

**CALL REPORT**

**INSTRUCTION BOOK UPDATE**

**JUNE 2008**

## FILING INSTRUCTIONS

NOTE: The pages listed in the column below headed "Remove Pages" are no longer needed in the *Instructions for Preparation of Consolidated Reports of Condition and Income* and should be removed and discarded. The pages listed in the column headed "Insert Pages" are included in this instruction book update and should be filed promptly in your instruction book.

### Remove Pages

i – ii (3-08)  
RI-3 – RI-4 (3-08)  
RI-12a – RI-14 (6-07 and 3-08)  
RI-19 – RI-20a (3-08)  
RI-E-1 – RI-E-3 (3-08)  
RC-7 – RC-10b (3-06 and 3-07)  
RC-B-7 – RC-B-10 (9-06 and 3-08)  
RC-C-28a – RC-C-41 (3-01, 3-07, and 3-08)  
RC-O-1 – RC-O-9 (3-08)  
RC-R-31 – RC-R-32 (3-06)  
A-7 – A-8 (3-06)

### Insert Pages

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RI-3 – RI-4 (6-08)  
RI-12a – RI-14 (6-08)  
RI-19 – RI-20b (6-08)  
RI-E-1 – RI-E-3 (6-08)  
RC-7 – RC-10b (6-08)  
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# Instructions for Preparation of Consolidated Reports of Condition and Income (FFIEC 031 and 041)

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**Item No.    Caption and Instructions**

- 1.a**  
(cont.)
- (6) Interest income earned on loans that are reported at fair value under a fair value option.
- Exclude from interest and fee income on loans:
- (1) Fees for servicing real estate mortgages or other loans that are not assets of the bank (report in Schedule RI, item 5.f, "Net servicing fees").
  - (2) Charges to merchants for the bank's handling of credit card or charge sales when the bank does not carry the related loan accounts on its books (report as "Other noninterest income" in Schedule RI, item 5.l). Banks may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.
  - (3) Loan origination fees, direct loan origination costs, and purchase premiums and discounts on loans held for sale, all of which should be deferred until the loan is sold (rather than amortized). The net fees or costs and purchase premium or discount are part of the recorded investment in the loan. When the loan is sold, the difference between the sales price and the recorded investment in the loan is the gain or loss on the sale of the loan. See exclusion (4) below.
  - (4) Net gains (losses) from the sale of all assets reportable as loans (report in Schedule RI, item 5.i, "Net gains (losses) on sales of loans and leases"). Refer to the Glossary entry for "transfers of financial assets."
  - (5) Reimbursements for out-of-pocket expenditures (e.g., for the purchase of fire insurance on real estate securing a loan) made by the bank for the account of its customers. If the bank's expense accounts were charged with the amount of such expenditures, the reimbursements should be credited to the same expense accounts.
  - (6) Transaction or per item charges levied against deposit accounts for the processing of checks drawn against insufficient funds that the bank assesses regardless of whether it decides to pay, return, or hold the check, so-called "NSF check charges" (report as "Service charges on deposit accounts (in domestic offices)," in Schedule RI, item 5.b, or, if levied against deposit accounts in foreign offices, as "Other noninterest income" in Schedule RI, item 5.l). See inclusion (5) above.
  - (7) Interchange fees earned from credit card transactions (report as "Other noninterest income" in Schedule RI, item 5.l).

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

- **1.a.(1)**    **Interest and fee income on loans in domestic offices.** Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all loans in domestic offices reportable in Schedule RC-C, part I, items 1 through 9, column B.
- 1.a.(1)**    **1.a.(1)(a)**    **Interest and fee income on loans secured by real estate:**

## FFIEC 041 FFIEC 031

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

- 1.a.(1)(a) 1.a.(1)(a)(1) Interest and fee income on loans secured by 1-4 family residential properties.** Report all interest, fees, and similar charges levied against or associated with all loans secured by 1-4 family residential properties (in domestic offices) reportable in Schedule RC-C, part I, item 1.c, column B.
- 1.a.(1)(b) 1.a.(1)(a)(2) Interest and fee income on all other loans secured by real estate.** Report all interest, fees, and similar charges levied against or associated with all loans secured by real estate (in domestic offices) reportable in Schedule RC-C, part I, items 1.a, 1.b, 1.d, and 1.e, column B. Include interest and fee income on loans secured by 1-4 family residential construction loans, but exclude such income on all other loans secured by 1-4 family residential properties.
- 1.a.(1)(b) Interest and fee income on loans to finance agricultural production and other loans to farmers.** Report all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 3, "Loans to finance agricultural production and other loans to farmers."
- 1.a.(2) 1.a.(1)(c) Interest and fee income on commercial and industrial loans.** Report all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 4, "Commercial and industrial loans."
- 1.a.(3) 1.a.(1)(d) Interest and fee income on loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem all interest, fees, and similar charges levied against or associated with all loans (in domestic offices) reportable in Schedule RC-C, part I, item 6, "Loans to individuals for household, family, and other personal expenditures."
- 1.a.(3)(a) 1.a.(1)(d)(1) Interest and fee income on credit cards.** Report all interest, fees, and similar charges levied against or associated with all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards (in domestic offices) reportable in Schedule RC-C, part I, item 6.a, "Credit cards." Include in this item any reversals of uncollectible credit card fees and finance charges and any additions to a contra-asset account for uncollectible credit card fees and finance charges that the bank maintains and reports separately from its allowance for loan and lease losses.
- Exclude annual or other periodic fees paid by holders of credit cards issued by the bank (report in Schedule RI, item 5.I, "Other noninterest income").
- 1.a.(3)(b) 1.a.(1)(d)(2) Interest and fee income on other loans to individuals for household, family, and other personal expenditures.** Report all interest, fees, and similar charges levied against or associated with all other loans to individuals for household, family, and other personal expenditures (in domestic offices) reportable in Schedule RC-C, part I, item 6.b, "Other revolving credit plans," and item 6.c, "Other consumer loans."

**Item No.    Caption and Instructions**

**5.f        Net servicing fees.** Report income from servicing real estate mortgages, credit cards, and other financial assets held by others. Report any premiums received in lieu of regular servicing fees on such loans only as earned over the life of the loans. For servicing assets and liabilities measured under the amortization method, banks should report servicing income net of the related servicing assets' amortization expense, include impairments recognized on servicing assets, and also include increases in servicing liabilities recognized when subsequent events have increased the fair value of the liability above its carrying amount. For servicing assets and liabilities remeasured at fair value under the fair value option, include changes in the fair value of these servicing assets and liabilities. For further information on servicing, see the Glossary entry for "servicing assets and liabilities."

**5.g        Net securitization income.** Report net gains (losses) on assets sold in the bank's own securitization transactions, i.e., net of transaction costs. Include unrealized losses (and recoveries of unrealized losses) on loans and leases held for sale in the bank's own securitization transactions. Report fee income from securitizations, securitization conduits, and structured finance vehicles, including fees for providing administrative support, liquidity support, interest rate risk management, credit enhancement support, and any additional support functions as an administrative agent, liquidity agent, hedging agent, or credit enhancement agent. Include all other fees (other than servicing fees and commercial paper placement fees) earned from the bank's securitization and structured finance transactions.

Exclude income from servicing securitized assets (report in Schedule RI, item 5.f, above), fee income from the placement of commercial paper (report in Schedule RI, item 5.d.(2), above), and income from seller's interests and residual interests retained by the bank (report in the appropriate subitem of Schedule RI, item 1, "Interest income"). Also exclude net gains (losses) on loans sold to -- and unrealized losses (and recoveries of unrealized losses) on loans and leases held for sale to -- a government-sponsored agency or another institution that in turn securitizes the loans (report in Schedule RI, item 5.i, "Net gains (losses) on sales of loans and leases").

**5.h        Not applicable.**

**5.i        Net gains (losses) on sales of loans and leases.** Report the amount of net gains (losses) on sales and other disposals of loans and leases (reportable in Schedule RC-C), including unrealized losses (and subsequent recoveries of such net unrealized losses) on loans and leases held for sale. Exclude net gains (losses) on loans and leases sold in the bank's own securitization transactions and unrealized losses (and recoveries of unrealized losses) on loans and leases held for sale in the bank's own securitization transactions (report these gains (losses) in Schedule RI, item 5.g, "Net securitization income").

**5.j        Net gains (losses) on sales of other real estate owned.** Report the amount of net gains (losses) on sales and other disposals of other real estate owned (reportable in Schedule RC, item 7), increases and decreases in the valuation allowance for foreclosed real estate, and write-downs of other real estate owned subsequent to acquisition (or physical possession) charged to expense. Do not include as a loss on other real estate owned any amount charged to the allowance for loan and lease losses at the time of foreclosure (actual or physical possession) for the difference between the carrying value of a loan and the fair value less cost to sell of the foreclosed real estate.

**Item No.    Caption and Instructions**

**5.k        Net gains (losses) on sales of other assets (excluding securities).** Report the amount of net gains (losses) on sales and other disposals of assets not required to be reported elsewhere in the income statement (Schedule RI). Include net gains (losses) on sales and other disposals of premises and fixed assets; personal property acquired for debts previously contracted (such as automobiles, boats, equipment, and appliances); and coins, art, and other similar assets. Do not include net gains (losses) on sales and other disposals of loans and leases (either directly or through securitization), other real estate owned, securities, and trading assets (report these net gains (losses) in the appropriate items of Schedule RI).

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

Disclose in Schedule RI-E, items 1.a through 1.j, each component of other noninterest income, and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the other noninterest income reported in this item. If net losses have been reported in this item for a component of "Other noninterest income," use the absolute value of such net losses to determine whether the amount of the net losses is greater than \$25,000 and exceeds 3 percent of "Other noninterest income" and should be reported in Schedule RI-E, item 1. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.)

Preprinted captions have been provided in Schedule RI-E, items 1.a through 1.g, for reporting the following components of other noninterest income if the component exceeds this disclosure threshold: income and fees from the printing and sale of checks, earnings



**Item No.    Caption and Instructions**

**5.I**  
(cont.)    on/increase in value of cash surrender value of life insurance, income and fees from automated teller machines (ATMs), rent and other income from other real estate owned, safe deposit box rent, net change in the fair values of financial instruments accounted for under a fair value option, and bank card and credit card interchange fees. For each component of other noninterest income that exceeds this disclosure threshold for which a preprinted caption has not been provided, describe the component with a clear but concise caption in Schedule RI-E, items 1.h through 1.j. These descriptions should not exceed 50 characters in length (including spacing between words).

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

Include as other noninterest income:

- (1) Service charges, commissions, and fees for such services as:
  - (a) The rental of safe deposit boxes.
  - (b) The safekeeping of securities for other depository institutions (if the income for such safekeeping services is not included in Schedule RI, item 5.a, "Income from fiduciary activities").
  - (c) The sale of bank drafts, money orders, cashiers' checks, and travelers' checks.
  - (d) The collection of utility bills, checks, notes, bond coupons, and bills of exchange.
  - (e) The redemption of U.S. savings bonds.
  - (f) The handling of food stamps and the U.S. Treasury Tax and Loan Account, including fees received in connection with the bank's issuance of interest-bearing demand notes.
  - (g) The execution of acceptances and the issuance of commercial letters of credit, standby letters of credit, deferred payment letters of credit, and letters of credit issued for cash or its equivalent. Exclude income on bankers acceptances and trade acceptances (report such income in the appropriate subitem of Schedule RI, item 1.a, "Interest and fee income on loans," or in Schedule RI, item 1.e, "Interest income from trading assets," as appropriate).
  - (h) The notarizing of forms and documents.
  - (i) The negotiation or management of loans from other lenders for customers or correspondents.
  - (j) The providing of consulting and advisory services to others. Exclude income from investment advisory services, which is to be reported in Schedule RI, item 5.d.(2).

**Item No.    Caption and Instructions**

- 5.I**            (k) The use of the bank's automated teller machines or remote service units by  
(cont.)            depositors of other depository institutions.
- (2) Income and fees from the sale and printing of checks.
- (3) Gross rentals and other income from all real estate reportable in Schedule RC, item 7, "Other real estate owned."
- (4) Earnings on or other increases in the value of the cash surrender value of bank-owned life insurance policies.
- (5) Annual or other periodic fees paid by holders of credit cards issued by the bank. Fees that are periodically charged to cardholders shall be deferred and recognized on a straight-line basis over the period the fee entitles the cardholder to use the card.
- (6) Charges to merchants for the bank's handling of credit card or charge sales when the bank does not carry the related loan accounts on its books. Banks may report this income net of the expenses (except salaries) related to the handling of these credit card or charge sales.
- (7) Interchange fees earned from bank card and credit card transactions.
- (8) Gross income received for performing data processing services for others. Do not deduct the expense of performing such services for others (report in the appropriate items of noninterest expense).
- (9) Loan commitment fees that are recognized during the commitment period (i.e., fees retrospectively determined and fees for commitments where exercise is remote) or included in income when the commitment expires and loan syndication fees that are not required to be deferred. Refer to the Glossary entry for "loan fees" for further information.
- (10) On the FFIEC 031 only, service charges on deposit accounts in foreign offices.
- (11) Net tellers' overages (shortages), net recoveries (losses) on forged checks, net recoveries (losses) on payment of checks over stop payment orders, and similar recurring operating gains (losses) of this type. Banks should consistently report these gains (losses) either in this item or in Schedule RI, item 7.d.
- (12) Net gains (losses) from the sale or other disposal of branches (i.e., where the reporting bank sells a branch's assets to another depository institution, which assumes the deposit liabilities of the branch). Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.d.
- (13) Net gains (losses) from all transactions involving foreign currency or foreign exchange other than trading transactions. Banks should consistently report these net gains (losses) either in this item or in Schedule RI, item 7.d.
- (14) Rental fees applicable to operating leases for furniture and equipment rented to others.

**Item No.    Caption and Instructions****7.b**  
(cont.)Exclude from expenses of premises and fixed assets:

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

**7.c.(1)**

**Goodwill impairment losses.** Report any impairment losses recognized during the period on goodwill (as defined for Schedule RC, item 10.a). Exclude the amortization expense of and any impairment losses on any unidentifiable intangible assets recorded in accordance with FASB Statement No. 72 (report such amortization expense and impairment losses in Schedule RI, item 7.c.(2)). Also exclude goodwill impairment losses associated with discontinued operations (report such losses on a net-of-tax basis in Schedule RI, item 11, "Extraordinary items and other adjustments, net of income taxes").

If the reporting bank is not a subsidiary of a bank holding company or other company, goodwill must be tested for impairment at the reporting unit level as determined by the bank in accordance with FASB Statement No. 142. If the reporting bank is a subsidiary of a bank holding company or other company, all goodwill recognized by the bank in its Reports of Condition and Income, which are financial statements prepared in accordance with generally accepted accounting principles, should be accounted for in accordance with FASB Statement No. 142 and these instructions. In this situation, the bank's goodwill must be tested for impairment at the bank level using the bank's reporting units. For impairment testing purposes, the bank itself may be a reporting unit.

Goodwill is considered impaired when the amount of goodwill exceeds its implied fair value at the reporting unit level. If the carrying amount of reporting unit goodwill exceeds its implied fair value, an impairment loss must be recognized in earnings in an amount equal to that excess and reported in this item. The loss recognized cannot exceed the carrying amount of the reporting unit's goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill shall be its new accounting basis. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is completed.

Goodwill of a reporting unit must be tested for impairment annually and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Examples of such events or circumstances include a significant adverse change in the business climate, unanticipated competition, a loss of key personnel, and an expectation that a reporting unit or a significant

**Item No.    Caption and Instructions**

**7.c.(1)**    portion of a reporting unit will be sold or otherwise disposed of. In addition, goodwill must be tested for impairment after a portion of goodwill has been allocated to a business to be disposed of.  
(cont.)

When a reporting unit is to be disposed of in its entirety, goodwill of that reporting unit must be included in the carrying amount of the reporting unit in determining the gain or loss on disposal. When a portion of a reporting unit that constitutes a business is to be disposed of, goodwill associated with that business must be included in the carrying amount of the business in determining the gain or loss on disposal. Otherwise, a bank may not remove goodwill from its balance sheet, for example, by "selling" or "dividending" this asset to its parent holding company or another affiliate.

Until interpretive guidance concerning the application of the purchase method of accounting for business combinations between two or more mutual institutions is issued by the FASB and takes effect, mutual institutions must continue to amortize goodwill over its estimated useful life, generally not to exceed 25 years, and test goodwill for impairment in accordance with APB Opinion No. 17. Mutual institutions should report goodwill amortization expense and any goodwill impairment losses in this item.

**7.c.(2)**    **Amortization expense and impairment losses for other intangible assets.** Report the amortization expense of and any impairment losses on "Other intangible assets" (as defined for Schedule RC, item 10.b). Under FASB Statement No. 142, intangible assets that have indefinite useful lives should not be amortized but must be tested at least annually for impairment. Intangible assets that have finite useful lives must be amortized over their useful lives and must be reviewed for impairment in accordance with FASB Statement No. 144.

Include in this item the amortization expense of and any impairment losses on any unidentifiable intangible assets recorded in accordance with FASB Statement No. 72. However, exclude the amortization expense of and any impairment losses on servicing assets, which should be netted against the servicing income reported in Schedule RI, item 5.f, "Net servicing fees," above.

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

Disclose in Schedule RI-E, items 2.a through 2.n, each component of other noninterest expense, and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the other noninterest expense reported in this item. If net gains have been reported in this item for a component of "Other noninterest expense," use the absolute value of such net gains to determine whether the amount of the net gains is greater than \$25,000 and exceeds 3 percent of "Other noninterest expense" and should be reported in Schedule RI-E, item 2. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.)

Preprinted captions have been provided in Schedule RI-E, items 2.a through 2.k, for reporting the following components of other noninterest expense if the component exceeds this disclosure threshold: data processing expenses; advertising and marketing expenses; directors' fees; printing, stationery, and supplies; postage; legal fees and expenses; FDIC

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

**7.d**  
(cont.)    deposit insurance assessments; accounting and auditing expenses; consulting and advisory expenses; automated teller machine (ATM) and interchange expenses; and telecommunications expenses. For each component of other noninterest expense that exceeds this disclosure threshold for which a preprinted caption has not been provided, describe the component with a clear but concise caption in Schedule RI-E, items 2.l through 2.n. These descriptions should not exceed 50 characters in length (including spacing between words).

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

Include as other noninterest expense:

- (1) Fees paid to directors and advisory directors for attendance at board of directors' or committee meetings (including travel and expense allowances).
- (2) Cost of data processing services performed for the bank by others.
- (3) Advertising, promotional, public relations, marketing, and business development expenses. Such expenses include the cost of athletic activities in which officers and employees participate when the purpose may be construed to be for marketing or public relations, and employee benefits are only incidental to the activities.
- (4) Cost of gifts or premiums (whether in the form of merchandise, credit, or cash) given to depositors at the time of the opening of a new account or an addition to, or renewal of, an existing account, if not included in advertising and marketing expenses above.
- (5) Retainer fees, legal fees, and other fees and expenses paid to attorneys who are not bank officers or employees and to outside law firms.
- (6) Cost of printing, stationery, and office supplies.
- (7) Postage and mailing expenses.
- (8) Telecommunications expenses, including any expenses associated with telephone, telegraph, cable, and internet services (including web page maintenance).
- (9) Federal deposit insurance assessments and Financing Corporation (FICO) assessments.
- (10) Premiums on fidelity insurance (blanket bond, excess employee dishonesty bond), directors' and officers' liability insurance, and life insurance policies for which the bank is the beneficiary.
- (11) Assessment expense, examination expense, and other fees levied by the Comptroller of the Currency or a state chartering authority, net of any assessment credits during the period.

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

- 7.d**  
(cont.)
- (12) Legal fees and other direct costs incurred to effect foreclosures on real estate and subsequent noninterest expenses related to holdings of real estate owned other than bank premises (including depreciation charges, if appropriate).
  - (13) Net losses (gains) from the sale or other disposal of branches (i.e., where the reporting bank sells a branch's assets to another depository institution, which assumes the deposit liabilities of the branch). Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.I.
  - (14) Net losses (gains) from all transactions involving foreign currency or foreign exchange other than trading transactions. Banks should consistently report these net losses (gains) either in this item or in Schedule RI, item 5.I.
  - (15) Management fees assessed by the bank's parent holding company, whether for specific services rendered or of a general (prorated) nature.

## SCHEDULE RI-E – EXPLANATIONS

### General Instructions

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis. On those lines for which your bank must provide a description of the amount being reported, the description should not exceed 50 characters (including punctuation and spacing between words). If additional space is needed to complete a description, item 7 of this schedule may be used.

### Item Instructions

#### Item No.    Caption and Instructions

- 1**        **Other noninterest income.** Disclose in items 1.a through 1.j each component of Schedule RI, item 5.l, "Other noninterest income," and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the "Other noninterest income." If net losses have been reported in Schedule RI, item 5.l, for a component of "Other noninterest income," use the absolute value of such net losses to determine whether the amount of the net losses is greater than \$25,000 and exceeds 3 percent of "Other noninterest income" and should be reported in this item. (The absolute value refers to the magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.) If net losses are reported in this item, enclose the amount in parentheses.

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

- Item 1.a, "Income and fees from the printing and sale of checks,"
- Item 1.b, "Earnings on/increase in value of cash surrender value of life insurance,"
- Item 1.c, "Income and fees from automated teller machines (ATMs),"
- Item 1.d, "Rent and other income from other real estate owned,"
- Item 1.e, "Safe deposit box rent,"
- Item 1.f, "Net change in the fair values of financial instruments accounted for under a fair value option," and
- Item 1.g, "Bank card and credit card interchange fees."

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

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

- 2**        **Other noninterest expense.** Disclose in items 2.a through 2.n each component of Schedule RI, item 7.d, "Other noninterest expense," and the dollar amount of such component, that is greater than \$25,000 and exceeds 3 percent of the "Other noninterest expense." If net gains have been reported in Schedule RI, item 7.d, for a component of "Other noninterest expense," use the absolute value of such net gains to determine whether the amount of the net gains is greater than \$25,000 and exceeds 3 percent of "Other noninterest expense" and should be reported in this item. (The absolute value refers to the

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**2**            magnitude of the dollar amount without regard to whether the amount represents net gains or net losses.) If net gains are reported in this item, enclose the amount in parentheses.

(cont.)

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

- Item 2.a, "Data processing expenses,"
- Item 2.b, "Advertising and marketing expenses,"
- Item 2.c, "Directors' fees,"
- Item 2.d, "Printing, stationery, and supplies,"
- Item 2.e, "Postage,"
- Item 2.f, "Legal fees and expenses,"
- Item 2.g, "FDIC deposit insurance assessments,"
- Item 2.h, "Accounting and auditing expenses,"
- Item 2.i, "Consulting and advisory expenses,"
- Item 2.j, "Automated teller machine (ATM) and interchange expenses," and
- Item 2.k, "Telecommunications expenses."

Include in "Telecommunications expenses" any expenses associated with telephone, telegraph, cable, and internet services (including web page maintenance).

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

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

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

If an extraordinary item or other adjustment is a loss or otherwise reduces the bank's income, enclose the dollar amount reported in parentheses. If an applicable income tax effect is a tax benefit (rather than a tax expense), enclose the dollar amount reported in parentheses.

**4**            **Restatements due to corrections of material accounting errors and changes in accounting principles.** List and briefly describe in items 4.a and 4.b the dollar amount of each correction of a material accounting error and cumulative effect of a change in accounting principles, net of applicable income taxes, that is included in Schedule RI-A, item 2. If Schedule RI-A, item 2, includes more than two accounting error corrections and accounting principle changes, report the additional corrections and cumulative effects in Schedule RI-E, item 7, below.

If an accounting error correction or a cumulative effect of an accounting principle change represents a reduction of the bank's equity capital, enclose the dollar amount reported in parentheses.



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- 5**        **Other transactions with 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 bank's parent holding company 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 bank's parent holding company is to reduce the bank's equity capital, enclose the dollar amount reported in parentheses.
- 6**        **Adjustments to allowance for loan and lease losses.** List and briefly describe in items 6.a and 6.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.
- If the effect of an adjustment is to reduce the bank's allowance for loan and lease losses, enclose the dollar amount reported in parentheses.
- 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 Report of Income. The bank's other explanations must not exceed 750 characters, including punctuation and standard spacing between words and sentences.

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- 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." 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, "Balance end of current period."
- 4.d    Loans and leases, net of unearned income and allowance.** Report the amount derived by subtracting Schedule RC, item 4.c, from Schedule RC, item 4.b.
- 5       Trading assets.** 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; or (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes. Assets and other financial instruments held for trading shall be consistently valued at fair value.

Pursuant to FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," all securities within the scope of FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," that a bank has elected to report at fair value under a fair value option with changes in fair value reported in current earnings should be classified as trading securities. In addition, for purposes of these reports, banks may classify assets (other than securities within the scope of FASB Statement No. 115 for which a fair value option is elected) as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a bank would generally not classify a loan to which it has applied the fair value option as a trading asset unless the bank holds the loan, which it manages as a trading position, for one of the following purposes: (1) for market making activities, including such activities as accumulating loans for sale or securitization; (2) to benefit from actual or expected price movements; or (3) to lock in arbitrage profits.

Do not include in this item the carrying value of any available-for-sale securities, any loans that are held for sale (and are not classified as trading in accordance with the preceding instruction), and any leases that are held for sale. Available-for-sale securities are reported in Schedule RC, item 2.b, and in Schedule RC-B, columns C and D. Loans (not classified as trading) and leases held for sale should be reported in Schedule RC, item 4.a, "Loans and leases held for sale," and in Schedule RC-C.

Trading assets also include derivatives with a positive fair value resulting from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes as of the report date. Derivative contracts with the same counterparty that have positive fair values and negative fair values and meet the criteria for a valid right of setoff contained in FASB Interpretation No. 39 (e.g., those contracts subject

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

For those banks that must complete Schedule RC-D, this item must equal Schedule RC-D, item 12, "Total trading assets," and Schedule RC-Q, item 2, column A.

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

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

Include as premises and fixed assets:

- (1) Premises that are actually owned and occupied (or to be occupied, if under construction) by the bank, its branches, or its consolidated subsidiaries.
- (2) Leasehold improvements, vaults, and fixed machinery and equipment.
- (3) Remodeling costs to existing premises.
- (4) Real estate acquired and intended to be used for future expansion.
- (5) Parking lots that are used by customers or employees of the bank, its branches, and its consolidated subsidiaries.
- (6) Furniture, fixtures, and movable equipment of the bank, its branches, and its consolidated subsidiaries.
- (7) Automobiles, airplanes, and other vehicles owned by the bank and used in the conduct of its business.
- (8) The amount of capital lease property (with the bank as lessee): premises, furniture, fixtures, and equipment. See the discussion of accounting with bank as lessee in the Glossary entry for "lease accounting."
- (9) Stocks and bonds issued by nonmajority-owned corporations whose principal activity is the ownership of land, buildings, equipment, furniture, or fixtures occupied or used (or to be occupied or used) by the bank, its branches, or its consolidated subsidiaries.

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- 6**            Exclude from premises and fixed assets:  
(cont.)
- (1) Original paintings, antiques, and similar valuable objects (report in Schedule RC-F, item 6, "All other assets").
- (2) Favorable leasehold rights (report in Schedule RC, item 10.b, "Other intangible assets").
- Property formerly but no longer used for banking may be reported either in this item as "Premises and fixed assets" or in Schedule RC-M, item 3.b, as "All other real estate owned."
- 7**            **Other real estate owned.** Report the total amount of other real estate owned from Schedule RC-M, item 3.c. For further information on other real estate owned, see the instruction to Schedule RC-M, item 3, and the Glossary entry for "foreclosed assets."
- 8**            **Investments in unconsolidated subsidiaries and associated companies.** Report the total amount of the bank's investments in unconsolidated subsidiaries and associated companies from Schedule RC-M, item 4.c. For further information on unconsolidated subsidiaries and associated companies, see the instruction to Schedule RC-M, item 4.
- 9**            Not applicable.
- 10**           **Intangible assets:**
- 10.a**        **Goodwill.** Report the carrying amount of goodwill. Goodwill represents the excess of the cost of a company over the sum of the fair values of the tangible and identifiable intangible assets acquired less the fair value of liabilities assumed in a business combination accounted for as a purchase.
- Goodwill should not be amortized, but must be tested for impairment as described in the instructions to Schedule RI, item 7.c.(1), "Goodwill impairment losses." However, until interpretive guidance concerning the application of the purchase method of accounting for business combinations between two or more mutual institutions is issued by the FASB and takes effect, goodwill acquired in a combination between two or more mutual enterprises must continue to be amortized over its estimated useful life, generally not to exceed 25 years, and tested for impairment in accordance with APB Opinion No. 17.
- Exclude unidentifiable intangible assets recorded in accordance with FASB Statement No. 72 (report such intangible assets in Schedule RC, item 10.b, "Other intangible assets.")
- 10.b**        **Other intangible assets.** Report the total amount of intangible assets other than goodwill from Schedule RC-M, item 2.d. For further information on intangible assets, see the instruction to Schedule RC-M, item 2.
- 11**           **Other assets.** Report the amount from Schedule RC-F, item 7, "Total."
- 12**           **Total assets.** Report the sum of items 1 through 11. This item must equal Schedule RC, item 29, "Total liabilities, minority interest, and equity capital."

## LIABILITIES

### Item No.    Caption and Instructions

**13**            **Deposits.** (For a discussion of noninterest-bearing and interest-bearing deposits, see the Glossary entry for "deposits.")

**13.a**            **In domestic offices.** Report the total of all deposits in domestic offices of the reporting bank. This item must equal the sum of Schedule RC-E, (part I), item 7, columns A and C.

This item must also equal the sum of items 13.a.(1) and 13.a.(2) below.

**13.a.(1)**        **Noninterest-bearing.** On the FFIEC, 041, report the total of all noninterest-bearing deposits included in Schedule RC-E, Deposit Liabilities. On the FFIEC 031, report the total of all noninterest-bearing deposits in domestic offices included in Schedule RC-E, part I, Deposits in Domestic Offices. Noninterest-bearing deposits include total demand deposits and noninterest-bearing time and savings deposits.

**13.a.(2)**        **Interest-bearing.** On the FFIEC 041, report the total of all interest-bearing deposits included in Schedule RC-E, Deposit Liabilities. On the FFIEC 031, report the total of all interest-bearing deposits in domestic offices included in Schedule RC-E, part I, Deposits in Domestic Offices.

NOTE: Items 13.b, 13.b.(1), and 13.b.(2) are applicable only to banks filing the FFIEC 031 report form.

**13.b**            **In foreign offices, Edge and Agreement subsidiaries, and IBFs.** Report the total of all deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs. This item must equal the amount reported in Schedule RC-E, part II, item 6, "Total."

This item must also equal the sum of items 13.b.(1) and 13.b.(2) below.

**13.b.(1)**        **Noninterest-bearing.** Report the total of all noninterest-bearing deposits in foreign offices reported in Schedule RC-E, part II, Deposits in Foreign Offices.

**13.b.(2)**        **Interest-bearing.** Report the total of all interest-bearing deposits in foreign offices reported in Schedule RC-E, part II, Deposits in Foreign Offices.

**14**            **Federal funds purchased and securities sold under agreements to repurchase:**

**14.a**            **Federal funds purchased (in domestic offices).** Report the outstanding amount of federal funds purchased, i.e., immediately available funds borrowed (in domestic offices) under agreements or contracts that have an original maturity of one business day or roll over under a continuing contract, excluding such funds borrowed in the form of securities sold under agreements to repurchase (which should be reported in Schedule RC, item 14.b) and Federal Home Loan Bank advances (which should be reported in Schedule RC, item 16). Transactions that are to be reported as federal funds purchased may be secured or unsecured or may involve an agreement to repurchase loans or other instruments that are not securities.

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

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

**14.a**  
(cont.)    Report federal funds purchased on a gross basis; i.e., do not net them against federal funds sold, except to the extent permitted under FASB Interpretation No. 39. Include the fair value of federal funds purchased that are accounted for at fair value under a fair value option.

Also exclude from federal funds purchased:

- (1) Purchases of so-called "term federal funds" (as defined in the Glossary entry for "federal funds transactions") (report in Schedule RC, item 16, "Other borrowed money").
- (2) Security repurchase agreements that have an original maturity of one business day or roll over under a continuing contract, if the agreement requires the bank to repurchase the identical security sold or a security that meets the definition of substantially the same in the case of a dollar roll (report in Schedule RC, item 14.b, "Securities sold under agreements to repurchase").
- (3) Borrowings from a Federal Home Loan Bank or a Federal Reserve Bank (report those in the form of securities repurchase agreements in Schedule RC, item 14.b, and all other borrowings in Schedule RC, item 16).
- (4) Borrowing 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 repurchase agreements (report in Schedule RC, item 16).

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

**14.b**    **Securities sold under agreements to repurchase.** Report the outstanding amount of:

- (1) Securities repurchase agreements, regardless of maturity, if the agreement requires the bank to repurchase the identical security sold or a security that meets the definition of substantially the same in the case of a dollar roll.
- (2) Sales of participations in pools of securities, regardless of maturity.

Report securities sold under agreements to repurchase on a gross basis, i.e., do not net them against securities purchased under agreements to resell, except to the extent permitted under FASB Interpretation No. 41. Include the fair value of securities sold under agreements to repurchase that are accounted for at fair value under a fair value option.

Exclude from this item:

- (1) Repurchase agreements involving assets other than securities (report in Schedule RC, item 14.a, "Federal funds purchased," or item 16, "Other borrowed money," as appropriate, depending on the maturity and office location of the transaction).
- (2) Borrowings from a Federal Home Loan Bank or a Federal Reserve Bank other than in the form of securities repurchase agreements (report in Schedule RC, item 16).
- (3) Obligations under due bills that resulted when the bank sold securities or other assets and received payment, but has not yet delivered the assets, and similar obligations, whether collateralized or uncollateralized (report in Schedule RC, item 16). See the Glossary entry for "due bills."

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

- 14.b**            (4) So-called yield maintenance dollar repurchase agreements (see the Glossary entry for  
(cont.)            "repurchase/resale agreements").

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

- 15**            **Trading liabilities.** Report the amount of liabilities from the reporting bank's trading activities. Include liabilities resulting from sales of assets that the reporting bank does not own (see the Glossary entry for "short position") and revaluation losses from the "marking to market" of interest rate, foreign exchange rate, equity, and commodity and other derivative contracts into which the reporting bank has entered for trading, dealer, customer accommodation, and similar purposes. In addition, for purposes of these reports, banks may classify liabilities as trading if the bank applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets as trading positions, subject to the controls and applicable regulatory guidance related to trading activities.

For those banks that must complete Schedule RC-D, Trading Assets and Liabilities, the amount reported in this item must equal Schedule RC-D, item 15, and Schedule RC-Q, item 5, column A.

- 16**            **Other borrowed money.** Report the amount from Schedule RC-M, item 5.c.

**17**            Not applicable.

**18**            Not applicable.

- 19**            **Subordinated notes and debentures.** Report the amount of subordinated notes and debentures (including mandatory convertible debt). Include the fair value of subordinated notes and debentures that are accounted for at fair value under a fair value option. (See the Glossary entry for "subordinated notes and debentures" for the definition of this term.) Also include the amount of outstanding limited-life preferred stock including any amounts received in excess of its par or stated value. (See the Glossary entry for "preferred stock" for the definition of limited-life preferred stock.)



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- 4.b**        Other mortgage-backed securities include:  
(cont.)
- (1) All classes of collateralized mortgage obligations (CMOs) and real estate mortgage investments conduits (REMICs).
  - (2) CMO and REMIC residuals and similar interests.
  - (3) Stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).
  - (4) Mortgage-backed commercial paper.
- 4.b.(1)**    **Issued or guaranteed by FNMA, FHLMC, or GNMA.** Report in the appropriate columns the amortized cost and fair value of all classes of CMOs and REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA). For purposes of these reports, also include REMICs issued by the U.S. Department of Veterans Affairs (VA) in this item.
- 4.b.(2)**    **Other mortgage-backed securities collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA.** Report in the appropriate columns the amortized cost and fair value of all classes of CMOs, REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral consists of GNMA (Ginnie Mae) pass-throughs, FNMA (Fannie Mae) pass-throughs, FHLMC (Freddie Mac) participation certificates, or other mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.
- 4.b.(3)**    **All other mortgage-backed securities.** Report in the appropriate columns the amortized cost and fair value of all CMOs, REMICs, CMO and REMIC residuals, stripped mortgage-backed securities, and mortgage-backed commercial paper issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral does not consist of GNMA (Ginnie Mae) pass-throughs, FNMA (Fannie Mae) pass-throughs, FHLMC (Freddie Mac) participation certificates, or other mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.
- 5**         **Asset-backed securities.** Report in the appropriate columns the amortized cost and fair value of all asset-backed securities (other than mortgage-backed securities), including asset-backed commercial paper, not held for trading. On the FFIEC 041 for banks with \$1 billion or more in total assets and on the FFIEC 031, this item must equal Schedule RC-B, sum of Memorandum items 5.a through 5.f.

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

Exclude from other debt securities:

- (1) All holdings of certificates of participation in pools of residential mortgages, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) (report in Schedule RC-B, item 4, above).
- (2) Holdings of bankers acceptances and certificates of deposit, which are not categorized as securities for purposes of this report.
- (3) All securities that meet the definition of an "equity security" in FASB Statement No. 115. (See, for example, the instructions to Schedule RC-B, item 7, and Schedule RC-F, item 4.)

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

Other domestic debt securities include:

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

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

Foreign debt securities include:

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

- 7    Investments in mutual funds and other equity securities with readily determinable fair values.** Report in columns C and D the historical cost and fair value, respectively, of all investments in mutual funds and other equity securities (as defined in FASB Statement No. 115) with readily determinable fair values. Such securities include, but are not limited to, money market mutual funds, mutual funds that invest solely in U.S. Government securities, common stock of the Federal National Mortgage Association (Fannie Mae), common stock of the Federal Home Loan Mortgage Corporation (Freddie Mac), Class A voting and Class C non-voting common stock of the Federal Agricultural Mortgage Corporation (Farmer Mac), and common and preferred stock of SLM Corporation (the private-sector successor to the Student Loan Marketing Association).

According to FASB Statement No. 115, the fair value of an equity security is readily determinable if sales prices or bid-and-asked quotations are currently available on a securities exchange registered with the Securities and Exchange Commission (SEC) or in the over-the-counter market, provided that those prices or quotations for the over-the-counter market are publicly reported by the National Association of Securities Dealers Automated Quotations systems or by Pink Sheets LLC. ("Restricted stock" meets that definition if the restriction terminates within one year.) The fair value of an equity security traded only in a foreign market is readily determinable if that foreign market is of a breadth and scope comparable to one of the U.S. markets referred to above. The fair value of an investment in a mutual fund is readily determinable if the fair value per share (unit) is determined and published and is the basis for current transactions.

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

Exclude from investments in mutual funds and other equity securities with readily determinable fair values:

- (1) Paid-in stock of a Federal Reserve Bank (report as an equity security that does not have a readily determinable fair value in Schedule RC-F, item 4).

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- 7** (cont.) (2) Stock of a Federal Home Loan Bank (report as an equity security that does not have 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 (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."

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

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

- 5            Loans secured by real estate to non-U.S. addressees (domicile).** Report the amount of loans secured by real estate to non-U.S. addressees that are included in Schedule RC-C, part I, items 1.a through 1.e, column B, on the FFIEC 041; item 1, column A, 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 savings association.)
- OR
- (2) are credit card specialty banks as defined for purposes of the Uniform Bank Performance Report (UBPR). According to the UBPR Users Guide, credit card specialty banks are currently defined as those banks that exceed 50% for the following two criteria:
- (a) Credit Cards plus Securitized and Sold Credit Cards divided by Total Loans plus Securitized and Sold Credit Cards.
  - (b) Total Loans plus Securitized and Sold Credit Cards divided by Total Assets plus Securitized and Sold Credit Cards.

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

NOTE: Memorandum items 7.a and 7.b are to be completed by all banks.

- 7            Purchased impaired loans held for investment accounted for in accordance with AICPA Statement of Position 03-3.** Report in the appropriate subitem the outstanding balance and carrying amount of "purchased impaired loans" reported as held for investment in Schedule RC-C, part I, items 1 through 9, and accounted for in accordance with AICPA Statement of Position 03-3. Purchased impaired loans are loans that a bank has purchased, including those acquired in a purchase business combination, where there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the bank will be unable to collect all contractually required payments receivable. Loans held for investment are those that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff.

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

- 7.a        Outstanding balance.** Report the outstanding balance of all purchased impaired loans reported as held for investment in Schedule RC-C, part I, items 1 through 9. The outstanding balance is the undiscounted sum of all amounts, including amounts deemed principal, interest, fees, penalties, and other under the loan, owed to the bank at the report date, whether or not currently due and whether or not any such amounts have been charged off by the bank. However, the outstanding balance does not include amounts that would be accrued under the contract as interest, fees, penalties, and other after the report date.
- 7.b        Carrying amount included in Schedule RC-C, part I, items 1 through 9.** Report the carrying amount (before any allowances established after acquisition for decreases in cash flows expected to be collected) of, i.e., the recorded investment in all purchased impaired loans reported as held for investment. The recorded investment in these loans will have been included in Schedule RC-C, part I, items 1 through 9.
- 8         Closed-end loans with negative amortization features secured by 1-4 family residential properties in domestic offices.** Report in the appropriate subitem the carrying amount of closed-end loans with negative amortization features secured by 1-4 family residential properties and, if certain criteria are met, the maximum remaining amount of negative amortization contractually permitted on these loans and the total amount of negative amortization included in the carrying amount of these loans. Negative amortization refers to a method in which a loan is structured so that the borrower's minimum monthly (or other periodic) payment is contractually permitted to be less than the full amount of interest owed to the lender, with the unpaid interest added to the loan's principal balance. The contractual terms of the loan provide that if the borrower allows the principal balance to rise to a pre-specified amount or maximum cap, the loan payments are then recast to a fully amortizing schedule. Negative amortization features may be applied to either adjustable rate mortgages or fixed rate mortgages, the latter commonly referred to as graduated payment mortgages (GPMs).

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

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

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

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

NOTE: Memorandum items 8.b and 8.c are to be completed 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, net of unearned income, 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 carrying 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 carrying 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 carrying 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.

NOTE: Memorandum items 10 and 11 are to be completed by banks that have elected to measure loans included in Schedule RC-C, part I, at fair value under a fair value option.

- 10         Loans measured at fair value.** Report in the appropriate subitem the total fair value of all loans measured at fair value under a fair value option and included in Schedule RC-C, regardless of whether the loans are held for sale or held for investment.

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

- 10.a    Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the total fair value of loans secured by real estate included in Schedule RC-C, part I, item 1, measured at fair value under a fair value option. On the FFIEC 031, report the total fair value of loans secured by real estate included in Schedule RC-C, part I, item 1, measured at fair value under a fair value option for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.
- 10.a.(1)    Construction, land development, and other land loans.** Report the total fair value of construction, land development, and other land loans (in domestic offices) included in Schedule RC-C, part I, items 1.a.(1) and (2), column B, measured at fair value under a fair value option.
- 10.a.(2)    Secured by farmland.** Report the total fair value of loans secured by farmland (in domestic offices) included in Schedule RC-C, part I, item 1.b, column B, measured at fair value under a fair value option.
- 10.a.(3)    Secured by 1-4 family residential properties.** Report in the appropriate subitem the total fair value of all open-end and closed-end loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c, column B, measured at fair value under a fair value option.
- 10.a.(3)(a)    Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total fair value of revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit (in domestic offices) included in Schedule RC-C, part I, item 1.c.(1), column B, measured at fair value under a fair value option.
- 10.a.(3)(b)    Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total fair value of all closed-end loans secured by 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2), column B, measured at fair value under a fair value option.
- 10.a.(3)(b)(1)    Secured by first liens.** Report the total fair value of closed-end loans secured by first liens on 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(a), column B, measured at fair value under a fair value option.
- 10.a.(3)(b)(2)    Secured by junior liens.** Report the total fair value of closed-end loans secured by junior liens on 1-4 family residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.c.(2)(b), column B, measured at fair value under a fair value option.
- 10.a.(4)    Secured by multifamily (5 or more) residential properties.** Report the total fair value of loans secured by multifamily (5 or more) residential properties (in domestic offices) included in Schedule RC-C, part I, item 1.d, column B, measured at fair value under a fair value option.



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

- 10.a.(5)    Secured by nonfarm nonresidential properties.** Report the total fair value of loans secured by nonfarm nonresidential properties (in domestic offices) included in Schedule RC-C, part I, items 1.e.(1) and (2), column B, measured at fair value under a fair value option.
- 10.b        Commercial and industrial loans.** Report the total fair value of commercial and industrial loans included in Schedule RC-C, part I, item 4, measured at fair value under a fair value option.
- 10.c        Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total fair value of all loans to individuals for household, family, and other personal expenditures (as defined for Schedule RC-C, part I, item 6) measured at fair value under a fair value option.
- 10.c.(1)    Credit cards.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards included in Schedule RC-C, part I, item 6.a, measured at fair value under a fair value option.
- 10.c.(2)    Other revolving credit plans.** Report the total fair value of all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards included in Schedule RC-C, part I, item 6.b, measured at fair value under a fair value option.
- 10.c.(3)    Other consumer loans.** Report the total fair value of all other loans to individuals for household, family, and other personal expenditures included in Schedule RC-C, item 6.c, measured at fair value under a fair value option.
- 10.d        Other loans.** Report the total fair value of all other loans measured at fair value under a fair value option that cannot properly be reported in one of the preceding subitems of this Memorandum item 10. Such loans include "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Loans to foreign governments and official institutions," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Other loans" (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).
- 11         Unpaid principal balance of loans measured at fair value (reported in Memorandum item 10).** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans measured at fair value reported in Schedule RC-C, part I, Memorandum item 10.
- 11.a        Loans secured by real estate.** On the FFIEC 041, report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule RC-C, part I, Memorandum items 10.a.(1) through 10.a.(5). On the FFIEC 031, report the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule RC-C, part I, Memorandum item 10.a, for the fully consolidated bank in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

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

- 11.a.(1)    Construction, land development, and other land loans.** Report the total unpaid principal balance outstanding for all construction, land development, and other loans reported in Schedule RC-C, part I, Memorandum item 10.a.(1).
- 11.a.(2)    Secured by farmland.** Report the total unpaid principal balance outstanding for all loans secured by farmland reported in Schedule RC-C, part I, Memorandum item 10.a.(2).
- 11.a.(3)    Secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans secured by 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3).
- 11.a.(3)(a) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report the total unpaid principal balance outstanding for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(a).
- 11.a.(3)(b) Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem the total unpaid principal balance outstanding for all closed-end loans secured by 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b).
- 11.a.(3)(b)(1)    Secured by first liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by first liens on 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b)(1).
- 11.a.(3)(b)(2)    Secured by junior liens.** Report the total unpaid principal balance outstanding for all closed-end loans secured by junior liens on 1-4 family residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(3)(b)(2).
- 11.a.(4)    Secured by multifamily (5 or more) residential properties.** Report the total unpaid principal balance outstanding for all loans secured by multifamily (5 or more) residential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(4).
- 11.a.(5)    Secured by nonfarm nonresidential properties.** Report the total unpaid principal balance outstanding for all loans secured by nonfarm nonresidential properties reported in Schedule RC-C, part I, Memorandum item 10.a.(5).
- 11.b        Commercial and industrial loans.** Report the total unpaid principal balance outstanding for all commercial and industrial loans reported in Schedule RC-C, part I, Memorandum item 10.b.
- 11.c        Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem the total unpaid principal balance outstanding for all loans to individuals for household, family, and other personal expenditures reported in Schedule RC-C, part I, Memorandum item 10.c.

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

- 11.c.(1)**    **Credit cards.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards reported in Schedule RC-C, part I, Memorandum item 10.c.(1).
- 11.c.(2)**    **Other revolving credit plans.** Report the total unpaid principal balance outstanding for all extensions of credit to individuals for household, family, and other personal expenditures arising from prearranged overdraft plans and other revolving credit plans not accessed by credit cards reported in Schedule RC-C, part I, Memorandum item 10.c.(2).
- 11.c.(3)**    **Other consumer loans.** Report the total unpaid principal balance outstanding for all other loans to individuals for household, family, and other personal expenditures reported in Schedule RC-C, part I, Memorandum item 10.c.(3).
- 11.d**        **Other loans.** Report the total unpaid principal balance outstanding for all loans reported in Schedule RC-C, part I, Memorandum item 10.d. Such loans include “Loans to depository institutions and acceptances of other banks,” “Loans to finance agricultural production and other loans to farmers,” “Loans to foreign governments and official institutions,” “Obligations (other than securities and leases) of states and political subdivisions in the U.S.,” and “Other loans” (as defined for Schedule RC-C, part I, items 2, 3, 7, 8, and 9).

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## **Schedule RC-C, Part II. Loans to Small Businesses and Small Farms**

### **General Instructions**

Schedule RC-C, part II, is to be completed only with the June 30 Report of Condition.

Schedule RC-C, part II, requests information on the number and amount currently outstanding of "loans to small businesses" and "loans to small farms," as defined below. This information is being collected pursuant to Section 122 of the Federal Deposit Insurance Corporation Improvement Act of 1991.

For purposes of this schedule, "**loans to small businesses**" consist of the following:

- (1) Loans with original amounts of \$1 million or less that have been reported as "Loans secured by nonfarm nonresidential properties" (in domestic offices) in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), column B, and
- (2) Loans with original amounts of \$1 million or less that have been reported in Schedule RC-C, part I:
  - On the FFIEC 041 for banks with less than \$300 million in total assets, item 4, column B, "Commercial and industrial loans;"
  - On the FFIEC 041 for banks with \$300 million or more in total assets, item 4.a, "Commercial and industrial loans to U.S. addressees;" and
  - On the FFIEC 031, item 4.a, column B, "Commercial and industrial loans to U.S. addressees" in domestic offices.

For purposes of this schedule, "**loans to small farms**" consist of the following:

- (1) Loans with original amounts of \$500,000 or less that have been reported in Schedule RC-C, part I, item 1.b, column B, "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices), and
- (2) Loans with original amounts of \$500,000 or less that have been reported in Schedule RC-C, part I, item 3, column B, "Loans to finance agricultural production and other loans to farmers" (in domestic offices).

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

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

**Part II. (cont.)****General Instructions (cont.)**

The "**amount currently outstanding**" for a loan is its carrying value, i.e., the amount at which the loan is reported in Schedule RC-C, part I, item 1.b, 1.e.(1), 1.e.(2), 3, 4, or 4.a.

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

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

**Item Instructions****Loans to Small Businesses****Item No.    Caption and Instructions**

- 1            Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by nonfarm nonresidential properties" (in domestic offices) reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), and all or substantially all of the dollar volume of your bank's "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) reported in Schedule RC-C, part I, item 4 (or 4.a), have original amounts of \$100,000 or less.**

- If: (a) the average size of the amount currently outstanding for your bank's "Loans secured by nonfarm nonresidential properties" (in domestic offices) as reported in Schedule RC-C, part I, above, is \$100,000 or less, and
- (b) the average size of the amount currently outstanding for your bank's "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) as reported in Schedule RC-C, part I, above, is \$100,000 or less, and

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

- 1** (c) your lending officers' knowledge of your bank's loans or other relevant information pertaining to "Loans secured by nonfarm nonresidential properties" (in domestic offices) and "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) indicates that all or substantially all of the dollar volume of your bank's loans in each of these two categories has "original amounts" (as described above in the General Instructions to this part II) of \$100,000 or less,

(cont.)

place an "X" in the box marked "YES," complete items 2.a and 2.b below, skip items 3 and 4, and go to item 5.

If your bank has no loans outstanding in both of these two loan categories, place an "X" in the box marked "NO," skip items 2 through 4, and go to item 5.

Otherwise, place an "X" in the box marked "NO," skip items 2.a and 2.b, complete items 3 and 4 below, and go to item 5.

- 2** **Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories.** Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank's business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.

- 2.a** **Number of "Loans secured by nonfarm nonresidential properties" (in domestic offices) reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2).** Count the number of individual loans currently outstanding whose carrying values add up to the amount of "Loans secured by nonfarm nonresidential properties" (in domestic offices) reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2). The sum of the amounts reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), column B, divided by the number of loans reported in this item should not exceed \$100,000.

- 2.b** **Number of "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) reported in Schedule RC-C, part I, item 4 (or 4.a).** Count the number of individual loans currently outstanding whose carrying values add up to the amount reported in Schedule RC-C, part I:

- On the FFIEC 041 for banks with less than \$300 million in total assets, item 4, column B, "Commercial and industrial loans;"
- On the FFIEC 041 for banks with \$300 million or more in total assets, item 4.a, "Commercial and industrial loans to U.S. addressees;" and
- On the FFIEC 031, item 4.a, column B, "Commercial and industrial loans to U.S. addressees" in domestic offices.

The amount reported in Schedule RC-C, part I, item 4 or 4.a, as appropriate, divided by the number of loans reported in this item should not exceed \$100,000.

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

- 3**            **Number and amount currently outstanding of "Loans secured by nonfarm nonresidential properties" (in domestic offices) reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), column B.** See the General Instructions to this part II for the guidelines for determining the "original amount" of a loan. Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank's business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.

The sum of the amounts currently outstanding reported in items 3.a through 3.c, column B, must be less than or equal to the sum of the amounts reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), column B.

- 3.a**            **With original amounts of \$100,000 or less.** Add up the total carrying value of all currently outstanding "Loans secured by nonfarm nonresidential properties" (in domestic offices) with "original amounts" of \$100,000 or less and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Loans secured by nonfarm nonresidential properties" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Loans secured by nonfarm nonresidential properties" (in domestic offices) with "original amounts" of \$100,000 or less). Report this number in column A.

- 3.b**            **With original amounts of more than \$100,000 through \$250,000.** Add up the total carrying value of all currently outstanding "Loans secured by nonfarm nonresidential properties" (in domestic offices) with "original amounts" of more than \$100,000 through \$250,000 and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Loans secured by nonfarm nonresidential properties" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Loans secured by nonfarm nonresidential properties" (in domestic offices) with "original amounts" of more than \$100,000 through \$250,000). Report this number in column A.

- 3.c**            **With original amounts of more than \$250,000 through \$1,000,000.** Add up the total carrying value of all currently outstanding "Loans secured by nonfarm nonresidential properties" (in domestic offices) with "original amounts" of more than \$250,000 through \$1,000,000 and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Loans secured by nonfarm nonresidential properties" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Loans secured by nonfarm nonresidential properties" (in domestic offices) with "original amounts" of more than \$250,000 through \$1,000,000). Report this number in column A.



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

- 4**            **Number and amount currently outstanding of "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) reported in Schedule RC-C, part I, item 4 (or 4.a).** See the General Instructions to this part II for the guidelines for determining the "original amount" of a loan and for the treatment of "corporate" or "business" credit card programs. Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank's business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.

The sum of the amounts currently outstanding reported in items 4.a through 4.c, column B, must be less than or equal to the amount reported in Schedule RC-C, part I:

- On the FFIEC 041 for banks with less than \$300 million in total assets, item 4, column B, "Commercial and industrial loans;"
- On the FFIEC 041 for banks with \$300 million or more in total assets, item 4.a, "Commercial and industrial loans to U.S. addressees;" and
- On the FFIEC 031, item 4.a, column B, "Commercial and industrial loans to U.S. addressees" in domestic offices.

- 4.a**            **With original amounts of \$100,000 or less.** Add up the total carrying value of all currently outstanding "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) with "original amounts" of \$100,000 or less and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) with "original amounts" of \$100,000 or less). Report this number in column A.

- 4.b**            **With original amounts of more than \$100,000 through \$250,000.** Add up the total carrying value of all currently outstanding "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) with "original amounts" of more than \$100,000 through \$250,000 and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) with "original amounts" of more than \$100,000 through \$250,000). Report this number in column A.

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

- 4.c**        **With original amounts of more than \$250,000 through \$1,000,000.** Add up the total carrying value of all currently outstanding "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) with "original amounts" of more than \$250,000 through \$1,000,000 and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Commercial and industrial loans (to U.S. addressees)" (in domestic offices) with "original amounts" of more than \$250,000 through \$1,000,000). Report this number in column A.

**Agricultural Loans to Small Farms****Item No.    Caption and Instructions**

- 5**        **Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) reported in Schedule RC-C, part I, item 1.b, column B, and all or substantially all of the dollar volume of your bank's "Loans to finance agricultural production and other loans to farmers" (in domestic offices) reported in Schedule RC-C, part I, item 3, column B, have original amounts of \$100,000 or less.**

- If: (a) the average size of the amount currently outstanding for your bank's "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) as reported in Schedule RC-C, part I, above, is \$100,000 or less, and
- (b) the average size of the amount currently outstanding for your bank's "Loans to finance agricultural production and other loans to farmers" (in domestic offices) as reported in Schedule RC-C, part I, above, is \$100,000 or less, and
- (c) your lending officers' knowledge of your bank's loans or other relevant information pertaining to "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) and your "Loans to finance agricultural production and other loans to farmers" (in domestic offices) indicates that all or substantially all of the dollar volume of your bank's loans in each of these two categories has "original amounts" (as described above in the General Instructions to this part II) of \$100,000 or less,

place an "X" in the box marked "YES," complete items 6.a and 6.b below, and do not complete items 7 and 8 below.

If your bank has no loans outstanding in both of these two loan categories, place an "X" in the box marked "NO," and do not complete items 6 through 8.

Otherwise, place an "X" in the box marked "NO," skip items 6.a and 6.b, and complete items 7 and 8 below.

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

- 6**            **Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories.** Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank's business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.
- 6.a**           **Number of "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) reported in Schedule RC-C, part I, item 1.b, column B.** Count the number of individual loans currently outstanding whose carrying values add up to the amount reported in Schedule RC-C, part I, item 1.b, column B, "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices). The amount reported in Schedule RC-C, part I, item 1.b, column B, divided by the number of loans reported in this item should not exceed \$100,000.
- 6.b**           **Number of "Loans to finance agricultural production and other loans to farmers" (in domestic offices) reported in Schedule RC-C, part I, item 3, column B.** Count the number of individual loans currently outstanding whose carrying values add up to the amount reported in Schedule RC-C, part I, item 3, column B, "Loans to finance agricultural production and other loans to farmers" (in domestic offices). The amount reported in Schedule RC-C, part I, item 3, column B, divided by the number of loans reported in this item should not exceed \$100,000.
- 7**            **Number and amount currently outstanding of "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) reported in Schedule RC-C, part I, item 1.b, column B.** See the General Instructions to this part II for the guidelines for determining the "original amount" of a loan. Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank's business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.

The sum of the amounts currently outstanding reported in items 7.a through 7.c, column B, must be less than or equal to the amount reported Schedule RC-C, part I, item 1.b, column B.

- 7.a**           **With original amounts of \$100,000 or less.** Add up the total carrying value of all currently outstanding "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) with "original amounts" of \$100,000 or less and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) with "original amounts" of \$100,000 or less). Report this number in column A.

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

- 7.b**        **With original amounts of more than \$100,000 through \$250,000.** Add up the total carrying value of all currently outstanding "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) with "original amounts" of more than \$100,000 through \$250,000 and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) with "original amounts" of more than \$100,000 through \$250,000). Report this number in column A.

- 7.c**        **With original amounts of more than \$250,000 through \$500,000.** Add up the total carrying value of all currently outstanding "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) with "original amounts" of more than \$250,000 through \$500,000 and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Loans secured by farmland (including farm residential and other improvements)" (in domestic offices) with "original amounts" of more than \$250,000 through \$500,000). Report this number in column A.

- 8**            **Number and amount currently outstanding of "Loans to finance agricultural production and other loans to farmers" (in domestic offices) reported in Schedule RC-C, part I, item 3, column B.** See the General Instructions to this part II for the guidelines for determining the "original amount" of a loan. Multiple loans to one borrower should be combined and reported on an aggregate basis rather than as separate individual loans to the extent that the loan systems in which the bank's business and/or farm loan data are maintained can provide aggregate individual borrower data without undue cost to the reporting institution. However, if the burden of such aggregation would be excessive, the institution may report multiple loans to one borrower as separate individual loans.

The sum of the amounts currently outstanding reported in items 8.a through 8.c, column B, must be less than or equal to the amount reported in Schedule RC-C, part I, item 3, column B.

- 8.a**        **With original amounts of \$100,000 or less.** Add up the total carrying value of all currently outstanding "Loans to finance agricultural production and other loans to farmers" (in domestic offices) with "original amounts" of \$100,000 or less and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

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

**8.a**            Count the number of individual "Loans to finance agricultural production and other loans to farmers" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Loans to finance agricultural production and other loans to farmers" (in domestic offices) with "original amounts" of \$100,000 or less). Report this number in column A.

**8.b**            **With original amounts of more than \$100,000 through \$250,000.** Add up the total carrying value of all currently outstanding "Loans to finance agricultural production and other loans to farmers" (in domestic offices) with "original amounts" of more than \$100,000 through \$250,000 and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Loans to finance agricultural production and other loans to farmers" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Loans to finance agricultural production and other loans to farmers" (in domestic offices) with "original amounts" of more than \$100,000 through \$250,000). Report this number in column A.

**8.c**            **With original amounts of more than \$250,000 through \$500,000.** Add up the total carrying value of all currently outstanding "Loans to finance agricultural production and other loans to farmers" (in domestic offices) with "original amounts" of more than \$250,000 through \$500,000 and report this total amount in column B. Do not add up the "original amounts" of each of these loans and report the total original amount in column B.

Count the number of individual "Loans to finance agricultural production and other loans to farmers" (in domestic offices) whose carrying values were included in the amount reported in column B for this item (i.e., those "Loans to finance agricultural production and other loans to farmers" (in domestic offices) with "original amounts" of more than \$250,000 through \$500,000). Report this number in column A.

**Examples of Reporting in Schedule RC-C, Part II**

- (1) A bank has a "Loan secured by owner-occupied nonfarm nonresidential property" which has a carrying value on the June 30 report date of \$70,000 and this amount is included in Schedule RC-C, part I, item 1.e.(1), column B. The bank made this loan to the borrower in the original amount of \$75,000, so it would be considered a "loan to a small business" and would be reported in Schedule RC-C, part II. Because the original amount of the loan is \$100,000 or less, the bank would report the \$70,000 amount currently outstanding in part II, item 3.a, column B.
- (2) The bank has a second "Loan secured by owner-occupied nonfarm nonresidential property" which has a carrying value on the June 30 report date of \$60,000 and this amount is included in Schedule RC-C, part I, item 1.e.(1), column B. The bank made this loan to the borrower in the original amount of \$125,000, so it would be considered a "loan to a small business" and would be reported in Schedule RC-C, part II. Because the original amount of the loan falls within the more than \$100,000 through \$250,000 range, the bank would report the \$60,000 amount currently outstanding in part II, item 3.b, column B.

**Examples of Reporting in Schedule RC-C, Part II (cont.)**

- (3) The bank has a "Commercial and industrial loan" (to a U.S. addressee in a domestic office) which has a carrying value on the June 30 report date of \$200,000 and this amount is included in Schedule RC-C, part I, item 4 or 4.a, as appropriate. The bank made this loan to the borrower in the original amount of \$250,000, so it would be considered a "loan to a small business" and would be reported in Schedule RC-C, part II. Because the original amount of the loan is exactly \$250,000 which is the upper end of the more than \$100,000 through \$250,000 range, the bank would report the \$200,000 amount currently outstanding in part II, item 4.b, column B.
- (4) The bank has a second "Commercial and industrial loan" (to a U.S. addressee in a domestic office) which has a carrying value on the June 30 report date of \$90,000 and this amount is included in Schedule RC-C, part I, item 4 or 4.a, as appropriate. The bank made this loan to the borrower in the original amount of \$500,000 and sold loan participations for \$400,000 while retaining \$100,000. Nevertheless, based on the entire amount of the credit that was originated by the bank, the loan would be considered a "loan to a small business" and would be reported in Schedule RC-C, part II. Because the original amount of the entire loan is \$500,000 which falls within the more than \$250,000 through \$1,000,000 range, the bank would report the \$90,000 amount currently outstanding in part II, item 4.c, column B.
- (5) The bank has a third "Commercial and industrial loan" (to a U.S. addressee in a domestic office) which has a carrying value on the June 30 report date of \$55,000 and this amount is included in Schedule RC-C, part I, item 4 or 4.a, as appropriate. This loan represents a participation purchased by the bank from another lender. The original amount of the entire credit is \$750,000 and the bank's original share of this credit was \$75,000. Based on the entire amount of the credit that was originated by the other lender, the loan would be considered a "loan to a small business" and would be reported in Schedule RC-C, part II. Because the original amount of the entire credit is \$750,000 which falls within the more than \$250,000 through \$1,000,000 range, the bank would report the \$55,000 amount currently outstanding in part II, item 4.c, column B.
- (6) The bank has another "Commercial and industrial loan" (to a U.S. addressee in a domestic office) and it has a carrying value on the June 30 report date of \$120,000. This amount is included in Schedule RC-C, part I, item 4 or 4.a, as appropriate. This loan represents a participation purchased by the bank from another lender. The original amount of the entire credit is \$1,250,000 and the bank's original share of this credit was \$250,000. Because the original amount of the entire credit exceeds \$1,000,000, the loan would not be considered a "loan to a small business" and would not be reported in Schedule RC-C, part II.
- (7) The bank has a "Loan secured by other nonfarm nonresidential property" and a "Commercial and industrial loan" to the same (U.S. addressee) borrower (in its domestic offices). The first loan has a carrying value on the June 30 report date of \$375,000 and this amount is included in Schedule RC-C, part I, item 1.e.(2), column B. This "Loan secured by nonfarm nonresidential property" was made in the original amount of \$400,000. The second loan has a carrying value on the June 30 report date of \$650,000 and this amount is included in Schedule RC-C, part I, item 4 or 4.a, as appropriate. This "Commercial and industrial loan" was made in the original amount of \$750,000.

Case I: The bank's loan system can provide aggregate individual borrower data without undue cost to the reporting institution. The loan system indicates that this borrower's two loans have a combined original amount of \$1,150,000 and therefore the loans would not be considered "loans to a small business" and would not be reported in Schedule RC-C, part II.

**Examples of Reporting in Schedule RC-C, Part II (cont.)**

Case II: The bank's loan system cannot provide aggregate individual borrower data without undue cost to the reporting institution. Therefore, the borrower's two loans would be treated as separate loans for purposes of Schedule RC-C, part II. Based on its \$400,000 original amount, the "Loan secured by other nonfarm nonresidential property" would be considered a "loan to a small business" and would be reported in Schedule RC-C, part II. Because the original amount of the loan falls within the more than \$250,000 through \$1,000,000 range, the bank would report the \$375,000 amount currently outstanding in part II, item 3.c, column B, and count this loan as one loan for purposes of part II, item 3.c, column A. Since the "Commercial and industrial loan" is being handled separately and its original amount is \$750,000, it would also be considered a "loan to a small business" and would be reported in Schedule RC-C, part II. Because the original amount of this loan falls within the more than \$250,000 through \$1,000,000 range, the bank would report the \$650,000 amount currently outstanding in part II, item 4.c, column B, and count this loan as one loan for purposes of part II, item 4.c, column A.

- (8) The bank has a "Loan secured by farmland (including farm residential and other improvements)" which has a carrying value on the June 30 report date of \$225,000. The bank made this loan to the borrower in the original amount of \$260,000 and the loan is secured by a first lien on the borrower's farmland. The bank has a second "Loan secured by farmland" to this same borrower and it is secured by a second lien on the borrower's property. This second lien loan has a carrying value of \$50,000 and the original amount of the loan is the same as its carrying value. The carrying values of both loans (the \$225,000 first lien loan and the \$50,000 second lien loan) are included in Schedule RC-C, part I, item 1.b, column B.

Case I: The bank's loan system can provide aggregate individual borrower data without undue cost to the reporting institution. The loan system indicates that this borrower's two loans have a combined original amount of \$310,000 and therefore the two loans together would be considered a single "loan to a small farm" and would be reported in Schedule RC-C, part II. Because the original amount of the two combined loans falls within the more than \$250,000 through \$500,000 range, the bank would report the \$275,000 combined total of the amounts currently outstanding for the two loans in part II, item 7.c, column B, and count these two loans to the same borrower as one loan for purposes of part II, item 7.c, column A.

Case II: The bank's loan system cannot provide aggregate individual borrower data without undue cost to the reporting institution. Therefore, the borrower's two loans would be treated as separate loans for purposes of Schedule RC-C, part II. Based on its \$260,000 original amount, the first lien loan would be considered a "loan to a small farm" and would be reported in Schedule RC-C, part II. Because the original amount of the loan falls within the more than \$250,000 through \$500,000 range, the bank would report the \$225,000 amount currently outstanding in part II, item 7.c, column B, and count this loan as one loan for purposes of part II, item 7.c, column A. Since the second lien loan is being handled separately and its original amount is \$50,000, it would also be considered a "loan to a small farm" and would be reported in Schedule RC-C, part II. Because the original amount of this loan is less than \$100,000, the bank would report the \$50,000 amount currently outstanding in part II, item 7.a, column B, and count this loan as one loan for purposes of part II, item 7.a, column A.

- (9) The bank has one final "Loan secured by farmland" which has a carrying value on the June 30 report date of \$5,000 and this amount is included in Schedule RC-C, part I, item 1.b, column B. The bank made this loan to the borrower in the original amount of \$300,000, so it would be considered a "loan to a small farm" and would be reported in Schedule RC-C, part II. Because the original amount of the loan falls within the more than \$250,000 through \$500,000 range, the bank would report the \$5,000 amount currently outstanding in part II, item 7.c, column B.

**Examples of Reporting in Schedule RC-C, Part II (cont.)**

- (10) The bank has granted a \$150,000 line of credit to a farmer that is not secured by real estate. The farmer has received advances twice under this line of credit and, rather than having signed a single note for the entire \$150,000 amount of the line of credit, has signed separate notes for each advance. One note is in the original amount of \$30,000 and the other is in the original amount of \$50,000. The carrying values of the two notes on the June 30 report date are the same as their original amounts and these amounts are included in Schedule RC-C, part I, item 3, column B. For loans drawn down under lines of credit, the original amount of the loan is the size of the line of credit when it was most recently approved, extended, or renewed prior to the report date. In this case, the line of credit was most recently approved for \$150,000.

Case I: The bank's loan system can provide aggregate individual borrower data for multiple advances under lines of credit without undue cost to the reporting institution. Thus, even though a separate note was signed each time the farmer borrowed under the line of credit, the loan system combines all information about the farmer's separate borrowings under the line of credit. Therefore, the loan system indicates that the farmer has a line of credit for \$150,000 and that the amount currently outstanding under the line of credit for the combined carrying values of the two borrowings under the line of credit is \$80,000. Because the line of credit was most recently approved for \$150,000, this \$150,000 original amount for the line of credit would be considered a "loan to a small farm" that would be reported in Schedule RC-C, part II. Therefore, the original amount of the line of credit falls within the more than \$100,000 through \$250,000 range and the bank would report the \$80,000 combined total of the amounts currently outstanding for the two notes in part II, item 8.b, column B, and count these two notes to the farmer under the line of credit as one loan for purposes of part II, item 8.b, column A.

Case II: The bank's loan system cannot provide aggregate individual borrower data for lines of credit without undue cost to the reporting institution. Therefore, the farmer's two notes under the line of credit would be treated as separate loans for purposes of Schedule RC-C, part II. The original amount of the line of credit is \$150,000 and each of the two notes would be considered a "loan to a small farm" that would be reported in Schedule RC-C, part II. Because each of the two notes indicates that it is part of a \$150,000 line of credit and the \$150,000 original amount of the line of credit falls within the more than \$100,000 through \$250,000 range, the bank would report both the \$30,000 and \$50,000 amounts currently outstanding in part II, item 8.b, column B, and count these as two loans for purposes of part II, item 8.b, column A.

- (11) The bank has one other "Loan to finance agricultural production and other loans to a farmer" which has a carrying value on the June 30 report date of \$75,000 and this amount is included in Schedule RC-C, part I, item 3, column B. The bank made this loan to the borrower in the original amount of \$100,000, so it would be considered a "loan to a small farm" and would be reported in Schedule RC-C, part II. Because the original amount of the loan is exactly \$100,000 which is the upper end of the \$100,000 or less range, the bank would report the \$75,000 amount currently outstanding in part II, item 8.a, column B.



## SCHEDULE RC-O – OTHER DATA FOR DEPOSIT INSURANCE AND FICO ASSESSMENTS

### General Instructions

Each bank must complete items 1 and 2 (and, on the FFIEC 031 report, item 3), Memorandum item 1, and, if applicable, Memorandum items 2 and 3 of Schedule RC-O on an unconsolidated single FDIC certificate number basis. Each separately chartered depository institution that is insured by the FDIC has a unique FDIC certificate number. When an insured bank owns another depository institution as a subsidiary, each institution should report only its own deposit liabilities in Schedule RC-O under its own FDIC certificate number (i.e., the parent bank should not combine the subsidiary institution's deposit liabilities with its own in Schedule RC-O).

In addition, an institution that meets one of the criteria discussed below must complete items 4 and 5 (and, on the FFIEC 031 report, item 6) of Schedule RC-O on an unconsolidated single FDIC certificate number basis each quarter.

Effective March 31, 2008, an institution that (a) reported \$1 billion or more in total assets as of the March 31, 2007, report date (regardless of its asset size in subsequent quarters) or (b) became insured by the FDIC on or after April 1, 2007, but before January 1, 2008, must report both quarter-end balances and daily averages for the quarter in Schedule RC-O. (The calculation of daily averages is discussed below in these General Instructions.) In addition, an institution that meets one of the following criteria must report both quarter-end deposit totals and daily averages in Schedule RC-O:

- (1) If an institution reports \$1 billion or more in total assets in two consecutive Reports of Condition and Income subsequent to its March 31, 2007, report, the institution must begin reporting both quarter-end balances and daily averages for the quarter beginning on the later of the March 31, 2008, report date or the report date six months after the second consecutive quarter in which it reports total assets of \$1 billion or more. For example, if an institution reports \$1 billion or more in total assets in its reports for June 30 and September 30, 2007, it would have to begin reporting daily averages in its report for March 31, 2008. If the institution reports \$1 billion or more in total assets in its reports for December 31, 2008, and March 31, 2009, it would have to begin reporting daily averages in its report for September 30, 2009.
- (2) If an institution becomes newly insured by the FDIC on or after January 1, 2008, the institution must report daily averages in Schedule RC-O beginning in the first quarterly Reports of Condition and Income that it files. The daily averages reported in the first report the institution files after becoming FDIC-insured would include the dollar amounts for the days since the institution began operations and zero for the days prior to the date the institution began operations, effectively pro-rating the first quarter's assessment base.
- (3) If an institution chose to begin reporting both quarter-end deposit totals and daily averages in Schedule RC-O as of any quarter-end report date during the interim period covering the March 31, 2007, through December 31, 2007, report dates, it must continue to report daily averages each quarter in 2008 and thereafter.

The deposit insurance assessment base of an institution that reports daily averages for total deposits and allowable exclusions will be determined using the daily averages rather than the institution's quarter-end balances.

### **General Instructions (cont.)**

Any institution that reported less than \$1 billion in total assets in its March 31, 2007, report may continue to report only quarter-end total deposits and allowable exclusions until it meets the two-consecutive-quarter asset size test for reporting daily averages. Alternatively, the institution may opt permanently at any time to begin reporting daily averages for purposes of determining its assessment base. After an institution begins to report daily averages for its total deposits and allowable exclusions, either voluntarily or because it is required to do so, the institution is not permitted to switch back to reporting only quarter-end balances.

The amounts to be reported as daily averages are the sum of the gross amounts of total deposits (domestic and foreign) and allowable exclusions for each calendar day during the quarter divided by the number of calendar days in the quarter (except as noted above for an institution that becomes insured on or after January 1, 2008, in the first report it files after becoming insured). For days that an office of the reporting institution (or any of its subsidiaries or branches) is closed (e.g., Saturdays, Sundays, or holidays), the amounts outstanding from the previous business day would be used. An office is considered closed if there are no transactions posted to the general ledger as of that date.

### **Item Instructions**

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

- 1**        **Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations.** Report on an unconsolidated single FDIC certificate number basis the gross total deposit liabilities as of the calendar quarter-end report date that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. Since the FDIC's amendments to its assessment regulations in 2006 did not substantially change the definition of deposits for assessment purposes, an institution's gross total deposit liabilities are the combination of:
- All deposits in "domestic offices" reported in Schedule RC, item 13.a;
  - All deposits in "foreign offices" reported in Schedule RC, item 13.b, on the FFIEC 031 report;
  - Interest accrued and unpaid on deposits in "domestic offices" reported in Schedule RC-G, item 1.a;
  - Interest accrued and unpaid on deposits in "foreign offices" included in Schedule RC-G, item 1.b;
  - Uninvested trust funds held in the institution's own trust department;
  - Deposits of consolidated subsidiaries and the interest accrued and unpaid on such deposits;
  - The amount by which demand deposits reported in Schedule RC, item 13, have been reduced from the netting of the reporting institution's reciprocal demand balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions); and
  - The amount by which any other deposit liabilities reported in Schedule RC, item 13, have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles;
  - Less the amount of unamortized premiums included in the amount of deposit liabilities reported in Schedule RC, item 13;

**Item No.    Caption and Instructions**

- 1**  
(cont.)
- Plus the amount of unamortized discounts reflected in the amount of deposit liabilities reported in Schedule RC, item 13;
  - Plus other obligations meeting the Section 3(l) statutory definition of a deposit that may be housed in systems of record not normally thought of as deposit systems, such as loan, payroll, and escrow systems and manual records that contain information needed to answer depositors' questions on their deposits.

See the Glossary entry for "deposits" for the statutory definition of deposits.

An institution's documentation to support the amounts reported for purposes of determining its assessment base has always been, and continues to be, subject to verification. This documentation includes the actual system control summaries in the institution's systems that provide the detail sufficient to track, control, and handle inquiries from depositors about their specific individual accounts. These systems can be automated or manual. If the system control summaries have been reduced by accounts that are overdrawn, these overdrawn accounts are extensions of credit that must be treated and reported as "loans" rather than being treated as negative deposit balances.

Unposted debits and unposted credits should not be included in an institution's system control summaries. However, if they are included in the gross total deposit liabilities reported in this item, they may be excluded in Schedule RC-O, item 2 below.

- 2**        **Total allowable exclusions (including foreign deposits).** Report on an unconsolidated single FDIC certificate number basis the total amount of allowable exclusions from deposits as of the calendar quarter-end report date if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions.

Any accrued and unpaid interest on the allowable exclusions listed below should also be reported in this item as an allowable exclusion.

The allowable exclusions include:

- (1) *Foreign Deposits:* As defined in Section 3(l)(5) of the Federal Deposit Insurance Act, foreign deposits include
- (A) any obligation of a depository institution which is carried on the books and records of an office of such bank or savings association located outside of any State, unless –
- (i) such obligation would be a deposit if it were carried on the books and records of the depository institution, and would be payable at, an office located in any State; and
  - (ii) the contract evidencing the obligation provides by express terms, and not by implication, for payment at an office of the depository institution located in any State; and
- (B) any international banking facility deposit, including an international banking facility time deposit, as such term is from time to time defined by the Board of Governors of the Federal Reserve System in regulation D or any successor regulation issued by the Board of Governors of the Federal Reserve System.

**Item No. Caption and Instructions**

- 2  
(cont.) NOTE: Foreign deposits are deposit obligations under the FDIC certificate number of the reporting bank only. Deposit obligations of a subsidiary depository institution chartered in a foreign country should not be included in amounts reported in Schedule RC-O under the domestic bank's FDIC certificate number.
- (2) *Reciprocal balances*: Any demand deposit due from or cash item in the process of collection due from any depository institution (not including a foreign bank or foreign office of another U.S. depository institution) up to the total amount of deposit balances due to and cash items in the process of collection due such depository institution.
- (3) *Drafts drawn on other depository institutions*: Any outstanding drafts (including advices and authorization to charge the depository institution's balance in another bank) drawn in the regular course of business by the reporting depository institution.
- (4) *Pass-through reserve balances*: Reserve balances passed through to the Federal Reserve by the reporting institution that are also reflected as deposit liabilities of the reporting institution. This exclusion is not applicable to an institution that does not act as a correspondent bank in any pass-through reserve balance relationship. A state nonmember bank generally cannot act as a pass-through correspondent unless it maintains an account for its own reserve balances directly with the Federal Reserve.
- (5) *Depository institution investment contracts*: Liabilities arising from depository institution investment contracts that are not treated as insured deposits under section 11(a)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(5)). A Depository Institution Investment Contract is a separately negotiated depository agreement between an employee benefit plan and an insured depository institution that guarantees a specified rate for all deposits made over a prescribed period and expressly permits benefit-responsive withdrawals or transfers.
- (6) *Accumulated deposits*: Deposits accumulated for the payment of personal loans that are assigned or pledged to assure payment of the loans at maturity. Deposits that simply serve as collateral for loans are not an allowable exclusion.
- 3 **Total foreign deposits (included in total allowable exclusions)**. Report on an unconsolidated single FDIC certificate number basis the total amount of foreign deposits (including International Banking Facility deposits), including interest accrued and unpaid on these deposits, as of the calendar quarter-end report date included in Schedule RC-O, item 2 above.
- 4 **Total daily average of deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations**. Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of gross total deposit liabilities that meet the statutory definition of deposits in Section 3(l) of the Federal Deposit Insurance Act before deducting exclusions from total deposits that are allowed in the determination of the assessment base upon which deposit insurance assessments (and FICO premiums) are calculated. For further information on deposit amounts to be included, see the instructions for Schedule RC-O, item 1, above. For information on calculating the total daily average for the quarter, see the General Instructions for Schedule RC-O above.

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

- 5**        **Total daily average of allowable exclusions (including foreign deposits).** Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of the total amount of allowable exclusions from deposits (as defined in Schedule RC-O, item 2, above) if the institution maintains such records as will readily permit verification of the correctness of its reporting of exclusions.
- 6**        **Total daily average of foreign deposits.** Report on an unconsolidated single FDIC certificate number basis the total daily average for the quarter of the total amount of foreign deposits (including International Banking Facility deposits) included in Schedule RC-O, item 5, above.

## Memoranda

### Item No. Caption and Instruction

- 1** **Total deposits (in domestic offices) of the bank (and in insured branches in Puerto Rico and U.S. territories and possessions).** Memorandum items 1.a.(1), 1.b.(1), 1.b.(2), 1.c.(1), 1.d.(1), and 1.d.(2) are to be completed each quarter. Memorandum items 1.a.(2) and 1.c.(2) are to be completed for the June report only. These Memorandum items should be reported on an unconsolidated single FDIC certificate number basis.

The sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal the bank's assessable deposits, i.e., Schedule RC-O, item 1, "Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations," less item 2, "Total allowable exclusions (including foreign deposits)." Accordingly, all amounts included in the bank's assessable deposits, not just those included in its "Deposits in domestic offices" (reported in Schedule RC, item 13.a), should be reported in the appropriate subitem of Memorandum item 1. For example, the interest accrued and unpaid that is included in the bank's assessable deposits should be reported together with the related account in Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1).

The dollar amounts used as the basis for reporting the number and amount of deposit accounts in Memorandum items 1.a.(1) through 1.d.(2) reflect the deposit insurance limits in effect for "retirement deposit accounts" and other deposit accounts on the report date, which are \$250,000 and \$100,000, respectively.

"Retirement deposit accounts" that are eligible for \$250,000 in deposit insurance coverage are deposits made in connection with the following types of retirement plans:

- Individual Retirement Accounts (IRAs), including traditional and Roth IRAs;
- Simplified Employee Pension (SEP) plans;
- "Section 457" deferred compensation plans;
- Self-directed Keogh (HR 10) plans; and
- Self-directed defined contribution plans, which are primarily 401(k) plan accounts.

The term "self-directed" means that the plan participants have the right to direct how their funds are invested, including the ability to direct that the funds be deposited at an FDIC-insured institution.

Retirement deposit accounts exclude Coverdell Education Savings Accounts, formerly known as Education IRAs.

In some cases, brokered certificates of deposit are issued in \$1,000 amounts under a master certificate of deposit issued by a bank to a deposit broker in an amount that exceeds \$100,000. For these so-called "retail brokered deposits," multiple purchases by individual depositors from an individual bank normally do not exceed the applicable deposit insurance limit (either \$100,000 or \$250,000), but under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers and their account ownership capacity to the bank issuing the deposits. If this information is not readily available to the issuing bank, these brokered certificates of deposit in \$1,000 amounts may be rebuttably presumed to be fully insured and should be reported as "Deposit accounts of \$100,000 or less" in Schedule RC-O, Memorandum item 1.a, below. In addition, some brokered deposits are transaction accounts or money market deposit accounts (MMDAs) that are denominated in amounts of \$0.01 and established and maintained by the deposit broker

**Memoranda****Item No.    Caption and Instruction**

**1** (or its agent) as agent, custodian, or other fiduciary for the broker's customers. An individual depositor's deposits within the brokered transaction account or MMDA normally do not exceed the applicable deposit insurance limit. As with retail brokered deposits, if information on these depositors and their account ownership capacity is not readily available to the bank establishing the transaction account or MMDA, the amounts in the transaction account or MMDA may be rebuttably presumed to be fully insured and should be reported as "Deposit accounts of \$100,000 or less" in Schedule RC-O, Memorandum item 1.a, below. Time deposits issued to deposit brokers in the form of large (\$100,000 or more) certificates of deposit that have been participated out by the broker in shares of less than \$100,000 should also be reported as "Deposit accounts of \$100,000 or less" in Schedule RC-O, Memorandum item 1.a, below.

(cont.)

When determining the number and size of deposit accounts, each individual certificate, passbook, account, and other evidence of deposit is to be treated as a separate account. For purposes of completing this Memorandum item, multiple accounts of the same depositor should not be aggregated. In situations where a bank assigns a single account number to each depositor so that one account number may represent multiple deposit contracts between the bank and the depositor (e.g., one demand deposit account, one money market deposit account, and three certificates of deposit), each deposit contract is a separate account.

- 1.a        Deposit accounts (excluding retirement accounts) of \$100,000 or less.** Report in the appropriate subitem the amount outstanding and the number of deposit accounts, excluding retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1), with a balance of \$100,000 or less as of the report date.
- 1.a.(1)    Amount of deposit accounts (excluding retirement accounts) of \$100,000 or less.** Report the aggregate balance of all deposit accounts, certificates, or other evidences of deposit (demand, savings, and time), excluding retirement deposit accounts, with a balance on the report date of \$100,000 or less. This amount should represent the total of the balances of the deposit accounts enumerated in Schedule RC-O, Memorandum item 1.a.(2) below.
- 1.a.(2)    Number of deposit accounts (excluding retirement accounts) of \$100,000 or less.** (To be completed for the June report only.) Report the total number of deposit accounts (demand, savings, and time), excluding retirement deposit accounts, with a balance on the report date of \$100,000 or less. Count each certificate, passbook, account, and other evidence of deposit that has a balance of \$100,000 or less.
- 1.b        Deposit accounts (excluding retirement accounts) of more than \$100,000.** Report in the appropriate subitem the amount outstanding and the number of deposit accounts, excluding retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1), with a balance of more than \$100,000 as of the report date.
- 1.b.(1)    Amount of deposit accounts (excluding retirement accounts) of more than \$100,000.** Report the aggregate balance of all deposit accounts, certificates, or other evidences of deposit (demand, savings, and time), excluding retirement deposit accounts, with a balance on the report date of more than \$100,000. This amount should represent the total of the balances of the deposit accounts enumerated in Schedule RC-O, Memorandum item 1.b.(2) below.

**Memoranda****Item No. Caption and Instruction**

- 1.b.(2) Number of deposit accounts (excluding retirement accounts) of more than \$100,000.**  
Report the total number of deposit accounts (demand, savings, and time), excluding retirement deposit accounts, with a balance on the report date of more than \$100,000. Count each certificate, passbook, account, and other evidence of deposit that has a balance of more than \$100,000.
- 1.c Retirement deposit accounts of \$250,000 or less.** Report in the appropriate subitem the amount outstanding and the number of retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1) with a balance of \$250,000 or less as of the report date.
- 1.c.(1) Amount of retirement deposit accounts of \$250,000 or less.** Report the aggregate balance of all retirement deposit accounts, certificates, or other evidences of deposit (demand, savings, and time) with a balance on the report date of \$250,000 or less. This amount should represent the total of the balances of the retirement deposit accounts enumerated in Schedule RC-O, Memorandum item 1.c.(2) below.
- 1.c.(2) Number of retirement deposit accounts of \$250,000 or less.** (To be completed for the June report only.) Report the total number of retirement deposit accounts (demand, savings, and time) with a balance on the report date of \$250,000 or less. Count each certificate, passbook, account, and other evidence of deposit which has a balance of \$250,000 or less.
- 1.d Retirement deposit accounts of more than \$250,000.** Report in the appropriate subitem the amount outstanding and the number of retirement deposit accounts (as defined in Schedule RC-O, Memorandum item 1) with a balance of more than \$250,000 as of the report date.
- 1.d.(1) Amount of retirement deposit accounts of more than \$250,000.** Report the aggregate balance of all retirement deposit accounts, certificates, or other evidences of deposit (demand, savings, and time) with a balance on the report date of more than \$250,000. This amount should represent the total of the balances of the retirement deposit accounts enumerated in Schedule RC-O. Memorandum item 1.d.(2) below.
- 1.d.(2) Number of retirement deposit accounts of more than \$250,000.** Report the total number of retirement deposit accounts (demand, savings, and time) with a balance on the report date of more than \$250,000. Count each certificate, passbook, account, and other evidence of deposit which has a balance of more than \$250,000.
- 2 Estimated amount of uninsured deposits (in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions).**

Schedule RC-O, Memorandum item 2, is to be completed on an unconsolidated single FDIC certificate number basis by banks with \$1 billion or more in total assets.

Report the estimated amount of the bank's deposits (in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions) that is not covered by federal deposit insurance. This estimate should reflect the deposit insurance limits in effect for "retirement deposit accounts" (as defined in Schedule RC-O, Memorandum item 1) and other



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**2**            deposit accounts on the report date, which are \$250,000 and \$100,000, respectively. The reporting of this information is mandated by Section 7(a)(9) of the Federal Deposit Insurance Act.  
(cont.)

The estimated amount of uninsured deposits reported in this item should be based on the bank's deposits included in Schedule RC-O, item 1, "Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations," less item 2, "Total allowable exclusions (including foreign deposits)." In addition to the uninsured portion of deposits in "domestic offices" reported in Schedule RC, item 13.a, the estimate of uninsured deposits should take into account all other items included in Schedule RC-O, item 1 less item 2, including, but not limited to:

- Interest accrued and unpaid on deposits in domestic offices;
- Deposits in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits);
- Deposits of consolidated subsidiaries in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions (including interest accrued and unpaid on these deposits); and
- Deposit liabilities that have been reduced by assets netted against these liabilities in accordance with generally accepted accounting principles.

The bank's estimate of its uninsured deposits should be reported in accordance with the following criteria. In this regard, it is recognized that a bank may have multiple automated information systems for different types of deposits and that the capabilities of a bank's information systems to provide an estimate of its uninsured deposits will differ from bank to bank at any point in time and, within an individual institution, may improve over time.

- (1) If the bank has brokered deposits, which must be reported in Schedule RC-E, Memorandum item 1.b, "Total brokered deposits," it must use the information it has developed for completing Schedule RC-E, Memorandum item 1.c, "Fully insured brokered deposits," to determine its best estimate of the uninsured portion of its brokered deposits.
- (2) If the bank has deposit accounts whose ownership is based on a fiduciary relationship, Part 330 of the FDIC's regulations generally states that the titling of the deposit account (together with the underlying records) must indicate the existence of the fiduciary relationship in order for insurance coverage to be available on a "pass-through" basis. Fiduciary relationships include, but are not limited to, relationships involving a trustee, agent, nominee, guardian, executor, or custodian.

A bank with fiduciary deposit accounts with balances of \$100,000 or more must diligently use the available data on these deposit accounts, including data indicating the existence of different principal and income beneficiaries and data indicating that some or all of the funds on deposit represent retirement deposit accounts eligible for \$250,000 in deposit insurance coverage, to determine its best estimate of the uninsured portion of these accounts.

- (3) If the bank has deposit accounts of employee benefit plans, Part 330 of the FDIC's regulations states that these accounts are insured on a "pass-through" basis for the non-contingent interest of each plan participant provided that certain prescribed

**Memoranda****Item No.    Caption and Instruction**

- 2  
(cont.)            recordkeeping requirements are met. A bank with employee benefit plan deposit accounts with balances of \$100,000 or more must diligently use the available data on these deposit accounts to determine its best estimate of the uninsured portion of these accounts.
- (4) If the bank's deposit accounts include benefit-responsive "Depository Institution Investment Contracts," which must be included in Schedule RC-O, item 2, these deposit liabilities are not eligible for federal deposit insurance pursuant to Section 11(a)(8) of the Federal Deposit Insurance Act. A bank with benefit-responsive "Depository Institution Investment Contracts" must include the entire amount of these contracts in the estimated amount of uninsured deposits it reports in this Memorandum item 2.
- (5) If the bank has deposit accounts with balances in excess of the federal deposit insurance limit that it has collateralized by pledging assets, such as deposits of the U.S. Government and of states and political subdivisions in the U.S. (which must be reported in Schedule RC-E, items 2 and 3, and, on the FFIEC 031 report form, in Schedule RC-E, part II, item 5), the bank should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems.
- (6) If the bank has deposit accounts with balances in excess of the federal deposit insurance limit for which it has acquired private deposit insurance to cover this excess amount, the bank should make a reasonable estimate of the portion of these deposits that is not insured by the FDIC using the data available from its information systems.
- (7) For all other deposit accounts, the bank should make a reasonable estimate of the portion of these deposits that is uninsured using the data available from its information systems. In developing this estimate, if the bank has automated information systems in place that enable it to identify jointly owned accounts and estimate the deposit insurance coverage of these deposits, the higher level of insurance afforded these joint accounts should be taken into consideration. Similarly, if the bank has automated information systems in place that enable it to classify accounts by deposit owner and/or ownership capacity, the bank should incorporate this information into its estimate of the amount of uninsured deposits by aggregating accounts held by the same deposit owner in the same ownership capacity before applying the \$100,000 or \$250,000 insurance limit, as appropriate. Ownership capacities include, but are not limited to, single ownership, joint ownership, business (excluding sole proprietorships), revocable trusts, irrevocable trusts, and retirement accounts.

In the absence of automated information systems, a bank may use nonautomated information such as paper files or less formal knowledge of its depositors if such information provides reasonable estimates of appropriate portions of its uninsured deposits. A bank's use of such nonautomated sources of information is considered appropriate unless errors associated with the use of such sources would contribute significantly to an overall error in the FDIC's estimate of the amount of insured and uninsured deposits in the banking system.

- 3            **Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report or Thrift Financial Report?** If the reporting bank is owned by another bank or savings association and that parent bank or parent savings association is consolidating the reporting bank as part of the parent institution's Call Report or Thrift Financial Report for this report date, report the legal title and FDIC Certificate Number of the parent institution in this item.

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

**1**  
(cont.)      Consistent with the risk-based capital guidelines, if a bilateral netting agreement covers off-balance sheet derivative contracts that are normally not covered by the risk-based capital standards (e.g., foreign exchange contracts with an original maturity of 14 calendar days or less and contracts traded on exchanges that require daily payment of variation margin), the reporting bank may elect to consistently either include or exclude the fair values of all such derivative contracts when determining the net current credit exposure for that agreement.

The definition of a legally enforceable bilateral netting agreement for purposes of this item is the same as that set forth in the risk-based capital rules. These rules require a written bilateral netting contract that creates a single legal obligation covering all included individual contracts and that does not contain a walkaway clause. The bilateral netting agreement must be supported by a written and reasoned legal opinion representing that an organization's claim or obligation, in the event of a legal challenge, including one resulting from default, insolvency, bankruptcy, or similar circumstances, would be found by the court and administrative authorities of all relevant jurisdictions to be the net sum of all positive and negative fair values of contracts included in the bilateral netting contract.

**2**      **Notional principal amounts of derivative contracts.** Report in the appropriate subitem and column the notional amount or par value of all derivative contracts, including credit derivatives, that are subject to risk-based capital requirements. Such contracts include swaps, forwards, and purchased options. Report notional amounts and par values in the column corresponding to the contract's remaining term to maturity from the report date. Remaining maturities are to be reported as (1) one year or less in column A, (2) over one year through five years in column B, or (3) over five years in column C.

Do not report the notional amount for single currency interest rate swaps in which payments are made based upon two floating rate indices, so-called floating/floating or basis swaps; foreign exchange contracts with an original maturity of 14 days or less; and futures contracts.

The notional amount or par value to be reported for an off-balance-sheet derivative contract with a multiplier component is the contract's effective notional amount or par value. (For example, a swap contract with a stated notional amount of \$1,000,000 whose terms call for quarterly settlement of the difference between 5% and LIBOR multiplied by 10 has an effective notional amount of \$10,000,000.)

The notional amount to be reported for an amortizing derivative contract is the contract's current (or, if appropriate, effective) notional amount. This notional amount should be reported in the column corresponding to the contract's remaining term to final maturity.

For descriptions of "interest rate contracts," "foreign exchange contracts," "commodity and other contracts," and "equity derivative contracts," refer to the instructions for Schedule RC-L, item 12. For a description of "credit derivative contracts," refer to the instructions for Schedule RC-L, item 7.

**2.a**      **Interest rate contracts.** Report the remaining maturities of interest rate contracts that are subject to risk-based capital requirements.

**2.b**      **Foreign exchange contracts.** Report the remaining maturities of foreign exchange contracts that are subject to risk-based capital requirements.

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- 2.c**        **Gold contracts.** Report the remaining maturities of gold contracts that are subject to risk-based capital requirements.
- 2.d**        **Other precious metals contracts.** Report the remaining maturities of other precious metals contracts that are subject to risk-based capital requirements. Report all silver, platinum, and palladium contracts.
- 2.e**        **Other commodity contracts.** Report the remaining maturities of other commodity contracts that are subject to risk-based capital requirements. 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.
- 2.f**        **Equity derivative contracts.** Report the remaining maturities of equity derivative contracts that are subject to risk-based capital requirements.
- 2.g**        **Credit derivative contracts.** Report in the appropriate subitem the remaining maturities of credit derivative contracts that are subject to risk-based capital requirements. Banks should report the full gross notional amount of all such credit derivative contracts in the appropriate subitem. For credit derivative contracts that are subject to the market risk capital guidelines and for which the bank is the protection seller (guarantor), report the notional amount rather than an amount based on the unpaid or unearned premiums on these derivatives.
- 2.g.(1)**    **Investment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated investment grade or, if not rated, is the equivalent of investment grade under the bank's internal credit rating system
- 2.g.(2)**    **Subinvestment grade.** Report the remaining maturities of credit derivative contracts where the underlying reference asset is rated below investment grade, i.e., subinvestment grade, or, if not rated, is the equivalent of below investment grade under the bank's internal credit rating system.

**Bankers Acceptances (cont.):**

- (3) Acceptances owned by the reporting bank -- The treatment of acceptances owned or held by the reporting bank (whether acquired by initial discount or subsequent purchase) depends upon whether the acceptances are held for trading, for sale, or in portfolio and upon whether the acceptances held have been accepted by the reporting bank or by other banks.

All acceptances held for trading by the reporting bank (whether acceptances of the reporting bank or of other banks) are to be reported in Schedule RC, item 5, "Trading assets." Banks that must complete Schedule RC-D, Trading Assets and Liabilities, will identify these holdings in item 9, "Other trading assets."

The reporting bank's holdings of acceptances other than those held for trading (whether acceptances of the reporting bank or of other banks) are to be reported in Schedule RC, item 4.a, "Loans and leases held for sale," or in item 4.b, "Loans and leases, net of unearned income," as appropriate, and in Schedule RC-C, part I, "Loans and Lease financing receivables."

In Schedule RC-C, part I, the reporting bank's holdings of other banks' acceptances, other than those held for trading, are to be reported in "Loans to depository institutions and acceptances of other banks" (item 2). On the other hand, the bank's holdings of its own acceptances, other than those held for trading, are to be reported in Schedule RC-C, part I, according to the account party of the draft. Thus, holdings of own acceptances for which the account parties are commercial or industrial enterprises are to be reported in Schedule RC-C, part I, in "Commercial and industrial loans" (item 4); holdings of own acceptances for which the account parties are other banks (e.g., in connection with the refinancing of another acceptance or for the financing of dollar exchange) are to be reported in Schedule RC-C, part I, in "Loans to depository institutions and acceptances of other banks" (item 2); and holdings of own acceptances for which the account parties are foreign governments or official institutions (e.g., for the financing of dollar exchange) are to be reported in Schedule RC-C, part I, "Loans to foreign governments and official institutions" (item 7).

The difference in treatment between holdings of own acceptances and holdings of other banks' acceptances reflects the fact that, for other banks' acceptances, the holding bank's immediate claim is on the accepting bank, regardless of the account party or of the purpose of the loan. On the other hand, for its holdings of its own acceptances, the bank's immediate claim is on the account party named in the accepted draft.

If the account party prepays its acceptance liability on an acceptance of the reporting bank that is held by the reporting bank (in the held-for-sale account, in the loan portfolio, or as trading assets) so as to immediately reduce its indebtedness to the reporting bank, the recording of the holding – in "Commercial and industrial loans," "Loans to depository institutions and acceptances of other banks," or "Trading assets," as appropriate – is reduced by the prepayment.

**Bank-Owned Life Insurance:** FASB Technical Bulletin No. 85-4, "Accounting for Purchases of Life Insurance," addresses the accounting for bank-owned life insurance. According to this technical bulletin, only the amount that could be realized under the insurance contract as of the balance sheet date should be reported as an asset. This amount is the cash surrender value reported to the institution by the insurance carrier less any applicable surrender charges not reflected by the insurance carrier in the reported cash surrender value, i.e., the net cash surrender value. Because there is no right of offset, an investment in bank-owned life insurance should be reported as an asset separately from any related deferred compensation liability.

**Bank-Owned Life Insurance (cont.):**

The net cash surrender value of bank-owned life insurance policies as of the report date should be reported on the balance sheet in Schedule RC, item 11, "Other assets," and in Schedule RC-F, item 5, "Life insurance assets." The net earnings (losses) on or the net increases (decreases) in the net cash surrender value of bank-owned life insurance should be reported in the income statement in Schedule RI, item 5.I, "Other noninterest income." Alternatively, the gross earnings (losses) on or increases (decreases) in net cash surrender value may be reported in Schedule RI, item 5.I, and the life insurance policy expenses may be reported in Schedule RI, Item 7.d, "Other noninterest expense." If the absolute value of the earnings (losses) on or the increases (decreases) in the net cash surrender value that are reported in Schedule RI, item 5.I, "Other noninterest income," are greater than \$25,000 and exceed 3 percent of "Other noninterest income," this amount should be reported in Schedule RI-E, item 1.b.

**Banks, U.S. and Foreign:** In the classification of banks as customers of the reporting bank, distinctions are drawn for purposes of the Reports of Condition and Income between "U.S. banks" and "commercial banks in the U.S." and between "foreign banks" and "banks in foreign countries." Some report items call for one set of these categories and other items call for the other set. The distinctions center around the inclusion or exclusion of foreign branches of U.S. banks and U.S. branches and agencies of foreign banks. For purposes of describing the office location of banks as customers of the reporting bank, the term "United States" covers the 50 states of the United States, the District of Columbia, Puerto Rico, and U.S. territories and possessions. (This is in contrast to the usage with respect to the offices of the reporting bank, where U.S.-domiciled Edge and Agreement subsidiaries and IBFs are included in "foreign" offices. Furthermore, for banks chartered and headquartered in the 50 states of the United States and the District of Columbia, offices of the reporting bank in Puerto Rico and U.S. territories and possessions are also included in "foreign" offices, but, for banks chartered and headquartered in Puerto Rico and U.S. territories and possessions, offices of the reporting bank in Puerto Rico and U.S. territories and possessions are included in "domestic" offices.)

U.S. banks – The term "U.S. banks" covers both the U.S. and foreign branches of banks chartered and headquartered in the U.S. (including U.S.-chartered banks owned by foreigners), but excluding U.S. branches and agencies of foreign banks. On the other hand, the term "banks in the U.S." or "commercial banks in the U.S." (the institutional coverage of which is described in detail later in this entry) covers the U.S. offices of U.S. banks (including their IBFs) and the U.S. branches and agencies of foreign banks, but excludes the foreign branches of U.S. banks.

Foreign banks – Similarly, the term "foreign banks" covers all branches of banks chartered and headquartered in foreign countries (including foreign banks owned by U.S. nationals and institutions), including their U.S.-domiciled branches and agencies, but excluding the foreign branches of U.S. banks. In contrast, the term "banks in foreign countries" covers foreign-domiciled branches of banks, including the foreign branches of U.S. banks, but excluding the U.S. branches and agencies of foreign banks.