Draft Revisions to the Call Report Instructions for the Proposed Credit Loss Accounting Revisions to the FFIEC 031 and FFIEC 041 Call Reports Proposed to Take Effect March 31, 2019

These draft instructions, which are subject to change, reflect the proposed revisions to the FFIEC 031 and FFIEC 041 Call Reports that would take effect March 31, 2019, as described in the federal banking agencies' final Paperwork Reduction Act Federal Register notice for this proposal that was published on February 14, 2019.

Draft as of February 15, 2019

Draft Revisions to the Call Report Instructions for Revisions to the FFIEC 031 and FFIEC 041 Call Reports Proposed to Take Effect March 31, 2019

Contents

LINE ITEM INSTRUCTIONS FOR THE CONSOLIDATED REPORT OF INCOME

The line item instructions should be read in conjunction with the Glossary and other sections of these instructions. See the discussion of the Organization of the Instruction Books in the General Instructions. For purposes of these Consolidated Report of Income instructions, the Financial Accounting Standards Board (FASB) Accounting Standards Codification is referred to as the "ASC."

SCHEDULE RI – INCOME STATEMENT

General Instructions

Report in accordance with these instructions all income and expense of the bank for the calendar year-to-date. Include adjustments of accruals and other accounting estimates made shortly after the end of a reporting period which relate to the income and expense of the reporting period.

A bank that began operating during the year-to-date reporting period should report in the appropriate items of Schedule RI all income earned and expenses incurred since commencing operations. The bank should report pre-opening income earned and expenses incurred from inception until the date operations commenced using one of the two methods described in the Glossary entry for "start-up activities."

Business Combinations, Pushdown Accounting Transactions, and Transactions between Entities under Common Control – If the reporting institution entered into a business combination that became effective during the year-to-date reporting period and has been accounted for under the acquisition method, report the income and expense of the acquired institution or business only after its acquisition. If the reporting institution was acquired in a transaction that became effective during the reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income), Schedule RI should only include amounts from the date of the institution's acquisition through the end of the year-to-date reporting period. If the reporting institution was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, report the income and expense of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. For further information on business combinations, pushdown accounting, and transactions between entities under common control, see the Glossary entry for "business combinations."

Assets and Liabilities Accounted for under the Fair Value Option – Under U.S. generally accepted accounting principles (GAAP) (i.e., ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"), ASC Subtopic 815-15, Derivatives and Hedging – Embedded Derivatives (formerly FASB Statement No. 155, "Accounting for Certain Hybrid Financial Instruments"), and ASC Subtopic 860-50, Transfers and Servicing – Servicing Assets and Liabilities (formerly FASB Statement No. 156, "Accounting for Servicing of Financial Assets")), the bank may elect to report certain assets and liabilities at fair value with changes in fair value recognized in earnings. This election is generally referred to as the fair value option. If the bank has elected to apply the fair value option to interest-bearing financial assets and liabilities, it should report the interest income on these financial assets (except any that are in nonaccrual status) and the interest expense on these financial liabilities for the year-to-date in the appropriate interest income and interest expense items on Schedule RI, not as part of the reported change in fair value of these assets and liabilities for the year-to-date. The bank should measure the interest income or interest expense on a financial asset or liability to which the fair value option has been applied using either the contractual interest rate on the asset or liability or the effective yield method based on the amount at which the asset 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 Institutions that have adopted Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses, when the fair value option has been applied to an acquired loan or debt security under ASC 326-20, “Financial Instruments-Credit Losses – Measured at Amortized Cost”, interest income on the loan or debt security should be measured in accordance with Subtopic 310-10, “Receivables – Overall”, regardless of whether or not management has determined the asset to be purchased credit deteriorated (PCD).

For further information, see the Glossary entries~~y~~ for “Purchased Impaired Loans and Debt Securities” and “Purchased Credit Deteriorated (PCD) 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, “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.l.

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.

For institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, the purchase premiums and discounts on loans held for investment that management has determined to be PCD and are measured at amortized cost, should be adjusted to exclude the acquisition date allowance for credit loss from the amortized cost basis of the loans.

For further information, see the Glossary entry "Purchased Credit Deteriorated (PCD) Loans and Debt Securities."

(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**

2.c **Interest on trading liabilities and other borrowed money.** Report the interest expense on all liabilities reportable in Schedule RC, item 15, "Trading liabilities," and item 16, "Other borrowed money." Include interest expense incurred on other borrowed money reported at fair value under a fair value option.

Include amortization of debt issuance costs associated with other borrowed money (unless the borrowed money reported at fair value under a fair value option, in which case issuance costs should be expensed as incurred).

2.d **Interest on subordinated notes and debentures.** Report the interest expense on all liabilities reportable in Schedule RC, item 19, "Subordinated notes and debentures." Include interest expense incurred on subordinated notes and debentures reported at fair value under a fair value option.

Include amortization of debt issuance costs associated with subordinated notes and debentures (unless the notes and debentures are reported at fair value under a fair value option, in which case issuance costs should be expensed as incurred).

Exclude dividends declared or paid on limited-life preferred stock (report dividends declared in Schedule RI-A, item 8).

2.e **Total interest expense.** Report the sum of Schedule RI, items 2.a through 2.d.

3 **Net interest income.** Report the difference between Schedule RI, item 2.e, “Total interest expense,” and Schedule RI, item 1.h, “Total interest income.” If the amount is negative, report it with a minus (-) sign.

4 **Provision for loan and lease losses.** Institutions that have not adopted ASU 2016-13, r~~R~~eport the amount needed to make the allowance for loan and lease losses, as reported in Schedule RC, item 4.c, adequate to absorb estimated credit losses, based upon management's evaluation of the reporting institution’s loans and leases held for investment, excluding such loans and leases reported at fair value under a fair value option. Loans and leases held for investment are those that the reporting institution has the intent and ability to hold for the foreseeable future or until maturity or payoff. Also include in this item any provision for allocated transfer risk related to loans and leases. The amount reported in this item must equal Schedule RI-B, Part II, item 5, column A, ~~-~~“Provision for ~~loan and lease~~ credit losses.” Report negative amounts with a minus (-) sign.

Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, report the amount expensed as the provisions for credit losses, during the calendar year-to-date. The provisions for credit losses represents the amount appropriate to absorb estimated credit losses over the life of the financial assets reported at amortized cost within the scope of the standard. Exclude the initial allowances established on the purchase of credit-deteriorated (PCD) financial assets, which are recorded at acquisition as an adjustment to the amortized cost basis of the asset. The amount reported in this item must equal the sum of Schedule RI-B, Part II, item 5, columns A through column C plus Schedule RI-B, Part II, Memorandum item 5. Report negative amounts with a minus (-) sign.

Exclude any provision for credit losses on off-balance sheet credit exposures, which should be reported in Schedule RI, item 7.d, “Other noninterest expense.”

The amount reported here may differ from the bad debt expense deduction taken for federal income tax purposes.

Refer to the Glossary entries for "allowance for loan and lease losses,” ~~" and~~ “loan impairment," "allowance for credit losses" and "Purchased Credit Deteriorated (PCD) loans and debt securities"~~"~~ for additional information.

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.

Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, should adjust the amortized cost for recoveries of any prior charge-offs when calculating the realized gain or loss on a security, such that the recovery of a previously charged off amount should be recorded before recognizing the gain.

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. Institutions that have not adopted ASU 2016-13 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.

Institutions that have adopted ASU 2016-13 adjust the amortized cost for recoveries of any prior charge-offs when calculating the realized gain or loss on a security, such that recovery of a previously charged off amount should be recorded before recognizing the gain. Include in this item any write-off recorded when the institution intends to sell the debt security, or it is more likely than not the institution will be required to sell the security before recovery of its amortized cost basis.

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”).

(3) Institutions that have adopted ASU 2016-13 exclude the allowance recorded through the allowance for credit losses on available-for-sale securities (report in Schedule RI, item 4, “Provision for loan and lease losses” which includes the provisions for credit losses for all financial assets that fall within the scope of the standard).

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 (cont.)

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) Institutions that have not adopted ASU 2016-13 ~~W~~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) Institutions that have adopted ASU 2016-13, charge-offs of the cost basis of individual held-to-maturity and available-for-sale securities (report credit losses in item 4, "Provision for credit losses," and report any write-off when the institution intends to sell the debt security, or when it is more likely than not the institution will be required to sell the security before recovery of its amortized cost basis 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).

(6~~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 institution's pretax 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: Institutions that have adopted ASU 2016-13 report the provisions for credit losses in item 4, referenced in item 8.a.

Memoranda

Item No.	Caption and Instructions

13.a.(1) **Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk.** For loans reported at fair value under a fair value option, report the estimated portion of the change in fair value included in earnings attributable to changes in instrument-specific credit risk. Include all such loans reported in Schedule RC, items 4.a, 4.b, and 5.

13.b **Net gains (losses) on liabilities.** Report the total amounts of pretax gains (losses) from fair value changes included in earnings during the calendar year to date for all liabilities, including hybrid financial instruments and servicing liabilities, accounted for under a fair value option. This amount will reflect the reported interest included in total interest expense in Schedule RI, item 2.e, 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.

13.b.(1) **Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk.** For liabilities reported at fair value under a fair value option, report the estimated portion of the change in fair value included in earnings attributable to changes in instrument-specific credit risk.

14 **Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings.**

Memorandum item 14 is to be completed only by institutions that have not adopted ASU 2016-13, which governs the accounting for credit losses. Institutions that have adopted ASU 2016-13 leave this item blank.

Report the amount of other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that have been recognized in earnings during the calendar year to date as discussed in the following paragraphs. This amount is included in the realized gains (losses) on held-to-maturity and available-for-sale securities reported in Schedule RI, items 6.a and 6.b, respectively.

When the fair value of an individual held-to-maturity or available-for-sale debt security is less than its amortized cost basis, the security is impaired and the impairment is either temporary or other-than-temporary. To determine whether the impairment is other-than-temporary, a bank must apply the relevant guidance in ASC Topic 320, Investments-Debt Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities,” as amended by FASB Staff Position (FSP) FAS 115-1 and FAS 124-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,” and FSP FAS 115-2 and FAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments”) and ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly Emerging Issues Task Force (EITF) Issue No. 99-20, “Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets,” as amended by FSP EITF 99-20-1, “Amendments to the Impairment Guidance of EITF Issue No. 99-20”), as appropriate.

When an other-than-temporary impairment loss has occurred on an individual debt security, the total amount of the loss is the entire difference between the amortized cost of the debt security and its fair value on the measurement date of the other-than-temporary impairment. For an other-than-temporary impairment loss on a debt security that the bank intends to sell and on a debt security that it is more likely than not that the bank will be required to sell before recovery of its amortized cost basis less any current-period credit loss, the total amount of the other-than-temporary impairment loss must be recognized in earnings and must be reported in this item.

SCHEDULE RI-B – CHARGE-OFFS AND RECOVERIES ON LOANS AND LEASES AND CHANGES IN ALLOWANCES FOR ~~LOAN AND LEASE~~CREDIT LOSSES

Part I. Charge-offs and Recoveries on Loans and Leases

General Instructions

This part has two columns. In column A report loans and leases charged off against the allowance for loan and lease losses during the current calendar year-to-date. Also include in column A write-downs to fair value on loans (and leases) transferred to the held-for-sale account during the calendar year-to-date that occurred when (1) the reporting bank decided to sell loans that were not originated or otherwise acquired with the intent to sell and (2) the fair value of those loans had declined for any reason other than a change in the general market level of interest or foreign exchange rates. In column B report amounts recovered through the allowance for loan and lease losses during the calendar year-to-date on loans and leases previously charged off.

For those banks required to establish and maintain an allocated transfer risk reserve as specified in Section 905(a) of the International Lending Supervision Act of 1983, include in column A loans and leases charged off against the allocated transfer risk reserve during the current calendar year-to-date. Include in column B amounts recovered through the allocated transfer risk reserve during the calendar year-to-date on loans and leases previously charged off against this reserve.

These instructions should be read in conjunction with the Glossary entries for "allowance for loan and lease losses," ~~and~~ "domicile,"~~."~~ and "allowances for credit losses."

Business Combinations, Pushdown Accounting Transactions, and Transactions between Entities under Common Control – If the reporting institution entered into a business combination that became effective during the year-to-date reporting period and has been accounted for under the acquisition method, include the charge-offs and recoveries of the acquired institution or other business only after its acquisition. Similarly, if the reporting institution was acquired in a transaction that became effective during the reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income), include only the charge-offs and recoveries from the date of the institution's acquisition through the end of the year-to-date reporting period. If the reporting institution was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, report the charge-offs and recoveries of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. For further information on business combinations, pushdown accounting, and transactions between entities under common control, see the Glossary entry for "business combinations."

Item Instructions

Item No. **Caption and Instructions**

1 **Loans secured by real estate.** Report in the appropriate subitem and column loans secured by real estate (as defined for Schedule RC-C, part I, item 1) charged off and recovered.

1.a **Construction, land development, and other land loans (in domestic offices).** Report in the appropriate subitem and column construction, land development, and other land loans (as defined for Schedule RC-C, part I, item 1.a, column B) charged off and recovered.

Part I. (cont.)

Item No. Caption and Instructions

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

6 **Loans to foreign governments and official institutions.** On the FFIEC 031, report in columns A and B, as appropriate, loans to foreign governments and official institutions (as defined for Schedule RC-C, part I, item 7) charged-off and recovered.

7 **All other loans.** On the FFIEC 041, report in columns A and B, as appropriate, loans to depository institutions and acceptances of other banks, loans to finance agricultural production and other loans to farmers, obligations (other than securities and leases) of states and political subdivisions in the U.S., and loans to nondepository financial institutions and other loans (as defined for Schedule RC-C, part I, items 2, 3, 8, and 9) charged-off and recovered. On the FFIEC 031, report in columns A and B, as appropriate, loans to depository institutions and acceptances of other banks, obligations (other than securities and leases) of states and political subdivisions in the U.S. and loans to nondepository financial institutions and other loans (as defined for Schedule RC-C, part I, items 2, 8, and 9) charged-off and recovered.

8 **Lease financing receivables.** Report in columns A and B, as appropriate, all lease financing receivables (as defined for Schedule RC-C, part I, item 10) charged-off and recovered.

NOTE: Items 8.a and 8.b are not applicable to banks filing the FFIEC 041 report form.

8.a **Leases to individuals for household, family, and other personal expenditures.** On the FFIEC 031, report in columns A and B, as appropriate, all leases to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 10.a, column A) charged-off and recovered.

8.b **All other leases.** On the FFIEC 031, report in columns A and B, as appropriate, all other leases (as defined for Schedule RC-C, part I, item 10.b, column A) charged-off and recovered.

9 **Total.** Report in columns A and B the sum of item 1 through 8. The amount reported in column A must equal Schedule RI-B, part II~~I~~, item 3, column A, "Charge-offs," below. The amount reported in column B must equal Schedule RI-B, part II~~I~~, item 2, column A, "Recoveries," below.

Part I. (cont.)

Memoranda

FFIEC 041
Item No. **Caption and Instructions**

3 **Loans to finance agricultural production and other loans to farmers.**

Memorandum item 3 is to be completed by:

- banks with $300 million or more in total assets, and
- banks with less than $300 million in total assets and with loans to finance agricultural production and other loans to farmers (as reported in Schedule RC-C, part I, item 3, column B) exceeding five percent of total loans and leases held for investment and held for sale (Schedule RC-C, part I, item 12).

Report in columns A and B, as appropriate, loans to finance agricultural production and other loans to farmers (as defined for Schedule RC-C, part I, item 3, column B) charged off and recovered. Such loans will have been included in Schedule RI-B, part I, item 7, above.

NOTE: Memorandum item 4 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.

FFIEC 031 and 041
Item No. **Caption and Instructions**

4 **Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses).** Report the amount of fees and finance charges on credit cards (as defined for Schedule RC-C, part I, item 6.a) that the bank reversed against either interest and fee income or a separate contra-asset account during the calendar year-to-date. Report the amount of fees and finance charges that have been reversed on a gross basis, i.e., do not reduce the amount of reversed fees and finance charges by recoveries of these reversed fees and finance charges. For institutions that have not adopted ASU 2016-13, which governs the accounting for credit losses, ~~E~~exclude from this item credit card fees and finance charges reported as charge-offs against the allowance for loan and lease losses in Schedule RI-B, part I, item 5.a, column A.

For institutions that have adopted ASU 2016-13, exclude from this item credit card fees and finance charges reported as charge-offs against the allowance for credit losses on loans and leases in Schedule RI-B, part I, item 5.a, column A.

Part II. Changes In Allowances for Credit Losses ~~Loan and Lease Losses~~

General Instructions

This schedule has three columns for information on the allowances for credit losses, one for each of the following asset types: 1) loans and leases held for investment (Column A), 2) held-to-maturity debt securities (Column B), and 3) available-for-sale debt securities (Column C).

Institutions that have not adopted ASU 2016-13, which governs the accounting for credit losses, ~~R~~report the reconcilement of the allowance for loan and lease losses on a calendar year-to-date basis in column A. Leave columns B and C blank.

Institutions that have adopted ASU 2016-13 report changes in the allowances for credit losses for loans and leases held for investment, held-to-maturity debt securities and available-for-sale debt securities in the applicable columns.

For those banks required to establish and maintain an allocated transfer risk reserve as specified in Section 905(a) of the International Lending Supervision Act of 1983, the reconcilement should include the activity in the allocated transfer risk reserve in column A during the calendar year-to-date that relates to loans and leases.

Exclude the balances of the allowance for credit losses on off-balance sheet credit exposures reported in Schedule RC-G, item 3, and any capital reserves included in Schedule RC, item 26.a, "Retained earnings," and the effects of any transactions therein.

Refer to the Glossary entry for "allowance for loan and lease losses" and “allowances for credit losses” for further information.

Business Combinations, Pushdown Accounting Transactions, and Transactions between Entities under Common Control – If the reporting institution entered into a business combination that became effective during the year-to-date reporting period and has been accounted for under the acquisition method, include the recoveries, charge-offs, and provisions of the acquired institution or other business only after its acquisition. Under ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), “Business Combinations”), the acquired loans and leases must be measured at their acquisition-date fair values. Therefore, for institutions that have not adopted ASU 2016-13, the reporting institution may not carry over the allowance for loan and lease losses of the acquired institution or other business as of the acquisition date.

A reporting institution that has adopted ASU 2016-13 may not carry over the allowances for credit losses for acquired assets. To note, for acquired assets that management has determined to be purchased credit deteriorated (PCD), institutions will estimate and record the allowances for credit losses as of the acquisition date with an offsetting debit to the asset’s initial amortized cost basis. This allowance must be reported as a positive (+) amount in Schedule RI-B, part II, item 6, "Adjustments" in the applicable column.

Similarly, if the reporting institution was acquired in a transaction that became effective during the year-to-date reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income), include only the recoveries, charge-offs, and provisions from the date of the institution's acquisition through the end of the year-to-date reporting period. For institutions that have not adopted ASU 2016-13, ~~W~~when applying pushdown accounting, the reporting institution’s loans and leases must be restated to their acquisition-date fair values and the institution may not carry over its allowance for loan and lease losses as of the acquisition date. As a consequence, the amount reported in Schedule RI-B, part II, item 1, column A, for the balance of the allowance for loan and lease losses most recently reported for the end of the previous calendar year must be reported as a negative in Schedule RI-B, part II, item 6, "Adjustments."

A reporting institution that has adopted ASU 2016-13 also must restate the acquisition-date fair values and may not carry over the allowances for credit losses for acquired assets when applying pushdown accounting. The amount reported in Schedule RI-B, part II, item 1, columns A through C, for the balances of the allowances for credit losses on the acquired assets most recently reported for the end of the previous calendar year must be reported as a negative in Schedule RI-B, part II, item 6, "Adjustments." For those assets that management has determined to be PCD, institutions will then add back the allowances for credit losses as of the acquisition date. This allowance must be reported as a positive amount in Schedule RI-B, part II, item 6, "Adjustments" in the applicable column.

If the reporting institution was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, report the recoveries, charge-offs, and provisions of the combined entities for the entire calendar year-to-date as though they had combined at the beginning of the year. Reporting institutions that have not adopted ASU 2016-13 ~~R~~report the balance as of the end of the previous calendar year of the allowance for loan and lease losses of the institution or other business that combined with the reporting institution in the common control transaction in Schedule RI-B, part II, item 6, "Adjustments~~.~~", column A. Reporting institutions that have adopted ASU 2016-13 should report the balance as of the end of the previous calendar year of the allowances for credit losses of the institution or other business that combined with the reporting institution in the common control transaction in Schedule RI-B, part II, item 6, "Adjustments" in the applicable column.

For further information on business combinations, pushdown accounting, and transactions between entities under common control, see the Glossary entry for "business combinations." Refer to the Glossary entry for “allowance for credit losses” for further information on accounting for PCD assets.

Item Instructions

Item No. **Caption and Instructions**

1 **Balance most recently reported in the December 31, 20xx, Reports of Condition and Income.** Institutions that have not adopted ASU 2016-13, ~~R~~report in column A the balance of the bank's allowance for loan and lease losses as reported in the Consolidated Reports of Condition and Income for the previous calendar year-end after the effect of all corrections and adjustments to the allowance for loan and lease losses that were made in any amended report(s) for the previous calendar year-end.

Institutions that have adopted ASU 2016-13 should report in the appropriate columns the balances of all allowances for credit losses as reported in the Consolidated Reports of Condition and Income for the previous calendar year-end after the effect of all corrections and adjustments to the allowances for credit losses that were made in any amended report(s) for the previous calendar year-end. In the year of adoption, institutions should record a zero balance for columns B and C.

Part II. (cont.)

Item No. Caption and Instructions

2 **Recoveries.** Institutions that have not adopted ASU 2016-13, ~~R~~report in column A the amount credited to the allowance for loan and lease losses for recoveries during the calendar year-to-date on amounts previously charged against the allowance for loan and lease losses. The amount reported in this item must equal Schedule RI-B, part I, item 9, column B.

Institutions that have adopted ASU 2016-13, report in the appropriate columns the amount credited to the allowance for credit losses for recoveries during the calendar year-to-date on amounts previously charged against the allowance for credit losses. The amount reported in "Loans and Leases", column A, of this item must equal Schedule RI-B, part I, item 9, column B.

3 **LESS: Charge-offs.** Institutions that have not adopted ASU 2016-13, ~~R~~report in column A of this item the amount of all loans and leases charged against the allowance for loan and lease losses during the calendar year-to-date. The amount reported in this item must equal Schedule RI-B, part I, item 9, column A, "Total" charge-offs, less Schedule RI-B, part II, item 4, "LESS: Write-downs arising from transfers of loans to a held-for-sale account.

Institutions that have adopted ASU 2016-13, report in the appropriate columns the amount by asset type charged against the allowance for credit losses during the calendar year-to-date. The amount reported in column A of this item must equal Schedule RI-B, part I, item 9, column A, "Total" charge-offs, less Schedule RI-B, part II, item 4, column A, "LESS: Write-downs arising from transfers of financial assets".

4 **LESS: Write-downs arising from transfers of financial assets.** Institutions that have not adopted ASU 2016-13, ~~R~~report in column A of this item the amount of write-downs to fair value charged against the allowance for loan and lease losses resulting from transfers of loans and leases to a held-for-sale account during the calendar year-to-date that occurred when:

- the reporting bank decided to sell loans and leases that were not originated or otherwise acquired with the intent to sell, and
- the fair value of those loans and leases had declined for any reason other than a change in the general market level of interest or foreign exchange rates.

Institutions that have adopted ASU 2016-13 report in the appropriate columns the amount of write-downs to fair value charged against the allowance for credit losses resulting from transfers of loans and leases to a held-for-sale account (resulting from the events described, above), or transfers of held-to-maturity debt securities and available-for-sale debt securities between HTM and AFS and trading accounts during the calendar year-to-date.

5 **Provision for ~~loan and lease~~credit losses.** Institutions that have not adopted ASU 2016-13, ~~R~~report in column A of this item the amount expensed as the provision for loan and losses during the calendar year-to-date. The provision for loan and lease losses represents the amount needed to make the allowance for loan and lease losses adequate to absorb estimated loan and lease losses, based upon management's evaluation of the bank's current loan and lease exposures. The amount reported in this item must equal Schedule RI, item 4. If the amount reported in this item is negative, report it with a minus (-) sign.

Institutions that have adopted ASU 2016-13 report in the appropriate column the amount expensed as the provision for credit losses during the calendar year-to-date. The provisions for credit losses represents the amount appropriate to absorb estimated credit losses over the life of the financial assets reported at amortized cost within the scope of the standard. The sum of the amounts reported in item 5, columns A through C plus Schedule RI-B, Memoranda item 5 must equal Schedule RI, item 4. If the amount reported in this item is negative, report it with a minus (-) sign.

6 **Adjustments.** If the reporting institution was acquired in a transaction that became effective during the year-to-date reporting period, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including its Consolidated Reports of Condition and Income), institutions that have not adopted ASU 2016-13, report in column A of ~~in~~ this item as a negative the balance of the allowance for loan and lease losses most recently reported for the end of the previous calendar year, as reported in Schedule RI-B, part II~~I~~, item 1, column A, above.

Institutions that have adopted ASU 2016-13, report in the appropriate columns for this item as a negative the balance of the allowances for credit losses on financial assets that are not determined by management to be PCD most recently reported for the end of the previous calendar year, as reported in Schedule RI-B, part II, item 1, above. For those assets determined by management to be PCD, the allowances for credit losses as of the acquisition date should then be reported as a positive number in the appropriate columns for this line item.

If the reporting institution was involved in a transaction between entities under common control that became effective during the year-to-date reporting period and has been accounted for in a manner similar to a pooling of interests, institutions that have not adopted ASU 2016-13, report in column A of this item the balance as of the end of the previous calendar year of the allowance for loan and lease losses of the institution or other business that combined with the reporting institution in the common control transaction. Institutions that have adopted ASU 2016-13 should report in the appropriate columns for this item the balance as of the end of the previous calendar year of the allowances for credit losses of the institution or other business that combined with the reporting institution in the common control transaction

For banks with foreign offices that file the FFIEC 031 report forms, institutions that have not adopted ASU 2016-13, report any increases or decreases resulting from the translation into dollars of any portions of the allowance for loan and lease losses which are denominated in a foreign currency. Institutions that have adopted ASU 2016-13, report in the appropriate column for this item any increases or decrease resulting from the translation into dollars of any portions of the allowances for credit losses which are denominated in a foreign currency.

In addition, institutions that have adopted ASU 2016-13 include -in the appropriate columns of this line item the following:

a) Additional allowances recorded by the institutions resulting from the adoption of ASU 2016-13.

b) Subsequent to the adoption of ASU 2016-13, the amount of allowances for credit losses for purchased credit-deteriorated assets recorded as of their acquisition date.

If the amount reported in this item is negative, report it with a minus (-) sign.

State the dollar amount of and describe each transaction included in this item in Schedule RI-E, Explanations, item 6.

7 **Balance end of current period.** Report in columns A, B and C the sum of items 1, 2, 5, and 6, less items 3 and 4. The amount ~~The total amount~~ reported in column A ~~of this item~~ must equal the amount reported in Schedule RC, item 4.c.~~, "Allowance for loan and lease losses."~~

Part II. (cont.)

Memoranda

Item No. **Caption and Instructions**

1 **Allocated transfer risk reserve included in Schedule RI-B, part II, item 7, column A, above.** Report the amount of any allocated transfer risk reserve related to loans and leases held for investment that the reporting bank is required to establish and maintain that the bank has included in the end-of-period balance of the allowance for loan and lease losses reported in Schedule RI-B, part II, item 7, column A, above, and in Schedule RC, item 4.c.

NOTE: Memorandum items 2 and 3 are 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.

2 **Separate valuation allowance for uncollectible retail credit card fees and finance charges.** Institutions that have not adopted ASU 2016-13, ~~R~~report the amount of any valuation allowance or contra-asset account that the bank maintains separate from the allowance for loan and lease losses to account for uncollectible fees and finance charges on credit cards (as defined for Schedule RC-C, part I, item 6.a).

Institutions that have adopted ASU 2016-13, report the amount of any valuation allowance or contra-asset account that the bank maintains separate from the allowance for credit losses on loans and leases to account for uncollectible fees and finance charges on credit cards (as defined for Schedule RC-C, part I, item 6.a).

This Memorandum item is only applicable to those banks that maintain an allowance or contra-asset account separate from the allowance for loan and lease losses. Do not include in this item the amount of any valuation allowance established for impairment in retained interests in accrued interest receivable related to securitized credit cards.

3 **Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges.** Institutions that have not adopted ASU 2016-13, ~~R~~report in this item the amount of the allowance for loan and lease losses that is attributable to outstanding fees and finance charges on credit cards (as defined for Schedule RC-C, part I, item 6.a). This amount is a component of the amount reported in Schedule RC, item 4.c, and Schedule RI-B, part II, item 7, column A. Do not include in this item the amount of any valuation allowance established for impairment in retained interests in accrued interest receivable related to

securitized credit cards.

Institutions that have adopted ASU 2016-13, report in this item the amount of the allowance for credit losses on loans and leases that is attributable to outstanding fees and finance charges on credit cards (as defined for Schedule RC-C, part I, item 6.a). This amount is a component of the amount reported in Schedule RC, item 4.c, and Schedule RI-B, part II, item 7, column A.

Do not include in this item the amount of any valuation allowance established for retained interests in accrued interest receivable related to securitized credit cards.

Part II. (cont.)

Memoranda

Item No. Caption and Instructions

NOTE: Memorandum item is to be completed only by ~~all banks~~institutions that have not adopted ASU 2016-13, which governs the accounting for credit losses. Institutions that have adopted ASU 2016-13 should leave this item blank.

4 **Amount of allowance for post-acquisition credit losses on purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).** Report in this item the amount of any valuation allowances established after acquisition for decreases in cash flows expected to be collected on purchased credit-impaired loans and pools of purchased credit-impaired loans reported as held for investment in Schedule RC, item 4.b, 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"). These post-acquisition allowances should be included in the bank's allowance for loan and lease losses as reported in Schedule RC, item 4.c, and Schedule RI-B, part II, item 7. Under ASC Subtopic 310-30, for a purchased credit-impaired loan accounted for individually (and not accounted for as a debt security), if, upon evaluation subsequent to acquisition, it is probable based on current information and events that an institution will be unable to collect all cash flows expected at acquisition (plus additional cash flows expected to be collected arising from changes in estimate after acquisition), the purchased credit-impaired loan should be considered impaired for purposes of establishing an allowance pursuant to ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly FASB Statement No. 5, "Accounting for Contingencies") or ASC Topic 310, Receivables (formerly FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan"), as appropriate. For purchased credit-impaired loans with common risk characteristics that are aggregated and accounted for as a pool, this impairment analysis should be performed subsequent to acquisition at the pool level as a whole and not at the individual loan level.

NOTE: Memorandum items 5 and 6 are to be completed only by institutions that have adopted ASU 2016-13. Institutions that have not adopted ASU 2016-13 should leave this item blank.

5 **Provisions for credit losses on other financial assets measured at amortized cost (not included in RI-B Part II, item 5, columns A through C, above).** Report in this line item provisions related to allowances for credit losses on financial assets measured at amortized cost, included in Schedule RI, item 4, other than loans, leases, held-to-maturity debt securities and available-for-sale debt securities.

6 **Allowances for credit losses on other financial assets measured at amortized cost (not included in RI-B Part II, item 7, columns A through C, above).** Report in this line item total allowances related to credit losses on financial assets measured at amortized cost other than loans, leases, held-to-maturity debt securities and available-for-sale debt securities that are associated with the provisions reported in Memorandum item 5, above.

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

General Instructions

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

Part I. Disaggregated Data on the Allowance for Loan and Lease Losses of this schedule is to be completed only by institutions that have not adopted Accounting Standards Update, No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses. Institutions that have adopted ASU 2016-13 leave the data items blank Part I.

Part II. Disaggregated Data on Allowances for Credit Losses is to be completed only by institutions that have adopted ASU 2016-13. Institutions that have not adopted ASU 2016-13 leave the data items blank on Part II.

Part I. Disaggregated Data on the Allowance for Loan and Lease Losses

General Instructions for Part I

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

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

The loan and lease portfolio categories for which allowance and related recorded investment amounts are to be reported in Schedule RI-C represent general categories rather than the standardized loan categories defined in Schedule RC-C, part I, Loans and Leases. Based on the manner in which it segments its portfolio for purposes of applying its allowance methodology, each institution should report each component of the overall allowance reported in Schedule RC, item 4.c, and the recorded investment in the related loans and leases in the Schedule RI-C general loan category that best corresponds to the characteristics of the related loans and leases.[1] The sum of the recorded investment amounts reported in Schedule RI-C (plus the fair value of loans held for investment for which the fair value option has been elected) must equal the balance sheet amount of held-for-investment loans and leases reported in Schedule RC, item 4.b, "Loans and leases held for investment." Thus, the recorded investment amounts reported in columns A, C, and E of Schedule RI-C must be net of unearned income.

Column Instructions

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

Columns C and D: For each of the specified general categories of loans and leases held for investment, report in column C the recorded investment in loans and leases that have been collectively evaluated for impairment in accordance with ASC Subtopic 450-20, Contingencies – Loss Contingencies (formerly

[1] For example, based on its allowance methodology, one institution's allowance components for credit cards might relate to both consumer and business credit card receivables, but another institution's allowance components for credit cards might relate only to consumer credit card receivables.
As another example, based on its allowance methodology, one institution might include its loans secured by farmland in its allowance components for commercial real estate loans, but another institution might include its loans secured by farmland in its allowance components for commercial loans.

Item No. **Caption and Instructions**

5 **Unallocated, if any.** Report in column D the amount of any unallocated portion of the allowance for loan and lease losses for loans collectively evaluated for impairment. An institution is not required to have an unallocated portion of the allowance.

6 **Total.** For each column in Schedule RI-C, report the sum of items 1 through 5.

The sum of the amounts reported in Schedule RI-C, item 6, columns B, D, and F must equal Schedule RC, item 4.c, "Allowance for loan and lease losses."

The amount reported in Schedule RI-C, item 6, column E, must equal Schedule RC-C, part I, Memorandum item 7.b, "Amount included in Schedule RC-C, part I, items 1 through 9."

The amount reported in Schedule RI-C, item 6, column F, must equal Schedule RI-B, part II, Memorandum item 4, "Amount of allowance for post-acquisition credit losses on purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30."

The sum of the amounts reported in Schedule RI-C, item 6, columns A, C, and E, plus the amount reported in Schedule RC-Q, item 4, column A, "Total fair value reported on Schedule RC" for loans and leases held for investment, must equal Schedule RC, item 4.b, "Loans and leases held for investment."

Part II. Disaggregated Data on the Allowances for Credit Losses

General Instructions for Part II

Schedule RI-C, part II includes the disaggregated information on the amortized cost basis of held for investment loans and leases and its related allowance balances, as well as the disaggregated allowance balances on held-to-maturity securities.

These instructions should be read in conjunction with the Glossary entries for "allowances for credit losses."

Institutions that have not adopted ASU 2016-13 should complete only Schedule RI-C Part I. Disaggregated Data on Allowances for Loans and Leases and should leave the data items reported on Part II blank.

Item Instructions

Item No. **Caption and Instructions**

1 to 6 **General Instructions for Loans and Leases, Held for Investment:** The loan and lease portfolio categories for which allowance and related amortized cost amounts are to be reported in Schedule RI-C, part II, represent general categories rather than standardized loan categories defined in Schedule RC-C, part I, Loans and Leases. Based on the manner in which it segments its portfolio for purposes of applying its allowance methodology, each institution should report each component of the overall allowance reported in Schedule RC, item 4.c, and the amortized cost in the related loans and leases in the Schedule RI-C general loan category that best corresponds to the characteristics of the related loans and leases.[1]

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

For each of the specified general categories of loans and leases held for investment, report in column A, "Amortized Cost", the amortized cost basis of all loans and leases held for investment. The sum of the amortized cost amounts reported in Schedule RI-C, Part II, item 6, Column A, "Total" plus the fair value of loans held for investment reported on Schedule RC-Q for which the fair value option has been elected must equal the balance sheet amount of held-for-investment loans and leases reported in Schedule RC, item 4.b, "Loans and leases held for investment." Thus, the amortized cost amounts reported in columns A must be net of unearned income.

Report in column B, "Allowance Balance", the balance of the allowance for credit losses measured in accordance with ASC Subtopic 326-20 by the specified general categories of loans and leases held for investment.

1 **Real estate loans:**

1.a **Construction loans.** Report in column A the amortized cost basis in held for investment construction loans and in column B the related balance in the allowance for credit losses for such loans. Exclude loans that the institution has elected to report at fair value under a fair value option.

1.b **Commercial real estate loans.** Report in column A the amortized cost basis in held for investment commercial real estate loans and in column B the related balance in the allowance for credit losses for such loans. Exclude loans that the institution has elected to report at fair value under a fair value option.

1.c **Residential real estate loans.** Report in column A the amortized cost basis in held for investment residential real estate loans and in column B the related balance in the allowance for credit losses for such loans. Exclude loans that the institution has elected to report at fair value under a fair value option.

2 **Commercial loans.** Report in column A the amortized cost basis in all in held for investment commercial loans and in column B the related balance in the allowance for credit losses for such loans. For purposes of this item, commercial loans include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in the other items reported in Schedule RI-C. Exclude loans that the institution has elected to report at fair value under a fair value option.

3 **Credit cards.** Report in column A the amortized cost basis in all held for investment extensions of credit arising from credit cards and in column B the related balance in the allowance for credit losses for such extensions of credit. Exclude loans that the institution has elected to report at fair value under a fair value option.

4 **Other consumer loans.** Report in column A the amortized costs basis in all held for

[1] For example, based on its allowance methodology, one institution's allowance components for credit cards might relate to both consumer and business credit card receivables, but another institution's allowance components for credit cards might relate only to consumer credit card receivables.
As another example, based on its allowance methodology, one institution might include its loans secured by farmland in its allowance components for commercial real estate loans, but another institution might include its loans secured by farmland in its allowance components for commercial loans

investment consumer loans other than credit cards and in column B the related balance in the allowance for credit losses for such loans. Exclude loans that the institution has elected to report at fair value under a fair value option.

5 **Unallocated, if any.** Report the amount of any unallocated portion of the allowance for credit losses. An institution should only have an unallocated portion of its allowance for credit losses that is appropriately supported and documented, and such an amount would be acceptable as part of management's best estimate of current expected credit losses.

6 **Total.** Report the sum of items 1.a through 5. The total of column A plus the amount reported in Schedule RC-Q, item 4, column A, "Total fair value reported on Schedule RC" for loans and leases held for investment, must equal Schedule RC, item 4.b, "Loans and leases held for investment." Total of column B must equal Schedule RC, item 4.c, "Allowance for loan and lease losses."

7 to 11 **General Instructions for Held-To-Maturity Securities.** For each of the specified general categories of held-to-maturity debt securities, report the balance of the allowance for credit losses attributable to these securities measured in accordance with ASC Subtopic 326-20. The amounts of the allowance for credit losses reported in items 7 through 10 correspond to the securities categories defined in Schedule RC-B, as noted below.

7 **Securities issued by states and political subdivisions in the U.S.** Report the allowance for credit losses on held-to-maturity debt securities that have been issued by states and political subdivisions in the U.S. The amount reported in this line item represents the allowance for credit losses for the amortized cost of the same debt securities category reported in line item 3, column A on Schedule RC-B.

8 **Mortgage-backed securities (MBS) (including CMOs, REMICs and stripped MBS).** Report the allowance for credit losses on held-to-maturity mortgage-backed securities The amount reported in this line item represents the allowance for credit losses for the amortized cost of the same debt securities categories reported in line items 4.a.(1),4.a.(2),4.a.(3), 4.b.(1), 4.b.(2), 4.b.(3), 4.c.(1).(a), 4.c.(1).(b), 4.c.(2).(a) and 4.c.(2).(b),column A on Schedule RC-B.

9 **Asset-backed securities and structured financial products.** Report the allowance for credit losses on held-to-maturity asset-backed securities and structured financial products. The amount reported in this line item represents the allowance for credit losses for the amortized cost of the same debt securities categories reported in line items 5.a and 5.b, column A on Schedule RC-B.

10 **Other debt securities.** Report the allowance for credit losses on held-to-maturity other debt securities not reported in items 7 to 9.

11 **Total.** Report the sum of items 7 through 10. The sum of the amounts reported in item 11, "Total" should equal the amount reported in Schedule RI-B, Part II, column B, item 7, "Balance end of current period",

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.** Institutions that have not adopted Accounting Standards Update No. 2016-13 (ASU 2016-13), which governs the accounting for credit losses, ~~R~~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.

Institutions that have adopted ASU 2016-13, report the provision for credit losses (as defined for Schedule RI, item 4) in foreign offices.

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,

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3 **Discontinued operations and applicable income tax effect.** List and briefly describe in items 3.a and 3.b the gross dollar amount of the results of each of the discontinued operations included in Schedule RI, item 11, "Discontinued operations, net of applicable income taxes," and its related income tax effect, if any. If Schedule RI, item 11, includes the results of more than two discontinued operations, report the additional items and their related tax effects in Schedule RI-E, item 7, below.

If the results of discontinued operations are a loss, report the dollar amount with a minus (-) sign. If an applicable income tax effect is a tax benefit (rather than a tax expense), report the dollar amount with a minus (-) sign.

4 **Cumulative effect of changes in accounting principles and corrections of material accounting errors:**

4.a **Adoption of Current Expected Credit Loss Methodology – ASU 2016-13.** Report in this item the cumulative-effect adjustment for the changes in the allowances for credit losses, net of any related deferred tax assets, recognized in retained earnings as of the beginning of the first reporting period in which the institution adopts ASU 2016-13, which governs the accounting for credit losses. Exclude the gross up amounts of purchased credit impaired assets to purchased credit deteriorated assets, which is reported in item 6 of this schedule.

Institutions that have not adopted ASU 2016-13 leave this line item blank.

4.b and 4.c List and briefly describe in items 4.~~a~~ b and 4.c~~b~~ the dollar amount of the cumulative effect of each change in accounting principle and correction of a material accounting error, net of applicable income taxes, that is included in Schedule RI-A, item 2, other than the initial cumulative-effect adjustment for the adoption of ASU 2016-13, which would be reported in item 4.a. in this schedule. If Schedule RI-A, item 2, includes more than two accounting principle changes other than the initial adoption of ASU 2016-13, and accounting error corrections, report the cumulative effect of each additional accounting principle change and error correction in Schedule RI-E, item 7, below.

If the cumulative effect of an accounting principle change or an accounting error correction represents a reduction of the bank's equity capital, report the dollar amount with a minus (-) sign.

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

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

6 **Adjustments to allowances for ~~loan and lease~~ credit losses.**

The sum of items 6.a, 6.b, 6.c and 6.d must equal the sum of Schedule RI-B, item 6, columns A through C.

Institutions that have not adopted ASU 2016-13 leave items 6.a and 6.b blank.

6.a. **Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets.** For institutions that have adopted ASU 2016-13, report in this item, as a positive (+) number, the initial allowance for credit losses recognized on purchased credit-deteriorated assets. Item 6.a is applicable both in the period in which an institution adopts ASU 2016-13 and in any subsequent periods in which an institution acquires purchased credit-deteriorated assets. Report only the allowance as-of the acquisition date of the PCD assets. Any subsequent changes to the allowances on purchased credit-deteriorated assets would be reported in Schedule RI-B, Part II in line item 5.

6.b. **Effect of adoption of current expected credit losses methodology on allowances for credit losses on loans and leases held for investment and held-to-maturity debt securities.** Report in this item the change in the amount of allowances from initially applying ASU 2016-13 to these two categories of assets as of the effective date of the accounting standard in the period of adoption, including the initial allowance gross-up for any purchased credit-deteriorated assets held as of the effective date. For further information, see the Glossary entry "Purchased Credit Deteriorated (PCD) Loans and Debt Securities."

6.c and 6.d Institutions that have not adopted ASU 2016-13 l~~L~~ist and briefly describe in items 6.c~~a~~ and 6.d~~b~~ the dollar amount of each type of adjustment to the allowance for loan and lease losses that is included in Schedule RI-B, part II, item 6. If Schedule RI-B, part II, item 6, includes more than two types of adjustments, report the additional adjustments in Schedule RI-E, item 7, below.

Institutions that have adopted ASU 2016-13 list and briefly describe in items 6.c and 6.d the dollar amount of each type of adjustment to the allowance for credit losses that is included in Schedule RI-B, part II, item 6 that are not reported in items 6.a or 6.b. If Schedule RI-B, part II, item 6, includes more than two types of adjustments that are not reported in items 6.a or 6.b, report the additional adjustments in Schedule RI-E, item 7, below.

If the effect of an adjustment is to reduce the bank's allowance for loan and lease losses, report the dollar amount with a minus (-) sign.

7 **Other explanations.** In the space provided on the report form, the bank may, at its option, list and briefly describe any other significant items relating to the Consolidated Report of Income. The bank's other explanations must not exceed 750 characters, including punctuation and standard spacing between words and sentences.

<u>Item No.</u> <u>Caption and Instructions</u>

2 **<u>Securities:</u>**

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

<u>Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, report the amortized cost net of any applicable allowance for credit losses. The amount reported in Schedule RC, item 2.a, must equal the amount reported in Schedule RC-B, item 8, column A, "Total amortized cost" less the amount of the allowances for credit losses reported in Schedule RI-B, Part II, item 7, column B, "Balance end of current period."</u>

2.b **<u>Available-for-sale securities.</u>** 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 <u>Accounting Standards Update No. 2016-01</u> (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 **<u>Equity securities with readily determinable fair values not held for trading.</u>** 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.

<u>Exclude</u> 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

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3.a (cont.)

(3) Deposit balances due from a Federal Home Loan Bank (report as balances due from depository institutions in Schedule RC, item 1.a or 1.b, as appropriate).

(4) Lending transactions in foreign offices involving immediately available funds with an original maturity of one business day or under a continuing contract that are not securities resale agreements (report in Schedule RC, item 4.b, "Loans and leases held for investment").

For further information, see the Glossary entry for "federal funds transactions."

3.b **Securities purchased under agreements to resell.** Report the outstanding amount of:

(1) Securities resale agreements, regardless of maturity, 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.

(2) Purchases of participations in pools of securities, regardless of maturity.

Report securities purchased under agreements to resell on a gross basis, i.e., do not net them against securities sold under agreements to repurchase, except to the extent permitted under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements"). Include the fair value of securities purchased under agreements to resell that are accounted for at fair value under a fair value option.

Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, report the amount in this line item net of any applicable allowance for credit losses. For further information, see the Glossary entry for "Allowance for credit losses."

Exclude from this item:

(1) Resale agreements involving assets other than securities (report in Schedule RC, item 3.a, "Federal funds sold," or item 4.b, "Loans and leases held for investment," as appropriate, depending on the maturity and office location of the transaction).

(2) Due bills representing purchases of securities or other assets by the reporting bank that have not yet been delivered and similar instruments, whether collateralized or uncollateralized (report in Schedule RC, item 4.b). See the Glossary entry for "due bills."

(3) So-called yield maintenance dollar repurchase agreements (see the Glossary entry for "repurchase/resale agreements").

For further information, see the Glossary entry for "repurchase/resale agreements."

4 **Loans and lease financing receivables.** Report in the appropriate subitem loans and leases held for sale and loans and leases that the reporting bank has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., held for investment. The sum of Schedule RC, items 4.a and 4.b, must equal Schedule RC-C, part I, item 12, (column A on the FFIEC 031).

Item No. **Caption and Instructions**

4.a **Loans and leases held for sale.** Report the amount of loans and leases held for sale. Loans and leases held for sale should be reported at the lower of cost or fair value except for those loans held for sale that the bank has elected to account for at fair value under a fair value option, which should be reported in this item at fair value. For loan and leases held for sale that are reported at the lower of cost or fair value, the amount by which cost exceeds fair value, if any, shall be accounted for as a valuation allowance within this item. No allowance for loan and lease losses should be included in Schedule RC, item 4.c, for loans and leases held for sale. All loans and leases reported in this item must also be reported by loan category in Schedule RC-C, part I.

Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, should not include any allowance for credit losses in Schedule RC, item 4.c, for loans and leases held for sale.

4.b **Loans and leases held for investment.** Report the amount of loans and leases that the reporting bank has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., loans held for investment. Include loans held for investment that the bank has elected to account for at fair value under a fair value option, which should be reported in this item at fair value. All loans and leases reported in this item must also be reported by loan category in Schedule RC-C, part I.

4.c **Less: Allowance for loan and lease losses.** Report the allowance for loan and lease losses as determined in accordance with the instructions in the Glossary entry for "allowance for loan and lease losses." Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, report the allowance for credit losses. For further information, see the Glossary entry for "allowance for credit losses." Also include in this item any allocated transfer risk reserve related to loans and leases held for investment that the reporting bank is required to establish and maintain as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Subpart D of Federal Reserve Regulation K, Part 347 of the FDIC's Rules and Regulations, and Part 20 of the Comptroller of the Currency's Regulations), and in any guidelines, letters, or instructions issued by the agencies. This item must equal Report of Income Schedule RI-B, part II, item 7, column A, "Balance end of current period."

4.d **Loans and leases held for investment, net of allowance.** Report the amount derived by subtracting Schedule RC, item 4.c, from Schedule RC, item 4.b.

Item No.	Caption and Instructions

26.a (cont.)

Exclude from retained earnings:

(1) Any portion of the proceeds received from the sale of common stock in excess of its par or stated value (report in Schedule RC, item 25).

(2) Any portion of the proceeds received from the sale of preferred stock in excess of its par or stated value (report in Schedule RC, item 19 or 23, as appropriate).

(3) "Reserves" that reduce the related asset balances such as valuation allowances (e.g., the allowance for loan and lease losses, or for institutions that have adopted ASU 2016-13, the allowances for credit losses), reserves for depreciation, and reserves for bond premiums.

26.b **Accumulated other comprehensive income.** Report the accumulated balance of other comprehensive income as of the report date in accordance with ASC Subtopic 220-10, Comprehensive Income – Overall (formerly FASB Statement No. 130, “Reporting Comprehensive Income”), net of applicable income taxes, if any. “Other comprehensive income” refers to revenues, expenses, gains, and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income.

Items of accumulated other comprehensive income include:

(1) Net unrealized holding gains (losses) on available-for-sale securities (including debt securities transferred into the available-for-sale category from the held-to-maturity category), i.e., the difference between the amortized cost and the fair value of the reporting bank's available-for-sale securities (excluding any available-for-sale securities previously written down as other-than-temporarily impaired, or for institutions that have adopted ASU 2016-13 any allowance for credit losses).[1] For most institutions, all "securities," as that term is defined in ASC Topic 320, Investments-Debt Securities (formerly FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”), that are designated as "available-for-sale" will be reported as "Available-for-sale securities" in Schedule RC, item 2.b, and in Schedule RC-B, columns C and D. However, an institution may have certain assets that fall within the definition of "securities" in ASC Topic 320 (e.g., nonrated industrial development obligations) that it has designated as "available-for-sale" and reports in a balance sheet category other than "Securities" (e.g., "Loans and lease financing receivables") for purposes of the Report of Condition. These "available-for-sale" assets must be carried on the Report of Condition balance sheet at fair value rather than amortized cost and the difference between these two amounts, net of tax effects, also must be included in this item.

(2) The unamortized balance of the unrealized holding gain (loss) that existed at the date of transfer of a debt security transferred into the held-to-maturity category from the

[1] For example, if the fair value of the reporting institution's available-for-sale securities exceeds the amortized cost of its available-for-sale securities by $100,000 (and the institution has had no other transactions affecting the "net unrealized holding gains (losses)" account), the amount to be included in Schedule RC, item 26.b, must be reduced by the estimated amount of taxes using the institution's applicable tax rate (federal, state and local). (See the Glossary entry for "income taxes" for a discussion of "applicable tax rate.") If the institution's applicable tax rate (federal, state and local) is 40% and the tax basis of its available-for-sale securities approximates their amortized cost, the institution would include "net unrealized holding gains" of $60,000 [$100,000 - (40% x $100,000)] in Schedule RC, item 26.b. The institution would also have a deferred tax liability of $40,000 that would enter into the determination of the amount of net deferred tax assets or liabilities to be reported in Schedule RC-F, item 2, or Schedule RC-G, item 2.

Item No. Caption and Instructions

26.b (cont.)

transferred from the available-for-sale category into the held-to-maturity category, the unrealized holding gain (loss) at the date of transfer continues to be reported in the accumulated other comprehensive income account, but must be amortized over the remaining life of the security as an adjustment of yield in a manner consistent with the amortization of any premium or discount.

(3) The unaccreted portion of other-than-temporary impairment losses on available-for-sale and held-to-maturity debt securities that was not recognized in earnings in accordance with ASC Topic 320, plus the accumulated amount of subsequent decreases (if not other-than-temporary impairment losses) or increases in the fair value of available-for-sale debt securities previously written down as other-than-temporarily impaired.

Institutions that have adopted ASU 2016-13, include the unaccreted portion of unrealized losses on available-for-sale and held-to-maturity debt securities that was not recognized in earnings in accordance with ASC Topic 320, plus the accumulated amount of subsequent increases or decreases (not attributable to credit impairment) in the fair value of available-for sale debt securities, or increases in the fair value after a write-down that resulted from the intent to sell or a more likely-than-not requirement.

(4) Accumulated net gains (losses) on derivative instruments that are designated and qualify as cash flow hedges,[2] i.e., the effective portion[3] of the accumulated change in fair value (gain or loss) on derivative instruments designated and qualifying as cash flow hedges in accordance with ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended).

Under ASC Topic 815, an institution that elects to apply hedge accounting must exclude from net income the effective portion of the change in fair value of a derivative designated and qualifying as a cash flow hedge and record it on the balance sheet in the accumulated other comprehensive income component of equity capital. The ineffective portion of the change in fair value of the derivative designated and qualifying as a cash flow hedge must be reported in earnings. The component of accumulated other comprehensive income associated with a transaction hedged in a cash flow hedge should be adjusted each reporting period to a balance that reflects the lesser (in absolute amounts) of:

(a) The cumulative gain (loss) on the derivative from inception of the hedge, less (i) amounts excluded consistent with the institution's defined risk management strategy and (ii) the derivative's gains (losses) previously reclassified from accumulated other comprehensive income into earnings to offset the hedged transaction, or

(b) The portion of the cumulative gain (loss) on the derivative necessary to offset the cumulative change in expected future cash flows on the hedged transaction from inception of the hedge less the derivative's gains (losses) previously reclassified from accumulated other comprehensive income into earnings.

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[2] Generally, the objective of a cash flow hedge is to link a derivative to an existing recognized asset or liability or a forecasted transaction with exposure to variability in expected future cash flows, e.g., the future interest payments (receipts) on a variable-rate liability (asset) or a forecasted purchase (sale). The changes in cash flows of the derivative are expected to offset changes in cash flows of the hedged item or transaction. To achieve the matching of cash flows, ASC Topic 815 requires that the effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges initially be reported in the accumulated other comprehensive income component of equity capital and subsequently be reclassified into earnings in the same future period or periods that the hedged transaction affects earnings .

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7 (cont.) Exclude from investments in mutual funds and other equity securities with readily determinable fair values:

(1) Federal Reserve Bank stock (report as an equity security without a readily determinable fair value in Schedule RC-F, item 4).

(2) Federal Home Loan Bank stock (report as an equity security 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, above).

(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 security that does not have 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 security that does not have a readily determinable fair value in Schedule RC-F, item 4).

(7) Minority interests held by the reporting bank in any companies not meeting the definition of associated company (report as equity securities that do not have a readily determinable fair value 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 bank does not exercise significant influence (report as equity securities that do not have a 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").

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

For institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, the total of column A for this item must equal Schedule RC, item 2.a, "Held-to-maturity securities" plus Schedule RI-B, Part II, item 7, column B, "Balance end of current period” and the total of column D for this item must equal Schedule RC, item 2.b, "Available-for-sale securities."

General Instructions for Part I (cont.)

On the FFIEC 041, Schedule RC-C, part I, has two columns for information on loans and leases: column B is to be completed by all banks and column A is to be completed by banks with $300 million or more in total assets. On the FFIEC 031, this schedule has two columns: column A provides loan and lease detail for the fully consolidated bank and column B provides detail on loans and leases held by the domestic offices of the reporting bank. (See the Glossary entry for "domestic office" for the definition of this term.)

Report loans and leases held for investment in this schedule without any deduction for loss allowances for loans and leases or for institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, allowances for credit losses on loans and leases or allocated transfer risk reserves related to loans and leases, which are to be reported in Schedule RC, item 4.c, "Allowance for loan and lease losses."

Each item in this schedule should be reported net of (1) unearned income (to the extent possible) and (2) deposits accumulated for the payment of personal loans (hypothecated deposits). Net unamortized loan fees represent an adjustment of the loan yield, and shall be reported in this schedule in the same manner as unearned income on loans, i.e., deducted from the related loan balances (to the extent possible) or deducted from total loans in Schedule RC-C, part I, item 11, "LESS: Any unearned income on loans reflected in items 1-9 above." Net unamortized direct loan origination costs shall be added to the related loan balances in each item in this schedule. (See the Glossary entry for "loan fees" for further information.)

For institutions that have adopted ASU 2016-13, report unearned income on “purchased credit-deteriorated assets” in accordance with the instructions above.

For institutions that have not adopted ASU 2016-13, "Purchased credit-impaired loans" are loans 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"), that a bank has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable. Neither the accretable yield nor the nonaccretable difference associated with purchased credit-impaired loans should be reported as unearned income in Schedule RC-C, part I, item 11. In addition, the nonaccretable difference must not be recognized as an adjustment of yield, loss accrual, or valuation allowance.

If, as a result of a change in circumstances, the bank regains control of a loan previously accounted for appropriately as having been sold because one or more of the conditions for sale accounting in ASC Topic 860 are no longer met, such a change should be accounted for in the same manner as a purchase of the loan from the former transferee (purchaser) in exchange for liabilities assumed. The rebooked loan must be reported as a loan asset in Schedule RC-C, part I, either as a loan held for sale or a loan held for investment, based on facts and circumstances, in accordance with generally accepted accounting principles. This accounting and reporting treatment applies, for example, to U.S. Government-guaranteed or -insured residential mortgage loans backing Government National Mortgage Association (GNMA) mortgage-backed securities that a bank services after it has securitized the loans in a transfer accounted for as a sale. If and when individual loans later meet delinquency criteria specified by GNMA, the loans are eligible for repurchase, the bank is deemed to have regained effective control over these loans, and the delinquent loans must be brought back onto the bank's books as loan assets.

All loans should be categorized in Schedule RC-C, part I, according to security, borrower, or purpose. All loans satisfying the criteria in the Glossary entry for “Loan secured by real estate” (except those to states and political subdivisions in the U.S.) should be categorized as “Loans secured by real estate” in Schedule RC-C, part I. Loans secured by other collateral, such as securities, inventory, or automobiles, would require further examination of both purpose and borrower to properly categorize the loans in Schedule RC-C, part I. For loan categories in Schedule RC-C, part I, that include certain loans to

Part I. (cont.)

Memoranda

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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 only by institutions that have not adopted ASU 2016-13 and are to be reported ~~by all banks~~ semiannually in the June and December reports only. Institutions that have adopted ASU 2016-13 should leave these two items blank.

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

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.

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 (former AICPA Statement of Position 03-3) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year.** Report in the appropriate subitem and column the specified information on loans and leases held for investment purposes that were acquired in a business combination, as prescribed under ASC Topic 805, Business Combinations (formerly FASB Statement No. 141(R), "Business Combinations"), with an acquisition date in the

Part I. (cont.)

Memoranda

Item No.	Caption and Instructions

12 (cont.) current calendar year. The acquisition date is the date on which the bank obtains control[1] 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.

Loans and leases acquired in the current calendar year should be reported in this item 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.")

For institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, exclude purchased credit-deteriorated loans held for investment. For further information, see the Glossary entries for "Purchased Credit Deteriorated (PCD) Loans and Debt Securities."

~~(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").

For institutions that have adopted ASU 2016-13, report the purchase price in column A.

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.

For institutions that have adopted ASU 2016-13, report the expected cash flows of the acquired loans and leases as of the acquisition date in column B.

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

For institutions that have adopted ASU 2016-13, report the allowance for credit losses an institution would have recorded as of the acquisition date, column C.

12.a **Loans secured by real estate.** Report in the appropriate column the specified amounts for acquired loans secured by real estate (as defined for Schedule RC-C, part I, item 1) held for investment that were acquired in a business combination occurring in the current calendar year.

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[1] 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-F – OTHER ASSETS

General Instructions

Complete this schedule for the fully consolidated bank. Eliminate all intrabank transactions between offices of the consolidated bank.

Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, report assets on Schedule RC-F net of any applicable allowance for credit losses.

Item Instructions

Item No. **Caption and Instructions**

1 **Accrued interest receivable.** Report the amount of interest earned or accrued on earning assets and applicable to current or prior periods that has not yet been collected.

Exclude retained interests in accrued interest receivable related to securitized credit cards (report in Schedule RC-F, item 6, "All other assets").

Institutions that have adopted ASU 2016-13, report amounts in this line item net of any applicable allowances for credit losses. Exclude accrued interest receivable on interest-bearing assets that is reported elsewhere on the balance sheet.

2 **Net deferred tax assets.** Report the net amount after offsetting deferred tax assets (net of valuation allowance) and deferred tax liabilities measured at the report date for a particular tax jurisdiction if the net result is a debit balance. If the result for a particular tax jurisdiction is a net credit balance, report the amount in Schedule RC-G, item 2, "Net deferred tax liabilities." If the result for each tax jurisdiction is a net credit balance, enter a zero in this item. (A bank may report a net deferred tax debit, or asset, for one tax jurisdiction, such as for federal income tax purposes, and also report at the same time a net deferred tax credit, or liability, for another tax jurisdiction, such as for state or local income tax purposes.)

For further information on calculating deferred taxes for different tax jurisdictions, see the Glossary entry for "income taxes."

3 **Interest-only strips receivable (not in the form of a security).** Report the fair value of interest-only strips receivable (not in the form of a security) on mortgage loans and all other financial assets. As defined 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), an interest-only strip receivable is the contractual right to receive some or all of the interest due on a bond, mortgage loan, collateralized mortgage obligation, or other interest-bearing financial asset. This includes, for example, contractual rights to future interest cash flows that exceed contractually specified servicing fees on financial assets that have been sold. Report in the appropriate subitem interest-only strips receivable not in the form of a security that are measured at fair value like available-for-sale securities.[1] Report unrealized gains (losses) on these interest-only strips receivable in Schedule RC, item 26.b, "Accumulated other comprehensive income."

Exclude from this item interest-only strips receivable in the form of a security, which should be reported as available-for-sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate. Also exclude interest-only strips not in the form of a security that are held for trading, which should be reported in Schedule RC, item 5.

Item No. **Caption and Instructions**

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

Institutions that have adopted ASU 2016-13 report financial assets included within this line item net of any applicable allowances for credit losses.

Disclose in Schedule RC-F, items 6.a through 6.j, each component of all other assets, and the dollar amount of such component, that is greater than $100,000 and exceeds 25 percent of the amount of all other assets reported in this item.

For each component of all other assets that exceeds the reporting threshold for which a preprinted caption has not been provided in Schedule RC-F, items 6.a through 6.g, describe the component with a clear but concise caption in Schedule RC-F, items 6.h through 6.j. These descriptions should not exceed 50 characters in length (including spacing between words).

Include as all other assets:

(1) Prepaid expenses, i.e., those applicable as a charge against earnings in future periods.[1] (Report the amount of such assets in Schedule RC-F, item 6.a, if this amount is greater than $100,000 and exceeds 25 percent of the amount reported in Schedule RC-F, item 6.)

(2) Automobiles, boats, equipment, appliances, and similar personal property repossessed or otherwise acquired for debts previously contracted. (Report the amount of such assets in Schedule RC-F, item 6.b, if this amount is greater than $100,000 and exceeds 25 percent of the amount reported in Schedule RC-F, item 6.)

(3) Derivative instruments that have a positive fair value that the bank holds for purposes other than trading. For further information, see the Glossary entry for "derivative contracts." (Report this positive fair value in Schedule RC-F, item 6.c, if this amount is greater than $100,000 and exceeds 25 percent of the amount reported in Schedule RC-F, item 6.)

(4) Retained interests in accrued interest receivable related to securitized credit cards. For further information, see the Glossary entry for "accrued interest receivable related to credit card securitizations."

(5) Accrued interest on securities purchased (if accounted for separately from "accrued interest receivable" in the bank's records).

(6) Cash items not conforming to the definition of "Cash items in process of collection" found in the instruction to Schedule RC, item 1.a.

(7) The *full* amount (with the exceptions noted below) of customers' liability to the reporting bank on drafts and bills of exchange that have been accepted by the reporting bank, or by others for its account, and are outstanding. The amount of customers' liability to the reporting bank on its acceptances that have not yet matured should be reduced *only* when: (a) the customer anticipates its liability to the reporting bank on an outstanding acceptance by making a payment to the bank in advance of the acceptance's maturity

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SCHEDULE RC-G – OTHER LIABILITIES

General Instructions

Complete this schedule for the fully consolidated bank. Eliminate all intrabank transactions between offices of the consolidated bank.

Item Instructions

Item No. **Caption and Instructions**

1.a **Interest accrued and unpaid on deposits (in domestic offices)**. Report the amount of interest on deposits (in domestic offices) accrued through charges to expense during the current or prior periods, but not yet paid or credited to a deposit account. For savings banks, include in this item "dividends" accrued and unpaid on deposits. On the FFIEC 031, exclude from this item interest accrued and unpaid on deposits in foreign offices (report such accrued interest in Schedule RC-G, item 1.b below).

1.b **Other expenses accrued and unpaid**. Report the amount of income taxes, interest on nondeposit liabilities (and, on the FFIEC 031, deposits in foreign offices), and other expenses accrued through charges to expense during the current or prior periods, but not yet paid. Exclude interest accrued and unpaid on deposits in domestic offices (report such accrued interest in Schedule RC-G, item 1.a above).

2 **Net deferred tax liabilities**. Report the net amount after offsetting deferred tax assets (net of valuation allowance) and deferred tax liabilities measured at the report date for a particular tax jurisdiction if the net result is a credit balance. If the result for a particular tax jurisdiction is a net debit balance, report the amount in Schedule RC-F, item 2, "Net deferred tax assets." If the result for each tax jurisdiction is a net debit balance, enter a zero in this item. (A bank may report a net deferred tax debit, or asset, for one tax jurisdiction, such as for federal income tax purposes, and also report at the same time a net deferred tax credit, or liability, for another tax jurisdiction, such as for state or local income tax purposes.)

For further information on calculating deferred taxes for different tax jurisdictions, see the Glossary entry for "income taxes."

3 **Allowance for credit losses on off-balance sheet credit exposures**. Report the amount of any allowance for credit losses on off-balance sheet exposures established in accordance with generally accepted accounting principles.

Institutions that have adopted ASU 2016-13 exclude credit losses on off-balance sheet credit exposures that are unconditionally cancellable.

4 **All other liabilities**. Report the amount of all other liabilities (other than those reported in Schedule RC-G, items 1, 2, and 3, above) that cannot properly be reported in Schedule RC, items 13 through 19.

Disclose in items 4.a through 4.g each component of all other liabilities, and the dollar amount of such component, that is greater than $100,000 and exceeds 25 percent of the amount reported for this item.

For each component of all other liabilities that exceeds this disclosure threshold for which a preprinted caption has not been provided in Schedule RC-G, items 4.a through 4.d, describe

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 **Securities purchased under agreements to resell.** 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.

Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, report the amortized cost net of any related allowance for credit losses.

4 **Securities sold under agreements to repurchase.** 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 **Other borrowed money.** 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 **Net due from own foreign offices, Edge and Agreement subsidiaries, and IBFs.** (See the instructions following item 7 of this schedule.)

OR

7 **Net due to own foreign offices, Edge and Agreement subsidiaries, and IBFs.** Report in the appropriate item *either* 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
8	**Total assets.** Report the amount of total assets (as defined for Schedule RC, item 12, "Total assets") held in domestic offices of the reporting bank. For purposes of this report, "Net due from own foreign offices, Edge and Agreement subsidiaries, and IBFs" should be excluded from total assets in domestic offices.
9	**Total liabilities.** Report the amount of total liabilities (as defined for Schedule RC, item 21, "Total liabilities") held in domestic offices of the reporting bank. For purposes of this report, "Net due to own foreign offices, Edge and Agreement subsidiaries, and IBFs" should be excluded from total liabilities in domestic offices.

NOTE: Items 10 through 17 have two columns for information on securities in domestic offices, one column for held-to-maturity securities and one column for available-for-sale securities. Report the amortized cost of held-to-maturity securities in column A and report the fair value of available-for-sale securities in column B. For institutions that have not adopted FASB Accounting Standards Update No. 2016-01, which eliminates the concept of available-for-sale equity securities (see the Note preceding the instructions for Schedule RC, item 2.c), information on equity securities with readily determinable fair values not held for trading is reported in the column for available-for-sale securities only (column B). Amounts reported in column A will have been included in the amounts reported in Schedule RC-B, column A. Amounts reported in column B will have been included in the amounts reported in Schedule RC-B, column D.

Exclude from items 10 through 17 all securities held for trading in domestic offices and debt securities in domestic offices the bank has elected to report at fair value under a fair value option even if bank management did not acquire the securities principally for the purpose of selling them in the near term. Securities held for trading and debt securities reported under a fair value option are to be reported in Schedule RC, item 5, "Trading assets," and, for certain banks, in Schedule RC-D – Trading Assets and Liabilities.

Institutions that have adopted ASU 2016-13 exclude the allowances for credit losses from the amortized cost amounts reported in column A for items 10 through 17. This reporting treatment is consistent with the cost amounts reported on such securities in Schedule RC-B, column A.

Item No.	Caption and Instructions
10	**U.S. Treasury securities.** Report in the appropriate columns the amortized cost of held-to-maturity and the fair value of available-for-sale U.S. Treasury securities (as defined for Schedule RC-B, item 1) held in domestic offices of the reporting bank.
11	**U.S. Government agency obligations.** Report in the appropriate columns the amortized cost of held-to-maturity and the fair value of available-for-sale U.S. Government agency and sponsored agency obligations (as defined for Schedule RC-B, item 2) held in domestic offices of the reporting bank. Exclude mortgage-backed securities (report in Schedule RC-H, item 13 below).
12	**Securities issued by states and political subdivisions in the U.S.** Report in the appropriate columns the amortized cost of held-to-maturity and the fair value of available-for-sale securities issued by states and political subdivisions in the U.S. (as defined for Schedule RC-B, item 3) held in domestic offices of the reporting bank.
13	**Mortgage-backed securities:**
13.a	**Mortgage pass-through securities.** Report in the appropriate columns of the appropriate subitems the amortized cost of held-to-maturity and the fair value of available-for-sale

SCHEDULE RC-K – QUARTERLY AVERAGES

General Instructions

Report for the items on this schedule the average of the balances as of the close of business for each day for the calendar quarter or an average of the balances as of the close of business on each Wednesday during the calendar quarter. For days that an office of the bank (or any of its consolidated subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), use the amount outstanding from the previous business day. An office is considered closed if there are no transactions posted to the general ledger as of that date.

If the reporting institution was the acquirer in a business combination accounted for under the acquisition method for which the acquisition date was during the calendar quarter, the quarterly averages for the reporting institution should include in the numerator:

- Dollar amounts for the reporting institution for each day (or each Wednesday) from the beginning of the quarter until the acquisition date and
- Dollar amounts for the reporting institution and the acquired institution or business for each day (or each Wednesday) from the acquisition date through the end of the quarter

and should include in the denominator the number of days (or Wednesdays) in the entire quarter.

If the reporting institution was acquired in a transaction that became effective during the calendar quarter, retained its separate corporate existence, and elected to apply pushdown accounting in its separate financial statements (including the Consolidated Reports of Condition and Income), the quarterly averages for the reporting institution should include only the dollar amounts for each day (or each Wednesday) from the acquisition date to the end of the quarter in the numerator and the number of days (or Wednesdays) from the acquisition date through the end of the quarter in the denominator.

If the reporting institution was involved in a transaction between entities under common control that became effective during the calendar quarter and has been accounted for in a manner similar to a pooling of interests, the quarterly averages for the reporting institution should include dollar amounts for both the reporting institution and the institution or business that was combined in the transaction for each day (or each Wednesday) from the beginning to the end of the quarter in the numerator and the number of days (or Wednesdays) in the entire quarter in the denominator.

For further information on business combinations, pushdown accounting, and transactions between entities under common control, see the Glossary entry for "business combinations."

If the bank began operating during the calendar quarter, the quarterly averages for the bank should include only the dollar amounts for the days (or Wednesdays) since the bank began operating in the numerator and the number of days (or Wednesdays) since the bank began operating in the denominator.

For all banks, the loan categories specified in item 6 of this schedule correspond to the loan category definitions for Schedule RC-C, part I, Loans and Leases.

Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, exclude allowances for credit losses from the related amortized cost amounts when calculating the quarterly averages for all debt securities.

SCHEDULE RC-N – PAST DUE AND NONACCRUAL LOANS, LEASES, AND OTHER ASSETS

General Instructions

Report on a fully consolidated basis all loans, leases, debt securities, and other assets that are past due or are in nonaccrual status, regardless of whether such credits are secured or unsecured and regardless of whether such credits are guaranteed or insured by the U.S. Government or by others.

For assets that are past due or in nonaccrual status, report the balance sheet amount of the asset in Schedule RC-N, i.e., the amount at which the asset is reported in the applicable asset category on Schedule RC, Balance Sheet (e.g., in item 4.b, “Loans and leases held for investment”), not simply the asset’s delinquent payments.

Institutions that have adopted ASU 2016-13, ASC Subtopic 326, “Financial Instruments – Credit Losses” that supersedes ASC Subtopic 310-30, “Accounting for Purchased Loans with Deteriorated Credit Quality”, for assets that are past due or in nonaccrual status, report the balance sheet amount of the asset without any deductions for any applicable allowance for credit losses in Schedule RC-N, not simply the asset’s delinquent payments. For example, the amount of a loan that is reported in Schedule RC-N should equal the amount that is reported on Schedule RC, Balance Sheet, item 4.b, “Loans and leases held for investment,” and the amount of a held-to-maturity security that is reported in item 10, “Debt securities and other assets (exclude other real estate owned and other repossessed assets)” on Schedule RC-N should equal the asset amount reported on Schedule RC, Balance Sheet, item 2.a, “Held-to-maturity securities” plus Schedule RI-B, Part II, item 7, column B, “Balance end of current period”.

Loan amounts should be reported net of unearned income to the extent that they are reported net of unearned income in Schedule RC-C. All lease, debt security, and other asset amounts must be reported net of unearned income.

For purposes of these reports, “GNMA loans” are residential mortgage loans insured or guaranteed by the Federal Housing Administration (FHA), the Department of Agriculture Rural Development (RD) program (formerly the Farmers Home Administration (FmHA)), or the Department of Veterans Affairs (VA) or guaranteed by the Secretary of Housing and Urban Development and administered by the Office of Public and Indian Housing (PIH) that back Government National Mortgage Association (GNMA) securities. When an institution services GNMA loans after it has securitized the loans in a transfer accounted for as a sale, 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) requires the institution to bring individual delinquent GNMA loans that it previously accounted for as sold back onto its books as loan assets when, under the GNMA Mortgage-Backed Securities Guide, the loan meets GNMA's specified delinquency criteria and is eligible for repurchase. This rebooking of GNMA loans is required regardless of whether the institution, as seller-servicer, intends to exercise the repurchase (buy-back) option. A seller-servicer must report all delinquent rebooked GNMA loans that have been repurchased or are eligible for repurchase as past due in Schedule RC-N in accordance with their contractual repayment terms. In addition, if an institution services GNMA loans, but was not the transferor of the loans that were securitized, and purchases individual delinquent loans out of the GNMA securitization, the institution must report the purchased loans as past due in Schedule RC-N in accordance with their contractual repayment terms even though the institution was not required to record the delinquent GNMA loans as assets prior to purchasing the loans. Such delinquent GNMA loans should be reported in items 1.c, 11, and 11.b of Schedule RC-N.

Definitions

Past Due – The past due status of a loan or other asset should be determined in accordance with its contractual repayment terms. For purposes of this schedule, grace periods allowed by the bank after a loan or other asset technically has become past due but before the imposition of late charges are not to

Definitions (cont.)

borrower is in arrears two or more monthly payments. (At a bank's option, loans and leases with payments scheduled monthly may be reported as past due when one scheduled payment is due and unpaid for 30 days or more.) Other multipayment obligations with payments scheduled other than monthly are to be reported as past due when one scheduled payment is due and unpaid for 30 days or more.

(2) Open-end credit such as credit cards, check credit, and other revolving credit plans are to be reported as past due when the customer has not made the minimum payment for two or more billing cycles.

(3) Single payment and demand notes, debt securities, and other assets providing for the payment of interest at stated intervals are to be reported as past due after one interest payment is due and unpaid for 30 days or more.

(4) Single payment notes, debt securities, and other assets providing for the payment of interest at maturity are to be reported as past due after maturity if interest or principal remains unpaid for 30 days or more.

(5) Unplanned overdrafts are to be reported as past due if the account remains continuously overdrawn for 30 days or more.

For purposes of this schedule, banks should use one of two methods to recognize partial payments on “retail credit,” i.e., open-end and closed-end credit extended to individuals for household, family, and other personal expenditures, including consumer loans and credit cards, and loans to individuals secured by their personal residence, including home equity and home improvement loans. A payment equivalent to 90 percent or more of the contractual payment may be considered a full payment in computing delinquency. Alternatively, a bank may aggregate payments and give credit for any partial payment received. For example, if a regular monthly installment is $300 and the borrower makes payments of only $150 per month for a six-month period, the loan would be $900 ($150 shortage times six payments), or three monthly payments past due. A bank may use either or both methods for its retail credit, but may not use both methods simultaneously with a single loan.

When accrual of income on a purchased credit-impaired loan accounted for individually or a purchased credit-impaired debt security is appropriate, the delinquency status of the individual asset should be determined in accordance with its contractual repayment terms for purposes of reporting the amount of the loan or debt security as past due in the appropriate items of Schedule RC-N, column A or B. When accrual of income on a pool of purchased credit-impaired loans with common risk characteristics is appropriate, delinquency status should be determined individually for each loan in the pool in accordance with the individual loan’s contractual repayment terms for purposes of reporting the amount of individual loans within the pool as past due in the appropriate items of Schedule RC-N, column A or B. For further information, see the Glossary entry for “purchased credit-impaired loans and debt securities.”

For institutions that have adopted ASU 2016-13, the outstanding purchased credit-impaired loans and debt securities as of the adoption date of the standard should prospectively be accounted for as purchased credit-deteriorated financial assets. As of the adoption date of the standard, the remaining noncredit discount, after the adjustment for the allowance for credit losses, shall be accreted to interest income at the new effective interest rate, if it is not required to be placed on nonaccrual. Nonaccrual determination and treatment for purchased credit-deteriorated loans, debt securities, and other financial assets that fall within the scope of ASU 2016-13 should be considered in the same manner as other financial assets in an institution’s portfolio. For further information, see Glossary entry for “purchased credit-deteriorated financial assets.”

Nonaccrual – For purposes of this schedule, an asset is to be reported as being in nonaccrual status if:

(1) It is maintained on a cash basis because of deterioration in the financial condition of the borrower,

(2) Payment in full of principal or interest is not expected, or

(3) Principal or interest has been in default for a period of 90 days or more unless the asset is both well secured and in the process of collection.

An asset is "well secured" if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt

Definitions (cont.)

For further information, see the Glossary entry for "nonaccrual status."

Restructured in Troubled Debt Restructurings – A troubled debt restructuring is a restructuring of a loan in which a bank, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. For purposes of this schedule, the concession consists of a modification of terms, such as a reduction of the loan's stated interest rate, principal, or accrued interest or an extension of the loan's maturity date at a stated interest rate lower than the current market rate for new debt with similar risk, regardless of whether the loan is secured or unsecured and regardless of whether the loan is guaranteed by the government or by others.

Once an obligation has been restructured in a troubled debt restructuring, it continues to be considered a troubled debt restructuring until paid in full or otherwise settled, sold, or charged off (or meets the conditions discussed under "Accounting for a Subsequent Restructuring of a Troubled Debt Restructuring" in the Glossary entry for "troubled debt restructurings). However, if a restructured obligation is in compliance with its modified terms and the restructuring agreement specifies an interest rate that at the time of the restructuring is greater than or equal to the rate that the bank was willing to accept for a new extension of credit with comparable risk, the loan need not continue to be reported as a troubled debt restructuring in calendar years after the year in which the restructuring took place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a troubled debt restructuring. Also, a loan to a third party purchaser of "other real estate owned" by the reporting bank for the purpose of facilitating the disposal of such real estate is not considered a troubled debt restructuring.

For further information, see the Glossary entry for "troubled debt restructurings."

Column Instructions

Institutions that have adopted ASU 2016-13, report in columns A and B of Schedule RC-N asset amounts without any deduction for allowances for credit losses.

The columns of Schedule RC-N are mutually exclusive. Any given loan, lease, debt security, or other asset should be reported in only one of columns A, B, and C. Information reported for any given derivative contract should be reported in only column A or column B.

Report in columns A and B of Schedule RC-N (except for Memorandum item 6) the balance sheet amounts of (not just the delinquent payments on) loans, leases, debt securities, and other assets that are past due and upon which the bank continues to accrue interest, as follows:

(1) In column A, report closed-end monthly installment loans, amortizing loans secured by real estate, lease financing receivables, and open-end credit in arrears two or three monthly payments; other multipayment obligations with payments scheduled other than monthly when one scheduled payment is due and unpaid for 30 through 89 days; single payment and demand notes, debt securities, and other assets providing for payment of interest at stated intervals after one interest payment is due and unpaid for 30 through 89 days; single payment notes, debt securities, and other assets providing for payment of interest at maturity, on which interest or principal remains unpaid for 30 through 89 days after maturity; unplanned overdrafts, whether or not the bank is accruing interest on them, if the account remains continuously overdrawn for 30 through 89 days.

(2) In column B, report the loans, lease financing receivables, debt securities, and other assets as specified above on which payment is due and unpaid for 90 days or more.

Include in columns A and B, as appropriate (except for Memorandum item 6), all loans, leases, debt securities, and other assets which, subsequent to their restructuring by means of a modification of terms,

Memoranda

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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.** 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 ending on the semiannual (i.e., June 30 or December 31) report date for this item. Include those assets placed in nonaccrual status during this six month period that are included as of the current report date in Schedule RC-N, column C, items 1 through 8 and 10. Also include those assets placed in nonaccrual status during this six month period that, before the current 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 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 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.** 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 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."

9 **Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3).**

Memorandum items 9.a and 9.b is to be completed only by institutions that have not yet adopted ASU 2016-13. Institutions that have adopted ASU 2016-13 should leave this item blank.

Report in the appropriate subitem and column the outstanding balance and amount of "purchased credit-impaired loans" reported as held for investment in Schedule RC-C, part I, Memorandum items 7.a and 7.b, respectively, that are past due 30 days or more or are in nonaccrual status as of the report date. The amount of such loans will have been included by loan category in items 1 through 7 of Schedule RC-N, above. Purchased credit-impaired loans are accounted for in accordance with ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer"). Purchased credit-impaired loans are loans that an institution has purchased, including those

Item Instructions for Schedule RC-R, Part I.

Item No. **Caption and Instructions**

Common Equity Tier 1 Capital

1 **Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares.** Report the sum of Schedule RC, items 24, 25, and 26.c, as follows:

(1) Common stock: Report the amount of common stock reported in Schedule RC, item 24, provided it meets the criteria for common equity tier 1 capital based on the regulatory capital rules of the institution's primary federal supervisor. Include capital instruments issued by mutual banking organizations that meet the criteria for common equity tier 1 capital.

(2) Related surplus: Adjust the amount reported in Schedule RC, item 25 as follows: include the net amount formally transferred to the surplus account, including capital contributions, and any amount received for common stock in excess of its par or stated value on or before the report date; exclude adjustments arising from treasury stock transactions.

(3) Treasury stock, unearned ESOP shares, and any other contra-equity components: Report the amount of contra-equity components reported in Schedule RC, item 26.c. Because contra-equity components reduce equity capital, the amount reported in Schedule RC, item 26.c, is a negative amount.

2 **Retained earnings.** Report the amount of the institution's retained earnings as reported in Schedule RC, item 26.a. An institution that has elected to apply the CECL transition provision (electing institution) also includes its applicable CECL transitional amount, in accordance with section 301 of the regulatory capital rules. Specifically, an electing institution includes seventy-five percent of its CECL transitional amount during the first year of the transition period, fifty percent of its CECL transitional amount during the second year of the transition period, and twenty-five percent of its CECL transitional amount during the third year of the transition period.

An electing advanced approaches institution (1) that that has completed the parallel run process and has received notification from its primary Federal regulator pursuant to section 121(d) under subpart E of the regulatory capital rules, (2) whose amount of expected credit loss exceeded its eligible credit reserves immediately prior to the adoption of CECL, and (3) would have an increase in CET1 capital as of the beginning of the fiscal year in which it adopts CECL after including the first year portion of the CECL transitional amount must decrease its CECL transitional amount by its DTA transitional amount.

Example and a worksheet calculation

Assumptions:

- For example, consider a non-advanced approach institution that elects to apply the CECL transition and that has a CECL effective date of January 1, 2020 and a 21 percent tax rate.
- On the closing balance sheet date immediately prior to adopting CECL (i.e., December 31, 2019), the electing institution has $10 million in retained earnings and $1 million of ALLL. On the opening balance sheet date immediately after adopting CECL (i.e., January 1, 2020), the electing institution has $1.2 million of ACL (which also equals $1.2 million of the adjusted allowance for credit losses (AACL), as defined in the regulatory capital rules).
- The electing institution recognizes the adoption of CECL by recording an increase to AACL (credit) of $200,000, with an offsetting increase in temporary difference DTAs of $42,000 (debit) and a reduction in beginning retained earnings of $158,000 (debit).

- For each of the quarterly reporting periods in year 1 of the transition period (i.e., 2020), the electing institution increases both retained earnings and average total consolidated assets by $118,500 ($158,000 x 75 percent), decreases temporary difference DTAs by $31,500 ($42,000 x 75 percent), and decreases AACL by $150,000 ($200,000 x 75 percent) for purposes of calculating its regulatory capital ratios. The remainder of the CECL transition provision of the electing institution is transitioned into regulatory capital according to the schedule provided in Table [x].

Table X

In thousands	Transitional Amounts	Transitional Amounts Applicable during Each Year of the Transition Period		
		Year 1 at 75%	Year 2 at 50%	Year 3 at 25%
	Column A	Column B	Column C	Column D
1. Increase retained earnings and average total consolidated assets by the CECL transitional amount	$158	$118.50	$79	$39.50
2. Decrease temporary difference DTAs by the DTA transitional amount	$42	$31.50	$21	$10.50
3. Decrease AACL by the AACL transitional	$200	$150	$100	$50

2.a **Institutions applying the CECL transition provision.** An institution may make a one-time election to use the CECL transition provision, as described in section 301 of the regulatory capital rules. Such an institution is required to begin applying the CECL transition provision as of the institution's CECL adoption date. An institution must indicate its election to use the CECL transition provision beginning in the quarter that it first reports its credit loss allowances as measured under CECL. An institution that does not elect to use the CECL transition provision in the quarter that it first reports its credit loss allowances as measured under CECL would not be permitted to make an election in subsequent reporting periods. For example, an institution that adopts CECL as of January 1, 2020, and does not elect to use the CECL transition provision in its regulatory report as of March 31, 2020, would not be permitted to use the CECL transition provision in any subsequent reporting period.

An institution that has adopted CECL and has elected to apply the CECL transition provision must enter "1" for "Yes" in item 2.a for each quarter in which the institution uses the transition provisions. An institution that has adopted CECL and has elected not to use the CECL transition provision must enter a "0" for "No" in item 2.a. An institution that has not adopted CECL must not complete item 2.a.

Each institution would complete item 2.a beginning in the Call Report for its first reporting period under CECL and in each subsequent Call Report thereafter until item 2.a is removed from the report. Effective March 31, 2025, the agencies intend to propose to remove item 2.a from Schedule RC-R, Part I, because the optional three-year phase-in period will have ended for all electing institutions by the end of the prior calendar year. If an individual electing institution's three-year phase-in period ends before item 2.a is removed (e.g., its phase-in period ends December 31, 2022), the institution would report "0" in item 2.a that its CECL transition election is no longer in effect.

3 **Accumulated other comprehensive income (AOCI).** For institutions that have made the AOCI opt-out election in item 3.a below, report the amount of AOCI as reported under U.S. generally accepted accounting principles (GAAP) that is included in Schedule RC, item 26.b. For institutions that have not made or cannot make the AOCI opt-out election in item 3.a below, report the amount of AOCI as reported under U.S. GAAP included in Schedule RC, item 26.b, subject to the transition provisions described in section (ii) of the instructions for item 3.a below.

3.a **AOCI opt-out election.**

(i) All institutions, except advanced approaches institutions

An institution that is not an advanced approaches institution may make a one-time election to become subject to the AOCI-related adjustments in Schedule RC-R, items 9.a through 9.e. That is, such an institution may opt out of the requirement to include most components of AOCI in common equity tier 1 capital (with the exception of accumulated net gains and losses on cash flow hedges related to items that are not recognized at fair value on the balance sheet). An institution that makes an AOCI opt-out election must enter "1" for "Yes" in item 3.a. There are no transition provisions applicable to reporting Schedule RC-R, item 3, if an institution makes an AOCI opt-out election.

Each institution (except an advanced approaches institution) in existence as of March 31, 2015, made its AOCI opt-out election on the institution's March 31, 2015, Call Report. For an institution that comes into existence after March 31, 2015, the institution must make its AOCI opt-out election on the institution's first Call Report. After an institution initially makes its AOCI opt-out election, the institution must report its election in each quarterly Call Report thereafter. Each of the institution's depository institution subsidiaries, if any, must elect the

Part I. (cont.)

Item No. Caption and Instructions

13 (cont.) financial institution in the form of common stock, the institution would be allowed to net such embedded goodwill against the exposure amount of such significant investment (that is, the value of the investment would be $90 for purposes of the calculation of the amount that would be subject to deduction).

Transition provisions for items subject to the threshold deductions:

(i) Calculate the amount as described in the instructions for this item 13.
(ii) For advanced approaches institutions, multiply the amount in (i) by the appropriate percent in Table 6 below. For non-advanced approaches institutions, multiply the amount in (i) by 80 percent. For all institutions, report this product as this item amount. In addition:
(iii) *For report dates until January 1, 2018*: For all institutions, subtract the amount in (ii) from the amount in (i), without regard to any associated DTLs; assign it a 100 percent risk weight in accordance with transition provisions in section 300 of the regulatory capital rules. Report this amount in Schedule RC-R, Part II, item 2.b, 7, or 8, as appropriate.
(iv) *For report dates after January 1, 2018*: For advanced approaches institutions, apply a 250 percent risk-weight to the aggregate amount of the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds that are not deducted from common equity tier 1 capital, without regard to any associated DTLs. For non-advanced approaches institutions, continue to apply a 100 percent risk weight to these items. Report this amount in Schedule RC-R, Part II, item 2.b, 7, or 8, as appropriate.

Table 6 – Transition provisions for items subject to the threshold deductions

Transition period	Percentage of the deduction
Calendar year 2015	40
Calendar year 2016	60
Calendar year 2017	80
Calendar year 2018 and thereafter	100

14 **LESS: MSAs, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold.** Report the amount of MSAs included in Schedule RC-M, item 2.a, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold as follows:

(1) Take the amount of MSAs as reported in Schedule RC-M, item 2.a, net of associated DTLs.
(2) If the amount in (1) is greater than 10 percent of Schedule RC-R, item 12, report the difference in this item 14.
(3) If the amount in (1) is less than 10 percent of Schedule RC-R, item 12, enter zero in this item 14.

Transition provisions: Follow the transition provisions in the instructions for Schedule RC-R, Part I, item 13 (that is, for advanced approaches institutions, use Table 6 in the instructions for Schedule RC-R, Part I, item 13; for non-advanced approaches institutions, apply 80 percent of the deduction and a 100 percent risk weight to the portion of items not deducted).

15 **LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold.**

(1) Determine the amount of DTAs arising from temporary differences that could not be realized through net operating loss carrybacks net of any related valuation allowances and net of associated DTLs (for example, DTAs resulting from the institution's ALLL or ACL, as applicable).

(2) If the amount in (1) is greater than 10 percent of Schedule RC-R, item 12, report the difference in this item.

Part I. (cont.)

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29 (cont.) ***Transition provisions:*** For surplus minority interest and non-qualifying minority interest that can be included in tier 2 capital during the transition period, follow the transition provisions in the instructions for Schedule RC-R, item 4, after taking into consideration (that is, excluding) any amount of surplus tier 1 minority interest (from step 7 of the worksheet in item 22). In the example (and assuming no outstanding amounts of non-qualifying minority interest), the institution has $1.53 of surplus total capital minority interest available to be included during the transition period in tier 2 capital ($10.39 (from step 7 of the worksheet in item 29) of surplus total capital minority interest minus $8.86 (from step 7 of the worksheet in item 22) of tier 1 minority interest). In 2015, the institution would include an additional $0.92 in item 29 (60% of $1.53) and starting in 2018 the institution would not include any surplus minority interest in its regulatory capital if it is an advanced approaches institution. If it is a non-advanced approaches institution, starting in 2018 the institution would include the same amount of surplus minority interest in its regulatory capital as it included in 2017 (20% of $1.53 or $0.31). NOTE: If the amount of surplus total capital minority interest (from step 7 of the worksheet in item 29) is less than the amount of surplus tier 1 minority interest (from step 7 of the worksheet in item 22), the amount of surplus total capital minority interest available to be included during the transition period in tier 2 capital is zero.

30.a **Allowance for loan and lease losses includable in tier 2 capital.** Report the portion of the institution's allowance for loan and lease losses (ALLL) or adjusted allowances for credit losses (AACL), as applicable, for regulatory capital purposes that is includable in tier 2 capital. None of the institution's allocated transfer risk reserve, if any, is includable in tier 2 capital.

An institution's ALLL ~~allowance for loan and lease losses~~ for regulatory capital purposes equals Schedule RC, item 4.c, "Allowance for loan and lease losses," less Schedule RI-B, Part II, Memorandum item 1, "Allocated transfer risk reserve included in Schedule RI-B, Part II, item 7, above," plus Schedule RC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures."

An institution's AACL for regulatory capital purposes equals Schedule RI-B, Part II, item 7, sum of columns A and B, "Balance end of current period" for loans and leases held for investment and held-to-maturity debt securities, respectively; plus Schedule RI-B, Part II, Memorandum item 6, "Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above)"; less Schedule RC-R, Part II, sum of Memorandum items 4.a, 4.b, and 4.c, "Amount of allowances for credit losses on purchased credit-deteriorated assets" for loans and leases held for investment, held-to-maturity debt securities, and other financial assets measured at amortized cost, respectively; less Schedule RI-B, part II, Memorandum item 1, ''Allocated transfer risk reserve included in Schedule RI-B, part II, item 7, column A above,'' plus Schedule RC-G, item 3, ''Allowance for credit losses on off-balance sheet credit exposures.''

An institution that has elected to apply the CECL transition provision (electing institution) decreases its applicable AACL transitional amount, in accordance with section 301 of the regulatory capital rules. Specifically, an electing institution reduces AACL includable in tier 2 capital by seventy-five percent of its AACL transitional amount during the first year of the transition period, fifty percent of its AACL transitional amount during the second year of the transition period, and twenty-five percent of its AACL transitional amount during the third year of the transition period (see Table X of Schedule R, item 2).

The amount to be reported in this item is the lesser of (1) the institution's ~~allowance for loan and lease losses~~ ALLL or AACL, as applicable, for regulatory capital purposes, as defined above, or (2) 1.25 percent of the institution's risk-weighted assets base for the ALLL or AACL calculation as reported in Schedule RC-R, Part II, item 26. In calculating the risk-weighted assets base for this purpose, an institution would not include items that are deducted from capital under section 22(a). However, an institution would include risk-weighted asset amounts of items deducted from capital under sections 22(c) through (f) of the regulatory capital rule, in accordance with the applicable transition provisions. While amounts deducted from capital under sections 22(c) through (f) are included in the risk-weighted assets base for the ALLL or AACL calculation, as applicable, such amounts are excluded from standardized total risk-weighted assets used in the denominator of the risk-based capital ratios.

The amount, if any, by which an institution's ~~allowance for loan and lease losses~~ALLL or AACL, as applicable, for regulatory capital purposes exceeds 1.25 percent of the institution's risk-weighted assets base for the ALLL or AACL calculation (as reported in Schedule RC-R, Part II, item 26), as applicable, should be reported in Schedule RC-R, Part II, item 29, "LESS: Excess allowance for loan and lease losses." The sum of the amount~~s~~ of ALLL reported in Schedule RC-R, Part I, item 30.a, plus Schedule RC-R, Part II, item 29, must equal Schedule RC, item 4.c, less Schedule RI-B, Part II, Memorandum item 1, plus Schedule RC-G, item 3.

30.b **Advanced approaches institutions that exit parallel run only: eligible credit reserves includable in tier 2 capital.** Report the amount of eligible credit reserves includable in tier 2 capital as reported in FFIEC 101, Schedule A, item 50.

Part I. (cont.)

Item No. Caption and Instructions

33 **LESS: Tier 2 capital deductions.** Report total tier 2 capital deductions as the sum of the following elements.

Note that an institution should report tier 2 capital deductions in item 33 irrespective of the amount of tier 2 capital before deductions reported in item 32.a. If an institution does not have a sufficient amount of tier 2 capital before deductions in item 32.a to absorb these deductions, then the institution must deduct the shortfall from additional tier 1 capital before deductions in Schedule RC-R, item 24, or, if there is not enough additional tier 1 capital before deductions, from common equity tier 1 capital in Schedule RC-R, item 17.

For example, if an institution reports $98 of "Tier 2 capital before deductions" in item 32.a and must make $110 in tier 2 capital deductions, the institution would report $110 in item 33, include the additional $12 in deductions in Schedule RC-R, item 24 (and in Schedule RC-R, item 17, in the case of insufficient "Additional tier 1 capital before deductions" in item 23 from which to make the deduction in Schedule RC-R, item 24), and report $0 in item 34.a, "Tier 2 capital."

In addition, advanced approaches institutions with insufficient tier 2 capital for deductions will make the following adjustments: an advanced approaches institution will make deductions on this schedule under the generally applicable rules that apply to all institutions. It will use FFIEC 101, Schedule A, to calculate its capital requirements under the advanced approaches. Therefore, in the case of an advanced approaches institution with insufficient tier 2 capital to make tier 2 deductions, it will use the corresponding deduction approach and the generally applicable rules to take excess tier 2 deductions from additional tier 1 capital in Schedule RC-R, item 24, and if necessary from common equity tier 1 capital in Schedule RC-R, item 17. It will use the advanced approaches rules to take deductions on the FFIEC 101 form.

For example, assume tier 2 capital is $100 under the advanced approaches and $98 under the generally applicable rules (due to the difference between the amount of eligible credit reserves includable in tier 2 capital under the advanced approaches, and ALLL or AACL, as applicable, includable in tier 2 capital under the standardized approach). If the required deduction from tier 2 capital is $110, then the advanced approaches institution would add $10 to the required additional tier 1 capital deductions (on FFIEC 101, Schedule A, item 42, and FFIEC 101, Schedule A, item 27, if necessary), and would add $12 to its required additional tier 1 capital deductions for the calculation of the standardized approach regulatory capital ratios in this schedule (Schedule RC-R, item 24, and Schedule RC-R, item 17, if necessary).

(1) Investments in own tier 2 capital instruments. Report the institution's investments in (including any contractual obligation to purchase) its own tier 2 instruments, whether held directly or indirectly.

An institution may deduct gross long positions net of short positions in the same underlying instrument only if the short positions involve no counterparty risk.

The institution must look through any holdings of index securities to deduct investments in its own capital instruments. In addition:

(i) Gross long positions in investments in an institution's own regulatory capital instruments resulting from holdings of index securities may be netted against short positions in the same index;
(ii) Short positions in index securities that are hedging long cash or synthetic positions can be decomposed to recognize the hedge; and

Part I. (cont.)

Item No. Caption and Instructions

34.a **Tier 2 capital.** Report the greater of Schedule RC-R, item 32.a less item 33, or zero.

34.b **Advanced approaches institutions that exit parallel run only: Tier 2 capital.** Report the greater of Schedule RC-R, item 32.b minus item 33, or zero.

Total Capital

35.a **Total capital.** Report the sum of Schedule RC-R, items 26 and 34.a.

35.b **Advanced approaches institutions that exit parallel run only: Total capital.** Report the sum of Schedule RC-R, items 26 and 34.b.

Total Assets for the Leverage Ratio

36 **Average total consolidated assets.** All banks and savings associations must report the amount of average total consolidated assets as reported in Schedule RC-K, item 9.

An institution that has elected to apply the CECL transition provision (electing institution) increases its average total consolidated assets by its applicable CECL transitional amount, in accordance with section 301(b)(4)(iv) of the regulatory capital rules. For example, an electing institution increases its average total consolidated assets as reported on the Call Report for purposes of the leverage ratio by seventy-five percent of its CECL transitional amount during the first year of the transition period, fifty percent of its CECL transitional amount during the second year of the transition period, and twenty-five percent of its CECL transitional amount during the third year of the transition period.

37 **LESS: Deductions from common equity tier 1 capital and additional tier 1 capital.** Report the sum of the amounts deducted from common equity tier 1 capital and additional tier 1 capital in Schedule RC-R, items 6, 7, 8, 10.b, 11, 13 through 17, and item 24, except any adjustments to additional tier 1 capital related to changes in the fair value of liabilities that are reported in item 24 during the transition period. Also exclude the amount reported in item 17 that is due to insufficient amounts of additional tier 1 capital, and which is included in the amount reported in item 24. (This is to avoid double counting.)

38 **LESS: Other deductions from (additions to) assets for leverage ratio purposes.** Based on the regulatory capital rules of the bank's primary federal supervisor, report the amount of any deductions from (additions to) total assets for leverage capital purposes that are not included in Schedule RC-R, item 37, as well as the items below, if applicable. If the amount is a net deduction, report it as a positive value in this item. If the amount is a net addition, report it as a negative value in this item.

Institutions that make the AOCI opt-out election in Schedule RC-R, Part I, item 3.a – Defined benefit postretirement plans:

If the reporting institution sponsors a single-employer defined benefit postretirement plan, such as a pension plan or health care plan, accounted for in accordance with ASC Subtopic 715-20, Compensation-Retirement Benefits – Defined Benefit Plans-General (formerly FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"), the institution should adjust total assets for leverage ratio purposes for any amounts included in Schedule RC, item 26.b, "Accumulated other comprehensive income" (AOCI), affecting assets as a result of the initial and subsequent application of the funded status and measurement date provisions of ASC Subtopic 715-20. The adjustment also should take into account subsequent amortization of these amounts

Part I. (cont.)

Item No. Caption and Instructions

Leverage Capital Ratios

44 **Tier 1 leverage ratio.** Report the institution's tier 1 leverage ratio as a percentage, rounded to four decimal places. Divide Schedule RC-R, Part I, item 26 by item 39.

45 **Advanced approaches institutions only: Supplementary leverage ratio information.** Report in the appropriate subitem the institution's total leverage exposure and the supplementary leverage ratio. Advanced approaches institutions must complete items 45.a and 45.b even if they are in the parallel run process.

45.a **Total leverage exposure.** Report the institution's total leverage exposure as measured in accordance with section 10(c)(4) of the regulatory capital rules. An institution that has elected to apply the CECL transition provision (electing institution) includes its applicable CECL transitional amount, in accordance with section 301 of the regulatory capital rules. Specifically, an electing institution includes 75 percent of its CECL transitional amount during the first year of the transition period, 50 percent of its CECL transitional amount during the second year of the transition period, and 25 percent of its CECL transitional amount during the third year of the transition period.

45.b **Supplementary leverage ratio.** Report the institution's supplementary leverage ratio as a percentage, rounded to four decimal places. Divide Schedule RC-R, Part I, item 26, "Tier 1 capital," by Schedule RC-R, Part I, item 45.a, "Total leverage exposure."

Capital Buffer

46 **Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments:**

For all institutions: Transition provisions for the capital conservation buffer: In order to avoid limitations on distributions, including dividend payments, and certain discretionary bonus payments to executive officers, an institution must hold a capital conservation buffer above its minimum risk-based capital requirements.

The amount reported in Schedule RC-R, Part I, item 46.a must be greater than the following phased-in capital conservation buffer in Table 10 (plus any other applicable capital buffers if the institution is an advanced approaches institution). Otherwise, the institution will face limitations on distributions and certain discretionary bonus payments and will be required to complete Schedule RC-R, Part I, items 47 and 48.

Table 10 – Transition provisions for the capital conservation buffer

Transition Period	Applicable required capital conservation buffer percentage above which institutions avoid limitations on distributions and certain discretionary bonus payments[7]
Calendar year 2016	0.6250
Calendar year 2017	1.2500

[7] Advanced approaches institutions, including those that have not exited parallel run, will need to consult the regulatory capital rules for the transition period if the countercyclical buffer is in place or if the institution is subject to countercyclical buffers in other jurisdictions. Starting on the March 31, 2016, report date, any countercyclical buffer amount applicable to an advanced approaches institution should be added to the amount applicable in Table 10, in order for that institution to determine if it will need to complete Schedule RC-R, Part I, items 47 and 48.

Part II. (cont.)

General Instructions for Schedule RC-R, Part II. (cont.)

If a financial subsidiary has not been consolidated into the bank for purposes of the bank's balance sheet, as reported in Schedule RC, the bank must adjust its assets, as reported in Schedule RC-R, Part II, for its equity investment in the financial subsidiary (accounted for under the equity method of accounting). Accordingly, the amount at which the bank's equity investment in the financial subsidiary is included in the bank's "All other assets" as reported in Schedule RC-R, Part II, item 8, column A, should be reported as an adjustment in item 8, column B.

If a financial subsidiary has been consolidated into the bank for purposes of the bank's balance sheet, as reported in Schedule RC, the bank must adjust its consolidated assets, as reported in Schedule RC-R, Part II, items 1 through 9, column A, for the assets of the financial subsidiary that are included in column A. Accordingly, the amount at which the financial subsidiary's assets are included in the bank's consolidated assets in column A should be reported, by balance sheet asset category, as adjustments in column B. For example, if a bank's $100 million in HTM securities, as reported in Schedule RC-R, Part II, item 2.a, column A, includes its financial subsidiary's $10 million in HTM securities, the bank should report $10 million as an adjustment in item 2.a, column B.

In addition, if a financial subsidiary has been consolidated into the bank for purposes of the bank's off-balance sheet securitization exposures, derivatives, off-balance sheet items, and other items subject to risk weighting as reported in Schedules RC-L, RC-S, and RC, the bank must adjust its consolidated exposures for the exposures of its financial subsidiary when the bank completes the items for derivatives, off-balance sheet exposures, and other items subject to risk weighting in Schedule RC-R, Part II. Thus, the bank should exclude the off-balance sheet securitization exposures and off-balance sheet items (including repo-style transactions) of its financial subsidiary from the amounts it reports in Schedule RC-R, Part II, items 10 and 12 through 19, column A. The bank also should exclude the derivatives of its financial subsidiary from the calculation of the credit equivalent amount of derivatives the bank reports in Schedule RC-R, Part II, items 20 and 21, column B, and from the current credit exposure amount and notional principal amounts reported in Schedule RC-R, Part II, Memorandum items 1 through 3.

If a financial subsidiary has been consolidated into the bank for purposes of the bank's balance sheet, as reported in Schedule RC, and the bank's consolidated allowance for loan and lease losses or its consolidated allowance for credit losses on off-balance sheet credit exposures includes such an allowance attributable to the financial subsidiary, the bank must adjust its consolidated allowances for those attributable to the financial subsidiary. Accordingly, the bank must exclude the portion of its consolidated allowance for loan and lease losses and its consolidated allowance for credit losses on off-balance sheet credit exposures attributable to its financial subsidiary when the bank determines the amount of its ~~allowance for loan and lease losses~~ ALLL or AACL, as applicable, includable in tier 2 capital (reported in Schedule RC-R, Part I, item 30.a) and its excess ~~allowance for loan and lease losses~~ ALLL or AACL, as applicable, (reported in Schedule RC-R, Part II, item 29).

Treatment of Embedded Derivatives

If a bank has a hybrid contract containing an embedded derivative that must be separated from the host contract and accounted for as a derivative instrument under ASC Topic 815, Derivatives and Hedging (formerly FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended), then the host contract and embedded derivative should be treated separately for risk-based capital purposes. When the fair value of the embedded derivative has been reported as part of the bank's assets on Schedule RC – Balance Sheet, that fair value (whether positive or negative) should be reported (as a positive or negative number) in column B of the corresponding asset category item in Schedule RC-R, Part II (items 1 to 8). The host contract, if an asset, should be risk weighted according to the obligor or, if relevant, the guarantor or the nature of the collateral. All derivative exposures should be risk weighted in the derivative items of Schedule RC-R, Part II, as appropriate (items 20 or 21).

Part II. (cont.)

Item No. Caption and Instructions

2.a earnings in accordance with ASC Topic 320, Investments-Debt Securities (formerly FASB (cont.) Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities").

Thus, for an HTM security with such an unrealized gain (loss), report in column B any difference between the carrying value of the security reported in column A of this item and its exposure amount reported under the appropriate risk weighting column C through J.

- *In column B*, include the amount of:
  - Non-significant investments in tier 2 capital of unconsolidated financial institutions that are reported in Schedule RC, item 2.a, and have been deducted from capital in Schedule RC-R, Part I, item 33.
  - Significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital that are reported in Schedule RC, item 2.a, and have been deducted from capital in Schedule RC-R, Part I, item 33.
  - An institution that has adopted CECL includes the relevant portion (reflected as a negative number) of Schedule RI-B, Part II, item 7, Column B, "Balance end of current period: Held-to-maturity debt securities",less Schedule RC-R, part II, Memorandum item 4.b, "Amount of allowances for credit losses on purchased credit-deteriorated assets: Held-to- maturity securities." For example, if a firm reports $100 in Schedule RI-B, Part II, item 7, Column B, and $10 in Schedule RC-R, part II, Memorandum item 4b, the firm would report ($90) in this column B.

- *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 government exposures and certain entities listed in §.32 of the regulatory capital rules may also qualify for the zero percent risk weight. Include the exposure amounts of securities reported in Schedule RC-B, column A, that do not qualify as securitization exposures that qualify for the zero percent risk weight. Such securities may include portions of, but may not be limited to:
  - Item 1, "U.S. Treasury securities,"
  - Item 2, those obligations issued by U.S. Government agencies,
  - Item 4.a.(1), Residential mortgage pass-through securities "Guaranteed by GNMA,"
  - Item 4.b.(1), those other residential mortgage-backed securities issued or guaranteed by U.S. Government agencies, such as GNMA exposures,
  - Item 4.c.(1)(a), those commercial mortgage-backed securities (MBS) "Issued or guaranteed by FNMA, FHLMC, or GNMA" that represent GNMA securities, and
  - Item 4.c.(2)(a), those 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.a, 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 as indicated in §.32 of the regulatory capital rules.

Include the exposure amounts of securities reported in Schedule RC-B, column A, that do <u>not</u> qualify as securitization exposures that qualify for the 20 percent risk weight. Such securities may include portions of, but may not be limited to:

- Item 2, those obligations issued by U.S. Government-sponsored agencies, 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,"

- Item 4.b.(1), Other residential mortgage-backed securities "Issued or guaranteed by U.S. Government agencies or sponsored agencies,"
- Item 4.c.(1)(a), those commercial MBS "Issued or guaranteed by FNMA, FHLMC, or GNMA" that represent FHLMC and FNMA securities,

Part II. (cont.)

Item No. **Caption and Instructions**

3.a (cont.)

- Federal funds sold 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 portion of Schedule RC, item 3.a, that is directly and unconditionally guaranteed by foreign central governments and exposures to foreign banks.

3.b **Securities purchased under agreements to resell.** Report in columns A and B the amount of securities purchased under agreements to resell (securities resale agreements, i.e., reverse repos) reported in Schedule RC, item 3.b, excluding those securities resale agreements that qualify as securitization exposures as defined in §.2 of the regulatory capital rules. The amount of those securities resale agreements reported in Schedule RC, item 3.b, that qualify as securitization exposures are to be reported in Schedule RC-R, Part II, item 9.d, column A. An institution that has adopted CECL includes in column B the relevant portion (reflected as a negative number) related to all other assets of Schedule RI-B, Part II, Memorandum item 6, "Allowance for credit losses on other financial assets measured at amortized cost," less Schedule RC-R, part II, Memorandum item 4.c, "Amount of allowances for credit losses on purchased credit- deteriorated assets: Other financial assets measured at amortized cost." For example, if a firm reports $100 in Schedule RI-B, Part II, Memorandum item 6, and $10 in Schedule RC-R, part II, Memorandum item 4.c, the firm would report ($90) in this column B.

- Note: For purposes of risk weighting, please distribute on-balance sheet securities purchased under agreements to resell reported in Schedule RC, item 3.b, within the risk-weight categories in Schedule RC-R, Part II, item 16, "Repo-style transactions." Banks should report their securities purchased under agreements to resell in item 16 in order for institutions to calculate their exposure, and thus risk-weighted assets, based on master netting set agreements covering repo-style transactions.

4 **Loans and leases held for sale.** Report in column A of the appropriate subitem the carrying value of loans and leases held for sale (HFS) reported in Schedule RC, item 4.a, excluding those HFS loans and leases that qualify as securitization exposures as defined in §.2 of the regulatory capital rules.

The carrying value of those HFS loans and leases reported in Schedule RC, item 4.a, that qualify as securitization exposures must be reported in Schedule RC-R, Part II, item 9.d, column A.

The sum of the amounts reported in column A for items 4.a through 4.d of Schedule RC-R, Part II, plus the carrying value of HFS loans and leases that qualify as securitization exposures and are reported in column A of item 9.d of Schedule RC-R, Part II, must equal Schedule RC, item 4.a.

Part II. (cont.)

Item No.	Caption and Instructions

4.d (cont.)

- All other HFS loans and leases 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:*
  - The carrying value of other loans and leases held for sale reported in Schedule RC, item 4.a, that are not reported in Schedule RC-R, Part II, items 4.a through 4.c above.

5 **Loans and leases held for investment.** Report in column A of the appropriate subitem the carrying value of loans and leases held for investment (HFI) reported in Schedule RC, item 4.b, excluding those loans and leases HFI that qualify as securitization exposures as defined in §.2 of the regulatory capital rules.

The carrying value of those loans and leases HFI that qualify as securitization exposures must be reported in Schedule RC-R, Part II, item 9.d, column A.

The sum of the amounts reported in column A for items 5.a through 5.d of Schedule RC-R, Part II, plus the carrying value of loans and leases HFI that qualify as securitization exposures and are reported in column A of item 9.d of Schedule RC-R, Part II, must equal Schedule RC, item 4.b.

5.a **Residential mortgage exposures.** Report in column A the carrying value of loans HFI reported in Schedule RC, item 4.b, that meet the definition of a *residential mortgage exposure* or a *statutory multifamily mortgage*[12a] in §.2 of the regulatory capital rules. Include in column A the carrying value of:

- Loans HFI secured by first or subsequent liens on 1-4 family residential properties (excluding those that qualify as securitization exposures) that are reported in Schedule RC-C, Part I, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b), and
- Loans HFI secured by first or subsequent liens on multifamily residential properties with an original and outstanding amount of $1 million or less (excluding those that qualify as securitization exposures) that are reported in Schedule RC-C, Part I, item 1.d,

as these loans would meet the regulatory capital rules' definition of *residential mortgage exposure*.

Exclude from this item:

- Loans HFI secured by multifamily residential properties included in Schedule RC-C, Part I, item 1.d, that do not meet the definition of a *residential mortgage exposure* or a *statutory multifamily mortgage* and are not securitization exposures, and
- 1-4 family residential construction loans HFI reported in Schedule RC-C, Part I, item 1.a.(1), that are not securitization exposures,

These loans should be reported in Schedule RC-R, Part II, item 5.c, if they are past due 90 days or more or on nonaccrual. Otherwise, these HFI loans should be reported in Schedule RC-R, Part II, item 5.d.

- *In column B*, an institution that has adopted CECL includes as a positive number the portion of Schedule RC-R, part II, Memorandum item 4.a, "Amount of allowances for credit losses on purchased credit-deteriorated assets: Loans and leases held for investment" that are applicable to residential mortgage exposures.

- *In column C–0% risk weight*, include the portion of any HFI exposure that meets the definition of *residential mortgage exposure* or *statutory multifamily mortgage* reported in Schedule RC, item 4.b, that is secured by collateral or has a

Part II. (cont.)

Item No. **Caption and Instructions**

5.a (cont.)

guarantee that qualifies for the zero percent, 20 percent, or 50 percent risk weight. Also include loans HFI that are *residential mortgage exposures* that have been restructured or modified, except

- o Those loans restructured or modified solely pursuant to the U.S. Treasury's HAMP, and
- o The portion of any restructured or modified *residential mortgage exposure* that is secured by collateral or has a guarantee that qualifies for the zero percent, 20 percent, or 50 percent risk weight.

- *In columns R and S–Application of Other Risk-Weighting Approaches*, include the portion of any loan HFI reported in Schedule RC, item 4.b, that meets the definition of *residential mortgage exposure* or *statutory multifamily mortgage* and is secured by qualifying financial collateral that meets the definition of a *securitization exposure* in §.2 of the regulatory capital rules or is a mutual fund only if the bank chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the Simple Approach outlined in §.37 of the regulatory capital rules. Under the Simple Approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.
  - o Include in column R the carrying value of the portion of an HFI loan exposure that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the Simple Approach in §.37. In addition, the bank must apply the same approach to securitization exposure collateral – either the Simplified Supervisory Formula Approach or the Gross-Up Approach – that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule RC-R, Part II, items 9 and 10.
  - o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the HFI loan exposure secured by such collateral. Any remaining portion of the HFI loan exposure that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through I, as appropriate.

  For further information, see the discussions of "Treatment of Collateral and Guarantees" and "Risk-Weighted Assets for Securitization Exposures" in the General Instructions for Schedule RC-R, Part II.

5.b **High volatility commercial real estate exposures.** Report in column A the portion of the carrying value of loans HFI reported in Schedule RC, item 4.b, that are high volatility commercial real estate (HVCRE) exposures,[13] including HVCRE exposures that are 90 days or more past due or in nonaccrual status.

- *In column B*, an institution that has adopted CECL includes as a positive number the portion of Schedule RC-R, part II, Memorandum item 4.a, "Amount of allowances for credit losses on purchased credit deteriorated assets: Loans and leases held for investment" that are applicable to high-volatility commercial real estate exposures

- *In column C–0% risk weight,* include the portion of any HVCRE exposure included in loans and leases HFI that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of HVCRE loans HFI collateralized by deposits at the reporting institution.

- *In column G–20% risk weight,* include the portion of any HVCRE exposure included in loans and leases HFI which is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of any HVCRE exposure covered by an FDIC loss-sharing agreement.

[13] See the instructions for Schedule RC-R, Part II, item 4.b, above for the definition of HVCRE exposure.

Part II. (cont.)

Item No.	Caption and Instructions

5.b (cont.)

- *In column H–50% risk weight,* include the portion of any HVCRE exposure included in loans and leases HFI which is secured by collateral or has a guarantee that qualifies for the 50 percent risk weight

- *In column I–100% risk weight,* include the portion of any HVCRE exposure included in loans and leases HFI which is secured by collateral or has a guarantee that qualifies for the 100 percent risk weight.

- *In column J–150% risk weight,* include the carrying value of HFI HVCRE exposures, as defined in §.2 of the regulatory capital rules, included in Schedule RC, item 4.b, excluding those portions of the carrying value that are covered by qualifying collateral or eligible guarantees as described in §.37 and §.36, respectively, of the regulatory capital rules.

- *In columns R and S–Application of Other Risk-Weighting Approaches*, include the portion of any HVCRE exposure included in loans and leases HFI reported in Schedule RC, item 4.b, that is secured by qualifying financial collateral that meets the definition of a *securitization exposure* in §.2 of the regulatory capital rules or is a mutual fund only if the bank chooses to recognize the risk-mitigating effects of the securitization exposure or mutual fund collateral under the Simple Approach outlined in §.37 of the regulatory capital rules. Under the Simple Approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.
  - o Include in column R the carrying value of the portion of an HFI HVCRE exposure that is secured by the fair value of securitization exposure or mutual fund collateral that meets the general requirements of the Simple Approach in §.37. In addition, the bank must apply the same approach to securitization exposure collateral – either the Simplified Supervisory Formula Approach or the Gross-Up Approach – that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule RC-R, Part II, items 9 and 10.
  - o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the HFI HVCRE exposure that is secured by such collateral. Any remaining portion of the HFI exposure that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J, as appropriate.

  For further information, see the discussions of "Treatment of Collateral and Guarantees" and "Risk-Weighted Assets for Securitization Exposures" in the General Instructions for Schedule RC-R, Part II.

5.c **Exposures past due 90 days or more or on nonaccrual.** Report in column A the carrying value of loans and leases HFI reported in Schedule RC, item 4.b, that are 90 days or more past due or in nonaccrual status according to the requirements set forth in §.32(k) of the regulatory capital rules. Do not include sovereign exposures or residential mortgage exposures, as described in §.32(a) and §.32(g), respectively, that are 90 days or more past due or in nonaccrual status (report such past due and nonaccrual exposures in Schedule RC-R, Part II, items 5.d and 5.a, respectively). Also do not include high volatility commercial real estate exposures that are 90 days or more past due or in nonaccrual status (report such exposures in Schedule RC-R, Part II, item 5.b).

- *In column B*, an institution that has adopted CECL includes as a positive number the portion of Schedule RC-R, part II, Memorandum item 4.a, "Amount of allowances for credit losses on purchased credit--deteriorated assets: Loans and leases held for investment" that are applicable to exposures past due 90 days or more or on nonaccrual.

- *In column C–0% risk weight,* include the portion of loans and leases HFI included in Schedule RC, item 4.b, that are 90 days or more past due or in nonaccrual status (except

Part II. (cont.)

Item No. Caption and Instructions

5.d (cont.)

mutual fund collateral under the Simple Approach, or the collateral margin approach for eligible margin loans, outlined in §.37 of the regulatory capital rules. Under the Simple Approach, the risk weight assigned to the collateralized portion of the exposure may not be less than 20 percent.

- o Include in column R the carrying value of the portion of such a loan or lease HFI that is secured by the fair value or adjusted fair value of securitization exposure or mutual fund collateral as determined under the Simple Approach or the Collateral Haircut Approach, respectively; however, the bank must apply the same approach for all eligible margin loans. In addition, if the bank applies the Simple Approach, it must apply the same approach to securitization exposure collateral – either the Simplified Supervisory Formula Approach or the Gross-Up Approach – that it applies to determine the risk-weighted asset amounts of its on- and off-balance sheet securitization exposures that are reported in Schedule RC-R, Part II, items 9 and 10.
- o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of the loan or lease HFI that is secured by such collateral. Any remaining portion of the HFI loan or lease exposure that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J, as appropriate.

For further information, see the discussions of “Treatment of Collateral and Guarantees” and “Risk-Weighted Assets for Securitization Exposures” in the General Instructions for Schedule RC-R, Part II.

- All other loans and leases HFI that must be risk weighted according to the Country Risk Classification (CRC) methodology
  - o *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:*
  - o The carrying value of other loans and leases HFI reported in Schedule RC, item 4.b, that are not reported in Schedule RC-R, Part II, items 5.a through 5.c above.

6 **LESS: Allowance for loan and lease losses.** Report in columns A and B the balance of the ~~allowance for loan and lease losses~~ ALLL or AACL, as applicable.~~reported in Schedule RC, item 4.c.~~

7 **Trading assets.** Report in column A the fair value of trading assets reported in Schedule RC, item 5, excluding those trading assets that are securitization exposures, as defined in §.2 of the regulatory capital rules.

The fair value of those trading assets reported in Schedule RC, item 5, that qualify as securitization exposures must be reported in Schedule RC-R, Part II, item 9.c, column A. The sum of Schedule RC-R, Part II, items 7 and 9.c, column A, must equal Schedule RC, item 5.

If the bank is subject to the market risk capital rule, include in column B the fair value of all trading assets that are covered positions as defined in Schedule RC-R, Part II, item 27 (except those trading assets that are both securitization exposures and covered positions, which are excluded from column A of this item 7 and are to be reported instead in Schedule RC-R, Part II, item 9.c, column A). The bank will report its standardized market risk-weighted assets in Schedule RC-R, Part II, item 27.

Part II. (cont.)

Item No. **Caption and Instructions**

8 (cont.)

- MSAs; and
- DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances; and

o Unsettled transactions (failed trades) that are reported as “Other assets” in Schedule RC, item 11. For purposes of risk weighting, unsettled transactions are to be reported in Schedule RC-R, Part II, item 22.

o An institution that has adopted CECL includes the relevant portion (reflected as a negative number) related to all other assets of Schedule RI-B, Part II, Memorandum item 6, “Allowance for credit losses on other financial assets measured at amortized cost,” less Schedule RC-R, part II, Memorandum item 4.c, “Amount of allowances for credit losses on purchased credit deteriorated assets: Other financial assets measured at amortized cost.” For example, if a firm reports $100 in Schedule RI-B, Part II, Memorandum item 6, and $10 in Schedule RC-R, part II, Memorandum item 4.c, the firm would report ($90) in this column B.

o An institution that has elected to apply the CECL transition provision (electing institution) subtracts its applicable DTA transitional amount from temporary difference DTAs, in accordance with section 301 of the regulatory capital rules. Specifically, an electing institution reduces its temporary difference DTAs by seventy-five percent of its DTA transitional amount during the first year of the transition period, fifty percent of its DTA transitional amount during the second year of the transition period, and twenty-five percent of its DTA transitional amount during the third year of the transition period.

Report as a negative number in column B the amount of default fund contributions in the form of commitments made by a clearing member to a central counterparty’s mutualized loss-sharing arrangement.

- *In column C–0% risk weight*, include:
  - o The carrying value of Federal Reserve Bank stock included in Schedule RC-F, item 4;
  - o Accrued interest receivable on assets included in the zero percent risk weight category (column C of Schedule RC-R, Part II, items 1 through 7);
  - o The carrying value of gold bullion not held for trading that is held in the bank's own vault or in another bank's vault on an allocated basis, and exposures that arise from the settlement of cash transactions (such as equities, fixed income, spot foreign exchange, and spot commodities) with a central counterparty where there is no assumption of ongoing credit risk by the central counterparty after settlement of the trade and associated default fund contributions; and
  - o The portion of assets reported in Schedule RC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the zero percent risk weight. This would include the portion of these assets collateralized by deposits in the reporting institution.

- *In column G–20% risk weight*, include:
  - o The carrying value of Federal Home Loan Bank stock included in Schedule RC-F, item 4;
  - o Accrued interest receivable on assets included in the 20 percent risk weight category (column G of Schedule RC-R, Part II, items 1 through 7);
  - o The portion of customers' acceptance liability reported in Schedule RC, item 11, that has been participated to other depository institutions; and
  - o The portion of assets reported in Schedule RC, items 6 through 11, that is secured by collateral or has a guarantee that qualifies for the 20 percent risk weight. This would include the portion of these assets covered by FDIC loss-sharing agreements.

- *In column H–50% risk weight*, include accrued interest receivable on assets included in the 50 percent risk weight category (column H of Schedule RC-R, Part II, items 1 through 7). Also include the portion of assets reported in Schedule RC, items 6 through

Part II. (cont.)

Item No. **Caption and Instructions**

9.a (cont.)

- *In column B:*
  - o If an HTM securitization exposure will be risk weighted using the 1,250 percent risk weight approach, report any difference between the carrying value of the HTM securitization exposure reported in column A of this item and the exposure amount of the HTM securitization exposure that is to be risk weighted.
  - o If an HTM securitization exposure will be risk weighted using either the SSFA or the Gross-Up Approach, report the carrying value of the HTM securitization exposure reported in column A of this item.
  - o An institution that has adopted CECL includes the relevant portion (reflected as a negative number) related to securitization exposures of Schedule RI-B, Part II, item 7, Column B, "Changes in Allowances for HTM Securities," less Schedule RC-R, part II, Memorandum item 4.b. "Amount of allowances for credit losses on purchased credit deteriorated assets: Held-to-maturity securities." For example, if a firm reports $100 in RI-B, Part II, item 7, Column B, and $10 in Schedule RC-R, part II, Memorandum item 4b, the firm would report ($90) in this column B.

- *In column Q*, report the exposure amount of those HTM securitization exposures that are assigned a 1,250 percent risk weight (i.e., those HTM securitization exposures for which the risk-weighted asset amount is not calculated using the SSFA or the Gross-Up Approach).

- *In column T,* report the risk-weighted asset amount (not the exposure amount) of those HTM securitization exposures for which the risk-weighted asset amount is calculated using the SSFA, as described above in the General Instructions for Schedule RC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.

- *In column U*, report the risk-weighted asset amount (not the exposure amount) of HTM securitization exposures for which the risk-weighted asset amount is calculated using the Gross-Up Approach, as described above in the General Instructions for Schedule RC-R, Part II, and in §.41 to §.45 of the regulatory capital rules.

9.b **Available-for-sale securities.** Report in column A the fair value of those available-for-sale (AFS) securities reported in Schedule RC, item 2.b, that qualify as *securitization exposures* as defined in §.2 of the regulatory capital rules. Refer to the instructions for Schedule RC-R, Part II, item 2.b, for a summary of the reporting locations of AFS securitization exposures.

Exposure amount to be used for purposes of risk weighting – 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 an AFS debt security that is a securitization exposure where the bank cannot make or has not made the AOCI opt-out election (i.e., most AOCI is included in regulatory capital), the exposure amount of the AFS securitization exposure to be risk weighted by the bank is the carrying value of the debt security, which is the value of the asset reported on the balance sheet of the bank (Schedule RC, item 2.b) determined in accordance with GAAP (i.e., the fair value of the AFS debt security) and in column A of this item.

Exposure amount to be used for purposes of risk weighting – bank has made the AOCI opt-out election in Schedule RC-R, Part I, item 3.a:
For an AFS debt security that is a securitization exposure where the bank has made the AOCI opt-out election (i.e., most AOCI is not included in regulatory capital), the exposure amount of the AFS securitization exposure to be risk weighted by the bank is the carrying value of the debt security, less any unrealized gain on the exposure or plus any unrealized loss on the exposure included in AOCI.

If an AFS securitization exposure will be risk weighted using either the Simplified Supervisory Formula Approach (SSFA) or the Gross-Up Approach, include as part of the exposure

Totals

Item No. **Caption and Instructions**

23 **Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk weight category.** For each of columns C through P, report the sum of items 11 through 22. For column Q, report the sum of items 10 through 22.

24 **Risk weight factor.**

25 **Risk-weighted assets by risk weight category.** For each of columns C through Q, multiply the amount in item 23 by the risk weight factor specified for that column in item 24.

26 **Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses or adjusted allowances for credit losses, as applicable, 1.25 percent threshold.** Report the sum of:

- Schedule RC-R, Part II:
  - Items 2.b through 20, column S,
  - Items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U, and
  - Item 25, columns C through Q
- Schedule RC-R, Part I:
  - The portion of item 10.b composed of "Investments in the institution's own shares to the extent not excluded as part of treasury stock,"
  - The portion of item 10.b composed of "Reciprocal cross-holdings in the capital of financial institutions in the form of common stock,"
  - Items 11 and 13 through 16,
  - Item 24, excluding the portion of item 24 composed of tier 2 capital deductions reported in Part I, item 33, for which the institution does not have a sufficient amount of tier 2 capital before deductions reported in Part I, item 32.a, to absorb these deductions, and
  - Item 33.

NOTE: Item 27 is applicable only to banks that are subject to the market risk capital rule.

27 **Standardized market risk-weighted assets.** Report the amount of the bank's standardized market risk-weighted assets. This item is applicable only to those banks covered by Subpart F of the regulatory capital rules (i.e., the market risk capital rule), as provided in §.201 of the regulatory capital rules.

A bank's measure for market risk for its covered positions is the sum of its value-at-risk (VaR)-based, stressed VaR-based, incremental risk, and comprehensive risk capital requirements plus its specific risk add-ons and any capital requirement for de minimis exposures. A bank's market risk-weighted assets equal its measure for market risk multiplied by 12.5 (the reciprocal of the minimum 8.0 percent capital ratio).

A covered position is a trading asset or trading liability (whether on- or off-balance sheet), as reported on Schedule RC-D, that is held for any of the following reasons:

(1) For the purpose of short-term resale;
(2) With the intent of benefiting from actual or expected short-term price movements;
(3) To lock in arbitrage profits; or
(4) To hedge another covered position.

Additionally, the trading asset or trading liability must be free of any restrictive covenants on its tradability or the bank must be able to hedge the material risk elements of the trading asset or trading liability in a two-way market. A covered position also includes a foreign

Part II. (cont.)

Item No. Caption and Instructions

27 (cont.) exchange or commodity position, regardless of whether the position is a trading asset or trading liability (excluding structural foreign currency positions if supervisory approval has been granted to exclude such positions).

A covered position does not include:

(1) An intangible asset (including any servicing asset);
(2) A hedge of a trading position that is outside the scope of the bank's hedging strategy;
(3) Any position that, in form or substance, acts as a liquidity facility that provides support to asset-backed commercial paper;
(4) A credit derivative recognized as a guarantee for risk-weighted asset calculation purposes under the regulatory capital rules for credit risk;
(5) An equity position that is not publicly traded (other than a derivative that references a publicly traded equity);
(6) A position held with the intent to securitize; or
(7) A direct real estate holding.

28 **Risk-weighted assets before deductions for excess allowance for loan and lease losses or adjusted allowances for credit losses, as applicable, and allocated transfer risk reserve.** Report the sum of items 2.b through 20, column S; items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U; item 25, columns C through Q; and, if applicable, item 27. (Item 27 is applicable only to banks that are subject to the market risk capital rule.)

29 **LESS: Excess allowance for loan and lease losses.** Report the amount, if any, by which the bank's ~~allowance for loan and lease losses~~ ALLL or AACL, as applicable, for regulatory capital purposes exceeds 1.25 percent of the bank's risk-weighted assets base reported in Schedule RC-R, Part II, item 26.

A bank's ALLL or AACL, as applicable, ~~allowance for loan and lease losses~~ for regulatory capital purposes equals Schedule RC, item 4.c, "Allowance for loan and lease losses," less Schedule RI-B, Part II, Memorandum item 1, "Allocated transfer risk reserve included in Schedule RI-B, Part II, item 7, above," plus Schedule RC-G, item 3, "Allowance for credit losses on off-balance sheet credit exposures." If a bank's ALLL or AACL, as applicable, ~~allowance for loan and lease losses~~ for regulatory capital purposes, as defined in the preceding sentence, exceeds 1.25 percent of Schedule RC-R, Part II, item 26, the amount to be reported in this item equals the bank's ALLL or AACL, as applicable,~~allowance for loan and lease losses~~ for regulatory capital purposes less Schedule RC-R, Part I, item 30.a, "Allowance for loan and lease losses includable in tier 2 capital."

The sum of the amounts reported in Schedule RC-R, Part I, item 30.a, plus Schedule RC-R, Part II, item 29, must equal Schedule RC, item 4.c, less Schedule RI-B, Part II, Memorandum item 1, plus Schedule RC-G, item 3.

30 **LESS: Allocated transfer risk reserve.** Report the entire amount of any allocated transfer risk reserve (ATRR) the reporting bank is required to establish and maintain as specified in Section 905(a) of the International Lending Supervision Act of 1983, in the agency regulations implementing the Act (Subpart D of Federal Reserve Regulation K, Part 347 of the FDIC's Rules and Regulations, and 12 CFR Part 28, Subpart C (OCC)), and in any guidelines, letters, or instructions issued by the agencies. The entire amount of the ATRR equals the ATRR related to loans and leases held for investment (which is reported in Schedule RI-B, Part II, Memorandum item 1) plus the ATRR for assets other than loans and leases held for investment.

Part II. (cont.)

Memoranda

Item No.	Caption and Instructions
2.f and 3.f	**Precious metals (except gold).** Report the remaining maturities of other precious metals contracts that are subject to the regulatory capital rules. Report all silver, platinum, and palladium contracts.
2.g and 3.g	**Other.** Report the remaining maturities of other derivative contracts that are subject to the regulatory capital rules. For contracts with multiple exchanges of principal, notional amount is determined by multiplying the contractual amount by the number of remaining payments (i.e., exchanges of principal) in the derivative contract.
4	**Amounts of allowances for credit losses on purchased credit-deteriorated assets.** Only institutions that have adopted CECL are required to report allowances for credit losses on purchased credit-deteriorated (PCD) assets. ASU No. 2016-13 also introduces PCD assets as a replacement for Purchased credit impaired (PCI) assets. The PCD asset definition covers a broader range of assets than the PCI asset definition. CECL requires banking organizations to estimate and record credit loss allowances for a PCD asset at the time of purchase. The credit loss allowance is then added to the purchase price to determine the amortized cost basis of the asset for financial reporting purposes. Post-acquisition increases in credit loss allowances on PCD assets will be established through a charge to earnings. This is different from the current treatment of PCI assets, for which banking organizations are not permitted to estimate and recognize credit loss allowances at the time of purchase. Rather, in general, credit loss allowances for PCI assets are estimated subsequent to the purchase only if there is deterioration in the expected cash flows from the assets.
4a	**Amounts of allowances for credit losses on purchased credit-deteriorated assets: Loans and leases held for investment.** Report all allowances for credit losses on PCD loans and leases.
4b	**Amounts of allowances for credit losses on purchased credit-deteriorated assets: Held-to-maturity debt securities.** Report all allowances for credit losses on PCD HTM debt securities.
4c	**Amounts of allowances for credit losses on purchased credit-deteriorated assets: Other financial assets measured at amortized cost.** Report all allowances for credit losses on all other PCD assets, excluding PCD loans, leases, HTM debt securities, and AFS debt securities.

SCHEDULE RC-V – VARIABLE INTEREST ENTITIES

General Instructions

A variable interest entity (VIE), as described in ASC Topic 810, Consolidation (formerly FASB Interpretation No.46 (revised December 2003), “Consolidation of Variable Interest Entities,” as amended by FASB Statement No. 167, "Amendments to FASB Interpretation No. 46(R)”), is an entity in which equity investors do not have sufficient equity at risk for that entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack one or more of the following three characteristics: (a) the power, through voting rights or similar rights, to direct the activities of an entity that most significantly impact the entity’s economic performance, (b) the obligation to absorb the expected losses of the entity, or (c) the right to receive the expected residual returns of the entity.

Variable interests in a VIE are contractual, ownership, or other pecuniary interests in an entity that change with changes in the fair value of the entity’s net assets exclusive of variable interests. When a bank or other company has a variable interest or interests in a VIE, ASC Topic 810 provides guidance for determining whether the bank or other company must consolidate the VIE. If a bank or other company has a controlling financial interest in a VIE, it is deemed to be the primary beneficiary of the VIE and, therefore, must consolidate the VIE. For further information, see the Glossary entry for “variable interest entity.”

Schedule RC-V collects information on VIEs that have been consolidated by the reporting bank for purposes of the Consolidated Reports of Condition and Income because the bank or a consolidated subsidiary is the primary beneficiary of the VIE. Schedule RC-V should be completed on a fully consolidated basis, i.e., after eliminating intercompany transactions. For institutions that have not yet adopted ASU 2016-13, which governs the accounting for credit losses,~~T~~ the asset and liability amounts to be reported in Schedule RC-V should be the same amounts at which these assets and liabilities are reported on Schedule RC, Balance Sheet, e.g., held-to-maturity securities should be reported at amortized cost and available-for-sale securities should be reported at fair value.

Institutions that have adopted ASU 2016-13 should report the asset amounts in Schedule RC-V net of any applicable allowances for credit losses included in amounts reported on Schedule RC, Balance Sheet.

Column Instructions

***Column A, Securitization Vehicles*:** Securitization vehicles include VIEs that have been created to pool and repackage mortgages, other assets, or other credit exposures into securities that can be transferred to investors.

***Column B, Other VIEs*:** Other VIEs are VIEs other than securitization vehicles. Other VIEs include asset-backed commercial paper (ABCP) conduits.

For purposes of items 1 through 4 of Schedule RC-V, information about each consolidated VIE should be included in only one of the two columns of the schedule. The column selected for a particular consolidated VIE should be based on the purpose and design of the VIE and this column should be used consistently over time.

Item Instructions

Item No.	Caption and Instructions
1	**Assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of the consolidated VIEs.** Report in the appropriate subitem and column those assets of consolidated VIEs reported in Schedule RC, Balance Sheet, that can be used only to settle obligations of the same consolidated VIEs and any related allowance for loan and lease losses and, for institutions that have adopted ASU 2016-13, any related allowances for credit losses. Exclude assets of consolidated VIEs that cannot be used only to settle obligations of the same consolidated VIEs (report such assets in Schedule RC-V, item 3, below).
1.a	**Cash and balances due from depository institutions.** Report in the appropriate column the amount of cash and balances due from depository institutions held by consolidated VIEs included in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin," and item 1.b, "Interest-bearing balances," that can be used only to settle obligations of the same consolidated VIEs.
1.b	**Securities not held for trading.** Report in the appropriate column the total amount of held-to-maturity securities and available-for-sale securities held by consolidated VIEs included in Schedule RC, item 2.a, "Held-to-maturity securities," and item 2.b, "Available-for-sale securities," respectively, that can be used only to settle obligations of the same consolidated VIEs. 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), also report in the appropriate column of this item the amount of equity securities with readily determinable fair values not held for trading held by consolidated VIEs included in Schedule RC, item 2.c, "Equity securities with readily determinable fair values not held for trading," that can be used only to settle obligations of the same consolidated VIEs.
1.c	**Loans and leases held for investment, net of allowance, and held for sale.** Report in the appropriate column the total of the amount of loans and leases held for sale and held for investment held by consolidated VIEs included in Schedule RC, item 4.a, "Loans and leases held for sale," and 4.b, "Loans and leases held for investment," respectively, that can be used only to settle obligations of the same consolidated VIEs, less the amount of allowances for loan and lease losses, or for institutions that have adopted ASU 2016-13, less the amount of allowance for credit losses on loans and leases, held by consolidated VIEs included in Schedule RC, item 4.c, "LESS: Allowance for loan and lease losses," that is allocated to these consolidated VIEs' loans and leases held for investment that can be used only to settle obligations of the same consolidated VIEs.
1.d	**Other real estate owned.** Report in the appropriate column the amount of other real estate owned held by consolidated VIEs included in Schedule RC, item 7, "Other real estate owned," that can be used only to settle obligations of the same consolidated VIEs.
1.e	**Other assets.** Report in the appropriate column the amount of all other assets held by consolidated VIEs included in Schedule RC, item 12, "Total assets," and not reported in Schedule RC-V, items 1.a through 1.d, above, that can be used only to settle obligations of the same consolidated VIEs.

Item No. **Caption and Instructions**

2 **Liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank.** Report in the appropriate subitem and column those liabilities of consolidated VIEs reported in Schedule RC, Balance Sheet, for which creditors do not have recourse to the general credit of the reporting bank. Exclude liabilities of consolidated VIEs for which creditors have recourse to the general credit of the reporting bank (report such liabilities in Schedule RC-V, item 4, below).

2.a **Other borrowed money.** Report in the appropriate column the amount of other borrowed money (including commercial paper) of consolidated VIEs reported in Schedule RC, item 16, "Other borrowed money," for which the creditors on these borrowings do not have recourse to the general credit of the reporting bank.

2.b **Other liabilities.** Report in the appropriate column the amount of all other liabilities of consolidated VIEs included in Schedule RC, item 21, "Total liabilities," and not reported in Schedule RC-V, item 2.a, above, for which the creditors on these liabilities do not have recourse to the general credit of the reporting bank.

3 **All other assets of consolidated VIEs.** Report in the appropriate column the amount of assets of consolidated VIEs reported in Schedule RC, items 1 through 11, that have not been included in Schedule RC-V, items 1.a through 1.e, above. Loans and leases held for investment that are included in this item should be reported net of any allowance for loan and lease losses allocated to these loans and leases.

Institutions that have adopted ASU 2016-13 report in this items net of any applicable allowances for credit losses allocated to these assets.

4 **All other liabilities of consolidated VIEs.** Report in the appropriate column the amount of liabilities of consolidated VIEs reported in Schedule RC, items 14 through 20, that have not been included in Schedule RC-V, items 2.a and 2.b, above.

5 **Total assets of asset-backed commercial paper (ABCP) conduit VIEs.** Report the total assets of consolidated ABCP conduit VIEs, i.e., VIEs that primarily issue externally rated commercial paper backed by assets or other exposures. Include assets held by consolidated ABCP conduit VIEs that are included in Schedule RC-V, items 1.a through 1.e and 3, column B, above.

6 **Total liabilities of ABCP conduit VIEs.** Report the total liabilities of consolidated ABCP conduit VIEs. Include liabilities of ABCP conduit VIEs that are included in Schedule RC-V, items 2.a, 2.b, and 4, column B, above.