

Board of Governors of the Federal Reserve System



Instructions for the Preparation of

Consolidated Report of Condition and Income for Edge and Agreement Corporations

Reporting Form FR 2886b

Effective ~~March 2021~~

December 2024

DRAFT

INSTRUCTIONS FOR PREPARATION OF

The Consolidated Reports of Condition and Income for Edge and Agreement Corporations FR 2886b

as of the last calendar
day of March, June,
September, and
December,

A

General Instructions

The FR 2886b report must be filed by each Edge and agreement corporation organized under Section 25 or 25(a) of the Federal Reserve Act. All information should reflect the consolidation of all branches, and underlying subsidiary companies.

tion on consolidation, accrual basis reporting, and generally accepted accounting principles.

Inactive corporations should report only if the corporation has engaged in some business activity at one time. Corporations, such as a name saver organizations, that have never engaged in any business activity should not report.

Reporting Basis

As noted above, the report should cover the consolidated operations of the reporting corporation, including:

- (1) the reporting corporation's head office;
- (2) any branch offices of the reporting corporation;
- (3) any International Banking Facility (IBF) established by the reporting corporation at the head office and at any branch offices;
- (4) all majority-owned foreign banks held directly by the reporting corporation pursuant to Section 25(a) of the Federal Reserve Act;
- (5) all majority-owned subsidiaries of the reporting corporation that are significant, EXCEPT subsidiary Edge or agreement corporations;
- (6) all nonsignificant majority-owned subsidiaries that the bank has elected to consolidate on a consistent basis.

Where this report collects information on a branch office separately, such information should *include* balances of an IBF of only that branch office. Assets and liabilities may be reported on a net basis in this report whenever the reporting organization has a "right of setoff." See the entry for [Offsetting](#) in the Definitions section for further information. Also see the FFIEC 031 General Instructions for further informa-

Submission Date and Reporting Frequency

An Edge or agreement corporation must file the FR 2886b report quarterly if total consolidated assets of the corporation exceed \$50 million. An Edge or agreement corporation with total consolidated assets of \$50 million or less must file the FR 2886b report annually as of December 31.

If an Edge or agreement corporation meets the criteria above to file quarterly as of June 30 of the preceding year, the corporation must file the FR 2886b quarterly beginning in March of the current year. In addition, if the corporation meets the quarterly criteria due to a business combination, then it must report the FR 2886b quarterly beginning with the first quarterly report date following the effective date of the business combination. Once a corporation begins filing the FR 2886b quarterly, it should file a complete FR 2886b quarterly report going forward. If the Edge or agreement corporation does not meet the quarterly filing criteria for four consecutive quarters, then the corporation may revert to annual filing. Edge and agreement corporations that do not meet the quarterly filing threshold may be requested to file quarterly if the Federal Reserve Bank has determined that these corporations have significant risk exposures.

The term "submission date" is defined as the date by which an Edge corporation's completed original report must be received by the district Federal Reserve Bank.

General Instructions

An official copy (non-facsimile) of the FR 2886b consisting of the balance sheet, memorandum item, and all schedules for domestic and foreign offices of banking and nonbanking Edges should reach the Federal Reserve Bank of the District in which the reporting office is domiciled, no later than 30 calendar days after the close of business of the last calendar day of the quarter or year-end date for annual filers (subject to the timely filing provisions set forth in the following paragraph).

The filing of an Edge corporation's completed original report will be considered timely, regardless of when the reports are received by the district Reserve Bank, if these reports are mailed first class and postmarked no later than the third calendar day preceding the submission deadline. In the absence of a postmark, a corporation whose completed original report is received late may be called upon to provide proof of timely mailing. A "Certificate of Mailing" (U.S. Postal Service Form 3817) may be used to provide such proof. If an overnight delivery service is used, entry of the completed original report into the delivery system on the day before the submission deadline will constitute timely submission. In addition, the hand delivery of the completed original reports, on or before the submission deadline, to the location to which the report would otherwise be mailed is an acceptable alternative to mailing such reports. Corporations that are unable to obtain the required directors' signatures on their completed original reports in sufficient time to file these reports so that they are received by the submission deadline may contact the district Reserve Bank to which they mail their original reports to arrange for the timely submission of their report data and the subsequent filing of their signed reports.

15-day extension. A respondent may take an additional 15 calendar days to submit its completed report. Such banks are urged to use the additional time only if absolutely necessary and to make every effort to report as soon as possible, preferably within the 30-day submission period.

Signatures and Attestation

The original of the report shall be manually signed on the cover sheet of the submitted report, in the manner indicated on the cover sheet, by a duly authorized officer of the reporting institution. By signing the cover

page of this report, the authorized officer acknowledges that any knowing and willful misrepresentation or omission of a material fact on this report constitutes fraud in the inducement and may subject the officer to legal sanctions provided by 18 USC 1001 and 1007. Signatures need not be notarized. All copies shall bear the same signatures as on the original, but these signatures may be facsimiles or photocopies.

Currency in Which Report is Prepared

All items in the report should be expressed in *States dollars*. Assets or liabilities payable in other currencies should be converted into dollars at the exchange rate prevailing on the report date.

Clarity, Completeness and Amount Reported

Reports should be clearly and distinctly typed, and care should be exercised that each column is legible and conforms with the printed lines on the form. Computer printouts are also acceptable, provided that they are identical in format and detail to the reporting form, including all items and column captions. *All dollar amounts should be rounded to the nearest thousands* with the total asset figure based on unrounded numbers, then rounded. Item captions in the report should be amended, nor should an amount or the word "in" be added below, negative entries are not to be reported in net form and shall not be reported in credit balances must be reported in debit balances with debit balances, as appropriate, and instructions. Negative entries should be enclosed in parentheses, which negative entries may be made, if appropriate, are:

- (1) Schedule RC, Item 23, "Retained earnings,"
- (2) Schedule RC, Item 24, "Accumulated other comprehensive income,"
- (3) Schedule RC, Item 25, "Other equity capital components,"
- (4) Schedule RC, Item 26, "Total equity capital," and

as on

Edges and Agreement Corporations must maintain in their files a physical or electronic scanned copy of the manually signed page 1 of the Reserve Bank-supplied forms received for the report date and a printout of the data submitted for a period of three years following submission.

If the submission deadline falls on a weekend or holiday, the report must be received on the first business day after the Saturday, Sunday, or holiday. Earlier submission aids the Federal Reserve in reviewing and processing the reports.

General Instructions

(5) Schedule RC-R, Item 4, “Total qualifying capital (i.e., Tier 1 and Tier 2 capital) allowable under the risk-based capital guidelines.”

On Schedule RI, Income and Expenses, and on Schedule RI-A, Changes in Equity Capital, negative entries may appear as appropriate. Income items with a debit balance and expense items with a credit balance must be reported in parentheses.

Additional Forms

Copies of the FR 2886b form can be obtained from the Federal Reserve Bank in the Federal Reserve District in which the reporting institution is located, or may be found on the Federal Reserve Board’s public website (www.federalreserve.gov).

Confidentiality

The Federal Reserve System regards as confidential the following portions of this report: for respondents engaged in banking, Schedules RC-M (except item 3) and RC-V; for respondents not engaged in banking, Schedule RC-M (except item 3). If it should be determined subsequently that any confidential information collected on this form must be released, respondents will be notified.

Check Box. Institutions must select on page 1 of the form whether any confidential treatment is requested for any portion of the report. If the answer to the first question is “Yes,” the Reporter must indicate whether a letter justifying the request for confidential treatment is included with the submission or has been provided separately. If an institution does not fulfill both requirements, or does not check the appropriate boxes, confidential treatment will not be considered.

Note: Responses to the questions regarding confidential treatment on page 1 of the form will be considered public information.

Detailed Instructions

Some items on the balance sheet are also reported on supporting schedules. Detailed instructions for those

items are found in those schedules. The content of items on the balance sheet should be identical to the content of the same items on the supporting schedules even though submission of the schedules may not be required. See the General Instructions to determine whether the supporting schedules are required.

This report and accompanying instructions have been designed to generally conform with the form and instructions to the Consolidated Reports of Condition and Income (FFIEC 031) that U.S. banks prepare quarterly and submit to their U.S. regulatory agencies. Unless expressly stated otherwise, the definitions and procedures used to determine individual items in this report should conform with those used to prepare the FFIEC 031 report. In some instances, where an FR 2886b item is identical to an item reported on the FFIEC 031, only a reference to the corresponding item(s) in the FFIEC 031 instructions is contained in brackets. For purposes of these line item instructions, the FASB Accounting Standards Codification is referred to as “ASC.” Both the reporting office totals and the IBF-only columns must be completed if the office has IBF balances.

Banking vs. Nonbanking Designation

All respondents must designate whether their corporation is a banking or nonbanking type in the box on the front page of the report form. A corporation is considered to be “engaged in banking” if it is ordinarily engaged in the business of accepting deposits in the U.S. from nonrelated organizations, whether directly or through its branch offices.

Reporting Requirements by Type

<i>Banking</i>	<i>Nonbanking</i>
Schedules RI, RI-A, RI-B	Schedules RI, RI-A, RI-B
Schedule RC: Balance Sheet	Schedule RC: Balance Sheet
Memorandum to Balance Sheet	Memorandum to Balance Sheet
Schedules RC-A, through RC-V	Schedules RC-L, RC-M, RC-N

RC-D

GEN-3

December 2024

Schedule RI

and 3

A through C, plus Schedule RI-B, Memorandum item 1. Enclose negative amounts in parentheses.

Line Item 4(b) Provision for allocated transfer risk.

If the reporting corporation (banking only) has any credit exposure classified as Value Impaired which requires it to establish and maintain an allocated transfer risk reserve as specified in Section 905(a) of the International Lending Supervision Act of 1983, in Subpart D of Federal Reserve Regulation K, and in any guidelines, letters, or instructions issued by the Federal Reserve, report in this item the amount of the provision for allocated transfer risk. If the reporter has no Value Impaired exposure which requires it to establish and maintain an allocated transfer risk reserve, report a zero or the word "none." Also report this on Schedule RI-B, Item 3, Column D.

Line Item 5 Noninterest income:

Line Item 5(a) Noninterest income from nonrelated organizations:

Line Item 5(a)(1) Equity in undistributed earnings of nonrelated organizations.

Report all income from holdings of corporate stock of the type reported in Schedule RC-B, Item 3, "Equity interest in nonrelated organizations."

Line Item 5(a)(2) Net gain (loss) on foreign exchange transactions.

Report the net gain or loss from all foreign exchange transactions, including the maturing or covering of outstanding forward contracts within the reporting period, regardless of whether these transactions are conducted in the trading department or in another department of the corporation. Also include any net gain or loss resulting from translating foreign currency denominated investments that arise from the application of ASC Topic 830, Foreign Currency Matters (formerly FASB Statement No. 52, *Foreign Currency Translation*). Include incidental fee income from such transactions. Exclude gains and losses on swap transactions (report as adjustments to the income or expense of the related asset or liability) and any gains or losses that must be excluded in accordance with ASC Topic 830. If this net amount is a debit balance, enclose it in parentheses.

Line Item 5(a)(3) Income from fiduciary activities.

Include gross income from services rendered by this reporting organization in any fiduciary capacity.

Line Item 5(a)(4) Gains (losses) and fees from trading assets and liabilities.

Report the net gain or loss from the sale of assets reportable in Schedule RC, Item 5, "Trading Assets," and from liabilities reportable in Schedule RC, Item 14, "Trading Liabilities." Include:

- (1) revaluation adjustments to the carrying value of assets reportable in Schedule RC, Item 5, "Trading Assets," and Schedule RC, Item 14, "Trading Liabilities," resulting from the periodic marking to market of such assets and liabilities
- (2) revaluation adjustments from the periodic marking to market of interest rate, foreign exchange, equity derivative, and commodity and other contracts held for trading purposes
- (3) incidental income and expenses related to the purchase and sale of assets reportable in Schedule RC, Item 5, and Schedule RC, Item 14.

Line Item 5(a)(5) Other commissions, fees, etc.

Enter the total of all commissions and fees received from clients of the reporting corporation for services routinely or ordinarily performed under the laws of or accepted practices in the country in which the reporter is domiciled. Such services would include the collection of checks, notes, and bills of exchange; the receipt of collections for public utilities and other firms; the sale of bank drafts; the acceptance of bills of exchange; the purchase and sale of securities, acceptances, and other negotiable paper and the negotiation of loans for the account of customers; the lending of securities owned by the reporting corporation; the servicing of evidences of debt owned by others; the provision of data processing services; and the issuance and handling of letters of credit. Do not include reimbursed expenditures made by the reporting corporation on behalf of clients or rentals received from land or premises leased or subleased to others by the reporter. Such rentals should be included in Item 5(a)(6) or netted against the amount shown in Item 7(a)(2).

Do not include reimbursement for out-of-pocket expenditures made by this reporting corporation for

Schedule RI-B

Line Item 2 Recoveries.

Include recoveries of amounts previously charged off against the four allowance accounts.

Line Item 3 Provisions.

This item corresponds with provisions, Items 4(a) and 4(b) of Schedule RI. If any amount is negative, enclose it in parentheses.

Line Item 4 Adjustments, net.

Report the net cumulative effect of all corrections and adjustments made in any amended report(s) to the amount originally reported as the ending balance of the allowances in this report for the previous year-end period. Such adjustments would include changes to the reserves caused by mergers or acquisitions and any transfers between the four reserves authorized by Subpart D of Federal Reserve Regulation K and any related guidelines, letters, instructions issued by the Federal Reserve, or any additional allowances required upon or subsequent to the adoption of ASU 2016-13.

Line Item 5 Less: charge-offs.

Enter in the appropriate column the amount of gross charge-offs on financial assets and for transfer risk purposes during the period.

Line Item 6 Balance at end of current period.

Report the sum of items 1, 2, 3, and 4, minus item 5. The amount reported in column A must equal the amount reported in Schedule RC **through 4**.

Memoranda

Memoranda items 1 ~~and 2~~ are only to be completed by institutions that have adopted ASU 2016-13.

Line Item M1 Provisions for credit losses on other financial assets measured at amortized cost (not included in item 3 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(a), other than loans, leases, held-to-maturity debt securities, and available-for-sale debt securities.

Line Item M2 Allowances for credit losses on other financial assets measured at amortized cost (not included in item 6 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 1, above.

← See Insert A

Line Item M3 Provisions for credit losses on off-balance-sheet credit exposures.

Report in this item the year-to-date amount of provisions for credit losses (or reversals of provisions) on off-balance-sheet credit exposures included in the amount reported in Schedule RI, item 4(a). Provisions for credit losses (or reversals of provisions) on off-balance-sheet credit exposures represent the amounts necessary to adjust the related allowance for credit losses at the quarter-end report date for management's current estimate of expected credit losses on these exposures.

Line Item M4 Estimated amount of expected recoveries of amounts previously written off¹ included within the allowance for credit losses on loans and leases held for investment (included in item 6, column A, "Balance at end of current period").

Report in this item the estimated amount of expected recoveries of amounts previously written off included within the allowance for credit losses on loans and leases held for investment. This item applies to loans and leases held for investment, including purchased credit deteriorated loans held for investment, and does not apply to held-to-maturity debt securities or available-for-sale debt securities.

Expected recoveries of amounts previously written off shall be included in the allowance for credit losses and shall not exceed the aggregate of amounts previously written off and expected to be written off by an institution. However, exclude from this item the estimated amount of expected recoveries of amounts expected to be written off included in the allowance for credit losses.

In accordance with ASU 2016-13, estimated expected recoveries are a component of management's estimation of the net amount expected to be collected for a financial asset or a pool of financial assets if an institution can support an estimate of expected recoveries for a pool of unsecured loans, each of which was deemed uncollectible and fully written off on an individual asset basis, the institution reduces the allowance for credit losses by the institution's estimate of recoveries expected on a pool basis.

¹ The term "written off" as used in ASU 2016-13 and in the instructions for this item is used interchangeably with the term "charged off," which is used elsewhere in the FR Y-9C instructions.

Schedule RC

more than one business day (other than securities sold under repurchase agreements to maturity); and

- (3) All liabilities representing sales of participation in pools of securities that mature in more than one business day.

Exclude the following:

- (1) Due bills issued and similar instruments, whether collateralized or uncollateralized (to be treated as a borrowing and reported in Item 15, “Other borrowed money;”)
- (2) Purchase of so-called “term federal funds” (i.e., purchases of immediately available funds with a maturity of more than one business day) other than security repurchase agreements specified above (to be reported in Item 15, “Other borrowed money;”)
- (3) Securities sold under agreements to repurchase by foreign branches of the reporting corporation and “Federal funds purchased” from banks in the U.S. by foreign branches of the corporation (to be reported in Item 15, “Other borrowed money;”) and
- (4) So-called yield maintenance dollar repurchase agreement.

See entry for [Federal Funds Transactions](#) in the Definitions section for definitions of various terms that are used in the above instructions for Liability Item 13.

Line Item 14 Trading liabilities.

Report the amount of liabilities from the reporting organization’s trading activities. *Include* liabilities resulting from sales of assets that the reporting bank does not own (see FFIEC 031 Glossary entry for “short position”) and revaluation losses from the “marking to market” (or the “lower of cost or market”) of interest rate, foreign exchange rate, and other off-balance sheet commodity and equity contracts into which the reporting bank has entered for trading, dealer, customer accommodation, and similar purposes. Refer to the FFIEC 031 instructions for further information.

Line Item 15 Other borrowed money (including mortgage indebtedness and obligation under capital leases).

Report the total amount borrowed by the reporting corporation on its promissory notes, on notes and bills rediscounted, on loans or other assets sold with recourse or with the reporting corporation’s endorsement or guarantee, on due bills issued, on assets sold that the corporation did not own, or on any other obligation for the purpose of borrowing money. Also *include* any mortgages, liens, or capitalized lease property. *Include* securities sold under repurchase agreements by foreign branches of the corporation, unless legally defined as deposits in the country where the liability is booked.

Line Item 16 Not applicable.

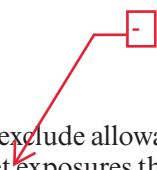
Line Item 17 Subordinated notes and debentures.

Report the amount of outstanding subordinated notes and debentures (including mandatory convertible debt).

Line Item 18 Other liabilities.

Enter the total of any liability to nonrelated organizations that cannot be properly reported in Items 12 through 17 above. *Included* here are such items as the negative fair value of derivative contracts held for purposes other than trading, amount of accrued and unpaid expenses, net deferred income taxes, dividends declared but not yet payable, liability for deferred payment letters of credit, deferred gains on financial contracts, unamortized loan fees (except those that are yield-related), and others not properly reported above. Report the amount of unmatured drafts and bills of exchange accepted by the corporation or by other institutions for its account that are outstanding. Acceptances acquired by the reporter through purchase or discount and held as of the report date should be *excluded* and reported as loans in Assets, Item 4, “Loans and lease financing receivables, net;” and included in Schedule RC-C. Liabilities for letters of credit issued for money or its equivalent should be reported as deposits. Participation of acceptances does not reduce the accepting Edge’s obligation to honor the full amount of the acceptance. (See the [Definitions](#) section for a detailed discussion of the treatment of acceptances.) Institutions that have adopted ASU

Schedule RC



2016-13 should exclude allowances for credit losses on off-balance sheet exposures that are unconditionally cancellable.

Line Item 19 Liabilities to nonrelated organizations.

This item is the sum of liability Items 12 through 18 above.

Line Item 20 Gross liabilities to related organizations.

Report the amounts of all liabilities to related organizations, (Schedule RC-M, Item 3, Column B). See the definition of [related organizations](#) in the Definitions section. Do not net liabilities to related organizations against claims on related organizations. For column B, IBF only, include gross liabilities on the establishing Edge corporation.

Equity Capital

Equity capital represents the sum of capital stock, surplus, undivided profits, and various reserve accounts. Corporations with branches should report all equity capital items, including any undivided profits or translations adjustments of branches, in the report filed by the head office. Any claims of the head office on its branches, including any unremitted earnings of the branches, should be included in Schedule RC-M.

Line Item 21 Stock.

Report the total par value of the capital stock, both common and preferred, or its equivalent, issued by the corporation and outstanding.

Line Item 22 Surplus.

Enter the net amount formally transferred to or paid into the surplus account or its equivalent plus any amount received for preferred or common stock in excess of its par value on or before the date of the report.

Line Item 23 Retained earnings.

Report the total amount of the corporation's retained earnings (undivided profits) after transfers of net income, dividend distributions, transfers to surplus, and any other appropriate reductions. Also *include* any reserves for contingencies and other capital reserves, such as reserves for undeclared dividends or dividends payable in capital stock, reserves for retirement of preferred capital notes or dividend profits, and any reserve

for contingencies. This last item represents amounts set aside for possible unforeseen or indeterminate liabilities not otherwise reflected on the corporation's books and not covered by insurance—including, for example, amounts reserved for possible losses resulting from lawsuits, possible default on obligations on which the reporting organization is contingently liable, or other potential claims against the corporation. A reserve for contingencies should not include any element of known loss or losses, the amount of which can be estimated with reasonable accuracy.

Line Item 24 Accumulated other comprehensive income.

Report the accumulated balance of other comprehensive income in accordance with ASC Subtopic 220-10, Comprehensive Income—Overall (formerly FASB Statement No. 130, *Reporting Comprehensive Income*). “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. Include in this item net unrealized holding gains (losses) on available-for-sale debt securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, minimum pension liability adjustment (see FFIEC 031 Schedule RC, Item 26(b)).

Line Item 25 Other equity capital components.

Report the carrying value of any treasury stock and of any unearned Employee Stock Ownership Plan (ESOP) shares, which under generally accepted accounting principles are reported in a contra-equity account on the balance sheet. For further information, see the FFIEC 031 Glossary entry for “treasury stock,” and ASC Subtopic 718-40, Compensation—Stock Compensation—Employee Stock Ownership Plans (formerly AICPA Statement of Position 93-6, *Employers' Accounting for Employee Stock Ownership Plans*).

Line Item 26 Total equity capital.

Enter the sum of Items 21 through 25.

Line Item 27 Total liabilities and equity capital.

Enter the sum of Items 19, 20, and 26.

LINE ITEM INSTRUCTIONS FOR

Derivatives and Off-Balance-Sheet Items Schedule RC-L

General Instructions

This schedule must be completed by all Edge corporations and all agreement corporations.

References to the corresponding items in the FFIEC 031 instructions are contained in brackets.

Line Item Instructions

Line Item 1 Unused commitments on loans and all other lines of credit.

Include the amount outstanding of securitized extensions of credit to individuals for household, family, and other personal expenditures arising from bank credit cards and related plans.

Line Item 2 Unused commitments on securities underwriting.

[Schedule RC-L, item 1.d.]

Line Item 3 Financial standby letters of credit and foreign office guarantees.

[Schedule RC-L, item 2]

Line Item 4 Performance standby letters of credit and foreign office guarantees.

[Schedule RC-L, item 3]

Line Item 5 Commercial and similar letters of credit.

[Schedule RC-L, item 4]

Line Item 6 Not applicable.

Line Item 7 All other off-balance sheet liabilities.

Enter the total of all items for which the reporting corporation is contingently liable and which cannot be properly reported in other items of this schedule.

Line Item 8 Commitments to purchase foreign currencies and U.S. dollar exchange (spot, forward and futures).

Report the gross amount (stated in U.S. dollars) of all spot, forward and futures contracts that are outstanding as of the report date committing the reporting bank to purchase foreign (non-U.S.) currencies and U.S. dollar exchanges. For purposes of completing this item, U.S. dollar exchange refers to the amount of U.S. dollars purchased in connection with the sale of another currency. Effectively, then, report in this item the U.S. dollar equivalent of all currencies (whether U.S. or non-U.S. and whether local or nonlocal) that were purchased in exchange for another currency.

Line Item 9 All other futures and forward contracts (excluding contracts involving foreign exchange).

[Schedule RC-L, items 12.a and 12.b, columns A, C, and D]

Line Item 10 Option contracts:

Line Item 10(a) Written option contracts:

Line Item 10(a)(1) Interest rate contracts.

[Schedule RC-L, items 12.c.(1) and 12.d.(1), column A]

Line Item 10(a)(2) Foreign exchange contracts.

[Schedule RC-L, items 12.c.(1) and 12.d.(1), column B]

Line Item 10(a)(3) Equity derivative contracts.

[Schedule RC-L, items 12.c.(1) and 12.d.(1), column C]

Line Item 10(a)(4) Commodity and other contracts.

[Schedule RC-L, items 12.c.(1) and 12.d.(1), column D]

LINE ITEM INSTRUCTIONS FOR

Past Due and Nonaccrual Loans, Leases and Other Assets

Schedule RC-N

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

Examples of assets reportable as past due include, but are not limited to, the following:

General Instructions

This schedule must be completed by all Edge corporations and all agreement corporations.

The reporting corporation should report all loans, lease financing receivables and any other assets booked at the head office *and any consolidated offices* that are past due or are in nonaccrual status, regardless of whether such credits are secured or unsecured and regardless of whether they are guaranteed by others. Loan amounts should be reported held for investment to the extent that the same categories of loans are reported held for investment in Schedule RC-C. Report the *full* outstanding balances of loans or other assets that are past due or in nonaccrual status, not simply the delinquent payments. *Include* such assets as debt securities and interest-bearing balances due from depository institutions. *Exclude* other real estate owned and other repossessed assets, such as automobiles, boats, equipment, appliances, and similar personal property.

Institutions that have adopted ASU 2016-13, which governs the accounting for credit losses, should report financial assets without any deduction for allowance for credit losses.

Past Due

For the purposes of this report, grace periods allowed by the corporation after a loan technically has become past due but before the imposition of late charges are not to be considered in determining past due status. Furthermore, loans, lease financing receivables and

monthly payments. (Thirty days may be used as a proxy for a month.) 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 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) Amortizing real estate loans are to be reported as past due when the borrower is in arrears two or more monthly payments. (Reporters may use 30 days as a proxy for a month if they prefer.) Such 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.

1. (4) Single payment and demand notes 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. **principal and/or**

2. (5) Single payment notes 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.

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

For purposes of this report, a full payment in computing past due status for consumer installment loans (both closed-end and open-end) is defined to include a partial payment equivalent to 90 percent or more of the contractual payment.

(3) A loan or other asset on which interest and/or principal remains unpaid for 30 days or more and which the institution is in the process of renewing, extending, or modifying in a manner that would change required payment dates, should be reported as past due if the renewal, extension, or modification has not been executed and become effective.

due when the borrower is in arrears two or more

Schedule RC-N

Note: The time period used for reporting past due status as indicated above may not in all instances conform to those used by federal bank regulators in bank examinations.

Nonaccrual

For the purposes of this report, loans, lease financing receivables and any other assets are to be reported as being in nonaccrual status if: (1) they are maintained on a cash basis because of deterioration in the financial position of the borrower, (2) payment in full of interest or principal is not expected, or (3) principal or interest has been in default for a period of 90 days or more unless the obligation is both well-secured and in the process of collection. A nonaccrual asset may be restored to an accrual status when none of its principal or interest is due and unpaid or when it otherwise becomes well-secured and is in the process of collection.

For purposes of applying the third test for the nonaccrual of interest listed above, the date on which an asset reaches nonaccrual status is determined by its contractual terms. If the principal or interest on an asset becomes due and unpaid for 90 days or more on a date that falls between report dates, the asset should be placed in nonaccrual status as of the date it becomes 90 days past due and should remain in nonaccrual status until it meets the criteria for restoration to accrual status described above.

A debt 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 in full, or (2) by the guarantee of a financially responsible party. A debt is “in the process of collection” if collection of the debt is proceeding in due course either through legal action, including judgment enforcement procedures, or, in appropriate circumstances, through collection efforts that do not involve legal actions, provided they are reasonably expected to result in repayment of the debt or in its restoration to a current status.

~~For purposes of this report, a troubled debt restructuring is a restructuring of a loan in which the corporation, 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 report, 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. 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 corporation 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 corporation for the purpose of facilitating the disposal of such real estate is not considered a troubled debt restructuring.~~

Item Instructions

Report in Items 1 and 2 the full outstanding balances (not just delinquent payments) of loans, lease financing receivables and any other assets that are past due and upon which the corporation continues to accrue interest, as follows:

Line Item 1 Past due 30–89 days and still accruing.

Report any loans, lease financing receivables and any other assets that are past due 30–89 days (as defined above) and still accruing.

Line Item 2 Past due 90 days or more and still accruing.

Report the loans, lease financing receivables and any other assets as specified above on which payment is due and unpaid for 90 days or more.

Insert A

Loan Modifications to Borrowers Experiencing Financial Difficulty – For the purposes of this report, Edges should disclose modifications to borrowers experiencing financial difficulty if such modifications include principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, or a term extension (or a combination thereof).

Modified loans reported in this schedule should meet the definition of loan modifications to borrowers experiencing financial difficulty, as described in ASU 2022-02, which includes only those modifications which occurred in the previous 12 months. The amounts reported should include modifications that were accounted for as new loans in addition to modifications that were accounted for as a continuation of existing loans. For further information, see the FR Y-9C Glossary entry for "Loan Modification to Borrowers Experiencing Financial Difficulty."

DRAFT

Schedule RC-N

modifications to borrowers
experiencing financial difficulty

Exclude from Items 1 and 2 all loans, lease financing receivables and any other assets that are on a nonaccrual status.

Line Item 3 Nonaccrual.

Report the outstanding balances of loans, leases and other assets that are in nonaccrual status. However, restructured loans with a zero percent effective interest rate are not to be reported on this line as nonaccrual loans, leases and other assets.

Line Item 4 Total.

Enter the total of Items 1 through 3.

Memorandum Item 1 ~~Loans restructured in troubled debt restructurings included in Item 4 above.~~

Report the outstanding balances of loans ~~restructured in troubled debt restructurings~~ (as defined above) that under their modified terms are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in one or more lines of this schedule. Include all loans to individuals for household, family, and other personal expenditures and all loans secured by 1–4 family residential properties.

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LINE ITEM INSTRUCTIONS FOR

Risk-Based Capital Schedule RC-R

General Instructions

This schedule must be completed only by banking Edge corporations and banking agreement corporations.

Effective January 1, 1993, banking Edge corporations became subject to risk-based capital requirements under Section 211.12(c) of Regulation K. Banking Edge corporations must maintain a minimum total capital ratio to total risk-weighted assets of at least 10 percent, of which at least 50 percent must consist of Tier 1 capital. Banking Edge corporations must generally comply with Regulation Q's eligibility criteria for regulatory capital instruments. Please refer to the instructions on Schedule RC-R of the FFIEC 031 report for definitions of terms used in this schedule and for applicable transition provisions.

Line Item Instructions

Line Item 1 Tier 1 Capital allowable under Regulation Q.

Report the amount of Tier 1 capital, less deductions, as indicated below.

Tier 1 capital consists of:

- (1) common stockholders' equity capital and any related surplus;
- (2) retained earnings; and
- (3) additional tier 1 capital instruments and any related surplus; and

- (4) less goodwill and other disallowed intangible assets (except mortgage servicing assets), less deferred tax assets that arise from net operating loss and tax credit carryforwards net of any related valuation allowances, and less any accumulated other comprehensive income as reported under GAAP.

Line Item 2 Tier 2 Capital allowable under Regulation Q.

Report the amount of Tier 2 capital as described below.

Tier 2 capital consists of:

- (1) Tier 2 capital instruments and any related surplus; and
- (2) allowance for loan and lease losses or allowance for credit losses (up to a limit of 1.25% of total risk-weighted assets)

Line Item 3 Total capital (i.e., Tier 1 and Tier 2 capital) allowable under Regulation Q.

Report the sum of items 1 and 2 above.

Line Item 4 Total risk-weighted assets.

The total risk-weighted asset amount represents the aggregate of the corporation's assets and credit equivalent amounts of off-balance sheet items assigned to the respective risk categories set forth in Regulation Q.

Definitions

from sources outside the corporation. Only if the customer's domicile is not readily ascertainable from the reporter's own files, or from other sources, may the account address be used for determining whether a customer is "U.S." or "foreign."

Annuity

An investment product, typically underwritten by an insurance company, that pays either a fixed or variable payment stream over a specified period of time. Both proprietary and private label mutual funds and annuities are established in order to be marketed primarily to a corporation's customers.

Commercial Banks in the U.S.

For purposes of this report, a commercial bank is any legal entity chartered as a commercial bank and/or trust company by the U.S. or a unit of government of the U.S., or a private or industrial bank engaged in banking, and located in the U.S. (exclude any foreign branches thereof). For this report, include (unless specified separately) (1) U.S. agencies and branches of foreign banks; (2) Edge and agreement corporations that are organized under provisions of Section 25 or 25(a) of the Federal Reserve Act; and (3) investment companies engaged in banking and chartered under Article XII by the State of New York that are majority-owned by one or more foreign banks or by foreign official institutions.

Excess Balance Account

An excess balance account (EBA) is a limited-purpose account at a Federal Reserve Bank established for maintaining the excess balances of one or more depository institutions (participants) that are eligible to earn interest on balances held at the Federal Reserve Banks. An EBA is managed by another depository institution that has its own account at a Federal Reserve Bank (such as a participant's pass-through correspondent) and acts as an agent on behalf of the participants. Balances in an EBA represent a liability of a Federal Reserve Bank directly to the EBA participants and not to the agent. The Federal Reserve Banks pay interest on the average balance in the EBA over a 7-day maintenance period and the agent disburses that interest to each participant in accordance with the instructions of

the participant. Only a participant's excess balances may be placed in an EBA; the account balance cannot be used to satisfy the participant's reserve balance requirements or contractual clearing agreements.

The reporting of an EBA by participants and agents differs from the required reporting of a pass-through reserve relationship, which is described in the Definitions section for "pass-through reserve balances."

A participant's balance in an EBA is to be treated as a claim on a Federal Reserve Bank (not as a claim on the agent) and, as such, should be reported on the balance sheet in Schedule RC, item 1(b), "Interest-bearing balances" due from depository institutions. For risk-based capital purposes, the participant's balance in an EBA is accorded a zero percent risk weight. A participant should not include its balance in an EBA in Schedule RC, item 3, "Federal funds sold."

The balances in an EBA should not be reflected as an asset or a liability on the balance sheet of the depository institution that acts as the agent for the EBA. Thus, the agent should not include the balances in the EBA in Schedule RC, item 1(b), "Interest-bearing balances" due from depository institutions; Schedule RC, item 12(b), "Total Interest-bearing deposits"; or Schedule RC-A, item 4, "Balances due from Federal Reserve Banks."

Federal Funds Transactions

Provided below are definitions of various terms that are used in the instructions for Schedule RC, Item 3 and Item 13.

Immediately Available Funds

Funds that the purchasing corporation can either use or dispose of on the same business day that the transaction giving rise to the receipt of the funds is executed (or, in the case of lending resulting from previous commitments to lend, when the transaction giving rise to the disposal of funds is effective).

One-day Transactions

Transactions made on one business day to mature on the next business day, including those made on Friday