

SCHEDULE RC-F -- OTHER ASSETS

General Instructions

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

Item Instructions

Item No. Caption and Instructions

- 1 **Income earned, not collected on loans.** Report the amount of interest, commissions, and other income earned or accrued on loans and applicable to current or prior periods that has not yet been collected. Exclude income earned or accrued on assets other than loans (e.g., securities) that has not yet been collected (report in Schedule RC-F, item 4).

- 2 **Net deferred tax assets.** Report the net amount after offsetting deferred tax assets (net of valuation allowance) and deferred tax liabilities measured at the report date for a particular tax jurisdiction if the net result is a debit balance. If the result for a particular tax jurisdiction is a net credit balance, report the amount in Schedule RC-G, item 2, "Net deferred tax liabilities." If the result for each tax jurisdiction is a net credit balance, enter a zero or the word "none" in this item. (A bank may report a net deferred tax debit, or asset, for one tax jurisdiction, such as for federal income tax purposes, and also report at the same time a net deferred tax credit, or liability, for another tax jurisdiction, such as for state or local income tax purposes.)

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

- 3 **Interest-only strips receivable (not in the form of a security) on.** As defined in FASB Statement No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," an interest-only strip receivable is the contractual right to receive some or all of the interest due on a bond, mortgage loan, collateralized mortgage obligation, or other interest-bearing financial asset. This includes, for example, contractual rights to future interest cash flows that exceed contractually specified servicing fees on financial assets that have been sold. Report in the appropriate subitem interest-only strips receivable not in the form of a security that are measured at fair value like available-for-sale securities. Report unrealized gains (losses) on these interest-only strips receivable in Schedule RC, item 26.b, "Net unrealized holding gains (losses) on available-for-sale securities."

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

- 3.a **Mortgage loans.** Report the fair value of interest-only strips receivable (not in the form of a security) on mortgage loans.

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

Item No. Caption and Instructions

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

Itemize and describe, with clear but concise captions, each component of all other assets that is greater than \$25,000 and exceeds 25 percent of the amount reported for this item. Enter the dollar amount of such components in the inset boxes provided. The descriptions of these amounts should not exceed 50 characters in length (including spacing between words).

Include as all other assets:

- (1) Income earned but not collected on assets other than loans (e.g., securities).
- (2) Prepaid expenses (i.e., those applicable as a charge against operations in future periods).
- (3) Accrued interest on securities purchased.
- (4) Cash items not conforming to the definition of "Cash items in process of collection" found in the instruction to Schedule RC, item 1.a.
- (5) Credit or debit card sales slips in process of collection until the reporting bank has been notified that it has been given credit (report thereafter in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin," and, on the FFIEC 034, in Schedule RC-M, item 3.a, "Noninterest-bearing balances due from commercial banks in the U.S.," if credit has been given by a commercial bank in the U.S., and on the FFIEC 031, 032, and 033 in Schedule RC-A, item 2, "Balances due from depository institutions in the U.S.," or item 3, "Balances due from banks in foreign countries and foreign central banks," as appropriate).
- (6) Automobiles, boats, equipment, appliances, and similar property repossessed or otherwise acquired for debts previously contracted.
- (7) The current amount outstanding of margin accounts placed with brokers or others in connection with the purchase or sale of futures contracts (see the Glossary entry for "derivative contracts" for further information).
- (8) Purchased computer software, net of accumulated amortization, and unamortized costs of computer software to be sold, leased, or otherwise marketed capitalized in accordance with the provisions of FASB Statement No. 86.
- (9) Bullion (e.g., gold or silver) not held for trading purposes.
- (10) Original art objects, including paintings, antique objects, and similar valuable decorative articles (report at cost unless there has been a decline in value, judged to be other than temporary, in which case the object should be written down to its fair value).
- (11) Securities or other assets held in charitable trusts (e.g., Clifford Trusts).

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4 (12) Cash surrender value of life insurance policies for which the bank is the beneficiary. (cont.) (Policies acquired after November 14, 1985, should be reported at the amount that could be realized under the insurance contracts as of the report date. For further information, see FASB Technical Bulletin No. 85-4.)

(13) Cost of issuing subordinated notes and debentures, net of accumulated amortization.

(14) Furniture and equipment rented to others under operating leases, net of accumulated depreciation.

(15) Ground rents.

(16) Customers' liability for deferred payment letters of credit.

Exclude from all other assets:

(1) Redeemed U.S. savings bonds and food stamps (report in Schedule RC, item 1.a, "Noninterest-bearing balances and currency and coin," and also on the FFIEC 031, 032, and 033 in Schedule RC-A, item 1, "Cash items in process of collection, unposted debits, and currency and coin").

(2) Real estate owned or leasehold improvements to property intended for future use as banking premises (report in Schedule RC, item 6, "Premises and fixed assets").

(3) Accounts identified as "building accounts," "construction accounts," or "remodeling accounts" (report in Schedule RC, item 6, "Premises and fixed assets").

(4) Real estate acquired in any manner for debts previously contracted (including, but not limited to, real estate acquired through foreclosure and real estate acquired by deed in lieu of foreclosure), even if the bank has not yet received title to the property, and real estate collateral underlying a loan when the bank has obtained physical possession of the collateral, regardless of whether formal foreclosure proceedings have been instituted against the borrower (report as "All other real estate owned" in Schedule RC-M, item 8.a.(2)).

(5) Due bills representing purchases of securities or other assets by the reporting bank that have not yet been delivered (report as loans in Schedule RC-C).

(6) Factored accounts receivable (report as loans in Schedule RC-C).

5 Total. Report the sum of items 1 through 4. This amount must equal Schedule RC, item 11, "Other assets." |

MemorandumItem No. **Caption and Instructions**

1 Deferred tax assets disallowed for regulatory capital purposes. Report in this item the amount of deferred tax assets (included in Schedule RC-F, item 2, above) that are dependent upon future taxable income, net of any valuation allowance for deferred tax assets (included in Schedule RC-F, item 2), that exceeds the lesser of:

- (1) The amount of deferred tax assets that are dependent upon future taxable income that is expected to be realized within one year of the calendar quarter-end date, based on the reporting bank's projected future taxable income for that year; or
- (2) Ten percent of the amount of the reporting bank's Tier 1 (core) capital that exists before the deduction of any disallowed purchased mortgage servicing rights, any disallowed purchased credit card relationships, and any disallowed deferred tax assets.

Under the federal banking agencies' regulatory capital standards, deferred tax assets in excess of the preceding limit must be deducted from a bank's Tier 1 (core) capital, from its total assets, as defined, for leverage capital purposes, and are not included in its risk-weighted assets for risk-based capital purposes. A bank may calculate one overall limit on deferred tax assets that covers all tax jurisdictions in which the bank operates.

Deferred tax assets that are dependent upon future taxable income are (a) deferred tax assets arising from deductible temporary differences that exceed the amount of taxes previously paid that a bank could recover through loss carrybacks if the bank's temporary differences (both deductible and taxable) fully reverse at the report date and (b) deferred tax assets arising from operating loss and tax credit carryforwards. Therefore, for purposes of this item, all temporary differences should be assumed to fully reverse at the report date.

A bank may use its future taxable income projection for its current fiscal year (adjusted for any significant changes that have occurred or are expected to occur) when determining the regulatory capital limit for its deferred tax assets at an interim calendar quarter-end date rather than preparing a new projection each quarter. Projected future taxable income should not include net operating loss carryforwards expected to be used within one year of the quarter-end report date or the amount of existing temporary differences expected to reverse within that year, but should include the estimated effect of tax planning strategies that are expected to be implemented to realize carryforwards that will otherwise expire during that year.

When determining the amount to be reported in this item, each reporting bank's calculations should be made on a separate entity basis. Under the separate entity method, a bank (together with its consolidated subsidiaries) that is a subsidiary of a holding company is treated as a separate taxpayer rather than as part of the consolidated group of which it is a member.

Memorandum**Item No. Caption and Instructions**

1 Deferred tax assets which can be realized from taxes paid in prior carryback years and (cont.) from future reversals of existing taxable temporary differences should generally not be reported in this item. However, for a bank that is a subsidiary of a holding company, the parent holding company may not have the financial capability to reimburse the reporting bank for tax benefits derived from the bank's carryback of net operating losses or tax credits. In such a situation, when determining the amount of deferred tax assets that are dependent upon future taxable income, the amount of carryback potential the bank may consider as being available for the realization of its deferred tax assets shall be limited to the amount which the bank could reasonably expect to have refunded by its parent.

Treatment of deferred tax assets relating to available-for-sale securities -- In accordance with FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," available-for-sale securities are reported in the Reports of Condition and Income at fair value, with unrealized holding gains and losses on such securities, net of tax effects, included in a separate component of equity capital. These tax effects may increase or decrease the reported amount of a bank's deferred tax assets. The federal banking agencies exclude from regulatory capital the amount of net unrealized holding gains and losses on available-for-sale securities (except net unrealized holding losses on available-for-sale equity securities with readily determinable fair values). When determining the regulatory capital limit for deferred tax assets, a bank may, but is not required to, adjust the amount of its deferred tax assets for any deferred tax assets and liabilities arising from marking-to-market available-for-sale debt securities for purposes of these reports. A bank must follow a consistent approach with respect to such adjustments.

For further information on temporary differences, deferred tax assets, and the separate entity method, refer to the Glossary entry for "income taxes." For information about the optional treatment of a deferred tax liability that is specifically related to an intangible asset (other than purchased mortgage servicing rights and purchased credit card relationships) acquired in a nontaxable purchase business combination, refer to the instruction for Schedule RC-M, item 6.e.