

Draft Instructions
for Proposed FR Y-9C Report Revisions
for June 2012

Draft as of January 6, 2012

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

General Instructions

Schedule HI-C is to be completed by institutions with \$1 billion or more in total assets.

This schedule has six columns for information on the balance in the allowance for loan and lease losses at the end of each quarter disaggregated on the basis of the reporting institution's impairment method and the related recorded investment in loans and, as applicable, leases held for investment (excluding loans that the institution has elected to report at fair value under a fair value option) disaggregated in the same manner: two columns for information on loans individually evaluated for impairment, two columns for information on loans and leases collectively evaluated for impairment, and two columns for purchased credit-impaired loans. For further information on loan impairment methods, see the Glossary entries for "loan impairment" and "purchased impaired loans and debt securities."

Loans and leases held for investment are loans and leases that the institution has the intent and ability to hold for the foreseeable future or until maturity or payoff.

Column Instructions

Columns A and B: For each of the specified categories of loans held for investment, report in column A the recorded investment in individually evaluated loans that have been determined to be impaired as defined in ASC Subtopic 310-10, Receivables – Overall (formerly FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan," as amended), including all loans restructured in troubled debt restructurings, and report in column B the balance of the allowance for loan and lease losses attributable to these individually impaired loans measured in accordance with ASC Subtopic 310-10.

Columns C and D: For each of the specified categories of loans and leases held for investment, report in column C the recorded investment in loans and leases that have been collectively evaluated for impairment in accordance with ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, "Accounting for Contingencies") and report in column D the balance in the allowance for loan and lease losses attributable to these collectively evaluated loans and leases measured in accordance with ASC Subtopic 450-20.

Columns E and F: For each of the specified categories of loans held for investment, report in column E the recorded investment in purchased credit-impaired loans as defined in ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer") and report in column F the balance in the allowance for loan and lease losses attributable to these purchased credit-impaired loans measured in accordance with ASC Subtopic 310-30.

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

- 1 Loans secured by real estate:**
- 1.a Construction, land development, and other land loans (in domestic offices).** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in held-for-investment construction, land development, and other land loans (in domestic offices) (as defined for Schedule HC-C, item 1.a). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 1.b Secured by 1-4 family residential properties (in domestic offices).** Report in the appropriate subitem and column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in held-for-investment loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule HC-C, item 1.c).
- 1.b.(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in held-for-investment credits extended under revolving, open-end lines of credit secured by 1-to-4 family residential properties (as defined for Schedule HC-C, item 1.c.(1)). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 1.b.(2) Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment closed-end loans secured by 1-to-4 family residential properties, i.e., closed-end first mortgages and junior liens (as defined for Schedule HC-C, item 1.c.(2)). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 1.c Secured by multifamily (5 or more) residential properties (in domestic offices).** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens (as defined for Schedule HC-C, item 1.d). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 1.d Secured by nonfarm nonresidential properties (in domestic offices).** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in held-for-investment loans secured by real estate as evidenced by mortgages or other liens on nonfarm nonresidential properties (as defined for Schedule HC-C, item 1.e). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 2 Commercial and industrial loans.** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment commercial and industrial loans (as defined for Schedule HC-C, item 4). Exclude loans that the institution has elected to report at fair value under a fair value option.

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

- 3** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem and column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment credit extended to individuals for household, family, and other personal expenditures that does not meet the definition of a “loan secured by real estate” (as defined for Schedule HC-C, item 6).
- 3.a** **Credit cards.** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all held-for-investment extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (as defined for Schedule HC-C, item 6.a). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 3.b** **Other consumer loans.** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all other held-for-investment 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) (as defined for Schedule HC-C, items 6.b, 6.c, and 6.d). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 4** **All other loans and all lease financing receivables.** Report in the appropriate column, disaggregated on the basis of impairment method, the balance in the allowance for loan and lease losses for and the related recorded investment in all other held-for-investment loans and all held-for-investment lease financing receivables (as defined for Schedule HC-C, items 2, 3, 7, 8, 9, and 10). Exclude loans that the institution has elected to report at fair value under a fair value option.
- 5** **Unallocated, if any.** Report in column D the amount of any unallocated portion of the allowance for loan and lease losses for loans collectively evaluated for impairment. An institution is not required to have an unallocated portion of the allowance.
- 6** **Total.** For each column, report the sum of items 1 through 5. The sum of the amounts reported in item 6, columns B, D, and F must equal Schedule HC, item 4.c. The amount reported in column F must equal Schedule HI-B, part II, Memorandum item 4. The sum of the amounts reported in item 6, columns A, C, and E plus the amount reported in Schedule HC-Q, item 4, column A, must equal Schedule HC, item 4.b, “Loans and leases, net of unearned income.”

SCHEDULE HC-N – Past Due and Nonaccrual Loans Leases and Other Assets

Memoranda

Item No. Caption and Instructions

NOTE: Memorandum items 9.a and 9.b are to be completed by all institutions.

- 9** **Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).** Report in the appropriate subitem and column the outstanding balance and carrying amount of "purchased credit-impaired loans" reported as held for investment in Schedule HC-C, Memorandum items 5.a and 5.b, respectively, that are past due 30 days or more or are in nonaccrual status as of the report date. The carrying amount of such loans will have been included by loan category in items 1 through 7 of Schedule HC-N, above. Purchased credit-impaired loans are accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"). Purchased credit-impaired loans are loans that an institution has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the institution will be unable to collect all contractually required payments receivable. Loans held for investment are those that the institution has the intent and ability to hold for the foreseeable future or until maturity or payoff.
- 9.a** **Outstanding balance.** Report in the appropriate column the outstanding balance of all purchased credit-impaired loans reported as held for investment in Schedule HC-C, Memorandum item 5.a, that are past due 30 days or more or are in nonaccrual status as of the report date. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the institution at the report date, whether or not currently due and whether or not any such amounts have been charged off by the institution. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.
- 9.b** **Carrying amount included in Schedule HC-N, items 1 through 7, above.** Report in the appropriate column 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 credit-impaired loans reported as held for investment in Schedule HC-C, Memorandum item 5.b, that are past due 30 days or more or are in nonaccrual status as of the report date.

Schedule HC-P – 1-4 Family Residential Mortgage Banking Activities

Item No. Caption and Instructions

- 7** **Representation and warranty reserves for 1-4 family residential mortgage loans sold.** When an institution sells or securitizes mortgage loans, it typically makes certain representations and warranties to the investors or other purchasers of the loans at the time of the sale and to financial guarantors of the loans sold. The specific representations and warranties may relate to the ownership of the loan, the validity of the lien securing the loan, and the loan's compliance with specified underwriting standards. Under ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, "Accounting for Contingencies"), an institution is required to accrue loss contingencies relating to the representations and warranties made in connection with their mortgage securitization activities and mortgage loan sales when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

Report in the appropriate subitem the amount of representation and warranty reserves included in Schedule HC-G, "Other liabilities," that the institution maintains for 1-4 family residential mortgage loans sold, including those mortgage loans transferred in securitizations accounted for as sales.

- 7.a** **For representations and warranties made to U.S. Government agencies and Government-sponsored agencies.** Report the amount of reserves that the institution maintains for representations and warranties made to U.S. Government agencies and Government-sponsored agencies in connection with sales of 1-4 family residential mortgage loans, including mortgage loans transferred in securitizations accounted for as sales.

U.S. Government agencies and Government-sponsored agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA).

- 7.b** **For representations and warranties made to other parties.** Report the amount of reserves that the institution maintains for representations and warranties made to parties other than U.S. Government agencies and Government-sponsored agencies in connection with sales of 1-4 family residential mortgage loans, including mortgage loans transferred in securitizations accounted for as sales.

SCHEDULE HC-U – LOAN ORIGINATION ACTIVITY (IN DOMESTIC OFFICES)

NOTE: These draft instructions correct the scope of proposed Schedule HC-U described in the Federal Reserve's November 21, 2011, Federal Register notice on the proposed FR Y-9C report revisions for 2012. The data to be reported in proposed Schedule HC-U cover origination activity in domestic offices only. Thus, Schedule HC-U should not include origination activity in foreign offices.

General Instructions

Schedule HC-U, column A, is to be completed by all institutions. Schedule HC-U, column B and column C, are to be completed by institutions with \$1 billion or more in total assets.

For the purposes of reporting loan origination activity in Schedule HC-U, institutions should report the loan amounts reported in Schedule HC-C as of the quarter-end report date of loans (held in domestic offices) that were originated during the calendar quarter that ended on the report date.

Definitions

The term "reporting period" is defined for purposes of Schedule HC-U as the calendar quarter that ended on the report date.

A "newly-established commitment" is defined as a commitment for which the terms were finalized and the line first became available for use during the reporting period. For the definition of "commitment," see the instructions for Schedule HC-L, item 1.

Column Instructions

Column A, Amount Reported in Schedule HC-C, That Was Originated During the Quarter: For the specified loan categories, report the balance-sheet amount of loans held (in domestic offices) on the quarter-end report date – that is, the portion of the amount reported in Schedule HC-C, column B, – that was originated during the reporting period. Loan originations include amounts disbursed during the reporting period under commitments or revolving credit agreements that previously existed or were newly established or revised during the reporting period (including commitments and revolving credit agreements that were renegotiated, refinanced, converted, or renewed) as well as amounts disbursed during the reporting period, but not under a commitment or revolving credit agreement. If a loan was originated under a commitment or revolving credit agreement, but the date of the commitment or revolving credit agreement is not known to the reporting institution, it should use the date as of which the loan was first recognized as an asset by the reporting institution as the date of the commitment or revolving credit agreement.

Include in column A:

- New loan extensions, including those funded under previously existing and newly established commitments and revolving credit agreements, and notes written under previously existing and newly established credit lines. For loans funded under previously existing revolving credit agreements or commitments, report only the amounts that were newly disbursed during the reporting period and remained outstanding and were reported in Schedule HC-C on the quarter-end report date.
- New loans, including those that were newly renegotiated, refinanced, converted, or renewed during the reporting period. Include outstanding amounts of new loans under revolving, term, or other credit agreements that replace, or roll over, prior loans that have matured, been refinanced, or whose terms have been renegotiated. Include the entire portion of such new loans that remained outstanding and were reported in Schedule HC-C on the quarter-end report date.

- Loans disbursed during the reporting period that remained outstanding at quarter end and were reported in Schedule HC-C on the quarter-end report date.
- The bank holding company's portion of drawn loan participations and syndications when such funds were disbursed during the reporting period and remained outstanding and were reported in Schedule HC-C on the quarter-end report date. See the Glossary entry for "syndications" for the definition of this term.
- The amount reported in Schedule HC-C on the quarter-end report date for loans purchased during the reporting period if the date of the original extension of credit was during the reporting period or if the date of the original extension of credit is not known to the reporting institution.

Exclude from column A:

- Loan amounts held in foreign offices of the reporting institution.
- Loan amounts outstanding at quarter end that were not disbursed during the reporting period. For example, exclude amounts outstanding at quarter end under previously existing revolving credit agreements or commitments that were not disbursed during the reporting period.
- Loan amounts disbursed during the reporting period that were not outstanding at quarter end. For example, exclude amounts extended during the reporting period under previously existing or newly established revolving credit agreements or commitments that were repaid in full before the quarter end report date.
- Loans that were repriced under existing terms during the reporting period when no additional funds were disbursed during the reporting period. For example, a previously outstanding loan advance that has an interest rate tied to the prime rate should not be included in column A when the prime rate changes and the loan is repriced during the reporting period. Similarly, a previously outstanding loan that is repriced during the reporting period in accordance with a lending grid (for example, a loan rate tied to a borrower's financial ratios or bond rating) should not be included when it is repriced during the reporting period. In either case, only any additional funds that were disbursed under such standing agreements during the reporting period and remained outstanding at quarter end and were reported in Schedule HC-C should be included in column A.

Column B, Amount Reported in Column A That Was Originated Under a Newly-Established Commitment: For the specified loan categories, report the balance-sheet amount of loans originated during the reporting period and held (in domestic offices) on the quarter-end report date – that is, the portion of the amount reported in Schedule HC-U, column A – that was originated under a newly-established commitment or revolving credit agreement. For purposes of reporting in Schedule HC-U, include commitments and revolving credit agreements that were renewed during the reporting period as newly-established.

Column C, Amount Reported in Column A That Was Not Originated Under a Commitment: For the specified loan categories, report the balance-sheet amount of loans originated during the reporting period and held (in domestic offices) on the quarter-end report date – that is, the portion of the amount reported in Schedule HC-U, column A – that was not originated under a commitment or revolving credit agreement, either newly-established or previously-existing. For example, include in column C a one-time extension of a term loan to a new customer.

For institutions with \$1 billion or more in total assets, the sum of the amounts reported in columns B and C of Schedule HC-U must be less than or equal to the amount reported in column A. The difference between the sum of the amounts reported in columns B and C and the amount reported in column A represents the balance-sheet amount of loans originated during the reporting period and held (in domestic offices) on the quarter-end report date – that is, the portion of the amount reported in Schedule HC-U, column A – that was originated under a previously-existing commitment or revolving credit agreement.

The following are examples of the application of the preceding column instructions. In each example, the loan is held in a domestic office. References to reporting in columns B and C of Schedule HC-U in these examples apply only to institutions with \$1 billion or more in total assets.

- (1) An institution originated a loan for \$1.2 million in January. The loan was not made under a commitment. At the end of March, the loan had been paid down and its balance-sheet amount was \$1 million. In its March FR Y-9C report, the institution should report \$1 million, the balance-sheet amount on the quarter-end report date that had been disbursed during the reporting period, both in Schedule HC-C, and in Schedule HC-U, columns A and C. During the second quarter, no additional funds were disbursed under this loan agreement. At the end of June, the loan had been paid down further and its balance-sheet amount was \$800,000. In its June FR Y-9C report, the institution should report \$800,000, the balance-sheet amount of this loan on the quarter-end report date, in Schedule HC-C, and, because no additional funds were disbursed during the second quarter, should include \$0 of this loan in Schedule HC-U.
- (2) An institution is holding a revolving loan with a balance-sheet amount of \$2 million. During the third quarter, the loan is converted to a term loan with a balance-sheet amount that remains \$2 million on the quarter-end report date. In its September FR Y-9C report, the institution should report the \$2 million balance-sheet amount that remained outstanding on the report date and had been disbursed during the quarter under the newly renegotiated loan terms, both in Schedule HC-C, and in Schedule HC-U, columns A and C.
- (3) An institution originates a loan to a new customer on January 1 for \$1 million, which is its balance-sheet amount. The loan matured in one week, but it was subsequently rolled over each week for 13 weeks and remained outstanding in full on March 31. In its March FR Y-9C report, the institution should report the \$1 million balance-sheet amount that was outstanding on the quarter-end report date and had been disbursed during the first quarter, both in Schedule HC-C, and in Schedule HC-U, columns A and C.
- (4) During the first quarter, an institution purchases a participation in a loan syndication, the balance-sheet amount of which is \$1 million, that the institution knows had closed on December 31 of the previous year. Because the institution knows that the loan syndication, which was not originated under a commitment, closed on December 31 of the previous year, the institution should report \$0 in Schedule HC-U in its March FR Y-9C report even though it reports the \$1 million balance-sheet amount in Schedule HC-C. However, if the institution did not know the date that the syndication had closed, it should report the \$1 million balance-sheet amount in Schedule HC-C and in Schedule HC-U, columns A and C, in its March FR Y-9C report.
- (5) An institution originated a \$1 million loan and then transferred it during the same quarter in a transaction that qualified for sale accounting. The institution should not report the amount in either Schedule HC-C or Schedule HC-U, because the loan was not an on-balance-sheet asset of the reporting institution at quarter-end.
- (6) During the third quarter, an institution established a new credit line to a customer for \$5 million. In December, the customer draws \$500,000 of this credit line, which is the balance-sheet amount of the draw, and does not make any principal payments until the next year. In its September FR Y-9C report, the institution should report \$0 in Schedule HC-C and in Schedule HC-U because the loan amount outstanding (and balance-sheet amount) was \$0 at the end of the third quarter; no funds had yet been disbursed. In its December FR Y-9C report, the institution should report \$500,000 in Schedule HC-C and in Schedule HC-U, column A, because this is the balance-sheet amount of the loan that is outstanding on the December report date and it was also originated during that quarter. The institution should report \$0 in Schedule HC-U, column B, because the commitment under which with the funds were drawn was not newly established in the quarter in which the funds were drawn, and it should report \$0 in Schedule HC-U, column C, because the loan was originated under a commitment.
- (7) During the third quarter, an institution establishes a new credit line to a customer for \$5 million. In September, the customer draws \$100,000, which is the balance-sheet amount of the draw, and does not make any principal payments until the fourth quarter. In its September FR Y-9C report, the institution should report \$100,000 in Schedule HC-C and in Schedule HC-U, columns A and B,

because this is the balance-sheet amount of the loan that is outstanding at the end of the third quarter and the funds had been disbursed during that quarter under a newly-established commitment. During the fourth quarter, the customer draws \$200,000 more each month, and makes principal payments that total \$300,000. At the end of December, the outstanding loan balance and its balance-sheet amount is \$400,000. In its December FR Y-9C report, the institution should report \$400,000 in Schedule HC-C because this is the balance-sheet amount of the loan that is outstanding on the report date. The institution should also report \$400,000 in Schedule HC-U, column A, because the \$400,000 amount reported in Schedule HC-C had been disbursed during the fourth quarter, that is, with principal payments applied first to the oldest draws on the credit line, only \$400,000 of the \$600,000 that had been disbursed during the reporting period remained outstanding at quarter-end. The institution should report \$0 in Schedule HC-U, column B, in its December FR Y-9C report because the commitment under which the funds were drawn in the fourth quarter was not newly established during that quarter, and it should also report \$0 in Schedule HC-U, column C, that quarter because the loan was originated under commitment.

- (8) At the beginning of the third quarter, an institution has an existing credit line to a customer with a balance-sheet amount of \$250,000 outstanding. In September, the customer draws \$100,000, increasing the balance-sheet amount of the loan to \$350,000, and does not make any principal payments until the fourth quarter. In its September FR Y-9C report, the institution should report the \$350,000 balance-sheet amount of the outstanding loan in Schedule HC-C, and should report \$100,000 in Schedule HC-U, column A, which is the portion of the amount reported in Schedule HC-C that represents funds disbursed during that quarter that were outstanding at quarter-end. The institution should report \$0 in Schedule HC-U, column B, in its September FR Y-9C report because the commitment under which the funds were drawn in the third quarter was not newly established that quarter, and it should also report \$0 in Schedule HC-U, column C, that quarter because the loan was originated under a commitment. During the fourth quarter, the customer draws \$200,000 more each month, and makes principal payments that total \$300,000. At the end of December, the outstanding loan balance and its balance-sheet amount is \$650,000. In its December FR Y-9C report, the institution should report the \$650,000 balance-sheet amount of the outstanding loan in Schedule HC-C. The institution should report in Schedule HC-U, column A, in its December FR Y-9C report the \$600,000 portion of the \$650,000 amount reported in Schedule HC-C that had been disbursed during that quarter, that is, with principal payments applied first to the oldest draws on the credit line, all of the \$600,000 that had been disbursed during the fourth quarter remained outstanding at quarter-end. In its December FR Y-9C report, the institution should report \$0 in Schedule HC-U, columns B and C, because the funds were disbursed under a previously existing commitment.

Item Instructions

Item No. Caption and Instructions

- 1 Loans secured by real estate:**
- 1.a Construction, land development, and other land loans.** Report in the appropriate subitem the amount of construction, land development, and other land loans (as defined for Schedule HC-C, item 1.a) that was originated during the calendar quarter ending on the report date.
- 1.a.(1) 1-4 family residential construction loans.** Report in the appropriate column the amount 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 (as defined for and reported in Schedule HC-C, item 1.a.(1), column B) that was originated during the calendar quarter ending on the report date.
- 1.a.(2) Other construction loans and all land development and other land loans.** Report in the appropriate column the amount of all construction loans for purposes other than constructing 1-4 family residential properties, all land development loans, and all other land loans (as defined for and reported in Schedule HC-C, item 1.a.(2), column B) that was originated during

the calendar quarter ending on the report date.

1.b Not applicable.

1.c **Secured by 1-4 family residential properties.** Report in the appropriate subitem the amount of open-end and closed-end loans secured by 1-4 family residential properties (as defined for Schedule HC-C, item 1.c) that was originated during the calendar quarter ending on the report date.

1.c.(1) **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column the amount outstanding under revolving, open-end lines of credit secured by 1-to-4 family residential properties (as defined for and reported in Schedule HC-C, item 1.c.(1), column B) that was originated during the calendar quarter ending on the report date.

1.c.(2) **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the amount of all closed-end loans secured by 1-to-4 family residential properties, i.e., closed-end first mortgages and junior liens (as defined for Schedule HC-C, item 1.c.(2)) that was originated during the calendar quarter ending on the report date.

1.c.(2)(a) **Secured by first liens.** Report in the appropriate column the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties (as defined for and reported in Schedule HC-C, item 1.c.(2)(a), column B) that was originated during the calendar quarter ending on the report date.

1.c.(2)(b) **Secured by junior liens.** Report in the appropriate column the amount of all closed-end loans secured by junior (i.e., other than first) liens on 1-to-4 family residential properties (as defined for and reported in Schedule HC-C, item 1.c.(2)(b), column B) that was originated during the calendar quarter ending on the report date.

1.d **Secured by multifamily (5 or more) residential properties.** Report in the appropriate column the amount of all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens (as defined for and reported in Schedule HC-C, item 1.d, column B) that was originated during the calendar quarter ending on the report date.

1.e **Secured by nonfarm nonresidential properties.** Report in the appropriate column the amount outstanding on the report date of loans secured by real estate as evidenced by mortgages or other liens on nonfarm nonresidential properties (as defined for and reported in Schedule HC-C, items 1.e.(1) and (2), column B) that was originated during the calendar quarter ending on the report date.

2 **Loans to depository institutions and acceptances of other banks.** Report in the appropriate subitem the amount of 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 personal expenditure purposes (as defined for Schedule HC-C, item 2) that was originated during the calendar quarter ending on the report date.

2.a **To U.S. banks and other U.S. depository institutions.** Report in the appropriate column the amount of all loans to and acceptances of commercial banks and other depository institutions in the U.S. (as defined for and reported Schedule HC-C, item 2.a) that was originated during the calendar quarter ending on the report date.

- 2.b** To foreign banks. Report in the appropriate column the amount of all loans to and acceptances of banks and their branches domiciled outside the U.S. (as defined for Schedule HC-C, item 2.b) that was originated during the calendar quarter ending on the report date.
- 3** Loans to finance agricultural production and other loans to farmers. Report in the appropriate column the amount of loans extended for the purpose of financing agricultural production (as defined for and reported in Schedule HC-C, item 3, column B) that was originated during the calendar quarter ending on the report date.
- 4** Commercial and industrial loans to U.S. addressees (domicile). Report in the appropriate subitem the amount of all commercial and industrial loans to U.S. addressees (as defined for Schedule HC-C, item 4.a) that was originated during the calendar quarter ending on the report date.

The following guidelines should be used to determine the "original amount" of a loan:

- (1) For loans drawn down under lines of credit or loan commitments, the "original amount" of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the "original amount" is the amount currently outstanding on the report date.
- (2) For loan participations and syndications, the "original amount" of the loan participation or syndication is the entire amount of the credit originated by the lead lender.
- (3) For all other loans, the "original amount" is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Except as noted below for "corporate" or "business" credit card programs, when determining "original amounts" for a category of loans in these items, multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank holding company's business loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.

A bank that offers "corporate" or "business" credit card programs under which credit cards are issued to one or more of a company's employees for business-related use should treat each company's program as a single extension of credit to that company. The credit limits for all of the individual credit cards issued to the company's employees should be totaled and this total should be treated as the "original amount" of the "corporate" or "business" credit card program established for this company. The company's program should be reported as one loan and the amount currently outstanding would be the sum of the credit card balances as of the June 30 report date on each of the individual credit cards issued to the company's employees. However, when aggregated data for each individual company in a "corporate" or "business" credit card program are not readily determinable from the bank holding company's credit card records, the bank holding company should develop reasonable estimates of the "original amounts" of these programs and should then report information about these programs on the basis of its reasonable estimates. In no case should the individual credit cards issued to a company's employees under a "corporate" or "business" credit card program be reported as separate individual loans to small businesses.

- 4.a** With original amounts of \$1,000,000 or less. Report in the appropriate column the amount of all "Commercial and industrial loans to U.S. addressees (domicile)" (as defined for and reported in Schedule HC-C, item 4.a) with original amounts of \$1,000,000 or less that was originated during the calendar quarter ending on the report date.

- 4.b** **With original amounts of more than \$1,000,000.** Report in the appropriate column the amount of all “Commercial and industrial loans to U.S. addressees (domicile)” (as defined for and reported in Schedule HC-C, item 4.a) with original amounts of more than \$1,000,000 that was originated during the calendar quarter ending on the report date.
- 5** Not applicable.
- 6** **Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans).** Report in the appropriate subitem the amount of 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” (as defined for Schedule HC-C, item 6) that was originated during the calendar quarter ending on the report date.
- 6.a** **Credit cards.** Report in the appropriate column the amount of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (as defined for and reported in Schedule HC-C, item 6.a, column B) that was originated during the calendar quarter ending on the report date.
- 6.b** **Automobile loans.** Report in the appropriate column the amount of all consumer loans extended for the purpose of purchasing new and used passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use (as defined for and reported in Schedule HC-C, item 6.c, column B) that was originated during the calendar quarter ending on the report date.
- 6.c** **Other consumer loans.** Report in the appropriate column the amount of 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) (as defined for and reported in Schedule HC-C, items 6.b and 6.d, column B) that was originated during the calendar quarter ending on the report date.
- 7 - 8** Not applicable.
- 9** **Loans to nondepository financial institutions.** Report in the appropriate column the amount of all loans to nondepository financial institutions (as defined for and reported in Schedule HC-C, item 9.a, column B) that was originated during the calendar quarter ending on the report date.

Glossary

Capital Contributions of Cash and Notes Receivable: An institution may receive cash or a note receivable as a contribution to its equity capital. The transaction may be a sale of capital stock or a contribution to paid-in capital (surplus), both of which are referred to hereafter as capital contributions. The accounting for capital contributions in the form of notes receivable is set forth in ASC Subtopic 505-10, Equity – Overall (formerly EITF Issue No. 85-1, “Classifying Notes Received for Capital Stock”) and SEC Staff Accounting Bulletin No. 107 (Topic 4.E., Receivables from Sale of Stock, in the Codification of Staff Accounting Bulletins). This Glossary entry does not address other forms of capital contributions, for example, nonmonetary contributions to equity capital such as a building.

A capital contribution of cash should be recorded in an institution’s financial statements when received. Therefore, a capital contribution of cash prior to a quarter-end report date should be reported as an increase in equity capital in the institution’s reports for that quarter (in Schedule HI-A, item 5 or 11, as appropriate). A contribution of cash after quarter-end should not be reflected as an increase in the equity capital of an earlier reporting period.

When an institution receives a note receivable rather than cash as a capital contribution, ASC Subtopic 505-10 states that it is generally not appropriate to report the note as an asset. As a consequence, the predominant practice is to offset the note and the capital contribution in the equity capital section of the balance sheet, i.e., the note receivable is reported as a reduction of equity capital. In this situation, the capital stock issued or the contribution to paid-in capital should be reported in Schedule HC, item 23, 24, or 25, as appropriate, and the note receivable should be reported as a deduction from equity capital in Schedule HC, item 26.c, “Other equity capital components.” No net increase in equity capital should be reported in Schedule HI-A, Changes in Bank Holding Company Equity Capital. In addition, when a note receivable is offset in the equity capital section of the balance sheet, accrued interest receivable on the note also should be offset in equity (and reported as a deduction from equity capital in Schedule HC, item 26.c), consistent with the guidance in ASC Subtopic 505-10. Because a nonreciprocal transfer from an owner or another party to an institution does not typically result in the recognition of income or expense, the accrual of interest on a note receivable that has been reported as a deduction from equity capital should be reported as additional paid-in capital rather than interest income.

However, ASC Subtopic 505-10 provides that an institution may record a note received as a capital contribution as an asset, rather than a reduction of equity capital, only if the note is collected in cash “before the financial statements are issued.” The note receivable must also satisfy the existence criteria described below. When these conditions are met, the note receivable should be reported separately from an institution’s other loans and receivables in Schedule HC-F, item 6, “All other assets,” and individually itemized and described in accordance with the instructions for item 6, if appropriate.

For purposes of this report, the financial statements are considered issued at the earliest of the following dates:

- (1) The submission deadline for the FR Y-9C report;
- (2) Any other public financial statement filing deadline to which the institution is subject; or
- (3) The actual filing date of the institution’s public financial reports, including the filing of its FR Y-9C report or a public securities filing by the institution.

Capital Contributions of Cash and Notes Receivable (cont.):

To be reported as an asset, rather than a reduction of equity capital, as of a quarter-end report date, a note received as a capital contribution (that is collected in cash as described above) must meet the definition of an asset under generally accepted accounting principles by satisfying all of the following existence criteria:

- (1) There must be written documentation providing evidence that the note was contributed to the institution prior to the quarter-end report date by those with authority to make such a capital contribution on behalf of the issuer of the note (e.g., if the contribution is by the institution's parent holding company, those in authority would be the holding company's board of directors or its chief executive officer or chief financial officer);
- (2) The note must be a legally binding obligation of the issuer to fund a fixed and determinable amount by a specified date; and
- (3) The note must be executed and enforceable before quarter-end.

Although a bank holding company may have a general intent to, or may have entered into a capital maintenance agreement with the institution that calls for it to, maintain the institution's capital at a specified level, this general intent or agreement alone would not constitute evidence that a note receivable existed at quarter-end. Furthermore, if a note receivable for a capital contribution obligates the note issuer to pay a variable amount, the institution must offset the note and equity capital. Similarly, an obligor's issuance of several notes having fixed face amounts, taken together, would be considered a single note receivable having a variable payment amount, which would require all the notes to be offset in equity capital as of the quarter-end report date.