Schedule HI

Line Item 1(c) Interest income on balances due from depository institutions.

Report all income on assets reportable in Schedule HC, item 1(b), "Interest-bearing balances due from depository Institutions," including interest-bearing balances maintained to satisfy reserve balance requirements, excess balances, and term deposits due from Federal Reserve Banks. Include interest income earned on interest-bearing balances due from depository institutions that are reported at fair value under a fair value option.

Line Item 1(d) Interest and dividend income on securities.

Report in the appropriate subitem all income on assets that are reportable in Schedule HC-B, Securities. Include accretion of discount on securities for the current period. Deduct current amortization of premium on securities. (Refer to the Glossary entry for "premiums and discounts.")

Include interest and dividends on securities held in the consolidated holding company's portfolio, loaned, sold subject to repurchase, or pledged as collateral for any purpose.

Include interest received at the sale of securities to the extent that such interest had not already been accrued on the consolidated holding company's books.

Do not deduct accrued interest included in the purchase price of securities from income on securities and do not charge to expense. Record such interest in a separate asset account (to be reported in Schedule HC, item 11, "Other assets") to be offset upon collection of the next interest payment.

Report income from detached U.S. Government security coupons and ex-coupon U.S. Government securities not held for trading in item 1(d)(3) as interest and dividend income on "All other securities." Refer to the Glossary entry for "coupon stripping, Treasury receipts, and STRIPS."

Exclude from interest and dividend income on securites:

(1) Realized gains (losses) on held-to-maturity securities and on available-for-sale securities (report in Schedule HI, items 6(a) and 6(b), respectively).

(2) Net unrealized holding gains (losses) on available-for-sale securities (include the amount of such net unrealized holding gains (losses) in Schedule HC, item 26(b), "Accumulated other comprehensive income," and the calendar year-to-date change in such net unrealized holding gains (losses) in Schedule HI-A, item 10, "Other comprehensive income)".

(3) Income from advances to, or obligations of, majority-owned subsidiaries not consolidated, associated companies, and those corporate joint ventures over which the consolidated holding company exercises significant influence (report as "Noninterest income" in the appropriate subitem of Schedule HI, item 5).

Line Item 1(d)(1) U.S. Treasury securities and U.S. government agency obligations (excluding mortgage-backed securities).

Report income from all securities reportable in Schedule HC-B, item 1, "U.S. Treasury securities," and item 2, "U.S. government agency obligations." Include accretion of discount on U.S. Treasury bills.

Line Item 1(d)(2) Mortgage-backed securities.

Report all income from securities reportable in Schedule HC-B, item 4, "Mortgage-backed securities."

Line Item 1(d)(3) All other securities.

Report in the appropriate subitem income from all other debt securities and from all equity securities of companies domiciled in the U.S. that are reportable in Schedule HC-B, item 3, "Securities issued by states and political subdivisions in the U.S.," item 5, "Asset-backed securities (ABS)," item 6, "Other debt securities," and item 7, "Investments in mutual funds and other equity securities with readily determinable fair values."

Exclude from interest and dividend income on all other securities:

(1) Income from equity securities that do not have readily determinable fair values (report as "Other interest income" in Schedule HI, item 1(g)).

(2) The consolidated holding company's proportionate share of the net income or loss from its common stock investments in domestic unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the consolidated holding company exercises significant influence (report income or loss before ~~extraordinary items and other~~
discontinued operations

Discontinued operations

adjustments in the appropriate subitem of item 5 and report ~~extraordinary items~~, net of applicable taxes and minority interest, in Schedule HI, item 12).

Line Item 1(e) Interest income from trading assets.

Report the interest income earned on assets reportable in Schedule HC, item 5, "Trading assets."

Include accretion of discount on assets held in trading accounts that have been issued on a discount basis, such as U.S. Treasury bills and commercial paper.

Exclude gains (losses) and fees from trading assets, which should be reported in Schedule HI, item 5(c), "Trading revenue." Also exclude revaluation adjustments from the periodic marking to market of derivative contracts held for trading purposes, which should be reported as trading revenue in Schedule HI, item 5(c). The effect of the periodic net settlements on these derivative contracts should be included as part of the revaluation adjustments from the periodic marking to market of the contracts.

Line Item 1(f) Interest income on federal funds sold and securities purchased under agreements to resell.

Report the gross revenue from assets reportable in Schedule HC, item 3, "Federal funds sold and securities purchased under agreements to resell." Include the contractual amount of interest income earned on federal funds sold and securities purchased under agreements to resell that are reported at fair value under a fair value option.

Line Item 1(g) Other interest income.

Report all interest income not properly reported in items 1(a) through 1(f) above. Other interest income includes, but is not limited to:

(1) Interest income on real estate sales contracts reportable in Schedule HC, item 7, "Other real estate owned."

(2) Interest income from advances to, or obligations of, majority-owned subsidiaries not consolidated on this report, associated companies, and those corporate joint ventures over which the consolidated holding company exercises significant influence.

Exclude the consolidated holding company's propor-

Net income (loss) attributable to holding company and noncontrolling (minority) interests (sum of items 10 and 11)

discontinued operation

tionate share of the income or loss before ~~extraordinary items and other adjustments from~~ its common stock investments in unconsolidated subsidiaries, associated companies, and those corporate joint ventures over which the holding company exercises significant influence (report in item 5(l), "Other noninterest income") and the consolidated holding company's proportionate share of ~~material extraordinary items and other adjustments~~ discontinued operation of these entities (report in item 12, "~~Extraordinary items net of applicable taxes and minority interest~~").

(3) Interest received on other assets not specified above.

Line Item 1(h) Total interest income.

Report the sum of items 1(a) through 1(g).

Line Item 2 Interest expense.

Line Item 2(a) Interest on deposits.

Report in the appropriate subitem all interest expense, including amortization of the cost of merchandise or property offered in lieu of interest payments, on deposits reportable in Schedule HC, item 13(a)(2), "Interest-bearing deposits in domestic offices," and Schedule HC, item 13(b)(2), "Interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs."

Exclude the 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 (report in Schedule HI, item 7(d), "Other noninterest expense").

Include as interest expense on the appropriate category of deposits finders' fees, brokers' fees, and other fees related to any type of interest-bearing broker deposit accounts (e.g., money market deposit accounts) that represent an adjustment to the interest rate paid on deposits the reporting bank acquires through brokers. If these fees are paid in advance and are material they should be capitalized and amortized over the term of the related deposits. However, exclude fees levied by brokers that are, in substance, retainer fees or that otherwise do not represent an adjustment to the interest rate paid on brokered deposits e.g., flat fees to administer the account (report in Schedule HI, item 7.d, "Other noninterest expense".

Also include as interest expense the contractual amount of interest expense incurred on deposits that are reported

Schedule HI

discontinued operations

Also include the holding company's proportionate share of the income or loss before ~~extraordinary items and other adjustments~~ from its investments in equity method investees that are principally engaged in securities brokerage activities. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the holding company exercises significant influence.

Line Item 5(d)(2) Investment banking, advisory, and underwriting fees and commissions.

Report fees and commissions from underwriting (or participating in the underwriting of) securities, private placements of securities, investment advisory and management services, merger and acquisition services, and other related consulting fees. Include fees and commissions from the placement of commercial paper, both for transactions issued in the holding company's name and transactions in which the holding company acts as an agent for a third party issuer.

discontinued operations

Also include the holding company's proportionate share of the income or loss before ~~extraordinary items and other adjustments~~ from its investments in equity method investees that are principally engaged in investment banking, advisory, or securities underwriting activities. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the holding company exercises significant influence.

Line Item 5(d)(3) Fees and commissions from annuity sales.

Report fees and commissions from sales of annuities (fixed, variable, and other) by the holding company and any subsidiary of the holding company and fees earned from customer referrals for annuities to insurance companies and insurance agencies external to the consolidated holding company. Also include management fees earned from annuities.

However, exclude fees and commissions from sales of annuities by the trust departments of the holding company's subsidiary banks (or by a consolidated trust company subsidiary) that are executed in a fiduciary capacity (report in Schedule HI, item 5(a), "Income from fiduciary activities").

discontinued operations

Also include the holding company's proportionate share of the income or loss before ~~extraordinary items and other adjustments~~ from its investments in equity method investees that are principally engaged in annuity sales. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the holding company exercises significant influence.

Line Item 5(d)(4) Underwriting income from insurance and reinsurance activities.

Report the amount of premiums earned by holding company subsidiaries engaged in insurance underwriting or reinsurance activities. Include earned premiums from (a) life and health insurance and (b) property and casualty insurance, whether (direct) underwritten business or ceded or assumed (reinsured) business. Insurance premiums should be reported net of any premiums transferred to other insurance underwriters/reinsurers in conjunction with reinsurance contracts.

discontinued operations

Also include the holding company's proportionate share of the income or loss before ~~extraordinary items and other adjustments~~ from its investments in equity method investees that are principally engaged in insurance underwriting or reinsurance activities. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the holding company exercises significant influence.

Exclude income from sales and referrals involving insurance products and annuities (see the instructions for Schedule HI, items 5(d)(5) and 5(d)(3), respectively, for information on reporting such income).

Line Item 5(d)(5) Income from other insurance activities.

Report income from insurance product sales and referrals, including:

(1) Service charges, commissions, and fees earned from insurance sales, including credit, life, health, property, casualty, and title insurance products.

(2) Fees earned from customer referrals for insurance products to insurance companies and insurance agencies external to the consolidated holding company.

discontinued operations

Also include management fees earned from separate accounts and universal life products.

Exclude income from annuity sales and referrals (see the instructions for Schedule HI, item 5(d)(3), above, for information on reporting such income).

Also include the holding company's proportionate share of the income or loss before ~~extraordinary items and other adjustments~~ from its investments in equity method investees that are principally engaged in insurance product sales and referrals. Equity method investees include unconsolidated subsidiaries; associated companies; and corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the holding company exercises significant influence.

Line Item 5(e) Venture capital revenue.

In general, venture capital activities involve the providing of funds, whether in the form of loans or equity, and technical and management assistance, when needed and requested, to start-up or high-risk companies specializing in new technologies, ideas, products, or processes. The primary objective of these investments is capital growth.

Report as venture capital revenue market value adjustments, interest, dividends, gains, and losses (including impairment losses) on venture capital investments (loans and securities). Include any fee income from venture capital activities that is not reported in one of the preceding items of Schedule HI—Income Statement.

Also include the holding company's proportionate share of the income or loss before discontinued operations ~~extraordinary items and other adjustments from~~ From its investments in:

(1) Unconsolidated subsidiaries,

(2) Associated companies, and

(3) Corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the holding company exercises significant influence that are principally engaged in venture capital activities.

Line Item 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, holding companies 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."

Line Item 5(g) Net securitization income.

Report net gains (losses) on assets sold in the holding company'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 holding company'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 holding company's securitization and structured finance transactions.

Exclude income from servicing securitized assets (report in item 5(f), above), fee income from the placement of commercial paper (report in item 5(d), above), and income from seller's interests and residual interests retained by the holding company (report in the appropriate subitem of 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 item 5(i), "Net gains (losses) on sales of loans and leases").

Line Item 5(h) Not applicable.

Line Item 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 HC-C), including unrealized losses (and subsequent recoveries of such net unrealized losses) on loans and leases held

Insert #1

for sale. Exclude net gains (losses) on loans and leases sold in the holding company's own securitization transactions and unrealized losses (and recoveries of unrealized losses) on loans and leases held for sale in the holding company's own securitization transactions (report these gains (losses) in Schedule HI, item 5(g), "Net securitization income").

Line Item 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 HC, 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.

Line Item 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 HI). 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 HI).

Line Item 5(l) Other noninterest income.

Report all operating income of the holding company for the calendar year to date not required to be reported elsewhere in Schedule HI. Disclose in Schedule HI, Memoranda items 6(a) through 6(~~k~~ l), each component of other noninterest income, and the dollar amount of such component, that is greater than ~~$25,000~~ $100,000 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~~ $100,000 and exceeds 3 percent of "Other noninterest income" and should be reported in Schedule HI, Memoranda item 6. (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 Memoranda items 6(a) through ~~6(h)~~ 6(i) 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 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, bank card and credit card interchange fees, ~~and~~ gains on bargain purchases, and income and fees from wire transfers. 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 HI, Memoranda items ~~6(i)~~ 6(j) through ~~6(k)~~ 6(l). These descriptions should not exceed 50 characters in length (including spacing between words).

For disclosure purposes, in Schedule HI, Memoranda items 6(a) through 6(~~h~~ i), 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 HI, 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.

Schedule HI

the deposit to the date of withdrawal, if material. Penalties for early withdrawals, or portions of such penalties, that represent the forfeiture of interest accrued or paid *to* the date of withdrawal are a reduction of interest expense and should be deducted from the gross interest expense of the appropriate category of time deposits in Schedule HI, item 2(a), "Interest on deposits."

discontinued operations

(19) Interest income from advances to, or obligations of, and the holding company's proportionate share of the income or loss before ~~extraordinary items and other adjustments~~ from its investments in:

(a) Unconsolidated subsidiaries,

(b) Associated companies, and

(c) Corporate joint ventures, unincorporated joint ventures, and general partnerships over which the holding company exercises significant influence, and

(d) Noncontrolling investments in certain limited partnerships and limited liability companies (described in the Glossary entry for "equity method of accounting"),

other than those that are principally engaged in investment banking, advisory, brokerage, or securities underwriting activities; venture capital activities; insurance and reinsurance underwriting activities; or insurance and annuity sales activities (the income from which should be reported in Schedule HI, items 5(d)(1) through 5(d)(5) and 5(e), as appropriate. *Exclude* the holding company's proportionate share of ~~material extraordinary items and other adjustments~~ of these entities (report in Schedule HI, item 12, "~~Extraordinary items and other adjustments, net of income taxes~~").

discontinued operations

(20) Net gains (losses) on nonhedging derivative instruments held for purposes other than trading. Holding companies should consistently report these net gains (losses) either in this item or in Schedule HI, item 7(d). For further information, see the Glossary entry for "derivative contracts."

(21) Gross income generated by securities contributed to charitable contribution Clifford Trusts.

(22) Income from ground rents and air rights.

(23) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule HC at fair value under a fair value option (excluding servicing assets and liabilities reported in Schedule HC, item 10(b), "Other intangible assets," and Schedule HC, item 20, "Other liabilities," respectively, and assets and liabilities reported in Schedule HC, item 5, "Trading assets," and Schedule HC, item 15, "Trading liabilities," respectively) resulting from the periodic marking of such assets and liabilities to fair value. Exclude the contractual amounts of interest income earned and interest expense incurred on financial assets and liabilities reported at fair value under a fair value option, which should be reported in the appropriate interest income or interest expense items on Schedule HI.

(24) Gains on bargain purchases recognized and measured in accordance with ASC Topic 805, Business Combinations (formerly referred to as FASB Statement No. 141(R) *Business Combinations).*

Line Item 5(m) Total noninterest income.

Report the sum of items 5(a) through 5(l).

Line Item 6(a) Realized gains (losses) on held-to-maturity securities.

Report the net gain or loss realized during the calendar year-to-date from the sale, exchange, redemption, or retirement of all securities reportable in Schedule HC, item 2(a), "Held-to-maturity securities." The realized gain or loss is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and the amortized cost. Also include in this item other-than-temporary impairment losses on individual held-to-maturity securities that must be recognized in earnings. For further information on the accounting for impairment of held-to-maturity securities, see the Glossary entry for "securities activities." If the amount to be reported in this item is a net loss, report with a minus (-) sign.

Do not adjust for applicable income taxes (income taxes applicable to gains (losses) on held-to-maturity securities are to be included in the applicable income taxes reported in item 9 below).

Exclude:

"Net income (loss) attributable to holding company and noncontrolling (minority) interests").

Schedule HI

(1) Salaries and employee benefits (report such expenses for all officers and employees of the holding company and its consolidated subsidiaries in 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 item 2(c), "Interest on trading liabilities and other borrowed money").

(3) All expenses associated with other real estate owned (report in 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 item 5(l), "Other noninterest income").

Line Item 7(c)(1) Goodwill impairment losses.

Report any impairment losses recognized during the period on goodwill (as defined for Schedule HC, item 10(a)). Exclude goodwill impairment losses associated with discontinued operations (report such losses on a net-of-tax basis in Schedule HI, item 11, "~~Extraordinary items and other adjustments~~, net of applicable taxes").

"Discontinued operations, ~~net of applicable income taxes~~

Impairment losses on goodwill should be tested at the consolidated holding company level in accordance with ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, *Goodwill and Other Intangible Assets*), if there is impairment losses at a subsidiary level using the subsidiary's reporting units. If goodwill impairment loss is recognized at a subsidiary level, then goodwill of the reporting unit or units (at the higher consolidated level) in which the subsidiary's reporting unit with impaired goodwill resides must be tested for impairment if the events or conditions that gave rise to the loss at the subsidiary level would more likely than not reduce the fair value of the reporting unit (at the higher consolidated level) below its carrying amount. Only if goodwill at that higher-level reporting unit is impaired would a goodwill impairment loss be recognized at the consolidated level.

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 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.

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 holding company may not remove goodwill from its balance sheet, for example, by "selling" or "dividending" this asset to its parent holding company or another affiliate.

Line 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 HC, item 10(b)). Under ASC Topic 350, Intangibles-Goodwill and Other (formerly FASB Statement No. 142, *Goodwill and Other Intangible Assets*), 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 ASC Topic 360, Property, Plant, and Equipment (formerly FASB Statement No. 144, *Accounting for the Impairment of Long-Lived Assets*).

Schedule HI

Exclude the amortization expense of and any impairment losses on servicing assets, which should be netted against the servicing income reported in Schedule HI, item 5(f), "Net servicing fees," above.

Line Item 7(d) Other noninterest expense.

Report all operating expenses of the holding company for the calendar year-to-date not required to be reported elsewhere in Schedule HI. Disclose in Schedule HI, Memoranda items 7(a) through ~~7(n)~~ 7(p), each component of other noninterest expense, and the dollar amount of such component, that is greater that ~~$25,000~~ $100,000 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~~ $100,000 and exceeds 3 percent of "Other noninterest expense" and should be reported in Schedule HI, Memoranda item 7. (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 Memoranda items 7(a) through ~~7(k)~~ 7(m) 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 deposit insurance assessments; accounting and auditing expenses; consulting and advisory expenses; automated teller machine (ATM) and interchange expenses;~~ and~~ telecommunications expenses; other real estate owned expenses; and Insurance expenses (not included in employee expenses, premises and fixed assets expenses and other real estate owned 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 HI, Memoranda items ~~7(l)~~ 7(n) through ~~7(n)~~ 7(p). These descriptions should not exceed 50 characters in length (including spacing between words).

For disclosure purposes in Schedule HI, memoranda items 7(a) through ~~7(k)~~ 7(m), 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) Premiums on fidelity insurance (blanket bond, excess employee dishonesty bond), directors' and officers' liability insurance, and life insurance policies for which the holding company or its consolidated subsidiaries are the beneficiary.

(3) Federal deposit insurance and Comptroller of the Currency assessment expense net of all assessment credits during the period.

(4) Legal fees and other direct costs incurred in connection with foreclosures and subsequent noninterest expenses related to holdings of real estate owned other than holding company (or its consolidated subsidiaries) premises (including depreciation charges or other write-downs if prescribed by law or by regulatory agencies or if otherwise appropriate).

(5) Sales taxes, taxes based on the number of shares of holding company stock outstanding, taxes based on the consolidated holding company's total assets or total deposits, taxes based on the bank's gross revenues or gross receipts, capital stock taxes, and other taxes not included in other categories of expense. Exclude any foreign, state, and local taxes based on a net amount of revenues less expenses (report as applicable income taxes in item 9~~ or include as applicable income taxes on extraordinary items in item 12, as appropriate~~).

(6) Cost of data processing services performed for the consolidated holding company by others.

(7) Advertising, promotional, public relations, and business development expenses. Also include the cost of athletic activities in which officers and employees participate when the purpose may be construed to be for public relations with employee benefits only incidental to the activities.

(8) Costs 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.

(9) Fees levied by deposit brokers that are, in substance, retainer fees or that otherwise do not represent an adjustment to the interest rate paid on

Schedule HI

(32) Provision for credit losses on off-balance sheet credit exposures.

(33) Net losses (gains) from the extinguishment of liabilities (debt), including losses resulting from the payment of prepayment penalties on borrowings such as Federal Home Loan Bank advances. However, if a holding company's debt extinguishments normally result in net gains over time, then the bank should consistently report its net gains (losses) in Schedule HI, item 5(l), "Other noninterest income."

(34) Fees for accounting, auditing, and attestation services, retainer fees, and other fees and expenses paid to accountants and auditors who are not holding company officers or employees.

(35) Fees for consulting and advisory services, retainer fees, and other fees and expenses paid to management consultants, investment advisors, and other professionals (other than attorneys providing legal services and accountants providing accounting, auditing, and attestation services) who are not holding company officers or employees.

(36) Automated teller machine (ATM) and interchange expenses from bank card and credit card transactions.

Exclude from other noninterest expense:

(1) Material expenses incurred in the issuance of subordinated notes and debentures (capitalize such expenses and amortize them over the life of the related notes and debentures and report the expense in item 2(d) "Interest on subordinated notes and debentures and on mandatory convertible securities"), and material expenses incurred in the issuance of notes payable to unconsolidated special purpose entities that issue trust preferred securities (capitalize such expenses and amortize them over the life of the related notes payable and report the expense in item 2(e), "Other interest expense").

(2) Expenses incurred in the sale of preferred and common stock. (Deduct such expenses from the sale proceeds and credit the net amount to the appropriate stock account. For perpetual preferred and common stock only, report the net sales proceeds in Schedule HI-A, item 5(a), "Sale of perpetual preferred stock, gross" and item 6(a), "Sale of common stock, gross" as appropriate.)

(3) Depreciation and other expenses related to the use of automobiles owned by the holding company or its consolidated subsidiaries, airplanes, and other vehicles for holding company (or its consolidated subsidiaries) business (report in item 7(b), "Expenses on premises and fixed assets, net of rental income").

(4) Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in Schedule HI, item 6(a), "Realized gains (losses) on held-to-maturity securities," and item 6(b), "Realized gains (losses) on available-for-sale securities," respectively).

(5) Revaluation adjustments to the carrying value of all assets and liabilities reported in Schedule HC at fair value under a fair value option. Holding companies should report these net decreases (increases) in fair value on trading assets and liabilities in Schedule HI, item 5(c); on servicing assets and liabilities in Schedule HI, item 5(f); and on other financial assets and liabilities in Schedule HI, item 5(l). Contractual amounts of interest income earned and interest expense incurred on these financial assets and liabilities should be excluded from the net decreases (increases) in fair value and reported in the appropriate interest income or interest expense items on Schedule HI.

Line Item 7(e) Total noninterest expense.

Report the sum of items 7(a) through 7(d).

discontinued operations

applicable

Line Item 8 Income (loss) before income taxes, ~~extraordinary items~~, and ~~other adjustments~~.

Report the consolidated holding company's pretax operating income. This amount will generally be determined by taking item 3, "Net interest income," minus item 4, "Provision for loan and lease losses," plus item 5(m), "Total noninterest income," plus or minus item 6(a), "Realized gains (losses) on held-to-maturity securities," plus or minus item 6(b), "Realized gains (losses) on available-for-sale securities," minus item 7(e), "Total noninterest expense." If the result is negative, report with a minus (-) sign.

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Schedule HI

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Insert # 9

Line Item 9 Applicable income taxes (on item 8).

Report the total estimated federal, state and local, and foreign income tax expense applicable to item 8, "Income (loss) before applicable income taxes and ~~extraordinary items and other adjustments~~ discontinued operations," ~~including the tax effects of gains (losses) on securities not held in trading accounts (i.e., available-for-sale securities and held-to-maturity securities).~~ Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than tax expense, report with a minus (-) sign.

Include as applicable income taxes all taxes based on a net amount of taxable revenues less deductible expenses. Exclude from applicable income taxes all taxes based on gross revenues or gross receipts (report such taxes in item 7(d), "Other noninterest expense").

Include income tax effects of changes in tax laws or rates. Also include the effect of changes in the valuation allowance related to deferred tax assets resulting from a change in estimate of the realizability of deferred tax assets, excluding the effect of any valuation allowance changes related to unrealized holding gains (losses) on available-for-sale securities that are charged or credited directly to the separate component of equity capital for "Accumulated other comprehensive income" (Schedule HC, item 26(b)).

Include tax benefits from operating loss carrybacks realized during the reporting period. If the consolidated holding company has realized tax benefits from operating loss carryforwards during the reporting period, do not net the dollar amount of these benefits against the income taxes which would be applicable to item 8, "Income (loss) before applicable income taxes and ~~extraordinary items and other adjustments.~~ discontinued operations." Report the dollar amount of income taxes applicable to item 8 in this item and report the realized tax benefits of operating loss carryforwards gross in item 11, ~~"Extraordinary items and other adjustments,~~ discontinued operations, net of ~~applicable~~ income taxes." discontinued operations, net of applicable income taxes)

Also include the dollar amount of any material adjustments or settlements reached with a taxing authority (whether negotiated or adjudicated) relating to disputed income taxes of prior years.

Exclude the estimated federal, state and local, and foreign income taxes applicable to:

(1) Item 11, "~~Extraordinary items and other adjustments~~, Discontinued operations, net of applicable income taxes."

(2) Schedule HI-A, item 2, "Cumulative effect of changes in accounting principles and corrections of material accounting errors."

(3) Schedule HI-A, item 12, "Other comprehensive income."

Line Item 10 Income (loss) before ~~extraordinary items and other adjustments.~~ discontinued operations"

Report the difference between item 8, "Income (loss) before applicable income taxes and ~~extraordinary items and other adjustments~~" discontinued operations" and item 9, "Applicable income taxes (on item 8)." If the amount is negative, report with a minus (-) sign.

Line Item 11 ~~Extraordinary items and other adjustments, net of applicable income taxes.~~ Discontinued operations, Net of applicable income Taxes

~~Report the total of the transactions listed below, if any, net of any applicable income taxes (including federal, state and local, and foreign taxes). If the amount reported in this item is a net loss, report with a minus (-) sign.~~

~~Include as extraordinary items and other adjustments:~~

~~(1) The material effects of any extraordinary items. Extraordinary items are very rare and the criteria which must be satisfied in order for an event or transaction to be reported as an extraordinary item are discussed in the Glossary entry for "extraordinary items."~~

~~(2) Material aggregate gains on troubled debt restructurings of the consolidated holding company's own debt, as determined in accordance with the provisions of ASC Subtopic 470-60, Debt – Troubled Debt Restructurings by Debtors (formerly FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*).~~

~~(3) The cumulative effect of all changes in accounting principles except those required to be reported in Schedule HI-A, item 2, "Cumulative effect of changes in accounting principles and corrections of material accounting errors." Refer to the Glossary entry for "accounting changes" for further discussion of changes in accounting principles.~~

~~(4)~~ The results of discontinued operations as determined in accordance with the provisions of ASC Subtopic 205-20, Presentation of financial Statements – Report, net of any applicable income taxes (including federal, state and local and foreign taxes), Discontinued Operations (formerly FASB Statement No. 144, "*Accounting for the Impairment of Long-Lived Assets*").

Exclude from extraordinary items and other adjustments:

(1) Net gains or losses on sales or other disposals of:

(a) All assets reportable as loans and leases in Schedule HC-C.

(b) Premises and fixed assets.

(c) Other real estate owned.

(d) Personal property acquired for debts previously contracted (such as automobiles, boats, equipment and appliances).

(e) Coins, art, and other similar assets.

(f) Branches (i.e., where the consolidated holding company sells a branch's assets to another depository institution which assumes the deposit liabilities of the branch).

For the first five categories above, holding companies should report net gains (losses) in the appropriate category of "Noninterest income" in Schedule HI, item 5. For the final category above, holding companies should consistently report net gains (losses) from branch sales as "Other noninterest income" in Schedule HI, item 5(l), or as "Other noninterest expense" in Schedule HI, item 7(d).

(2) Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in Schedule HI, item 6(a), "Realized gains (losses) on held-to-maturity securities," and item 6(b), "Realized gains (losses) on available-for-sale securities," respectively).

Line Item 12 Net income (loss) attributable to holding company and noncontrolling (minority) interests.

Report the sum of Schedule HI, items 10 and 11. If this amount is a net loss, report with a minus (-) sign.

Line Item 13 LESS: Net income (loss) attributable to noncontrolling (minority) interests.

Report that portion of consolidated net income reported in Schedule HI, item 12, above, attributable to noncontrolling interests of subsidiaries of the holding company. A noncontrolling interest, also called a minority interest, is the portion of equity in a holding company's subsidiary not attributable, directly or indirectly, to the parent holding company. If the amount reported in this item is a net loss, report with a minus (-) sign.

Line Item 14 Net income (loss) attributable to company.

Report Schedule HI, item 12 less item 13. If this amount is a net loss, report with a minus (-) sign.

Memoranda

Line Item M1 Net interest income (item 3 above) on a fully taxable equivalent basis.

Report net interest income (Schedule HI, item 3 above) on a fully taxable equivalent basis. The amount reported in this item should reflect what net interest income of the reporting holding company would be if all its interest income was subject to federal and state income taxes.

The following accounts on which the interest income is fully or partially tax-exempt, should be adjusted to a "taxable equivalent" basis in order that the holding company can compute its net interest income on a fully taxable equivalent basis:

(1) interest income on tax-exempt obligations (other than securities) of states and political subdivisions in the U.S. (included in Schedule HI, item 1(a));

(2) income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule HI, item 1(d)(3));

(3) income on lease financing receivables that is tax-exempt (included in Schedule HI, item 1(b)); and

(4) any other interest income (such as interest income earned on loans to an Employee Stock Ownership Plan), which under state or federal laws is partially or in its entirety exempt from income taxes.

The changes to the 1986 Tax Reform Act must be taken into consideration when computing net interest income on a fully taxable equivalent basis. The 1986 Act, in general, disallowed 100% of the interest expense allocable to tax-exempt obligations acquired after August 7, 1986. Previous to that date, and after December 31, 1982, the disallowance percentage was 20%; previous to December 31, 1982, the disallowance was 0%.

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Schedule HI

and discontinued operations

applicable

Line Item M2 Net income before income taxes, ~~extraordinary items, and other adjustments~~ (item 8 above) on a fully taxable equivalent basis.

discontinued operations

applicable

Report net income before ~~income~~ taxes, ~~extraordinary items,~~ and ~~other adjustments~~ (item 8 above) on a fully taxable equivalent basis. The amount reported in this item should reflect what net income of the reporting holding company would be if all its income was subject to federal and state income taxes. For purposes of this item, include net interest income on a fully taxable equivalent basis as reported in memoranda item 1 above plus all other income and expense adjusted to reflect the holding company's net income on a fully taxable equivalent basis.

Line Item M3 Income on tax-exempt loans and leases to states and political subdivisions in the U.S. (included in items 1(a) and 1(b) above).

Report the holding company's best estimate of the income from all tax-exempt loans and leases extended to states and political subdivisions in the U.S. that is included in items 1(a) and 1(b) above.

Tax-exempt loans and leases are those loans and leases to states and political subdivisions in the U.S. whose income is excludable from gross income for federal income tax purposes, regardless of whether the income from the loan or lease must be included in the holding company's alternative minimum taxable income and regardless of the federal income tax treatment of the expense incurred to carry the loan or lease.

Line Item M4 Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in item 1(d)(3) above).

Report the holding company's best estimate of the income from all tax-exempt securities issued by states and political subdivisions in the U.S. that is included in item 1(d)(3) above.

Line Item M5 Number of full-time equivalent employees at end of current period.

Report the number of full-time equivalent employees on the payroll of the holding company and its consolidated subsidiaries as of the report date.

To convert the number of part-time employees to full-time equivalent employees, add the total number of hours all part-time and temporary employees worked during the quarter ending on the report date and divide this amount by the number of hours a full-time employee would have been expected to work during the quarter. Round the result to the nearest whole number and add it to the number of full-time employees. (A full-time employee may be expected to work more or less than 40 hours each week, depending on the policies of the reporting holding company.)

$100,000

Line Item M6 Other noninterest income (only report amounts greater than ~~$25,000~~ that exceed 3% of Schedule HI, item 5(l)).

Disclose in memoranda items 6(a) through ~~6(k)~~ each component of Schedule HI, 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." $100,000

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

- M6(a), "Income and fees from the printing and sale of checks,"
- M6(b), "Earnings on/increase in value of cash surrender value of life insurance,"
- M6(c), "Income and fees from automated teller machines (ATMs),"
- M6(d), "Rent and other income from other real estate owned,"
- M6(e), "Safe deposit box rent,"
- M6(f), "Net change in the fair values of financial instruments accounted for under a fair value option," and
- M6(g), "Bank card and credit card interchange fees."
- M6(h), "Gains on bargain purchases."
- M6(i) Income and fees from wire transfers

For other components of "Other noninterest income" that exceed the disclosure threshold, list and briefly describe these components in memoranda items ~~6(i)~~ J through ~~6(k)~~.

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.

Schedule HI

L. Other Real estate owned expenses
m. Insurance expenses (Not included in employee expenses, premises and fixed assets expenses, and other real estate owned expenses.
$100,000

If net losses have been reported in Schedule HI, 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, report with a minus (-) sign. A sample of the types of items that may require disclosure has been included in the instructions to item 5(l) above. The description of each item reported in memoranda items 6(~~i~~ j) ~~through~~ 6(~~k~~ l) should be reported in the area marked as "text" on the report form in **a clear and concise manner** and limited to 132 characters per item (including punctuation and spaces). Do not use words such as "miscellaneous" or "other" to describe these items. The dollar amount should be reported in the adjacent column on the right. If there are no reportable amounts for memoranda items 6(~~i~~) through 6(~~k~~), then these items should be left blank. j l $100,000

Line Item M7 Other noninterest expense (only report amounts greater than ~~$25,000~~ that exceed 3% of the sum of Schedule HI, item 7(d)).

Disclose in memoranda items 7(a) through 7(~~n~~ p) each component of Schedule HI, item 7(d), "Other noninterest expense," and the dollar amount of such component, that is greater than ~~$25,000~~ $100,000 and exceeds 3 percent of the "Other noninterest expense."

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

- M7(a), "Data processing expenses,"
- M7(b), "Advertising and marketing expenses,"
- M7(c), "Directors' fees,"
- M7(d), "Printing, stationery, and supplies,"
- M7(e), "Postage,"
- M7(f), "Legal fees and expenses,"
- M7(g), "FDIC deposit insurance assessments,"
- M7(h), "Accounting and auditing expenses,"
- M7(i), "Consulting and advisory expenses,"
- M7(j), "Automated teller machine (ATM) and interchange expenses," and
- M7(k), "Telecommunications expenses."

Include in "Telecommunications expenses" any expenses associated with telephone, 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 memoranda items 7(~~l~~ n) through 7(~~n~~ p).

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.

Do not itemize "Benefits, losses, and expenses from insurance-related activities." These amounts are reported separately in Schedule HI, memorandum item 12(c).

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~~ $100,000 and exceeds 3 percent of "Other noninterest expense" 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 gains are reported in this item, report with a minus (-) sign. A sample of the types of items that may require disclosure has been included in the instructions to item 7(d) above. The description of each item reported in memoranda items 7(~~l~~ n) through 7(~~n~~ p) should be reported in the area marked as "text" on the report form **in a clear and concise manner** and limited to 132 characters per item (including punctuation and spaces). Do not use words such as "miscellaneous" or "other" to describe these items. The dollar amount should be reported in the adjacent column on the right. If there are no reportable amounts for memoranda items 7(~~l~~ n) through 7(~~n~~ p), then these items should be left blank.

Line Item M8 ~~Extraordinary items and other adjustments.~~ Discontinued operations and applicable income tax effect

List and briefly describe in items M8(a) through M8(c) below each ~~extraordinary item or adjustment included~~ in item 11, ~~"Extraordinary items and other adjustments, net of income taxes"~~ below. However, each item should be

Discontinued operations

of the discontinued operations

applicable

Schedule HI

the results of

reported separately, gross of income taxes and the income tax effect separately reported, as indicated.

If ~~an extraordinary item or other adjustment is~~ discontinued operations are a loss or otherwise reduces the holding company's income, report with a minus (-) sign. If an applicable income tax effect is a tax benefit (rather than a tax expense), report with a minus (-) sign.

Line Item M9 Trading revenue (from cash instruments and derivative instruments).

Memorandum items 9(a) through 9(e) are to be completed by holding companies that reported average trading assets (in Schedule HC-K, item 4(a)) of $2 million or more for any quarter of the preceding calendar year. Memorandum items 9(f) and 9(g) are to be completed by holding companies with $100 billion or more in total assets that are required to complete Memorandum items 9(a) through 9(e).

Report, in Memorandum items 9(a) through 9(e) below, a breakdown of trading revenue that has been included in the body of the income statement in Schedule HI, item 5(c). For each of the four types of underlying risk exposure, report the combined revenue (net gains and losses) from trading cash instruments and derivative instruments. For purposes of Memorandum item 9, the reporting holding company should determine the underlying risk exposure category in which to report the trading revenue from cash instruments and derivative instruments in the same manner that the holding company makes this determination for other financial reporting purposes. The sum of Memorandum items 9(a) through 9(e) must equal Schedule HI, item 5(c).

Line Item M9(a) Interest rate exposures.

Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting holding company manages as interest rate exposures. Interest rate exposures may arise from cash debt instruments (e.g., U.S. Treasury securities) and interest rate contracts. Interest rate contracts are those contracts related to an interest-bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract (e.g., an option on a futures contract to purchase a Treasury bill). Interest rate contracts include single currency interest rate swaps, basis swaps, forward rate agreements, and interest rate options, including caps, floors, collars, and corridors.

Exclude trading revenue on contracts involving the exchange of foreign currencies (e.g., cross-currency swaps and currency options) that the reporting holding company manages as foreign exchange exposures. Report such trading revenue in Memorandum item 9(b).

Line Item M9(b) Foreign exchange exposures.

Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting holding company manages as foreign exchange exposures. Foreign exchange exposures may arise from cash instruments (e.g., debt securities) denominated in non-U.S. currencies and foreign exchange rate contracts. Foreign exchange rate contracts are those contracts to purchase foreign (non-U.S.) currencies and U.S. dollar exchange in the forward market (i.e., on an organized exchange or in an over-the-counter market). A purchase of U.S. dollar exchange is equivalent to a sale of foreign currency. Foreign exchange rate contracts include cross-currency interest rate swaps where there is an exchange of principal, forward and spot foreign exchange contracts, and currency futures and currency options.

Line Item M9(c) Equity security and index exposures.

Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting holding company manages as equity security and index exposures. Equity security or index exposures may arise from equity securities and equity security or index (i.e., equity derivative) contracts. Equity derivative contracts are contracts that have a return, or a portion of their return, linked to the price of a particular equity or to an index of equity prices, such as the Standard and Poor's 500.

Line Item M9(d) Commodity and other exposures.

Report in this item net gains (losses) from trading cash instruments and derivative contracts that the reporting holding company manages as commodity or other exposures. Commodity or other exposures may arise from commodities and commodity and other derivative contracts not reported as interest rate, foreign exchange, equity, or credit derivative contracts. Commodity and other contracts are contracts that have a return, or a portion of their return, linked to the price or to an index of precious metals, petroleum, lumber, agricultural products, etc. Commodity and other contracts also include

Schedule HI

under a fair value option. This amount will reflect the reported interest included in total interest expense in Schedule HI, item 2(f), and revaluation adjustments included in noninterest income in Schedule HI, items 5(c), 5(f), and 5(l). Exclude gains and losses for other items measured at fair value, such as items required to be measured at fair value.

Line Item M14(b)(1) Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk.

For liabilities reported at fair value under a fair value option, report the estimated portion of the change in fair value included in earnings attributable to changes in instrument-specific credit risk.

Line Item M15 Stock-based employee compensation expense (net of tax effects) calculated for all awards under the fair value method.

Report the stock-based employee compensation cost, that is included in Schedule HI, item 7(e), net of related tax effects. This compensation cost includes employee stock options expense, calculated using the fair value method applied to *all awards* in conformity with ASC Topic 718, Compensation-Stock Compensation (formerly FASB Statement No. 123(R), *Shared-Based Payment).* Stock-based employee compensation plans include all arrangements by which employees receive shares of stock or other equity instruments of the employer or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. Examples are stock purchase plans, stock options, restricted stock, and stock appreciation rights.

For purposes of reporting in this item, *all awards* refers to awards granted, modified, or settled in fiscal periods beginning after December 15, 1994.

Memorandum item 16 is to be completed by holding companies that are required to complete Schedule HC-C, Memorandum items 6(b) and 6(c).

Line Item M16 Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties.

Report the amount of noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (i.e., interest income accrued and uncollected that has been added to principal) included in interest and fee income on loans in domestic offices (Schedule HI, item 1(a)(1)).

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).

Line Item M17 Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities.

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

Report in the appropriate subitem the specified information on other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that have occurred during the calendar year to date. The amounts to be reported in Memorandum item 17 should be determined as of the date each other-than-temporary impairment loss is initially recognized on an individual debt security during the current calendar year, i.e., based on the fair value and amortized cost of the other-than-temporarily impaired debt security as of that measurement date, and these amounts should be adjusted only to reflect any additional impairment loss on the debt security that is recognized in earnings during the same calendar year. The amounts reported in Memorandum items 17(a) and 17(b) should not be adjusted to reflect recoveries in the fair value of the other-than-temporarily impaired debt security in periods subsequent to the date when the other-than-temporary impairment (OTTI) loss was initially recognized in earnings during the current calendar year. In contrast, the amounts reported in Memorandum items 17(a), 17(b), and 17(c) should be adjusted to reflect a further decline in the fair value of the other-than-temporarily impaired debt security during the current calendar year that is accompanied by an additional impairment loss on the debt security that increases the previously reported impairment loss recognized in earnings during the current calendar year.[2]

Consider the following examples:[3]

Example 1:

First Quarter 2013:

- Debt security with a $1,000 amortized cost basis and fair value of $900.
- Impairment is determined to be other-than-temporary.
- Total OTTI loss of $100 is comprised of a $10 credit loss recognized in earnings and a $90 loss related to factors other than credit recognized in other comprehensive income.
- The new amortized cost basis of the debt security after the recognition of the credit loss is $990.

Second Quarter 2013:

- Debt security has increased in fair value to $920.
- The credit loss has increased by $20, which is recognized in earnings.
- This additional other-than-temporary impairment loss recognized in earnings results in a new amortized cost basis of $970 for the debt security.

Third Quarter 2013:

- Debt security has increased in fair value to $950
- The credit loss is unchanged from the second quarter of 2013, so the amortized cost basis remains $970.

The events listed above would be reported in the Memorandum items 17.a, 17.b, and 17.c, as follows:

	March 31, 2013	June 30, 2013	September 30, 2013
17(a)	$100	$100	$100
17(b)	90	70	70
17(c)	$10	$30	$30

Note that Memorandum items 17(b) and 17(c) are adjusted as of June 30, 2013, to reflect the increase in the other-than-temporary impairment loss recognized in earnings (the increased credit loss) that occurred in the second quarter of 2013; however, Memorandum items 17(a) and 17(b) are not adjusted as of June 30 and September 30, 2013, to reflect the increases in the fair value of the debt security that occurred in the second and third quarters of 2013 because these recoveries in fair value do not result in a reduction in the amount of other-than-temporary impairment loss initially recognized in earnings in the first quarter of 2013.

Example 2:

First Quarter 2013:

- Same facts as in Example 1.

Second Quarter 2013:

- Debt security has declined in fair value to $870.
- The credit loss has increased by $20, which is recognized in earnings.
- This additional other-than-temporary impairment loss recognized in earnings results in a new amortized cost basis of $970 for the debt security.

Third Quarter 2013:

- Debt security has increased in fair value to $920

2. This reporting treatment should be applied to other-than-temporary impairment losses recognized on or after January 1, 2013.

3. In these examples, references to the amortized cost of the debt security in periods after the recognition of an other-than-temporary impairment loss ignore the effect of the accretion of the difference between the new amortized cost basis and the cash flows expected to be collected.

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- The credit loss is unchanged from the second quarter of 2013, so the amortized cost basis remains $970.

The events listed above would be reported in the Memorandum items 17(a), 17(b), and 17(c), as follows:

	March 31, 2013	June 30, 2013	September 30, 2013
17(a)	$100	$130	$130
17(b)	$90	$100	$100
17(c)	$10	$30	$30

Note that Memorandum items 17(a), 17(b), and 17(c) are adjusted as of June 30, 2013, to reflect the additional decline in fair value of the other-than-temporarily impaired debt security that accompanied the increase in the other-than-temporary impairment loss recognized in earnings (the increased credit loss) in the second quarter of 2013; however, Memorandum items 17(a) and 17(b) are not adjusted as of September 30, 2013, to reflect the increase in the fair value of the debt security that occurred in the third quarter of 2013 because this recovery in fair value did not result in a reduction in the amount of other-than-temporary impairment losses initially and subsequently recognized in earnings in the first and second quarters, respectively, of 2013.

Line Item M17(a) Total other-than-temporary impairment losses.

When an other-than-temporary impairment loss has occurred on an individual debt security, the total amount of the loss is the entire difference between the amortized cost of the debt security and its fair value on the measurement date of the other-than-temporary impairment. Report the total other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings and other comprehensive income during the calendar year to date in the manner specified in the instructions for Schedule HI, Memorandum item 17, above. Because this item should not reflect recoveries in the fair value of an other-than-temporarily impaired debt security in periods subsequent to the date when the other-than-temporary impairment loss was initially recognized during the current calendar year, negative entries are not appropriate in this item.

Line Item M17(b) Portion of losses recognized in other comprehensive income (before income taxes).

When an other-than-temporary impairment loss has occurred on an individual debt security, if the holding company does not intend to sell the security and it is not more likely than not that the holding company will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, the other-than-temporary impairment loss must be separated into (a) the amount representing the credit loss, which must be recognized in earnings, and (b) the amount related to all other factors, which must be recognized in other comprehensive income. Report the portion of other-than-temporary impairment losses included in Memorandum item 17(a) above related to factors other than credit that has been recognized in other comprehensive income (before income taxes) during the calendar year to date in the manner specified in the instructions for Schedule HI, Memorandum item 17, above.

Because this item should not reflect recoveries in the fair value of an other-than-temporarily impaired debt security in periods subsequent to the date when the other-than-temporary impairment loss was initially recognized during the current calendar year, negative entries are not ~~appropriate in this item.~~

Line Item M17~~(c)~~ ~~Net impairment losses recognized in earnings.~~ Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings.

~~Report~~ Schedule HI, Memorandum item 17(a), ~~less~~ Memorandum ~~item~~ 17(b), which represents the amount of other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that has been recognized in earnings during the calendar year to date. This amount is included in the realized gains (losses) on held-to-maturity and available-for-sale securities reported in Schedule HI, items 6(a) and 6(b).

Insert #2

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Predecessor Financial Items

Leave this item blank if the subsidiary banks of the acquired company had no trust departments and the acquired company had no consolidated subsidiaries that rendered services in any fiduciary capacity.

Line Item 5(b) Trading revenue.

Report the net gain or loss from trading cash instruments and off-balance-sheet derivative contracts (including commodity contracts) that was recognized during the year to date of acquisition.

Include as trading revenue:

(1) Revaluation adjustments to the carrying value of trading assets and liabilities as defined in Schedule HC, items 5 and 15, resulting from the periodic marking to market of such assets and liabilities;

(2) Revaluation adjustments from the periodic marking to market interest rate, foreign exchange, equity derivative, and commodity and other contracts as defined in Schedule HC-L, item 12; and

(3) Incidental income and expense related to the purchase and sale of trading assets and liabilities as defined in Schedule HC, items 5 and 15, and off-balance-sheet derivative contracts as defined in Schedule HC-L, item 12.

If the amount to be reported in this item is a net loss, report with a minus (-) sign.

Line Item 5(c) Investment banking, advisory, brokerage and underwriting fees and commissions.

Report fees and commissions from underwriting (or participating in the underwriting of) securities, investment advisory and management services, merger and acquisition services, and other related consulting fees. Include fees and commissions from securities brokerage activities, from the sale and servicing of mutual funds, from the sale of annuities to the acquired company's customers by securities brokerage firms, from the purchase and sale of securities and money market instruments where the acquired company was acting as agent for other banking institutions or customers and from the lending of securities owned by the predecessor company or its customers (if these fees and commissions are not included in Notes to the Income Statement - Predecessor Financial Items, item 5(a), "Income from fiduciary activities," or item 5(b), "Trading revenue").

Also include the acquired company's proportionate share of the income or loss before ~~extraordinary items and other adjustments~~ from its investment in:
Discontinued operations

(1) Unconsolidated subsidiaries,

(2) Associated companies, and

(3) Corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the acquired company exercised significant influence that were principally engaged in investment banking, advisory, brokerage or securities underwriting activities.

Line Item 5(d) Venture capital revenue.

Report as venture capital revenue market value adjustments, interest, dividends, gains, and losses (including impairment losses) on venture capital investments (loans and securities).

Also include the acquired company's proportionate share of the income or loss before ~~extraordinary items and other adjustments~~ from its investment in: discontinued operations

(1) Unconsolidated subsidiaries,

(2) Associated companies, and

(3) Corporate joint ventures, unincorporated joint ventures, general partnerships, and limited partnerships over which the acquired company exercised significant influence that were principally engaged in venture capital activities.

In general, venture capital activities involve the providing of funds, whether in the form of loans or equity, and technical and management assistance, when needed and requested, to start-up or high-risk companies specializing in new technologies, ideas, products, or processes. The primary objective of these investments is capital growth.

Line Item 5(e) Net securitization income.

Report net gains (losses) on assets sold in securitization transactions, (i.e., net of transaction costs). Include fees (other than servicing fees) earned from the acquired company's securitization transactions and unrealized losses (and recoveries or unrealized losses) on loans and leases held for sale in securitization transactions. Exclude income from servicing securitized assets and seller's interests and residual interests retained by the acquired company.

Predecessor Financial Items

Line Item 5(f) Insurance commissions and fees.

Report the amount of premiums earned by holding company subsidiaries engaged in insurance underwriting and reinsurance activities, and income from insurance product sales and referrals, as defined in Schedule HI, items 5(h)(1) and 5(h)(2).

Line Item 6 Realized gains (losses) on held-to-maturity and available-for-sale securities.

Report the net gain or loss realized during the year to date of acquisition from the sale, exchange, redemption, or retirement of all securities as defined in Schedule HC, items 2(a) and 2(b). The realized gain or loss is the difference between the sales price (excluding interest at the coupon rate accrued since the last interest payment date, if any) and the amortized cost. Also include in this item the write-downs of the cost basis of individual held-to-maturity or available-for-sale securities for other-than-temporary impairments. If the amount to be reported in this item is a net loss, report with a minus (-) sign.

Do not adjust for applicable income taxes (income taxes applicable to gains (losses) on held-to-maturity or available-for-sale securities are to be reported in item 9, "Applicable income taxes (on item 8)," below).

Exclude from this item:

(1) Net gains (losses) from the sale of detached securities coupons and the sale of ex-coupon securities (report in item 5, "Total noninterest income," or item 7, "Total noninterest expense," as appropriate); and

(2) The change in net unrealized holding gains (losses) on available-for-sale securities during the year to date of acquisition.

Line Item 7 Total noninterest expense.

Report the total noninterest expense of the acquired company for the year to date of acquisition.

Include as noninterest expense:

(1) Salaries and employee benefits;

(2) Expenses of premises and fixed assets;

(3) Goodwill impairment losses;

(4) Amortization expense and impairment losses for other intangible assets; and

(5) Other noninterest expense.

Line Item 7(a) Salaries and employee benefits.

Report salaries and benefits of all officers and employees of the acquired company and its consolidated subsidiaries including guards and contracted guards, temporary office help, dining room and cafeteria employees, and building department officers and employees (including maintenance personnel).

Include as salaries and employee benefits:

(1) Gross salaries, wages, overtime, bonuses, incentive compensation, and extra compensation;

(2) Social security taxes and state and federal unemployment taxes paid by the consolidated acquired company;

(3) Contributions to the consolidated acquired company's retirement plan, pension fund, profit-sharing plan, employee stock ownership plan, employee stock purchase plan, and employee savings plan;

(4) Premiums (net of dividends received) on health and accident, hospitalization, dental, disability, and life insurance policies for which the consolidated acquired company was not the beneficiary;

(5) Cost of office temporaries whether hired directly by the acquired company or its consolidated subsidiaries or through an outside agency;

(6) Worker's compensation insurance premiums;

(7) The net cost to the acquired company or its consolidated subsidiaries for employee dining rooms, restaurants, and cafeterias;

(8) Accrued vacation pay earned by employees during the year to date of acquisition; and

(9) The cost of medical or health services, relocation programs and reimbursement programs, and other so-called fringe benefits for officers and employees.

Line Item 7(b) Goodwill impairment losses.

Report any impairment losses recognized during the year to date of acquisition on goodwill (as defined for Schedule HC, item 10(a)). See Schedule HI, item 7(c)(1) for further guidance.

Line Item 8 Income (loss) before applicable **income taxes** and discontinued operations **~~extraordinary items, and other adjustments.~~**

Report the consolidated acquired company's pretax operating income. This amount will generally be determined

Predecessor Financial Items

Insert #9

by taking item 1, minus the sum of item 2 and item 4, plus item 5, plus or minus item 6, minus item 7. If the result is negative, report with a minus (-) sign.

Line Item 9 applicable Applicable income taxes.

Report the total estimated federal, state and local, and foreign income tax expense applicable to item 8, "Income (loss) before income taxes~~, extraordinary items, and other adjustments~~," and discontinued operations including the tax effects of gains (losses) on securities not held in trading accounts (i.e., held-to-maturity and available-for-sale securities). Include both the current and deferred portions of these income taxes. If the amount is a tax benefit rather than tax expense, report with a minus (-) sign.

Include as applicable income taxes all taxes based on a net amount of taxable revenues less deductible expenses. Exclude from applicable income taxes all taxes based on gross revenues or gross receipts.

Include income tax effects of changes in tax laws or rates. Also include the effect of changes in the valuation allowance related to deferred tax assets resulting from a change in estimate of the realizability of deferred tax assets, excluding the effect of any valuation allowance changes related to unrealized holding gains (losses) on available-for-sale securities that are charged or credited directly to the separate component of equity capital for "Accumulated other comprehensive income."

Include tax benefits from operating loss carrybacks realized during the reporting period up to acquisition date. If the consolidated acquired company had realized tax benefits from operating loss carryforwards during this period, do not net the dollar amount of these benefits against the income taxes which would be applicable to item 8. Report the dollar amount of income taxes applicable to item 8 in this item and report the realized tax benefits of operating loss carryforwards gross in item 11, "~~Extraordinary items, net of applicable income taxes and minority interest.~~" Discontinued operations, net of applicable income taxes and noncontrolling (minority) interest

Also include the dollar amount of any material adjustments or settlements reached with a taxing authority (whether negotiated or adjudicated) relating to disputed income taxes of prior years (report in noninterest income or noninterest expense, as appropriate).

Exclude the estimated federal, state and local, and foreign income taxes applicable to:

Discontinued operations, net of applicable income taxes and

(1) Item 11, "~~Extraordinary items, net of applicable income taxes and~~ noncontrolling (minority) interest";

(2) Any changes due to corrections of material accounting errors and changes in accounting principles; and

(3) Other comprehensive income.

Line Item 10 Noncontrolling (minority) interest.

Report the noncontrolling (minority) interest in the net income or loss of the acquired company's consolidated subsidiaries.

Line Item 11 ~~Extraordinary items, net of applicable income taxes and~~ noncontrolling (minority) interest.

Discontinued operations, net of applicable income taxes and noncontrolling (minority) interest.

~~Report the total of the transactions listed below, if any, net of any applicable income taxes (including federal, state and local, and foreign taxes). If the amount reported in this item is a net loss, report with a minus (-) sign.~~

~~Include as extraordinary items and other adjustments:~~

~~(1) The material effects of any extraordinary items. Extraordinary items are very rare and the criteria which must be satisfied in order for an event or transaction to be reported as an extraordinary item are discussed in the Glossary entry for "extraordinary items."~~

~~(2) Material aggregate gains on troubled debt restructurings of the consolidated acquired company's own debt, as determined in accordance with the provisions of ASC Subtopic 470-60, Debt – Troubled Debt Restructurings by Debtors (formerly FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*).~~

~~(3) The cumulative effect of all changes in accounting principles except those required to be reported in cumulative effect of changes in accounting principles and corrections of material accounting errors. Refer to the Glossary entry for "accounting changes" for further discussion of changes in accounting principles.~~

~~(4)~~ ~~The results of discontinued~~ operations as determined in accordance with the provisions of ASC Topic 360, ~~Property, Plant, and Equipment (formerly FASB Statement No. 144, *Accounting for the Impairment of Long-Lived Assets*).~~

Report, net of any applicable income taxes (including federal, state and local, and foreign taxes).

Predecessor Financial Items

Exclude ~~from extraordinary items and~~ other adjustments:

(1) Net gains or losses on sales or other disposals of:

(a) All assets reportable as loans and leases in Schedule HC-C;

(b) Premises and fixed assets;

(c) Other real estate owned;

(d) Personal property acquired for debts previously contracted (such as automobiles, boats, equipment and appliances);

(e) Coins, art, and other similar assets; and

(f) Branches (i.e., where the consolidated acquired company sold a branch's assets to another depository institution which assumes the deposit liabilities of the branch).

Report these items in noninterest income or noninterest expense, as appropriate, above.

(2) Write-downs of the cost basis of individual held-to-maturity and available-for-sale securities for other than temporary impairments (report in item 6).

Line Item 12 Net income (loss).

Report the difference between item 8 and the sum of item 9, item 10, and item 11. If the amount is negative, report with a minus (-) sign.

Line Item 13 Cash dividends declared.

Report all cash dividends declared on common and preferred stock (including limited-life preferred stock) during the year to date of acquisition, including dividends not payable until after the acquisition date.

Do not include dividends declared during the previous calendar year but paid in the current period.

For further information on cash dividends, refer to the Glossary entry for "dividends."

Line Item 14 Net charge-offs.

Report in this item the difference between gross charge-offs (loans and leases charged by the acquired company against the allowance) and recoveries (amounts credited to the allowance for recoveries on loans and leases previously charged against the allowance) from January 1 to the last business day prior to the date of the BHC's merger with the acquired entity. Include in charged off loans and leases write-downs to fair value on loans and leases transferred to the held-for-sale account during the year to date of acquisition that occurred when (1) the acquired company decided to sell loans that were not originated or otherwise acquired with the intent to sell and (2) the fair value of those loans had declined for any reason other than a change in the general market level of interest or foreign exchange rates.

Line Item 15 Net interest income (item 3 above) on a fully taxable equivalent basis.

Report net interest income (Notes to the Income Statement - Predecessor Financial Items, item 3, "Net interest income," above) on a fully taxable equivalent basis. The amount reported in this item should reflect what net interest income of the acquired company would have been if all its interest income were subject to federal and state income taxes.

The following accounts, on which the interest income is fully or partially tax-exempt, should be adjusted to a "taxable equivalent" basis in order that the acquired company's interest income can be computed on a fully taxable equivalent basis:

(1) Interest income on tax-exempt obligations (other than securities) of states and political subdivisions in the U.S. (included in Notes to the Income Statement - Predecessor Financial Items, item 1(a), "Interest income on loans and leases");

(2) Income on lease financing receivables that is tax-exempt (included in Notes to the Income Statement - Predecessor Financial Items, item 1(a), "Interest income on loans and leases");

(3) Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Notes to the Income Statement - Predecessor Financial Items, item 1(b), "Interest income on investment securities"); and

(4) Any other interest income (such as interest income earned on loans to an Employee Stock Ownership Plan), which under state or federal laws is partially or in its entirety exempt from income taxes.

The changes to the 1986 Tax Reform Act must be taken into consideration when computing net interest income on a fully taxable equivalent basis. The 1986 Act, in general, disallowed 100% of the interest expense allocable to tax-exempt obligations acquired after August 7,

(3) Improper use of information which existed when the prior *Consolidated Financial Statements for Holding Companies* were prepared.

(4) A change from an accounting principle that is neither accepted nor sanctioned by the Federal Reserve to one that is acceptable to the Federal Reserve.

The effect of accounting errors differs from the effect of changes in accounting estimates. Changes in accounting estimates are an inherent part of the accrual accounting process. Report the effect of any changes in accounting estimates in the appropriate line items of Schedule HI, Consolidated Income Statement. For further information on corrections of errors and changes in estimates, refer to the Glossary entry for "accounting changes."

The cumulative effect of a change in accounting principle is the difference between (1) the balance in the retained earnings account at the beginning of the year in which the change is made and (2) the balance in the retained earnings account that would have been reported at the beginning of the year had the newly adopted accounting principle been applied in all prior periods.

The cumulative effect of all other changes in accounting principles adopted during the calendar year-to-date must be reported in Schedule HI, item 11, "~~Extraordinary items and other adjustments~~ Discontinued Operations, net of applicable income taxes."

Refer to the Glossary entry for "accounting changes" for information on how to determine the amount of the cumulative effect of a change in accounting principle.

Line Item 3 Balance end of previous calendar year as restated.

Report the sum of items 1 and 2.

Line Item 4 Net income (loss) attributable to holding company.

Report the net income (loss) attributable to the holding company for the calendar year-to-date as reported in Schedule HI, item 14, "Net income (loss) attributable to holding company."

Line Item 5 Sale of perpetual preferred stock.

Report the changes in the consolidated holding company's total equity capital resulting from the sale of the holding company's perpetual preferred stock. Limited-life preferred stock is not included in equity capital; any proceeds from the sale of limited-life preferred stock during the calendar year-to-date are not to be reported in this item. (Include limited-life preferred stock in Schedule HC, item 19(a)).

Line Item 5(a) Sale of perpetual preferred stock, gross.

Report in this item the total amount of new perpetual preferred stock issued, net of any expenses associated with the issuance of the stock.

Exclude the conversion of convertible debt and limited-life preferred stock into perpetual preferred stock, as well as the exercise of stock options (report in item 5(b)).

Line Item 5(b) Conversion or retirement of perpetual preferred stock.

Report in this item the changes in the consolidated holding company's total equity capital resulting from:

(1) The conversion of convertible debt or limited-life preferred stock into perpetual preferred stock.

(2) Exercise of stock options, including:

(a) Any income tax benefits to the consolidated holding company resulting from the sale of the holding company's own stock acquired under a qualified stock option within three years of its purchase by the employee who had been granted the option.

(b) Any tax benefits to the consolidated holding company resulting from the exercise (or granting) of nonqualified stock options (on the holding company's stock) based on the difference between the option price and the fair market value of the stock at the date of exercise (or grant).

(3) Retirement of perpetual preferred stock.

(4) The awarding of share-based employee compensation classified as equity. Under ASC Topic 718, Compensation-Stock Compensation (formerly FASB Statement No. 123 (R), *Share-Based Payment*), the compensation cost for such an award must be recognized over the requisite service period with a corresponding credit to equity. This reporting treatment applies regardless of whether the shares awarded to an employee are shares of holding company stock or shares of stock of the holding company's subsidiary bank.

foreseeable future or until maturity or payoff, i.e., held for investment.

Line Item 4(a) Loans and leases held for sale.

Report the amount of loans and leases held for sale at the lower of cost or fair value. The amount by which cost exceeds fair value, if any, shall be accounted for as a valuation allowance. Therefore, no allowance for loan and lease losses should be established for loans and leases held for sale. These loans and leases are included by loan category in Schedule HC-C.

Line Item 4(b) Loans and leases, net of unearned income.

Report the amount of loans and leases that the reporting holding company has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., held for investment.

This item must equal Schedule HC-C item 12, column A, excluding the amount of loans and leases held for sale, which should be reported separately in item 4(a) above. Loans and leases reported in line item 4(b) should be net of unearned income.

Line Item 4(c) LESS: Allowance for loan and lease losses.

Report the allowance for loan and lease losses as determined in accordance with generally accepted accounting principles (GAAP) (and described 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 holding company 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), and in any guidelines, or instructions issued by the Federal Reserve. This item must equal Schedule HI-B, part II, item 7.

Line Item 4(d) Loans and leases, net of unearned income and allowance for loan and lease losses.

Report the amount derived by subtracting item 4(c) from item 4(b).

Line Item 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 as defined by ASC Topic 820, Fair Value Measurement (formerly FASB Statement No. 157, "Fair Value Measurements").

For purposes of the FR Y-9C report, all securities within the scope of ASC Topic 320, Investment-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), that a holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings ~~should~~ may be classified as trading securities. In addition, for purposes of this report, holding companies may classify assets (other than securities within the scope of ASC Topic 320 for which a fair value option is elected) as trading if the holding company 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 holding company would generally not classify a loan to which it has applied the fair value option as a trading asset unless the holding company 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, Insert #3 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 HC, item 2(b), and in Schedule HC-B, columns C and D. Held-to-maturity securities are reported in HC, item 2(a) and HC-B, columns A and B. Loans (not classified as trading) and leases held for sale should be reported in Schedule HC, item 4(a), "Loans and leases held for sale," and in Schedule HC-C.

LINE ITEM INSTRUCTIONS FOR

Securities

Schedule HC-B

that the holding company has classified as trading

Insert # 4

General Instructions

This schedule has four columns for information on securities: two columns for held-to-maturity securities and two columns for available-for-sale securities.[1] Report the amortized cost and fair value of held-to-maturity securities in columns A and B, respectively. Report the amortized cost and fair value of available-for-sale debt securities in columns C and D, respectively. Information on equity securities with readily determinable fair values is reported in the columns for available-for-sale securities only (columns C and D). For these equity securities, historical cost (not amortized cost) is reported in column C and fair value is reported in column D.

Exclude from this schedule (1) all securities held for trading (2) any and securities the holding company has elected to report at fair value under a fair value option even if holding company management ~~did not~~ acquire the securities principally for the purpose of selling them in the near term. Securities held for trading and securities reported under a fair value option ~~are to be reported in Schedule~~ HC, item 5, "Trading assets," and, for certain holding companies, in Schedule HC-D - Trading Assets and Liabilities. ~~Trading assets and securities reported under a fair value option are also reported in Schedule HC-Q - Financial Assets and Liabilities Measured at Fair Value.~~

In general, <u>amortized cost</u> is the purchase price of a debt security adjusted for amortization of premium or accretion of discount if the debt security was purchased at other than par or face value. (See the Glossary entry for "premiums and discounts.") As defined in ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157 *Fair Value Measurements*), <u>fair value</u> is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." For further information, see the Glossary entry for "fair value."

with changes in fair value reported in current earning and has classified as trading

The preferred method for reporting purchases and sales of securities is as of trade date. However, settlement date accounting is acceptable if the reported amounts would not be materially different. (See the Glossary entry for "trade date and settlement date accounting.")

For purposes of this schedule, the following events and transactions shall be treated in the following manner:

(1) Purchases of securities under agreements to resell and sales of securities under agreements to repurchase—These transactions are not to be treated as purchases or sales of securities but as lending or borrowing (i.e., financing) transactions collateralized by these securities if the agreements meet the criteria for a borrowing as set forth in ASC Topic 860, Transfers and Servicings (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*). For further information, see the Glossary entry for "transfers of financial assets" and "repurchase/resale agreements."

(2) Purchases and sales of participations in pools of securities—Similarly, these transactions are not to be treated as purchases or sales of the securities in the pool but as lending or borrowing (i.e., financing) transactions collateralized by the pooled securities if the participation agreements meet the criteria for a borrowing set forth in ASC Topic 860. For further information, see the Glossary entry for "transfers of

1. Available-for-sale securities are generally reported in Schedule HC-B, columns C and D. However, a holding company may have certain assets that fall within the definition of "securities" in ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), (e.g., certain industrial development obligations) that the holding company has designated as "available-for-sale" which are reported for purposes of the FR Y-9C report in a balance sheet category other than "Securities" (e.g., "Loans and lease financing receivables").

Footnote 2. [illegible]

insert # 5

Schedule HC-C

insert #6

payments after the closing of the loan, the reverse mortgage should be reported as an open-end loan in Schedule HC-C, item 1(c)(1).

Line Item 1(c)(1) Revolving, open-end loans secured by 1–4 family residential properties and extended under lines of credit.

Report the amount outstanding under revolving, open-end lines of credit secured by 1 to 4 family residential properties. These lines of credit, commonly known as home equity lines, are typically secured by a junior lien and are usually accessible by check or credit card.

Line Item 1(c)(2) Closed-end loans secured by 1–4 family residential properties.

Report in the appropriate subitem the amount of all closed-end loans secured by 1 to 4 family residential properties.

Insert #7

Line Item 1(c)(2)(a) Secured by first liens.

Report the amount of all closed-end loans secured by first liens on 1 to 4 family residential properties.

Line Item 1(c)(2)(b) Secured by junior liens.

Report the amount of all closed-end loans secured by junior (i.e., other than first) liens on 1 to 4 family residential properties.

Line Item 1(d) Secured by multifamily (5 or more) residential properties.

Report in this item all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens. Specifically, include loans on the following:

(1) Nonfarm properties with 5 or more dwelling units in structures (including apartment buildings and apartment hotels) used primarily to accommodate households on a more or less permanent basis.

(2) 5 or more unit housekeeping dwellings with commercial units combined where use is primarily residential.

(3) Cooperative-type apartment buildings containing 5 or more dwelling units.

Exclude loans for multifamily residential property construction and land development purposes (report in item 1(a)). Also exclude loans secured by nonfarm nonresidential properties (report in item 1(e)).

Line Item 1(e) Secured by nonfarm nonresidential properties.

Report in the appropriate subitem of column B loans secured by real estate as evidenced by mortgages or other liens on nonfarm nonresidential properties, including business and industrial properties, hotels, motels, churches, hospitals, educational and charitable institutions, dormitories, clubs, lodges, association buildings, "homes" for aged persons and orphans, golf courses, recreational facilities, and similar properties.

Exclude loans for nonfarm nonresidential property construction and land development purposes (report in Schedule HC-C, item 1(a)).

For purposes of reporting loans in Schedule HC-C, items 1(e)(1) and 1(e)(2), below, the determination as to whether a nonfarm nonresidential property is considered "owner-occupied" should be made upon acquisition (origination or purchase) of the loan. Once a holding company determines whether a loan should be reported as "owner-occupied" or not, this determination need not be reviewed thereafter.

Line Item 1(e)(1) Loans secured by owner-occupied nonfarm nonresidential properties.

Report in column B the amount of loans secured by owner-occupied nonfarm nonresidential properties.

"Loans secured by owner-occupied nonfarm nonresidential properties" are those nonfarm nonresidential property loans for which the primary source of repayment is the cash flow from the ongoing operations and activities conducted by the party, or an affiliate of the party, who owns the property. Thus, for loans secured by owner-occupied nonfarm nonresidential properties, the primary source of repayment is *not* derived from third party, nonaffiliated, rental income associated with the property (i.e., any such rental income is less than 50 percent of the source of repayment) or the proceeds of the sale, refinancing, or permanent financing of the property. Include loans secured by hospitals, golf courses, recreational facilities, and car washes unless the property is owned by an investor who leases the property to the operator who, in turn, is not related to or affiliated with the investor (in which case, the loan should be reported in Schedule HC-C, item 1(e)(2), below). Also include loans secured by churches unless the property is owned by an investor who leases the property to the congregation (in which

Schedule HC-C

from this item commercial and industrial loans to U.S. addressees restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule HC-N, item 4(a) and Memorandum item 1(e)(1)).

Line Item M1(e)(2) To non-U.S. addressees (domicile).

Report all commercial and industrial loans to non-U.S. addressees (as defined for Schedule HC-C, item 4(b)) that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item commercial and industrial loans to non-U.S. addressees restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status.

Line Item M1(f) All other loans.

Report all other loans that cannot properly be reported in Memorandum items 1(a) through 1(e) above that have been restructured in troubled debt restructurings and are in compliance with their modified terms. Exclude from this item all other loans restructured in troubled debt restructurings that, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status (report in Schedule HC-N).

Include in this item loans in the following categories that have been restructured in troubled debt restructurings and are in compliance with their modified terms:

(1) Loans secured by farmland (in domestic offices) (as defined for Schedule HC-C, item 1.b, column B);

(2) Loans to depository institutions and acceptances of other banks (as defined for Schedule HC-C, item 2);

(3) Loans to finance agricultural production and other loans to farmers (as defined for Schedule HC-C, item 3);

(4) Loans to individuals for household, family, and other personal expenditures (as defined for Schedule HC-C item 6);

(5) Loans to foreign governments and official institutions (as defined for Schedule HC-C, item 7);

(6) Obligations (other than securities and leases) of states and political subdivisions in the U.S. (included in Schedule HC-C, item 9(b)(2));

(7) Loans to nondepository financial institutions and other loans (as defined for Schedule HC-C, item 9); and

(8) Loans secured by real estate in foreign offices (as defined for Schedule HC-C, item 1, column A).

Report in Schedule HC-C, Memorandum items 1(f)(1) through 1(f)(~~6~~3), each category of loans within "All other loans" that have been restructured in troubled debt restructurings and are in compliance with their modified terms, and the dollar amount of loans in such category, that exceeds 10 percent of total loans restructured in troubled debt restructurings that are in compliance with their modified terms (i.e., 10 percent of the sum of Schedule HC-C, Memorandum items 1(a) through 1(f)). Preprinted captions have been provided in Memorandum items 1(f)(1) through 1(f)(~~6~~) for reporting the amount of 3 such restructured loans for the following loan categories if the amount for a loan category exceeds the 10 percent reporting threshold: Loans secured by farmland (in domestic offices); ~~Loans to depository institutions and acceptances of other banks~~; Loans to finance agricultural production and other loans to farmers; (Consumer) Credit cards; And Automobile loans: Other consumer loans; ~~Loans to foreign governments and official institutions~~; and ~~Other loans (i.e., Obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and Loans secured by real estate in foreign offices).~~

Line Item M2 Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule HC-C, items 4 and 9 above.

Report in this item loans to finance commercial and residential real estate activities, e.g., acquiring, developing and renovating commercial and residential real estate, that are reported in Schedule HC-C, item 4, "Commercial and industrial loans," and item 9, "Other loans," column A.

Such loans generally may include:

(1) loans made for the express purpose of financing real estate ventures as evidenced by loan documentation or other circumstances connected with the loan; or

(2) loans made to organizations or individuals 80 percent of whose revenue or assets are derived from or consist of real estate ventures or holdings.

move to HC-Q memo item 3 and memo item 4

Schedule HC-C

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 holding company reports the real estate collateral as "Other real estate owned" in Schedule HC, 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 holding companies that have elected to measure loans included in Schedule HC-C at fair value under a fair value option.

Line Item M10 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 HC-C, regardless of whether the loans are held for sale or held for investment.

Line Item M10(a) Loans secured by real estate.

Report the total fair value of loans secured by real estate included in Schedule HC-C, item 1, measured at fair value under a fair value option for the fully consolidated holding company in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

Line Item M10(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 HC-C, items 1(a)(1) and (2), column B, measured at fair value under a fair value option.

Line Item M10(a)(2) Secured by farmland.

Report the total fair value of loans secured by farmland (in domestic offices) included in Schedule HC-C, item 1(b), column B, measured at fair value under a fair value option.

Line Item M10(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 HC-C, item 1(c), column B, measured at fair value under a fair value option.

Line Item M10(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 HC-C, item 1(c)(1), column B, measured at fair value under a fair value option.

Line Item M10(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 HC-C, item 1(c)(2), column B, measured at fair value under a fair value option.

Line Item M10(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 HC-C, item 1(c)(2)(a), column B, measured at fair value under a fair value option.

Line Item M10(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 HC-C, item 1(c)(2)(b), column B, measured at fair value under a fair value option.

Line Item M10(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 HC-C, item 1(d), column B, measured at fair value under a fair value option.

Line Item M10(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 HC-C, items 1(e)(1) and (2), column B, measured at fair value under a fair value option.

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move to HC-Q memo Item 3 and 4

Line Item M10(b) Commercial and industrial loans.

Report the total fair value of commercial and industrial loans included in Schedule HC-C, item 4, measured at fair value under a fair value option.

Line Item M10(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 HC-C, item 6) measured at fair value under a fair value option.

Line Item M10(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 HC-C, item 6(a), measured at fair value under a fair value option.

Line Item M10(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 HC-C, item 6(b), measured at fair value under a fair value option.

Line Item M10(c)(3) Automobile loans.

Report the total fair value of all consumer loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use included in Schedule HC-C, item 6.c, measured at fair value under a fair value option.

Line Item M10(c)(4) Other consumer loans.

Report the total fair value of all other loans to individuals for household, family, and other personal expenditures included in Schedule HC-C, item 6(d), measured at fair value under a fair value option.

Line Item M10(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 HC-C, items 2,3,7, and 9).

Not applicable.

Line Item M11 ~~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 HC-C, Memorandum item 10.

Line Item M11(a) Loans secured by real estate.

Report the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule HC-C, Memorandum item 10(a), for the fully consolidated holding company in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

Line Item M11(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 HC-C, Memorandum item 10(a)(1).

Line Item M11(a)(2) Secured by farmland.

Report the total unpaid principal balance outstanding for all loans secured by farmland reported in Schedule HC-C, Memorandum item 10(a)(2).

Line Item M11(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 HC-C, Memorandum item 10(a)(3).

Line Item M11(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

Schedule HC-C

residential properties and extended under lines of credit reported in Schedule HC-C, Memorandum item 10(a)(3)(a).

Line Item M11(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 HC-C, Memorandum item 10(a)(3)(b).

Line Item M11(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 HC-C, Memorandum item 10(a)(3)(b)(1).

Line Item M11(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 HC-C, Memorandum item 10(a)(3)(b)(2).

Line Item M11(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 HC-C, Memorandum item 10(a)(4).

Line Item M11(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 HC-C, Memorandum item 10(a)(5).

Line Item M11(b) Commercial and industrial loans.

Report the total unpaid principal balance outstanding for all commercial and industrial loans reported in Schedule HC-C, Memorandum item 10(b).

Line Item M11(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 HC-C, Memorandum item 10(c).

Line Item M11(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 HC-C, Memorandum item 10(c)(1).

Line Item M11(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 HC-C, Memorandum item 10(c)(2).

Line Item M11(c)(3) Automobile loans.

Report the total unpaid principal balance outstanding for all consumer loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use reported in Schedule HC-C, Memorandum item 10(c)(3).

Line Item M11(c)(4) 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 HC-C, Memorandum item 10(c)(4).

Line Item M11(d) Other loans.

Report the total unpaid principal balance outstanding for all loans reported in Schedule HC-C, 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 foreigu 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 HC-C, items 2, 3, 7, 8, and 9).

LINE ITEM INSTRUCTIONS FOR

Trading Assets and Liabilities
Schedule HC-D

General Instructions

Schedule HC-D is to be completed by holding companies that reported a quarterly average for trading assets of $2 million or more in Schedule HC-K, item 4(a), for any of the four preceding quarterly reports. Memorandum items 4 through 10 are to be completed by holding companies that reported a quarterly average for trading assets of $1 billion or more in Schedule HC-K, item 4(a), for any of the four preceding quarterly reports.

Trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale, (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements, and (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes.

For purposes of the FR Y-9C report, all securities within the scope of ASC Topic 320, Investments – Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), that a holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings ~~should~~ may be classified as trading securities. ~~In addition~~, for purposes of this report, holding companies may classify assets (other than securities within the scope of ASC Topic 320) and liabilities as trading if the holding company applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a holding company would generally not classify a loan to which it has applied the fair value option as a trading asset unless the holding company holds the loan, which it manages as a trading position, for one of the following purposes: (a) for market making activities, including such activities as accumulating loans for sale or securitization; (b) to benefit from actual or expected price movements; or (c) to lock in arbitrage profits. When reporting loans classified as trading in Schedule HC-D, holding companies should include only the fair value of the funded portion of the loan in item 6 of this schedule. If the unfunded portion of the loan, if any, is classified as trading (and does not meet the definition of a derivative), the fair value of the commitment to lend should be reported as an "Other trading asset" or an "Other trading liability," as appropriate, in Schedule HC-D, item 9 or item 13(b), respectively.

Assets, liabilities, and other financial instruments classified as trading shall be consistently valued at fair value as defined by ASC Topic 820, Fair Value Measurement (formerly FASB Statement No. 157, "Fair Value Measurements").

Exclude from this schedule all available-for-sale securities and all loans and leases that do not satisfy the criteria for classification as trading as described above. (Also see the Glossary entry for "Trading Account.") Available-for-sale securities are generally reported in Schedule HC, item 2(b), and in Schedule HC-B, columns C and D. However, a holding company may have certain assets that fall within the definition of "securities" in ASC Topic 320 (e.g., nonrated industrial development obligations) that the holding company has designated as "available-for-sale" which are reported for purposes of this report in a balance sheet category other than "Securities" (e.g., "Loans and lease financing receivables"). Loans and leases that do not satisfy the criteria for the trading account should be reported in Schedule HC, item 4(a) or item 4(b), and in Schedule HC-C.

Schedule HC-D

Schedule HC-D, Memorandum items 5(a) through 5(e), above, i.e., loans as defined for Schedule HC-C, items 2, 3, and 7 through 9 and lease financing receivables as defined for Schedule HC-C, item 10.

Line Item M6 Retained beneficial interests in securitizations (first-loss or equity tranches).

Report the total fair value of assets held for trading that represent interests that continue to be held by the holding company following a securitization (as defined by ASC Topic 860, Transfers and Servicing (formerlyFASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*) to the extent that such interests will absorb losses resulting from the underlying assets before those losses affect outside investors. Examples of such items include credit-enhancing interest-only strips (as defined in § .2 of the agencies' regulatory capital rules) and residual interests retained in securitization trusts.

Line Item M7 Equity securities.

Report in the appropriate subitem the total fair value of all equity securities held for trading that are included in Schedule HC-D, item 9, above. Include equity securities classified as trading with readily determinable fair values as defined by ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), and those equity securities that are outside the scope of ASC Topic 320.

Line Item M7(a) Readily determinable fair values.

Report the total fair value of all equity securities held for trading that are within the scope of ASC Topic 320.

Line Item M7(b) Other.

Report the total fair value of all equity securities held for trading other than those included in Schedule HC-D, Memorandum item 7(a), above.

Line Item M8 Loans pending securitization.

Report the total fair value of all loans included in Schedule HC-D, items 6(a) through 6(d), that are held for securitization purposes. Report such loans in this item only if the holding company expects the securitization transaction to be accounted for as a sale under ASC Topic 860, Transfers and Servicing (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*).

Line Item M9(a)(1) Gross positive fair value of commodity contracts.

Report the gross positive fair value of all commodity contracts that the holding company holds for trading purposes. Commodity contracts are contracts that have a return, or a portion of their return, linked to the price of or to an index of precious metals, petroleum, lumber, agricultural products, etc.

Line Item M9(a)(2) Gross fair value of physical commodities held in inventory.

Report the gross fair value of all physical commodities held in inventory that the holding company holds for trading purposes. Report the values as reported in HC-D, item 9, "Other trading assets."

Line Item M9(b) Other trading assets. $1,000,000

Disclose in Memorandum items 9(b)(1) through 9(b)(3) each component of Schedule HC-D, item 9, "Other trading assets" (other than amounts included in Memoranda items 9(a)(1) and 9(a)(2) above), and the fair value of such component, that is greater than ~~$25,000 and~~ exceeds 25 percent of the amount reported in item 9 less amounts reported in Memoranda items 9(a)(1) and 9(a)(2). For each component of other trading assets that exceeds this disclosure threshold, describe the component with a clear but concise caption in Memoranda items 9(b)(1) through 9(b)(3). These descriptions should not exceed 50 characters in length (including spacing between words).

Line Item M10 Other trading liabilities.

Disclose in Memorandum items 10(a) through 10(c) each component of Schedule HC-D, item 13(b), "Other trading liabilities," and the fair value of such component, that is greater than ~~$25,000~~ and exceeds 25 percent of the amount reported for this item. For each component of other trading liabilities that exceeds this disclosure threshold, describe the component with a clear but concise caption in Memorandum items 10(a) through 10(c). These descriptions should not exceed 50 characters in length (including spacing between words).

$1,000,000

Schedule HC-E

depository institution normally do not exceed the applicable deposit insurance limit (currently $250,000). 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 depository institution issuing the deposits. If this information is not readily available to the issuing depository institution, these brokered certificates of deposit in $1,000 amounts should be reported in this item as time deposits of less than $100,000.

Exclude from this item all time deposits with balances of $100,000 or more (report in item 2(e) below).

Line Item 2(e) Time deposits of $100,000 or more.

Report in this item all time deposits, including time certificates of deposit and open-account time deposits with balances of $100,000 or more, regardless of negotiability or transferability that are held in depository institutions (other than commercial banks) that are subsidiaries of the reporting holding company.

Include the following:

(1) Time deposits (as defined in the Glossary entry for "deposits"), which are deposits with original maturities of seven days or more, that are not classified as transaction accounts and that have balances of $100,000 or more.

(2) Interest paid by crediting nontransaction time deposit accounts with balances of $100,000 or more.

Exclude the following:

(1) All 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 (report in item 2(d)).

(2) All time deposits with balances of less than $100,000 (report in item 2(d)),

NOTE: Holding companies should include as time deposits held in their depository institution subsidiaries (other than commercial banks) with balances of $100,000 or more, those time deposits originally issued in denominations of less than $100,000 but that, because of interest paid or credited, or because of additional deposits, now have a balance of $100,000 or more.

Memoranda

Line Item M1 Brokered deposits less than $100,000 with a remaining maturity of one year or less.

Report in this item those brokered time deposits included in items 1 or 2 above with balances of less than $100,000 with a remaining maturity of one year or less and are held in domestic offices of commercial banks or other depository institutions that are subsidiaries of the reporting holding company. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. Include in this item 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. Also report in this item all brokered demand and savings deposits with balances of less than $100,000. See the Glossary entries for "Brokered deposits" and "Brokered retail deposits" for additional information.

Line Item M2 Brokered deposits less than $100,000 with a remaining maturity of more than one year.

Report in this item those brokered time deposits included in items 1 or 2 above with balances of less than $100,000 with a remaining maturity of more than one year and are held in domestic offices of commercial banks or other depository institutions that are subsidiaries of the reporting holding company. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. Include in this item 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. See the Glossary entries for "Brokered deposits" and "Brokered retail deposits" for additional information.

more than $ 250,000

Line Item M3 Time deposits of ~~$100,000~~ or more with a remaining maturity of one year or less.

Report in this item time deposits included in items 1(e) and 2(e) above that are issued in denominations of $100,000 or more with a remaining maturity of one year or less. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a time deposit. Exclude from this item time

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LINE ITEM INSTRUCTIONS FOR

Insurance-Related Underwriting Activities (Including Reinsurance)
Schedule HC-I

Item 1 is to be completed by holding companies with $10,000,000 or more in reinsurance recoverables as of the effective date each quarter.

General Instructions

Schedule HC-I, Insurance-Related Underwriting Activities (Including Reinsurance), must be submitted **by all holding companies** on a consolidated basis. Report all items in this schedule in accordance with generally accepted accounting principles (GAAP). Include all insurance enterprises subject to ASC Topic 944, Financial Services - Insurance (formerly FAS 60, *Accounting and Reporting by Insurance Enterprises*).

The term "subsidiary," as defined in Section 225.2 of Federal Reserve Regulation Y, generally includes companies that are 25 percent or more owned or controlled by another company. However, for purposes of reporting "Total Assets" in part I, item 2 and part II, item 3, only include the consolidated assets of those insurance underwriting and reinsurance subsidiaries that are consolidated for financial reporting purposes under GAAP and the net investments in unconsolidated subsidiaries and associated companies that are accounted for under the equity method of accounting. For purposes of reporting "Total Equity" in part I, item 5 and part II, item 6, include the equity of subsidiaries that are fully consolidated under GAAP. In addition, "Net Income" in part I, item 6 and Part II, item 7, should include the net income of subsidiaries that are consolidated under GAAP and the reporting holding company's proportionate share of the net income of unconsolidated subsidiaries and associated companies that are accounted for under the equity method of accounting.

See the Glossary entries for additional information on the following terms: (1) Contractholder, (2) Insurance Commissions, (3) Insurance Underwriting, (4) Policyholder, (5) Insurance Premiums, (6) Reinsurance, (7) Reinsurance Recoverables, and (8) Separate Accounts.

Part I. Property and Casualty

Assets

Line Item 1 Reinsurance recoverables.

Report reinsurance recoverables from unaffiliated property casualty reinsurers only.

Line item 2 Total assets.

Report the amount of total consolidated assets that are specific to property casualty insurance underwriting activities of the holding company. Include in total assets the assets of all legal entities that are considered to be an integral part of the company's property casualty insurance underwriting activities.

Liabilities

Line item 3 Claims and claims adjustment expense reserves.

Report the liability for unpaid claims and claims adjustment expense reserves, which represents the estimated ultimate cost of settling claims, net of estimated recoveries, and including all costs expected to be incurred in connection with the settlement of unpaid claims. Such costs are accrued when an insured event occurs.

Line item 4 Unearned premiums.

Report the reserve for unearned premiums. Unearned premiums represent the policy premiums associated with the unexpired portion of the term of coverage.

Line item 5 Total equity.

Report the total equity capital of property casualty underwriting subsidiaries that are consolidated under GAAP.

Line item 6 Net income.

Report the consolidated net income attributable to property casualty insurance underwriting related activities of the holding company. Include the net income of all legal entities that are considered to be an integral part of the

Schedule HC-I

Item 1 is to be completed by holding companies with $10,000,000 or more in reinsurance recoverables as of the effective date each quarter.

holding company's property and casualty insurance underwriting activities.

Part II. Life and Health

Assets

Line Item 1 Reinsurance recoverables.

Report reinsurance recoverables from unaffiliated life and health reinsurers only.

Line item 2 Separate account assets.

Report all assets qualifying for separate account summary total presentation in the insurer's balance sheet. Include assets related to products in which the contractholder and not the insurer retains all or most of the investment and/or interest rate risk.

Line item 3 Total assets.

Report the amount of total consolidated assets that are specific to life and health insurance underwriting activities of the holding company. Include in total assets the assets of all legal entities that are considered to be an integral part of the company's life and health insurance underwriting activities.

Liabilities

Line item 4 Policyholder benefits and contractholder funds.

Report the liability for future policy benefits, which represents the present value of future policy benefits to be paid to or on behalf of policyholders and related expenses less the present value of future net premiums. Also include contractholder funds that represent receipts from the issuance of universal life, corporate owned life insurance, pension investment and certain deferred annuity contracts.

Line item 5 Separate account liabilities.

Report all liabilities qualifying for separate account summary presentation in the insurer's balance sheet.

Line item 6 Total equity.

Report the equity capital of life and health underwriting subsidiaries that are consolidated under GAAP.

Line item 7 Net income.

Report the consolidated net income attributable to life and health insurance underwriting related activities of the holding company. Include the net income of all legal entities that are considered to be an integral part of the holding company's life and health insurance underwriting activities.

acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

~~Report in Schedule HC-M, items 6(a)(5)(a) through 6(a)(5)(d), each category of loans and leases within "All other loans and all leases" covered by loss-sharing agreements with the FDIC, and the dollar amount of covered assets in such category, that exceeds 10 percent of total loans and leases covered by loss-sharing agreements with the FDIC (i.e., 10 percent of the sum of Schedule HC-M, items 6(a)(1) through 6.a.(5)). Preprinted captions have been provided in items 6(a)(5)(a) through 6(a)(5)(d) for reporting the amount of covered loans and leases for the following loan and lease categories if the amount for a loan or lease category exceeds the 10 percent reporting threshold: Loans to depository institutions and acceptances of other banks, Loans to foreign governments and official institutions, Other loans (i.e., Obligations (other than securities and leases) of states and political subdivisions in the U.S., Loans to nondepository financial institutions and other loans, and Loans secured by real estate in foreign offices), and Lease financing receivables.~~

Line Item 6(b) Other real estate owned.

Report in the appropriate subitem the carrying amount of other real estate owned (included in Schedule HC, item 7) acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Line Item 6(b)(1) Construction, land development, and other land (in domestic offices).

Report the carrying amount of all other real estate owned included in Schedule HC, item 7, representing construction, land development, and other land (in domestic offices), acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Line Item 6(b)(2) Farmland (in domestic offices).

Report the carrying amount of all other real estate owned included in Schedule HC, item 7, representing farmland (in domestic offices), acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Line Item 6(b)(3) 1-4 family residential properties (in domestic offices).

Report the carrying amount of all other real estate owned included in Schedule HC, item 7, representing 1-4 family residential properties (in domestic offices), acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Line Item 6(b)(4) Multifamily (5 or more) residential properties (in domestic offices).

Report the carrying amount of all other real estate owned included in Schedule HC, item 7, representing multifamily (5 or more) residential properties (in domestic offices), acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Line Item 6(b)(5) Nonfarm nonresidential properties (in domestic offices).

Report the carrying amount of all other real estate owned included in Schedule HC, item 7, representing nonfarm nonresidential properties (in domestic offices), acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Line Item 6(b)(6) In foreign offices.

Report the carrying amount of all other real estate owned included in Schedule HC, item, representing amounts in foreign offices, acquired from failed insured depository institutions or otherwise purchased from the FDIC that are covered by loss-sharing agreements with the FDIC.

Line Item 6(b)(7) Portion of covered other real estate owned included in items 6(b)(1) through (6) above that is protected by FDIC loss-sharing agreements.

Report the maximum amount recoverable from the FDIC under loss-sharing agreements covering the other real estate owned reported in Schedule HC-M, items 6(b)(1) through (6), beyond the amount that has already been reflected in the measurement of the reporting holding company's indemnification asset, which represents the right to receive payments from the FDIC under the loss-sharing agreement.

Schedule HC-N

Line Item 12(d) Loans to individuals for household, family, and other personal expenditures:

Line Item 12(d)(1) Credit cards.

Report in the appropriate column the amount of all covered extensions of credit arising from credit cards reported in Schedule HC-M, item 6(a)(4)(a), that are included in Schedule HC-N, item 6(a), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

Line Item 12(d)(2) Automobile loans.

Report in the appropriate column the amount of all covered automobile loans reported in Schedule HC-M, item 6(a)(4)(b), that are included in Schedule HC-N, item 6(c), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

Line Item 12(d)(3) Other consumer loans.

Report in the appropriate column the amount of all covered extensions of credit arising from other revolving credit plans and all other covered consumer loans reported in Schedule HC-M, item 6(a)(4)(c), that are included in Schedule HC-N, items 6(b) and 6(d), above because they are past due 30 days or more or are in nonaccrual status as of the report date.

Line Item 12(e) All other loans and all leases.

Report in the appropriate column the amount of covered loans and leases reported in Schedule HC-M, item 6(a)(5), "All other loans and all leases," that are past due 30 days or more or are in nonaccrual status as of the report date. Include in the appropriate column of this item covered loans in the following categories that are past due 30 days or more or are in nonaccrual status as of the report date:

(1) Loans to depository institutions and acceptances of other banks included in Schedule HC-N, item 2;

(2) Loans to foreign governments and official institutions included in Schedule HC-N, item 6;

(3) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule HC-N, item 7;

(4) Loans to nondepository financial institutions and other loans included in Schedule HC-N, item 7; and

(5) Loans secured by real estate in foreign offices included in Schedule HC-N, item 1(f).

Also include in the appropriate column all covered lease financing receivables included in Schedule HC-N, item 8, above that are past due 30 days or more or are in nonaccrual status as of the report date.

~~For each category of loans and leases within "All other loans and all leases" for which the reporting holding company reported the amount of covered loans or leases in Schedule HC-M, items 6(a)(5)(a) through 6(a)(5)(d), report in the appropriate column in Schedule HC-N, items 12(e)(1) through 12(e)(4), the amount of covered loans or leases in that category that are past due 30 days or more or are in nonaccrual status as of the report date.~~

Line Item 12(f) Portion of covered loans and leases included in items 12.a through 12.e above that is protected by FDIC loss-sharing agreements.

Report the maximum amount recoverable from the FDIC under loss-sharing agreements covering the past due and nonaccrual loans and leases reported in Schedule HC-N, items 12(a)(1)(a) through 12(e), above beyond the amount that has already been reflected in the measurement of the reporting holding company's indemnification asset, which represents the right to receive payments from the FDIC under the loss-sharing agreement.

In general, the maximum amount recoverable from the FDIC on covered past due and nonaccrual loans and leases is the recorded amount of these loans and leases, as reported in Schedule HC-N, items 12(a)(1)(a) through 12(e), multiplied by the currently applicable loss coverage rate (e.g., 80 percent or 95 percent). This product will normally be the maximum amount recoverable because reimbursements from the FDIC for covered losses related to the amount by which the "book value" of a covered asset on the failed institution's books (which is the amount upon which payments under an FDIC loss-sharing agreement are based) exceeds the amount at which the reporting holding company reports the covered asset on Schedule HC, Balance Sheet, should already have been taken into account in measuring the carrying amount of the reporting holding company's loss-sharing indemnification asset, which is reported in Schedule HC-F, item 6, "Other" assets.

Schedule HC-N

troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date.

Line Item M1(f) All other loans.

Report in the appropriate column all other loans that cannot properly be reported in Memorandum items 1(a) through 1(e) above that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date. Include in the appropriate column of this item all loans in the following categories that have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date:

(1) Loans secured by farmland (in domestic offices) included in Schedule HC-N, item 1.b;

(2) Loans to depository institutions and acceptances of other banks included in Schedule HC-N, item 2;

(3) Loans to finance agricultural production and other loans to farmers included in Schedule HC-N, item 3;

(4) Consumer credit cards included in Schedule HC-N, item 5(a);

(5) Consumer automobile loans included in Schedule HC-N, item 5(b);

(6) Other consumer loans included in Schedule HC-N, items 5(c);

(7) Loans to foreign governments and official institutions included in Schedule HC-N, item 6;

(8) Obligations (other than securities and leases) of states and political subdivisions in the U.S. included in Schedule HC-N, item 7;

(9) Loans to nondepository financial institutions and other loans included in Schedule HC-N, item 7; and

(10) Loans secured by real estate in foreign offices included in Schedule HC-N, item 1(f).

Report in Schedule HC-N, Memorandum items 1(f)(1) through 1(f)(~~6~~), each category of loans within "All other
3 ← ~~loans" that~~ have been restructured in troubled debt restructurings and, under their modified repayment terms, are past due 30 days or more or are in nonaccrual status as of the report date, and the dollar amount of loans in such category, that exceeds 10 percent of total loans restructured in troubled debt restructurings that are past due 30 days or more or are in nonaccrual status as of the report date (i.e., 10 percent of the sum of Schedule HC-N, Memorandum items 1(a) through 1(e) plus Memorandum item 1(f), columns A through C). Preprinted captions have been provided in Memorandum items → 3
1(f)(1) through 1(f)(~~6~~) for reporting the amount of such restructured loans for the following loan categories if the amount for a loan category exceeds this 10 percent reporting threshold: Loans secured by farmland (in domestic offices); ~~Loans to depository institutions and acceptances of other banks~~; Loans to finance agricultural production and other loans to farmers; (Consumer) credit cards; and (Consumer) automobile loans; Other consumer loans; ~~Loans to foreign governments and official institutions; and Other loans (i.e., Obligations (other than securities and leases) of states and political subdivisions in the U.S.; Loans to nondepository financial institutions and other loans; and Loans secured by real estate in foreign offices).~~

Line Item M2 Loans to finance commercial real estate, construction, and land development activities included (not secured by real estate) in Schedule HC-N, items 4 and 7, above.

Report the amount of loans to finance commercial real estate, construction, and land development activities **not secured by real estate** 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 HC-N above. Exclude from this item all loans secured by real estate included in item 1 of Schedule HC-N above. This item corresponds with the amounts reported in memoranda item 2 of Schedule HC-C.

Line Item M3 Loans and leases included in Schedule HC-N, items 1, 2, 4, 5, 6, 7, and 8 extended to non-U.S. addressees.

Report the total amount of past due and nonaccrual loans and leases extended to customers domiciled in a foreign country.

See the Glossary entry for "domicile" for the definition of non-U.S. addressee.

LINE ITEM INSTRUCTIONS FOR

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Schedule HC-Q

General Instructions

Schedule HC-Q is to be completed by all holding companies. Holding companies should report all assets and liabilities that are measured at fair value in the financial statements on a recurring basis (i.e., annually or more frequently).

Holding companies should report in Schedule HC-Q all assets and liabilities that are measured at fair value in the financial statements on a recurring basis. Exclude from Schedule HC-Q those assets and liabilities that are measured at fair value on a nonrecurring basis. Recurring fair value measurement of assets or liabilities are those fair value measurements that applicable accounting standards and these instructions require or permit in the balance sheet at the end of each reporting period. In contrast, nonrecurring fair value measurements of asset or liabilities are those fair value measurements that applicable accounting standards and these instructions require or permit in the balance sheet in particular circumstances (for example, when an institution subsequently measures foreclosed real estate at the lower of cost or fair value less estimated costs to sell).

Column Instructions

Column A, Total Fair Value Reported on Schedule HC

Report in Column A the total fair value, as defined by ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, *Fair Value Measurements*), of those assets and liabilities reported on Schedule HC, Balance Sheet, that the holding company reports at fair value on a recurring basis.

Columns B through E, Fair Value Measurements and Netting Adjustments

For items reported in Column A, report in Columns C, D, and E the fair value amounts which fall in their entirety in Levels 1, 2, and 3, respectively. The level in the fair value hierarchy within which a fair value measurement in its entirety falls should be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Thus, for example, if the fair value of an asset or liability has elements of both Level 2 and Level 3 measurement inputs, report the entire fair value of the asset or liability in Column D or Column E based on the lowest level measurement input with the most significance to the fair value of the asset or liability in its entirety as described in ASC Topic 820. For assets and liabilities that the holding company has netted under legally enforceable master netting agreements in accordance with ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*, and FASB Interpretation No. 41, *Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements*), report the gross amounts in Columns C, D, and E and the related netting adjustment in Column B. For more information on Level 1, 2, and 3 measurement inputs, see the Glossary entry for "fair value."

Item Instructions

For each item in Schedule HC-Q, the sum of columns C, D, and E less column B must equal column A.

Line Item 1b Available-for-sale securities.

Report in the appropriate column the total fair value of available-for-sale debt and equity securities as reported in Schedule HC, item 2.b; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Line Item 2 Federal funds sold and securities purchased under agreements to resell.

Report in the appropriate column the total fair value of those federal funds sold and securities purchased under agreements to resell reported in Schedule HC, items 3.a and 3.b, that the holding company has elected to report

Insert #8

Schedule HC-Q

under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Line Item 3 Loans and leases held for sale.

Report in the appropriate column the total fair value of those loans held for sale reported in Schedule HC-C, that the holding company has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Loans held for sale that the holding company has elected to report under the fair value option are included in Schedule HC-C and Schedule HC, item 4(a). Exclude loans held for sale that are reported at the lower of cost or fair value in Schedule HC, item 4(a), and loans that have been reported as trading assets in Schedule HC, item 5. Leases are generally not eligible for the fair value option.

Line Item 4 Loans and leases held for investment.

Report in the appropriate column the total fair value of those loans held for investment reported in Schedule HC-C that the holding company has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Loans held for investment that the holding company has elected to report under the fair value option are included in Schedule HC-C and Schedule HC, item 4(b). Leases are generally not eligible for the fair value option.

Line Item 5 Trading assets:

Line Item 5(a) Derivative assets.

Report in the appropriate column the total fair value of derivative assets held for trading purposes as reported in Schedule HC, item 5; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Line Item 5(b) Other trading assets.

Report in the appropriate column the total fair value of all trading assets, except for derivatives, as reported in Schedule HC, item 5; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs, including the fair values of loans that have been reported as trading assets; and any netting adjustments.

~~Line Item 5(b)(1) Nontrading securities at fair value with changes in fair value reported in current earnings.~~

~~Report in the appropriate column the total fair value of~~ those securities the holding company has elected to report under the fair value option that is included in Schedule HC-Q, item 5(b) above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Securities that the holding company has elected to report at fair value under the fair value option are reported as trading securities pursuant to ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*) even though management did not acquire the securities principally for the purpose of trading.

Line Item 6 All other assets.

Report in the appropriate column the total fair value of all other assets that are required to be measured at fair value on a recurring basis or that the holding company has elected to report under the fair value option that is included in Schedule HC, Balance Sheet, and is not reported in Schedule HC-Q, items 1 through 5 above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Include derivative assets held for purposes other than trading, interest-only strips receivable (not in the form of a security) held for purposes other than trading, servicing assets measured at fair value under fair value option, and other categories of assets measured at fair value on the balance sheet on a recurring basis under applicable accounting standards.

Exclude servicing assets initially measured at fair value, but subsequently measured using the amortization method, and other real estate owned (which are subject to fair value measurement on a nonrecurring basis).

Line Item 7 Total assets measured at fair value on a recurring basis.

Report the sum of items 1 through 5(b) plus item 6.

Line Item 8 Deposits.

Report in the appropriate column the total fair value of those deposits reported in Schedule HC, items 13(a) and 13(b), that the holding company has elected to report under the fair value option; the fair values determined

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Schedule HC-Q

using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments. Deposits withdrawable on demand (e.g., demand and savings deposits in domestic offices) are generally not eligible for the fair value option.

Line Item 9 Federal funds purchased and securities sold under agreements to repurchase.

Report in the appropriate column the total fair value of those federal funds purchased and securities sold under agreements to repurchase reported in Schedule HC, items 14(a) and 14(b), that the holding company has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Line Item 10 Trading liabilities:

Line Item 10(a) Derivative liabilities.

Report in the appropriate column the total fair value of derivative liabilities held for trading purposes as reported in Schedule HC, item 15; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Line Item 10(b) Other trading liabilities.

Report in the appropriate column the total fair value of trading liabilities, except for derivatives, as reported in Schedule HC, item 15; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Line Item 11 Other borrowed money.

Report in the appropriate column the total fair value of those Federal Home Loan Bank advances and other borrowings reported in Schedule HC, item 16, that the holding company has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Line Item 12 Subordinated notes and debentures.

Report in the appropriate column the total fair value of those subordinated notes and debentures (including mandatory convertible debt) reported in Schedule HC, item 19, that the holding company has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Line Item 13 All other liabilities.

Report in the appropriate column the total fair value of all other liabilities that are required to be measured at fair value on a recurring basis or that the holding company has elected to report under the fair value option that is included in Schedule HC, Balance Sheet, and is not reported in Schedule HC-Q, items 8 through 12 above; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Include derivative liabilities held for purposes other than trading, servicing liabilities measured at fair value under a fair value option, and other categories of liabilities measured at fair value on the balance sheet on a recurring basis under applicable accounting standards.

Exclude servicing liabilities initially measured at fair value, but subsequently measured using the amortization method (which are subject to fair value measurement on a nonrecurring basis).

Line Item 14 Total liabilities measured at fair value on a recurring basis.

Report the sum of items 8 through 13.

Memoranda

$100,000

Line Item M1 All other assets.

Disclose in Memorandum items 1(a) through 1(f) each component of all other assets, and the dollar amount of such component, that is greater than ~~$25,000~~ and exceeds 25 percent of the amount reported in Schedule HC-Q, item 6, column A. For each component of all other assets that exceeds this disclosure threshold for which a preprinted caption has not been provided in Memorandum items 1(a) and 1(b), describe the component with a clear but concise caption in Memorandum items 1(c) through 1(f). These descriptions should not exceed 50 characters in length (including spacing between words).

Preprinted captions have been provided for the following categories of all other assets:

- Memorandum item 1(a), "Mortgage servicing assets," and
- Memorandum item 1(b), "Nontrading derivative assets."

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Schedule HC-Q

$100,000

Line Item M2 All other liabilities.

Disclose in Memorandum items 2(a) through 2(f) each component of all other liabilities, and the dollar amount of such component, that is greater than $25,~~000~~ and exceeds 25 percent of the amount reported in Schedule HC-Q, item 13, column A. For each component of all other liabilities that exceeds this disclosure threshold for which a preprinted caption has not been provided in Memorandum items 2(a) and 2(b), describe the component with a clear but concise caption in Memorandum items 2(c) through 2(f). These descriptions should not exceed 50 characters in length (including spacing between words).

Preprinted captions have been provided for the following categories of all other liabilities:

- Memorandum item 2(a), "Loan commitments (not accounted for as derivatives)," and
- Memorandum item 2(b), "Nontrading derivative liabilities."

→ insert # 3

insert # 4

Insert # 3

~~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 holding company reports the real estate collateral as "Other real estate owned" in Schedule HC, 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 1~~0~~3 and 1~~1~~4 are to be completed by holding companies that have elected to measure loans included in Schedule HC-C at fair value under a fair value option.

Line Item M1~~0~~3 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 HC-C, regardless of whether the loans are held for sale or held for investment.

Line Item M1~~0~~3(a) Loans secured by real estate.

Report the total fair value of loans secured by real estate included in Schedule HC-C, item 1, measured at fair value under a fair value option for the fully consolidated holding company in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

Line Item M1~~0~~3(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 HC-C, items 1(a)(1) and (2), column B, measured at fair value under a fair value option.

Line Item M1~~0~~3(a)(2) Secured by farmland.

Report the total fair value of loans secured by farmland (in domestic offices) included in Schedule HC-C, item 1(b), column B, measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, item 1(c), column B, measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, item 1(c)(1), column B, measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, item 1(c)(2), column B, measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, item 1(c)(2)(a), column B, measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, item 1(c)(2)(b), column B, measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, item 1(d), column B, measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, items 1(e)(1) and (2), column B, measured at fair value under a fair value option.

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Line Item M~~10~~3(b) ~~Commercial and industrial~~ loans.

Report the total fair value of commercial and industrial loans included in Schedule HC-C, item 4, measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, item 6) measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, item 6(a), measured at fair value under a fair value option.

Line Item M1~~0~~3(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 HC-C, item 6(b), measured at fair value under a fair value option.

Line Item M1~~0~~3(c)(3) Automobile loans.

Report the total fair value of all consumer loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use included in Schedule HC-C, item 6.c, measured at fair value under a fair value option.

Line Item M1~~0~~3(c)(4) Other consumer loans.

Report the total fair value of all other loans to individuals for household, family, and other personal expenditures included in Schedule HC-C, item 6(d), measured at fair value under a fair value option.

Line Item M~~10~~3(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 HC-C, items 2,3,7, and 9).

Line Item M~~11~~4 Unpaid principal balance of loans measured at fair value (reported in Memorandum item ~~10~~ 3).

Report in the appropriate subitem the total unpaid principal balance outstanding for all loans measured at fair value reported in Schedule HC-~~C,~~ a Memorandum item ~~10~~ 3.

Line Item M~~11~~4(a) Loans secured by real estate.

Report the total unpaid principal balance outstanding for all loans secured by real estate reported in Schedule HC-~~C~~a, Memorandum item ~~10~~3(a), for the fully consolidated holding company in column A, but with a breakdown of these loans into seven categories for domestic offices in column B.

insert #4

Line Item M1~~1~~4(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 HC-~~C~~a, Memorandum item ~~10~~3(a)(1).

Line Item M~~11~~4(a)(2) Secured by farmland.

Report the total unpaid principal balance outstanding for all loans secured by farmland reported in Schedule HC-~~C~~a, Memorandum item ~~10~~3(a)(2).

Line Item M1~~1~~4(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 HC-~~C~~a, Memorandum item ~~10~~3(a)(3).

Line Item M1~~1~~4(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

Schedule HC-C

Insert #4 continued

residential properties and extended under lines of credit reported in Schedule HC-C, Memorandum item 10(a)(3)(a).

Line Item M11(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 HC-C, Memorandum item 10(a)(3)(b).

Line Item M11(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 HC-C, Memorandum item 10(a)(3)(b)(1).

Line Item M11(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 HC-C, Memorandum item 10(a)(3)(b)(2).

Line Item M11(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 HC-C, Memorandum item 10(a)(4).

Line Item M11(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 HC-C, Memorandum item 10(a)(5).

Line Item M11(b) Commercial and industrial loans.

Report the total unpaid principal balance outstanding for all commercial and industrial loans reported in Schedule HC-C, Memorandum item 10(b).

Line Item M11(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 HC-C, Memorandum item 10(c).

Line Item M11(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 HC-C, Memorandum item 10(c)(1).

Line Item M11(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 HC-C, Memorandum item 10(c)(2).

Line Item M11(c)(3) Automobile loans.

Report the total unpaid principal balance outstanding for all consumer loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use reported in Schedule HC-C, Memorandum item 10(c)(3).

Line Item M11(c)(4) 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 HC-C, Memorandum item 10(c)(4).

Line Item M11(d) Other loans.

Report the total unpaid principal balance outstanding for all loans reported in Schedule HC-C, 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 HC-C, items 2, 3, 7, 8, and 9).

Schedule HC-R

- *In column C-0% risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the zero percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column G-20% risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 20 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column H-50$ risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 50 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column I-100% risk weight*, include the portion of the credit equivalent amount reported in column B that is not included in columns C through J. Include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 100 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- *In column J-150% risk weight*, include the credit equivalent amount of liabilities to counterparties who meet, or that have guarantees or collateral that meets, the criteria for the 150 percent risk weight category as described in the instructions for Risk-Weighted Assets and for Schedule HC-R, Part II, items 1 through 8, above.
- All other off-balance sheet liabilities that must be risk-weighted according to the Country Risk Classification (CRC) methodology
  - o *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II.* Include:
  - o The credit equivalent amount of those other off-balance sheet liabilities described above in the instructions for Column A of this item that represent exposures to foreign central banks and foreign banks.

18 **Unused commitments**. Report in items 18(a) and 18(~~c~~b) the amounts of unused commitments, excluding those that are unconditionally cancelable, which are to be reported in Schedule HC-R, Part II, item 19. Where a holding company provides a commitment structured as a syndication or participation, the holding company is only required to calculate the exposure amount for its pro rata share of the commitment.

Exclude from items 18(a) and 18(~~c~~b) any unused commitments that qualify as securitization exposures, as defined in §.2 of the regulatory capital rules. Unused commitments that are securitization exposures must be reported in Schedule HC-R, Part II, item 10, column A. Also exclude default fund contributions in the form of commitments made by a clearing member to a central counterparty's mutualized loss sharing arrangement. Such default fund contributions must be reported (as a negative number) in Schedule HC-R, Part II, item 8, column B.

18(a) **Original maturity of one year or less~~, excluding asset-backed commercial paper (ABCP) conduits~~**. Report in column A the unused portion of those unused commitments reported in Schedule HC-L, item 1, with an original maturity of one year or less. ~~excluding unused commitments to asset-backed commercial paper (ABCP) conduits, that are subject to the regulatory capital rules.~~

Schedule HC-R

- o Report in column S the risk-weighted asset amount of the securitization exposure or mutual fund collateral that collateralizes the portion of unused commitments secured by such collateral. Any remaining portion of the unused commitment that is uncollateralized or collateralized by other qualifying collateral would be reported in columns C through J, as appropriate.

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

- Unused commitments with an original maturity of one year or less, excluding ABCP conduits, that must be risk weighted according to the Country Risk Classification (CRC) methodology
  - o *In column C-0% risk weight; column G-20% risk weight; column H-50% risk weight; column I-100% risk weight; column J-150% risk weight. Assign these exposures to risk weight categories based on the CRC methodology described above in the General Instructions for Part II.* Include:
  - o The credit equivalent amount of those unused commitments described above in the instructions for Column A of this item that represent exposures to foreign banks.

~~18(b) **Original maturity of one year or less to ABCP conduits**. Do not report amounts in Schedule HC-R, Part II, item 18(b). Eligible asset-backed commercial paper (ABCP) liquidity facilities with an original maturity of one year or less are off-balance sheet securitization exposures and should be reported in Schedule HC-R, Part II, item 10.~~

18(b) ~~18(c)~~ **Original maturity exceeding one year.** Report in column A the unused portion of those commitments to make or purchase extensions of credit in the form of loans or participations in loans, lease financing receivables, or similar transactions reported in Schedule HC-L, item 1, that have an original maturity exceeding one year and are subject to the regulatory capital rules. Also report in column A the face amount of those commercial and similar letters of credit reported in Schedule HC-L, item 4, with an original maturity exceeding one year that do not meet the definition of a securitization exposure as described in §.2 of the regulatory capital rules.

Under the regulatory capital rules, the unused portion of commitments (facilities) which are unconditionally cancelable (without cause) at any time by the holding company (to the extent permitted under applicable law) have a zero percent credit conversion factor. The unused portion of such unconditionally cancelable commitments should be excluded from this item and reported in Schedule HC-R, Part II, item 19. For further information, see the instructions for item 19.

Also include in column A the unused portion all revolving underwriting facilities (RUFs) and note issuance facilities (NIFs), regardless of maturity.

In the case of consumer home equity or mortgage lines of credit secured by liens on 1-4 family residential properties, a holding company is deemed able to unconditionally cancel the commitment if, at its option, it can prohibit additional extensions of credit, reduce the credit line, and terminate the commitment to the full extent permitted by relevant federal law. Retail credit cards and related plans, including overdraft checking plans and overdraft protection programs, are defined to be short-term commitments that should be converted at zero percent and excluded from this item 18(c) if the holding company has the unconditional right to cancel the line of credit at any time in accordance with applicable law.

For commitments providing for increases in the dollar amount of the commitment, the amount to be converted to an on-balance sheet credit equivalent amount and risk weighted is the maximum dollar amount that the holding company is obligated to advance at any time during the life of the commitment. This

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more than 3 to 5 percent are considered to be more than minor.

The entities in which these investments have been made are collectively referred to as "investees."

Under the equity method, the carrying value a holding company's investment in an investee is originally recorded at cost but is adjusted periodically to record as income the holding company's proportionate share of the investee's earnings or losses and decreased by the amount of cash dividends or similar distributions received from the investee. For purposes of the FR Y-9C report, the date through which the carrying value of the holding company's investment in an investee has been adjusted should, to the extent practicable, match the report date of the FR Y-9C, but in no case differ by more than 93 days from the report.

See also "subsidiaries."

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

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

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

The balances in an EBA should not be reflected as an asset or a liability on the balance sheet of the depository institution that acts as the agent for the EBA. Thus, the agent should not include the balances in the EBA in Schedule HC, item 1.b, "Interest-bearing balances" due from depository institutions; Schedule HC, item 13.a.(2), "Interest-bearing" deposits (in domestic offices); or Schedule HC-R, Part II, item 1, "Cash and balances due from depository institutions."

Extinguisments of Liabilities: The accounting and reporting standards for extinguishments of liabilities are set forth in ASC Subtopic 405-20, Liabilities – Extinguishments of Liabilities (formerly FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities).* Under ASC Subtopic 405-20, a holding company should remove a previously recognized liability from its balance sheet if and only if the liability has been extinguished. A liability has been extinguished if either of the following conditions are met:

(1) The holding company pays the creditor and is relieved of its obligation for the liability. Paying the creditor includes delivering cash, other financial assets, goods, or services or the holding company's reacquiring its outstanding debt.

(2) The holding company is legally released from being the primary obligor under the liability, either judicially or by the creditor.

~~Except for those unusual and infrequent gains and losses that qualify as extraordinary under the criteria in ASC Subtopic 225-20, Income Statement – Extraordinary and Unusual Items (formerly APB Opinion No. 30, "Reporting the Results of Operations"), h~~H olding companies should aggregate their gains and losses from the extinguishment ofliabilities (debt), including losses resulting from the payment of prepayment penalties on borrowings such as Federal Home Loan Bank advances, and consistently report the net amount in item 7(d), "Other noninterest expense," of the income statement (Schedule HI). Only if a holding company's debt extinguishments normally result in net gains over time should the holding company consistently report its net gains (losses) in Schedule HI, item 5(l), "Other noninterest income."

of Liabilities

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In addition, under ASC Subtopic 470-50, Debt – Modifications and Extinguishments (formerly FASB Emerging Issues Task Force (EITF) Issue No. 96-19, *Debtor's Accounting for a Modification or Exchange of Debt Instruments),* the accounting for the gain or loss on the modification or exchange of debt depends on whether the original and the new debt instruments are substantially different. If they are substantially different, the transaction is treated as an extinguishment of debt and the gain or loss on the modification or exchange is reported immediately in earnings as discussed in the preceding paragraph. If the original and new debt instruments are not substantially different, the gain or loss on the modification or replacement of the debt is deferred and recognized over time as an adjustment to the interest expense on the new borrowing. ASC Subtopic 470-50 provides guidance on how to determine whether the original and the new debt instruments are substantially different.

Extraordinary Items: Extraordinary items are material events and transactions that are (1) unusual and (2) infrequent. Both of those conditions must exist in order for an event or transaction to be reported as an extraordinary item.

To be unusual, an event or transaction must be highly abnormal or clearly unrelated to the ordinary and typical activities of holding companies. An event or transaction which is beyond holding company's management's control is not automatically considered to be unusual.

To be infrequent, an event or transaction should not reasonably be expected to recur in the foreseeable future. Although the past occurrence of an event or transaction provides a basis for estimating the likelihood of its future occurrence, the absence of a past occurrence does not automatically imply that an event or transaction is infrequent.

Only a limited number of events or transactions qualify for treatment as extraordinary items. Among these are losses which result directly from a major disaster such as an earthquake (except in areas where earthquakes are expected to recur in the foreseeable future), an expropriation, or a prohibition under a newly enacted law or regulation.

For further information, see ASC Subtopic 225-20, Income Statement – Extraordinary and Unusual Items (formerly APB Opinion No. 30, *Reporting the Results of Operations).*

Fails: When a holding company or its subsidiaries have sold an asset and, on settlement date, do not deliver the security or other asset and do not receive payment, a sales fail exists. When a holding company or its subsidiaries have purchased a security or other asset and, on settlement date, do not receive the asset and do not pay for it, a purchase fail exists. Fails do not affect the way securities are reported in the FR Y-9C. However, the receivable from a Fail should be reported in other assets. Likewise a payable from a Fail should be reported in other liabilities.

Fair Value: ASC Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, *Fair Value Measurements*), defines fair value and establishes a framework for measuring fair value. ASC Topic 820 should be applied when other accounting topics require or permit fair value measurements. For further information, refer to ASC Topic 820.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the asset's or liability's principal (or most advantageous) market at the measurement date. This value is often referred to as an "exit" price. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities; it is not a forced liquidation or distressed sale.

ASC Topic 820 establishes a three level fair value hierarchy that prioritizes inputs used to measure fair value based on observability. The highest priority is given to Level 1 (observable, unadjusted) and the lowest priority to Level 3 (unobservable). The broad principles for the hierarchy follow.

Level 1 fair value measurement inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a holding company has the ability to access at the measurement date. In addition, a Level 1 fair value measurement of a liability can also include the quoted price for an identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required.

Level 2 fair value measurement inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for

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Hedging (formerly FAS 133) and disclosed in Schedule HC-L.

Goodwill: According to ASC Topic 805, Business Combinations (formerly FASB Statement No. 141 (revised 2007), "Business Combinations"), goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. See "acquisition method" in the Glossary entry for "business combinations" for guidance on the recognition and initial measurement of goodwill acquired in a business combination.

Subsequent Measurement of Goodwill - Goodwill should not be amortized, but must be tested for impairment at the reporting unit level at least annually, as described below. Any impairment losses recognized on goodwill during the year-to-date reporting period should be reported in Schedule HI, item 7(c)(1), "Goodwill impairment losses," except those impairment losses associated with discontinued operations, which should be reported on a net-of-tax basis in Schedule HI, item 11, "Discontinued Operations ~~Extraordinary items and other adjustments~~, net of applicable income taxes." Goodwill, net of any impairment losses, should be reported on the balance sheet in Schedule HC, item 10 (a).

Goodwill Impairment Testing - ASC Subtopic 350-20, Intangibles-Goodwill and Other - Goodwill (formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets") provides guidance for testing and reporting goodwill impairment losses, a summary of which follows. Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. Because the fair value of goodwill can be measured only as a residual and cannot be measured directly, ASC Subtopic 350-20 includes a methodology for estimating the implied fair value of goodwill for impairment measurement purposes.

Whether or not the reporting institution is a subsidiary of a holding company or other company, the institution's goodwill must be tested for impairment using the institution's reporting units. Goodwill should be assigned to reporting units in accordance with ASC Subtopic 350-20. The institution itself may be a reporting unit.

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 a more-likely-than-not expectation that a reporting unit or a significant 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.

When testing the goodwill of a reporting unit for impairment, an institution has the option of first assessing qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test described in ASC Subtopic 350-20. If determined to be necessary, the twostep impairment test shall be used to identify potential goodwill impairment and measure the amount of a goodwill impairment loss to be recognized (if any). However, an institution may choose to bypass the qualitative assessment option for any reporting unit in any period and proceed directly to performing the two-step quantitative goodwill impairment test described below.

Qualitative Assessment - If an institution performs a qualitative assessment and, after considering all relevant events and circumstances, determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount (including goodwill), then the institution does not need to perform the two-step quantitative goodwill impairment test. In other words, if it is more likely than not that the fair value of a reporting unit is greater than its carrying amount; an institution would not have to quantitatively test the unit's goodwill for impairment. However, if the institution instead concludes that the opposite is true (that is, it is more likely than not that the fair value of a reporting unit is less than its carrying amount), then it is required to perform the two-step quantitative goodwill impairment test described below.

ASC Subtopic 350-20 includes examples of events and circumstances that an institution should consider in evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Because the examples are not all-inclusive, other relevant events and circumstances also must be considered.

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- Existing contracts that will generate significant income.
- An excess of appreciated asset value over the tax basis of an entity's net assets in an amount sufficient to realize the deferred tax asset.

When realization of a holding company's deferred tax assets is dependent upon future taxable income, the reliability of a holding company's projections is very important. The holding company's record in achieving projected results under an actual operating plan will be a strong measure of this reliability. Other factors a holding company should consider in evaluating evidence about its future profitability include but are not limited to current and expected economic conditions, concentrations of credit risk within specific industries and geographical areas, historical levels and trends in past due and nonaccrual assets, historical levels and trends in loan loss reserves, and the holding company's interest rate sensitivity.

When strong negative evidence, such as the existence of cumulative losses, exists, it is extremely difficult for a holding company to determine that no valuation allowance is needed. Positive evidence of significant quality and quantity would be required to counteract such negative evidence.

For purposes of determining the valuation allowance, a *tax-planning strategy* is a prudent and feasible action that would result in realization of deferred tax assets and that management ordinarily might not take, but would do so to prevent an operating loss or tax credit carryforward from expiring unused. For example, a holding company could accelerate taxable income to utilize carryforwards by selling or securitizing loan portfolios, selling appreciated securities, or restructuring nonperforming assets. Actions that management would take in the normal course of business are *not* considered tax-planning strategies.

Significant expenses to implement the tax-planning strategy and any significant losses that would result from implementing the strategy shall be considered in determining any benefit to be realized from the tax-planning strategy. Also, holding companies should consider all possible consequences of any tax-planning strategies. For example, loans pledged as collateral would not be available for sale.

The determination of whether a valuation allowance is needed for deferred tax assets should be made for total deferred tax assets, not for deferred tax assets net of deferred tax liabilities. In addition, the evaluation should be made on a jurisdiction-by-jurisdiction basis. Separate analyses should be performed for amounts related to each taxing authority (e.g., federal, state, and local).

Deferred tax assets (net of the valuation allowance) and deferred tax liabilities related to a particular tax jurisdiction (e.g., federal, state, and local) may be offset against each other for reporting purposes. A resulting debit balance shall be included in "Other assets" and reported in Schedule HC-F, item 2. A resulting credit balance shall be included in "Other liabilities" and reported in Schedule HC-G, item 2. A holding company may report a net deferred tax debit, or asset, for one tax jurisdiction (e.g., federal taxes) and also report a net deferred tax credit, or liability, for another tax jurisdiction (e.g., state taxes).

Interim period applicable income taxes–When preparing its year-to-date Report of Income for Holding Companies as of the end of March, June, and September ("interim periods"), a holding company generally should determine its best estimate of its effective annual tax rate for the full year, including both current and deferred portions and considering all tax jurisdictions (e.g., federal, state and local). To arrive at its estimated effective annual tax rate, a holding company should divide its estimated total applicable income taxes (current and deferred) for the year by its estimated pretax income for the year ~~(excluding extraordinary items)~~. This rate would then be applied to the year-to-date pretax income to determine the year-to-date applicable income taxes at the interim date.

~~*Intraperiod allocation of income taxes*~~–When the Report of Income for Holding Companies for a period includes "Extraordinary items" that are reportable in Schedule HI, item 12, the total amount of the applicable income taxes for the year to date shall be allocated in Schedule HI between item 9, "Applicable income taxes (foreign and domestic)," and item 12, "Extraordinary items, net of applicable taxes and minority interest."

The applicable income taxes on operating income (item 9) shall be the amount that the total applicable income taxes on pretax income, including both current and deferred taxes (calculated as described above), would have been for the period had "Extraordinary items" been zero. The difference between item 9, "Applicable income taxes (foreign and domestic)," and the total amount of the applicable taxes shall then be reflected in item 12 as applicable income taxes on extraordinary.

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periodically reassess its security categorization decisions to ensure that they remain appropriate.

Securities that are intended to be held principally for the purpose of selling them in the near term should be classified as trading assets. Trading activity includes active and frequent buying and selling of securities for the purpose of generating profits on short-term fluctuations in price. Securities held for trading purposes must be reported at fair value, with unrealized gains and losses recognized in current earnings and regulatory capital. ~~Institutions may also elect to report securities within the scope of ASC Topic 320 at fair value in accordance with ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*). Securities for which the fair value option is elected should be classified as trading assets with unrealized gains and losses recognized in current earnings and regulatory capital. In general, the fair value option may be elected for an individual security only when it is first recognized and the election is irrevocable.~~

Held-to-maturity securities are debt securities that an institution has the positive intent and ability to hold to maturity. Held-to-maturity securities are generally reported at amortized cost. Securities not categorized as trading or held-to-maturity must be reported as available-for-sale. An institution must report its available-for-sale securities at fair value on the balance sheet, but unrealized gains and losses are excluded from earnings and reported in a separate component of equity capital (i.e., in Schedule HC, item 26(b), "Accumulated other comprehensive income").

When the fair value of a security is less than its (amortized) cost basis, the security is impaired and the impairment is either temporary or other than temporary. Under ASC Topic 320, institutions must determine whether an impairment of an individual available-for-sale or held-to-maturity security is other than temporary. To make this determination, institutions should apply applicable accounting guidance including, but not limited to, ASC Topic 320, ASC Subtopic 325-40, Investments-Other – Beneficial Interests in Securitized Financial Assets (formerly EITF Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets*, as amended), and SEC Staff Accounting Bulletin No. 59, Other Than Temporary Impairment of Certain Investments in Equity Securities (Topic 5.M. in the Codification of Staff Accounting Bulletins).

Under ASC Topic 320, if an institution intends to sell a debt security or it is more likely than not that it will be required to sell the debt security before recovery of its amortized cost basis, an other-than-temporary impairment has occurred and the entire difference between the security's amortized cost basis and its fair value at the balance sheet date must be recognized in earnings. In these cases, the fair value of the debt security would become its new amortized cost basis.

In addition, under ASC Topic 320, if the present value of cash flows expected to be collected on a debt security is less than its amortized cost basis, a credit loss exists. In this situation, if an institution does not intend to sell the security and it is not more likely than not that the institution will be required to sell the debt security before recovery of its amortized cost basis less any current-period credit loss, an other-than-temporary impairment has occurred. The amount of the total other-than-temporary impairment related to the credit loss must be recognized in earnings, but the amount of the total impairment related to other factors must be recognized in other comprehensive income, net of applicable taxes.

Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities that must be recognized in earnings should be included in Schedule HI, items 6(a) and 6(b), respectively. Other-than-temporary impairment losses that are to be recognized in other comprehensive income, net of applicable taxes, should be reported in item 12 of Schedule HI-A, Changes in Bank Equity Capital, and included on the balance sheet in Schedule HC, item 26(b), "Accumulated other comprehensive income." Information about other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities ~~that occur~~ during the current calendar year-to-date reporting period should be reported in Schedule HI, Memorandum items ~~17(a) through 17(c)~~. 17 For a held-to-maturity debt security on which the institution has recognized an other-than-temporary impairment loss related to factors other than credit loss in other comprehensive income, the institution should report the carrying value of the debt security in Schedule HC, item 2(a), and in column A of Schedule HC-B, Securities. Under ASC Topic 320, this carrying value should be the fair value of the held-to-maturity debt security as of the date of the

→ recognized in earnings

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subsidiaries') obligation to pay for those assets shall be reported in "Other liabilities." Conversely, when an asset is sold, it shall be removed on the trade date from the asset category in which it was recorded, and the proceeds receivable resulting from the sale shall be reported in "Other assets." Any gain or loss resulting from such transaction shall also be recognized on the trade date. On the settlement date, disbursement of the payment or receipt of the proceeds will eliminate the respective "Other liability" or "Other asset" entry resulting from the transaction.

Under settlement date accounting, assets purchased are not recorded until settlement date. On the trade date, no entries are made. Upon receipt of the assets on the settlement date, the asset is reported in the proper asset category and payment is disbursed. The selling holding company (or its consolidated subsidiaries) on the trade date, would make no entries. On settlement date, the selling holding company would reduce the appropriate asset category and reflect the receipt of the payment. Any gain or loss resulting from such transaction would be recognized on the settlement date.

Trading Account: Trading activities typically include (a) regularly underwriting or dealing in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale, (b) acquiring or taking positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell in order to profit from short-term price movements, and (c) acquiring or taking positions in such items as an accommodation to customers or for other trading purposes.

~~All~~ Securities within the scope of ASC Topic 320, Investments-Debt and Equity Securities (formerly FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*), that a holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings may ~~should~~ be classified as trading securities. In addition, for purposes of these reports, holding companies may classify assets (other than securities within the scope of ASC Topic 320 for which a fair value option is elected) and liabilities as trading if the holding company applies fair value accounting, with changes in fair value reported in current earnings, and manages these assets and liabilities as trading positions, subject to the controls and applicable regulatory guidance related to trading activities. For example, a holding company would generally not classify a loan to which it has applied the fair value option as a trading asset unless the holding company 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.

All trading assets should be segregated from a holding company's other assets and reported in Schedule HC, item 5, "Trading assets." In addition, holding companies that reported average trading assets (Schedule HC-K, item 4(a)) of $2 million or more in any of the four preceding calendar quarters should detail the types of assets and liabilities in the trading account in Schedule HC-D, Trading Assets and Liabilities, and the levels within the fair value measurement hierarchy in which the trading assets and liabilities fall in Schedule HC-Q, Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis. A holding company's failure to establish a separate account for assets that are used for trading purposes does not prevent such assets from being designated as trading for purposes of this report. For further information, see ASC Topic 320.

All trading account assets should be reported at their fair value as defined by ACS Topic 820, Fair Value Measurement (formely FASB Statement No. 157, "Fair Value Measurements"), with unrealized gains and losses recognized in current income. When a security or other asset is acquired, a holding company should determine whether it intends to hold the asset for trading or for investment (e.g., for securities, available-for-sale or held-to-maturity). A holding company should not record a newly acquired asset in a suspense account and later determine whether it was acquired for trading or investment purposes. Regardless of how a holding company categorizes a newly acquired asset, management should document its decision.

All trading liabilities should be segregated from other transactions and reported in Schedule HC, item 15, "Trading liabilities." The trading liability account includes the fair value of derivative contracts held for trading that are in loss positions and short positions arising from sales of securities and other assets that the holding company does not own. (*See* the Glossary entry for "short position.") Trading account liabilities should be reported at fair value as defined by ASC Topic 820

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Also include net gains (losses) on sales of, and other-than-temporary impairments on, equity securities that do not have readily determinable fair values and are not held for trading. Do not include net gains (losses) on sales and other disposals of held-to-maturity securities, available-for-sale securities,

Insert #2

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

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

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

For an other-than-temporary impairment loss on a debt security when the holding company does not intend to sell the security and it is not more likely than not that the holding company will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, the other-than-temporary impairment loss must be separated into (a) the amount representing the credit loss, which must be recognized in earnings, and (b) the amount related to all other factors, which must be recognized in other comprehensive income. Report in this item the portion of such an other-than-temporary impairment loss that represents the credit loss.

Insert #3

designated as available for sale or held to maturity (including any available-for-sale or held-to-maturity securities that the holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings),

Insert #4

This schedule has four columns for information on securities: two columns for held-to-maturity debt securities and two columns for available-for-sale debt and equity securities.[1] Include in this schedule any debt securities that the holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings and has classified as held-to-maturity or available-for-sale securities consistent with ASC Topic 320. Also include any equity securities with readily determinable fair values that the holding company has elected to report at fair value under a fair value option with changes in fair value reported in current earnings and has classified as available-for-sale securities consistent with ASC Topic 320.[2]

Except as noted below for any held-to-maturity and available-for-sale securities for which a fair value option has been elected, report in this schedule:

- The amortized cost and fair value of held-to-maturity debt securities in columns A and B, respectively;
- The amortized cost and fair value of available-for-sale debt securities in columns C and D, respectively; and
- The historical cost (not amortized cost) and fair value of equity securities with readily determinable fair values that are classified as available-for-sale in columns C and D, respectively.

For any held-to-maturity securities for which a fair value option has been elected, report the fair value of the securities in columns A and B. For any available-for-sale securities for which a fair value option has been elected, report the fair value of the securities in columns C and D.

Held-to-maturity and available-for-sale securities reported at fair value under a fair value option are also reported in Schedule HC-Q – Assets and Liabilities Measured at Fair Value on a Recurring Basis. For certain holding companies, all available-for-sale securities are reported in Schedule HC-Q.

Insert #5- footnote (#2 see above)

In accordance with ASC Topic 320, equity securities with readily determinable fair values may not be classified as held-to-maturity securities.

Insert #6

<u>Exclude</u> revolving, open-end lines of credit secured by 1-to-4 family residential properties for which the draw periods have ended and the loans have converted to non-revolving closed-end status. After their conversion, such loans should be reported as closed-end loans secured by 1-to-4 family residential properties in Schedule HC-C, item 1(c)(2)(a) or (b), as appropriate.

Insert #7

<u>Include</u> loans that were extended under revolving, open-end lines of credit secured by 1-to-4 family residential properties for which the draw periods have ended and the loans have converted to non-revolving closed-end status

Insert # 8

Line item 1(a) Held to Maturity Securities

Report in the appropriate column the total fair value of those held-to-maturity securities reported in Schedule HC, item 2.a, that the holding company has elected to report under the fair value option; the fair values determined using Level 1, Level 2, and Level 3 measurement inputs; and any netting adjustments.

Insert #9

Report the results of discontinued operations, if any, net of applicable income taxes, as determined in accordance with the provisions of ASC Subtopic 205-20, Presentation of Financial Statements – Discontinued Operations (formerly FASB Statement No. 144, "Accounting for the Impairment of Long-Lived Assets"). If the amount reported in this item is a net loss, report with a minus(-) sign.

Insert #10

Holding companies may elect to report securities within the scope of ASC Topic 320 at fair value with changes in fair value reported in current earnings in accordance with ASC Subtopic 825-10, Financial Instruments – Overall (formerly FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"). Any securities for which the fair value option is elected may be classified as trading securities, held-to-maturity securities, or available-for-sale securities consistent with ASC Topic 320. In general, the fair value option may be elected for an individual security only when it is first recognized and the election is irrevocable.

Trading securities should be reported in Schedule HC, item 5; held-to-maturity securities should be reported in Schedule HC, item 2(a) and available-for-sale securities should be reported in Schedule HC, item 2(b).