

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

General Instructions

Report on a fully consolidated basis all loans, leases, debt securities, and other assets that are past due or are in nonaccrual status, regardless of whether such credits are secured or unsecured and regardless of whether such credits are guaranteed by the government or by others. Loan amounts should be reported net of unearned income to the extent that they are reported net of unearned income in Schedule RC-C. All lease, debt security, and other asset amounts must be reported net of unearned income. Report the full outstanding balances of assets that are past due or in nonaccrual status, as reported for purposes of Schedule RC, Balance Sheet, not simply the delinquent payments.

For report dates through December 31, 2000, the information reported in column A on assets past due 30 through 89 days and still accruing and in all of Memorandum item 1 on restructured loans and leases included in the past due and nonaccrual totals will be treated as confidential on an individual bank basis by the federal bank supervisory agencies. Beginning with the March 31, 2001, report date, all of the information reported in Schedule RC-N for each bank will be publicly available.

Banks which service for others Government National Mortgage Association (GNMA) pools consisting of 1-to-4 family residential mortgage loans insured by the Federal Housing Administration (FHA) or the Farmers Home Administration (FmHA) or guaranteed by the Veterans Administration (VA) and which, in order to satisfy GNMA's servicing requirements, choose to purchase delinquent FHA, FmHA, or VA residential mortgages in foreclosure status from the pool in lieu of continuing to make monthly advances to the pool need not report such loans in Schedule RC-N provided the process of reimbursement by FHA, FmHA, or VA is proceeding normally.

Definitions

Past Due -- For purposes of this schedule, grace periods allowed by the bank after a loan or other asset technically has become past due but before the imposition of late charges are not to be taken into account in determining past due status. Furthermore, loans, leases, debt securities, and other assets are to be reported as past due when either interest or principal is unpaid in the following circumstances:

- (1) Closed-end installment loans, amortizing loans secured by real estate, and any other loans and lease financing receivables with payments scheduled monthly are to be reported as past due when the borrower is in arrears two or more monthly payments. (At a bank's option, loans and leases with payments scheduled monthly may be reported as past due when one scheduled payment is due and unpaid for 30 days or more.) Other multipayment obligations with payments scheduled other than monthly are to be reported as past due when one scheduled payment is due and unpaid for 30 days or more.
- (2) Open-end credit such as credit cards, check credit, and other revolving credit plans are to be reported as past due when the customer has not made the minimum payment for two or more billing cycles.
- (3) Single payment and demand notes, debt securities, and other assets providing for the payment of interest at stated intervals are to be reported as past due after one interest payment is due and unpaid for 30 days or more.
- (4) Single payment notes, debt securities, and other assets providing for the payment of interest at maturity are to be reported as past due after maturity if interest or principal remains unpaid for 30 days or more.

Definitions (cont.)

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

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

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

- (1) it is maintained on a cash basis because of deterioration in the financial condition of the borrower,
- (2) payment in full of principal or interest is not expected, or
- (3) principal or interest has been in default for a period of 90 days or more unless the asset is both well secured and in the process of collection.

An asset is "well secured" if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt (including accrued interest) in full, or (2) by the guarantee of a financially responsible party. An asset is "in the process of collection" if collection of the asset is proceeding in due course either (1) through legal action, including judgment enforcement procedures, or, (2) in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status in the near future.

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

In the following situations, an asset need not be placed in nonaccrual status:

- (1) The criteria for amortization (i.e., accretion of discount) specified in AICPA Practice Bulletin No. 6 are met with respect to a loan or other debt instrument acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party (such as another institution or the receiver of a failed institution), including those that the seller had maintained in nonaccrual status.
- (2) The asset upon which principal or interest is due and unpaid for 90 days or more is a consumer loan or a loan secured by a 1-to-4 family residential property. Nevertheless, such loans should be subject to other alternative methods of evaluation to assure that the bank's net income is not materially overstated. To the extent that the bank has elected to carry such a loan in nonaccrual status on its books, the loan must be reported as nonaccrual in this schedule.

Definitions (cont.)

As a general rule, a nonaccrual asset may be restored to accrual status when:

- (1) none of its principal and interest is due and unpaid, and the bank expects repayment of the remaining contractual principal and interest, or
- (2) when it otherwise becomes well secured and in the process of collection.

For purposes of meeting the first test for restoration to accrual status, the bank must have received repayment of the past due principal and interest unless, as discussed in the Glossary entry for "nonaccrual status,"

- (1) the asset has been formally restructured and qualifies for accrual status,
- (2) the asset has been acquired at a discount (because there is uncertainty as to the amounts or timing of future cash flows) from an unaffiliated third party and meets the criteria for amortization (i.e., accretion of discount) specified in AICPA Practice Bulletin No. 6, or
- (3) the borrower has resumed paying the full amount of the scheduled contractual interest and principal payments on a loan that is past due and in nonaccrual status, even though the loan has not been brought fully current, and certain repayment criteria are met.

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

Restructured -- For purposes of this schedule, restructured loans and leases are those loans and leases whose terms have been modified, because of a deterioration in the financial condition of the borrower, to provide for a reduction of either interest or principal. Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full or, if the obligation yields a market rate, until the year subsequent to the year in which the restructuring takes place. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a restructured loan. Also, a loan to a purchaser of "other real estate owned" by the reporting bank for the purpose of facilitating the disposal of such real estate is not considered a restructured loan.

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

Column Instructions

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

Report in columns A and B of Schedule RC-N (except for Memorandum item 5) the full outstanding balances (not just delinquent payments) of loans, leases, debt securities, and other assets that are past due and upon which the bank continues to accrue interest, as follows:

- (1) In column A, report closed-end monthly installment loans, amortizing loans secured by real estate, lease financing receivables, and open-end credit in arrears two or three monthly payments; other multipayment obligations with payments scheduled other than monthly when one scheduled payment is due and unpaid for 30 through 89 days; single payment and demand notes, debt securities, and other assets providing for payment of interest at stated intervals after one interest payment is due and unpaid for 30 through 89 days; single payment notes, debt securities, and other assets providing for payment of interest at maturity, on which interest or principal remains unpaid for 30 through 89 days after maturity; unplanned overdrafts, whether or not the bank is accruing interest on them, if the account remains continuously overdrawn for 30 through 89 days.
- (2) In column B, report the loans, lease financing receivables, debt securities, and other assets as specified above on which payment is due and unpaid for 90 days or more.

Include in columns A and B, as appropriate (except for Memorandum item 5), all loans, leases, debt securities, and other assets which, subsequent to their restructuring by means of a modification of terms, have become 30 days or more past due and upon which the bank continues to accrue interest. Exclude from columns A and B all loans, leases, debt securities, and other assets that are in nonaccrual status.

Report in columns A and B of Memorandum item 5 the fair value, if positive, of all for interest rate, foreign exchange rate, equity, and commodity and other contracts on which a required payment by the bank's counterparty is due and unpaid for 30 through 89 days and due and unpaid for 90 days or more, respectively.

Report in column C the full outstanding balances of loans, leases, debt securities, and other assets that are in nonaccrual status. Include all restructured loans, leases, debt securities, and other assets that are in nonaccrual status. However, restructured loans, leases, debt securities, and other assets with a zero percent effective interest rate are not to be reported in this column as nonaccrual assets.

Item Instructions

The loan and lease category definitions used in Schedule RC-N correspond with the loan and lease category definitions found in Schedule RC-C, part I. Consistent with Schedule RC-C, part I, the category-by-category breakdown of loans and leases in Schedule RC-N includes (1) loans and leases held for sale and (2) loans and leases that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff.

Item No. Caption and Instructions

- 1** **Loans secured by real estate.** Report in the appropriate subitem and column all loans secured by real estate, as defined for Schedule RC-C, part I, item 1, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.a** **Construction, land development, and other land loans (in domestic offices).** Report in the appropriate column the amount of all construction, land development, and other land loans (in domestic offices), as defined for Schedule RC-C, part I, item 1.a, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.b** **Secured by farmland (in domestic offices).** Report in the appropriate column the amount of all loans secured by farmland (in domestic offices) as defined for Schedule RC-C, part I, item 1.b, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c** **Secured by 1-4 family residential properties (in domestic offices).** Report in the appropriate subitem and column the amount of all loans secured by 1-4 family residential properties (in domestic offices), as defined for Schedule RC-C, part I, item 1.c, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(1)** **Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.** Report in the appropriate column the amount outstanding under all revolving, open-end loans secured by 1-to-4 family residential properties and extended under lines of credit (in domestic offices), as defined for Schedule RC-C, part I, item 1.c.(1), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(2)** **Closed-end loans secured by 1-4 family residential properties.** Report in the appropriate subitem and column the amount of all closed-end loans secured by 1-to-4 family residential properties (in domestic offices), as defined for Schedule RC-C, part I, item 1.c.(2), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(2)(a)** **Secured by first liens.** Report in the appropriate column the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties (in domestic offices), as defined for Schedule RC-C, part I, item 1.c.(2)(a), column B, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 1.c.(2)(b)** **Secured by junior liens.** Report in the appropriate column the amount of all closed-end loans secured by junior liens on 1-to-4 family residential properties (in domestic offices), as defined for Schedule RC-C, part I, item 1.c.(2)(b), column B, that are past due 30 days or more or are in nonaccrual status as of the report date. Include loans secured by junior liens in this item even if the bank also holds a loan secured by a first lien on the same 1-to-4 family residential property and there are no intervening junior liens.
- 1.d** **Secured by multifamily (5 or more) residential properties (in domestic offices).** Report in the appropriate column the amount of all loans secured by multifamily (5 or more) residential properties (in domestic offices) as defined for Schedule RC-C, part I, item 1.d,

Item No. Caption and Instructions

1.d column B, that are past due 30 days or more or are in nonaccrual status as of the report
(cont.) date.

1.e **Secured by nonfarm nonresidential properties (in domestic offices).** Report in the appropriate column the amount of all loans secured by nonfarm residential properties (in domestic offices) as defined for Schedule RC-C, part I, item 1.e, column B, that are past due 30 days or more or are in nonaccrual status as of the report date.

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

1.f **In foreign offices.** Report in the appropriate column the amount of all loans secured by real estate in foreign offices, as defined for Schedule RC-C, part I, item 1, that are past due 30 days or more or are in nonaccrual status as of the report date.

2 **Loans to depository institutions and acceptances of other banks.** Report on the FFIEC 041 in the appropriate column and on the FFIEC 031 in the appropriate subitem and column the amount of all loans to depository institutions and acceptances of other banks, as defined for Schedule RC-C, part I, item 2, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Items 2.a, 2.b, and 3 are not applicable to banks filing the FFIEC 041 report form.

2.a **To U.S. banks and other U.S. depository institutions.** Report in the appropriate column the amount of loans to and acceptances of U.S. banks and other U.S. depository institutions, as defined for Schedule RC-C, part I, items 2.a.(2), 2.b, and 2.c.(1), column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

2.b **To foreign banks.** Report in the appropriate column the amount of all loans to and acceptances of foreign banks, as defined for Schedule RC-C, part I, items 2.a.(1) and 2.c.(2), column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

3 **Loans to finance agricultural production and other loans to farmers.** Report in the appropriate column the amount of all loans to finance agricultural production and other loans to farmers, as defined for Schedule RC-C, part I, item 3, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

4 **Commercial and industrial loans.** Report on the FFIEC 041 in the appropriate column and on the FFIEC 031 in the appropriate subitem and column the amount of all commercial and industrial loans as defined for Schedule RC-C, part I, item 4, that are past due 30 days or more or are in nonaccrual status as of the report date.

NOTE: Items 4.a and 4.b are not applicable to banks filing the FFIEC 041 report form.

4.a **To U.S. addressees (domicile).** Report in the appropriate column the amount of all commercial and industrial loans to U.S. addressees, as defined for Schedule RC-C, part I, item 4.a, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

4.b **To non-U.S. addressees (domicile).** Report in the appropriate column the amount of all commercial and industrial loans to non-U.S. addressees, as defined for Schedule RC-C, part I, item 4.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. Caption and Instructions

- 5** **Loans to individuals for household, family, and other personal expenditures.** Report in the appropriate subitem and column the amount of all loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) as defined for Schedule RC-C, part I, item 6, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.a** **Credit cards.** Report in the appropriate column the amount of all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards, as defined for Schedule RC-C, part I, item 6.a, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 5.b** **Other.** Report in the appropriate column the amount of all other loans to individuals for household, family, and other personal expenditures, as defined for Schedule RC-C, part I, items 6.b and 6.c, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 6** **Loans to foreign governments and official institutions.** Report in the appropriate column the amount of all loans to foreign governments and official institutions, as defined for Schedule RC-C, part I, item 7, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 7** **All other loans.** Report in the appropriate column the amount of all:
- obligations (other than securities and leases) of states and political subdivisions in the U.S., as defined for Schedule RC-C, part I, item 8;
 - other loans, as defined for Schedule RC-C, part I, item 9; and
 - on the FFIEC 041 only, all loans to finance agricultural production and other loans to farmers, as defined for Schedule RC-C, part I, item 3,
- that are past due 30 days or more or are in nonaccrual status as of the report date.
- 8** **Lease financing receivables (net of unearned income).** Report on the FFIEC 041 in the appropriate column and on the FFIEC 031 in the appropriate subitem and column the amount of all lease financing receivables (net of unearned income), as defined for Schedule RC-C, part I, item 10, that are past due 30 days or more or are in nonaccrual status as of the report date.

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

- 8.a** **Of U.S. addressees (domicile).** Report in the appropriate column the amount of all lease financing receivables (net of unearned income) of U.S. addressees, as defined for Schedule RC-C, part I, item 10.a, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.
- 8.b** **Of non-U.S. addressees (domicile).** Report in the appropriate column the amount of all lease financing receivables (net of unearned income) of non-U.S. addressees, as defined for Schedule RC-C, part I, item 10.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date.

Item No. **Caption and Instructions**

9 **Debt securities and other assets.** Report in the appropriate column all assets other than loans and leases reportable in Schedule RC-C that are past due 30 days or more or are in nonaccrual status as of the report date. Include such assets as debt securities and interest-bearing balances due from depository institutions. Exclude other real estate owned reportable in Schedule RC, item 7, and other repossessed assets reportable in Schedule RC, item 11, such as automobiles, boats, equipment, appliances, and similar personal property.

10 **Loans and leases reported in items 1 through 8 above which are wholly or partially guaranteed by the U.S. Government.** Report in the appropriate column the aggregate book value of all loans and leases reported in items 1 through 8 above for which repayment of principal is wholly or partially guaranteed by the U.S. Government, including its agencies and its government-sponsored agencies. Examples include loans guaranteed by the FDIC (through loss-sharing arrangements in FDIC-assisted acquisitions), the Small Business Administration, and the Federal Housing Administration. Amounts need not be reported in this item and in item 10.a below if they are considered immaterial.

Exclude from this item loans and leases guaranteed by state or local governments, state or local government agencies, foreign (non-U.S.) governments, and private agencies or organizations. Also exclude loans and leases collateralized by securities issued by the U.S. Government, including its agencies and its government-sponsored agencies.

10.a **Guaranteed portion of loans and leases included in item 10 above.** Report in the appropriate column the maximum amount recoverable from the U.S. Government, including its agencies and its government-sponsored agencies, under the guarantee provisions applicable to the loans and leases included in Schedule RC-N, item 10, above.

Memoranda**Item No. Caption and Instructions**

- 1 Restructured loans and leases included in Schedule RC-N, items 1 through 8, above.**
Report in the appropriate column the amount of restructured loans and leases (as defined above) that under their modified terms are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan categories in items 1 through 8 of this schedule. However, exclude from this item all restructured loans secured by 1-to-4 family residential properties (included in Schedule RC-N, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b)) and all restructured loans to individuals for household, family, and other personal expenditures (included in Schedule RC-N, items 5.a and 5.b).
- 2 Loans to finance commercial real estate, construction, and land development activities included in Schedule RC-N, items 4 and 7, above.** Report in the appropriate column the amount of loans to finance commercial real estate, construction, and land development activities ***not secured by real estate***, as defined for Schedule RC-C, part I, Memorandum item 3, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in items 4 and 7 of Schedule RC-N above. Exclude from this item all loans secured by real estate included in item 1 of Schedule RC-N above.

NOTE: Memorandum item 3 is not applicable to banks filing the FFIEC 041 report form.

- 3 Loans secured by real estate to non-U.S. addressees (domicile).** Report in the appropriate column the amount of all loans secured by real estate to non-U.S. addressees that are 30 days or more past due or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, items 1.a through 1.f, above.

NOTE: Memorandum items 3.a through 3.c are not applicable to banks filing the FFIEC 031 report form. On the FFIEC 041 report form, Memorandum items 3.a through 3.c are not applicable to banks that have less than \$300 million in total assets.

- 3.a Loans secured by real estate to non-U.S. addressees (domicile).** Report in the appropriate column the amount of all loans secured by real estate to non-U.S. addressees that are 30 days or more past due or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, items 1.a through 1.e, above.
- 3.b Loans to and acceptances of foreign banks.** Report in the appropriate column the amount of all loans to and acceptances of foreign banks as defined for Schedule RC-C, part I, items 2.a.(1) and 2.c.(2), column A, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and acceptances will have been included in Schedule RC-N, item 2, above.
- 3.c Commercial and industrial loans to non-U.S. addressees (domicile).** Report in the appropriate column the amount of all commercial and industrial loans to non-U.S. addressees, as defined for Schedule RC-C, part I, item 4.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, item 4, above.

Memoranda**Item No. Caption and Instructions**

NOTE: Memorandum item 3.d is not applicable to banks filing the FFIEC 031 report form. On the FFIEC 041 report form, Memorandum item 3.d is not applicable to banks that have less than \$300 million in total assets.

- 3.d Lease financing receivables of non-U.S. addressees (domicile).** Report in the appropriate column the amount of all lease financing receivables (net of unearned income) of non-U.S. addressees, as defined for Schedule RC-C, part I, item 10.b, column A, that are past due 30 days or more or are in nonaccrual status as of the report date. Such leases will have been included in Schedule RC-N, item 8, above.

NOTE: Memorandum item 4 is not applicable to banks filing the FFIEC 031 report form. On the FFIEC 041 report form, Memorandum item 4 is to be completed by:

- banks with \$300 million or more in total assets, and
- banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers, as defined for Schedule RC-C, part I, item 3, column B, exceeding five percent of total loans.

- 4 Loans to finance agricultural production and other loans to farmers.** Report in the appropriate column the amount of all loans to finance agricultural production and other loans to farmers, as defined for as defined for Schedule RC-C, part I, item 3, column B, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans will have been included in Schedule RC-N, item 7, above.

- 5 Loans and leases held for sale.** Report in the appropriate column the amount of all loans and leases held for sale, as defined for Schedule RC, item 4.a, that are past due 30 days or more or are in nonaccrual status as of the report date. Such loans and leases will have been included in one or more of the loan and lease categories in items 1 through 8 of Schedule RC-N above.

NOTE: On the FFIEC 041, Memorandum item 6 is not applicable to banks that have less than \$300 million in total assets.

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