

**Draft Revisions to the Call Report Instructions  
for Revisions to the FFIEC 031 and FFIEC 041 Call Reports  
Proposed to Take Effect March 31, 2018,  
and June 30, 2018**

**These draft instructions reflect the proposed revisions to the FFIEC 031 and FFIEC 041 Call Reports that would take effect March 31, 2018, and June 30, 2018, as described in the federal banking agencies' final Paperwork Reduction Act Federal Register notice for this proposal that will be published in January 2018.**

**The Federal Register notice and the redlined draft reporting forms for these proposed Call Report revisions are available at <https://www.ffiec.gov/forms031.htm> and <https://www.ffiec.gov/forms041.htm>.**

**Draft as of January 3, 2018**

DRAFT

This page intentionally left blank.

**Draft Revisions to the Call Report Instructions  
for Revisions to the FFIEC 031 and FFIEC 041 Call Reports  
Proposed to Take Effect March 31, 2018, and June 30, 2018**

**Contents**

Draft Revisions to Address Changes in the Accounting for Equity Securities and  
Other Equity Investments Proposed to Take Effect March 31, 2018

Schedule RI – Income Statement	5
Schedule RI-D – Income from Foreign Offices (FFIEC 031 only)	13
Schedule RC – Balance Sheet	14
Schedule RC-B – Securities	20
Schedule RC-F – Other Assets	22
Schedule RC-H – Selected Balance Sheet Items for Domestic Offices (FFIEC 031 only)	24
Schedule RC-K – Quarterly Averages	25
Schedule RC-M – Memoranda	28
Schedule RC-Q – Assets and Liabilities Measured at Fair Value on a Recurring Basis	29
Schedule RC-R – Regulatory Capital	30

Draft Burden-Reducing Revisions to the Call Report Proposed to Take Effect June 30, 2018

General Instructions	45
Schedule RI – Income Statement	46
Schedule RI-D – Income from Foreign Offices (FFIEC 031 only)	59
Schedule RI-E – Explanations	60
Schedule RC – Balance Sheet	62
Schedule RC-B – Securities	64
Schedule RC-C, Part I – Loans and Leases	75
Schedule RC-D – Trading Assets and Liabilities	79
Schedule RC-H – Selected Balance Sheet Items for Domestic Offices (FFIEC 031 only)	89
Schedule RC-K – Quarterly Averages	91
Schedule RC-L – Derivatives and Off-Balance-Sheet Items	92

Schedule RC-M – Memoranda	98
Schedule RC-N – Past Due and Nonaccrual Loans, Leases, and Other Assets	108

NOTE: These draft instructions reflect the proposed revisions to the FFIEC 031 and FFIEC 041 Call Reports described in the federal banking agencies' final Paperwork Reduction Act Federal Register notice for this proposal that will be published in January 2018. The Federal Register notice and the redlined draft reporting forms for these proposed Call Report revisions are available at <https://www.ffiec.gov/forms031.htm> and <https://www.ffiec.gov/forms041.htm>.

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

**Draft Revisions to the  
FFIEC 031 and FFIEC 041 Call Report Instructions  
for the Revisions to Address  
Changes in the Accounting for  
Equity Securities and Other Equity Investments  
Proposed to Take Effect March 31, 2018**

DRAFT

This page intentionally left blank.

**Item No.    Caption and Instructions**

- 1.d    Interest and dividend income on securities.** Report in the appropriate subitem all income on assets that are reportable in Schedule RC-B, Securities. Include accretion of discount and deduct amortization of premium on securities. Refer to the Glossary entry for "premiums and discounts."

For institutions that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RI, item 8.b), also include dividend income on equity securities with readily determinable fair values not held for trading that are reportable in Schedule RC, item 2.c.

Include interest and dividends on securities held in the bank's held-to-maturity and available-for-sale portfolios, even if such securities have been lent, sold under agreements to repurchase that are treated as borrowings, or pledged as collateral for any purpose.

Include interest received at the sale of securities to the extent that such interest had not already been accrued on the bank's books.

Do not deduct accrued interest included in the purchase price of securities from income on securities and do not charge to expense. Record such interest in a separate asset account (to be reported in Schedule RC, item 11, "Other assets") to be offset upon collection of the next interest payment.

Report income from detached U.S. Government security coupons and ex-coupon U.S. Government securities not held for trading in Schedule RI, item 1.d.(3), as interest and dividend income on "All other securities." Refer to the Glossary entry for "coupon stripping, Treasury receipts, and STRIPS."

Exclude from interest and dividend income on securities:

- (1) Realized gains (losses) on held-to-maturity securities and on available-for-sale securities (report in Schedule RI, items 6.a and 6.b, respectively).
- (2) Net unrealized holding gains (losses) on available-for-sale securities (include the amount of such net unrealized holding gains (losses) in Schedule RC, item 26.b, "Accumulated other comprehensive income," and the calendar year-to-date change in such net unrealized holding gains (losses) in Schedule RI-A, item 10, "Other comprehensive income").

(3) For institutions that have adopted ASU 2016-01, realized and unrealized gains (losses) on equity securities with readily determinable fair values not held for trading (report in Schedule RI, item 8.b).

~~(3)~~ Income from advances to, or obligations of, majority-owned subsidiaries not consolidated, associated companies, and those corporate joint ventures over which the bank exercises significant influence (report as "Noninterest income" in the appropriate subitem of Schedule RI, item 5).

- 1.d.(1)    Interest and dividend income on U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).** Report income from all securities reportable in Schedule RC-B, item 1, "U.S. Treasury securities," and item 2, "U.S. Government agency obligations." Include accretion of discount on U.S. Treasury bills.

- 1.d.(2) **Interest and dividend income on mortgage-backed securities.** Report income from all securities reportable in Schedule RC-B, item 4, "Mortgage-backed securities."
- 1.d.(3) **Interest and dividend income on all other securities.** Report income from all securities reportable in Schedule RC-B, item 3, "Securities issued by states and political subdivisions in the U.S.," item 5, "Asset-backed securities and structured financial products," and item 6, "Other debt securities;" ~~and~~ For institutions that have not adopted ASU 2016-01, include income from all securities reportable in Schedule RC-B, item 7, "Investments in mutual funds and other equity securities with readily determinable fair values." For institutions that have adopted ASU 2016-01, include income from all securities reportable in Schedule RC, item 2.c, "Equity securities with readily determinable fair values not held for trading."



**Item No.    Caption and Instructions**

**1.d.(3)**    Exclude from interest and dividend income on all other securities:  
(cont.)

- (1) Income from equity securities that do not have readily determinable fair values (report as "Other interest income" in Schedule RI, item 1.g).
- (2) The bank's proportionate share of the net income or loss from its investments in the stock of unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the bank exercises significant influence (report income or loss before discontinued operations as "Noninterest income" in the appropriate subitem of Schedule RI, item 5, and report the results of discontinued operations in Schedule RI, item 11).

NOTE: Item 1.e is not applicable to banks filing the FFIEC 041 report form.

**1.e**        **Interest income on trading assets.** Report the interest income earned on assets reportable in Schedule RC, item 5, "Trading assets."

Include accretion of discount on assets held for trading that have been issued on a discount basis, such as U.S. Treasury bills and commercial paper.

Exclude gains (losses) on and fees from trading assets, which should be reported in Schedule RI, item 5.c, "Trading revenue." Also exclude revaluation adjustments from the periodic marking to market of derivative contracts held for trading purposes, which should be reported as trading revenue in Schedule RI, item 5.c. The effect of the periodic net settlements on these derivative contracts should be included as part of the revaluation adjustments from the periodic marking to market of the contracts.

**1.f**        **Interest income on federal funds sold and securities purchased under agreements to resell.** Report the gross revenue from assets reportable in Schedule RC, item 3, "Federal funds sold and securities purchased under agreements to resell." Include interest income earned on federal funds sold and securities purchased under agreements to resell that are reported at fair value under a fair value option.

Report the expense of federal funds purchased and securities sold under agreements to repurchase in Schedule RI, item 2.b; do not deduct from the gross revenue reported in this item. However, if amounts recognized as payables under repurchase agreements have been offset against amounts recognized as receivables under reverse repurchase agreements and reported as a net amount in Schedule RC, Balance Sheet, in accordance with ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements"), the income and expense from these agreements may be reported on a net basis in Schedule RI, Income Statement.

**1.g**        **Other interest income.** Report interest and dividend income on assets other than those assets properly reported in Schedule RC, items 1 through 5. Include interest income on receivables arising from foreclosures on fully and partially government-guaranteed mortgage loans that are reportable in Schedule RC-F, item 6. Include dividend income on "Equity ~~securities that do not have investments without~~ readily determinable fair values" that are reportable in Schedule RC-F, item 4. Also include interest income on interest-only strips receivable (not in the form of a security) that are reportable in Schedule RC-F, item 3. However, exclude interest and dividends on venture capital investments (loans and securities), which should be reported in item 5.e, below.

**Item No.    Caption and Instructions**

**5.k    Net gains (losses) on sales of other assets.** Report the amount of net gains (losses) on sales and other disposals of assets not required to be reported elsewhere in the income statement (Schedule RI). Include net gains (losses) on sales and other disposals of premises and fixed assets; personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances); and coins, art, and other similar assets.

For institutions that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities (see the Note preceding the instructions for Schedule RI, item 8.b), Also include net gains (losses) on sales of, and other-than-temporary impairment losses on, equity ~~securities that do not have investments without~~ readily determinable fair values ~~and are~~ not held for trading. Do not include net gains (losses) on sales and other disposals of held-to-maturity securities, available-for-sale securities, loans and leases (either directly or through securitization), trading assets, and other real estate owned (report these net gains (losses) in the appropriate items of Schedule RI).

For institutions that have adopted ASU 2016-01, do not include:

- (1) Unrealized holding gains (losses) on equity securities and other equity investments without readily determinable fair values not held for trading that are measured at fair value through earnings.
- (2) Impairment, if any, plus or minus changes resulting from observable price changes on equity securities and other equity investments without readily determinable fair values not held for trading for which this measurement election is made.

These amounts should be reported in Schedule RI, item 8.b. Also do not include net gains (losses) on sales and other disposals of held-to-maturity securities, available-for-sale debt securities, equity securities with readily determinable fair values not held for trading, loans and leases (either directly or through securitization), trading assets, and other real estate owned (report these net gains (losses) in the appropriate items of Schedule RI).

**5.l    Other noninterest income.** Report all operating income of the bank for the calendar year to date not required to be reported elsewhere in Schedule RI.

Disclose in Schedule RI-E, items 1.a through 1.l, each component of other noninterest income, and the dollar amount of such component, that is greater than \$100,000 and exceeds 3 percent of the other noninterest income reported in this item. If net losses have been reported in this item for a component of "Other noninterest income," use the absolute value of such net losses to determine whether the amount of the net losses is greater than \$100,000 and exceeds 3 percent of "Other noninterest income" and should be reported in Schedule RI-E, item 1. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.)

For each component of other noninterest income that exceeds the disclosure threshold in the preceding paragraph and for which a preprinted caption has not been provided in Schedule RI-E, items 1.a through 1.i, describe the component with a clear but concise caption in Schedule RI-E, items 1.j through 1.l. These descriptions should not exceed 50 characters in length (including spacing between words).

For disclosure purposes in Schedule RI-E, items 1.a through 1.i, when components of "Other noninterest income" reflect a single credit for separate "bundled services" provided through third party vendors, disclose such amounts in the item with the preprinted caption that most closely describes the predominant type of income earned, and this categorization should be used consistently over time.

**Item No.    Caption and Instructions**

- 6.a    Realized gains (losses) on held-to-maturity securities.** Report the net gain or loss realized during the calendar year to date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule RC, item 2.a, "Held-to-maturity securities." The realized gain or loss on a security is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and its amortized cost. Also include in this item other-than-temporary impairment losses on individual held-to-maturity securities that must be recognized in earnings. For further information on the accounting for impairment of held-to-maturity securities, see the Glossary entry for "securities activities." If the amount to be reported in this item is a net loss, report it with a minus (-) sign.

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

- 6.b    Realized gains (losses) on available-for-sale securities.** Report the net gain or loss realized during the calendar year to date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule RC, item 2.b, "Available-for-sale securities." The realized gain or loss on a security is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and its amortized cost. Also include in this item other-than-temporary impairment losses on individual available-for-sale securities that must be recognized in earnings. For further information on the accounting for impairment of available-for-sale securities, see the Glossary entry for "securities activities." If the amount to be reported in this item is a net loss, report it with a minus (-) sign.

For institutions that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RI, item 8.b), include realized gains (losses) only on available-for-sale debt securities in item 6.b. Report realized and unrealized gains (losses) during the year-to-date reporting period on equity securities with readily determinable fair values not held for trading in Schedule RI, item 8.b.

Exclude from this item:

- (1) (a) For institutions that have not adopted ASU 2016-01, the change in net unrealized holding gains (losses) on available-for-sale debt and equity securities during the calendar year to date (report in Schedule RI-A, item 10, "Other comprehensive income").
- (b) For institutions that have adopted ASU 2016-01, the change in net unrealized holding gains (losses) on available-for-sale debt securities during the calendar year to date (report in Schedule RI-A, item 10, "Other comprehensive income").
- (2) Realized gains (losses) on held-to-maturity securities (report in Schedule RI, item 6.a, above) and on trading securities (report in Schedule RI, item 5.c, "Trading revenue").

**7    Noninterest expense:**

- 7.a    Salaries and employee benefits.** Report salaries and benefits of all officers and employees of the bank and its consolidated subsidiaries including guards and contracted guards, temporary office help, dining room and cafeteria employees, and building department officers and employees (including maintenance personnel). Include as employees individuals who, in form, are employed by an affiliate but who, in substance, do substantially all of their work for the reporting bank. However, banking organizations should not segregate the

**Item No.    Caption and Instructions**

- 7.d** (39) Automated teller machine (ATM) and interchange expenses from bank card and credit card transactions. (Report the amount of such expenses in Schedule RI-E, item 2.j, if (cont.) this amount is greater than \$100,000 and exceeds 3 percent of the amount reported in Schedule RI, item 7.d.)

Exclude from other noninterest expense:

- (1) Material expenses incurred in the issuance of subordinated notes and debentures (capitalize such expenses and amortize them over the life of the related notes and debentures using the effective interest method and report the expense in Schedule RI, item 2.d, "Interest on subordinated notes and debentures"). For further information, see the Glossary entry for "Debt issuance costs."
- (2) Expenses incurred in the sale of preferred and common stock (deduct such expenses from the sale proceeds and credit the net amount to the appropriate stock account. For perpetual preferred and common stock only, report the net sales proceeds in Schedule RI-A, item 5, "Sale, conversion, acquisition, or retirement of capital stock, net").
- (3) Depreciation and other expenses related to the use of bank-owned automobiles, airplanes, and other vehicles for bank business (report in Schedule RI, item 7.b, "Expenses of premises and fixed assets").
- (4) Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in Schedule RI, item 6.a, "Realized gains (losses) on held-to-maturity securities," and item 6.b, "Realized gains (losses) on available-for-sale securities," respectively).
- (5) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option. Banks should report these net decreases (increases) in fair value on trading assets and liabilities in Schedule RI, item 5.c; on servicing assets and liabilities in Schedule RI, item 5.f; and on other financial assets and liabilities in Schedule RI, item 5.l. Interest income earned and interest expense incurred on these financial assets and liabilities should be excluded from the net decreases (increases) in fair value and reported in the appropriate interest income or interest expense items on Schedule RI.

**7.e**    **Total noninterest expense.** Report the sum of items 7.a through 7.d.

**-8.a**    **Income (loss) before unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations.** Report the ~~bank's institution's~~ pretax ~~operating~~ income from continuing operations before unrealized holding gains (losses) on equity securities not held for trading. This amount is determined by taking item 3, "Net interest income," minus item 4, "Provision for loan and lease losses," plus item 5.m, "Total noninterest income," plus item 6.a, "Realized gains (losses) on held-to-maturity securities," plus item 6.b, "Realized gains (losses) on available-for-sale securities," minus item 7.e, "Total noninterest expense." If the result is negative, report it with a minus (-) sign.

**NOTE: Item 8.b is to be completed only by institutions that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities and eliminates the concept of available-for-sale equity securities. ASU 2016-01 requires holdings of equity securities (except those accounted for under the equity method or that result in consolidation), including other ownership interests (such as partnerships, unincorporated joint ventures,**

and limited liability companies), to be measured at fair value with changes in the fair value recognized through net income. However, an institution may choose to measure equity securities and other equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Institutions that have not adopted ASU 2016-01 should leave item 8.b blank and report their unrealized gains (losses) on available-for-sale equity securities during the year-to-date reporting period in Schedule RI-A, item 10, "Other comprehensive income").

For institutions that are public business entities, as defined in U.S. GAAP, ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For example, an institution with a calendar year fiscal year that is a public business entity must begin to apply ASU 2016-01 in its Call Report for March 31, 2018. For all other institutions, ASU 2016-01 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For example, an institution with a calendar year fiscal year that is not a public business entity must begin to apply ASU 2016-01 in its Call Report for December 31, 2019. Early application of ASU 2016-01 is permitted for all institutions that are not public business entities as of fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.

**8.b Unrealized holding gains (losses) on equity securities not held for trading.** Report unrealized holding gains (losses) during the year-to-date reporting period on equity securities with readily determinable fair values not held for trading. Include unrealized holding gains (losses) during the year-to-date reporting period on equity securities and other equity investments without readily determinable fair values not held for trading that are measured at fair value through earnings. Also include impairment, if any, plus or minus changes resulting from observable price changes during the year-to-date reporting period on equity securities and other equity investments without readily determinable fair values not held for trading for which this measurement election is made.

If an institution sells an equity security or other equity investment, but had not yet recorded the change in value to the point of sale since the last value change was recorded, include the change in value of the equity security or other equity investment to the point of sale in this item.

**8.c Income (loss) before applicable income taxes and discontinued operations.** Report the institution's pretax income from continuing operations as the sum of Schedule RI, item 8.a, "Income (loss) before unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations," and Schedule RI, item 8.b, "Unrealized holding gains (losses) on equity securities not held for trading." If the amount is negative, report it with a minus (-) sign.

**9 Applicable income taxes (on item 8.c).** Report the total estimated federal, state and local, and foreign income tax expense applicable to item 8.c, "Income (loss) before applicable income taxes and discontinued operations." Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than tax expense, report it with a minus (-) sign.

Include as applicable income taxes all taxes based on a net amount of taxable revenues less deductible expenses. Exclude from applicable income taxes all taxes based on gross

**Item No.    Caption and Instructions**

**9**            revenues or gross receipts (report such taxes in Schedule RI, item 7.d, "Other noninterest  
(cont.)        expense").

Include income tax effects of changes in tax laws or rates. Also include the effect of changes in the valuation allowance related to deferred tax assets resulting from a change in estimate of the realizability of deferred tax assets, excluding the effect of any valuation allowance changes related to unrealized holding gains (losses) on available-for-sale securities that are charged or credited directly to the separate component of equity capital for "Accumulated other comprehensive income" (Schedule RC, item 26.b).

Include the tax benefit of an operating loss carryforward or carryback for which the source of the income or loss in the current year is reported in Schedule RI, item 8, "Income (loss) before applicable income taxes and discontinued operations."

Also include the dollar amount of any material adjustments or settlements reached with a taxing authority (whether negotiated or adjudicated) relating to disputed income taxes of prior years.

Exclude the estimated federal, state and local, and foreign income taxes applicable to:

- (1) Schedule RI, item 11, "Discontinued operations, net of applicable income taxes."
- (2) Schedule RI-A, item 2, "Cumulative effect of changes in accounting principles and corrections of material accounting errors."
- (3) Schedule RI-A, item 10, "Other comprehensive income."

Refer to the Glossary entry for "income taxes" for additional information.

**10**            **Income (loss) before discontinued operations.** Report Schedule RI, item 8.c, "Income (loss) before applicable income taxes and discontinued operations," minus Schedule RI, item 9, "Applicable income taxes (on item 8)." If the amount is negative, report it with a minus (-) sign.

**11**            **Discontinued operations, net of applicable income taxes.** Report the results of discontinued operations, if any, net of applicable income taxes, as determined in accordance with the provisions of ASC Subtopic 205-20, Presentation of Financial Statements – Discontinued Operations (formerly FASB Statement No. 144, "Accounting for the Impairment of Long-Lived Assets"). If the amount reported in this item is a net loss, report it with a minus (-) sign. State the dollar amount of the results of, and describe each of, the reporting institution's discontinued operations included in this item and the applicable income tax effect in Schedule RI-E, item 3.

**12**            **Net income (loss) attributable to bank and noncontrolling (minority) interests.** Report the sum of Schedule RI, items 10 and 11. If this amount is a net loss, report it with a minus (-) sign.

**13**            **LESS: Net income (loss) attributable to noncontrolling (minority) interests.** Report that portion of consolidated net income reported in Schedule RI, item 12, above, attributable to noncontrolling interests in consolidated subsidiaries of the bank. A noncontrolling interest, also called a minority interest, is the portion of equity in a bank's subsidiary not attributable, directly or indirectly, to the parent bank. If the amount reported in this item is a net loss, report it with a minus (-) sign.

**14**            **Net income (loss) attributable to bank.** Report Schedule RI, item 12, less item 13. If this amount is a net loss, report it with a minus (-) sign.

**Item No.    Caption and Instructions**

- 4.b    Investment banking, advisory, brokerage, and underwriting fees and commissions.** Report investment banking, advisory, brokerage and underwriting fees and commissions (as defined for Schedule RI, items 5.d.(1) and 5.d.(2)) in foreign offices.
- 4.c    Net securitization income.** Report net securitization income (as defined for Schedule RI, item 5.g) in foreign offices. If the amount to be reported in this item is a net loss, report it with a minus (-) sign.
- 4.d    Other noninterest income.** Report all other noninterest income (as defined for Schedule RI, items 5.a, 5.b, 5.d.(3), 5.d.(4), 5.d.(5), 5.e, 5.f, and 5.i through 5.l) in foreign offices. If the amount to be reported in this item is negative, report it with a minus (-) sign.
- 5       Realized gains (losses) on held-to-maturity and available-for-sale securities in foreign offices.** Report realized gains (losses) on held-to-maturity and available-for-sale securities (as defined for Schedule RI, items 6.a and 6.b) in foreign offices.
- 
- For institutions that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding Schedule RI, item 8.b), also include the amount of unrealized holding gains (losses) on equity securities in foreign office not held for trading that is included in Schedule RI, item 8.b.
- 
- If the amount to be reported in this item is a net loss, report it with a minus (-) sign.
- 6       Total noninterest expense in foreign offices.** Report total noninterest expense (as defined for Schedule RI, item 7.e) in foreign offices.
- 7       Adjustments to pretax income in foreign offices for internal allocations to foreign offices to reflect the effects of equity capital on overall bank funding costs.** Report any amounts credited to estimated pretax income in foreign offices that reflects management's estimate of the effect of equity capital allocable to foreign office operations. Equity capital, which is interest-free, helps to reduce a bank's overall funding costs and increase net interest income.
- 8       Applicable income taxes (on items 1 through 7).** Report the total estimated income tax expense (as defined for Schedule RI, item 9) applicable to pretax income in foreign offices. If the amount is a net benefit rather than tax expense, report it with a minus (-) sign.
- 9       Discontinued operations, net of applicable income taxes, in foreign offices.** Report the results of discontinued operations, net of applicable income taxes (as defined for Schedule RI, item 11), in foreign offices. If the amount to be reported in this item is a net loss, report it with a minus (-) sign.
- 10      Net income attributable to foreign offices before eliminations arising from consolidation.** The amount to be reported in this item generally will be determined by taking Schedule RI-D, item 1, minus items 2 and 3, plus items 4.a through 4.d, plus item 5, minus item 6, plus item 7, minus item 8, plus item 9.
- 11      Not applicable.**
- 12      Eliminations arising from the consolidation of foreign offices with domestic offices.** Report the net effect of eliminating transactions between foreign and domestic offices of the

**Item No.    Caption and Instructions**

**1.b**        (4) Investments in money market mutual funds, which, for purposes of these reports, are to be reported as investments in equity securities.

**2        Securities:**

**2.a**        **Held-to-maturity securities.** Report the amount from Schedule RC-B, item 8, column A, "Total amortized cost."

**2.b**        **Available-for-sale securities.** Report the amount from Schedule RC-B, item 8, column D, "Total fair value."

NOTE: Item 2.c is to be completed only by institutions that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities. ASU 2016-01 requires holdings of equity securities (except those accounted for under the equity method or that result in consolidation), including other ownership interests (such as partnerships, unincorporated joint ventures, and limited liability companies), to be measured at fair value with changes in the fair value recognized through net income. However, an institution may choose to measure equity securities and other equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Institutions that have not adopted ASU 2016-01 should leave item 2.c blank and report their holdings of equity securities with readily determinable fair values not held for trading as available-for-sale equity securities in Schedule RC-B, item 7, and in Schedule RC, item 2.b.

For institutions that are public business entities, as defined in U.S. GAAP, ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For example, an institution with a calendar year fiscal year that is a public business entity must begin to apply ASU 2016-01 in its Call Report for March 31, 2018. For all other institutions, ASU 2016-01 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For example, an institution with a calendar year fiscal year that is not a public business entity must begin to apply ASU 2016-01 in its Call Report for December 31, 2019. Early application of ASU 2016-01 is permitted for all institutions that are not public business entities as of fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.

**2.c**        **Equity securities with readily determinable fair values not held for trading.** Report the fair value of all investments in mutual funds and other equity securities (as defined in ASC Topic 321, Investments-Equity Securities) with readily determinable fair values that are not held for trading. Such securities include, but are not limited to, money market mutual funds, mutual funds that invest solely in U.S. Government securities, common stock, and perpetual preferred stock. Perpetual preferred stock does not have a stated maturity date and cannot be redeemed at the option of the investor, although it may be redeemable at the option of the issuer.

Exclude equity securities held for trading from Schedule RC, item 2.c. For purposes of the Call Report balance sheet, trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale, (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements, and (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes. When an institution's holdings of equity securities with readily determinable



fair values fall within the scope of the preceding description of trading activities, the equity securities should be reported as trading assets in Schedule RC, item 5. Otherwise, the equity securities should be reported in this item 2.c.

According to ASC Topic 321, the fair value of an equity security is readily determinable if sales prices or bid-and-asked quotations are currently available on a securities exchange registered with the U.S. Securities and Exchange Commission (SEC) or in the over-the-counter market, provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by OTC Markets Group Inc. ("Restricted stock" meets that definition if the restriction terminates within one year.) The fair value of an equity security traded only in a foreign market is readily determinable if that foreign market is of a breadth and scope comparable to one of the U.S. markets referred to above. The fair value of an investment in a mutual fund (or in a structure similar to a mutual fund, i.e., a limited partnership or a venture capital entity) is readily determinable if the fair value per share (unit) is determined and published and is the basis for current transactions.

Investments in mutual funds and other equity securities with readily determinable fair values may have been purchased by the reporting institution or acquired for debts previously contracted.

Include in this item common stock and perpetual preferred stock of the Federal National Mortgage Association (Fannie Mae), common stock and perpetual preferred stock of the Federal Home Loan Mortgage Corporation (Freddie Mac), Class A voting and Class C non-voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac), and common and preferred stock of SLM Corporation (the private-sector successor to the Student Loan Marketing Association).

Exclude from equity securities with readily determinable fair values not held for trading:

- (1) Paid-in stock of a Federal Reserve Bank (report as an equity investment without a readily determinable fair value in Schedule RC-F, item 4).
- (2) Stock of a Federal Home Loan Bank (report as an equity investment without a readily determinable fair value in Schedule RC-F, item 4).
- (3) Common and preferred stocks that do not have readily determinable fair values, such as stock of bankers' banks and Class B voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac) (report in Schedule RC-F, item 4).
- (4) Preferred stock that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor (i.e., redeemable or limited-life preferred stock), including trust preferred securities subject to mandatory redemption (report such preferred stock as an other debt security in Schedule RC-B, item 6).
- (5) "Restricted stock," i.e., equity securities for which sale is restricted by governmental or contractual requirement (other than in connection with being pledged as collateral), except if that requirement terminates within one year or if the holder has the power by contract or otherwise to cause the requirement to be met within one year (if the restriction does not terminate within one year, report "restricted stock" as an equity investment without a readily determinable fair value in Schedule RC-F, item 4).
- (6) Participation certificates issued by a Federal Intermediate Credit Bank, which represent nonvoting stock in the bank (report as an equity investment without a readily determinable fair value in Schedule RC-F, item 4).

(7) Minority interests held by the reporting institution in any companies not meeting the definition of associated company (report as equity investments without readily determinable fair values in Schedule RC-F, item 4), except minority holdings that indirectly represent bank premises (report in Schedule RC, item 6) or other real estate owned (report in Schedule RC, item 7), provided that the fair value of any capital stock representing the minority interest is not readily determinable. (See the Glossary entry for "subsidiaries" for the definition of associated company.)

(8) Equity holdings in those corporate joint ventures over which the reporting institution does not exercise significant influence (report as equity investments without readily determinable fair value in Schedule RC-F, item 4), except equity holdings that indirectly represent bank premises (report in Schedule RC, item 6) or other real estate owned (report in Schedule RC, item 7). (See the Glossary entry for "subsidiaries" for the definition of corporate joint venture.)

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

### **3 Federal funds sold and securities purchased under agreements to resell:**

**3.a Federal funds sold (in domestic offices).** Report the outstanding amount of federal funds sold, i.e., immediately available funds lent (in domestic offices) under agreements or contracts that have an original maturity of one business day or roll over under a continuing contract, excluding such funds lent in the form of securities purchased under agreements to resell (which should be reported in Schedule RC, item 3.b) and overnight lending for commercial and industrial purposes (which generally should be reported in Schedule RC, item 4.b). Transactions that are to be reported as federal funds sold may be secured or unsecured or may involve an agreement to resell loans or other instruments that are not securities.

Immediately available funds are funds that the purchasing bank can either use or dispose of on the same business day that the transaction giving rise to the receipt or disposal of the funds is executed. A continuing contract, regardless of the terminology used, is an agreement that remains in effect for more than one business day, but has no specified maturity and does not require advance notice of the lender or the borrower to terminate.

Report federal funds sold on a gross basis; i.e., do not net them against federal funds purchased, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts"). Include the fair value of federal funds sold that are accounted for at fair value under a fair value option.

Also exclude from federal funds sold:

- (1) Sales of so-called "term federal funds" (as defined in the Glossary entry for "federal funds transactions") (report in Schedule RC, item 4.b, "Loans and leases held for investment").
- (2) Securities resale agreements that have an original maturity of one business day or roll over under a continuing contract, if the agreement requires the bank to resell the identical security purchased or a security that meets the definition of substantially the same in the case of a dollar roll (report in Schedule RC, item 3.b, "Securities purchased under agreements to resell").

**Item No.    Caption and Instructions**

**5**            those contracts subject to a qualifying master netting agreement) may be reported on a net  
(cont.)        basis using this item and Schedule RC, item 15, "Trading liabilities," as appropriate. (See the  
Glossary entry for "offsetting.")

For those banks that must complete Schedule RC-D, this item must equal Schedule RC-D,  
item 12, "Total trading assets," and Schedule RC-Q, sum of items 5.a and 5.b, column A.

**6**            **Premises and fixed assets.** Report the book value, less accumulated depreciation or  
amortization, of all premises, equipment, furniture and fixtures purchased directly or acquired  
by means of a capital lease. Any method of depreciation or amortization conforming to  
accounting principles that are generally acceptable for financial reporting purposes may be  
used. However, depreciation for premises and fixed assets may be based on a method used  
for federal income tax purposes if the results would not be materially different from  
depreciation based on the asset's estimated useful life.

Do not deduct mortgages or other liens on such property (report in Schedule RC, item 16,  
"Other borrowed money").

Include as premises and fixed assets:

- (1) Premises that are actually owned and occupied (or to be occupied, if under construction)  
by the bank, its branches, or its consolidated subsidiaries.
- (2) Leasehold improvements, vaults, and fixed machinery and equipment.
- (3) Remodeling costs to existing premises.
- (4) Real estate acquired and intended to be used for future expansion.
- (5) Parking lots that are used by customers or employees of the bank, its branches, and its  
consolidated subsidiaries.
- (6) Furniture, fixtures, and movable equipment of the bank, its branches, and its consolidated  
subsidiaries.
- (7) Automobiles, airplanes, and other vehicles owned by the bank and used in the conduct of  
its business.
- (8) The amount of capital lease property (with the bank as lessee): premises, furniture,  
fixtures, and equipment. See the discussion of accounting with bank as lessee in the  
Glossary entry for "lease accounting."
- (9) (a) Stocks and bonds issued by nonmajority-owned corporations and  
(b) Investments in limited partnerships or limited liability companies (other than  
investments so minor that the institution has virtually no influence over the partnership  
or company)

whose principal activity is the ownership of land, buildings, equipment, furniture, or  
fixtures occupied or used (or to be occupied or used) by the bank, its branches, or its  
consolidated subsidiaries. For institutions that have adopted ASU 2016-01 (see the Note  
preceding the instructions for Schedule RC, item 2.c), report such stocks and investments  
at (i) fair value or (ii) if chosen by the reporting institution for an equity investment that  
does not have a readily determinable fair value, at cost minus impairment, if any, plus or

minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

DRAFT

**Item No.    Caption and Instructions**

**9**            Include as direct and indirect investments in real estate ventures:  
(cont.)

- (1) Any real estate originally acquired, directly or indirectly, by the bank or a consolidated subsidiary and held for development, resale, or other investment purposes.
- (2) Real estate acquisition, development, or construction (ADC) arrangements which are accounted for as direct investments in real estate or real estate joint ventures in accordance with ASC Subtopic 310-10, Receivables – Overall (formerly AICPA Practice Bulletin 1, Appendix, Exhibit I, “ADC Arrangements”).
- (3) Real estate originally acquired and held for investment by the bank or a consolidated subsidiary that has been sold under contract and accounted for under the deposit method of accounting in accordance with ASC Subtopic 360-20, Property, Plant, and Equipment – Real Estate Sales (formerly FASB Statement No. 66, “Accounting for Sales of Real Estate”). Under this method, the seller does not record notes receivable, but continues to report the real estate and any related existing debt on its balance sheet. The deposit method is used when a sale has not been consummated and is commonly used when recovery of the carrying value of the property is not reasonably assured. If the full accrual, installment, cost recovery, reduced profit, or percentage-of-completion method of accounting under ASC Subtopic 360-20 is being used to account for the sale, the receivable resulting from the sale of the real estate should be reported as a loan in Schedule RC-C and any gain on the sale should be recognized in accordance with ASC Subtopic 360-20.
- (4) Any other loans secured by real estate and advanced for real estate acquisition, development, or investment purposes if the reporting bank in substance has virtually the same risks and potential rewards as an investor in the borrower's real estate venture.
- (5) Investments in subsidiaries that have not been consolidated; associated companies; corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank exercises significant influence; and noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for “equity method of accounting”) that are primarily engaged in the holding of real estate for development, resale, or other investment purposes. The entities in which these investments have been made are collectively referred to as “investees.” Investments by the bank in these investees may be in the form of common or preferred stock, partnership interests, loans or other advances, bonds, notes, or debentures. Such investments shall be reported using the equity method of accounting. For further information on the equity method, see the instruction to Schedule RC, item 8, above.
- (6) Investments in corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank does not exercise significant influence and investments in limited partnerships and limited liability companies that are so minor that the bank has virtually no influence over the partnership or company, where the entity in which the investment has been made is primarily engaged in the holding of real estate for development, resale, or other investment purposes. For institutions that have adopted ASU 2016-01 (see the Note preceding the instructions for Schedule RC, item 2.c), report such investments at (i) fair value or (ii) if chosen by the reporting institution for an equity investment that does not have a readily determinable fair value, at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

**Item No.    Caption and Instructions**

**6.b**    **Other foreign debt securities.** Report in the appropriate columns the amortized cost and fair value of all other foreign debt securities not held for trading.

Other foreign debt securities include:

- (1) Bonds, notes, debentures, equipment trust certificates, and commercial paper (except asset-backed commercial paper) issued by non-U.S.-chartered corporations.
- (2) Debt securities issued by foreign governmental units.
- (3) Debt securities issued by international organizations such as the International Bank for Reconstruction and Development (World Bank), Inter-American Development Bank, and Asian Development Bank.
- (4) Preferred stock of non-U.S.-chartered corporations that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor (i.e., redeemable or limited-life preferred stock).

NOTE: Item 7 is to be completed only by institutions that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities. ASU 2016-01 requires holdings of equity securities with readily determinable fair values (except those accounted for under the equity method or that result in consolidation) to be measured at fair value with changes in the fair value recognized through net income.

Institutions that have adopted ASU 2016-01 should leave item 7 blank and report their holdings of equity securities with readily determinable fair values not held for trading in Schedule RC, item 2.c.

For institutions that are public business entities, as defined in U.S. GAAP, ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For example, an institution with a calendar year fiscal year that is a public business entity must begin to apply ASU 2016-01 in its Call Report for March 31, 2018. For all other institutions, ASU 2016-01 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For example, an institution with a calendar year fiscal year that is not a public business entity must begin to apply ASU 2016-01 in its Call Report for December 31, 2019. Early application of ASU 2016-01 is permitted for all institutions that are not public business entities as of fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.

**7**    **Investments in mutual funds and other equity securities with readily determinable fair values.** Report in columns C and D the historical cost and fair value, respectively, of all investments in mutual funds and other equity securities (as defined in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities")) with readily determinable fair values. Such securities include, but are not limited to, money market mutual funds, mutual funds that invest solely in U.S. Government securities, common stock, and perpetual preferred stock. Perpetual preferred stock does not have a stated maturity date and cannot be redeemed at the option of the investor, although it may be redeemable at the option of the issuer.

According to ASC Topic 320, the fair value of an equity security is readily determinable if sales prices or bid-and-asked quotations are currently available on a securities exchange registered with the U.S. Securities and Exchange Commission (SEC) or in the over-the-counter market, provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by

~~Pink Sheets LLC~~ OTC Markets Group Inc. ("Restricted stock" meets that definition if the restriction terminates within one year.) The fair value of an equity security traded only in a foreign market is readily determinable if that foreign market is of a breadth and scope comparable to one of the U.S. markets referred to above. The fair value of an investment in a mutual fund is readily determinable if the fair value per share (unit) is determined and published and is the basis for current transactions.

Investments in mutual funds and other equity securities with readily determinable fair values may have been purchased by the reporting bank or acquired for debts previously contracted.

Include in this item common stock and perpetual preferred stock of the Federal National Mortgage Association (Fannie Mae), common stock and perpetual preferred stock of the Federal Home Loan Mortgage Corporation (Freddie Mac), Class A voting and Class C non-voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac), and common and preferred stock of SLM Corporation (the private-sector successor to the Student Loan Marketing Association).

**Item No.    Caption and Instructions**

**3.b    Other financial assets.** Report the fair value of interest-only strips receivable (not in the form of a security) on financial assets other than mortgage loans.

**4    Equity securities that do not have investments without readily determinable fair values.**  
Report the ~~reporting institution's historical cost of~~ equity securities ~~and other equity investments~~ without readily determinable fair values ~~that are not reportable in other items on the Call Report balance sheet (Schedule RC). An equity security does not have a readily determinable fair value if sales prices or bid-and-asked quotations are not currently available on a securities exchange registered with the U.S. Securities and Exchange Commission (SEC) or are not publicly reported by the National Association of Securities Dealers Automated Quotations systems or by OTC Markets Group Inc. The fair value of an equity security traded only in a foreign market is not readily determinable if that foreign market is not of a breadth and scope comparable to one of the U.S. markets referred to above.~~

~~Equity investments that do not have readily determinable fair values may have been purchased by the reporting institution or acquired for debts previously contracted.~~

~~For institutions that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities (see the Note preceding the instructions for Schedule RC, item 2.c), report equity securities and other equity investments without readily determinable fair values at historical cost. These equity securities are outside the scope of ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities").~~

~~For institutions that have adopted ASU 2016-01, report equity securities and other equity investments without readily determinable fair values at (i) fair value or (ii) if chosen by the reporting institution for an individual equity investment that does not have a readily determinable fair value, at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. These equity securities are within the scope of ASC Topic 321, Investments-Equity Securities, or ASC Topic 323, Investments-Equity Method and Joint Ventures.~~

~~Although Federal Reserve Bank stock and Federal Home Loan Bank stock do not have readily determinable fair values, they are outside the scope of ASC Topics 321 and 323. In accordance with ASC Subtopic 942-325, Financial Services-Depository and Lending – Investments-Other, Federal Reserve Bank stock and Federal Home Loan Bank stock are carried at cost and evaluated for impairment.~~

~~An equity security does not have a readily determinable fair value if sales or bid-and-asked quotations are not currently available on a securities exchange registered with the Securities and Exchange Commission (SEC) and are not publicly reported by the National Association of Securities Dealers Automated Quotations systems or the National Quotation Bureau. The fair value of an equity security traded only in a foreign market is not readily determinable if that foreign market is not of a breadth and scope comparable to one of the U.S. markets referenced above.~~

~~Equity securities that do not have readily determinable fair values may have been purchased by the reporting bank or acquired for debts previously contracted.~~



Include in this item:

- (1) ~~Paid-in stock of a~~ Federal Reserve Bank stock.
- (2) ~~Stock of a~~ Federal Home Loan Bank stock.
- (3) Common and preferred stocks that do not have readily determinable fair values, such as stock of bankers' banks and Class B voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac).
- (4) "Restricted stock," as defined in ASC Topic 320, i.e., equity securities for which sale is restricted by governmental or contractual requirement (other than in connection with being pledged as collateral), except if that requirement terminates within one year or if the holder has the power by contract or otherwise to cause the requirement to be met within one year.
- (5) Participation certificates issued by a Federal Intermediate Credit Bank, which represent nonvoting stock of the bank.
- (6) Minority interests held by the reporting bank in any company not meeting the definition of associated company, except minority holdings that indirectly represent bank premises (report in Schedule RC, item 6), other real estate owned (report in Schedule RC, item 7), or investments in real estate ventures (report in Schedule RC, item 9), provided that the fair value of any capital stock representing the minority interest is not readily determinable. (See the Glossary entry for "subsidiaries" for the definition of associated company.)
- (7) Equity holdings in those corporate ventures over which the reporting bank does not exercise significant influence, except equity holdings that indirectly represent bank premises (report in Schedule RC, item 6), other real estate owned (report in Schedule RC, item 7), or investments in real estate ventures (report in Schedule RC, item 9). (See the Glossary entry for "subsidiaries" for the definition of corporate joint venture.)

**Item No.    Caption and Instructions**

- 15    Other foreign debt securities.** Report in the appropriate columns the amortized cost of held-to-maturity and the fair value of available-for-sale asset-backed securities (as defined for Schedule RC-B, item 5.a) issued by non-U.S. issuers, structured financial products (as defined for Schedule RC-B, item 5.b) issued by non-U.S. issuers, and other foreign debt securities (as defined for Schedule RC-B, item 6.b) held in domestic offices of the reporting bank.

NOTE: Item 16 is to be completed only by institutions that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RC, item 2.c).

Institutions that have adopted ASU 2016-01 should leave item 16 blank and report their domestic office holdings of equity securities with readily determinable fair values not held for trading in Schedule RC-H, item 18.a.

- 16    Investments in mutual funds and other equity securities with readily determinable fair values.** Report in column B the fair value of all investments in mutual funds and other equity securities with readily determinable fair values (as defined for Schedule RC-B, item 7) held in domestic offices of the reporting bank.
- 17    Total held-to-maturity and available-for-sale securities.** Report the sum of items 10 through 16. The total of column A for this item must be less than or equal to Schedule RC-B, item 8, column A. The total of column B for this item must be less than or equal to Schedule RC-B, item 8, column D.

- 18    ~~Equity securities that do not have readily determinable fair values investments not held for trading:~~** ~~Report the historical cost of equity securities without readily determinable fair values (as defined for Schedule RC-F, item 4) held in domestic offices of the reporting bank.~~

NOTE: Item 18.a is to be completed only by institutions that have adopted ASU 2016-01 (see the Note preceding the instructions for Schedule RC, item 2.c).

Institutions that have not adopted ASU 2016-01 should leave item 18.a blank and report their domestic office holdings of investments in mutual funds and other equity securities with readily determinable fair values not held for trading in Schedule RC-H, item 16.

- 18.a    Equity securities with readily determinable fair values.** Report the fair value of all investments in mutual funds and other equity securities with readily determinable fair values (as defined for Schedule RC, item 2.c) held in domestic offices of the reporting institution.

- 18.b    Equity investments without readily determinable fair values.**

For institutions that have not adopted ASU 2016-01 (see the Note preceding the instructions for Schedule RC, item 2.c), report the historical cost of equity securities and other equity investments without readily determinable fair values (as defined for Schedule RC-F, item 4) held in domestic offices of the reporting institution.

For institutions that have adopted ASU 2016-01, report the balance sheet carrying values (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer) of securities and other equity investments without readily determinable fair values (as defined for Schedule RC-F, item 4) held in domestic offices of the reporting institution.

**Item No. Caption and Instructions**

**2 U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).** Report the quarterly average of the amortized cost of the bank's held-to-maturity and available-for-sale U.S. Treasury and Government agency obligations (as defined for Schedule RC-B, items 1 and 2, columns A and C).

**3 Mortgage-backed securities.** Report the quarterly average of the amortized cost of the bank's held-to-maturity and available-for-sale mortgage-backed securities (as defined for Schedule RC-B, item 4, columns A and C).

**4 All other debt securities and equity securities with readily determinable fair values not held for trading purposes.**

For institutions that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding Schedule RC-B, item 7), Rreport the quarterly average of the amortized cost of the bankinstitution's held-to-maturity and available-for-sale securities issued by states and political subdivisions in the U.S., asset-backed securities and structured financial products, and other debt securities (as defined for Schedule RC-B, items 3, 5, and 6, columns A and C) plus the quarterly average of the historical cost of the institution's investments in mutual funds and other equity securities with readily determinable fair values (as defined for Schedule RC-B, item 7, column C).

For institutions that have adopted ASU 2016-01, report the quarterly average of the amortized cost of the institution's held-to-maturity and available-for-sale securities issued by states and political subdivisions in the U.S., asset-backed securities and structured financial products, and other debt securities (as defined for Schedule RC-B, items 3, 5, and 6, columns A and C) plus the quarterly average of the fair value of the institution's investments in mutual funds and other equity securities with readily determinable fair values (as defined for Schedule RC, item 2.c).

**5 Federal funds sold and securities purchased under agreements to resell.** Report the quarterly average for federal funds sold and securities purchased under agreements to resell (as defined for Schedule RC, item 3).

**6 Loans:**

FFIEC 041 FFIEC 031

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

- 6.a **Loans in domestic offices:**

**6.a 6.a.(1) Total loans (in domestic offices).** Report the quarterly average for total loans held for investment and held for sale (as defined for Schedule RC-C, part I, items 1 through 9, less item 11, column B).

**6.b 6.a.(2) Loans secured by real estate:**

**6.b.(1) 6.a.(2)(a) Loans secured by 1-4 family residential properties.** Report the quarterly average for loans secured by 1-4 family residential properties (in domestic offices) (as defined for Schedule RC-C, part I, item 1.c, column B).

Exclude "1-4 family residential construction loans" (in domestic offices) (as defined for Schedule RC-C, part I, item 1.a.(1), column B).

**FFIEC 041 FFIEC 031**

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

- **6.a.(3)** **Loans to finance agricultural production and other loans to farmers.** Report the quarterly average for loans to finance agricultural production and other loans to farmers in domestic offices (as defined for Schedule RC-C, part I, item 3, column B).
- 6.c** **6.a.(4)** **Commercial and industrial loans.** Report the quarterly average for commercial and industrial loans (in domestic offices) (as defined for Schedule RC-C, part I, item 4, column B).
- 6.d** **6.a.(5)** **Loans to individuals for household, family, and other personal expenditures:**
- 6.d.(1)** **6.a.(5)(a)** **Credit cards.** Report the quarterly average for credit cards. For purposes of this schedule, credit cards (in domestic offices) (as defined for Schedule RC-C, part I, item 6.a, column B).
- 6.d.(2)** **6.a.(5)(b)** **Other.** Report the quarterly average for loans (in domestic offices) to individuals for household, family, and other personal expenditures other than credit cards (as defined for Schedule RC-C, part I, items 6.b, 6.c, and 6.d, column B).
- **6.b** **Total loans in foreign offices, Edge and Agreement subsidiaries, and IBFs.** Report the quarterly average for total loans, net of unearned income (as defined for Schedule RC-C, part I, items 1 through 9, less item 11), held in the reporting bank's foreign offices, Edge and Agreement subsidiaries, and IBFs.

**FFIEC 031 and 041**

**Item No. Caption and Instructions**

NOTE: On the FFIEC 041, item 7 is to be completed by banks that have \$100 million or more in total assets.

- 7** **Trading assets.** Report the quarterly average for trading assets (as defined for Schedule RC, item 5). Trading assets include trading derivatives with positive fair values.
- 8** **Lease financing receivables (net of unearned income).** Report the quarterly average for the lease financing receivables, net of unearned income (as defined for Schedule RC-C, part I, item 10, column B, on the FFIEC 041; column A on the FFIEC 031).

**9** **Total assets.**

For institutions that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RC, item 2.c),

Report the quarterly average for the bank's total assets, as defined for "Total assets," on Schedule RC, item 12, except that this quarterly average should reflect:

- ~~a~~All debt securities (not held for trading) at amortized cost; and
- ~~a~~Available-for-sale equity securities with readily determinable fair values **not held for trading** at the lower of cost or fair value; and
- ~~e~~Equity securities **and other equity investments** without readily determinable fair values **not held for trading** at historical cost.

This exception for equity securities and other equity investments does not apply to those accounted for under the equity method or that result in consolidation.

For institutions that have adopted ASU 2016-01, report the quarterly average for the bank's total assets, as defined for "Total assets," on Schedule RC, item 12, except that this quarterly average should reflect

- All debt securities not held for trading at amortized cost;
- Equity securities with readily determinable fair values not held for trading at fair value; and
- Equity securities and other equity investments without readily determinable fair values not held for trading as defined for "Total assets," report such securities and investments at their balance sheet carrying values (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer).

This exception for equity securities and other equity investments does not apply to those accounted for under the equity method or that result in consolidation.

In addition, to the extent that net deferred tax assets included in the bank's total assets, if any, include the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities, these deferred tax effects may be excluded from the determination of the quarterly average for total assets. If these deferred tax effects are excluded, this treatment must be followed consistently over time.

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

**Item No.    Caption and Instructions**

NOTE: Item 4 is to be completed only by insured state banks that (1) have received FDIC approval in accordance with Section 362.3(a) of the FDIC's regulations to hold certain equity investments ("grandfathered equity securities"), and (2) have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding Schedule RC, item 2.c). Other institutions should leave item 4 blank.

**4**        Not applicable. Cost of equity securities with readily determinable fair values not held for trading. Report the cost basis of the reporting institution's holdings of equity securities with readily determinable fair values not held for trading, the fair value of which is reported in Schedule RC, item 2.c. The cost basis should reflect the effect of any write-downs of such securities resulting from other-than-temporary impairments recognized by the institution before its adoption of ASC 2016-01.

**5**        **Other borrowed money.** Report in the appropriate subitem the specified information about Federal Home Loan Bank advances to and other borrowings by the consolidated bank.

A fixed interest rate is a rate that is specified at the origination of the advance or other borrowing, is fixed and invariable during the term of the advance or other borrowing, and is known to both the bank and the creditor. Also treated as a fixed interest rate is a predetermined interest rate, which is a rate that changes on a predetermined basis during the term of the advance or other borrowing, with the exact rate of interest over the life of the advance or other borrowing known with certainty to both the bank and the creditor when the advance or other borrowing is originated.

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

When the rate on an advance or other borrowing with a floating rate has reached a contractual floor or ceiling level, the advance or other borrowing is to be treated as "fixed rate" rather than as "floating rate" until the rate is again free to float.

Remaining maturity is amount of time remaining from the report date until the final contractual maturity of an advance or an other borrowing without regard to the advance's or the borrowing's repayment schedule, if any.

Next repricing date is (a) the date the interest rate on an advance or other borrowing with a floating rate can next change in accordance with the terms of the contract or (b) the contractual maturity date of the advance or other borrowing, whichever is earlier.

Advances and other borrowings with a fixed rate that are callable at the option of the Federal Home Loan Bank or other creditor should be reported according to their remaining maturity without regard to their next call date unless the advance or other borrowing has actually been called. When an advance or other borrowing with a fixed rate has been called, it should be reported based on the time remaining until the call date. Advances and other borrowings with a floating rate that are callable should be reported on the basis of their next repricing date without regard to their next call date unless the advance or other borrowing has actually been called. Advances and other borrowings with a floating rate that have been called should be reported on the basis of their next repricing date or their actual call date, whichever is earlier.

**Column Instructions (cont.)**

column A of the appropriate asset item of Schedule RC-Q. However, the institution should exclude the investment from the Level 1, 2, and 3 disclosures in columns C, D, and E of Schedule RC-Q.<sup>1</sup> Instead, the institution should report the fair value measured using the NAV per share practical expedient in column B along with the netting adjustments reported in column B. In contrast, for an investment measured at fair value on a recurring basis that meets the criteria specified in Topic 820, if the institution does not elect to measure fair value using the NAV per share practical expedient, it should report the investment's fair value in column A of Schedule RC-Q and disclose this fair value in column C, D, or E, as appropriate, based on the lowest level input that is significant to the fair value measurement in its entirety.

**Item Instructions**

For each item in Schedule RC-Q, the sum of columns C, D, and E less column B must equal column A.

**Item No.    Caption and Instructions**

- 1**    **Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading purposes.** ~~Report in the appropriate column the total fair value of available-for-sale debt and equity securities as reported in Schedule RC, item 2.b; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.~~

~~For institutions that have adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RC, item 2.c), report in column A the sum of Schedule RC, items 2.b and 2.c.~~

~~For institutions that have not adopted ASU 2016-01, report in column A the amount reported in Schedule RC, item 2.b.~~

~~Report in columns B through E, as appropriate, the fair values of the debt and equity securities reported in column A determined using Level 1, Level 2, and Level 3 measurement inputs and any netting adjustments.~~

- 2**    **Federal funds sold and securities purchased under agreements to resell.** Report in the appropriate column the total fair value of those federal funds sold and securities purchased under agreements to resell reported in Schedule RC, items 3.a and 3.b, that the bank has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

<sup>1</sup> Refer to Accounting Standards Update (ASU) No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share (or its equivalent) practical expedient described in ASC Topic 820. Institutions that are public business entities are currently required to apply the ASU for Call Report purposes. Institutions that are private companies must apply the ASU for Call Report purposes for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years, with earlier application permitted. Until an institution that is a private company has adopted the ASU in accordance with its applicable effective date, the fair value of all investments for which fair value is measured on a recurring basis using the NAV per share practical expedient must be categorized in column C, D, or E of the appropriate asset item of Schedule RC-Q.

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

**9            AOCI-related adjustments.** Institutions that entered “1” for Yes in Schedule RC-R, item 3.a, must complete Schedule RC-R, items 9.a through 9.e, only. Institutions that entered “0” for No in Schedule RC-R, item 3.a, must complete Schedule RC-R, item 9.f, only.

**9.a            LESS: Net unrealized gains (losses) on available-for-sale securities.**

For institutions that have not adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RC, item 2.c), Report the amount of net unrealized gains (losses) on available-for-sale debt and equity securities, net of applicable income taxes, that is included in Schedule RC, item 26.b, “Accumulated other comprehensive income.” If the amount is a net gain, report it as a positive value in this item. If the amount is a net loss, report it as a negative value in this item.

For such institutions, include in this item net unrealized gains (losses) on available-for-sale debt and equity securities reported in Schedule RC-B, items 1 through 7, columns C and D, and on those assets not reported in Schedule RC-B, that the bank accounts for like available-for-sale debt securities in accordance with applicable accounting standards (e.g., negotiable certificates of deposit and nonrated industrial development obligations).

For institutions that have adopted ASU 2016-01, report the amount of net unrealized gains (losses) on available-for-sale debt securities, net of applicable income taxes, that is included in Schedule RC, item 26.b, “Accumulated other comprehensive income.” If the amount is a net gain, report it as a positive value in this item. If the amount is a net loss, report it as a negative value in this item.

For such institutions, include in this item net unrealized gains (losses) on available-for-sale debt securities reported in Schedule RC-B, items 1 through 6, columns C and D, and on those assets not reported in Schedule RC-B, that the bank accounts for like available-for-sale debt securities in accordance with applicable accounting standards (e.g., negotiable certificates of deposit and nonrated industrial development obligations).

NOTE: Item 9.b is to be completed only by institutions that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RC, item 2.c).

Institutions that have adopted ASU 2016-01 should leave item 9.b blank.

**9.b            LESS: Net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures.** Report as a positive value the amount of any net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures, net of applicable income taxes, that is included in Schedule RC, item 26.b, “Accumulated other comprehensive income.” Available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures are reported in Schedule RC-B, item 7, columns C and D, and include investments in mutual funds.

**9.c            LESS: Accumulated net gains (losses) on cash flow hedges.** Report the amount of accumulated net gains (losses) on cash flow hedges, net of applicable income taxes, that is included in Schedule RC, item 26.b, “Accumulated other comprehensive income.” The amount reported in item 9.c should include gains (losses) on cash flow hedges that are no longer effective but included in AOCI. If the amount is a net gain, report it as a positive value



**Part I. (cont.)**

**Item No. Caption and Instructions**

NOTE: Item 31 is to be completed only by institutions that have not adopted FASB Accounting Standards Update No. 2016-01 (ASU 2016-01), which includes provisions governing the accounting for investments in equity securities, including investment in mutual funds, and eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RC, item 2.c).

Institutions that have adopted ASU 2016-01 should leave item 31 blank.

**31 Unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures includable in tier 2 capital.**

***(i) Institutions that entered “1” for “Yes” in Schedule RC-R, item 3.a:***

Report the pretax net unrealized holding gain (i.e., the excess of fair value as reported in Schedule RC-B, item 7, column D, over historical cost as reported in Schedule RC-B, item 7, column C), if any, on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures includable in tier 2 capital, subject to the limit in section 20(d) of the regulatory capital rules. The amount to be reported in this item equals 45 percent of the institution’s pretax net unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures.

***(ii) Institutions that entered “0” for “No” in Schedule RC-R, item 3.a:***

**Transition provisions for phasing out unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures:**

- (1) Determine the amount of net unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that an institution currently includes in tier 2 capital.
- (2) Multiply (1) by the percentage in Table 8 and include this amount in tier 2 capital.

**Table 8 – Percentage of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that may be included in tier 2 capital**

Transition period	Percentage of unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures that may be included in tier 2 capital
Calendar year 2015	27
Calendar year 2016	18
Calendar year 2017	9
Calendar year 2018 and thereafter	0

For example, during calendar year 2015, include up to 27 percent of net unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures in tier 2 capital. During calendar years 2016, 2017, and 2018 (and thereafter), these percentages go down to 18, 9, and zero, respectively.

**32.a Tier 2 capital before deductions.** Report the sum of Schedule RC-R, items 27 through 30.a, plus item 31.

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

- 2.a**
- Any securities reported as “structured financial products” in Schedule RC-B, item 5.b, that are not securitization exposures and qualify for the 100 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule RC-R, Part II, item 9.a, for purposes of calculating risk-weighted assets.
  - The portion of any exposure reported in Schedule RC, item 2.a, that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
  - Also include all other HTM securities that do not qualify as securitization exposures reported in Schedule RC, item 2.a, that are not included in columns C through H and J.
- *In column J–150% risk weight*, include the exposure amounts of securities reported in Schedule RC-B, column A, that are past due 90 days or more or in nonaccrual status (except sovereign exposures), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.
  - HTM securities that must be risk-weighted according to the Country Risk Classification (CRC) methodology
    - *In column C–0% risk weight; column G–20% risk weight; column H–50% risk weight; column I–100% risk weight; column J–150% risk weight. Assign these exposures to risk-weight categories based on the CRC methodology described above in the General Instructions for Part II.* Include the exposure amounts of those securities reported in Schedule RC-B, column A, that are directly and unconditionally guaranteed by foreign central governments or are exposures to foreign banks that do not qualify as securitization exposures. Such securities may include portions of, but may not be limited to:
      - Item 4.a.(3), “Other [residential mortgage] pass-through securities,”
      - Item 4.b.(3), “All other residential MBS,”
      - Item 4.c.(1)(b), “Other [commercial mortgage] pass-through securities,”
      - Item 4.c.(2)(b), “All other commercial MBS,”
      - Item 5.a, “Asset-backed securities,”
      - Any securities reported as “structured financial products” in Schedule RC-B, item 5.b, that are not securitization exposures. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule RC-R, Part II, item 9.a, for purposes of calculating risk-weighted assets, and
      - Item 6.b, “Other foreign debt securities.”

- 2.b**    **Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading.** For institutions that have not adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities, including investments in mutual funds, and eliminates the concept of available-for-sale (AFS) equity securities (see the Note preceding the instructions for Schedule RC, item 2.c), Report in column A the fair value of ~~available-for-sale (AFS) debt and equity~~ securities reported in Schedule RC, item 2.b, excluding those AFS securities that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. The fair value of those AFS securities reported in Schedule RC, item 2.b, that qualify as securitization exposures must be reported in Schedule RC-R, Part II, item 9.b, column A. The sum of Schedule RC-R, Part II, items 2.b and 9.b, column A, must equal Schedule RC, item 2.b.

For institutions that have adopted ASU 2016-01, report in column A the sum of:  
(1) The fair value of AFS debt securities reported in Schedule RC, item 2.b; and  
(2) The fair value of equity securities with readily determinable fair values not held for trading  
reported in Schedule RC, item 2.c;  
excluding those debt and equity securities that qualify as securitization exposures as defined  
in §.2 of the regulatory capital rules.

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

For a security ~~classified as AFS~~ reported in Schedule RC-R, Part II, item 2.b, column A, where the bank cannot or has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount to be risk weighted by the bank is:

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

- 2.b**  
(cont.)
- **For a debt security:** the carrying value, which is the value of the asset reported on the balance sheet of the bank determined in accordance with GAAP (i.e., the fair value of the AFS debt security) and in column A.
  - **For equity securities and preferred stock classified as an equity under GAAP:** the adjusted carrying value.<sup>11</sup>

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

- For institutions that have not adopted ASU 2016-01, For a security classified as AFS where the bank has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the bank is:
  - **For a debt security:** the carrying value, less any unrealized gain on the exposure or plus any unrealized loss on the exposure included in AOCI.
  - **For equity securities and preferred stock classified as an equity under GAAP:** the carrying value less any net unrealized gains that are reflected in such carrying value but are excluded from the bank's regulatory capital components.
- For institutions that have adopted ASU 2016-01, for a security reported in Schedule RC-R, Part II, item 2.b, column A, where the bank has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount to be risk weighted by the bank is:
  - For a debt security: the carrying value, less any unrealized gain on the exposure or plus any unrealized loss on the exposure included in AOCI.
  - For equity securities and preferred stock classified as an equity under GAAP with readily determinable fair values: the adjusted carrying value.<sup>11a</sup>
- *In column B, a bank that has made the AOCI opt-out election should include the difference between the fair value and amortized cost of those AFS debt securities that do not qualify as securitization exposures. This difference equals the amounts reported in Schedule RC-B, items 1 through 6, column D, minus items 1 through 6, column C, for those AFS debt securities included in these items that are not securitization exposures.*
  - When fair value exceeds cost, report the difference as a positive number in Schedule RC-R, Part II, item 2.b, column B.
  - When cost exceeds fair value, report the difference as a negative number (i.e., with a minus (-) sign) in Schedule RC-R, Part II, item 2.b, column B.

<sup>11</sup> Adjusted carrying value applies only to equity exposures and is defined in §.51 of the regulatory capital rules. In general, it includes an on-balance sheet amount as well as application of conversion factors to determine on-balance sheet equivalents of any off-balance sheet commitments to acquire equity exposures. For institutions that cannot or have not made the AOCI opt-out election, the on-balance sheet component is equal to the carrying value. ~~For institutions that have made the AOCI opt-out election, the on-balance sheet component is the carrying value less any net unrealized gains that are reflected in the carrying value but excluded from regulatory capital.~~ Refer to §.51 for the precise definition.

<sup>11a</sup> Adjusted carrying value applies only to equity exposures and is defined in §.51 of the regulatory capital rules. In general, it includes an on-balance sheet amount as well as application of conversion factors to determine on-balance sheet equivalents of any off-balance sheet commitments to acquire equity exposures. For institutions that have made the AOCI opt-out election, the adjusted carrying value of an on-balance sheet equity exposure, such as an equity security with a readily determinable fair value not held for trading, is equal to the carrying value of the equity exposure, i.e., the value of the asset on the balance sheet determined in accordance with U.S. GAAP. Refer to §.51 for the precise definition.

- In column B, for a bank that has made the AOCI opt-out election and has not adopted ASU 2016-01:
  - If AFS equity securities with readily determinable fair values have a net unrealized gain (i.e., Schedule RC-B, item 7, column D, exceeds item 7, column C), the portion of the net unrealized gain (55 percent) not included in Tier 2 capital should be included in Schedule RC-R, Part II, item 2.b, column B. The portion that is not included in Tier 2 capital equals Schedule RC-B, item 7, column D minus column C, minus Schedule RC-R, Part I, item 31.

Example: A bank reports an AFS debt security that is not a securitization exposure on its balance sheet in Schedule RC, item 2.b, at a carrying value (i.e., fair value) of \$105. The amortized cost of the debt security is \$100. The bank has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a. The AFS debt security has a \$5 unrealized gain that is included in AOCI. In Schedule RC-R, Part II, item 2.b, the bank would report in Schedule RC-R, Part II, item 2.b:

- a. \$105 in column A. This is the carrying value of the AFS debt security on the bank's balance sheet.
- b. \$5 in column B. This is the difference between the carrying value (i.e., fair value) of the debt security and its exposure amount that is subject to risk weighting. For a bank that has made the AOCI opt-out election, column B will typically represent the

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

- 2.b**  
(cont.)                    amount of the unrealized gain or unrealized loss on the security. Gains are reported as positive numbers; losses as negative numbers. (Note: If the bank has not made or cannot make the opt-out election, there will be no adjustment to be reported in column B.)
- c. \$100 is the exposure amount subject to risk weighting. This amount will be reported under the appropriate risk weight associated with the exposure (columns C through J). For a bank that has made the opt-out election, the exposure amount typically will be the carrying value (i.e., fair value) of the debt security excluding any unrealized gain or loss.
- In column B, for a bank that has made the AOCI opt-out election and has adopted ASU 2016-01, no amount should be included for equity securities and preferred stock classified as an equity under GAAP with readily determinable fair values that are reported in Schedule RC-R, Part II, item 2.b, column A.
  - *In column B, include the amount of:*
    - Non-significant investments in the capital of unconsolidated financial institutions that are reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), and have been deducted from capital in Schedule RC-R, Part I, item 11, item 24, and item 33.
    - Significant investments in the capital of unconsolidated financial institutions not in the form of common stock that are reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), and have been deducted from capital in Schedule RC-R, Part I, item 24 and item 33.
    - Significant investments in the capital of unconsolidated financial institutions in the form of common stock reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), that are subject to the 10 percent and 15 percent common equity tier 1 capital threshold limitations and have been deducted for risk-based capital purposes in Schedule RC-R, Part I, items 13 and 16.
  - *In column C—0% risk weight, the zero percent risk weight applies to exposures to the U.S. government, a U.S. government agency, or a Federal Reserve Bank, and those exposures otherwise unconditionally guaranteed by the U.S. government. Include exposures to or unconditionally guaranteed by the FDIC or the NCUA. Certain foreign*

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

**2.b**  
(cont.)

government exposures and certain entities listed in §.32 of the regulatory capital rules may also qualify for zero percent risk weight. Include the exposure amounts of those debt securities reported in Schedule RC-B, column C, that do not qualify as securitization exposures that qualify for the zero percent risk weight. Such debt securities may include portions of, but may not be limited to:

- Item 1, "U.S. Treasury securities,"
- Item 2.a, Securities "Issued by U.S. Government agencies,"
- Item 4.a.(1), Residential mortgage pass-through securities "Guaranteed by GNMA,"
- Portions of item 4.b.(1), Other residential mortgage-backed securities (MBS) "Issued or guaranteed by U.S. Government agencies or sponsored agencies," such as GNMA exposures,
- Item 4.c.(1)(a), certain portions of commercial MBS "Issued or guaranteed by FNMA, FHLMC, or GNMA" that represent GNMA securities, and
- Item 4.c.(2)(a), certain portions of commercial MBS "Issued or guaranteed by U.S. Government agencies or sponsored agencies" that represent GNMA securities.
- The portion of any exposure reported in Schedule RC, item 2.b, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight.

- *In column G—20% risk weight*, the 20 percent risk weight applies to general obligations of U.S. states, municipalities, and U.S. public sector entities. It also applies to exposures to U.S. depository institutions and credit unions, exposures conditionally guaranteed by the U.S. government, as well as exposures to U.S. government sponsored enterprises. Certain foreign government and foreign bank exposures may qualify for the 20 percent risk weight as indicated in §.32 of the regulatory capital rules. Include the exposure amounts of those debt securities reported in Schedule RC-B, column C, that do not qualify as securitization exposures that qualify for the 20 percent risk weight. Such debt securities may include portions of, but may not be limited to:

- Item 2.b, Securities "Issued by U.S. Government-sponsored agencies" (exclude interest-only securities),
- Item 3, "Securities issued by states and political subdivisions in the U.S." that represent general obligation securities,
- Item 4.a.(2), Residential mortgage pass-through securities "Issued by FNMA and FHLMC" (exclude interest-only securities),
- Item 4.b.(1), Other residential MBS "Issued or guaranteed by U.S. Government agencies or sponsored agencies," (exclude interest-only securities)
- Item 4.c.(1)(a), those commercial MBS "Issued or guaranteed by FNMA, FHLMC, or GNMA" that represent FHLMC and FNMA securities (exclude interest-only securities),
- Item 4.c.(2)(a), those commercial MBS "Issued or guaranteed by U.S. Government agencies or sponsored agencies" that represent FHLMC and FNMA securities (exclude interest-only securities),
- Item 4.b.(2), Other residential MBS "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies" (exclude interest-only securities), and
- Any securities categorized as "structured financial products" on Schedule RC-B that are not securitization exposures and qualify for the 20 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule RC-R, Part II, item 9.b, for purposes of calculating risk-weighted assets. Exclude interest-only securities.
- The portion of any exposure reported in Schedule RC, item 2.b, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.

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

- 2.b**      • *In column H–50% risk weight, include the exposure amounts of those debt securities reported in Schedule RC-B, column C, that do not qualify as securitization exposures that qualify for the 50 percent risk weight. Such debt securities may include portions of, but may not be limited to:*
- (cont.)
- Item 3, "Securities issued by states and political subdivisions in the U.S.," that represent revenue obligation securities,
  - Item 4.a.(3), "Other [residential mortgage] pass-through securities," (that represent residential mortgage exposures that qualify for the 50 percent risk weight. (Pass-through securities that do not qualify for the 50 percent risk weight should be assigned to the 100 percent risk weight category.)
  - Item 4.b.(2), Other residential MBS "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies" (exclude portions subject to an FDIC loss-sharing agreement and interest-only securities) that represent residential mortgage exposures that qualify for the 50 percent risk weight, and
  - Item 4.b.(3), "All other residential MBS." Include only those MBS that qualify for the 50 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. Note: Do not include MBS that are tranching for credit risk; those should be reported as securitization exposures in Schedule RC-R, Part II, item 9.b. Do not include interest-only securities.
  - The portion of any exposure reported in Schedule RC, item 2.b, that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I–100% risk weight, include the exposure amounts of those debt securities reported in Schedule RC-B, column C, that do not qualify as securitization exposures that qualify for the 100 percent risk weight. Such debt securities may include portions of, but may not be limited to:*
- Item 4.a.(3), "Other [residential mortgage] pass-through securities," that represent residential mortgage exposures that qualify for the 100 percent risk weight,
  - Item 4.b.(2), Other residential MBS "Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies" (excluding portions subject to an FDIC loss-sharing agreement) that represent residential mortgage exposures that qualify for the 100 percent risk weight,
  - Item 4.b.(3), "All other residential MBS." Include only those MBS that qualify for the 100 percent risk weight. Refer to §.32(g), (h) and (i) of the regulatory capital rules. Note: Do not include MBS portions that are tranching for credit risk; those should be reported as securitization exposures in Schedule RC-R, Part II, item 9.b.
  - Item 4.c.(1)(b), "Other [commercial mortgage] pass-through securities,"
  - Item 4.c.(2)(b), "All other commercial MBS,"
  - Item 5.a, "Asset-backed securities,"
  - Any securities reported as "structured financial products" in Schedule RC-B, item 5.b, that are not securitization exposures and qualify for the 100 percent risk weight. Note: Many of the structured financial products would be considered securitization exposures and must be reported in Schedule RC-R, Part II, item 9.b, for purposes of calculating risk-weighted assets.
  - The portion of any exposure reported in Schedule RC, item 2.b, that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.
  - All other AFS debt securities that do not qualify as securitization exposures reported in Schedule RC, item 2.b, that are not included in columns C through H, J through N, or R.
- Also include in column I–100% risk weight the exposure amounts of Ppublicly traded AFS equity exposures with readily determinable fair values and AFS equity exposures to investment funds with readily determinable fair values (including mutual funds) reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for



| a bank that has adopted ASU 2016-01), to the extent that the aggregate carrying value of the bank's equity exposures does not exceed 10 percent of total capital. If the bank's aggregate carrying value of equity exposures is greater than 10 percent of total capital, the bank must report the exposure amount of its ~~AFS~~ equity exposures to investments funds with readily determinable fair values (including mutual funds) in column R (and the risk-weighted asset amount of such

DRAFT

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

- 2.b**  
(cont.)
- ~~AFS~~ equity exposures in column S) and the exposure amount of its other ~~AFS~~ equity exposures with readily determinable fair values in either columns L or N, as appropriate. In addition, for non-advanced approaches institutions, include in column I–100% risk weight the portion of Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), that represents the adjusted carrying value of exposures that are significant investments in the common stock of unconsolidated financial institutions that are not deducted from capital. For further information on the treatment of equity exposures, refer to §.51 to §.53 of the regulatory capital rules.
- ~~Also include all other AFS debt securities that do not qualify as securitization exposures reported in Schedule RC, item 2.b, that are not included in columns C through H, J through N, or R.~~
- *In column J–150% risk weight*, include the exposure amounts of securities reported in Schedule RC-B, column C, that are past due 90 days or more or in nonaccrual status (except sovereign exposures), excluding those portions that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.
  - *In column K–250% risk weight*, include the portion that does not qualify as a securitization exposure of Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), that represents the adjusted carrying value of exposures that are significant investments in the common stock of unconsolidated financial institutions that are not deducted from capital. For further information on the treatment of equity exposures, refer to §.51 to §.53 of the regulatory capital rules. This risk weight takes effect only for advanced approaches institutions in 2018, and therefore this item is blocked from being completed until that time. Before 2018, all institutions report such significant investments in the 100 percent risk weight category.
  - *In column L–300% risk weight*,
    - For a bank that has not adopted ASU 2016-01, for publicly traded AFS equity securities with readily determinable fair values reported in Schedule RC-B, item 7 (except equity securities to investment firms), include the fair value of these equity securities (as reported in Schedule RC-B, item 7, column D) if they have a net unrealized loss. If these equity securities have a net unrealized gain, include their adjusted carrying value (as reported in Schedule RC-B, item 7, column C) plus the portion of the unrealized gain (up to 45 percent) included in tier 2 capital (as reported in Schedule RC-R, Part I, item 31).
    - For a bank that has adopted ASU 2016-01, for publicly traded equity securities with readily determinable fair values reported in Schedule RC, item 2.c (except equity securities to investment firms), include the fair value of these equity securities as reported in Schedule RC, item 2.c.
  - *In column N–600% risk weight*,
    - For a bank that has not adopted ASU 2016-01, for AFS equity securities to investment firms with readily determinable fair values reported in Schedule RC-B, item 7, include the fair value of these equity securities (as reported in Schedule RC-B, item 7, column D) if they have a net unrealized loss. If these equity securities have a net unrealized gain, include their adjusted carrying value (as reported in Schedule RC-B, item 7, column C) plus the portion of the unrealized gain (up to 45 percent) included in tier 2 capital (as reported in Schedule RC-R, Part I, item 31).

- For a bank that has adopted ASU 2016-01, for equity securities to investment firms with readily determinable fair values reported in Schedule RC, item 2.c, include the fair value of these equity securities as reported in Schedule RC, item 2.c.
- *In columns R and S—Application of Other Risk-Weighting Approaches, include the bank's AFS equity exposures to investment funds with readily determinable fair values (including mutual funds) reported in Schedule RC, item 2.b (for a bank that has not adopted ASU 2016-01) or item 2.c (for a bank that has adopted ASU 2016-01), if the aggregate carrying value of the bank's equity exposures is greater than 10 percent of total capital. Report in column R the exposure amount of these equity exposures to investment funds. Report in column S the risk-weighted asset amount of these equity exposures to investment funds as measured under the full look-through approach, the simple modified look-through approach, or the alternative modified look-through approach described in §.53 of the regulatory capital rules. All three of these approaches require a minimum risk weight of 20 percent. For further information, refer to the discussion of "Treatment of Equity Exposures" in the General Instructions for Schedule RC-R, Part II.*
- AFS Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - *In column C—0% risk weight; column G—20% risk weight; column H—50% risk weight; column I—100% risk weight; column J—150% risk weight. Assign these exposures to risk-weight categories based on the CRC methodology described above in the*

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

**2.b**  
(cont.)

*General Instructions for Part II.* Include the exposure amounts of those securities reported in Schedule RC-B, ~~column C~~ item 2.b (for a bank that has not adopted ASU 2016-01) or items 2.b and 2.c (for a bank that has adopted ASU 2016-01), that are directly and unconditionally guaranteed by foreign central governments or are exposures to foreign banks that do not qualify as securitization exposures. Such securities may include portions of, but may not be limited to:

- ~~Schedule RC-B, item 4.a.(3), "Other [residential mortgage] pass-through securities,"~~
- ~~Schedule RC-B, item 4.b.(3), "All other residential MBS,"~~
- ~~Schedule RC-B, item 4.c.(1)(b), "Other [commercial mortgage] pass-through securities,"~~
- ~~Schedule RC-B, item 4.c.(2)(b), "All other commercial MBS,"~~
- ~~Schedule RC-B, item 5.a, "Asset-backed securities,"~~
- Any securities reported as "structured financial products" in Schedule RC-B, item 5.b, that are not securitization exposures. Note: Many structured financial products would be considered securitization exposures and must be reported in Schedule RC-R, Part II, item 9.b, for purposes of calculating risk-weighted assets,
- ~~Schedule RC-B, item 6.b, "Other foreign debt securities," and~~
- ~~Schedule RC-B, item 7, "Investments in mutual funds and other equity securities with readily determinable fair values." (for a bank that has not adopted ASU 2016-01) or Schedule RC, item 2.c, "Equity securities with readily determinable fair values not held for trading" (for a bank that has adopted ASU 2016-01).~~

**3            Federal funds sold and securities purchased under agreements to resell:**

**3.a        Federal funds sold (in domestic offices).** Report in column A the amount of federal funds sold reported in Schedule RC, item 3.a, excluding those federal funds sold that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. The amount of those federal funds sold reported in Schedule RC, items 3.a, that qualify as securitization exposures are to be reported in Schedule RC-R, Part II, item 9.d, column A.

- *In column C—0% risk weight*, include the portion of Schedule RC, item 3.a, that is directly and unconditionally guaranteed by U.S. Government agencies. Also include the portion of any exposure reported in Schedule RC, item 3.a, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight.
- *In column G—20% risk weight*, include exposures to U.S. depository institution counterparties. Also include the portion of any exposure reported in Schedule RC, item 3.a, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight.
- *In column H – 50% risk weight*, include any exposure reported in Schedule RC, item 3.a, that is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight.
- *In column I—100% risk weight*, include exposures to non-depository institution counterparties that lack qualifying collateral (refer to the regulatory capital rules for specific criteria). Also include the amount of federal funds sold reported in Schedule RC, item 3.a, that are not included in columns C through H and J. Also include the portion of any exposure reported in Schedule RC, item 3.a, that is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.

**Draft Revisions to the Call Report Instructions  
for Burden-Reducing Revisions to the  
FFIEC 031 and FFIEC 041 Call Reports  
Proposed to Take Effect June 30, 2018**

DRAFT

This page intentionally left blank.

## GENERAL INSTRUCTIONS

Schedules RC and RC-A through RC-V constitute the FFIEC 031 and FFIEC 041 versions of the Consolidated Report of Condition and its supporting schedules. Schedules RI and RI-A through RI-E constitute the FFIEC 031 and FFIEC 041 versions of the Consolidated Report of Income and its supporting schedules. The Consolidated Reports of Condition and Income are commonly referred to as the Call Report. For purposes of these General Instructions, the Financial Accounting Standards Board (FASB) Accounting Standards Codification is referred to as "ASC."

Unless the context indicates otherwise, the term "bank" in the Call Report instructions refers to both banks and savings associations.

### WHO MUST REPORT ON WHAT FORMS

Every national bank, state member bank, insured state nonmember bank, and savings association is required to file a consolidated Call Report normally as of the close of business on the last calendar day of each calendar quarter, i.e., the report date. The specific reporting requirements depend upon the size of the bank and whether it has any "foreign" offices. Banks must file the appropriate forms as described below:

(1) **BANKS WITH FOREIGN OFFICES:** Banks of any size that have any "foreign" offices (as defined below) must file quarterly the *Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices* (FFIEC 031). For purposes of these reports, all of the following constitute "foreign" offices:

- (a) An International Banking Facility (IBF);
- (b) A branch or consolidated subsidiary in a foreign country; and
- (c) A majority-owned Edge or Agreement subsidiary.

In addition, for banks chartered and headquartered in the 50 states of the United States and the District of Columbia, a branch or consolidated subsidiary in Puerto Rico or a U.S. territory or possession is a "foreign" office. However, for purposes of these reports, a branch at a U.S. military facility located in a foreign country is a "domestic" office.

(2) **BANKS WITHOUT FOREIGN OFFICES:** Banks that have domestic offices only must file quarterly **either:**

- (a) The Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031) if the bank has total consolidated assets of \$100 billion or more;
- (b) The Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041) if the bank has total consolidated assets less than \$100 billion; or
- (bc) The Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less than \$1 Billion (FFIEC 051).

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

For banks chartered and headquartered in Puerto Rico or a U.S. territory or possession, a branch or consolidated subsidiary in one of the 50 states of the United States, the District of Columbia, Puerto Rico, or a U.S. territory or possession is a "domestic" office.

For those institutions filing the FFIEC 051, a separate instruction book covers this report form. Please refer to this separate instruction book for the General Instructions for the FFIEC 051 report form.

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

Revaluation adjustments, excluding amounts reported as interest income and interest expense, to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule RC, item 10.b, “Other intangible assets,” and Schedule RC, item 20, “Other liabilities,” respectively, and assets and liabilities reported in Schedule RC, item 5, “Trading assets,” and Schedule RC, item 15, “Trading liabilities,” respectively) resulting from the periodic marking of such assets and liabilities to fair value should be reported as “Other noninterest income” in Schedule RI, item 5.I.

### **Item Instructions**

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

#### **1            Interest income:**

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

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

Include as interest and fee income on loans:

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



**Item No.    Caption and Instructions**

**5.k    Net gains (losses) on sales of other assets.** Report the amount of net gains (losses) on sales and other disposals of assets not required to be reported elsewhere in the income statement (Schedule RI). Include net gains (losses) on sales and other disposals of premises and fixed assets; personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances); and coins, art, and other similar assets. Also include net gains (losses) on sales of, and other-than-temporary impairment losses on, equity securities that do not have readily determinable fair values and are not held for trading. Do not include net gains (losses) on sales and other disposals of held-to-maturity securities, available-for-sale securities, loans and leases (either directly or through securitization), trading assets, and other real estate owned (report these net gains (losses) in the appropriate items of Schedule RI).

**5.l    Other noninterest income.** Report all operating income of the bank for the calendar year to date not required to be reported elsewhere in Schedule RI.

Disclose in Schedule RI-E, items 1.a through 1.**lj**, each component of other noninterest income, and the dollar amount of such component, that is greater than \$100,000 and exceeds **37** percent of the other noninterest income reported in this item. If net losses have been reported in this item for a component of "Other noninterest income," use the absolute value of such net losses to determine whether the amount of the net losses is greater than \$100,000 and exceeds **37** percent of "Other noninterest income" and should be reported in Schedule RI-E, item 1. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.)

For each component of other noninterest income that exceeds the disclosure threshold in the preceding paragraph and for which a preprinted caption has not been provided in Schedule RI-E, items 1.a through 1.**gi**, describe the component with a clear but concise caption in Schedule RI-E, items 1.**jh** through 1.**lj**. These descriptions should not exceed 50 characters in length (including spacing between words).

For disclosure purposes in Schedule RI-E, items 1.a through 1.**ig**, when components of "Other noninterest income" reflect a single credit for separate "bundled services" provided through third party vendors, disclose such amounts in the item with the preprinted caption that most closely describes the predominant type of income earned, and this categorization should be used consistently over time.

Include as other noninterest income:

- (1) Service charges, commissions, and fees for such services as:
  - (a) The rental of safe deposit boxes. (Report the amount of such fees in Schedule RI-E, item 1.e, if this amount is greater than \$100,000 and exceeds **37** percent of the amount reported in Schedule RI, item 5.l.)
  - (b) The safekeeping of securities for other depository institutions (if the income for such safekeeping services is not included in Schedule RI, item 5.a, "Income from fiduciary activities").
  - (c) The sale of bank drafts, money orders, cashiers' checks, and travelers' checks.
  - (d) The collection of utility bills, checks, notes, bond coupons, and bills of exchange.

**Item No.    Caption and Instructions**

**5.I**  
(cont.)

- (e) The redemption of U.S. savings bonds.
- (f) The handling of food stamps.
- (g) The execution of acceptances and the issuance of commercial letters of credit, standby letters of credit, deferred payment letters of credit, and letters of credit issued for cash or its equivalent. Exclude income on bankers acceptances and trade acceptances (report such income in the appropriate subitem of Schedule RI, item 1.a, "Interest and fee income on loans," for acceptances held for investment or held for sale, and in Schedule RI, item 1.e, "Interest income from trading assets," on the FFIEC 031, or item 1.g, "Other interest income," for acceptances held for trading).
- (h) The notarizing of forms and documents.
- (i) The negotiation or management of loans from other lenders for customers or correspondents.
- (j) The providing of consulting and advisory services to others. Exclude income from investment advisory services, which is to be reported in Schedule RI, item 5.d.(2).
- (k) The use of the bank's automated teller machines or remote service units by depositors of other depository institutions. (Report the amount of such income and fees in Schedule RI-E, item 1.c, if this amount is greater than \$100,000 and exceeds ~~73~~ percent of the amount reported in Schedule RI, item 5.I.)
- (l) Wire transfer services, except for wire transfers for which service charges or fees are levied on deposit accounts of the institution's depositors, for which the income is to be reported in Schedule RI, item 5.b, "Service charges on deposit accounts." (Report the amount of income and fees from wire transfers in Schedule RI-E, item 1.i, if this amount is greater than \$100,000 and exceeds ~~37~~ percent of the amount reported in Schedule RI, item 5.I.)
- (2) Income and fees from the sale and printing of checks. (Report the amount of such income and fees in Schedule RI-E, item 1.a, if this amount is greater than \$100,000 and exceeds ~~37~~ percent of the amount reported in Schedule RI, item 5.I.)
- (3) Gross rentals and other income from all real estate reportable in Schedule RC, item 7, "Other real estate owned." (Report the amount of such income in Schedule RI-E, item 1.d, if this amount is greater than \$100,000 and exceeds ~~37~~ percent of the amount reported in Schedule RI, item 5.I.)
- (4) Earnings on or other increases in the value of the cash surrender value of bank-owned life insurance policies. (Report the amount of such earnings or other increases in Schedule RI-E, item 1.b, if this amount is greater than \$100,000 and exceeds ~~37~~ percent of the amount reported in Schedule RI, item 5.I.)
- (5) Annual or other periodic fees paid by holders of credit cards issued by the bank. Fees that are periodically charged to cardholders shall be deferred and recognized on a straight-line basis over the period the fee entitles the cardholder to use the card.

**Item No.    Caption and Instructions**

- 5.I**  
(cont.)
- (6) Charges to merchants for the bank's handling of credit card or charge sales when the bank does not carry the related loan accounts on its books. Banks may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.
  - (7) Interchange fees earned from bank card and credit card transactions. (Report the amount of such fees in Schedule RI-E, item 1.g, if this amount is greater than \$100,000 and exceeds ~~37~~ percent of the amount reported in Schedule RI, item 5.I.)
  - (8) Gross income received for performing data processing services for others. Do not deduct the expense of performing such services for others (report in the appropriate items of noninterest expense).
  - (9) Loan commitment fees that are recognized during the commitment period (i.e., fees retrospectively determined and fees for commitments where exercise is remote) or included in income when the commitment expires and loan syndication fees that are not required to be deferred. Refer to the Glossary entry for "loan fees" for further information.
  - (10) On the FFIEC 031 only, service charges on deposit accounts in foreign offices.
  - (11) Net tellers' overages (shortages), net recoveries (losses) on forged checks, net recoveries (losses) on payment of checks over stop payment orders, and similar recurring operating gains (losses) of this type. Banks should consistently report these gains (losses) either in this item or in Schedule RI, item 7.d.
  - (12) Net gains (losses) from the sale or other disposal of branches (i.e., where the reporting bank sells a branch's assets to another depository institution, which assumes the deposit liabilities of the branch). Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.d.
  - (13) Net gains (losses) from all transactions involving foreign currency or foreign exchange other than trading transactions. Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.d.
  - (14) Rental fees applicable to operating leases for furniture and equipment rented to others.
  - (15) Interest received on tax refunds.
  - (16) Life insurance proceeds on policies for which the bank is the beneficiary.
  - (17) Credits resulting from litigation or other claims.
  - (18) Portions of penalties for early withdrawals of time deposits that exceed the interest accrued or paid on the deposit to the date of withdrawal, if material. Penalties for early withdrawals, or portions of such penalties, that represent the forfeiture of interest accrued or paid to the date of withdrawal are a reduction of interest expense and should be deducted from the gross interest expense of the appropriate category of time deposits in Schedule RI, item 2.a, "Interest on deposits."

**Item No.    Caption and Instructions**

- 5.l** (cont.) (19) Interest income from advances to, or obligations of, and the bank's proportionate share of the income or loss before discontinued operations from its investments in:
- unconsolidated subsidiaries,
  - associated companies,
  - corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank exercises significant influence, and
  - noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting") other than those that are principally engaged in investment banking, advisory, brokerage, or securities underwriting activities; venture capital activities; insurance and reinsurance underwriting activities; or insurance and annuity sales activities (the income from which should be reported in Schedule RI, items 5.d.(1), 5.d.(2), 5.d.(3), 5.d.(4), 5.d.(5), and 5.e, respectively). Exclude the bank's proportionate share of the results of discontinued operations of these entities (report in Schedule RI, item 11, "Discontinued operations, net of applicable income taxes").
- (20) Net gains (losses) on derivative instruments held for purposes other than trading that are not designated as hedging instruments in hedging relationships that qualify for hedge accounting in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities"). Institutions should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.d. For further information, see the Glossary entries for "derivative contracts" and "trading account."
- (21) Gross income generated by securities contributed to charitable contribution Clifford Trusts.
- (22) Income from ground rents and air rights.
- (23) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule RC, item 10.b, "Other intangible assets," and Schedule RC, item 20, "Other liabilities," respectively, and assets and liabilities reported in Schedule RC, item 5, "Trading assets," and Schedule RC, item 15, "Trading liabilities," respectively) resulting from the periodic marking of such assets and liabilities to fair value. Exclude interest income earned and interest expense incurred on financial assets and liabilities reported at fair value under a fair value option, which should be reported in the appropriate interest income or interest expense items on Schedule RI. (Report the net change in the fair value of fair value option financial instruments in Schedule RI-E, item 1.f, if this amount is greater than \$100,000 and exceeds **37** percent of the amount reported in Schedule RI, item 5.l.)
- (24) Gains on bargain purchases recognized and measured in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"). (Report the amount of such gains in Schedule RI-E, item 1.h, if this amount is greater than \$100,000 and exceeds **37** percent of the amount reported in Schedule RI, item 5.l.)
- 5.m**    **Total noninterest income.** Report the sum of items 5.a through 5.l.

**Item No.    Caption and Instructions**

**7.b**            Exclude from expenses of premises and fixed assets:  
(cont.)

- (1) Salaries and employee benefits (report such expenses for all officers and employees of the bank and its consolidated subsidiaries in Schedule RI, item 7.a, "Salaries and employee benefits").
- (2) Interest on mortgages, liens, or other encumbrances on premises or equipment owned, including the portion of capital lease payments representing interest expense (report in Schedule RI, item 2.c, "Interest on trading liabilities and other borrowed money").
- (3) All expenses associated with other real estate owned (report in Schedule RI, item 7.d, "Other noninterest expense").
- (4) Gross rentals from other real estate owned and fees charged for the use of parking lots properly reported as other real estate owned, as well as safe deposit box rentals and rental fees applicable to operating leases for furniture and equipment rented to others (report in Schedule RI, item 5.l).

**7.c.(1)**        **Goodwill impairment losses.** Report any impairment losses recognized during the period on goodwill. Exclude goodwill impairment losses associated with discontinued operations (report such losses on a net-of-tax basis in Schedule RI, item 11, "Discontinued operations, net of applicable income taxes").

An institution that meets the definition of a private company in U.S. generally accepted accounting principles and has elected the accounting alternative for the amortization of goodwill in ASC Subtopic 350-20, Intangibles-Goodwill and Other – Goodwill (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets"), as amended by Accounting Standards Update No. 2014-02, "Accounting for Goodwill," should report the amortization expense of goodwill in this item. Exclude goodwill amortization expense associated with discontinued operations (report such expense on a net-of-tax basis in Schedule RI, item 11, "Discontinued operations, net of applicable income taxes"). A private company that elects the accounting alternative for the subsequent measurement of goodwill should amortize each amortizable unit of goodwill on a straight-line basis over ten years (or less than ten years if the private company demonstrates that another useful life is more appropriate).

Except when the private company accounting alternative described above has been elected, goodwill should not be amortized. However, regardless of whether goodwill is amortized, it must be tested for impairment as described in the Glossary entry for "goodwill."

**7.c.(2)**        **Amortization expense and impairment losses for other intangible assets.** Report the amortization expense of and any impairment losses on "Other intangible assets" (other than goodwill and servicing assets) reportable in (as defined for Schedule RC-M, item 2.c40.b). Under ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets"), intangible assets that have indefinite useful lives should not be amortized, but must be tested at least annually for impairment. Intangible assets that have finite useful lives must be amortized over their useful lives and must be reviewed for impairment in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, "Accounting for the Impairment of Long-Lived Assets").

Exclude the amortization expense of and any impairment losses on servicing assets, which should be netted against the servicing income reported in Schedule RI, item 5.f, "Net servicing fees," above.

**Item No.    Caption and Instructions**

**7.d    Other noninterest expense.** Report all operating expenses of the bank for the calendar year-to-date not required to be reported elsewhere in Schedule RI.

Disclose in Schedule RI-E, items 2.a through 2.p, each component of other noninterest expense, and the dollar amount of such component, that is greater than \$100,000 and exceeds 37 percent of the other noninterest expense reported in this item. If net gains have been reported in this item for a component of "Other noninterest expense," use the absolute value of such net gains to determine whether the amount of the net gains is greater than \$100,000 and exceeds 37 percent of "Other noninterest expense" and should be reported in Schedule RI-E, item 2. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.)

For each component of other noninterest expense that exceeds the disclosure threshold in the preceding paragraph and for which a preprinted caption has not been provided in Schedule RI-E, items 2.a through 2.m, describe the component with a clear but concise caption in Schedule RI-E, items 2.n through 2.p. These descriptions should not exceed 50 characters in length (including spacing between words).

For disclosure purposes in Schedule RI-E, items 2.a through 2.m, when components of "Other noninterest expense" reflect a single charge for separate "bundled services" provided by third party vendors, disclose such amounts in the item with the preprinted caption that most closely describes the predominant type of expense incurred, and this categorization should be used consistently over time.

Include as other noninterest expense:

- (1) Fees paid to directors and advisory directors for attendance at board of directors' or committee meetings (including travel and expense allowances). (Report the amount of such fees in Schedule RI-E, item 2.c, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)
- (2) Cost of data processing services performed for the bank by others. (Report the amount of such expenses in Schedule RI-E, item 2.a, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)
- (3) Advertising, promotional, public relations, marketing, and business development expenses. Such expenses include the cost of athletic activities in which officers and employees participate when the purpose may be construed to be for marketing or public relations, and employee benefits are only incidental to the activities. (Report the amount of such expenses in Schedule RI-E, item 2.b, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)
- (4) Cost of gifts or premiums (whether in the form of merchandise, credit, or cash) given to depositors at the time of the opening of a new account or an addition to, or renewal of, an existing account, if not included in advertising and marketing expenses above.
- (5) Retainer fees, legal fees, and other fees and expenses paid to attorneys who are not bank officers or employees and to outside law firms. (Report the amount of such expenses in Schedule RI-E, item 2.f, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)

**Item No.    Caption and Instructions**

- 7.d**  
(cont.)
- (6) Cost of printing, stationery, and office supplies. (Report the amount of such expenses in Schedule RI-E, item 2.d, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)
- (7) Postage and mailing expenses. (Report the amount of such expenses in Schedule RI-E, item 2.e, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)
- (8) Telecommunications expenses, including any expenses associated with telephone, telegraph, cable, and internet services (including web page maintenance). (Report the amount of such expenses in Schedule RI-E, item 2.k, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)
- (9) Federal deposit insurance assessments and Financing Corporation (FICO) assessments. (Report the amount of such assessments in Schedule RI-E, item 2.g, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)
- (10) Premiums on fidelity insurance (blanket bond, excess employee dishonesty bond), directors' and officers' liability insurance, life insurance policies for which the bank is the beneficiary, and other insurance policies for which the premiums are not included in salaries and employee benefits, expenses of premises and fixed assets, and expenses of other real estate owned. (Report the amount of such insurance expenses in Schedule RI-E, item 2.m, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)
- (11) Assessment expense, examination expense, and other fees levied by the Comptroller of the Currency or a state chartering authority, net of any assessment credits during the period.
- (12) Legal fees and other direct costs incurred to effect foreclosures on real estate and subsequent noninterest expenses related to holdings of real estate owned other than bank premises (including depreciation charges, if appropriate). (Report the amount of such expenses in Schedule RI-E, item 2.l, if this amount is greater than \$100,000 and exceeds 37 percent of the amount reported in Schedule RI, item 7.d.)
- (13) Net losses (gains) from the sale or other disposal of branches (i.e., where the reporting bank sells a branch's assets to another depository institution, which assumes the deposit liabilities of the branch). Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.l.
- (14) Net losses (gains) from all transactions involving foreign currency or foreign exchange other than trading transactions. Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.l.
- (15) Management fees assessed by the bank's parent holding company, whether for specific services rendered or of a general (prorated) nature.
- (16) Sales taxes, taxes based on the number of shares of bank stock outstanding, taxes based on the bank's total assets or total deposits, taxes based on the bank's gross revenues or gross receipts, capital stock taxes, and other taxes not included in other

**Item No.    Caption and Instructions**

- 7.d**  
(cont.)            categories of expense. Exclude any foreign, state, and local taxes based on a net amount of revenues less expenses (report as applicable income taxes in Schedule RI, item 9).
- (17) Fees levied by deposit brokers that are, in substance, retainer fees or that otherwise do not represent an adjustment to the interest rate paid on deposits the reporting bank acquires through brokers. However, report as interest expense on the appropriate category of deposits those finders' fees and brokers' fees that do represent an adjustment to the interest rate paid on brokered deposits.
- (18) Research and development costs and costs incurred in the internal development of computer software.
- (19) Charges resulting from litigation or other claims.
- (20) Charitable contributions including donations by Clifford Trusts.
- (21) Fees for accounting, auditing, and attestation services; retainer fees; and other fees and expenses paid to accountants and auditors who are not bank officers or employees. (Report the amount of such expenses in Schedule RI-E, item 2.h, if this amount is greater than \$100,000 and exceeds **37** percent of the amount reported in Schedule RI, item 7.d.)
- (22) Fees for consulting and advisory services, retainer fees, and other fees and expenses paid to management consultants, investment advisors, and other professionals (other than attorneys providing legal services and accountants providing accounting, auditing, and attestation services) who are not bank officers or employees. (Report the amount of such expenses in Schedule RI-E, item 2.i, if this amount is greater than \$100,000 and exceeds **37** percent of the amount reported in Schedule RI, item 7.d.)
- (23) Net losses (gains) on derivative instruments held for purposes other than trading that are not designated as hedging instruments in hedging relationships that qualify for hedge accounting in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities"). Institutions should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.I. For further information, see the Glossary entries for "derivative contracts" and "trading account."
- (24) Net tellers' shortages (overages), net losses (recoveries) on forged checks, net losses (recoveries) on payment of checks over stop payment orders, and similar recurring operating losses (gains) of this type. Banks should consistently report these losses (gains) either in this item or in Schedule RI, item 5.I.
- (25) Net losses resulting from fiduciary and related services. Net losses are gross losses less recoveries (including those from insurance payments). Gross losses include settlements, surcharges, and other losses arising from errors, misfeasance, or malfeasance on fiduciary accounts and related services and should reflect losses recognized on an accrual basis. Recoveries may be for current or prior years' losses from fiduciary and related services and should be reported when payment is actually realized. If the institution enters into a "fee reduction" or "fee waiver" agreement with a client as the method for reimbursing or compensating the client for a loss on the client's fiduciary or related services account, the full amount of this loss must be recognized on



**Item No.    Caption and Instructions**

- 7.d**  
(cont.)            an accrual basis and reported in this item as "Other noninterest expense." An institution should not report such a loss as a reduction of the gross income from fiduciary and related services it reports in Schedule RI, item 5.a, "Income from fiduciary activities," in the current or future periods when the "fee reduction" or "fee waiver" takes place. (See the example after the instructions to Schedule RC-T, Memorandum item 4.e.) For institutions required to complete Schedule RC-T, item 24, the amount of net losses from fiduciary and related services also is reported in that item.
- (26) Losses from robberies, defalcations, and other criminal acts not covered by the bank's blanket bond.
- (27) Travel and entertainment expenses, including costs incurred by bank officers and employees for attending meetings and conventions.
- (28) Dues, fees, and other expenses associated with memberships in country clubs, social or private clubs, civic organizations, and similar clubs and organizations.
- (29) Civil money penalties and fines.
- (30) All service charges, commissions, and fees levied by others for the repossession of assets and the collection of the bank's loans or other assets, including charged-off loans or other charged-off assets.
- (31) Expenses (except salaries) related to handling credit card or charge sales received from merchants when the bank does not carry the related loan accounts on its books. Banks are also permitted to net these expenses against their charges to merchants for the bank's handling of these sales in Schedule RI, item 5.I.
- (32) Expenses related to the testing and training of officers and employees.
- (33) The cost of bank newspapers and magazines prepared for distribution to bank officers and employees or to others.
- (34) Depreciation expense of furniture and equipment rented to others under operating leases.
- (35) Cost of checks provided to depositors.
- (36) Amortization expense of purchased computer software and of the costs of computer software to be sold, leased, or otherwise marketed capitalized in accordance with the provisions of ASC Subtopic 985-20, Software – Costs of Software to Be Sold, Leased or Marketed (formerly FASB Statement No. 86, "Accounting for the Cost of Computer Software to Be Sold, Leased, or Otherwise Marketed").
- (37) Provision for credit losses on off-balance sheet credit exposures.
- (38) Net losses (gains) from the extinguishment of liabilities (debt), including losses resulting from the payment of prepayment penalties on borrowings such as Federal Home Loan Bank advances. However, if a bank's debt extinguishments normally result in net gains over time, then the bank should consistently report its net gains (losses) in Schedule RI, item 5.I, "Other noninterest income."

**Item No.    Caption and Instructions**

**7.d**  
(cont.)    (39) Automated teller machine (ATM) and interchange expenses from bank card and credit card transactions. (Report the amount of such expenses in Schedule RI-E, item 2.j, if this amount is greater than \$100,000 and exceeds ~~37~~ percent of the amount reported in Schedule RI, item 7.d.)

Exclude from other noninterest expense:

- (1) Material expenses incurred in the issuance of subordinated notes and debentures (capitalize such expenses and amortize them over the life of the related notes and debentures using the effective interest method and report the expense in Schedule RI, item 2.d, "Interest on subordinated notes and debentures"). For further information, see the Glossary entry for "Debt issuance costs."
- (2) Expenses incurred in the sale of preferred and common stock (deduct such expenses from the sale proceeds and credit the net amount to the appropriate stock account. For perpetual preferred and common stock only, report the net sales proceeds in Schedule RI-A, item 5, "Sale, conversion, acquisition, or retirement of capital stock, net").
- (3) Depreciation and other expenses related to the use of bank-owned automobiles, airplanes, and other vehicles for bank business (report in Schedule RI, item 7.b, "Expenses of premises and fixed assets").
- (4) Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in Schedule RI, item 6.a, "Realized gains (losses) on held-to-maturity securities," and item 6.b, "Realized gains (losses) on available-for-sale securities," respectively).
- (5) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule RC at fair value under a fair value option. Banks should report these net decreases (increases) in fair value on trading assets and liabilities in Schedule RI, item 5.c; on servicing assets and liabilities in Schedule RI, item 5.f; and on other financial assets and liabilities in Schedule RI, item 5.l. Interest income earned and interest expense incurred on these financial assets and liabilities should be excluded from the net decreases (increases) in fair value and reported in the appropriate interest income or interest expense items on Schedule RI.

**7.e**        **Total noninterest expense.** Report the sum of items 7.a through 7.d.

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

- 7**    **If the reporting institution has applied pushdown accounting this calendar year, report the date of the institution's acquisition.** Pushdown accounting is an acquired institution's establishment of a new accounting basis in its separate financial statements (including its Consolidated Reports of Condition and Income) when an acquirer obtains control of the acquired institution and the institution retains its separate corporate existence. Under ASU No. 2014-17, "Pushdown Accounting," which amended ASC Subtopic 805-50, Business Combinations—Related Issues, an acquired institution that retains its separate corporate existence may apply pushdown accounting upon a change-in-control event. A change-in-control event occurs when an acquirer obtains a controlling financial interest in the acquired institution. A controlling financial interest typically requires ownership of more than 50 percent of the voting rights in an acquired entity. For further information, see the "pushdown accounting" section of the Glossary entry for "business combinations."

If the reporting institution was acquired during the calendar year-to-date reporting period, has retained its separate corporate existence, and has elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income) in accordance with the "pushdown accounting" section of the Glossary entry for "business combinations," report the date (year, month, and day) as of which the acquisition took place. For example, an institution that was acquired as of the close of business June 1, 2017, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income) would report 20170601 in this Memorandum item for June 30, September 30, and December 31, 2017.

An acquired institution that has elected pushdown accounting also must report certain information on its loans and leases reported as held for investment in Schedule RC-C, Part I, Memorandum items 12.a through 12.d, each quarter after its acquisition date through the end of the calendar year of acquisition regardless of whether the institution still holds the loans and leases.

If the reporting institution has not been acquired during this calendar year or if the reporting institution has been acquired during this calendar year but it did not elect to apply pushdown accounting, the institution should report zeros (i.e., 00000000) for the date in this Memorandum item.

**NOTE: Memorandum item 8 is not applicable to banks filing the FFIEC 041 report form.**

**8**    **Trading revenue (from cash instruments and derivative instruments).**

Memorandum items 8.a through 8.e are to be completed by banks that reported **average tradingtotal trading** assets (in Schedule RC-~~K~~, item ~~57~~) of \$10 million or more for any quarter of the preceding calendar year.

Report, in Memorandum items 8.a through 8.e, below, a breakdown of trading revenue that has been included in the body of the income statement in Schedule RI, item 5.c. For each of the five types of underlying risk exposure, report the combined revenue (net gains and losses) from trading cash instruments and derivative instruments. For purposes of Memorandum item 8, the reporting bank should determine the underlying risk exposure category in which to report the trading revenue from cash instruments and derivative instruments in the same manner that the bank makes this determination for other financial reporting purposes. The sum of Memorandum items 8.a through 8.e must equal Schedule RI, item 5.c.

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

- 11        Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?** Indicate in the boxes marked "YES" and "NO" whether the bank is, for federal income tax purposes, either an "S corporation" or a "qualifying subchapter S subsidiary," as defined in Internal Revenue Code Section 1361, as of the report date. In order to be an S corporation, the bank must have filed a valid election with the Internal Revenue Service and obtained the consent of all of its shareholders. An election for a bank to be a qualifying subchapter S subsidiary must have been made by a bank's parent holding company, which must also have made a valid election to be an S corporation. In addition, the bank (and its parent holding company, if applicable) must meet specific criteria for federal income tax purposes at all times during which the election remains in effect. These specific criteria include, for example, having no more than 100 qualifying shareholders and having only one class of stock outstanding.

NOTE: Memorandum item 12 is to be completed semiannually in the June and December reports only by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c.

- 12        Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties.** Report the amount of noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (i.e., interest income accrued and uncollected that has been added to principal) included in interest and fee income on loans secured by real estate in domestic offices (Schedule RI, item 1.a.(1)(a) on the FFIEC 031; item 1.a.(1) on the FFIEC 041).

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

- 13        Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option.** Report in the appropriate subitem the total amount of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all assets and liabilities accounted for at fair value under a fair value option. If the amount to be reported is a net loss, report it with a minus (-) sign. Disclosure of such gains (losses) is also required by ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, "Fair Value Option for Financial Assets and Financial Liabilities," paragraphs 19 and C7(b)) and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 156, "Accounting for Servicing of Financial Assets," paragraph 4(f)(1)(d)).

- 13.a      Net gains (losses) on assets.** Report the total amount of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all assets, including hybrid financial instruments and servicing assets, accounted for under a fair value option. This amount will reflect the reported interest included in total interest income in Schedule RI, item 1.h, and revaluation adjustments included in noninterest income in Schedule RI, items 5.c, 5.f, and 5.l. Exclude gains and losses for other items measured at fair value, such as items required to be measured at fair value.

## SCHEDULE RI-D – INCOME FROM FOREIGN OFFICES

### General Instructions

Schedule RI-D is applicable only to certain banks that file the FFIEC 031 report forms.

Banks with foreign offices are required to complete this schedule if (1) their foreign office assets are \$10 billion or more and (2) their foreign office assets, revenues, or net income account for more than 10 percent of the bank's consolidated total assets, total revenues, or net income; otherwise, banks need not complete this schedule. Banks should use foreign office and consolidated total revenues (net interest income plus noninterest income) and net income from the preceding calendar year and foreign office and consolidated total assets as of the preceding calendar year end when determining whether they exceed the \$10 billion foreign office asset-size threshold and the 10 percent threshold for completing this schedule each quarter during the next calendar year.

For purposes of these reports, a foreign office of the reporting bank is a branch or consolidated subsidiary located in a foreign country; an Edge or Agreement subsidiary, including both its U.S. and its foreign offices; or an IBF. In addition, if the reporting bank is chartered and headquartered in the 50 states of the United States and the District of Columbia, a branch or consolidated subsidiary located in Puerto Rico or a U.S. territory or possession is a foreign office. Branches on U.S. military facilities wherever located are treated as domestic offices, not foreign offices.

Banks that are required to complete Schedule RI-D should report all income and expense in foreign offices and related amounts for the calendar year-to-date. Amounts should be reported in this schedule (except items 7, 11, and 12) on a foreign office consolidated basis, i.e., before eliminating the effects of transactions with domestic offices, but after eliminating the effects of transactions between foreign offices. For the most part, the income and expense items in Schedule RI-D mirror categories of income and expense reported in Schedule RI. Therefore, where appropriate, banks should refer to the instructions for Schedule RI for the definitions of the income and expense items in this schedule.

### Item Instructions

#### Item No.    Caption and Instructions

- 1        **Total interest income in foreign offices.** Report total interest income (as defined for Schedule RI, item 1.h) in foreign offices, including fees and similar charges associated with foreign office assets.
- 2        **Total interest expense in foreign offices.** Report total interest expense (as defined for Schedule RI, item 2.e) on deposits, borrowings, and other liabilities in foreign offices.
- 3        **Provision for loan and lease losses in foreign offices.** Report the provision for loan and lease losses (as defined for Schedule RI, item 4) in foreign offices. If the amount to be reported in this item is negative, report it with a minus (-) sign.
- 4        **Noninterest income in foreign offices:**
- 4.a      **Trading revenue.** Report trading revenue (as defined for Schedule RI, item 5.c) in foreign offices, including the net gain or loss from trading cash instruments and derivative contracts (including commodity contracts), related revaluation adjustments, and incidental income that has been recognized in foreign offices. If the amount to be reported in this item is a net loss, report it with a minus (-) sign.

## SCHEDULE RI-E – EXPLANATIONS

### General Instructions

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis. On those lines for which your bank must provide a description of the amount being reported, the description should not exceed 50 characters (including punctuation and spacing between words). If additional space is needed to complete a description or if your bank, at its option, chooses to briefly describe other significant items affecting the Consolidated Report of Income, item 7 of this schedule may be used. Any amounts reported in Schedule RI-E, item 2.g, "FDIC deposit insurance assessments," for report dates beginning June 30, 2009, will not be made available to the public on an individual institution basis.

### Item Instructions

#### Item No.    Caption and Instructions

- 1**    **Other noninterest income.** Disclose in items 1.a through 1.ij each component of Schedule RI, item 5.l, "Other noninterest income," and the dollar amount of such component, that is greater than \$100,000 and exceeds 37 percent of the "Other noninterest income." If net losses have been reported in Schedule RI, item 5.l, for a component of "Other noninterest income," use the absolute value of such net losses to determine whether the amount of the net losses is greater than \$100,000 and exceeds 37 percent of "Other noninterest income" and should be reported in this item. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.) If net losses are reported in this item, report them with a minus (-) sign.

Preprinted captions have been provided for the following categories of "Other noninterest income":

- Item 1.a, "Income and fees from the printing and sale of checks,"
- Item 1.b, "Earnings on/increase in value of cash surrender value of life insurance,"
- Item 1.c, "Income and fees from automated teller machines (ATMs),"
- Item 1.d, "Rent and other income from other real estate owned,"
- Item 1.e, "Safe deposit box rent,"
- Item 1.f, "~~Net change in the fair values of financial instruments accounted for under a fair value option,~~"
- ~~Item 1.g,~~ "Bank card and credit card interchange fees," and
- ~~Item 1.h,~~ "~~Gains on bargain purchases,~~" and
- ~~Item 1.gi,~~ "Income and fees from wire transfers not reportable as service charges on deposit accounts."

General descriptions of the components of "Other noninterest income," including those for which preprinted captions have been provided in items 1.a through 1.ig, are included in the instructions for Schedule RI, item 5.l. However, institutions need not adjust their internal noninterest income definitions to match the agencies' descriptions in the item 5.l instructions. Rather, institutions may report the components of their "Other noninterest income" in items 1.a through 1.ij using their internal definitions, provided the internal definitions are used consistently over time.

For other components of "Other noninterest income" that exceed the disclosure threshold, list and briefly describe these components in items 1.jh through 1.ij and, if necessary, in Schedule RI-E, item 7, below.

**Item No.    Caption and Instructions**

**1**            For components of “Other noninterest income” that reflect a single credit for separate (cont.) “bundled services” provided through third party vendors, disclose such amounts in the item that most closely describes the predominant type of income earned, and this categorization should be used consistently over time.

**2**            **Other noninterest expense.** Disclose in items 2.a through 2.p each component of Schedule RI, item 7.d, “Other noninterest expense,” and the dollar amount of such component, that is greater than \$100,000 and exceeds 37 percent of the “Other noninterest expense.” If net gains have been reported in Schedule RI, item 7.d, for a component of “Other noninterest expense,” use the absolute value of such net gains to determine whether the amount of the net gains is greater than \$100,000 and exceeds 37 percent of “Other noninterest expense” and should be reported in this item. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.) If net gains are reported in this item, report them with a minus (-) sign.

Preprinted captions have been provided for the following categories of “Other noninterest expense”:

- Item 2.a, “Data processing expenses,”
- Item 2.b, “Advertising and marketing expenses,”
- Item 2.c, “Directors’ fees,”
- Item 2.d, “Printing, stationery, and supplies,”
- Item 2.e, “Postage,”
- Item 2.f, “Legal fees and expenses,”
- Item 2.g, “FDIC deposit insurance assessments,”
- Item 2.h, “Accounting and auditing expenses,”
- Item 2.i, “Consulting and advisory expenses,”
- Item 2.j, “Automated teller machine (ATM) and interchange expenses,”
- Item 2.k, “Telecommunications expenses,”
- Item 2.l, “Other real estate owned expenses,” and
- Item 2.m, “Insurance expenses (not included in employee expenses, premises and fixed asset expenses, and other real estate owned expenses).”

General descriptions of the components of “Other noninterest expense,” including those for which preprinted captions have been provided in items 2.a through 2.m, are included in the instructions for Schedule RI, item 7.d. However, institutions need not adjust their internal noninterest expense definitions to match the agencies’ descriptions in the item 7.d instructions. Rather, institutions may report the components of their “Other noninterest expense” in items 2.a through 2.p using their internal definitions, provided the internal definitions are used consistently over time.

For other components of “Other noninterest expense” that exceed the disclosure threshold, list and briefly describe these components in items 2.n through 2.p and, if necessary, in Schedule RI-E, item 7, below.

For components of “Other noninterest expense” that reflect a single charge for separate “bundled services” provided by third party vendors, disclose such amounts in the item that most closely describes the predominant type of expense incurred, and this categorization should be used consistently over time.

**Item No.    Caption and Instructions**

**6**        Exclude from premises and fixed assets:  
(cont.)

- (1) Original paintings, antiques, and similar valuable objects (report in Schedule RC-F, item 6, "All other assets").
- (2) Favorable leasehold rights (report in Schedule RC-M, item ~~2.c, 40.b~~, "All other identifiable intangibles ~~Other intangible assets~~").

Property formerly but no longer used for banking may be reported either in this item as "Premises and fixed assets" or in Schedule RC-M, item 3, as "Other real estate owned."

**7**        **Other real estate owned.** Report the total amount of other real estate owned from Schedule RC-M, item 3.~~hg~~ on the FFIEC 031 and item 3.~~gf~~ on the FFIEC 041. For further information on other real estate owned, see the instruction to Schedule RC-M, item 3, and the Glossary entry for "foreclosed assets."

**8**        **Investments in unconsolidated subsidiaries and associated companies.** Report the amount of the bank's investments in subsidiaries that have not been consolidated; associated companies; corporate joint ventures, unincorporated joint ventures, and general partnerships over which the bank exercises significant influence; and noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting"), excluding those that represent direct and indirect investments in real estate ventures (which are to be reported in Schedule RC, item 9). The entities in which these investments have been made are collectively referred to as "investees." Include loans and advances to investees and holdings of their bonds, notes, and debentures.

Investments in investees shall be reported using the equity method of accounting. Under the equity method, the carrying value of the bank's investment in an investee is originally recorded at cost but is adjusted periodically to record as income the bank's proportionate share of the investee's earnings or losses and decreased by the amount of any cash dividends or similar distributions received from the investee. For purposes of these reports, the date through which the carrying value of the bank's investment in an investee has been adjusted should, to the extent practicable, match the report date of the Report of Condition, but in no case differ by more than 93 days from the report date.

Unconsolidated subsidiaries include those majority-owned subsidiaries that do not meet the significance standards for required consolidation that the bank chooses not to consolidate under the optional consolidation provisions. Refer to the General Instructions section of this book for a detailed discussion of consolidation. See also the Glossary entry for "subsidiaries."

**9**        **Direct and indirect investments in real estate ventures.** Report the amount of the bank's direct and indirect investments in real estate ventures. Exclude real estate acquired in any manner for debts previously contracted, including, but not limited to, real estate acquired through foreclosure or acquired by deed in lieu of foreclosure, and equity holdings that indirectly represent such real estate (report in Schedule RC-M, item 3, "Other real estate owned").

NOTE: 12 USC 29 limits the authority of national banks to hold real estate. State member banks are not authorized to invest in real estate except with the prior approval of the Board of Governors of the Federal Reserve System under Federal Reserve Regulation H (12 CFR Part 208). In certain states, nonmember banks may invest in real estate.



**Item No.    Caption and Instructions**

- 10**        **Intangible assets.** Report the total amount of intangible assets from Schedule RC-M, item 2.d.
- ~~**10.a**        **Goodwill.** Report the carrying amount of goodwill as adjusted for any impairment losses and, if the private company goodwill accounting alternative has been elected, the amortization of goodwill. Except when this accounting alternative has been elected, goodwill should not be amortized. However, regardless of whether goodwill is amortized, it must be tested for impairment as described in the Glossary entry for "goodwill." See "acquisition method" in the Glossary entry for "business combinations" for guidance on the recognition and initial measurement of goodwill acquired in a business combination.~~
- ~~**10.b**        **Other intangible assets.** Report the total amount of intangible assets other than goodwill from Schedule RC-M, item 2.d. For further information on intangible assets, see the instruction to Schedule RC-M, item 2.~~
- 11**        **Other assets.** Report the amount from Schedule RC-F, item 7, "Total."
- 12**        **Total assets.** Report the sum of items 1 through 11. This item must equal Schedule RC, item 29, "Total liabilities and equity capital."

**Item No.    Caption and Instructions**

- 2    U.S. Government agency obligations.** Report in the appropriate columns ~~of the appropriate subitems~~ the amortized cost and fair value of all ~~U.S. Government agency~~ obligations ~~of U.S. Government agencies and U.S. Government-sponsored agencies~~ (excluding mortgage-backed securities) not held for trading.

~~Distinction between U.S. Government Agencies and U.S. Government-sponsored Agencies – For purposes of these reports, a U.S. Government agency is defined as an instrumentality of the U.S. Government whose debt obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. Government. In contrast, a U.S. Government-sponsored agency is defined as an agency originally established or chartered by the U.S. Government to serve public purposes specified by the U.S. Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S. Government.~~

~~Exclude from U.S. Government agency obligations:~~

- ~~(1) Loans to the Export-Import Bank and to federally-sponsored lending agencies (report in "Other loans," Schedule RC-C, part I, item 9). Refer to the Glossary entry for "federally-sponsored lending agency" for the definition of this term.~~
- ~~(2) All holdings of U.S. Government-issued or -guaranteed mortgage pass-through securities (report in Schedule RC-B, item 4.a, below).~~
- ~~(3) Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by U.S. Government agencies and corporations (report in Schedule RC-B, item 4.b, below).~~
- ~~(4) Participations in pools of Federal Housing Administration (FHA) Title I loans, which generally consist of junior lien home improvement loans (report as loans in Schedule RC-C, generally in item 1.c.(2)(b), Loans "secured by junior liens" on 1-to-4 family residential properties).~~

**Item No.    Caption and Instructions**

~~**2.a**    **Issued by U.S. Government agencies.** Report in the appropriate columns the amortized cost and fair value of all obligations (excluding mortgage-backed securities) not held for trading that have been issued by U.S. Government agencies. For purposes of these reports, a U.S. Government agency is defined as an instrumentality of the U.S. Government whose debt obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. Government.~~

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

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

Include such obligations as:

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

~~**2.b**    **Issued by U.S. Government-sponsored agencies.** Report in the appropriate columns the amortized cost and fair value of all obligations (excluding mortgage-backed securities) not held for trading that have been issued by U.S. Government-sponsored agencies. For purposes of these reports, U.S. Government-sponsored agencies are defined as agencies originally established or chartered by the U.S. Government to serve public purposes specified by the U.S. Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S. Government.~~

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

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

~~Exclude debt securities issued by SLM Corporation, the private-sector corporation that is the successor to the Student Loan Marketing Association (report in Schedule RC-B, item 6.a,~~

**Item No. Caption and Instructions**

~~2.b~~ ~~“Other domestic debt securities,” below), and securitized student loans issued by (cont.) SLM Corporation (or its affiliates) (report in Schedule RC-B, item 5, “Asset-backed securities,” below).~~

Exclude from U.S. Government agency obligations:

- (1) Loans to the Export-Import Bank and to federally-sponsored lending agencies (report in “Other loans,” Schedule RC-C, part I, item 9). Refer to the Glossary entry for “federally-sponsored lending agency” for the definition of this term.
- (2) All holdings of U.S. Government-issued or -guaranteed mortgage pass-through securities (report in Schedule RC-B, item 4.a.(1), 4.a.(2), or 4.c.(1)(a), below, as appropriate).
- (3) Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by U.S. Government agencies and corporations (report in Schedule RC-B, item 4.b.(1) or 4.c.(2)(a), below, as appropriate).
- (4) Participations in pools of Federal Housing Administration (FHA) Title I loans, which generally consist of junior lien home improvement loans (report as loans in Schedule RC-C, generally in item 1.c.(2)(b), Loans “secured by junior liens” on 1-to-4 family residential properties).
- (5) Debt securities issued by SLM Corporation, the private-sector corporation that is the successor to the Student Loan Marketing Association (report in Schedule RC-B, item 6.a, “Other domestic debt securities,” below), and securitized student loans issued by SLM Corporation (or its affiliates) (report in Schedule RC-B, item 5.a, “Asset-backed securities,” below).

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

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

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

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

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

Treatment of industrial development bonds (IDBs) and similar obligations. Industrial development bonds (IDBs), sometimes referred to as “industrial revenue bonds,” and similar obligations are issued under the auspices of states or political subdivisions for the benefit of a

**Item No.    Caption and Instructions**

**3**  
(cont.)

Exclude from item 3:

- (1) All overdrafts of states and political subdivisions in the U.S. (report as loans in Schedule RC-C, part I, item 8).
- (2) All lease financing receivables of states and political subdivisions in the U.S. (report as leases in Schedule RC-C, part I, item 10).
- (3) All IDBs that are reported as loans in accordance with the reporting treatment described above (report as loans in Schedule RC-C, part I, item 8).
- (4) All other nonrated obligations of states and political subdivisions in the U.S. that the bank considers loans for other financial reporting purposes (report as loans in Schedule RC-C, part I, item 8).
- (5) All mortgage-backed securities issued by state and local housing authorities in the U.S. (report in Schedule RC-B, item 4, below).
- (6) Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by state and local housing authorities in the U.S. (report in Schedule RC-B, item 4.b, below).
- (7) All obligations of states and political subdivisions in the U.S. held by the reporting bank for trading (report in Schedule RC, item 5).

**4**    **Mortgage-backed securities.** Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all residential and commercial mortgage-backed securities, including mortgage pass-through securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments), and mortgage-backed commercial paper not held for trading. Include mortgage-backed securities issued by non-U.S. issuers.

Exclude from mortgage-backed securities:

- (1) Securities backed by loans extended under home equity lines, i.e., revolving open-end lines of credit secured by 1-4 family residential properties (report as asset-backed securities in Schedule RC-B, item 5.a, and, if applicable, in Schedule RC-B, Memorandum item 5.b, "Home equity lines").
- (2) Bonds issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) that are collateralized by mortgages, i.e., mortgage-backed bonds, (report in Schedule RC-B, item ~~2.b, Obligations "Issued by U.S. Government-sponsored agencies agency obligations"~~) and mortgage-backed bonds issued by non-U.S. Government issuers (report in Schedule RC-B, item 6, "Other debt securities," below).
- (3) Participation certificates issued by the Export-Import Bank and the General Services Administration (report in Schedule RC-B, item ~~2.a, Obligations "Issued by U.S. Government agencies obligations"~~).

**Item No.    Caption and Instructions**

4  
| (cont.)    (4) Participation certificates issued by a Federal Intermediate Credit Bank (report in Schedule RC-F, item 4, "Equity ~~investments without securities that do not have~~ readily determinable fair values").

**4.a    Residential mortgage pass-through securities.** Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all holdings of residential mortgage pass-through securities. In general, a residential mortgage pass-through security represents an undivided interest in a pool of loans secured by 1-4 family residential properties that provides the holder with a pro rata share of all principal and interest payments on the residential mortgages in the pool, and includes certificates of participation in pools of residential mortgages.

Include certificates of participation in pools of 1-4 family residential mortgages even though the reporting bank was the original holder of the mortgages underlying the pool and holds the instruments covering that pool, as may be the case with GNMA certificates issued by the bank and swaps with FNMA and FHLMC. Also include U.S. Government-issued participation certificates (PCs) that represent a pro rata share of all principal and interest payments on a pool of resecuritized participation certificates that, in turn, are backed by 1-4 family residential mortgages, e.g., FHLMC Giant PCs.

Exclude all holdings of commercial mortgage pass-through securities, including pass-through securities backed by loans secured by multifamily (5 or more) residential properties (report in Schedule RC-B, item 4.c.(1), below). Also exclude all collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments), and mortgage-backed commercial paper (report in Schedule RC-B, item 4.b or 4.c.(2), below, as appropriate).

**4.a.(1)    Guaranteed by GNMA.** Report in the appropriate columns the amortized cost and fair value of all holdings of 1-4 family residential mortgage pass-through securities guaranteed by the Government National Mortgage Association (GNMA) that are not held for trading. Exclude 1-4 family residential mortgage pass-through securities issued by FNMA and FHLMC (report in Schedule RC-B, item 4.a.(2), below).

**4.a.(2)    Issued by FNMA and FHLMC.** Report in the appropriate columns the amortized cost and fair value of all holdings of 1-4 family residential mortgage pass-through securities issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) that are not held for trading. Exclude 1-4 family residential mortgage pass-through securities that are guaranteed by the Government National Mortgage Association (GNMA) (report in Schedule RC-B, item 4.a.(1), above).

**4.a.(3)    Other pass-through securities.** Report in the appropriate columns the amortized cost and fair value of all holdings of 1-4 family residential mortgage pass-through securities issued by others (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) that are not guaranteed by the U.S. Government and are not held for trading.

If the bank has issued pass-through securities backed by a pool of its own 1-4 family residential mortgages and the certificates are not guaranteed by the U.S. Government, any holdings of these pass-through securities (not held for trading) are to be reported in this item.

**Item No.    Caption and Instructions**

**5.b    Structured financial products.** Report in the appropriate columns ~~of the appropriate subitems~~ the amortized cost and fair value of all structured financial products not held for trading. ~~Include according to whether the product is a~~ cash, synthetic, ~~and/or~~ hybrid instruments, ~~including those include structured financial products~~ issued by non-U.S. issuers. For banks with \$10 billion or more in total assets, this item must equal Schedule RC-B, sum of Memorandum items 6.a through 6.g.

Structured financial products generally convert a pool of assets (such as whole loans, securitized assets, and bonds) and other exposures (such as derivatives) into products that are tradable capital market debt instruments. Some of the more complex financial product structures mix asset classes in order to create investment products that diversify risk.

(1) A cash instrument means that the instrument represents a claim against a reference pool of assets.

(2) A synthetic instrument means that the investors do not have a claim against a reference pool of assets; rather, the originating bank merely transfers the inherent credit risk of the reference pool of assets by such means as a credit default swap, a total return swap, or another arrangement in which the counterparty agrees upon specific contractual covenants to cover a predetermined amount of losses in the loan pool.

(3) A hybrid instrument means that the instrument is a mix of both cash and synthetic instruments.

One of the more common cash instrument structured financial products is referred to as a collateralized debt obligation (CDO). For example, include in this item investments in CDOs for which the underlying collateral is a pool of trust preferred securities issued by U.S. business trusts organized by financial institutions or real estate investment trusts. However, exclude from this item investments in trust preferred securities issued by a single U.S. business trust (report in Schedule RC-B, item 6.a, "Other domestic debt securities").

Examples of other products to be reported in this item include synthetic structured financial products (such as synthetic CDOs) that use credit derivatives and a reference pool of assets, hybrid structured products that mix cash and synthetic instruments, collateralized bond obligations (CBOs), resecuritizations such as CDOs squared or cubed (which are CDOs backed primarily by the tranches of other CDOs), and other similar structured financial products. ~~For each column, the sum of items 5.b.(1) through 5.b.(3) must equal the sum of Memorandum items 6.a through 6.g.~~

Exclude from structured financial products:

- (1) Mortgage-backed pass-through securities (report in Schedule RC-B, item 4, above).
- (2) Collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, stripped mortgage-backed securities, and mortgage-backed commercial paper (report in Schedule RC-B, item 4, above).
- (3) Asset-backed commercial paper not held for trading (report in Schedule RC-B, item 5.a, above).
- (4) Asset-backed securities that are primarily secured by one type of asset (report in Schedule RC-B, item 5.a, above).

- (5) Securities backed by loans that are commonly regarded as asset-backed securities rather than collateralized loan obligations in the marketplace (report in Schedule RC-B, item 5.a, above).

**5.b.(1) ~~Cash instruments.~~** Report in the appropriate columns the amortized cost and fair value of structured financial products (as defined in Schedule RC-B, item 5.b, above) that are cash instruments. A cash instrument means that the instrument represents a claim against a reference pool of assets. For example, include investments in collateralized debt obligations for which the underlying collateral is a pool of trust preferred securities issued by U.S. business trusts organized by financial institutions or real estate investment trusts. However, exclude investments in trust preferred securities issued by a single U.S. business trust (report in Schedule RC-B, item 6.a, "Other domestic debt securities").

**5.b.(2) ~~Synthetic instruments.~~** Report in the appropriate columns the amortized cost and fair value of structured financial products (as defined in Schedule RC-B, item 5.b, above) that are synthetic instruments. A synthetic instrument means that the investors do not have a claim against a reference pool of assets; rather, the originating bank merely transfers the inherent credit risk of the reference pool of assets by such means as a credit default swap, a total return swap, or another arrangement in which the counterparty agrees upon specific contractual covenants to cover a predetermined amount of losses in the loan pool.



**Item No.    Caption and Instructions**

~~5.b.(3)    **Hybrid instruments.** Report in the appropriate columns the amortized cost and fair value of structured financial products (as defined in Schedule RC-B, item 5.b, above) that are hybrid instruments. A hybrid instrument means that the instrument is a mix of both cash and synthetic instruments.~~

**6        Other debt securities.** Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all debt securities not held for trading that cannot properly be reported in Schedule RC-B, items 1 through 5, above.

Exclude from other debt securities:

- (1) All holdings of certificates of participation in pools of residential mortgages, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) (report in Schedule RC-B, item 4, above).
- (2) Holdings of bankers acceptances and certificates of deposit (CDs), even if the CDs are negotiable or have CUSIP numbers. (Report holdings of bankers acceptances as loans in Schedule RC, item 4.a, if held for sale; item 4.b, if held for investment; and item 5, if held for trading. Report holdings of CDs in Schedule RC, item 1.b, if not held for trading; and item 5, if held for trading.)
- (3) All securities that meet the definition of an "equity security" in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"), for example, common and perpetual preferred stock. (See also the instructions to Schedule RC-B, item 7, and Schedule RC-F, item 4.)

**6.a      Other domestic debt securities.** Report in the appropriate columns the amortized cost and fair value of all other domestic debt securities not held for trading.

Other domestic debt securities include:

- (1) Bonds, notes, debentures, equipment trust certificates, and commercial paper (except asset-backed commercial paper) issued by U.S.-chartered corporations and other U.S. issuers and not reportable elsewhere in Schedule RC-B.
- (2) Preferred stock of U.S.-chartered corporations and business trusts that by its terms either must be redeemed by the issuing corporation or trust or is redeemable at the option of the investor (i.e., redeemable or limited-life preferred stock), including trust preferred securities issued by a single U.S. business trust that are subject to mandatory redemption.
- (3) Detached U.S. Government security coupons and ex-coupon U.S. Government securities held as the result of either their purchase or the bank's stripping of such securities and Treasury receipts such as CATS, TIGRs, COUGARs, LIONs, and ETRs. Refer to the Glossary entry for "coupon stripping, Treasury receipts, and STRIPS" for additional information.

Exclude from other domestic debt securities investments in collateralized debt obligations for which the underlying collateral is a pool of trust preferred securities issued by U.S. business trusts (report as structured financial products in Schedule RC-B, item 5.b.(1), "~~Cash instruments~~").

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

- 2.d    Debt securities with a remaining maturity of one year or less.** Report all debt securities with a remaining maturity of one year or less. Include both fixed rate and floating rate debt securities. Exclude debt securities that are in nonaccrual status.

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

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

**NOTE: Memorandum item 3 is to be completed semiannually in the June and December reports only.**

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

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

- 4    Structured notes.** Report in this item all structured notes included in the held-to-maturity and available-for-sale accounts and reported in Schedule RC-B, items 2, 3, 5, and 6. In general, structured notes are debt securities whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options or are otherwise commonly known as "structured notes." Include as structured notes any asset-backed securities (other than mortgage-backed securities) which possess the aforementioned characteristics.

Structured notes include, but are not limited to, the following common structures:

- (1) Floating rate debt securities whose payment of interest is based upon:
  - (a) a single index of a Constant Maturity Treasury (CMT) rate or a Cost of Funds Index (COFI), or
  - (b) changes in the Consumer Price Index (CPI). However, **exclude** from structured notes all U.S. Treasury Inflation-Protected Securities (TIPS).

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

**4**  
(cont.)      Generally, municipal and corporate securities that have periodic call options should **not** be reported as structured notes. Although many of these securities have features similar to those found in some structured notes (e.g., step-ups, which generally remain callable after a step-up date), they are **not commonly known** as structured notes. Examples of such callable securities that should **not** be reported as structured notes include:

- (1) Callable municipal and corporate bonds which have single (or multiple) explicit call dates and then can be called on any interest payment date after the last explicit call date (i.e., they are continuously callable).
- (2) Callable federal agency securities that have continuous call features after an explicit call date, except step-up bonds (which are structured notes).

The mere existence of simple caps and floors does not necessarily make a security a structured note. Securities with **adjusting** caps or floors (i.e., caps or floors that change over time), however, are structured notes. Therefore, the following types of securities should **not** be reported as structured notes:

- (1) Variable rate securities, including Small Business Administration "Guaranteed Loan Pool Certificates," **unless** they have features of securities which are commonly known as structured notes (i.e., they are inverse, range, or de-leveraged floaters, index amortizing notes, dual index or variable principal redemption or step-up bonds), or have adjusting caps or floors.
- (2) Mortgage-backed securities.

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

**4.b**      **Fair value (of structured notes).** Report the fair (market) value of structured notes reported in Memorandum item 4.a above. The fair value of these securities will have been reported in columns B and D of the body of Schedule RC-B. Do not combine or otherwise net the fair value of any structured note with the fair or book value of any related asset, liability, or off-balance sheet derivative instrument.

**NOTE: Memorandum items 5 and 6 are to be completed by banks with \$10 billion or more in total assets.**

**5**      **Asset-backed securities.** ~~Memorandum items 5.a through 5.f are to be completed by banks with \$1 billion or more in total assets.~~

Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all asset-backed securities (other than mortgage-backed securities), including asset-backed commercial paper, not held for trading. For each column, the sum of Memorandum items 5.a through 5.f must equal Schedule RC-B, item 5.

For purposes of categorizing asset-backed securities in Schedule RC-B, Memorandum items 5.a through 5.f, below, each individual asset-backed security should be included in the item that most closely describes the predominant type of asset that collateralizes the security

MemorandaItem No.    Caption and Instructions

- 6**        **Structured financial products by underlying collateral or reference assets.** Report in the appropriate columns of the appropriate subitems the amortized cost and fair value of all structured financial products (as defined in Schedule RC-B, item 5.b, above) not held for trading by the predominant type of collateral or reference assets supporting the product. For each column, the sum of Memorandum items 6.a through 6.g must equal ~~the sum of~~ Schedule RC-B, items ~~5.b.(1) through 5.b.(3).~~
- 6.a**        **Trust preferred securities issued by financial institutions.** Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by trust preferred securities issued by financial institutions.
- 6.b**        **Trust preferred securities issued by real estate investment trusts.** Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by trust preferred securities issued by real estate investment trusts.
- 6.c**        **Corporate and similar loans.** Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by corporate and similar loans.  
  
Exclude securities backed by loans that are commonly regarded as asset-backed securities rather than collateralized loan obligations in the marketplace (report in Schedule RC-B, item 5.a).
- 6.d**        **1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs).** Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by 1-4 family residential mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises.
- 6.e**        **1-4 family residential MBS not issued or guaranteed by GSEs.** Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by 1-4 family residential mortgage-backed securities not issued or guaranteed by U.S. government-sponsored enterprises.
- 6.f**        **Diversified (mixed) pools of structured financial products.** Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by diversified (mixed) pools of structured financial products. Include such products as CDOs squared and cubed (also known as “pools of pools”).
- 6.g**        **Other collateral or reference assets.** Report in the appropriate columns the amortized cost and fair value of structured financial products supported predominantly by other types of collateral or reference assets not identified above.

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

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

- 5            Loans secured by real estate to non-U.S. addressees (domicile).** Report the amount of loans secured by real estate to non-U.S. addressees that are included in Schedule RC-C, part I, items 1.a through 1.e, column B, on the FFIEC 041; item 1, column A, or items 1.a.(1) through 1.e.(2), column A, as appropriate, on the FFIEC 031. For a detailed discussion of U.S. and non-U.S. addressees, see the Glossary entry for "domicile."

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

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

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

NOTE: Memorandum items 7.a and 7.b are to be completed by all banks semiannually in the June and December reports only.

- 7            Purchased credit-impaired loans held for investment accounted for in accordance with FASB ASC Subtopic 310-30.** Report in the appropriate subitem the outstanding balance and amount of "purchased credit-impaired loans" reported as held for investment in Schedule RC-C, part I, items 1 through 9, and 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 a bank has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable. Loans held for investment are those that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff.

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

- 7.a        Outstanding balance.** Report the outstanding balance of all purchased credit-impaired loans reported as held for investment in Schedule RC-C, part I, items 1 through 9. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the bank at the report date, whether or not currently due and whether or not any such amounts have been charged off by the bank. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.
- 7.b        Amount included in Schedule RC-C, part I, items 1 through 9.** Report the amount of, i.e., the recorded investment in, all purchased credit-impaired loans reported as held for investment. The recorded investment in these loans will have been included in Schedule RC-C, part I, items 1 through 9.

NOTE: Memorandum items 8.a, 8.b, and 8.c are to be completed semiannually in the June and December reports only.

- 8        Closed-end loans with negative amortization features secured by 1-4 family residential properties in domestic offices.** Report in the appropriate subitem the amount of closed-end loans with negative amortization features secured by 1-4 family residential properties and, if certain criteria are met, the maximum remaining amount of negative amortization contractually permitted on these loans and the total amount of negative amortization included in the amount of these loans. Negative amortization refers to a method in which a loan is structured so that the borrower's minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan's principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan payments are then recast to a fully amortizing schedule. Negative amortization features may be applied to either adjustable rate mortgages or fixed rate mortgages, the latter commonly referred to as graduated payment mortgages (GPMs).

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

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

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

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

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

- 8.b        Total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1-4 family residential properties.** For all closed-end loans secured by 1-4 family residential properties whose terms allow for negative amortization (that were reported in Schedule RC-C, part I, Memorandum item 8.a), report the total maximum remaining amount of negative amortization permitted under the terms of the loan contract (i.e., the maximum loan principal balance permitted under the negative amortization cap less the principal balance of the loan as of the quarter-end report date).
- 8.c        Total amount of negative amortization on closed-end loans secured by 1-4 family residential properties included in the amount reported in Memorandum item 8.a above.** For all closed-end loans secured by 1-4 family residential properties whose terms allow for negative amortization, report the total amount of negative amortization included in the amount (i.e., the total amount of interest added to the original loan principal balance that has not yet been repaid) reported in Schedule RC-C, part I, Memorandum item 8.a above. Once a loan reaches its maximum principal balance, the amount of negative amortization included in the amount should continue to be reported until the principal balance of the loan has been reduced through cash payments below the original principal balance of the loan.
- 9            Loans secured by 1-4 family residential properties (in domestic offices) in process of foreclosure.** Report the total unpaid principal balance of loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c, column B, for which formal foreclosure proceedings to seize the real estate collateral have started and are ongoing as of quarter-end, regardless of the date the foreclosure procedure was initiated. Loans should be classified as in process of foreclosure according to local requirements. If a loan is already in process of foreclosure and the mortgagor files a bankruptcy petition, the loan should continue to be reported as in process of foreclosure until the bankruptcy is resolved. Exclude loans where the foreclosure process has been completed and the bank reports the real estate collateral as "Other real estate owned" in Schedule RC, item 7. This item should include both closed-end and open-end 1-4 family residential mortgage loans that are in process of foreclosure.
- 10-11      Not applicable.**

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

NOTE: Memorandum items 12.a through 12.d are to be completed semiannually in the June and December reports only.

- 12        Loans (not subject to the requirements of FASB ASC 310-30) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year.** Report in the appropriate subitem and column the specified information on loans and leases held for investment purposes that were acquired in a business combination, as prescribed under ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"), with an acquisition date in the current calendar year. The acquisition date is the date on which the bank obtains control<sup>1</sup> of the acquiree. If the reporting bank was acquired in a transaction during the calendar year pursuant to ASC Topic 805 and push down accounting was applied, report the specified information on the bank's loans and leases reported as held for investment after the application of push down accounting.

~~Acquired~~ Loans and leases acquired in the current calendar year should be reported in this item ~~each quarter after their acquisition date through the end of the calendar year of acquisition in the reports for June 30 and December 31 of the current calendar year, as appropriate,~~ regardless of whether the bank still holds the loans and leases. For example, loans and leases acquired in a business combination with an acquisition date in the first six months of the current calendar year should be reported in this item in both the June 30 and December 31 reports for the current calendar year; loans and leases acquired in the second six months of the current calendar year should be reported in the December 31 report for the current calendar year.

Exclude purchased credit-impaired loans held for investment that 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") (report information on such loans in Schedule RC-C, Memorandum item 7). (For further information, see the Glossary entry for "purchased credit-impaired loans and debt securities.")

**Column Instructions**

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

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

<sup>1</sup> Control has the meaning of "controlling financial interest" in ASC Subtopic 810-10, Consolidation – Overall (formerly Accounting Research Bulletin No. 51, "Consolidated Financial Statements," as amended).



## SCHEDULE RC-D – TRADING ASSETS AND LIABILITIES

### General Instructions

Schedule RC-D is to be completed by banks that reported ~~a quarterly average for total~~ trading assets of \$210 million or more in ~~any of the four preceding calendar quarters, and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes. Schedule RC-K, item 7, for any of the four preceding quarterly reports. However, because banks with domestic offices only and with less than \$100 million in total assets do not report a quarterly average for trading assets in Schedule RC-K, item 7, on the FFIEC 041, Schedule RC-D is not applicable to such banks.~~ Memorandum items 52 through 10 are ~~not applicable to banks filing the FFIEC 041 report form. On the FFIEC 031 report form, Memorandum items 2 through 10 are~~ to be completed by banks ~~with that reported a quarterly average for trading assets of \$10 billion or more in total trading assets~~ Schedule RC-K, item 7, for any of the four preceding quarterly reports.

Trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale, (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements, and (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes.

For purposes of the Reports of Condition and Income, all securities within the scope of ASC Topic 320, Investments – Debt and Equity Securities (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"), that a bank has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of these reports, banks may classify assets (other than securities within the scope of ASC Topic 320) and liabilities as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a bank would generally not classify a loan to which it has applied the fair value option as a trading asset unless the bank holds the loan, which it manages as a trading position, for one of the following purposes: (a) for market making activities, including such activities as accumulating loans for sale or securitization; (b) to benefit from actual or expected price movements; or (c) to lock in arbitrage profits. When reporting loans classified as trading in Schedule RC-D, banks should include only the fair value of the funded portion of the loan in item 6 of this schedule. If the unfunded portion of the loan, if any, is classified as trading (and does not meet the definition of a derivative), the fair value of the commitment to lend should be reported as an "Other trading asset" or an "Other trading liability," as appropriate, in Schedule RC-D, item 9 or item 13.b, respectively.

Assets, liabilities, and other financial instruments classified as trading shall be consistently valued at fair value as defined by ASC Topic 820, Fair Value Measurement (formerly FASB Statement No. 157, "Fair Value Measurements").

Exclude from this schedule all available-for-sale securities and all loans and leases that do not satisfy the criteria for classification as trading as described above. (Also see the Glossary entry for "trading account.") Available-for-sale securities are generally reported in Schedule RC, item 2.b, and in Schedule RC-B, columns C and D. However, a bank may have certain assets that fall within the definition of "securities" in ASC Topic 320 (e.g., nonrated industrial development obligations) that the bank has designated as "available-for-sale" which are reported for purposes of the Report of Condition in a balance sheet category other than "Securities" (e.g., "Loans and lease financing receivables"). Loans and leases that do not satisfy the criteria for the trading account should be reported in Schedule RC, item 4.a or item 4.b, and in Schedule RC-C.

~~On the FFIEC 031, this schedule has two columns: column A provides trading asset and liability detail for the fully consolidated bank and column B provides detail on trading assets and liabilities held by the domestic offices of the reporting bank. (See the Glossary entry for "domestic office" for the definition of this term.)~~

**Item No.    Caption and Instructions**

**4.e    All other commercial MBS.** Report the total fair value of all commercial mortgage-backed securities (as defined for Schedule RC-B, item 4.c, "Commercial MBS") issued or guaranteed by non-U.S. Government issuers that are held for trading.

**5    Other debt securities:**

**5.a    Structured financial products.** Report ~~in the appropriate subitem~~ the total fair value of all structured financial products (as defined for Schedule RC-B, item 5.b, "Structured financial products") held for trading. ~~according to whether the product is a~~ Include cash, synthetic, ~~or~~ and hybrid instruments.

~~**5.a.(1)    Cash instruments.**~~ Report the total fair value of structured financial products that are cash instruments (as defined for Schedule RC-B, item 5.b.(1)) held for trading.

~~**5.a.(2)    Synthetic instruments.**~~ Report the total fair value of structured financial products that are synthetic instruments (as defined for Schedule RC-B, item 5.b.(2)) held for trading.

~~**5.a.(3)    Hybrid instruments.**~~ Report the total fair value of structured financial products that are hybrid instruments (as defined for Schedule RC-B, item 5.b.(3)) held for trading.

**5.b    All other debt securities.** Report the total fair value of all other debt securities (as defined for Schedule RC-B, item 5.a, "Asset-backed securities," and item 6, "Other debt securities") held for trading.

**6    Loans.** Report in the appropriate subitem the total fair value of all loans held for trading. See the Glossary entry for "loan" for further information.

**6.a    Loans secured by real estate.** ~~On the FFIEC 041, r~~ Report in the appropriate subitem the total fair value of loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for trading. ~~On the FFIEC 031, report the total fair value of loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for trading for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.~~

~~**6.a.(1)    Loans secured by 1-4 family residential properties.**~~ Report the total fair value of all open-end and closed-end loans secured by 1-4 family residential properties (as defined for Schedule RC-C, part I, item 1.c) held for trading.

~~Include:~~

~~(1) 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)) held for trading.~~

~~(2) 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)) held for trading.~~

~~(3) 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)) held for trading.~~

**6.a.(12)** All other loans secured by real estate. Report the total fair value of all other loans secured by real estate held for trading.

Include:

(1) Construction, land development, and other land loans. ~~Report the total fair value of construction, land development, and other land loans.~~ (as defined for Schedule RC-C, part I, item 1.a) held for trading.

(2) Loans secured by farmland (as defined for Schedule RC-C, part I, item 1.b) held for trading.

(3) Loans secured by multifamily (5 or more) residential properties (as defined for Schedule RC-C, part I, item 1.d) held for trading.

(4) Loans secured by nonfarm nonresidential properties (as defined for Schedule RC-C, part I, item 1.e) held for trading.

~~**6.a.(2)** Secured by farmland. Report the total fair value of loans secured by farmland (as defined for Schedule RC-C, item 1.b) held for trading.~~

~~**6.a.(3)** Secured by 1-4 family residential properties. Report in the appropriate subitem the total fair value of all open-end and closed-end loans secured by real estate (as defined for Schedule RC-C, item 1.c) held for trading.~~

~~**6.a.(3)(a)** Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit. Report the total fair value of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit (as defined for Schedule RC-C, item 1.c.(1)) held for trading.~~

**Item No.    Caption and Instructions**

~~6.a.(3)(b) **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total fair value of all closed-end loans secured by real estate (as defined for Schedule RC-C, item 1.c.(2)) held for trading.~~

~~6.a.(3)(b)(1) **Secured by first liens.** Report the total fair value of closed-end loans secured by first liens on 1-4 family residential properties (as defined for Schedule RC-C, item 1.c.(2)(a)) held for trading.~~

~~6.a.(3)(b)(2) **Secured by junior liens.** Report the total fair value of closed-end loans secured by junior liens on 1-4 family residential properties (as defined for Schedule RC-C, item 1.c.(2)(b)) held for trading.~~

~~6.a.(4) **Secured by multifamily (5 or more) residential properties.** Report the total fair value of loans secured by multifamily (5 or more) residential properties (as defined for Schedule RC-C, item 1.d) held for trading.~~

~~6.a.(5) **Secured by nonfarm nonresidential properties.** Report the total fair value of loans secured by nonfarm nonresidential properties (as defined for Schedule RC-C, item 1.e) held for trading.~~

**6.b    Commercial and industrial loans.** Report the total fair value of commercial and industrial loans (as defined for Schedule RC-C, part I, item 4) held for trading.

**6.c    Loans to individuals for household, family, and other personal expenditures.** Report ~~in the appropriate subitem~~ the total fair value of all loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6) held for trading.

Include:

~~6.c.(1)    (1) **Credit cards.** Report the total fair value of ~~a~~All extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (as defined for Schedule RC-C, part I, item 6.a) held for trading.~~

~~6.c.(2)    (2) **Other revolving credit plans.** Report the total fair value of ~~a~~All extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards (as defined for Schedule RC-C, part I, item 6.b) held for trading.~~

~~6.c.(3)    (3) **Automobile loans.** Report the total fair value of All loans to individuals for household, family, and other personal expenditures arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use (as defined for Schedule RC-C, part I, item 6.c) held for trading.~~

~~6.c.(4)    (4) **Other consumer loans.** Report the total fair value of ~~a~~All other loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6.d) held for trading.~~

**6.d    Other loans.** Report the total fair value of all other loans held for trading that cannot properly be reported in one of the preceding subitems of this item 6. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” (on the FFIEC 031 only), “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7 (on the FFIEC 031 only), 8, and 9).

**Item No.    Caption and Instructions**

- 7-8        Not applicable.
- 9         **Other trading assets.** Report the total fair value of all trading assets that cannot properly be reported in items 1 through 6. Include certificates of deposit held for trading. Exclude revaluation gains on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts (report in item 11 below).
- 10        Not applicable.
- 11        **Derivatives with a positive fair value.** Report the amount of revaluation gains (i.e., assets) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the "marking to market" of the reporting bank's derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts") (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis using this item and item 14 below, as appropriate. (For further information, see the Glossary entry for "offsetting.")
- 12        **Total trading assets.** Report the sum of items 1 through 11. ~~On the FFIEC 041, this item must equal Schedule RC, item 5, "Trading assets." On the FFIEC 031, the amount in column A for this item must equal Schedule RC, item 5, "Trading assets."~~

**LIABILITIES**

- 13.a      **Liability for short positions.** Report the total fair value of the reporting bank's liabilities resulting from sales of assets that the reporting bank does not own (see the Glossary entry for "short position").
- 13.b      **Other trading liabilities.** Report the total fair value of all trading liabilities other than the reporting bank's liability for short positions. Exclude revaluation losses on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts (report in item 14 below).
- 14        **Derivatives with a negative fair value.** Report the amount of revaluation losses (i.e., liabilities) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the "marking to market" of the reporting bank's interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts") (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis using this item and item 11 above, as appropriate. (For further information, see the Glossary entry for "offsetting.")
- 15        **Total trading liabilities.** Report the sum of items 13.a, 13.b, and 14. ~~On the FFIEC 041, this item must equal Schedule RC, item 15, "Trading liabilities." On the FFIEC 031, the amount in column A for this item must equal Schedule RC, item 15, "Trading liabilities."~~

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

**1        Unpaid principal balance of loans measured at fair value.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans held for trading reported in Schedule RC-D, item 6.

**1.a      Loans secured by real estate.** ~~On the FFIEC 041, rR~~ Report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for trading ~~reported in Schedule RC-D, item 6.a.~~ ~~On the FFIEC 031, report the total unpaid principal balance outstanding for all loans secured by real estate held for trading reported in Schedule RC-D, item 6.a, for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.~~

**1.a.(1)    Loans secured by 1-4 family residential properties.** Report the total unpaid principal balance outstanding for all loans secured by 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(1).

Include:

(1) 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)) held for trading.

(2) 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)) held for trading.

(3) 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)) held for trading.

**1.a.(12)    All other loans secured by real estate.** Report the total unpaid principal balance outstanding for all other loans secured by real estate held for trading reported in Schedule RC-D, item 6.a.(2).

Include:

(1) Construction, land development, and other land loans (as defined for Schedule RC-C, part I, item 1.a) held for trading. ~~Report the total unpaid principal balance outstanding for all construction, land development, and other land loans held for trading reported in Schedule RC-D, item 6.a.(1).~~

**1.a.(2)    (2) Loans secured by farmland** (as defined for Schedule RC-C, part I, item 1.b) held for trading. ~~Report the total unpaid principal balance outstanding for all loans secured by farmland held for trading reported in Schedule RC-D, item 6.a.(2).~~

(3) Loans secured by multifamily (5 or more) residential properties (as defined for Schedule RC-C, part I, item 1.d) held for trading.

(4) Loans secured by nonfarm nonresidential properties (as defined for Schedule RC-C, part I, item 1.e) held for trading.

**1.a.(3)    Secured by 1-4 family residential properties.** ~~Report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3).~~

- ~~1.a.(3)(a) **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total unpaid principal balance outstanding for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit held for trading reported in Schedule RC-D, item 6.a.(3)(a).~~
- ~~1.a.(3)(b) **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all closed-end loans secured by 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3)(b).~~
- ~~1.a.(3)(b)(1) **Secured by first liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by first liens on 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3)(b)(1).~~
- ~~1.a.(3)(b)(2) **Secured by junior liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by junior liens on 1-4 family residential properties held for trading reported in Schedule RC-D, item 6.a.(3)(b)(2).~~
- ~~1.a.(4) **Secured by multifamily (5 or more) residential properties.** Report the total unpaid principal balance outstanding for all loans secured by multifamily (5 or more) residential properties held for trading reported in Schedule RC-D, item 6.a.(4).~~
- ~~1.a.(5) **Secured by nonfarm nonresidential properties.** Report the total unpaid principal balance outstanding for all loans secured by nonfarm nonresidential properties held for trading reported in Schedule RC-D, item 6.a.(5).~~
- 1.b Commercial and industrial loans.** Report the total unpaid principal balance outstanding for all commercial and industrial loans held for trading reported in Schedule RC-D, item 6.b.

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

**1.c        Loans to individuals for household, family, and other personal expenditures.** Report ~~in the appropriate subitem~~ the total unpaid principal balance outstanding for all loans to individuals for household, family, and other personal expenditures held for trading reported in Schedule RC-D, item 6.c.

Include:

~~**1.c.(1)**    (1) Credit cards. Report the total unpaid principal balance outstanding for a~~All extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (as defined for Schedule RC-C, part I, item 6.a) held for trading. ~~reported in Schedule RC-D, item 6.c.(1).~~

~~**1.c.(2)**    (2) Other revolving credit plans. Report the total unpaid principal balance outstanding for a~~All extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards (as defined for Schedule RC-C, part I, item 6.b) held for trading. ~~reported in Schedule RC-D, item 6.c.(2).~~

~~**1.c.(3)**    (3) Automobile loans. Report the total unpaid principal balance outstanding for a~~All loans to individuals for household, family, and other personal expenditures arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use (as defined for Schedule RC-C, part I, item 6.c) held for trading. ~~reported in Schedule RC-D, item 6.c.(3).~~

~~**1.c.(4)**    (4) Other consumer loans. Report the total unpaid principal balance outstanding for a~~All other loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6.d) held for trading. ~~reported in Schedule RC-D, item 6.c.(4).~~

**1.d        Other loans.** Report the total unpaid principal balance outstanding for all loans held for trading reported in Schedule RC-D, item 6.d. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” (on the FFIEC 031 only), “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7 (on the FFIEC 031 only), 8, and 9).

NOTE: Memorandum items 2 through 10 are not applicable to banks filing the FFIEC 041 report form.

NOTE: On the FFIEC 031 report form, Memorandum items 2 through 10 are to be completed by banks with \$10 billion or more in total trading assets.

**2        Loans measured at fair value that are past due 90 days or more.** Report in the appropriate subitem the total fair value and unpaid principal balance of all loans held for trading included in Schedule RC-D, items 6.a through 6.d, that are past due 90 days or more as of the report date.

**2.a        Fair value.** Report the total fair value of all loans held for trading included in Schedule RC-D, items 6.a through 6.d, that are past due 90 days or more as of the report date.

**2.b        Unpaid principal balance.** Report ~~in the appropriate column~~ the total unpaid principal balance of all loans held for trading included in Schedule RC-D, items 6.a through 6.d, that are past due 90 days or more as of the report date.



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

- 4.b    Pledged loans.** Report the total fair value of all loans held for trading included in Schedule RC-D above that are pledged to secure deposits, repurchase transactions, or other borrowings (regardless of the balance of the deposits or other liabilities against which the loans are pledged) or for any other purpose. Include loans held for trading that have been transferred in transactions that are accounted for as secured borrowings with a pledge of collateral because they do not qualify as sales under 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). Also include loans held for trading by consolidated variable interest entities (VIEs) that can be used only to settle obligations of the same consolidated VIEs (the amount of which is also reported in Schedule RC-V, item 1.h). In general, the pledging of loans is the act of setting aside certain loans to secure or collateralize bank transactions with the bank continuing to own the loans unless the bank defaults on the transaction.

~~NOTE: Memorandum items 5 through 10 are applicable only to banks that reported a quarterly average for trading assets of \$1 billion or more in Schedule RC-K, item 7, for any of the four preceding quarterly reports.~~

- 5    Asset-backed securities.** Report in the appropriate subitem the total fair value of all asset-backed securities (other than mortgage-backed securities), including asset-backed commercial paper, held for trading that are included in Schedule RC-D, item 5.b, above.
- 5.a    Credit card receivables.** Report the total fair value of all asset-backed securities collateralized by credit card receivables, i.e., extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards as defined for Schedule RC-C, part I, item 6.a.
- 5.b    Home equity lines.** Report the total fair value of all asset-backed securities collateralized by home equity lines of credit, i.e., revolving, open-end lines of credit secured by 1-to-4 family residential properties as defined for Schedule RC-C, part I, item 1.c.(1).
- 5.c    Automobile loans.** Report the total fair value of all asset-backed securities collateralized by automobile loans, i.e., loans to individuals for the purpose of purchasing private passenger vehicles, including minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use as defined for Schedule RC-C, part I, item 6.c.
- 5.d    Other consumer loans.** Report the total fair value of all asset-backed securities collateralized by other consumer loans, i.e., loans to individuals for household, family, and other personal expenditures as defined for Schedule RC-C, part I, items 6.b and 6.d.
- 5.e    Commercial and industrial loans.** Report the total fair value of all asset-backed securities collateralized by commercial and industrial loans, i.e., loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment, as defined for Schedule RC-C, part I, item 4.
- 5.f    Other.** Report the total fair value of all asset-backed securities collateralized by loans other than those included in Schedule RC-D, Memorandum items 4.a through 4.g, above, i.e., loans as defined for Schedule RC-C, part I, items 2, 3, and 7 through 9 and lease financing receivables as defined for Schedule RC-C, part I, item 10.

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

- 6    ~~Not applicable. **Retained beneficial interests in securitizations (first-loss or equity tranches).** Report the total fair value of assets held for trading that represent interests that continue to be held by the bank following a securitization (as defined by 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)) to the extent that such interests will absorb losses resulting from the underlying assets before those losses affect outside investors. Examples of such items include credit-enhancing interest-only strips (as defined in § .2 of the agencies’ regulatory capital rules) and residual interests retained in securitization trusts.~~
- 7    **Equity securities.** Report in the appropriate subitem the total fair value of all equity securities held for trading that are included in Schedule RC-D, item 9, above. Include equity securities classified as trading with readily determinable fair values as defined by ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”), and those equity securities **held for trading** that are outside the scope of ASC Topic 320.
- 7.a    **Readily determinable fair values.** Report the total fair value of all equity securities held for trading that are within the scope of ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”).
- 7.b    **Other.** Report the total fair value of all equity securities held for trading other than those included in Schedule RC-D, Memorandum item 7.a, above.
- 8    **Loans pending securitization.** Report the total fair value of all loans included in Schedule RC-D, items 6.a through 6.d, that are held for securitization purposes. Report such loans in this item only if the bank expects the securitization transaction to be accounted for as a sale under 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).
- 9    **Other trading assets.** Disclose in Memorandum items 9.a through 9.c each component of Schedule RC-D, item 9, “Other trading assets,” and the fair value of such component, that is greater than \$1,000,000 and exceeds 25 percent of the amount reported for this item. Exclude equity securities reported in Schedule RC-D, Memorandum items 7.a and 7.b. For each component of other trading assets that exceeds the disclosure threshold for this Memorandum item, describe the component with a clear but concise caption in Memorandum items 9.a through 9.c. These descriptions should not exceed 50 characters in length (including spacing between words).
- 10    **Other trading liabilities.** Disclose in Memorandum items 10.a through 10.c each component of Schedule RC-D, item 13.b, “Other trading liabilities,” and the fair value of such component, that is greater than \$1,000,000 and exceeds 25 percent of the amount reported for this item. For each component of other trading liabilities that exceeds this disclosure threshold, describe the component with a clear but concise caption in Memorandum items 10.a through 10.c. These descriptions should not exceed 50 characters in length (including spacing between words).

## SCHEDULE RC-H – SELECTED BALANCE SHEET ITEMS FOR DOMESTIC OFFICES

### General Instructions

Schedule RC-H is applicable only to banks filing the FFIEC 031 report forms and is to be completed only by banks with foreign offices.

For the following items, report balances outstanding in the bank's *domestic offices only*.

### Item Instructions

#### Item No.    Caption and Instructions

- |   |   |
|---|---|
| 1 | Not applicable.   |
| 2 | Not applicable.   |
| 3 | <b><u>Securities purchased under agreements to resell.</u></b> Report the amount of securities purchased under agreements to resell (as defined for Schedule RC, item 3.b) held in domestic offices of the reporting bank. See the Glossary entry for "repurchase/resale agreements" for further information. |
| 4 | <b><u>Securities sold under agreements to repurchase.</u></b> Report the amount of securities sold under agreements to repurchase (as defined for Schedule RC, item 14.b) held in domestic offices of the reporting bank. See the Glossary entry for "repurchase/resale agreements" for further information.  |
| 5 | <b><u>Other borrowed money.</u></b> Report the amount of other borrowed money (as defined for Schedule RC, item 16, "Other borrowed money") held in domestic offices of the reporting bank.   |
| 6 | <b><u>Net due from own foreign offices, Edge and Agreement subsidiaries, and IBFs.</u></b><br>(See the instructions following item 7 of this schedule.)   |

OR

- |   |   |
|---|---|
| 7 | <b><u>Net due to own foreign offices, Edge and Agreement subsidiaries, and IBFs.</u></b> Report in the appropriate item <i>either</i> the "net due from" (item 6) or the "net due to" (item 7) position of the domestic offices of the bank relative to all the bank's Edge and Agreement subsidiaries, foreign branches, IBFs, consolidated foreign subsidiaries, and branches in Puerto Rico and U.S. territories and possessions. These items must reflect all intrabank transactions of domestic offices with such other offices of the reporting bank, including investments (both equity and debt) in consolidated foreign subsidiaries. All other items in the Report of Condition (except for the memorandum item below) must exclude intrabank transactions. |
|---|---|

Calculate a *single* net amount for all the intrabank due to and due from positions of the domestic offices and enter it *either* in item 6 *or* in item 7 of this schedule, depending on the nature of the single net amount.

**Item No.    Caption and Instructions**

NOTE: Items 19, 20, and 21 are to be completed by institutions that reported total trading assets of \$10 million or more in any of the four preceding calendar quarters and by all institutions meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes.

**19        Total trading assets.** Report the total fair value of all trading assets (as defined for Schedule RC, item 5) held in domestic offices of the reporting bank.

**20        Total trading liabilities.** Report the total fair value of all trading liabilities (as defined for Schedule RC, item 15) held in domestic offices of the reporting bank.

**21        Total loans held for trading.** Report the total fair value of all loans held for trading (as defined for Schedule RC-D, items 6.a through 6.d) held in domestic offices of the reporting bank.

## FFIEC 041 FFIEC 031

<u>Item No.</u>	<u>Item No.</u>	<u>Caption and Instructions</u>
-	6.a.(3)	<b><u>Loans to finance agricultural production and other loans to farmers.</u></b> Report the quarterly average for loans to finance agricultural production and other loans to farmers in domestic offices (as defined for Schedule RC-C, part I, item 3, column B).
6.c	6.a.(4)	<b><u>Commercial and industrial loans.</u></b> Report the quarterly average for commercial and industrial loans (in domestic offices) (as defined for Schedule RC-C, part I, item 4, column B).
6.d	6.a.(5)	<b><u>Loans to individuals for household, family, and other personal expenditures:</u></b>
6.d.(1)	6.a.(5)(a)	<b><u>Credit cards.</u></b> Report the quarterly average for credit cards. For purposes of this schedule, credit cards (in domestic offices) (as defined for Schedule RC-C, part I, item 6.a, column B).
6.d.(2)	6.a.(5)(b)	<b><u>Other.</u></b> Report the quarterly average for loans (in domestic offices) to individuals for household, family, and other personal expenditures other than credit cards (as defined for Schedule RC-C, part I, items 6.b, 6.c, and 6.d, column B).
-	6.b	<b><u>Total loans in foreign offices, Edge and Agreement subsidiaries, and IBFs.</u></b> Report the quarterly average for total loans, net of unearned income (as defined for Schedule RC-C, part I, items 1 through 9, less item 11), held in the reporting bank's foreign offices, Edge and Agreement subsidiaries, and IBFs.

## FFIEC 031 and 041

Item No. Caption and Instructions

NOTE: ~~On the FFIEC 041, item 7 is to be completed by banks that have reported total trading assets of \$10 million or more in any of the four preceding calendar quarters and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes. \$100 million or more in total assets.~~

- |   |   |
|---|---|
| 7 | <b><u>Trading assets.</u></b> Report the quarterly average for trading assets (as defined for Schedule RC, item 5). Trading assets include trading derivatives with positive fair values.   |
| 8 | <b><u>Lease financing receivables (net of unearned income).</u></b> Report the quarterly average for the lease financing receivables, net of unearned income (as defined for Schedule RC-C, part I, item 10, column B, on the FFIEC 041; column A on the FFIEC 031).  |
| 9 | <b><u>Total assets.</u></b> Report the quarterly average for the bank's total assets, as defined for "Total assets," on Schedule RC, item 12, except that this quarterly average should reflect all debt securities (not held for trading) at amortized cost and available-for-sale equity securities with readily determinable fair values at the lower of cost or fair value, and equity securities without readily determinable fair values at historical cost. In addition, to the extent that net deferred tax assets included in the bank's total assets, if any, include the deferred tax effects of any unrealized holding gains and losses on available-for-sale debt securities, these deferred tax effects may be excluded from the determination of the quarterly average for total assets. If these deferred tax effects are excluded, this treatment must be followed consistently over time. |

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

**Item No.    Caption and Instructions**

NOTE: Items 1.a.(1) ~~and (2) are to~~ be completed for the December report only.

**1.a.(1)    Unused commitments for ~~Home Equity Conversion Mortgage (HECM) reverse mortgages outstanding that are held for investment (in domestic offices).~~** For those ~~Home Equity Conversion Mortgage (HECM) and proprietary~~ reverse mortgages outstanding (in domestic offices) that have been included in Schedule RC-C, part I, Memorandum items ~~15.a.(1) and 15.a.(2), respectively,~~ that are structured in whole or in part like home equity lines of credit, report the unused commitments to provide additional funds after closing to borrowers under the terms of their reverse mortgage loan agreements. The amount reported in this item should also be included in the amount reported in Schedule RC-L, item 1.a, "Revolving, open-end lines secured by 1-4 family residential properties, i.e., home equity lines," above.

~~**1.a.(2)    Unused commitments for proprietary reverse mortgages outstanding that are held for investment (in domestic offices).** For those proprietary reverse mortgages outstanding (in domestic offices) that have been included in Schedule RC-C, part I, Memorandum item 15.a.(2), that are structured in whole or in part like home equity lines of credit, report the unused commitments to provide additional funds after closing to borrowers under the terms of their reverse mortgage loan agreements.~~

~~———— The amount reported in this item should also be included in the amount reported in Schedule RC-L, item 1.a, "Revolving, open-end lines secured by 1-4 family residential properties, i.e., home equity lines," above.~~

**1.b        Credit card lines.** Report the unused portions of all commitments to extend credit both to individuals for household, family, and other personal expenditures and to other customers, including commercial or industrial enterprises, through credit cards. Exclude home equity lines accessible through credit cards. Banks may report unused credit card lines as of the end of their customers' last monthly billing cycle prior to the report date or as of the report date.

Banks that have either \$300 million or more in total assets or \$300 million or more in credit card lines (as reported in Schedule RC, item 12, and Schedule RC-L, item 1.b, respectively, as of June 30 of the previous calendar year) should also report a breakdown of their credit card lines between unused consumer credit card lines (item 1.b.(1)) and other unused credit card lines (item 1.b.(2)). The sum of Schedule RC-L, items 1.b.(1) and 1.b.(2), must equal Schedule RC-L, item 1.b.

~~NOTE: Items 1.b.(1) and 1.b.(2) are to be completed semiannually in the June and December reports only.~~

**1.b.(1)    Unused consumer credit card lines.** Report the unused portions of all commitments to extend credit to individuals for household, family, and other personal expenditures through credit cards that are included in Schedule RC-L, item 1.b, above.

**1.b.(2)    Other unused credit card lines.** Report the unused portions of all commitments to extend credit to customers through credit cards for purposes other than household, family, and other personal expenditures that are included in Schedule RC-L, item 1.b., above. Include, for example, unused credit card lines under "corporate" or "business" credit card programs under which credit cards are issued to one or more of a company's employees for business-related uses.

**Item No.    Caption and Instructions**

**7.c.(2)(c)** a bank has sold the asset that was being hedged by the credit derivative contract while retaining the credit derivative contract.

**7.d**        **Notional amounts by remaining maturity.** Report in the appropriate subitem and column the notional amount of all credit derivative contracts. Report notional amounts in the column corresponding to the contract's remaining term to maturity from the report date. Remaining maturities are to be reported as (1) one year or less in column A, (2) over one year through five years in column B, or (3) over five years in column C.

**7.d.(1)**    **Sold credit protection.** Report the notional amount of all credit derivative contracts where the bank is the protection seller (guarantor). The sum of Schedule RC-L, items 7.d.(1)(a) and (b), columns A through C, must equal sum of Schedule RC-L, items 7.a.(1) through (4), column A.

**7.d.(1)(a)** **Investment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated investment grade or, if not rated, is the equivalent of investment grade under the bank's internal credit rating system.

**7.d.(1)(b)** **Subinvestment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated below investment grade, i.e., subinvestment grade, or, if not rated, is the equivalent of below investment grade under the bank's internal credit rating system.

**7.d.(2)**    **Purchased protection.** Report the notional amount of all credit derivative contracts where the bank is the protection purchaser (beneficiary). The sum of Schedule RC-L, items 7.d.(2)(a) and (b), columns A through C, must equal sum of Schedule RC-L, items 7.a.(1) through (4), column B.

**7.d.(2)(a)** **Investment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated investment grade or, if not rated, is the equivalent of investment grade under the bank's internal credit rating system

**7.d.(2)(b)** **Subinvestment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated below investment grade, i.e., subinvestment grade, or, if not rated, is the equivalent of below investment grade under the bank's internal credit rating system.

**NOTE: Item 8 is not applicable to banks filing the FFIEC 041 report form.**

**8**        **Spot foreign exchange contracts.** Report the gross amount (stated in U.S. dollars) of all spot contracts committing the reporting bank to purchase foreign (non-U.S.) currencies and U.S. dollar exchange that are outstanding as of the report date. All transactions within the consolidated bank should be reported on a net basis.

A spot contract is an agreement for the immediate delivery, usually within two business days or less (depending on market convention), of a foreign currency at the prevailing cash market rate. Contracts where market convention is for delivery of a foreign currency in less than two days, e.g., T+1 day (for example, Canadian dollar-U.S. dollar contracts), should be reported as spot contracts. Any contract exceeding the market convention should be reported as a foreign exchange forward contract in Schedule RC-L, item 12.b, column B. Spot contracts are considered outstanding (i.e., open) until they have been cancelled by acquisition or delivery of the underlying currencies.

**Item No.    Caption and Instructions**

**8**  
(cont.)      Only one side of a spot foreign exchange contract is to be reported. In those transactions where foreign (non-U.S.) currencies are bought or sold against U.S. dollars, report only that side of the transaction that involves the foreign (non-U.S.) currency. For example, if the reporting bank enters into a spot contract which obligates the bank to purchase U.S. dollar exchange against which it sells Japanese yen, then the bank would report (in U.S. dollar equivalent values) the amount of Japanese yen sold in this item. In cross-currency spot foreign exchange transactions, which involve the purchase and sale of two non-U.S. currencies, only the purchase side is to be reported (in U.S. dollar equivalent values).

**9**      **All other off-balance sheet liabilities.** Report all significant types of off-balance sheet liabilities not covered in other items of this schedule. Exclude all items which are required to be reported as liabilities on the balance sheet of the Report of Condition (Schedule RC), contingent liabilities arising in connection with litigation in which the reporting bank is involved, commitments to purchase property being acquired for lease to others (report in Schedule RC-L, item 1.e, above), and signature and endorsement guarantees of the type associated with the regular clearing of negotiable instruments or securities in the normal course of business.

Report only the aggregate amount of those types of "other off-balance sheet liabilities" that individually exceed 10 percent of the bank's total equity capital reported in Schedule RC, item 27.a. If the bank has no types of "other off-balance sheet liabilities" that individually exceed 10 percent of total equity capital, report a zero.

Disclose in items 9.b through 9.f each type of "other off-balance sheet liabilities" reportable in this item, and the dollar amount of the off-balance sheet liability, that individually exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a. For each type of off-balance sheet liability that exceeds this disclosure threshold for which a preprinted caption has not been provided, describe the liability with a clear but concise caption in items 9.d through 9.f. These descriptions should not exceed 50 characters in length (including spacing between words).

Include as other off-balance sheet liabilities:

- (1) Contracts for the purchase of when-issued securities that are excluded from the requirements of ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended) (and therefore not reported as forward contracts in Schedule RC-L, item 12.b, below), and accounted for on a settlement-date basis. (Report the amount of these commitments in Schedule RC-L, item 9.b, if this amount exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a.)
- (2) Standby letters of credit issued by another depository institution (such as a correspondent bank), a Federal Home Loan Bank, or any other entity on behalf of the reporting bank, which is the account party on the letters of credit and therefore is obligated to reimburse the issuing entity for all payments made under the standby letters of credit. (Report the amount of these standby letters of credit in Schedule RC-L, item 9.c, if this amount exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a.)
- (3) Financial guarantee insurance which insures the timely payment of principal and interest on bond issues.



**Item No.    Caption and Instructions**

- 9**            (4) Letters of indemnity other than those issued in connection with the replacement of lost or stolen or official checks.
- (cont.)
- (5) Shipperside or dockside guarantees or similar guarantees relating to missing bills of lading or title documents and other document guarantees that facilitate the replacement of lost or stolen official checks.

(6) On the FFIEC 041 report form only, the gross amount (stated in U.S. dollars) of all spot foreign exchange contracts committing the reporting bank to purchase foreign (non-U.S.) currencies and U.S. dollar exchange that are outstanding as of the report date. A spot contract is an agreement for the immediate delivery, usually within two business days or less (depending on market convention), of a foreign currency at the prevailing cash market rate. For information on the reporting of spot foreign exchange contracts, refer to the instructions for Schedule RC-L, item 8, above.

- 10**            **All other off-balance sheet assets.** Report to the extent feasible and practicable all significant types of off-balance sheet assets not covered in other items of this schedule. Exclude all items which are required to be reported as assets on the balance sheet of the Report of Condition (Schedule RC), contingent assets arising in connection with litigation in which the reporting bank is involved, and assets held in or administered by the reporting bank's trust department.

Report only the aggregate amount of those types of "other off-balance sheet assets" that individually exceed 10 percent of the bank's total equity capital reported in Schedule RC, item 27.a. If the bank has no types of "other off-balance sheet assets" that individually exceed 10 percent of total equity capital for which the reporting is feasible and practicable, report a zero.

Disclose in items 10.a through 10.e each type of "other off-balance sheet assets" reportable in this item, and dollar amount of the off-balance sheet asset, that individually exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a. For each type of off-balance sheet asset that exceeds this disclosure threshold for which a preprinted caption has not been provided, describe the asset with a clear and concise caption in items 10.b through 10.e. These descriptions should not exceed 50 characters in length (including space between words).

Include as "other off-balance sheet assets" such items as:

- (1) Contracts for the sale of when-issued securities that are excluded from the requirements of ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended), (and therefore not reported as forward contracts in Schedule RC-L, item 12.b, below), and accounted for on a settlement-date basis. (Report the amount of these commitments in Schedule RC-L, item 10.a, if this amount exceeds 25 percent of the bank's total equity capital reported in Schedule RC, item 27.a.)
- (2) Internally developed intangible assets.

NOTE: Items 11.a and 11.b are to be completed semiannually in the June and December reports only.

- 11**            **Year-to-date merchant credit card sales volume.** Merchant processing is the settlement of credit card transactions for merchants. It is a separate and distinct business line from credit

**Item No.    Caption and Instructions**

- 16**    **Over-the-counter derivatives.** Items 16.a and 16.b.(1) through (8) are to be completed only by banks with total assets of \$10 billion or more. Include all over-the-counter (OTC) interest rate, foreign exchange, commodity, equity, and credit derivative contracts that are held for trading and held for purposes other than trading.

***Column Instructions for items 16.a and 16.b.(1) through (8):***

***Column A, Banks and Securities Firms:*** Banks include U.S. banks and foreign banks as defined in the Glossary entry for “Banks, U.S. and Foreign.” Securities firms include broker-dealers that are registered with the U.S. Securities and Exchange Commission (SEC), firms engaged in securities activities in the European Union (EU) that are subject to the EU’s Capital Adequacy Directive, and other firms engaged in securities activities.

~~***Column B, Monoline Financial Guarantors:***~~ ~~Monoline financial guarantors are companies that are primarily engaged in the business of providing credit enhancement in the form of a “guarantee” of payment of principal and interest to bond issuers when an issuer defaults. In essence, these companies provide a back-up guarantee, which generally increases the bond rating of debt issued by lower-rated borrowers, in exchange for insurance premiums. Monoline financial guarantors provide guarantees on securities that range from municipal bonds to structured financial products such as collateralized debt obligations (CDOs).~~

***Column C, Hedge Funds (FFIEC 031 report form only):*** Hedge funds are generally privately-owned investment funds with a limited range of investors. Hedge funds are not required to register with the SEC, which provides them with an exemption in many jurisdictions from regulations governing short selling, derivative contracts, leverage, fee structures, and the liquidity of investments in the fund.

***Column D, Sovereign Governments (FFIEC 031 report form only):*** Sovereign governments are the central governments of foreign countries.

***Column E, Corporations and All Other Counterparties:*** ~~On the FFIEC 041 report form, C~~corporations and all other counterparties include all counterparties other ~~than banks and securities firms, which are than these~~ included in columns A through ~~D~~ above. On the FFIEC 031 report form, corporations and all other counterparties include all counterparties other than those included in columns A, C, and D above.

- 16.a**    **Net current credit exposure.** Report in the appropriate column the sum of the net current credit exposures on OTC derivative contracts by type of counterparty. The sum of the net current credit exposures reported in columns A through E for this item may not equal the amount reported in Schedule RC-R, Part II, Memorandum item 1, “Current credit exposure across all derivative contracts covered by the regulatory capital rules,” because the amount reported in Schedule RC-R, Part II, Memorandum item 1, excludes, for example, OTC derivatives not covered by the regulatory capital rules. All transactions within the consolidated bank should be reported on a net basis.

The current credit exposure (sometimes referred to as the replacement cost) is the fair value of a derivative contract when that fair value is positive. The current credit exposure is zero when the fair value is negative or zero. For purposes of this item, the net current credit exposure to an individual counterparty should be derived as follows: Determine whether a legally enforceable bilateral netting agreement is in place between the reporting bank and the counterparty. If such an agreement is in place, the fair values of all applicable derivative contracts with that counterparty that are included in the scope of the netting agreement are netted to a single amount, which may be positive, negative, or zero.

**Item No.    Caption and Instructions**

**16.b    Fair value of collateral.** Report in the appropriate subitem and column the total fair value of the collateral pledged by counterparties to secure OTC derivative transactions by type of counterparty, even if the fair value of the collateral as of the report date exceeds the net current credit exposure to a counterparty or the current credit exposure to a counterparty is zero. Include the fair value of collateral in the reporting bank's possession and collateral held on the bank's behalf by third party custodians.

**16.b.(1)    Cash – U.S. dollar.** Report in the appropriate counterparty column the total of all cash denominated in U.S. dollars held on deposit in the bank or by third party custodians on behalf of the bank that provide protection to the bank against counterparty risk on OTC derivatives.

**16.b.(2)    Cash – Other currencies.** Report in the appropriate counterparty column in U.S. dollar equivalents the total of all cash denominated in non-U.S. currency held on deposit in the bank or by third party custodians on behalf of the bank that provide protection to the bank against counterparty risk on OTC derivatives.

**16.b.(3)    U.S. Treasury securities.** Report in the appropriate counterparty column the fair value of U.S. Treasury securities held directly by the bank or by third party custodians on behalf of the bank that provide protection to the bank against counterparty risk on OTC derivatives.

**NOTE: Items 16.b.(4), 16.b.(5), and 16.b.(6) are not applicable to banks filing the FFIEC 041 report form.**

**16.b.(4)    U.S. Government agency and U.S. Government-sponsored agency debt securities.** **On the FFIEC 031 report form, r**Report in the appropriate counterparty column the fair value of U.S. Government agency and U.S. Government-sponsored agency debt securities held directly by the bank or by third party custodians on behalf of the bank that provide protection to the bank against counterparty risk on OTC derivatives.

**16.b.(5)    Corporate bonds.** **On the FFIEC 031 report form, r**Report in the appropriate counterparty column the fair value of corporate bonds held directly by the bank or by third party custodians on behalf of the bank that provide protection to the bank against counterparty risk on OTC derivatives.

**16.b.(6)    Equity securities.** **On the FFIEC 031 report form, r**Report in the appropriate counterparty column the fair value of equity securities held directly by the bank or by third party custodians on behalf of the bank that provide protection to the bank against counterparty risk on OTC derivatives.

**16.b.(7)    All other collateral.** **On the FFIEC 041 report form, report in the appropriate counterparty column the fair value of collateral that cannot properly be reported in Schedule RC-L, item 16.b.(1) through item 16.b.(3), held directly by the bank or by third party custodians on behalf of the bank that provide protection to the bank against counterparty risk on OTC derivatives.** **On the FFIEC 031 report form, r**Report in the appropriate counterparty column the fair value of collateral that cannot properly be reported in Schedule RC-L, item 16.b.(1) through item 16.b.(7), held directly by the bank or by third party custodians on behalf of the bank that provide protection to the bank against counterparty risk on OTC derivatives.

**16.b.(8)    Total fair value of collateral.** For each column, report the sum of items 16.b.(1) through 16.b.(7).

**Item No.    Caption and Instructions**

- 1.b        Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of \$500,000 or 5 percent of total capital as defined for this purpose in agency regulations.** Report the number of executive officers, directors, and principal shareholders of the reporting bank to whom the amount of all extensions of credit by the reporting bank outstanding as of the report date equals or exceeds the lesser of \$500,000 or five percent of total capital as defined for this purpose in regulations issued by the bank's primary federal bank supervisory authority.

For purposes of this item, the amount of all extensions of credit by the reporting bank to an executive officer, director, or principal shareholder includes all extensions of credit by the reporting bank to the related interests of the executive officer, director, or principal shareholder. Furthermore, an extension of credit made by the reporting bank to *more than one* of its executive officers, directors, principal shareholders, or related interests thereof must be included in full in the amount of all extensions of credit for *each* such executive officer, director, or principal shareholder.

- 2        Intangible assets ~~other than goodwill~~.** Report in the appropriate subitem the carrying amount of intangible assets ~~other than goodwill~~. Intangible assets primarily result from business combinations accounted for under the acquisition method in accordance with ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"), from acquisitions of portions or segments of another institution's business such as mortgage servicing portfolios and credit card portfolios, and from the sale or securitization of financial assets with servicing retained.

An **identifiable** intangible asset with a finite life (other than a servicing asset) should be amortized over its estimated useful life and should be reviewed at least quarterly to determine whether events or changes in circumstances indicate that its carrying amount may not be recoverable. If this review indicates that the carrying amount may not be recoverable, the **identifiable** intangible asset should be tested for recoverability (impairment) in accordance with ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"). An impairment loss shall be recognized if the carrying amount of the **identifiable** intangible asset is not recoverable and this amount exceeds the asset's fair value. The carrying amount is not recoverable if it exceeds the sum of the undiscounted expected future cash flows from the **identifiable** intangible asset. An impairment loss is recognized by writing the **identifiable** intangible asset down to its fair value (which becomes the new accounting basis of the intangible asset), with a corresponding charge to expense (which should be reported in Schedule RI, item 7.c.(2)). Subsequent reversal of a previously recognized impairment loss is prohibited.

An **identifiable** intangible asset with an indefinite useful life should not be amortized, but should be tested for impairment at least annually in accordance with ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets").

- 2.a        Mortgage servicing assets.** Report the carrying amount of mortgage servicing assets, i.e., contracts to service loans secured by real estate (as defined for Schedule RC-C, part I, item 1, in the Glossary entry for "Loans secured by real estate") under which the estimated future revenues from contractually specified servicing fees, late charges, and other ancillary revenues are expected to more than adequately compensate the servicer for performing the servicing. A mortgage servicing contract is either (a) undertaken in conjunction with selling or securitizing the mortgages being serviced or (b) purchased or assumed separately. For mortgage servicing assets accounted for under the amortization method, the carrying amount is the unamortized cost of acquiring the mortgage servicing contracts, net of any

**Item No.    Caption and Instructions**

**2.a**            related valuation allowances. For mortgage servicing assets accounted for under the fair value method, the carrying amount is the fair value of the mortgage servicing contracts. (cont.) Exclude servicing assets resulting from contracts to service financial assets other than loans secured by real estate (report nonmortgage servicing assets in Schedule RC-M, item 2.c**b**). For further information, see the Glossary entry for "servicing assets and liabilities."

**2.a.(1)**       **Estimated fair value of mortgage servicing assets.** Report the estimated fair value of the capitalized mortgage servicing assets reported in Schedule RC-M, item 2.a.

According to ASC Topic 820, Fair Value Measurement (formerly FASB Statement No. 157, "Fair Value Measurements"), fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants in the asset's principal (or most advantageous) market at the measurement date. For purposes of this item, the reporting bank should determine the fair value of mortgage servicing assets in the same manner that it determines the fair value of these assets for other financial reporting purposes, consistent with the guidance in ASC Topic 820.

**2.b**            **Goodwill.** Report the carrying amount of goodwill as adjusted for any impairment losses and, if the private company goodwill accounting alternative has been elected, the amortization of goodwill. Except when this accounting alternative has been elected, goodwill should not be amortized. However, regardless of whether goodwill is amortized, it must be tested for impairment as described in the Glossary entry for "goodwill." See "acquisition method" in the Glossary entry for "business combinations" for guidance on the recognition and initial measurement of goodwill acquired in a business combination.

~~**Purchased credit card relationships and nonmortgage servicing assets.** Report the carrying amount of purchased credit card relationships plus the carrying amount of nonmortgage servicing assets.~~

~~*Purchased credit card relationships represent the right to conduct ongoing credit card business dealings with the cardholders. In general, purchased credit card relationships are an amount paid in excess of the value of the purchased credit card receivables. Such relationships arise when the reporting bank purchases existing credit card receivables and also has the right to provide credit card services to those customers. Purchased credit card relationships may also be acquired when the reporting bank purchases an entire depository institution.*~~

~~*Purchased credit card relationships shall be carried at amortized cost. Management of the institution shall review the carrying amount at least quarterly, adequately document this review, and adjust the carrying amount as necessary. This review should determine whether unanticipated acceleration or deceleration of cardholder payments, account attrition, changes in fees or finance charges, or other events or changes in circumstances indicate that the carrying amount of the purchased credit card relationships may not be recoverable. If this review indicates that the carrying amount may not be recoverable, the intangible asset should be tested for recoverability, and any impairment loss should be recognized, as described in the instruction for Schedule RC-M, item 2.*~~

~~*Nonmortgage servicing assets are contracts to service financial assets, other than loans secured by real estate (as defined for Schedule RC-C, part I, item 1) under which the estimated future revenues from contractually specified servicing fees, late charges, and other ancillary revenues are expected to more than adequately compensate the servicer for performing the servicing. A nonmortgage servicing contract is either (a) undertaken in conjunction with selling or securitizing the nonmortgage financial assets being serviced or (b) purchased or assumed separately. For nonmortgage servicing assets accounted for under the amortization method, the carrying amount is the unamortized cost of acquiring the*~~

~~nonmortgage servicing contracts, net of any related valuation allowances. For nonmortgage servicing assets accounted for under the fair value method, the carrying amount is the fair value of the nonmortgage servicing contracts. For further information, see the Glossary entry for "servicing assets and liabilities."~~

DRAFT

**Item No.    Caption and Instructions**

**2.c**    **All other identifiable intangibles.** Report the carrying amount of all other specifically identifiable intangible assets such as core deposit intangibles, ~~and~~ favorable leasehold rights, ~~purchased credit card relationships, and nonmortgage servicing assets. Exclude goodwill, which should be reported in Schedule RC, item 10.a.~~

~~*Purchased credit card relationships represent the right to conduct ongoing credit card business dealings with the cardholders. In general, purchased credit card relationships are an amount paid in excess of the value of the purchased credit card receivables. Such relationships arise when the reporting bank purchases existing credit card receivables and also has the right to provide credit card services to those customers. Purchased credit card relationships may also be acquired when the reporting bank purchases an entire depository institution.*~~

~~Purchased credit card relationships shall be carried at amortized cost. Management of the institution shall review the carrying amount at least quarterly, adequately document this review, and adjust the carrying amount as necessary. This review should determine whether unanticipated acceleration or deceleration of cardholder payments, account attrition, changes in fees or finance charges, or other events or changes in circumstances indicate that the carrying amount of the purchased credit card relationships may not be recoverable. If this review indicates that the carrying amount may not be recoverable, the intangible asset should be tested for recoverability, and any impairment loss should be recognized, as described in the instruction for Schedule RC-M, item 2.~~

~~*Nonmortgage servicing assets are contracts to service financial assets, other than loans secured by real estate (as defined for Schedule RC-C, part I, item 1) under which the estimated future revenues from contractually specified servicing fees, late charges, and other ancillary revenues are expected to more than adequately compensate the servicer for performing the servicing. A nonmortgage servicing contract is either (a) undertaken in conjunction with selling or securitizing the nonmortgage financial assets being serviced or (b) purchased or assumed separately. For nonmortgage servicing assets accounted for under the amortization method, the carrying amount is the unamortized cost of acquiring the nonmortgage servicing contracts, net of any related valuation allowances. For nonmortgage servicing assets accounted for under the fair value method, the carrying amount is the fair value of the nonmortgage servicing contracts. For further information, see the Glossary entry for "servicing assets and liabilities."*~~

**2.d**    **Total.** Report the sum of items 2.a, 2.b, and 2.c. This amount must equal Schedule RC, item 10-b, ~~"Other i~~ntangible assets."

**3**    **Other real estate owned.** Report in the appropriate subitem the net book value of all real estate other than (1) bank premises owned or controlled by the bank and its consolidated subsidiaries (which should be reported in Schedule RC, item 6) and (2) direct and indirect investments in real estate ventures (which should be reported in Schedule RC, item 9).

Also exclude real estate property collateralizing a fully or partially government-guaranteed mortgage loan for which the institution has received physical possession and the conditions specified in ASC Subtopic 310-40, Receivables – Troubled Debt Restructurings by Creditors (formerly FASB Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings"), were met upon foreclosure. In such a situation, rather than recognizing other real estate owned upon foreclosure, the institution must recognize a separate "other receivable," which should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. Report such a receivable in Schedule RC-F, item 6, "All other assets." For further information, see the Glossary entry for "Foreclosed assets."

Do not deduct mortgages or other liens on other real estate owned (report mortgages or other liens in Schedule RC, item 16, "Other borrowed money"). Amounts reported for other real estate owned should be reported net of any applicable valuation allowances.

DRAFT



**Item No.    Caption and Instructions**

- 3**                    accounting under ASC Subtopic 360-20 is being used to account for the sale, the  
(cont.)                receivable resulting from the sale of the foreclosed real estate should be reported as a  
                             loan in Schedule RC-C and any gain on the sale should be recognized in accordance with  
                             ASC Subtopic 360-20. For further information, see the Glossary entry for "foreclosed  
                             assets."

Property formerly but no longer used for banking may be reported either in this item as "All other real estate owned" or in Schedule RC, item 6, as "Premises and fixed assets."

- 3.a**                **Construction, land development, and other land (in domestic offices).** Report the net  
book value of all other real estate owned (in domestic offices) in the form of, or for which the  
underlying real estate consists of, vacant land (but not farmland), land under development, or  
structures or facilities under construction, whether or not development or construction is  
continuing or has ceased prior to completion. When construction is substantially completed  
and the structure or facility is available for occupancy or use, report the net book value in the  
subitem below appropriate to the completed structure or facility.

For further information on the meaning of the term "construction, land development, and other land" see the instruction to Schedule RC-C, part I, item 1.a. However, the amount to be reported in this item should include all other real estate owned in the form of, or for which the underlying real estate consists of, vacant land, land under development, or structures or facilities under construction, not just real estate acquired through foreclosure on loans that were originally reported as "construction, land development, and other land loans" in Schedule RC-C, part I, item 1.a, column B.

- 3.b**                **Farmland (in domestic offices).** Report the net book value of all other real estate owned (in  
domestic offices) in the form of, or for which the underlying real estate consists of, farmland.

For further information on the meaning of the term "farmland," see the instruction to Schedule RC-C, part I, item 1.b. However, the amount to be reported in this item should include all other real estate owned in the form of, or for which the underlying real estate consists of, farmland, not just real estate acquired through foreclosure on loans that were originally reported as "loans secured by farmland" in Schedule RC-C, part I, item 1.b, column B.

- 3.c**                **1-4 family residential properties (in domestic offices).** Report the net book value of all  
other real estate owned (in domestic offices) in the form of, or for which the underlying real  
estate consists of, 1-to-4 family residential properties.

~~Exclude~~ Include in this item 1-to-4 family residential properties resulting from foreclosures on real estate collateralizing government-guaranteed 1-to-4 family residential mortgage loans delinquent "GNMA loans" (report in Schedule RC-M, item 3.f, or, if the conditions specified in ASC Subtopic 310-40 requiring recognition of a separate "other receivable" were not met upon foreclosure, (If the specified conditions were met upon foreclosure, report the separate "other receivable" in Schedule RC-F, item 6, "All other assets."). For further information, see the Glossary entry for "foreclosed assets."

For further information on the meaning of the term "1-4 family residential properties," see the instruction to Schedule RC-C, part I, item 1.c. However, the amount to be reported in this item should include all other real estate owned in the form of, or for which the underlying real estate consists of, 1-to-4 family residential properties, not just real estate acquired through foreclosure on loans that were originally reported as "loans secured by 1-4 family residential properties" in Schedule RC-C, part I, item 1.c, column B.

**3.d** **Multifamily (5 or more) residential properties (in domestic offices).** Report the net book value of all other real estate owned (in domestic offices) in the form of, or for which the underlying real estate consists of, multifamily residential properties.

DRAFT

**Item No. Caption and Instructions**

**3.d** (cont.) For further information on the meaning of the term "multifamily residential properties," see the instruction to Schedule RC-C, part I, item 1.d. However, the amount to be reported in this item should include all other real estate owned in the form of, or for which the underlying real estate consists of, multifamily residential properties, not just real estate acquired through foreclosure on loans that were originally reported as "loans secured by multifamily residential properties" in Schedule RC-C, part I, item 1.d, column B

**3.e** **Nonfarm nonresidential properties (in domestic offices).** Report the net book value of all other real estate owned (in domestic offices) in the form of, or for which the underlying real estate consists of, nonfarm nonresidential properties.

For further information on the meaning of the term "nonfarm nonresidential properties," see the instruction to Schedule RC-C, part I, item 1.e. However, the amount to be reported in this item should include all other real estate owned in the form of, or for which the underlying real estate consists of, nonfarm nonresidential properties, not just real estate acquired through foreclosure on loans that were originally reported as "loans secured by nonfarm nonresidential properties" in Schedule RC-C, part I, item 1.e, column B.

~~**3.f** **Foreclosed properties from "GNMA loans."** Report the net book value of all other real estate owned (in domestic offices) resulting from foreclosures on real estate collateralizing delinquent "GNMA loans" if the mortgage loans did not meet the conditions specified in ASC Subtopic 310-40 requiring recognition of a separate "other receivable."~~

FFIEC 041 FFIEC 031

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

- **3.fg** **In foreign offices.** Report the net book value of all other real estate owned which is held in foreign offices of the reporting bank.

**3.fg** **3.gh** **Total.** On the FFIEC 041, report the sum of items 3.a through 3.ef. On the FFIEC 031, report the sum of items 3.a through 3.fg. This amount must equal Schedule RC, item 7, "Other real estate owned."

**Item No.    Caption and Instructions**

**8.c**  
(cont.)        deposits from the public. In addition, do not report the physical office trade names of any non-bank affiliates or subsidiaries that do not accept or solicit deposits from the public on behalf of the institution. Do not report the physical office trade names of affiliated, separately chartered insured depository institutions.

For example, an institution with a legal title of XYZ Bank operates one or more branch offices under the trade name of "Community Bank of ABC" (as identified by the signage displayed on each facility) where it accepts and solicits deposits from the public. XYZ Bank should report this trade name (and any other trade names it uses at other physical office locations where it accepts or solicits deposits) in this item 8.c. XYZ Bank also has a loan production office that operates under the trade name of "XYZ Consumer Loans" and a mortgage lending subsidiary that operates physical offices using the trade name of "XYZ Mortgage Company"; deposits are not accepted nor solicited on behalf of XYZ Bank at these physical offices. Thus, neither of these two trade names should be reported in this item 8.c.

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

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

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

**10**            **Secured liabilities.** Report in the appropriate subitem the carrying amount of federal funds purchased (in domestic offices) and "Other borrowings" that are secured, i.e., the carrying amount of these types of liabilities for which the bank (or a consolidated subsidiary) has pledged securities, loans, or other assets as collateral.

**10.a**         **Amount of "Federal funds purchased (in domestic offices)" that are secured.**  
Report the carrying amount of federal funds purchased (in domestic offices) (as defined for Schedule RC, item 14.a) that are secured.

**10.b**         **Amount of "Other borrowings" that are secured.** Report the carrying amount of "Other borrowings" (as defined for Schedule RC-M, item 5.b) that are secured. Secured "Other borrowings" include, but are not limited to, transfers of financial assets accounted for as financing transactions because they do not satisfy the criteria for sale accounting under 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), mortgages payable on bank premises and other real estate owned, and obligations under capitalized leases.

**Item No.    Caption and Instructions**

**13.b.(7)** (cont.) upon which payments under an FDIC loss-sharing agreement are based) exceeds the amount at which the reporting bank reports the covered asset on Schedule RC, Balance Sheet, should already have been taken into account in measuring the carrying amount of the reporting bank's loss-sharing indemnification asset, which is reported in Schedule RC-F, item 6, "All other assets."

**13.c**    **Debt securities.** Report the amortized cost of held-to-maturity debt securities (included in Schedule RC, item 2.a) and the fair value of available-for-sale debt securities (included in Schedule RC, item 2.b) acquired from failed insured depository institutions or otherwise purchased from the FDIC and covered by loss-sharing agreements with the FDIC.

**13.d**    **Other assets.** Report the balance sheet carrying amount of all assets that cannot properly be reported in Schedule RC-M, items 13.a through 13.c, and have been acquired from failed insured depository institutions or otherwise purchased from the FDIC and are covered by loss-sharing agreements with the FDIC.

Exclude FDIC loss-sharing indemnification assets. These indemnification assets represent the carrying amount of the right to receive payments from the FDIC for losses incurred on specified assets acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC. Report FDIC loss-sharing indemnification assets in Schedule RC-F, item 6, "All other assets," and, if the amount of these indemnification assets is greater than \$25,000 and exceeds 25 percent of the amount of "All other assets," also report the indemnification assets in Schedule RC-F, item 6.e.

NOTE: Schedule RC-M, items 14.a and 14.b, are to be completed annually in the December report only.

**14**    **Captive insurance and reinsurance subsidiaries:**

**14.a**    **Total assets of captive insurance subsidiaries.** Report the carrying amount of all assets held by consolidated captive insurance subsidiaries of the reporting bank. A captive insurance company is a limited purpose insurer licensed as a direct writer of insurance. Some common lines of business include credit life, accident, and health insurance; disability insurance; and employee benefits coverage. Report total assets before eliminating intercompany transactions between the consolidated insurance subsidiary and other offices or subsidiaries of the consolidated bank.

**14.b**    **Total assets of captive reinsurance subsidiaries.** Report the carrying amount of all assets held by consolidated captive reinsurance subsidiaries of the reporting bank. Reinsurance is the transfer, with indemnification, of all or part of the underwriting risk from one insurer to another for a portion of the premium or other consideration.

Some common lines of business include credit life, accident, and health reinsurance; disability reinsurance; reinsurance of employee benefits coverage; private mortgage guaranty reinsurance; and terrorism risk reinsurance. Report total assets before eliminating intercompany transactions between the consolidated reinsurance subsidiary and other offices or subsidiaries of the consolidated bank.

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

- 5.a        Loans and leases held for sale.** Report in the appropriate column the carrying amount of all loans and leases classified as held for sale included in Schedule RC, item 4.a, which are reported at the lower of cost or fair value or at fair value under a fair value option, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b        Loans measured at fair value.** Report in the appropriate subitem and column the total fair value and unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b.(1)    Fair value.** Report in the appropriate column the total fair value of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b.(2)    Unpaid principal balance.** Report in the appropriate column the total unpaid principal balance of all loans held for investment that are measured at fair value under a fair value option included in Schedule RC, item 4.b, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Memorandum item 6 is not applicable to banks filing the FFIEC 041 report form.

- 6        Derivative contracts: Fair value of amounts carried as assets.** Report in the appropriate column the fair value of all credit derivative contracts (as defined for Schedule RC-L, item 7) and all interest rate, foreign exchange rate, equity, and commodity and other derivative contracts (as defined for Schedule RC-L, item 12) on which a required payment by the bank's counterparty is past due 30 days or more as of the report date.

NOTE: Memorandum items 7, 8, 9.a, and 9.b are to be completed semiannually in the June and December reports only.

- 7        Additions to nonaccrual assets during the ~~previous six months~~quarter.** Report the aggregate amount of all loans, leases, debt securities, and other assets (net of unearned income) that have been placed in nonaccrual status during the six months calendar quarter ending on the semiannual (i.e., June 30 or December 31) report date for this item. Include those assets placed in nonaccrual status during ~~the quarter~~ this six month period that are included as of the quarter-end current report date in Schedule RC-N, column C, items 1 through 8 and 10. Also include those assets placed in nonaccrual status during ~~the quarter~~ this six month period that, before the current quarter-end semiannual report date for this item, have been sold, paid off, charged-off, settled through foreclosure or concession of collateral (or any other disposition of the nonaccrual asset) or have been returned to accrual status. In other words, the aggregate amount of assets placed in nonaccrual status since the prior quarter-end semiannual report date that should be reported in this item should not be reduced, for example, by any charge-offs or sales of such nonaccrual assets. If a given asset is placed in nonaccrual status more than once during the quarter six month period ending on the current semiannual report date, report the amount of the asset only once.
- 8        Nonaccrual assets sold during the ~~previous six months~~quarter.** Report the total of the outstanding balances of all loans, leases, debt securities, and other assets held in nonaccrual status (i.e., reportable in Schedule RC-N, column C, items 1 through 8 and 10) that were sold during the calendar quarter six months ending on the semiannual (i.e., June 30 or December 31) report date for this item. The amount to be included in this item is the outstanding

balance (net of unearned income) of each nonaccrual asset at the time of its sale. Do not report the sales price of the nonaccrual assets and do not include any gains or losses from the sale. For purposes of this item, only include those transfers of nonaccrual assets that meet the criteria for a sale as set forth in ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as amended). For further information, see the Glossary entry for "transfers of financial assets."

DRAFT

DRAFT

This page intentionally left blank.