loans" are loans accounted for in accordance with AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer," that a bank has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable. Neither the accretable yield nor the nonaccretable difference associated with purchased impaired loans should be reported as unearned income in Schedule RC-C, part I, item 11. In addition, the nonaccretable difference, must not be recognized as an adjustment of yield, loss accrual, or valuation allowance.

If, as a result of a change in circumstances, the bank regains control of a loan previously accounted for appropriately as having been sold because one or more of the conditions for sale accounting in FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," are no longer met, such a change should be accounted for in the same manner as a purchase of the loan from the former transferee (purchaser) in exchange for liabilities assumed. The rebooked loan must be reported as a loan asset in Schedule RC-C, part I, either as a loan held for sale or a loan held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles. This accounting and reporting treatment applies, for example, to U.S. Government-guaranteed or -insured residential mortgage loans backing Government National Mortgage Association (GNMA) mortgage-backed securities that a bank services after it has securitized the loans in a transfer accounted for as a sale. If and when individual loans later meet delinquency criteria specified by GNMA, the loans are eligible for repurchase, the bank is deemed to have regained effective control over these loans, and the delinquent loans must be brought back onto the bank's books as loan assets.

All loans should be categorized in Schedule RC-C, part I, according to security, borrower, or purpose. Loans covering two or more categories are sometimes difficult to categorize. In such instances, categorize the entire loan according to the major criterion.

Report in Schedule RC-C, part I, all loans and leases on the books of the reporting bank even if on the report date they are past due and collection is doubtful. Exclude any loans or leases the bank has sold or charged off. Also exclude assets received in full or partial satisfaction of a loan or lease (unless the asset received is itself reportable as a loan or lease) and any loans for which the bank has obtained physical possession of the underlying collateral, regardless of whether formal foreclosure or repossession proceedings have been instituted against the borrower. Refer to the Glossary entries for "troubled debt restructurings" and "foreclosed assets" for further discussion of these topics.

General Instructions for Part I (cont.)

Exclude, for purposes of this schedule, the following:

- (1) Federal funds sold (in domestic offices), i.e., all loans of immediately available funds (in domestic offices) that mature in one business day or roll over under a continuing contract, excluding funds lent in the form of securities purchased under agreements to resell. Report federal funds sold (in domestic offices) in Schedule RC, item 3.a. However, report overnight lending for commercial and industrial purposes as loans in this schedule. On the FFIEC 031, also report lending transactions in foreign offices involving immediately available funds with an original maturity of one business day or under a continuing contract that are not securities resale agreements as loans in this schedule.
- (2) Lending transactions in the form of securities purchased under agreements to resell (report in Schedule RC, item 3.b, "Securities purchased under agreements to resell").
- (3) All holdings of commercial paper (report in Schedule RC, item 5, if held for trading; report in Schedule RC-B, item 4.b, "Other mortgage-backed securities," item 5, "Asset-backed securities," or item 6, "Other debt securities," as appropriate, if held for purposes other than trading).
- (4) Contracts of sale or other loans indirectly representing other real estate (report in Schedule RC, item 7, "Other real estate owned").
- (5) Undisbursed loan funds, sometimes referred to as incomplete loans or loans in process, unless the borrower is liable for and pays the interest thereon. If interest is being paid by the borrower on the undisbursed proceeds, the amount of such undisbursed funds should be included in both loans and deposits. (Do not include loan commitments that have not yet been taken down, even if fees have been paid; see Schedule RC-L, item 1.)

Item Instructions for Part I**Item No. Caption and Instructions**

- 1 Loans secured by real estate.** Report all loans secured by real estate. On the FFIEC 041, all banks should report in the appropriate subitems of column B a breakdown of these loans into seven categories. On the FFIEC 031, all banks should report the total amount of these loans for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

Include all loans (other than those to states and political subdivisions in the U.S.), regardless of purpose and regardless of whether originated by the bank or purchased from others, that are secured by real estate as evidenced by mortgages, deeds of trust, land contracts, or other instruments, whether first or junior liens (e.g., equity loans, second mortgages) on real estate. See the Glossary entry for "loan secured by real estate" for the definition of this term.

Include as loans secured by real estate:

- (1) Loans secured by residential properties that are guaranteed by the Farmers Home Administration (FmHA) and extended, collected, and serviced by a party other than the FmHA.

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

- 1**
(cont.)
- (2) Loans secured by properties and guaranteed by governmental entities in foreign countries.
- (3) Participations in pools of Federal Housing Administration (FHA) Title I home improvement loans that are secured by liens (generally, junior liens) on residential properties.

Exclude from loans secured by real estate:

- (1) Obligations (other than securities and leases) of states and political subdivisions in the U.S. that are secured by real estate (report in Schedule RC-C, part I, item 8).
- (2) All loans and sales contracts indirectly representing other real estate (report in Schedule RC, item 7, "Other real estate owned").
- (3) Loans to real estate companies, real estate investment trusts, mortgage lenders, and foreign non-governmental entities that specialize in mortgage loan originations and that service mortgages for other lending institutions when the real estate mortgages or similar liens on real estate are not sold to the bank but are merely pledged as collateral (report in Schedule RC-C, part I, item 2, "Loans to depository institutions and acceptances of other banks," or as all other loans in Schedule RC-C, part I, item 9).
- (4) Bonds issued by the Federal National Mortgage Association or by the Federal Home Loan Mortgage Corporation that are collateralized by residential mortgages (report in Schedule RC-B, item 2.b, Securities "Issued by U.S. Government-sponsored agencies").
- (5) Pooled residential mortgages for which participation certificates have been issued or guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation (report in Schedule RC-B, item 4.a). However, if the reporting bank is the seller-servicer of the residential mortgages backing such securities and, as a result of a change in circumstances, it must rebook any of these mortgages because one or more of the conditions for sale accounting in FASB Statement No. 140 are no longer met, the rebooked mortgages should be included in Schedule RC-C, part I, as loans secured by real estate.

- 1.a** **Construction, land development, and other land loans.** Report in the appropriate subitem of column B loans secured by real estate made to finance (a) land development (i.e., the process of improving land – laying sewers, water pipes, etc.) preparatory to erecting new structures or (b) the on-site construction of industrial, commercial, residential, or farm buildings. For purposes of this item, "construction" includes not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures.

Also include in this item:

- (1) Loans secured by vacant land, except land known to be used or usable for agricultural purposes, such as crop and livestock production (which should be reported in Schedule RC-C, part I, item 1.b, below, as loans secured by farmland).

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

- 1.a** (2) Loans secured by real estate the proceeds of which are to be used to acquire and
(cont.) improve developed and undeveloped property.
- (3) Loans made under Title I or Title X of the National Housing Act that conform to the definition of construction stated above and that are secured by real estate.

Loans written as combination construction-permanent loans secured by real estate should be reported in this item until construction is completed or principal amortization payments begin, whichever comes first. When the first of these events occurs, the loans should begin to be reported in the real estate loan category in Schedule RC-C, part I, item 1, appropriate to the real estate collateral. All other construction loans secured by real estate should continue to be reported in this item after construction is completed unless and until (1) the loan is refinanced into a new permanent loan by the reporting bank or is otherwise repaid, (2) the bank acquires or otherwise obtains physical possession of the underlying collateral in full satisfaction of the debt, or (3) the loan is charged off.

Exclude loans to finance construction and land development that are not secured by real estate (report in other items of Schedule RC-C, part I, as appropriate).

- 1.a.(1)** **1-4 family residential construction loans.** Report in column B the amount outstanding of 1-4 family residential construction loans, i.e., loans for the purpose of constructing 1-4 family residential properties, which will secure the loan. The term "1-4 family residential properties" is defined in Schedule RC-C, part I, item 1.c, below. "1-4 family residential construction loans" include:
- Construction loans to developers secured by tracts of land on which 1-4 family residential properties, including townhouses, are being constructed.
 - Construction loans secured by individual parcels of land on which single 1-4 family residential properties are being constructed.
 - Construction loans secured by single-family dwelling units in detached or semidetached structures, including manufactured housing.
 - Construction loans secured by duplex units and townhouses, excluding garden apartment projects where the total number of units that will secure the permanent mortgage is greater than four.
 - Combination land and construction loans on 1-4 family residential properties, regardless of the current stage of construction or development.
 - Combination construction-permanent loans on 1-4 family residential properties until construction is completed or principal amortization payments begin, whichever comes first.
 - Loans secured by apartment buildings undergoing conversion to condominiums, regardless of the extent of planned construction or renovation, where repayment will come from sales of individual condominium dwelling units, which are 1-4 family residential properties.
 - Bridge loans to developers on 1-4 family residential properties where the buyer will not assume the same loan, even if construction is completed or principal amortization payments have begun.
- 1.a.(2)** **Other construction loans and all land development and other land loans.** Report in column B the amount outstanding of all construction loans for purposes other than constructing 1-4 family residential properties, all land development loans, and all other land loans. Include loans for the development of building lots and loans secured by vacant land, unless the same loan finances the construction of 1-4 family residential properties on the property.

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

- 1.b Secured by farmland.** Report in column B loans secured by farmland and improvements thereon, as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pasture land, whether tillable or not and whether wooded or not.

Include loans secured by farmland that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by any party other than FmHA or SBA.

Exclude loans for farm property construction and land development purposes (report in Schedule RC-C, part I, item 1.a).

- 1.c Secured by 1-4 family residential properties.** Report in the appropriate subitem of column B open-end and closed-end loans secured by real estate as evidenced by mortgages (FHA, FmHA, VA, or conventional) or other liens on:

- (1) Nonfarm property containing 1-to-4 dwelling units (including vacation homes) or more than four dwelling units if each is separated from other units by dividing walls that extend from ground to roof (e.g., row houses, townhouses, or the like).
- (2) Mobile homes where (a) state laws define the purchase or holding of a mobile home as the purchase or holding of real property and where (b) the loan to purchase the mobile home is secured by that mobile home as evidenced by a mortgage or other instrument on real property.
- (3) Individual condominium dwelling units and loans secured by an interest in individual cooperative housing units, even if in a building with five or more dwelling units.
- (4) Housekeeping dwellings with commercial units combined where use is primarily residential and where only 1-to-4 family dwelling units are involved.

Reverse 1-4 family residential mortgages should be reported in the appropriate subitem based on whether they are closed-end or open-end mortgages. A reverse mortgage is an arrangement in which a homeowner borrows against the equity in his/her home and receives cash either in a lump sum or through periodic payments. However, unlike a traditional mortgage loan, no payment is required until the borrower no longer uses the home as his or her principal residence. Cash payments to the borrower after closing, if any, and accrued interest are added to the principal balance. These loans may have caps on their maximum principal balance or they may have clauses that permit the cap on the maximum principal balance to be increased under certain circumstances. Homeowners generally have one of the following options for receiving tax free loan proceeds from a reverse mortgage: (1) one lump sum payment; (2) a line of credit; (3) fixed monthly payments to homeowner either for a specified term or for as long as the homeowner lives in the home; or (4) a combination of the above.

Reverse mortgages that provide for a lump sum payment to the borrower at closing, with no ability for the borrower to receive additional funds under the mortgage at a later date, should be reported as closed-end loans in Schedule RC-C, part I, item 1.c.(2). Normally, closed-end reverse mortgages are first liens and would be reported in Schedule RC-C, part I, item 1.c.(2)(a). Reverse mortgages that are structured like home equity lines of credit in

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

1.c (cont.) that they provide the borrower with additional funds after closing (either as fixed monthly payments, under a line of credit, or both) should be reported as open-end loans in Schedule RC-C, part I, item 1.c.(1). Open-end reverse mortgages also are normally first liens. Where there is a combination of both a lump sum payment to the borrower at closing and payments after the closing of the loan, the reverse mortgage should be reported as an open-end loan in Schedule RC-C, part I, item 1.c.(1).

Exclude loans for 1-to-4 family residential property construction and land development purposes (report in Schedule RC-C, part I, item 1.a). Also exclude loans secured by vacant lots in established single-family residential sections or in areas set aside primarily for 1-to-4 family homes (report in Schedule RC-C, part I, item 1.a).

1.c.(1) **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in column B the amount outstanding under revolving, open-end lines of credit secured by 1-to-4 family residential properties. These lines of credit, commonly known as home equity lines, are typically secured by a junior lien and are usually accessible by check or credit card.

1.c.(2) **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem of column B the amount of all closed-end loans secured by 1-to-4 family residential properties (i.e., closed-end first mortgages and junior liens).

1.c.(2)(a) **Secured by first liens.** Report in column B the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties.

1.c.(2)(b) **Secured by junior liens.** Report in column B the amount of all closed-end loans secured by junior (i.e., other than first) liens on 1-to-4 family residential properties. Include loans secured by junior liens in this item even if the bank also holds a loan secured by a first lien on the same 1-to-4 family residential property and there are no intervening junior liens.

1.d **Secured by multifamily (5 or more) residential properties.** Report in column B all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens that are not reportable in Schedule RC-C, part I, item 1.c. Specifically, include loans on:

- (1) Nonfarm properties with 5 or more dwelling units in structures (including apartment buildings and apartment hotels) used primarily to accommodate households on a more or less permanent basis.
- (2) 5 or more unit housekeeping dwellings with commercial units combined where use is primarily residential.
- (3) Cooperative-type apartment buildings containing 5 or more dwelling units.

Exclude loans for multifamily residential property construction and land development purposes (report in Schedule RC-C, part I, item 1.a). Also exclude loans secured by nonfarm nonresidential properties (report in Schedule RC-C, part I, item 1.e).

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

- 1.e Secured by nonfarm nonresidential properties.** Report in the appropriate subitem of column B loans secured by real estate as evidenced by mortgages or other liens on nonfarm nonresidential properties, including business and industrial properties, hotels, motels, churches, hospitals, educational and charitable institutions, dormitories, clubs, lodges, association buildings, "homes" for aged persons and orphans, golf courses, recreational facilities, and similar properties.

Exclude loans for nonfarm nonresidential property construction and land development purposes (report in Schedule RC-C, part I, item 1.a).

For purposes of reporting loans in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), below, the determination as to whether a nonfarm nonresidential property is considered "owner-occupied" should be made upon acquisition (origination or purchase) of the loan. However, for purposes of determining whether existing nonfarm nonresidential real estate loans should be reported as "owner-occupied" when a bank must first begin reporting such loans as of March 31, 2007 (or March 31, 2008),¹ the bank may consider the source of repayment either when the loan was acquired or based on the most recent available information. Once a bank determines whether a loan should be reported as "owner-occupied" or not, this determination need not be reviewed thereafter.

- 1.e.(1) Loans secured by owner-occupied nonfarm nonresidential properties.** Report in column B the amount of loans secured by owner-occupied nonfarm nonresidential properties.

"Loans secured by owner-occupied nonfarm nonresidential properties" are those nonfarm nonresidential property loans for which the primary source of repayment is the cash flow from the ongoing operations and activities conducted by the party, or an affiliate of the party, who owns the property. Thus, for loans secured by owner-occupied nonfarm nonresidential properties, the primary source of repayment is not derived from third party, nonaffiliated, rental income associated with the property (i.e., any such rental income is less than 50 percent of the source of repayment) or the proceeds of the sale, refinancing, or permanent financing of the property. Include loans secured by hospitals, golf courses, recreational facilities, and car washes unless the property is owned by an investor who leases the property to the operator who, in turn, is not related to or affiliated with the investor (in which case, the loan should be reported in Schedule RC-C, part I, item 1.e.(2), below). Also include loans secured by churches unless the property is owned by an investor who leases the property to the congregation (in which case, the loan should be reported in Schedule RC-C, part I, item 1.e.(2), below).

¹ Reporting nonfarm nonresidential real estate loans as loans secured by "owner-occupied" properties or by other properties, as appropriate, takes effect:

- March 31, 2007, for (1) all banks with \$300 million or more in total assets as of December 31, 2005, or with foreign offices, and (2) banks with less than \$300 million in total assets as of December 31, 2005, and domestic offices only whose total construction, multifamily, and nonfarm nonresidential real estate loans (Schedule RC-C, part I, sum of items 1.a, 1.d, and 1.e) as of December 31, 2005, was greater than 150 percent of total equity capital (Schedule RC, item 28) as of December 31, 2005; and
- March 31, 2008, for banks with less than \$300 million in total assets as of December 31, 2005, and domestic offices only that do not meet this percentage test.

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

- 1.e.(2) Loans secured by other nonfarm nonresidential properties.** Report in column B the amount of nonfarm nonresidential real estate loans that are not secured by owner-occupied nonfarm nonresidential properties.

“Loans secured by other nonfarm nonresidential properties” are those nonfarm nonresidential property loans where the primary source of repayment is derived from rental income associated with the property (i.e., loans for which 50 percent or more of the source of repayment comes from third party, nonaffiliated, rental income) or the proceeds of the sale, refinancing, or permanent financing of the property. Include loans secured by hotels, motels, dormitories, nursing homes, assisted-living facilities, mini-storage warehouse facilities, and similar properties in this item as loans secured by other nonfarm nonresidential properties.

- 2 Loans to depository institutions and acceptances of other banks.** Report all loans (other than those that meet the definition of a “loan secured by real estate”), including overdrafts, to banks, other depository institutions, and other associations, companies, and financial intermediaries whose primary business is to accept deposits and to extend credit for business or for personal expenditure purposes and the bank’s holdings of all bankers acceptances accepted by other banks that are not held for trading. Acceptances accepted by other banks may be purchased in the open market or discounted by the reporting bank. For further information, see the Glossary entry for “bankers acceptances.”

On the FFIEC 041, all banks should report the total amount of these loans and acceptances in column B, and banks with \$300 million or more in total assets should also report in the appropriate subitems of column A a breakdown of these loans among five categories of depository institutions. On the FFIEC 031, all banks should report a breakdown of loans to depository institutions and acceptances of other banks among five categories of depository institutions for the fully consolidated bank in column A and a breakdown of these loans and acceptances among three categories of depository institutions for domestic offices in column B.

Depository institutions cover:

- (1) commercial banks in the U.S., including:
 - (a) U.S. branches and agencies of foreign banks, U.S. branches and agencies of foreign official banking institutions, and investment companies that are chartered under Article XII of the New York State banking law and are majority-owned by one or more foreign banks; and
 - (b) all other commercial banks in the U.S., i.e., U.S. branches of U.S. banks;
- (2) depository institutions in the U.S., other than commercial banks, including:
 - (a) credit unions;
 - (b) mutual or stock savings banks;
 - (c) savings or building and loan associations;
 - (d) cooperative banks; and
 - (e) other similar depository institutions; and

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

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(cont.)

(3) banks in foreign countries, including:

- (a) foreign-domiciled branches of other U.S. banks; and
- (b) foreign-domiciled branches of foreign banks.

See the Glossary entry for "banks, U.S. and foreign" and "depository institutions in the U.S." for further discussion of these terms.

Include as loans to depository institutions and acceptances of other banks:

- (1) Loans to depository institutions for the purpose of purchasing or carrying securities.
- (2) Loans to depository institutions for which the collateral is a mortgage instrument and not the underlying real property. Report loans to depository institutions where the collateral is the real estate itself, as evidenced by mortgages or similar liens, in Schedule RC-C, part I, item 1.
- (3) Purchases of mortgages and other loans under agreements to resell that do not involve the lending of immediately available funds or that mature in more than one business day, if acquired from depository institutions.
- (4) Loan participations acquired from depository institutions that must be treated as secured borrowings rather than sales in accordance with generally accepted accounting principles. (See the Glossary entry for "transfers of financial assets" for further information.)
- (5) The reporting bank's own acceptances discounted and held in its portfolio when the account party is another depository institution.

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(cont.)

Exclude from loans to depository institutions:

- (1) All transactions reportable in Schedule RC, item 3, "Federal funds sold and securities purchased under agreements to resell."
- (2) Loans that meet the definition of a "loan secured by real estate," even if extended to depository institutions (report in Schedule RC-C, part I, item 1).
- (3) Loans to holding companies of depository institutions (report as all other loans in Schedule RC-C, part I, item 9).
- (4) Loans to real estate investment trusts and to mortgage companies that specialize in mortgage loan originations and warehousing or in mortgage loan servicing (report as all other loans in Schedule RC-C, part I, item 9).
- (5) Loans to finance companies and insurance companies (report as all other loans in Schedule RC-C, part I, item 9).
- (6) Loans to brokers and dealers in securities, investment companies, and mutual funds (report as loans for purchasing or carrying securities in Schedule RC-C, part I, item 9).
- (7) Loans to Small Business Investment Companies (report as all other loans in Schedule RC-C, part I, item 9).
- (8) Loans to lenders other than brokers, dealers, and banks whose principal business is to extend credit for the purpose of purchasing or carrying securities (as described in Federal Reserve Regulation U) and loans to "plan lenders" (as defined in Federal Reserve Regulation G) (report as loans for purchasing or carrying securities in Schedule RC-C, part I, item 9).
- (9) Loans to federally-sponsored lending agencies (report as all other loans in Schedule RC-C, part I, item 9). Refer to the Glossary entry for "federally-sponsored lending agency" for the definition of this term.
- (10) Dollar exchange acceptances created by foreign governments and official institutions (report in Schedule RC-C, part I, item 7).
- (11) Loans to foreign governments and official institutions, including foreign central banks (report in Schedule RC-C, part I, item 7). See the Glossary entry for "foreign governments and official institutions" for the definition of this term.
- (12) Acceptances accepted by the reporting bank, discounted, and held in its portfolio, when the account party is not another depository institution. Report such acceptances are reported in other items of Schedule RC-C, part I, according to the account party.

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

NOTE: Items 2.a through 2.c are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

- 2.a To commercial banks in the U.S.** Report all loans to and acceptances of other commercial banks in the U.S. On the FFIEC 041, banks with \$300 million or more in total assets should report in the appropriate subitems of column A a breakdown of these loans and acceptances between those to U.S. branches and agencies of foreign banks and those to other commercial banks in the U.S. On the FFIEC 031, all banks should report the total amount of these loans and acceptances in domestic offices in column B, and a breakdown of these loans and acceptances for the fully consolidated bank between those to U.S. branches and agencies of foreign banks and those to other commercial banks in the U.S. in the appropriate subitems of column A.

Refer to the instruction to Schedule RC-C, part I, item 2, above, and to the Glossary entry for "banks, U.S. and foreign" for further discussion of the term "commercial banks in the U.S."

Exclude from Schedule RC-C, part I, items 2.a, 2.a.(1), and 2.a.(2), loans to other domestic depository institutions such as savings banks, savings and loan associations, and credit unions (report in Schedule RC-C, part I, item 2.b, below).

- 2.a.(1) To U.S. branches and agencies of foreign banks.** Report in column A all loans to and acceptances of U.S. branches and agencies of foreign banks.

Exclude loans to U.S. offices of U.S.-chartered banks that are owned by foreign banks or by foreign official banking institutions (report in Schedule RC-C, part I, item 2.a.(2), below).

- 2.a.(2) To other commercial banks in the U.S.** Report in column A all loans to and acceptances of commercial banks in the U.S., other than U.S. branches and agencies of foreign banks.

- 2.b To other depository institutions in the U.S.** Report (on the FFIEC 041, in column A; on the FFIEC 031, in columns A and B, as appropriate) loans to and acceptances of depository institutions, other than commercial banks, domiciled in the U.S. Refer to the instruction to Schedule RC-C, part I, item 2, above, and to the Glossary entry for "depository institutions in the U.S." for further discussion of the term "depository institutions in the U.S."

Exclude loans to and acceptances of commercial banks in the U.S. (report in Schedule RC-C, part I, item 2.a, above).

- 2.c To banks in foreign countries.** Report all loans to and acceptances of banks and their branches domiciled outside the U.S. On the FFIEC 041, banks with \$300 million or more in total assets should report in the appropriate subitems of column A a breakdown of these loans and acceptances between those to foreign branches of other U.S. banks and those to other banks in foreign countries. On the FFIEC 031, all banks should report the total amount of these loans and acceptances in domestic offices in column B and a breakdown of these loans and acceptances for the fully consolidated bank between those to foreign branches of other U.S. banks and those to other banks in foreign countries in the appropriate subitems of column A.

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

NOTE: Items 2.c, 2.c.(1), and 2.c.(2) are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

2.c See the instruction to Schedule RC-C, part I, item 2, above, and to the Glossary entry for
(cont.) "banks, U.S. and foreign" for further discussion of the term "banks in foreign countries."

Exclude loans to U.S. branches and agencies of foreign banks (report in Schedule RC-C, part I, item 2.a, above).

2.c.(1) **To foreign branches of other U.S. banks.** Report in column A all loans to and acceptances of foreign branches of other U.S. banks.

2.c.(2) **To other banks in foreign countries.** Report in column A all loans to and acceptances of banks in foreign countries, other than foreign-domiciled branches of other U.S. banks.

3 **Loans to finance agricultural production and other loans to farmers.** On the FFIEC 041, report in column B and, on the FFIEC 031, report in columns A and B, as appropriate, loans for the purpose of financing agricultural production. Include such loans whether secured (other than those that meet the definition of a "loan secured by real estate") or unsecured and whether made to farm and ranch owners and operators (including tenants) or to nonfarmers. All other loans to farmers, other than those excluded below, should also be reported in this item.

Include as loans to finance agricultural production and other loans to farmers:

- (1) Loans and advances made for the purpose of financing agricultural production, including the growing and storing of crops, the marketing or carrying of agricultural products by the growers thereof, and the breeding, raising, fattening, or marketing of livestock.
- (2) Loans and advances made for the purpose of financing fisheries and forestries, including loans to commercial fishermen.
- (3) Agricultural notes and other notes of farmers that the bank has discounted for, or purchased from, merchants and dealers, either with or without recourse to the seller.
- (4) Loans to farmers that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by a party other than the FmHA or SBA.
- (5) Loans and advances to farmers for purchases of farm machinery, equipment, and implements.
- (6) Loans and advances to farmers for all other purposes associated with the maintenance or operations of the farm, including purchases of private passenger automobiles and other retail consumer goods and provisions for the living expenses of farmers or ranchers and their families.

Loans to farmers for household, family, and other personal expenditures (including credit cards) that are not readily identifiable as being made to farmers need not be broken out of Schedule RC-C, part I, item 6, for inclusion in this item.

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

- 3** Exclude from loans to finance agricultural production and other loans to farmers:
(cont.)
- (1) Loans that meet the definition of a "loan secured by real estate" (report in Schedule RC-C, part I, item 1).
 - (2) Loans to farmers for commercial and industrial purposes, e.g., when a farmer is operating a business enterprise as well as a farm (report in Schedule RC-C, part I, item 4).
 - (3) Loans to farmers for the purpose of purchasing or carrying securities (report in Schedule RC-C, part I, item 9).
 - (4) Loans to farmers secured by oil or mining production payments (report in Schedule RC-C, part I, item 4).
- 4** **Commercial and industrial loans.** Report loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than those that meet the definition of a "loan secured by real estate") or unsecured, single-payment or installment. On the FFIEC 041, all banks should report the total of these loans in column B, and banks with \$300 million or more in total assets should also report in the appropriate subitems of column A a breakdown of these loans between those loans to U.S. and non-U.S. addressees. On the FFIEC 031, all banks should report a breakdown of these loans between those to U.S. and non-U.S. addressees for the fully consolidated bank in the appropriate subitems of column A and for domestic offices in the appropriate subitems of column B.
- Commercial and industrial loans may take the form of direct or purchased loans. Include loans to individuals for commercial, industrial, and professional purposes but not for investment or personal expenditure purposes. Also include the reporting bank's own acceptances that it holds in its portfolio when the account party is a commercial or industrial enterprise. Exclude all commercial and industrial loans held for trading.
- Include loans of the types listed below as commercial and industrial loans. These descriptions may overlap and are not all inclusive.
- (1) Loans for commercial, industrial, and professional purposes to:
 - (a) mining, oil- and gas-producing, and quarrying companies;
 - (b) manufacturing companies of all kinds, including those which process agricultural commodities;
 - (c) construction companies;
 - (d) transportation and communications companies and public utilities;
 - (e) wholesale and retail trade enterprises and other dealers in commodities;
 - (f) cooperative associations including farmers' cooperatives;
 - (g) service enterprises such as hotels, motels, laundries, automotive service stations, and nursing homes and hospitals operated for profit;
 - (h) insurance agents; and
 - (i) practitioners of law, medicine, and public accounting.
 - (2) Loans for the purpose of financing capital expenditures and current operations.
 - (3) Loans to business enterprises guaranteed by the Small Business Administration.

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

- 4** (4) Loans to farmers for commercial and industrial purposes (when farmers operate a business enterprise as well as a farm).
- (cont.) (5) Loans supported by letters of commitment from the Agency for International Development.
- (6) Loans made to finance construction that do not meet the definition of a "loan secured by real estate."
- (7) Loans to merchants or dealers on their own promissory notes secured by the pledge of their own installment paper.
- (8) Loans extended under credit cards and related plans that are readily identifiable as being issued in the name of a commercial or industrial enterprise.
- (9) Dealer flooring or floor-plan loans.
- (10) Loans collateralized by production payments (e.g., oil or mining production payments). Treat as a loan to the original seller of the production payment rather than to the holder of the production payment. For example, report in this item, as a loan to an oil company, a loan made to a nonprofit organization collateralized by an oil production payment; do not include in Schedule RC-C, part I, item 9, as a loan to the nonprofit organization.
- (11) Loans and participations in loans secured by conditional sales contracts made to finance the purchase of commercial transportation equipment.
- (12) Commercial and industrial loans guaranteed by foreign governmental institutions.
- (13) Overnight lending for commercial and industrial purposes.

Exclude from commercial and industrial loans:

- (1) Loans that meet the definition of a "loan secured by real estate," even if for commercial and industrial purposes (report in Schedule RC-C, part I, item 1).
- (2) Loans to depository institutions (report in Schedule RC-C, part I, item 2).
- (3) Loans to nondepository financial institutions such as real estate investment trusts, mortgage companies, and insurance companies (report as all other loans in Schedule RC-C, part I, item 9).
- (4) Loans for the purpose of purchasing or carrying securities (report in Schedule RC-C, part I, item 9).
- (5) Loans for the purpose of financing agricultural production, whether made to farmers or to nonagricultural businesses (report in Schedule RC-C, part I, item 3).
- (6) Loans to nonprofit organizations, such as hospitals or educational institutions (report as all other loans in Schedule RC-C, part I, item 9), except those for which oil or mining production payments serve as collateral which are to be reported in this item.

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

- 4** (7) Holdings of acceptances accepted by other banks (report in Schedule RC-C, part I, (cont.) item 2).
- (8) Holdings of the bank's own acceptances when the account party is another bank (report in Schedule RC-C, part I, item 2) or a foreign government or official institution (report in Schedule RC-C, part I, item 7).
- (9) Equipment trust certificates (report in Schedule RC-B, item 6, "Other debt securities").
- (10) Any commercial or industrial loans held by the reporting bank for trading purposes (report in Schedule RC, item 5, "Trading assets").
- (11) Commercial paper (report in Schedule RC-B, item 5, "Asset-backed securities," or item 6, "Other debt securities," or in Schedule RC, item 5, "Trading assets," as appropriate).

NOTE: Items 4.a and 4.b are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

- 4.a** **To U.S. addressees (domicile).** Report (on the FFIEC 041, in column A; on the FFIEC 031, in columns A and B, as appropriate) all commercial and industrial loans to U.S. addressees. For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile."
- 4.b** **To non-U.S. addressees (domicile).** Report (on the FFIEC 041, in column A; on the FFIEC 031, in columns A and B, as appropriate) all commercial and industrial loans to non-U.S. addressees. For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile."
- 5** Not applicable.
- 6** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem all credit extended to individuals for household, family, and other personal expenditures that does not meet the definition of a "loan secured by real estate," whether direct loans or purchased paper. Exclude loans to individuals for the purpose of purchasing or carrying securities (report in Schedule RC-C, part I, item 9).
- Deposits accumulated by borrowers for the payment of personal loans (i.e., hypothecated deposits) should be netted against the related loans.
- 6.a** **Credit cards.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards. Report the total amount outstanding of all funds advanced under these credit cards regardless of whether there is a period before interest charges are made. Report only amounts carried on the books of the reporting bank as loans that are outstanding on the report date, even if the plan is shared with other banks or organizations and even if accounting and billing are done by a correspondent bank or the accounting center of a plan administered by others.

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

6.a
(cont.) If the reporting bank has securitized credit cards and has retained a seller's interest that is not in the form of a security, the carrying value of the seller's interest should be reported as credit card loans in this item. For purposes of these reports, the term "seller's interest" means the reporting bank's ownership interest in loans that have been securitized, except an interest that is a form of recourse or other seller-provided credit enhancement. Seller's interests differ from the securities issued to investors by the securitization structure. The principal amount of a seller's interest is generally equal to the total principal amount of the pool of assets included in the securitization structure less the principal amount of those assets attributable to investors, i.e., in the form of securities issued to investors.

Do not net credit balances resulting from overpayments of account balances on credit card accounts against the debit balances of other credit card accounts. Report credit balances (in domestic offices) in Schedule RC-E, (part I,) item 1, column A, and item 7, column B. On the FFIEC 031, report credit balances in foreign offices in Schedule RC-E, part II, item 1.

Exclude from credit cards:

- (1) Credit extended under credit card plans to business enterprises (report in Schedule RC-C, part I, item 4, "Commercial and industrial loans").
- (2) All credit extended to individuals through credit cards that meets the definition of a "loan secured by real estate" (report in Schedule RC-C, part I, item 1).
- (3) All credit extended to individuals for household, family, and other personal expenditures under prearranged overdraft plans (report in Schedule RC-C, part I, item 6.b).

If the bank acts only as agent or correspondent for other banks or nonbank corporations and carries no credit card plan assets on its books, enter a "zero" or the word "none." Banks that do not participate in any credit card plan should also enter a zero or the word "none."

6.b **Other revolving credit plans.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards. Report the total amount outstanding of all funds advanced under these revolving credit plans regardless of whether there is a period before interest charges are made.

Do not net credit balances resulting from overpayments of account balances on other revolving credit plan accounts against the debit balances of other revolving credit plan accounts. Report credit balances (in domestic offices) in Schedule RC-E, (part I,) item 1, column A, and item 7, column B. On the FFIEC 031, report credit balances in foreign offices in Schedule RC-E, part II, item 1.

Exclude from other revolving credit plans:

- (1) All ordinary (unplanned) overdrafts on transaction accounts not associated with revolving credit plans (report in other items of Schedule RC-C, part I, as appropriate).
- (2) Credit extended to individuals for household, family, and other personal expenditures arising from credit cards (report in Schedule RC-C, part I, item 6.a).

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

6.c Other consumer loans. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all other loans to individuals for household, family, and other personal expenditures (other than those that meet the definition of a "loan secured by real estate" and other than those for purchasing or carrying securities). Include loans for such purposes as:

- (1) purchases of private passenger automobiles, pickup trucks, household appliances, furniture, trailers, and boats;
- (2) repairs or improvements to the borrower's residence (that do not meet the definition of a "loan secured by real estate");
- (3) educational expenses, including student loans;
- (4) medical expenses;
- (5) personal taxes;
- (6) vacations;
- (7) consolidation of personal (nonbusiness) debts;
- (8) purchases of real estate or mobile homes to be used as a residence by the borrower's family (that do not meet the definition of a "loan secured by real estate"); and
- (9) other personal expenditures.

Other consumer loans may take the form of:

- (1) Installment loans, demand loans, single payment time loans, and hire purchase contracts, and should be reported as loans to individuals for household, family, and other personal expenditures regardless of size or maturity and regardless of whether the loans are made by the consumer loan department or by any other department of the bank.
- (2) Retail installment sales paper purchased by the bank from merchants or dealers, finance companies, and others.

Exclude from other consumer loans:

- (1) All direct and purchased loans, regardless of purpose, that meet the definition of a loan secured by real estate" as evidenced by mortgages, deeds of trust, land contracts, or other instruments, whether first or junior liens (e.g., equity loans, second mortgages), on real estate (report in Schedule RC-C, part I, item 1).
- (2) Loans to individuals that do not meet the definition of a "loan secured by real estate" for the purpose of investing in real estate when the real estate is not to be used as a residence or vacation home by the borrower or by members of the borrower's family (report as all other loans in Schedule RC-C, part I, item 9).
- (3) Loans to individuals for commercial, industrial, and professional purposes and for "floor plan" or other wholesale financing (report in Schedule RC-C, part I, item 4).
- (4) Loans to individuals for the purpose of purchasing or carrying securities (report in Schedule RC-C, part I, item 9).
- (5) Loans to individuals for investment (as distinct from commercial, industrial, or professional) purposes other than those for purchasing or carrying securities (report as all other loans in Schedule RC-C, part I, item 9).

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

- 6.c**
(cont.)
- (6) Loans to merchants, automobile dealers, and finance companies on their own promissory notes, secured by the pledge of installment paper or similar instruments (report in Schedule RC-C, part I, item 4, or as all other loans in Schedule RC-C, part I, item 9, as appropriate).
 - (7) Loans to farmers, regardless of purpose, to the extent that can be readily identified as such loans (report in Schedule RC-C, part I, item 3).
 - (8) All credit extended to individuals for household, family, and other personal expenditures arising from:
 - (a) Credit cards (report in Schedule RC-C, part I, item 6.a), and
 - (b) Prearranged overdraft plans (report in Schedule RC-C, part I, item 6.b).

- 7** **Loans to foreign governments and official institutions.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all loans (other than those that meet the definition of a "loan secured by real estate"), including planned and unplanned overdrafts, to governments in foreign countries, to their official institutions, and to international and regional institutions. See the Glossary entry for "foreign governments and official institutions" for the definition of this term.

Include:

- (1) Bankers acceptances accepted by the reporting bank and held in its portfolio when the account party is a foreign government or official institution, including such acceptances for the purpose of financing dollar exchange. Exclude acceptances that are held for trading.
- (2) Loans to foreign governments, their official institutions, and international and regional institutions (other than those that meet the definition of a "loan secured by real estate"), including planned and unplanned overdrafts.

Exclude from loans to foreign governments and official institutions:

- (1) Loans to nationalized banks and other banking institutions owned by foreign governments and not functioning as central banks, banks of issue, or development banks (report in Schedule RC-C, part I, item 2, "Loans to depository institutions and acceptances of other banks").
- (2) Loans to U.S. branches and agencies of foreign official banking institutions (report in Schedule RC-C, part I, item 2).
- (3) Loans to foreign-government-owned nonbank corporations and enterprises (report in Schedule RC-C, part I, item 4 or 9, as appropriate).

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

- 8 Obligations (other than securities and leases) of states and political subdivisions in the U.S.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all obligations of states and political subdivisions in the United States (including overdrafts and obligations secured by real estate), other than leases and obligations reported as securities. (Report leases to states and political subdivisions in the U.S. in Schedule RC-C, part I, item 10, and securities issued by such entities in Schedule RC-B, item 3, "Securities issued by states and political subdivisions in the U.S.," or item 4, "Mortgage-backed securities," as appropriate.) Exclude all such obligations held for trading.

States and political subdivisions in the U.S. include:

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

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

Treatment of other obligations of states and political subdivisions in the U.S. In addition to those IDBs that are reported in this item in accordance with the preceding paragraph, also include in this item all obligations (other than securities) of states and political subdivisions in the U.S. except those that meet any of the following criteria:

- (1) Industrial development bonds (IDBs) that are reported as securities in accordance with the reporting treatment described above (report as securities in Schedule RC, item 2, and Schedule RC-B, item 3).
- (2) Notes, bonds, and debentures (including tax warrants and tax-anticipation notes) which are rated by a nationally-recognized rating service (report as securities in Schedule RC, item 2, and Schedule RC-B, item 3).
- (3) Mortgage-backed securities issued by state and local housing authorities (report as securities in Schedule RC, item 2, and Schedule RC-B, item 4).
- (4) Obligations of state and local governments that are guaranteed by the United States Government (report as securities in Schedule RC, item 2, and Schedule RC-B, item 3).

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

- 8** (cont.) (5) Nonrated obligations of states and political subdivisions in the U.S. that the bank considers securities for other financial reporting purposes (report as securities in Schedule RC, item 2, and Schedule RC-B, item 3).
- (6) Lease financing receivables of states and political subdivisions in the U.S. (report as leases in Schedule RC-C, part I, item 10).
- (7) Obligations of states and political subdivisions in the U.S. held by the reporting bank for trading purposes (report in Schedule RC, item 5).

- 9** **Other loans.** Report all loans for purchasing or carrying securities and all other loans that cannot properly be reported in one of the preceding items in this schedule. On the FFIEC 041, all banks should report the total amount of these loans in column B, and banks with \$300 million or more in total assets should also report in the appropriate subitem of column A loans for purchasing or carrying securities (item 9.a) and all other loans (item 9.b). On the FFIEC 031, all banks should report the total amount of these loans for the fully consolidated bank in column A, but with a breakdown between loans for purchasing or carrying securities (item 9.a) and all other loans (item 9.b) for domestic offices in column B.

Loans for purchasing or carrying securities include:

- (1) All loans to brokers and dealers in securities (other than those that meet the definition of a "loan secured by real estate" and those to depository institutions).
- (2) All loans, whether secured (other than those that meet the definition of a "loan secured by real estate") or unsecured, to any other borrower for the purpose of purchasing or carrying securities, such as:
 - (a) Loans made to provide funds to pay for the purchase of securities at settlement date.
 - (b) Loans made to provide funds to repay indebtedness incurred in purchasing securities.
 - (c) Loans that represent the renewal of loans to purchase or carry securities.
 - (d) Loans to investment companies and mutual funds, but excluding loans to Small Business Investment Companies.
 - (e) Loans to "plan lenders" as defined in Section 221.4(a) of Federal Reserve Regulation U .
 - (f) Loans to lenders other than brokers, dealers, and banks whose principal business is to extend credit for the purpose of purchasing or carrying securities as described in Section 221.3(q) of Federal Reserve Regulation U, unless the loan is excepted by that section.
 - (g) Loans to Employee Stock Ownership Plans (ESOPs).

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

9 For purposes of the Report of Condition, the purpose of a loan collateralized by "stock" is
(cont.) determined as follows:

- (1) For loans that are collateralized in whole or in part by "margin stock," as defined by Federal Reserve Regulation U, the purpose of the loan is determined by the latest Statement of Purpose (Form FR U-1) on file.
- (2) For loans that are collateralized by "stock" other than "margin stock," the bank may determine the purpose of the loan according to the most current information available.

Exclude from loans for purchasing or carrying securities:

- (1) Loans to banks in foreign countries that act as brokers and dealers in securities (report in Schedule RC-C, part I, item 2).
- (2) Loans to depository institutions for the purpose of purchasing or carrying securities (report Schedule RC-C, part I, item 2).
- (3) Transactions reportable in Schedule RC, item 3, "Federal funds sold and securities purchased under agreements to resell."
- (4) Loans that meet the definition of a "loan secured by real estate" (report in Schedule RC-C, part I, item 1).

All other loans include all loans and discounts (other than loans for purchasing or carrying securities) that cannot properly be reported in one of the preceding items in Schedule RC-C, part I, such as:

- (1) Unplanned overdrafts to deposit accounts (except overdrafts of depository institutions, which are to be reported in Schedule RC-C, part I, item 2; overdrafts of foreign governments and official institutions, which are to be reported in Schedule RC-C, part I, item 7; and overdrafts of states and political subdivisions in the U.S., which are to be reported in Schedule RC-C, part I, item 8).
- (2) Loans (other than those that meet the definition of a "loan secured by real estate") to nonprofit organizations (e.g., churches, hospitals, educational and charitable institutions, clubs, and similar associations) except those collateralized by production payments where the proceeds ultimately go to a commercial or industrial organization (which are to be reported in Schedule RC-C, part I, item 4).
- (3) Loans to individuals for investment purposes (as distinct from commercial, industrial, or professional purposes), other than those that meet the definition of a "loan secured by real estate."
- (4) Loans (other than those that meet the definition of a "loan secured by real estate") to real estate investment trusts and to mortgage companies that specialize in mortgage loan originations and warehousing or in mortgage loan servicing. (Exclude outright purchases of mortgages or similar instruments by the bank from such companies, which are to be reported in Schedule RC-C, part I, item 1.)

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

- 9**
(cont.)
- (5) Loans to holding companies of other depository institutions.
 - (6) Loans to insurance companies.
 - (7) Loans to finance companies, mortgage finance companies, factors and other financial intermediaries, short-term business credit institutions that extend credit to finance inventories or carry accounts receivable, and institutions whose functions are predominantly to finance personal expenditures (exclude loans to financial corporations whose sole function is to borrow money and relend it to its affiliated companies or a corporate joint venture in which an affiliated company is a joint venturer).
 - (8) Loans to federally-sponsored lending agencies (see the Glossary entry for "federally-sponsored lending agency" for the definition of this term).
 - (9) Loans to investment banks.
 - (10) Loans and advances made to the bank's own trust department.
 - (11) Loans to other domestic and foreign financial intermediaries whose functions are predominantly the extending of credit for business purposes, such as investment companies that hold stock of operating companies for management or development purposes.
 - (12) Loans to Small Business Investment Companies.

Exclude from all other loans extensions of credit initially made in the form of planned or "advance agreement" overdrafts other than those made to borrowers of the types whose obligations are specifically reportable in this item (report such planned overdrafts in other items of Schedule RC-C, part I, as appropriate). For example, report advances to banks in foreign countries in the form of "advance agreement" overdrafts as loans to depository institutions in Schedule RC-C, part I, item 2, and overdrafts under consumer check-credit plans as "Other revolving credit plans" to individuals in Schedule RC-C, part I, item 6.b. Report both planned and unplanned overdrafts on "due to" deposit accounts of depository institutions in Schedule RC-C, part I, item 2.

NOTE: Items 9.a and 9.b are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

- 9.a** **Loans for purchasing or carrying securities.** Report (on the FFIEC 041, in column A; on the FFIEC 031, in column B) all loans for purchasing or carrying securities (on the FFIEC 031, in domestic offices) as described above.
- 9.b** **All other loans.** Report (on the FFIEC 041, in column A; on the FFIEC 031, in column B) all other loans (on the FFIEC 031, in domestic offices) as described above.

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

- 10** **Lease financing receivables (net of unearned income)**. Report all outstanding balances relating to direct financing and leveraged leases on property acquired by the bank for leasing purposes. On the FFIEC 041, all banks should report the total amount of these leases in column B, and banks with \$300 million or more in total assets should also report in the appropriate subitems of column A a breakdown of these leases between leases to individuals for household, family, and other personal expenditures and all other leases. On the FFIEC 031, all banks should report the total amount of these leases in domestic offices in column B and a breakdown of these leases for the fully consolidated bank between leases to individuals for household, family, and other personal expenditures and all other leases. These balances should include the estimated residual value of leased property and must be net of unearned income. For further discussion of leases where the bank is the lessor, refer to the Glossary entry for "lease accounting."

Include all leases to states and political subdivisions in the U.S. in this item.

NOTE: Items 10.a and 10.b are not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million total assets.

- 10.a** **Leases to individuals for household, family, and other personal expenditures**. Report in column A all outstanding balances relating to direct financing and leveraged leases on property acquired by the fully consolidated bank for leasing to individuals for household, family, and other personal expenditures (i.e., consumer leases). For further information on extending credit to individuals for consumer purposes, refer to the instructions for Schedule RC-C, part I, item 6.c, "Other consumer loans."
- 10.b** **All other leases**. Report in column A all outstanding balances relating to all other direct financing and leveraged leases on property acquired by the fully consolidated bank for leasing to lessees other than for household, family, and other personal expenditure purposes.
- 11** **LESS: Any unearned income on loans reflected in items 1-9 above**. To the extent possible, the preferred treatment is to report the specific loan categories net of unearned income. A reporting bank should enter (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) unearned income only to the extent that it is included in (i.e., not deducted from) the various loan items of this schedule (Schedule RC-C, part I, items 1 through 9). If a bank reports each loan item of this schedule net of unearned income, enter a zero or the word "none" in this item.

Do not include unearned income on lease financing receivables in this item. Leases should be reported net of unearned income in Schedule RC-C, part I, item 10.

- 12** **Total loans and leases, net of unearned income**. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) the sum of items 1 through 10 less the amount reported in item 11. The amount reported for this item (on the FFIEC 041, in column B; on the FFIEC 031, in column A) must equal Schedule RC, item 4.a plus item 4.b.

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

- 1 Loans and leases restructured and in compliance with modified terms.** Report in the appropriate subitem loans and leases that have been restructured and are in compliance with their modified terms. However, exclude from this item all restructured loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6).

For purposes of this item, restructured loans and leases are those loans and leases whose terms have been modified, because of a deterioration in the financial condition of the borrower, to provide for a reduction of either interest or principal, regardless of whether such loans and leases are secured or unsecured, regardless of whether such credits are guaranteed by the government or by others, and (except as noted in the following paragraph) regardless of the effective interest rate on such credits.

Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full. However, a restructured obligation that is in compliance with its modified terms and yields a market rate (i.e., the recorded amount of the obligation bears an effective interest rate that at the time of the restructuring is greater than or equal to the rate that the bank is willing to accept for a new extension of credit with comparable risk) need not continue to be reported as a troubled debt restructuring in this Memorandum item in calendar years after the year in which the restructuring took place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a restructured loan. Also, a loan to a purchaser of "other real estate owned" by the reporting bank for the purpose of facilitating the disposal of such real estate is not considered a restructured loan. For further information, see the Glossary entry for "troubled debt restructurings."

Include in the appropriate subitem all restructured loans and leases as defined above that are in compliance with their modified terms, that is, restructured loans and leases (1) on which no contractual payments of principal or interest scheduled under the modified repayment terms are due and unpaid or (2) on which contractual payments of both principal and interest scheduled under the modified repayment terms are less than 30 days past due.

Exclude from this item (1) those restructured loans and leases on which under their modified repayment terms either principal or interest is 30 days or more past due (report in Schedule RC-N, column A or B, as appropriate) and (2) those restructured loans and leases that are in nonaccrual status under their modified repayment terms (report in Schedule RC-N, column C).

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

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

- 1.a Loans secured by 1-4 family residential properties (in domestic offices).** Report all restructured loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule RC-C, part I, item 1.c, column B) that are in compliance with their modified terms. Exclude from this item restructured loans secured by 1-4 family residential properties that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N).
- 1.b Other loans and all leases.** Report all other restructured loans and leases that are in compliance with their modified terms. Exclude from this item all restructured loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6). Also, exclude from this item those restructured loans that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule RC-N).
- 2 Maturity and repricing data for loans and leases (excluding those in nonaccrual status).** Report in the appropriate subitem maturity and repricing data for the bank's loans and leases. Loans and leases are to be reported in this Memorandum item regardless of whether they are current or are reported as "past due and still accruing" in Schedule RC-N, columns A and B. However, exclude those loans and leases that are reported as "nonaccrual" in Schedule RC-N, column C.

The sum of Memorandum items 2.a.(1) through 2.b.(6) plus total nonaccrual loans and leases from Schedule RC-N, sum of items 1 through 8, column C, must equal Schedule RC-C, sum of items 1 through 10.

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 loan or lease, and is known to both the borrower and the lender. Also treated as a fixed interest rate is a predetermined interest rate which is a rate that changes during the term of the loan on a predetermined basis, with the exact rate of

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

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

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

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

2 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.

(cont.)

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

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

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

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

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

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

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

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

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

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

(cont.)

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 their next repricing date in Memorandum items 2.a and 2.b, as appropriate. In addition, fixed rate and floating rate demand loans for which the amount of time remaining to the alternate maturity date or final payment due date is one year or less are to be reported in Memorandum item 2.c.

Fixed rate "Credit cards" and "Other revolving credit 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), regardless of the actual maturity experience or expectation. Floating rate "Credit cards" and "Other revolving credit plans" (e.g., where the rate varies, or can be varied, periodically) are to be reported in Memorandum item 2.b according to their next repricing date. Where the bank in its contract with the borrower simply reserves the right to change the interest rate on the "Credit card" or "Other revolving credit," the plan should be considered to have a fixed rate.

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 according to their next repricing date.

Fixed rate loans 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 basis of the time remaining until the delivery date specified in the commitment. Floating rate loans 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, based on the date the interest rates on the loans can next change or the delivery date specified in the commitment, whichever is earlier.

2.a **Closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with a remaining maturity or next repricing date of.** Report the dollar amount of the bank's fixed rate 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 floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) in the appropriate subitems according to their next repricing date. Exclude loans that are in nonaccrual status.

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

- 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, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in three months or less.

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

- 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, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over three months through 12 months.

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

- 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, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over one year through three years.

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

- 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, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over three years through five years.

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

- 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, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over five years through 15 years.

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

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

- 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, and
- the bank's floating rate closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) with next repricing dates occurring in over 15 years.

2.b **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 next repricing date of.** Report the dollar amount of 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)* -- 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 floating rate loans -- *other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices)* -- in the appropriate subitems according to their next repricing date. Exclude loans that are in nonaccrual status.

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

- 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, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) – with next repricing dates occurring in three months or less.

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

- 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, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) – with next repricing dates occurring in over three months through 12 months.

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

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

- 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, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in over one year through three years.

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

- 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, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in over three years through five years.

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

- 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, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in over five years through 15 years.

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

- 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, and
- the bank's floating rate loans -- other than closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) -- with next repricing dates occurring in over 15 years.

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

- 2.c Loans and leases with a remaining maturity of one year or less.** Report all loans and leases with a remaining maturity of one year or less. Include both fixed rate and floating rate loans and leases.

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

- 3 Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, part I, items 4 and 9.** Report in this item loans to finance commercial and residential real estate activities, e.g., acquiring, developing, and renovating commercial and residential real estate, that are reported in Schedule RC-C, part I, items 4, "Commercial and industrial loans," and 9, "Other loans" (column B on the FFIEC 041; column A on the FFIEC 031).

Such loans generally may include:

- (1) loans made for the express purpose of financing real estate ventures as evidenced by loan documentation or other circumstances connected with the loan; or
- (2) loans made to organizations or individuals 80 percent of whose revenue or assets are derived from or consist of real estate ventures or holdings.

Exclude from this item all loans secured by real estate that are reported in Schedule RC-C, part I, item 1. Also exclude loans to commercial and industrial firms where the sole purpose for the loan is to construct a factory or office building to house the company's operations or employees.

- 4 Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties.** Report the amount of closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(a), column B, that have a floating or adjustable interest rate.

A floating or adjustable 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 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. For purposes of this item, even if the rate on a loan with a floating or adjustable rate can no longer float because it has reached a floor or ceiling level, the loan is to be reported in this item as an adjustable rate loan.

Also include in this item amortizing fixed rate loans secured by first liens on 1-4 family residential properties that have original maturities of one year or less and require a balloon payment at maturity.

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

NOTE: Memorandum item 5 is not applicable to banks filing the FFIEC 041 report forms that have less than \$300 million in total assets.

- 5 Loans secured by real estate to non-U.S. addressees (domicile).** Report the amount of loans secured by real estate to non-U.S. addressees that are included in Schedule RC-C, part I, items 1.a through 1.e, column B, on the FFIEC 041; item 1, column A, on the FFIEC 031. For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile."

NOTE: Memorandum item 6 is to be completed only by those banks that:

- (1) either individually or on a combined basis with their affiliated depository institutions, report outstanding credit card receivables that exceed, in the aggregate, \$500 million as of the report date. Outstanding credit card receivables are the sum of:
 - (a) Schedule RC-C, part I, item 6.a (column B on the FFIEC 041, column A on the FFIEC 031);
 - (b) Schedule RC-S, item 1, column C; and
 - (c) Schedule RC-S, item 6.a, column C.
 (Include comparable data on managed credit card receivables for any affiliated savings association.)
 OR
- (2) are credit card specialty banks as defined for purposes of the Uniform Bank Performance Report (UBPR). According to the UBPR Users Guide, credit card specialty banks are currently defined as those banks that exceed 50% for the following two criteria:
 - (a) Credit Cards plus Securitized and Sold Credit Cards divided by Total Loans plus Securitized and Sold Credit Cards.
 - (b) Total Loans plus Securitized and Sold Credit Cards divided by Total Assets plus Securitized and Sold Credit Cards.

- 6 Outstanding credit card fees and finance charges.** Report the amount of fees and finance charges included in the amount of credit card receivables reported in Schedule RC-C, part I, item 6.a (column A on the FFIEC 031; column B on the FFIEC 041).

NOTE: Memorandum items 7.a and 7.b are to be completed by all banks.

- 7 Purchased impaired loans held for investment accounted for in accordance with AICPA Statement of Position 03-3.** Report in the appropriate subitem the outstanding balance and carrying amount of "purchased impaired loans" reported as held for investment in Schedule RC-C, part I, items 1 through 9, and accounted for in accordance with AICPA Statement of Position 03-3. Purchased impaired loans are loans that a bank has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable. Loans held for investment are those that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff.

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

- 7.a Outstanding balance.** Report the outstanding balance of all purchased impaired loans reported as held for investment in Schedule RC-C, part I, items 1 through 9. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the bank at the report date, whether or not currently due and whether or not any such amounts have been charged off by the bank. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.
- 7.b Carrying amount included in Schedule RC-C, part I, items 1 through 9.** Report the carrying amount (before any allowances established after acquisition for decreases in cash flows expected to be collected) of, i.e., the recorded investment in all purchased impaired loans reported as held for investment. The recorded investment in these loans will have been included in Schedule RC-C, part I, items 1 through 9.
- 8 Closed-end loans with negative amortization features secured by 1-4 family residential properties in domestic offices.** Report in the appropriate subitem the carrying amount of closed-end loans with negative amortization features secured by 1-4 family residential properties and, if certain criteria are met, the maximum remaining amount of negative amortization contractually permitted on these loans and the total amount of negative amortization included in the carrying amount of these loans. Negative amortization refers to a method in which a loan is structured so that the borrower's minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan's principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan payments are then recast to a fully amortizing schedule. Negative amortization features may be applied to either adjustable rate mortgages or fixed rate mortgages, the latter commonly referred to as graduated payment mortgages (GPMs).

Exclude reverse 1-4 family residential mortgage loans as described in the instructions for Schedule RC-C, part I, item 1.c.

NOTE: Memorandum item 8.a is to be completed by all banks.

- 8.a Total carrying amount of closed-end loans with negative amortization features secured by 1-4 family residential properties (included in Schedule RC-C, part I, items 1.c.(2)(a) and (b)).** Report the total carrying amount (before any loan loss allowances) of, i.e., the recorded investment in, closed-end loans secured by 1-4 family residential properties whose terms allow for negative amortization. The carrying amounts included in this item will also have been reported in Schedule RC-C, part I, items 1.c.(2)(a) and (b).

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

NOTE: Memorandum items 8.b and 8.c are to be completed by banks that had closed-end loans with negative amortization features secured by 1-4 family residential properties (as reported in Schedule RC-C, part I, Memorandum item 8.a) as of the previous December 31 report date that exceeded the lesser of \$100 million or 5 percent of total loans and leases, net of unearned income, in domestic offices (as reported in Schedule RC-C, part I, item 12, column B) as of the previous December 31 report date.

- 8.b** **Total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1-4 family residential properties.** For all closed-end loans secured by 1-4 family residential properties whose terms allow for negative amortization (that were reported in Schedule RC-C, part I, Memorandum item 8.a), report the total maximum remaining amount of negative amortization permitted under the terms of the loan contract (i.e., the maximum loan principal balance permitted under the negative amortization cap less the principal balance of the loan as of the quarter-end report date).
- 8.c** **Total amount of negative amortization on closed-end loans secured by 1-4 family residential properties included in the carrying amount reported in Memorandum item 8.a above.** For all closed-end loans secured by 1-4 family residential properties whose terms allow for negative amortization, report the total amount of negative amortization included in the carrying amount (i.e., the total amount of interest added to the original loan principal balance that has not yet been repaid) reported in Schedule RC-C, part I, Memorandum item 8.a above. Once a loan reaches its maximum principal balance, the amount of negative amortization included in the carrying amount should continue to be reported until the principal balance of the loan has been reduced through cash payments below the original principal balance of the loan.
- 9** **Loans secured by 1-4 family residential properties (in domestic offices) in process of foreclosure.** Report the total unpaid principal balance of loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c, column B, for which formal foreclosure proceedings to seize the real estate collateral have started and are ongoing as of quarter-end, regardless of the date the foreclosure procedure was initiated. Loans should be classified as in process of foreclosure according to local requirements. If a loan is already in process of foreclosure and the mortgagor files a bankruptcy petition, the loan should continue to be reported as in process of foreclosure until the bankruptcy is resolved. Exclude loans where the foreclosure process has been completed and the bank reports the real estate collateral as "Other real estate owned" in Schedule RC, item 7. This item should include both closed-end and open-end 1-4 family residential mortgage loans that are in process of foreclosure.

NOTE: Memorandum items 10 and 11 are to be completed by banks that have elected to measure loans included in Schedule RC-C, part I, at fair value under a fair value option.

- 10** **Loans measured at fair value.** Report in the appropriate subitem the total fair value of all loans measured at fair value under a fair value option and included in Schedule RC-C, regardless of whether the loans are held for sale or held for investment.

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

- 10.a Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the total fair value of loans secured by real estate included in Schedule RC-C, part I, item 1, measured at fair value under a fair value option. On the FFIEC 031, report the total fair value of loans secured by real estate included in Schedule RC-C, part I, item 1, measured at fair value under a fair value option for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.
- 10.a.(1) Construction, land development, and other land loans.** Report the total fair value of construction, land development, and other land loans (in domestic offices) included in Schedule RC-C, part I, items 1.a.(1) and (2), column B, measured at fair value under a fair value option.
- 10.a.(2) Secured by farmland.** Report the total fair value of loans secured by farmland (in domestic offices) included in Schedule RC-C, part I, item 1.b, column B, measured at fair value under a fair value option.
- 10.a.(3) Secured by 1-4 family residential properties.** Report in the appropriate subitem the total fair value of all open-end and closed-end loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c, column B, measured at fair value under a fair value option.
- 10.a.(3)(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total fair value of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit (in domestic offices) included in Schedule RC-C, part I, item 1.c.(1), column B, measured at fair value under a fair value option.
- 10.a.(3)(b) Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total fair value of all closed-end loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2), column B, measured at fair value under a fair value option.
- 10.a.(3)(b)(1) Secured by first liens.** Report the total fair value of closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(a), column B, measured at fair value under a fair value option.
- 10.a.(3)(b)(2) Secured by junior liens.** Report the total fair value of closed-end loans secured by junior liens on 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(b), column B, measured at fair value under a fair value option.
- 10.a.(4) Secured by multifamily (5 or more) residential properties.** Report the total fair value of loans secured by multifamily (5 or more) residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.d, column B, measured at fair value under a fair value option.

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

- 10.a.(5) Secured by nonfarm nonresidential properties.** Report the total fair value of loans secured by nonfarm nonresidential properties (in domestic offices) included in Schedule RC-C, part I, items 1.e.(1) and (2), column B, measured at fair value under a fair value option.
- 10.b Commercial and industrial loans.** Report the total fair value of commercial and industrial loans included in Schedule RC-C, part I, item 4, measured at fair value under a fair value option.
- 10.c Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total fair value of all loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6) measured at fair value under a fair value option.
- 10.c.(1) Credit cards.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards included in Schedule RC-C, part I, item 6.a, measured at fair value under a fair value option.
- 10.c.(2) Other revolving credit plans.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards included in Schedule RC-C, part I, item 6.b, measured at fair value under a fair value option.
- 10.c.(3) Other consumer loans.** Report the total fair value of all other loans to individuals for household, family, and other personal expenditures included in Schedule RC-C, item 6.c, measured at fair value under a fair value option.
- 10.d Other loans.** Report the total fair value of all other loans measured at fair value under a fair value option that cannot properly be reported in one of the preceding subitems of this Memorandum item 10. Such loans include "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Loans to foreign governments and official institutions," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Other loans" (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).
- 11 Unpaid principal balance of loans measured at fair value (reported in Memorandum item 10).** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans measured at fair value reported in Schedule RC-C, part I, Memorandum item 10.
- 11.a Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule RC-C, part I, Memorandum items 10.a.(1) through 10.a.(5). On the FFIEC 031, report the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule RC-C, part I, Memorandum item 10.a, for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

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

- 11.a.(1) Construction, land development, and other land loans.** Report the total unpaid principal balance outstanding for all construction, land development, and other loans reported in Schedule RC-C, part I, Memorandum item 10.a.(1).
- 11.a.(2) Secured by farmland.** Report the total unpaid principal balance outstanding for all loans secured by farmland reported in Schedule RC-C, part I, Memorandum item 10.a.(2).
- 11.a.(3) Secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3).
- 11.a.(3)(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total unpaid principal balance outstanding for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(a).
- 11.a.(3)(b) Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all closed-end loans secured by 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b).
- 11.a.(3)(b)(1) Secured by first liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by first liens on 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b)(1).
- 11.a.(3)(b)(2) Secured by junior liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by junior liens on 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b)(2).
- 11.a.(4) Secured by multifamily (5 or more) residential properties.** Report the total unpaid principal balance outstanding for all loans secured by multifamily (5 or more) residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(4).
- 11.a.(5) Secured by nonfarm nonresidential properties.** Report the total unpaid principal balance outstanding for all loans secured by nonfarm nonresidential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(5).
- 11.b Commercial and industrial loans.** Report the total unpaid principal balance outstanding for all commercial and industrial loans reported in Schedule RC-C, part I, Memorandum item 10.b.
- 11.c Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans to individuals for household, family, and other personal expenditures reported in Schedule RC-C, part I, Memorandum item 10.c.

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

- 11.c.(1) Credit cards.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards reported in Schedule RC-C, part I, Memorandum item 10.c.(1).
- 11.c.(2) Other revolving credit plans.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards reported in Schedule RC-C, part I, Memorandum item 10.c.(2).
- 11.c.(3) Other consumer loans.** Report the total unpaid principal balance outstanding for all other loans to individuals for household, family, and other personal expenditures reported in Schedule RC-C, part I, Memorandum item 10.c.(3).
- 11.d Other loans.** Report the total unpaid principal balance outstanding for all loans reported in Schedule RC-C, part I, Memorandum item 10.d. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).
- 12 Loans (not subject to the requirements of AICPA Statement of Position 03-3) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year.** Report in the appropriate subitem and column the specified information on loans and leases held for investment purposes that were acquired in a business combination, as prescribed under FASB Statement No. 141 (Revised), *Business Combinations* (FAS 141(R)), with an acquisition date in the current calendar year. The acquisition date is the date on which the bank obtains control¹ of the acquiree. If the reporting bank was acquired in a transaction during the calendar year pursuant to FAS 141(R) and push down accounting was applied, report the specified information on the bank’s loans and leases reported as held for investment after the application of push down accounting. Acquired loans and leases should be reported in this item each quarter after their acquisition date through the end of the calendar year of acquisition regardless of whether the bank still holds the loans and leases.

Exclude purchased impaired loans held for investment that are accounted for in accordance with AICPA Statement of Position 03-3 (report information on such loans in Schedule RC-C, Memorandum item 7). (For further information, see the Glossary entry for “purchased impaired loans and debt securities.”)

¹ Control has the meaning of *controlling financial interest* in paragraph 2 of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, as amended.

Part I. (cont.)**Memoranda****Item No. Caption and Instructions****12**
(cont.)***Column Instructions***

Column A, Fair value of acquired loans and leases at acquisition date: Report in this column the fair value of acquired loans and leases held for investment at the acquisition date (see the Glossary entry for "fair value").

Column B, Gross contractual amounts receivable at acquisition date: Report in this column the gross contractual amounts receivable, i.e., the total undiscounted amount of all uncollected contractual principal and contractual interest payments on the receivable, both past due, if any, and scheduled to be paid in the future, on the acquired loans and leases held for investment at the acquisition date.

Column C, Best estimate at acquisition date of contractual cash flows not expected to be collected: Report in this column the bank's best estimate at the acquisition date of the portion of the contractual cash flows receivable on acquired loans and leases held for investment that the bank does not expect to collect.

- 12.a** **Loans secured by real estate.** Report in the appropriate column the specified amounts for acquired loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for investment that were acquired in a business combination occurring in the current calendar year.
- 12.b** **Commercial and industrial loans.** Report in the appropriate column the specified amounts for commercial and industrial loans (as defined for Schedule RC-C, part I, item 4) held for investment that were acquired in a business combination occurring in the current calendar year.
- 12.c** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate column the specified amounts for loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6) held for investment that were acquired in a business combination occurring in the current calendar year.
- 12.d** **All other loans and all leases.** Report in the appropriate column the specified amounts for all other loans and all leases (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, 9, and 10) held for investment that were acquired in a business combination occurring in the current calendar year.

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

- 13 Construction, land development, and other land loans (in domestic offices) with interest reserves.** Memorandum items 13.a and 13.b are to be completed by banks that had construction, land development, and other land loans (in domestic offices) (as reported in Schedule RC-C, part I, item 1.a, column B) that exceeded 100 percent of total risk-based capital (as reported in Schedule RC-R, item 21) as of the previous December 31. For purposes of Memorandum items 13, 13.a, and 13.b, construction, land development, and other land loans (in domestic offices) are hereafter referred to as “construction loans.”

When a bank enters into a loan agreement with a borrower on a construction loan, an interest reserve is often included in the amount of the loan commitment to the borrower and it allows the lender to periodically advance loan funds to pay interest charges on the outstanding balance of the loan. The interest is capitalized and added to the loan balance.

- 13.a Amount of loans that provide for the use of interest reserves.** Report the amount of construction loans included in Schedule RC-C, part I, item 1.a, column B, for which the loan agreement with the borrower provides for the use of interest reserves.

If a construction loan included in Schedule RC-C, part I, item 1.a, column B, has been fully advanced or the funds budgeted for interest have been fully advanced, but the loan agreement provided for the use of interest reserves, continue to report the loan in this item even if the borrower is now paying interest from other sources of funds. Similarly, if a construction loan included in Schedule RC-C, part I, item 1.a, column B, has been renewed or extended, but the original loan agreement provided for the use of interest reserves, continue to report the loan in this item.

Include in this item new construction loans (as defined for and reported in Schedule RC-C, part I, item 1.a, column B) that have been granted for the purpose of paying interest on existing construction loans (in domestic offices) when the new construction loan is secured by the same real estate that secures the existing construction loan.

Exclude construction loans for which the loan agreement with the borrower does not provide for the use of interest reserves.

- 13.b Amount of interest capitalized from interest reserves on construction, land development, and other land loans that is included in interest and fee income on loans during the quarter.** Report the amount of interest advanced to borrowers on construction loans (as defined for Schedule RC-C, part I, item 1.a, column B) that has been capitalized into the borrowers’ loan balances through the use of interest reserves (including interest advanced on new construction loans granted for the purpose of paying interest on existing construction loans when the loans are secured by the same real estate) and included in interest and fee income during the quarter on “All other loans secured by real estate” (Schedule RI, item 1.a.(1)(b), on the FFIEC 041; Schedule RI, item 1.a.(1)(a)(2) on the FFIEC 031). The amount of capitalized interest included in interest income during the quarter should be reduced by amounts reversed against interest during the quarter.

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

- 14** **Pledged loans and leases.** Report the amount of all loans and leases included in Schedule RC-C, part I, 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 loans and leases are pledged) or for any other purpose. Include loans and leases that have been transferred in transactions that are accounted for as secured borrowings with a pledge of collateral because they do not qualify as sales under FASB Statement No. 140. In general, the pledging of loans and leases is the act of setting aside certain loans and leases to secure or collateralize bank transactions with the bank continuing to own the loans and leases unless the bank defaults on the transaction.

When a bank has pledged an entire portfolio of loans to secure its Federal Home Loan Bank advances, it should report the amount of the entire portfolio in this item, excluding any loans within the portfolio that the bank has the right, without constraint, to repledge to another party. (However, if any such loans have been repledged to another party, they should be reported in this item.)