Draft Instructions

for the Proposed New and Revised Call Report Items

for June 2013

(FFIEC 031 and FFIEC 041)

As of May 23, 2013

NOTE: These draft instructions, which are subject to change, apply to the Call Report items that will be added to the report or revised effective June 30, 2013, as described in the banking agencies' Federal Register notice published on May 23, 2013 (http://www.gpo.gov/fdsys/pkg/FR-2013-05-23/pdf/2013-12220.pdf). These Call Report revisions are subject to approval by the U.S. Office of Management and Budget.

Questions and comments concerning these draft instructions may be submitted to the FFIEC by going to http://www.ffiec.gov/contact/default.aspx, clicking on "Reporting Forms" under the "Reports" caption on the Web page, and completing the Feedback Form.

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for the Proposed New and Revised Call Report Items
for June 2013

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***** The revisions to the instructions for Schedule RC-C, Part I, are applicable to institutions that file the FFIEC 031 Call Report (i.e., institutions with foreign offices). The instructional revisions to this schedule do not affect institutions that file the FFIEC 041 Call Report (i.e., institutions with domestic offices only).

** The revisions to the instructions for Schedule RC-O are applicable to institutions that are large institutions or highly complex institutions as defined for assessment purposes in the FDIC's regulations (generally, institutions with $10 billion or more in total assets). The instructional revisions to this schedule do not affect other institutions.

Draft Instructions
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for June 2013

Schedule RI-A – Changes in Bank Equity Capital

Item No.	Caption and Instructions
11	**Other transactions with stockholders (including a parent holding company).** Report the net aggregate amount of transactions with the institution's stockholders, including its parent holding company, if any, that affect equity capital directly (other than those transactions reported in Schedule RI-A, items 5, 6, 8, and 9, above), such as:

(1) Capital contributions other than those for which stock has been issued to stockholders (report issuances of perpetual preferred and common stock and sales of treasury stock in Schedule RI-A, items 5 and 6, respectively; issuances of limited-life preferred stock are not reported in Schedule RI-A).

(2) Dividends distributed to stockholders in the form of property rather than cash (report cash dividends in Schedule RI-A, items 8 or 9, as appropriate). Record such property dividends at the fair value of the transferred asset. Include any gain or loss recognized on the disposition of the asset in the determination of net income for the calendar year-to-date in Schedule RI, Income Statement. Refer to the Glossary entry for "dividends" for additional information on property dividends.

(3) Return-of-capital transactions in which contributed capital (i.e., surplus) is reduced without retiring stock and cash is distributed to the institution's stockholders.

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

Schedule RI-E – Explanations

Item No. **Caption and Instructions**

5 **Other transactions with stockholders (including a parent holding company).** List and briefly describe in items 5.a and 5.b the dollar amount of each type of other transaction with the reporting institution's stockholders, including its parent holding company, if any, that is included in Schedule RI-A, item 11. If Schedule RI-A, item 11, includes more than two types of other transactions, report the additional types of other transactions in Schedule RI-E, item 7, below.

If the effect of a type of other transaction with the reporting institution's stockholders, including a parent holding company, if any, is to reduce the institution's equity capital, report the dollar amount with a minus (-) sign.

Schedule RC-C, Part I – Loans and Leases

Item Instructions for Part I

Item No. **Caption and Instructions**

1 **Loans secured by real estate.** Report all loans that meet the definition of a "loan secured by real estate." See the Glossary entry for "loan secured by real estate" for the definition of this term. On the FFIEC 041, all institutions should report in items 1.a.(1) through 1.e.(2) of column B a nine-category breakdown of loans secured by real estate. On the FFIEC 031, all large institutions and highly complex institutions – as defined for deposit insurance assessment purposes in the General Instructions for Schedule RC-O, Memorandum items 6 through 18 – with foreign offices should report a nine-category breakdown of loans secured by real estate for the consolidated bank in items 1.a.(1) through 1.e.(2) of column A and for domestic offices in items 1.a.(1) through 1.e.(2) of column B; all other institutions with foreign offices should report only the total amount of loans secured by real estate for the consolidated bank in item 1 of column A, but with a nine-category breakdown of these loans for domestic offices in items 1.a.(1) through 1.e.(2) of 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 at origination 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.

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.

(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").

Item No.	Caption and Instruction

1 (cont.)

(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 item 9.a, "Loans to nondepository financial institutions," as appropriate).

(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 ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended by FASB Statement No. 166, "Accounting for Transfers of Financial Assets"), 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 (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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).

(2) Loans secured by real estate the proceeds of which are to be used to acquire and 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. For purposes of these reports, a combination construction-permanent

Item No. **Caption and Instruction**

1.a (cont.) loan arises when the lender enters into a contractual agreement with the original borrower at the time the construction loan is originated to also provide the original borrower with permanent financing that amortizes principal after construction is completed and a certificate of occupancy is obtained (if applicable). This construction-permanent loan structure is intended to apply to situations where, at the time the construction loan is originated, the original borrower:

- Is expected to be the owner-occupant of the property upon completion of construction and receipt of a certificate of occupancy (if applicable), for example, where the financing is being provided to the original borrower for the construction and permanent financing of the borrower's residence or place of business, or
- Is not expected to be the owner-occupant of the property, but repayment of the permanent loan will be derived from rental income associated with the property being constructed after receipt of a certificate of occupancy (if applicable) rather than from the sale of the property being constructed.

All construction loans secured by real estate, other than combination construction-permanent loans as described above, 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. For purposes of these reports, a construction loan is deemed to be refinanced into a new permanent loan only if the bank originates:

- An amortizing permanent loan to a new borrower (unrelated to the original borrower) who has purchased the real property, or
- A prudently underwritten new amortizing permanent loan at market terms to the original borrower – including an appropriate interest rate, maturity, and loan-to-value ratio – that is no longer dependent on the sale of the property for repayment. The loan should have a clearly identified ongoing source of repayment sufficient to service the required principal and interest payments over a reasonable and customary period relative to the type of property securing the new loan. A new loan to the original borrower not meeting these criteria (including a new loan on interest-only terms or a new loan with a short-term balloon maturity that is inconsistent with the ongoing source of repayment criterion) should continue to be reported as a "Construction, land development, and other land loan" in the appropriate subitem of Schedule RC-C, part I, item 1.a.

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 (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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.

Schedule RC-C, part I – Loans and Leases (cont.)

Item No.	**Caption and Instruction**
1.a.(1) (cont.)	• 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 (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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.
1.b	**Secured by farmland.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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 (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) open-end and closed-end loans secured by real estate as evidenced by mortgages (FHA, FmHA, VA, or conventional) or other liens on:

Item No.	Caption and Instruction

1.c (cont.)

(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 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).

Item No.	**Caption and Instruction**
1.c.(1)	**Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit**. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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 (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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 (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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 (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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 (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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. <u>Exclude</u> 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).

Item No.	**Caption and Instruction**

1.e **Secured by nonfarm nonresidential properties**. Report in the appropriate subitem (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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 (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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).

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[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.

Item No. **Caption and Instruction**

1.e.(2) **Loans secured by other nonfarm nonresidential properties.** Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) 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.

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12 **Total loans and leases, net of unearned income.** On the FFIEC 041, report in column B the sum of items 1.a.(1) through 10, column B, less the item 11, column B. On the FFIEC 031, for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, report in column A the sum of items 1.a.(1) through 10.b, column A, less item 11, column A; report in column B the sum of items 1.a.(1) through 10, column B, less item 11, column B. On the FFIEC 031, for all other institutions with foreign offices, report in column A the sum of item 1 and items 2.a.(1) through 10.b, column A, less item 11, column A; report in column B the sum of items 1.a.(1) through 10, column B, less item 11, column B.

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.

Schedule RC-F – Other Assets

Item No. **Caption and Instructions**

6 **All other assets.** Report the amount of all other assets (other than those reported in Schedule RC-F, items 1, 2, 3, 4, and 5, above) that cannot properly be reported in Schedule RC, items 1 through 10.

Report in Schedule RC-F, items 6.a through 6.i, each component of all other assets, and the dollar amount of such component, that is greater than $25,000 and exceeds 25 percent of the amount of all other assets reported in this item. Preprinted captions have been provided in Schedule RC-F, items 6.a through 6.e, for reporting the following components of all other assets if the component exceeds this reporting threshold: prepaid expenses, repossessed personal property (including vehicles), derivatives with a positive fair value held for purposes other than trading, retained interests in accrued interest receivable related to securitized credit cards, and FDIC loss-sharing indemnification assets. For each component of all other assets that exceeds the reporting threshold for which a preprinted caption has not been provided, describe the component with a clear but concise caption in Schedule RC-F, items 6.g through 6.i. These descriptions should not exceed 50 characters in length (including spacing between words). Any amounts reported in Schedule RC-F, item 6.f, “Prepaid deposit insurance assessments,” for report dates from December 31, 2009, through March 31, 2013, will not be made available to the public on an individual institution basis.

Include as all other assets:

(1) Prepaid expenses, i.e., those applicable as a charge against earnings in future periods.[1]

[NOTE: The remaining instructions for Schedule RC-F, item 6, are unchanged.]

[1] For banks involved in insurance activities, examples of prepaid expenses include ceding fees and acquisition fees paid to insurance carriers external to the consolidated bank.

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments

<u>General Instructions for Schedule RC-O, Memorandum items 6 through 18</u>

Memorandum items 6 through 18 are applicable only to large institutions and/or highly complex institutions as defined below. Amounts reported in Memorandum items 6 through 9, 14, 15, and 18 will not be made available to the public on an individual institution basis. Large institutions and highly complex institutions should complete Memorandum items 6 through 18, as appropriate, on a fully consolidated basis. Thus, when a large institution or highly complex institution owns another FDIC-insured institution as a subsidiary, it should complete Memorandum items 6 through 18, as appropriate, on a fully consolidated basis.

According to Section 327.8(f) of the FDIC's regulations, a <u>large institution</u> is an FDIC-insured bank or savings association that reported total assets of $10 billion or more as of December 31, 2006, that does not meet the definition of a highly complex institution. After December 31, 2006, if a bank or savings association not previously classified as a large institution reports total assets of $10 billion or more for four consecutive quarters, the bank or savings association will be classified as a large institution beginning the following quarter. In the Consolidated Reports of Condition and Income, an FDIC-insured depository institution's total assets are reported in Schedule RC, item 12.

According to Section 327.8(g) of the FDIC's regulations, a <u>highly complex institution</u> is an FDIC-insured bank or savings association (excluding a credit card bank[1]) that:

(1) Has had $50 billion or more in total assets for at least four consecutive quarters that either is controlled by a U.S. parent holding company that has had $500 billion or more in total assets for four consecutive quarters, or is controlled by one or more intermediate U.S. parent holding companies that are controlled by a U.S. holding company that has had $500 billion or more in total assets for four consecutive quarters; or

(2) Is a processing bank or trust company that has had $10 billion or more in total assets for at least four consecutive quarters. According to Section 327.8(s) of the FDIC's regulations, a processing bank or trust company is "an institution whose last three years' non-lending interest income, fiduciary revenues, and investment banking fees, combined, exceed 50 percent of total revenues (and its last three years fiduciary revenues are non-zero), and whose total fiduciary assets total $500 billion or more."

If, after December 31, 2010, a bank or savings association classified as a highly complex institution falls below $50 billion in total assets for four consecutive quarters, or its parent company or companies fall below $500 billion in total assets for four consecutive quarters, or a processing bank or trust company falls below $10 billion in total assets for four consecutive quarters, the FDIC will reclassify the bank or savings association as a large institution or a small institution, as appropriate, beginning the quarter after the fourth consecutive quarter.

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[1] As defined in Section 327.8(t) of the FDIC's regulations, a credit card bank is "a bank for which credit card receivables plus securitized receivables exceed 50 percent of assets plus securitized receivables."

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

General Instructions for Schedule RC-O, Memorandum items 6 through 18 (cont.)

Amounts Guaranteed or Insured by the U.S. Government, its Agencies, or its Government-Sponsored Agencies – The instructions for Schedule RC-O, Memorandum items 6, 11, and 16 refer to amounts recoverable from, or guaranteed or insured by, the U.S. government, its agencies, or its government-sponsored agencies under guarantee or insurance provisions. Examples include guarantees or insurance (or reinsurance) provided by the Department of Veterans Affairs, the Federal Housing Administration, the Small Business Administration (SBA), the Department of Agriculture Rural Development Loan Program, and the Department of Education for individual loans as well as coverage provided by the FDIC under loss-sharing agreements. For loan securitizations and securities, examples include those guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) as well as SBA Guaranteed Loan Pool Certificates and securities covered by FDIC loss-sharing agreements. However, if an institution holds securities backed by mortgages it has transferred to Fannie Mae or Freddie Mac with recourse or other transferor-provided credit enhancements, these securities should not be considered guaranteed to the extent of the institution's maximum contractual credit exposure arising from the credit enhancements.

Amounts Guaranteed or Insured by the U.S. Government – The instructions for Schedule RC-O, Memorandum items 7 through 10, 13, and 18 refer to the maximum amounts recoverable from the U.S. Government. Amounts recoverable from the U.S. government do *not* include amounts recoverable from government-sponsored agencies (also known as government-sponsored enterprises) including the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal Home Loan Banks, and the Farm Credit System.

NOTE: Because certain information on coverage under FDIC loss-sharing agreements is reported elsewhere in the Consolidated Reports of Condition and Income, the treatment of FDIC loss-sharing agreements varies in Schedule RC-O, Memorandum items 6 through 9, 10.b, 11, 13, 16, and 18.

Higher-risk Securitizations – For purposes of Schedule RC-O, Memorandum items 7.b, 8.b, and 9.b, higher-risk securitizations are securitizations where more than 50 percent of the assets backing the securitization meet the criteria for "nontraditional 1-4 family residential mortgage loans," "higher-risk consumer loans," or "higher-risk commercial and industrial loans and securities" as those terms are defined in the instructions for Schedule RC-O, Memorandum items 7.a, 8.a, and 9.a, and in Appendix C to Subpart A to Part 327 of the FDIC's regulations.

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Memoranda

Item No.	Caption and Instruction
7	**"Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations.** Report in the appropriate subitem on a fully consolidated basis the balance sheet amount of nontraditional 1-4 family residential mortgage loans and securitizations of such mortgage loans.
7.a	**Nontraditional 1-4 family residential mortgage loans.** Report on a fully consolidated basis the balance sheet amount of nontraditional 1-4 family residential mortgage loans, as defined for assessment purposes only in Appendix C to Subpart A to Part 327 of the FDIC's regulations. Nontraditional 1-4 family residential mortgage loans include all 1-4 family residential loan products (as defined for Schedule RC-C, part I, item 1.c) that allow the borrower to defer repayment of principal or interest and includes all interest-only products,

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No.	**Caption and Instruction**
7.a (cont.)	teaser rate mortgages, and negative amortizing mortgages, with the exception of home equity lines of credit and reverse mortgages. Nontraditional 1-4 family residential mortgage loans do not include loans reported as trading assets in Schedule RC, item 5; conventional fully amortizing adjustable rate mortgage loans that do not have a teaser rate; and interest-only residential construction loans, but include conventional fully amortizing adjustable rate mortgage loans that have a teaser rate. A teaser-rate mortgage loan is defined for assessment purposes as a mortgage with a discounted initial rate. A discounted initial rate is an effective interest rate at the time of origination or refinancing that is less than the rate the bank is willing to accept for an otherwise similar extension of credit with comparable risk. A mortgage loan is no longer considered a nontraditional 1-4 family residential mortgage loan once the teaser rate has expired, or in the case of an escalating interest rate, once the rate is no longer discounted and the borrower is making full principal and interest payments (has not been granted any principal and interest concessions). Nontraditional 1-4 family residential mortgage loans can be reclassified as traditional loans once they become fully amortizing loans, provided they no longer have a teaser rate. The amount to be reported in this item for nontraditional 1-4 family residential mortgage loans should include 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"), provided they meet the characteristics of nontraditional 1-4 family residential mortgage loans as described above. The amount to be reported in this item should exclude the maximum amount recoverable on nontraditional 1-4 family residential mortgage loans under guarantee or insurance provisions from the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.
7.b	**Securitizations of nontraditional 1-4 family residential mortgage loans.** Report on a fully consolidated basis the balance sheet amount of higher-risk securitizations where more than 50 percent of the assets backing the securitization meet the criteria for nontraditional 1-4 family residential mortgage loans (as defined for Schedule RC-O, Memorandum item 7.a, above), with the exception of those securities reported as trading assets in Schedule RC, item 5. For securitizations issued before April 1, 2013, the amount to be reported in this item should include those securitizations where more than 50 percent of the assets backing the securitization meet one or more of the criteria for nontraditional 1-4 family residential mortgage loans, with the exception of those securities reported as trading assets in Schedule RC, item 5. Alternatively, an institution may apply the definitions in Appendix C to Subpart A to Part 327 of the FDIC's regulations to all of its securitizations. For securitizations issued on or after April 1, 2013, the amount to be reported in this item should include those securitizations (with the exception of those securities reported as trading assets in Schedule RC, item 5) where more than 50 percent of the assets backing the securitization meet either the criteria for nontraditional 1-4 family residential mortgage loans or the criteria for higher-risk consumer loans (as defined for Schedule RC-O, Memorandum item 8.a, below), and the amount of nontraditional 1-4 family residential mortgage loans exceeds the amount of higher-risk consumer loans.

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. **Caption and Instruction**

8 **"Higher-risk consumer loans" as defined for assessment purposes only in FDIC regulations.** Report in the appropriate subitem on a fully consolidated basis the balance sheet amount of higher-risk consumer loans and securitizations of such higher-risk consumer loans.

8.a **Higher-risk consumer loans.** Report on a fully consolidated basis the balance sheet amount of higher-risk consumer loans, as defined for assessment purposes only in Appendix C to Subpart A to Part 327 of the FDIC's regulations, but excluding higher-risk consumer loans that have been reported as nontraditional 1-4 family residential mortgage loans in Schedule RC-O, Memorandum item 7.a, above. For assessment purposes, higher-risk consumer loans are loans secured by 1-4 family residential properties (as defined for Schedule RC-C, part I, item 1.c) and loans and leases to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, items 6 and 10.a) where, as of origination, or, if the loan has been refinanced, as of refinance, the probability of default (PD) within two years is greater than 20 percent, excluding loans that meet the definition of a nontraditional 1-4 family residential mortgage loan (as defined for Schedule RC-O, Memorandum item 7.a, above). The PD must be calculated in accordance with the requirements of Appendix C to Subpart A to Part 327 of the FDIC's regulations.

The amount to be reported in this item for higher-risk consumer loans should include 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"), provided they meet the characteristics of higher-risk consumer loans described above.

The amount to be reported in this item should exclude:

(1) Consumer loans reported as trading assets in Schedule RC, item 5.
(2) The maximum amounts recoverable on higher-risk consumer loans under guarantee or insurance provisions from the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.
(3) Loans fully secured by cash collateral (provided the requirements regarding loans fully secured by cash collateral that are detailed in Appendix C to Subpart A to Part 327 are met).

8.b **Securitizations of higher-risk consumer loans.** Report on a fully consolidated basis the balance sheet amount of higher-risk securitizations issued on or after April 1, 2013, where more than 50 percent of the assets backing the securitization meet the criteria for higher-risk consumer loans (as defined for Schedule RC-O, Memorandum item 8.a, above), with the exception of those securities reported as trading assets in Schedule RC, item 5.

Securitizations of higher-risk consumer loans also include securitizations (other than those securities reported as trading assets in Schedule RC, item 5) issued on or after April 1, 2013, where more than 50 percent of the assets backing the securitization meet either the criteria for higher-risk consumer loans or the criteria for nontraditional 1-4 family residential mortgage loans (as defined for Schedule RC-O, Memorandum item 7.a, above) and the amount of higher-risk consumer loans exceeds the amount of nontraditional 1-4 family residential mortgage loans.

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No.	Caption and Instruction
8.b (cont.)	For securitizations issued before April 1, 2013, that contain consumer loans, the reporting institution must either: (1) Report the securitizations using the definition of subprime loans contained in the FDIC's final rule on assessments and large bank pricing, 76 Fed. Reg. 10672 (February 25, 2011), or (2) Report the securitizations if more than 50 percent of the assets backing the securitization were identified as subprime loans by the institution's then existing internal methodology for identifying loans as subprime loans.[1] Alternatively, an institution may apply the definitions in Appendix C to Subpart A to Part 327 of the FDIC's regulations to all of its securitizations.
9	**"Higher-risk commercial and industrial loans and securities" as defined for assessment purposes only in FDIC regulations.** Report in the appropriate subitem on a fully consolidated basis the balance sheet amount of, plus the amount of unfunded commitments for, higher-risk commercial and industrial (C&I) loans and securities and securitizations of such higher-risk C&I loans and securities.
9.a	**Higher-risk commercial and industrial loans and securities.** Report on a fully consolidated basis the balance sheet amount of higher-risk commercial and industrial (C&I) loans and securities, as defined for assessment purposes only in Appendix C to Subpart A to Part 327 of the FDIC's regulations. The amount to be reported in this item for higher-risk C&I loans and securities should include purchased credit-impaired loans and securities 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"), provided the purchased credit-impaired loans and securities meet the definition of a higher-risk C&I loan or security. The amount to be reported in this item should exclude: (1) Loans to individuals for commercial, industrial, and professional purposes. (2) The maximum amounts recoverable on higher-risk C&I loans and securities under guarantee or insurance provisions from the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.

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[1] Institutions that did not have an existing methodology in place to identify subprime consumer loans and securities (because they were not required to report on these exposures to their primary federal regulator for examination or other supervisory purposes or did not measure and monitor loans and securities with these characteristics for internal risk management purposes) may, as an alternative to applying the definitions in the FDIC's assessment regulations to loans backing securitizations issued before April 1, 2013, apply then existing guidance provided by their primary federal regulator or the agencies' 2001 Expanded Guidance for Subprime Lending Programs to determine whether more than 50 percent of the assets backing the securitization are subprime consumer loans, thus requiring that the securitization be reported as a securitization of higher-risk consumer loans in Schedule RC-O, Memorandum item 8.b.

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No.	Caption and Instruction

9.a (cont.)

(3) Loans fully secured by cash collateral (provided the loans meet the requirements regarding loans fully secured by cash collateral that are detailed in Appendix C to Subpart A to Part 327 of the FDIC's regulations).

(4) Loans that are eligible for the asset-based or floor plan lending exclusions detailed in Appendix C to Subpart A to Part 327 of the FDIC's regulations, provided the institution's primary federal regulator has not cited a criticism (included in the Matters Requiring Attention) of the institution's controls or administration of its asset-based or floor plan loan portfolios.

For C&I loans and securities originated, refinanced, or purchased by the reporting institution before April 1, 2013, that are owed to the reporting institution by a borrower that does not meet the definition of a higher-risk C&I borrower as that term is defined in Appendix C to Subpart A to Part 327 of the FDIC's regulations, the reporting institution must continue to report these loans using:

(1) The definition of leveraged loans and securities contained in the FDIC's final rule on assessments and large bank pricing, 76 Fed. Reg. 10672 (February 25, 2011), or
(2) The institution's then existing internal methodology for identifying leveraged loans.[1]

Alternatively, a reporting institution may opt to apply the definition of higher-risk C&I loans and securities in Appendix C to Subpart A to Part 327 of the FDIC's regulations to all of its C&I loans and securities without regard to when the loan was originated or refinanced (i.e., whether the loan was originated or refinanced before or after April 1, 2013).

9.b __**Securitizations of higher-risk commercial and industrial loans and securities.**__ Report on a fully consolidated basis the balance sheet amount of higher-risk securitizations issued on or after April 1, 2013, where more than 50 percent of the assets backing the securitization meet the criteria for higher-risk commercial and industrial (C&I) loans and securities (as defined for Schedule RC-O, Memorandum item 9.a, above), with the exception of those securities reported as trading assets in Schedule RC, item 5.

For securitizations issued before April 1, 2013, that contain leveraged loans or securities, the reporting institution must either:

(1) Report the securitizations using the definition of leveraged loans and securities contained in the FDIC's final rule on assessments and large bank pricing, 76 Fed. Reg. 10672 (February 25, 2011), or

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[1] Institutions that did not have an existing methodology in place to identify leveraged loans and securities (because they were not required to report on these exposures to their primary federal regulator for examination or other supervisory purposes or did not measure and monitor loans and securities with these characteristics for internal risk management purposes) may, as an alternative to applying the definitions in the FDIC's assessment regulations to loans and securities originated or refinanced before April 1, 2013, apply then existing guidance provided by their primary federal regulator or the February 2008 Comptroller's Handbook on Leveraged Lending to determine whether the loans or securities are to be reported as higher-risk C&I loans and securities in Schedule RC-O, Memorandum item 9.a.

Memoranda

Item No.	**Caption and Instruction**
9.b (cont.)	(2) Report the securitizations if more than 50 percent of the assets backing the securitization are identified as leveraged loans or securities by the institution's then existing internal methodology for identifying leveraged loans.[1] Alternatively, an institution may apply the definitions in Appendix C to Subpart A to Part 327 of the FDIC's regulations to all of its securitizations regardless of when the securitization was issued. If a bank applies the Appendix C definition of higher-risk C&I loans and securities to all of its securitizations, it must assume all loans to the borrower were originally made or refinanced on or after April 1, 2013.
10	**Commitments to fund construction, land development, and other land loans secured by real estate (for the consolidated bank).** For purposes of Memorandum items 10.a and 10.b, construction, land development, and other land loans are defined in the instructions for Schedule RC-C, part I, item 1.a, "Construction, land development, and other land loans." Commitments are defined in the instructions for Schedule RC-L, item 1, "Unused commitments." On the FFIEC 031 report form, the reporting of foreign office data in Schedule RC-O, Memorandum items 10.a and 10.b, is optional for June 30, 2013, and required beginning September 30, 2013; however, domestic office data must be reported in these Memorandum items when reporting as of June 30, 2013. An institution that opts not to include foreign office data in Schedule RC-O, Memorandum items 10.a and 10.b, when it initially files its report for June 30, 2013, is permitted, but not required, to amend the amounts originally reported in these Memorandum items for June 30, 2013, after it has the systems in place to gather the necessary foreign office data.
10.a	**Total unfunded commitments.** Report on a fully consolidated basis the unused portion of commitments to extend credit to fund construction, land development, and other land loans (in domestic and foreign offices) that, when funded, would be reportable as loans secured by real estate in Schedule RC-C, part I, item 1.a. The amount reported in this item should also have been included in the amounts reported in Schedule RC-L, items 1.c.(1)(a) and (b).

[1] Institutions that did not have an existing methodology in place to identify leveraged loans and securities (because they were not required to report on these exposures to their primary federal regulator for examination or other supervisory purposes or did not measure and monitor loans and securities with these characteristics for internal risk management purposes) may, as an alternative to applying the definitions in the FDIC's assessment regulations to C&I loans and securities backing securitizations issued before April 1, 2013, apply then existing guidance provided by their primary federal regulator or the February 2008 Comptroller's Handbook on Leveraged Lending to determine whether more than 50 percent of the assets backing a securitization are leveraged loans, thus requiring that the securitization be reported as a securitization of higher-risk C&I loans and securities in Schedule RC-O, Memorandum item 9.b.

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. **Caption and Instruction**

10.b **Portion of unfunded commitments guaranteed or insured by the U.S. government.** Report on a fully consolidated basis the maximum amount of the unused portion of the construction, land development, and other land loan commitments (in domestic and foreign offices) reported in Schedule RC-O, Memorandum item 10.a, above that is recoverable from the U.S. government under guarantee or insurance provisions, including the maximum amount recoverable under FDIC loss-sharing agreements.

Exclude amounts recoverable from state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations.

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NOTE: Memorandum item 13.a is to be completed by “large institutions” and “highly complex institutions.” Memorandum items 13.b through 13.h are to be completed by “large institutions” only.

13 **Portion of funded loans and securities (in domestic and foreign offices) guaranteed or insured by the U.S. government (including FDIC loss-sharing agreements).** Report in the appropriate subitem on a fully consolidated basis the portion of the balance sheet amount of funded loans and securities (in domestic and foreign offices) that is guaranteed or insured by the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.

Exclude loans guaranteed or insured by state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations as well as loans collateralized by securities issued by the U.S. government.

On the FFIEC 031 report form, the reporting of foreign office data in Schedule RC-O, Memorandum items 13.a through 13.d, is optional for June 30, 2013, and required beginning September 30, 2013; however, domestic office data must be reported in these Memorandum items when reporting as of June 30, 2013. An institution that opts not to include foreign office data in Schedule RC-O, Memorandum items 13.a through 13.d, when it initially files its report for June 30, 2013, is permitted, but not required, to amend the amounts originally reported in these Memorandum items for June 30, 2013, after it has the systems in place to gather the necessary foreign office data.

13.a **Construction, land development, and other land loans secured by real estate.** Report on a fully consolidated basis the portion of the balance sheet amount of construction, land development, and other land loans (in domestic and foreign offices) (as defined for Schedule RC-C, part I, item 1.a) that is guaranteed or insured by the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.

13.b **Loans secured by multifamily residential and nonfarm nonresidential properties.** Report on a fully consolidated basis the portion of the balance sheet amount of loans secured by multifamily (5 or more) residential properties and loans secured by nonfarm nonresidential properties (in domestic and foreign offices) (as defined for Schedule RC-C, part I, items 1.d and 1.e., respectively) that is guaranteed or insured by the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No.	Caption and Instruction
13.c	**Closed-end loans secured by first liens on 1-4 family residential properties.** Report on a fully consolidated basis the portion of the balance sheet amount of closed-end loans secured by first liens on 1-4 family residential properties (in domestic and foreign offices) (as defined for Schedule RC-C, part I, item 1.c.(2)(a)) that is guaranteed or insured by the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.
13.d	**Closed-end loans secured by junior liens on 1-4 family residential properties and revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report on a fully consolidated basis the portion of the balance sheet amount of closed-end loans secured by junior liens on 1-4 family residential properties and revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit (in domestic and foreign offices) (as defined for Schedule RC-C, part I, items 1.c.(2)(b) and 1.c.(1), respectively) that is guaranteed or insured by the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.
13.e	**Commercial and industrial loans.** Report on a fully consolidated basis the portion of the balance sheet amount of commercial and industrial loans (as defined for Schedule RC-C, part I, item 4) that is guaranteed or insured by the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.
13.f	**Credit card loans to individuals for household, family, and other personal expenditures.** Report on a fully consolidated basis the portion of the balance sheet amount of credit card loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6.a) that is guaranteed or insured by the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.
13.g	**All other loans to individuals for household, family, and other personal expenditures.** Report on a fully consolidated basis the portion of the balance sheet amount of revolving credit plans other than credit cards (as defined for Schedule RC-C, part I, item 6.b), automobile loans (as defined for Schedule RC-C, part I, item 6.c), and other consumer loans (as defined for Schedule RC-C, part I, item 6.d) that is guaranteed or insured by the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.
13.h	**Non-agency residential mortgage-backed securities.** Report on a fully consolidated basis the portion of the balance sheet amount of residential mortgage-backed securities (as defined for Schedule RC-B, items 4.a.(3) and 4.b.(3)) that is guaranteed or insured by the U.S. government, including the maximum amount recoverable under FDIC loss-sharing agreements.

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Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. Caption and Instruction

NOTE: Memorandum item 18 is to be completed on a fully consolidated basis by “large institutions” and “highly complex institutions.”

18 **Outstanding balance of 1-4 family residential mortgage loans, consumer loans, and consumer leases by two-year probability of default.** Report on a fully consolidated basis the balance sheet amount of all consumer loans, as defined for assessment purposes below, segmented by nine product types and 12 two-year probability of default (PD) bands. This information is intended to supplement the amount of higher-risk consumer loans reported in Schedule RC-O, Memorandum items 7.a and 8.a, above, and should include all consumer loans, as defined for assessment purposes, regardless of whether they have a two-year PD of more than 20 percent. Institutions must calculate the PD for each consumer loan in accordance with the requirements set forth in Appendix C to Subpart A to Part 327 of the FDIC’s regulations. When determining the PD band to which a consumer loan should be assigned, institutions must round the PD of the loan to the nearest hundredth of a percentage point (e.g., round a PD of 5.6789 percent to 5.68 percent).

Amounts reported in Memorandum item 18 will not be made available to the public on an individual institution basis.

For assessment purposes, consumer loans are defined as loans secured by 1-4 family residential properties (as defined for Schedule RC-C, part I, item 1.c) and loans and leases to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, items 6 and 10.a). However, when completing Memorandum item 18, exclude:

(1) Consumer loans reported as trading assets in Schedule RC, item 5;

(2) The maximum amounts recoverable on consumer loans from the U.S. government under guarantee or insurance provisions, including the maximum amount recoverable under FDIC loss-sharing agreements; and

(3) Consumer loans fully secured by cash collateral, provided the requirements regarding loans fully secured by cash collateral that are detailed in Appendix C to Subpart A to Part 327 of the FDIC’s regulations are met.

(4) All securitizations.

The amounts to be reported in Memorandum item 18 should include 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”).

The total amount reported in Memorandum item 18.j, column N, may be less than the balance sheet amount of consumer loans reported in Schedule RC-C, part I, due to the exclusions noted above as well as the reporting exceptions detailed in Appendix C to Subpart A to Part 327 of the FDIC’s regulations.

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No.	Caption and Instruction

18 (cont.)

Column Instructions

Columns A through L, Two-Year Probability of Default: Report each consumer loan by product type in the appropriate two-year PD band column based on the two-year PD assigned to the loan in accordance with the requirements in Appendix C to Subpart A to Part 327 of the FDIC's regulations, unless the loan is unscoreable.

Column M, Unscoreable: Report in column M the total amount of unscoreable loans by product type. Unscoreable loans are defined for assessment purposes as consumer loans where the available information about the borrower is insufficient to determine a credit score and, consequently, the loan cannot be assigned a two-year PD in accordance with the requirements in Appendix C to Subpart A to Part 327 of the FDIC's regulations.

Column N, Total: Report in column N the total amount of scoreable and unscoreable consumer loans by product type, i.e., the sum of columns A through M for each product type.

Column O, PDs Were Derived Using: Report in column O for each product type the method or methods used to assign PDs to the consumer loans within that product type. For each product type, enter a 1 in column O if the PDs assigned to the loans were derived using a credit score-to-default rate mapping provided by a third party vendor; enter a 2 in column O if the PDs assigned to the loans were derived using an internally developed mapping approach; and enter a 3 in column O if third party and internal mapping were applied to derive the PDs for different segments of loans within the product type.

18.a **"Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations.** For "nontraditional 1-4 family residential mortgage loans," as defined for assessment purposes in Schedule RC-O, Memorandum item 7.a, above, report in the appropriate column the amount of such loans to which a two-year PD has been assigned, the amount of unscoreable loans within this product type, the total amount of loans in this product type, and the method(s) used to assign PDs to the loans in this product type. The amount reported in Memorandum item 18.a, column N, should be less than or equal to the amount reported in Schedule RC-O, Memorandum item 7.a.

18.b **Closed-end loans secured by first liens on 1-4 family residential properties.** For closed-end loans secured by first liens on 1-4 family residential properties, as defined for Schedule RC-C, part I, item 1.c.(2)(a) (but excluding first liens reported as "nontraditional 1-4 family residential mortgage loans" in Memorandum item 18.a, above), report in the appropriate column the amount of such loans to which a two-year PD has been assigned, the amount of unscoreable loans within this product type, the total amount of loans in this product type, and the method(s) used to assign PDs to the loans in this product type. The amount reported in Memorandum item 18.b, column N, should be less than or equal to:

- The amount reported in Schedule RC-C, part I, item 1.c.(2)(a), column A, less the amount reported in Schedule RC-O, Memorandum item 13.c, on the FFIEC 031;
- The amount reported in Schedule RC-C, part I, item 1.c.(2)(a), column B, less the amount reported in Schedule RC-C, Memorandum item 13.c, on the FFIEC 041.

Memoranda

Item No. **Caption and Instruction**

18.c **Closed-end loans secured by junior liens on 1-4 family residential properties.** For closed-end loans secured by junior liens on 1-4 family residential properties, as defined for Schedule RC-C, part I, item 1.c.(2)(b) (but excluding junior liens reported as "nontraditional 1-4 family residential mortgage loans" in Memorandum item 18.a, above), report in the appropriate column the amount of such loans to which a two-year PD has been assigned, the amount of unscoreable loans within this product type, the total amount of loans in this product type, and the method(s) used to assign PDs to the loans in this product type. The amount reported in Memorandum item 18.c, column N, should be less than or equal to the amount reported in Schedule RC-C, part I, item 1.c.(2)(b), column A, on the FFIEC 031; Schedule RC-C, part I, item 1.c.(2)(b), column B, on the FFIEC 041.

18.d **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** For revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit, as defined for Schedule RC-C, part I, item 1.c.(1), report in the appropriate column the amount of such loans to which a two-year PD has been assigned, the amount of unscoreable loans within this product type, the total amount of loans in this product type, and the method(s) used to assign PDs to the loans in this product type. The amount reported in Memorandum item 18.d, column N, should be less than or equal to the amount reported in Schedule RC-C, part I, item 1.c.(1), column A, on the FFIEC 031; Schedule RC-C, part I, item 1.c.(1), column B, on the FFIEC 041.

18.e **Credit cards.** For credit cards to individuals for household, family, and other personal expenditures, as defined for Schedule RC-C, part I, item 6.a, report in the appropriate column the amount of such loans to which a two-year PD has been assigned, the amount of unscoreable loans within this product type, the total amount of loans in this product type, and the method(s) used to assign PDs to the loans in this product type. The amount reported in Memorandum item 18.e, column N, should be less than or equal to

- The amount reported in Schedule RC-C, part I, item 6.a, column A, less the amount reported in Schedule RC-O, Memorandum item 13.f, on the FFIEC 031;
- The amount reported in Schedule RC-C, part I, item 6.a, column B, less the amount reported in Schedule RC-O, Memorandum item 13.f, on the FFIEC 041.

18.f **Automobile loans.** For automobile loans to individuals for household, family, and other personal expenditures, as defined for Schedule RC-C, part I, item 6.c, report in the appropriate column the amount of such loans to which a two-year PD has been assigned, the amount of unscoreable loans within this product type, the total amount of loans in this product type, and the method(s) used to assign PDs to the loans in this product type. The amount reported in Memorandum item 18.f, column N, should be less than or equal to the amount reported in Schedule RC-C, part I, item 6.c, column A on the FFIEC 031; Schedule RC-C, part I, item 6.c, column B, on the FFIEC 041.

18.g **Student loans.** For student loans included in Schedule RC-C, part I, item 6.d, "Other consumer loans," report in the appropriate column the amount of such loans to which a two-year PD has been assigned, the amount of unscoreable loans within this product type, the total amount of loans in this product type, and the method(s) used to assign PDs to the loans in this product type.

Schedule RC-O – Other Data for Deposit Insurance and FICO Assessments (cont.)

Memoranda

Item No. **Caption and Instruction**

18.h **Other consumer loans and revolving credit plans other than credit cards.** For revolving credit plans other than credit cards to individuals for household, family, and other personal expenditures and other consumer loans, as defined for Schedule RC-C, part I, items 6.b and 6.d, respectively (but excluding student loans), report in the appropriate column the amount of such loans to which a two-year PD has been assigned, the amount of unscoreable loans within this product type, the total amount of loans in this product type, and the method(s) used to assign PDs to the loans in this product type. The sum of the amounts reported in Memorandum items 18.g and 18.h, column N, should be less than or equal to the sum of the amounts reported in Schedule RC-C, part I, items 6.b and 6.d, column A, on the FFIEC 031; Schedule RC-C, part I, items 6.b and 6.d, column B, on the FFIEC 041.

18.i **Consumer leases.** For leases to individuals for household, family, and other personal expenditures, as defined for Schedule RC-C, part I, item 10.a, report in the appropriate column the amount of such leases to which a two-year PD has been assigned, the amount of unscoreable leases within this product type, the total amount of leases in this product type, and the method(s) used to assign PDs to the leases in this product type. The amount reported in Memorandum item 18.i, column N, should be less than or equal to the amount reported in Schedule RC-C, part I, item 10.a, column A.

18.j **Total.** For each of columns A through N, report the sum of Memorandum items 18.a through 18.i. Memorandum item 18.j, column N, must equal the sum of columns A through M for Memorandum item 18.j.

Schedule RC-R – Regulatory Capital

Item No. **Caption and Instructions**

19 Not applicable.

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Item No. **Caption and Instructions**

21 **Total risk-based capital.** Report the sum of Schedule RC-R, items 11 and 18, less item 20. The amount reported in this item is the numerator of the bank's total risk-based capital ratio.